EXCEL DEVELOPMENT (HOLDINGS) LIMITED
怡益控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1372)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2014

The Board of Directors (the "Board") of Excel Development (Holdings) Limited (the "Company") is pleased to announce the consolidated results and financial position of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2014, together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	**2014** *HK$'000*	2013 *HK$'000*
REVENUE	6	**1,477,332**	984,296
Contract costs		**(1,417,169)**	(928,785)
Gross profit		**60,163**	55,511
Other income and gains	6	**7,481**	16,973
Administrative expenses		**(31,414)**	(22,678)
Finance costs	7	**(196)**	(1,865)
Profit before tax	8	**36,034**	47,941
Income tax expense	9	**(7,638)**	(7,875)
Profit and total comprehensive income for the year		**28,396**	40,066
Profit and total comprehensive income attributable to owners of the parent		**28,396**	40,066
Earnings per share attributable to owners of the parent (HK cents)			
Basic and diluted	10	**17.2**	26.7

Details of dividend for the year are disclosed in note 11 to this announcement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**104**	364
Investment properties		**600**	600
Interest in a joint venture		–	–
Total non-current assets		**704**	964
CURRENT ASSETS			
Gross amount due from customers for contract works		**79,978**	85,557
Accounts receivable	12	**181,747**	227,177
Tax recoverable		**310**	–
Prepayments, deposits and other receivables		**31,433**	186,008
Cash and cash equivalents		**166,554**	129,825
Total current assets		**460,022**	628,567
CURRENT LIABILITIES			
Accounts payable	13	**235,532**	342,687
Accruals of costs for contract works		**11,790**	5,390
Tax payable		–	2,357
Other payables and accruals		**3,146**	55,999
Interest-bearing bank loans		–	78,636
Total current liabilities		**250,468**	485,069
Net current assets		**209,554**	143,498
Total assets less current liabilities		**210,258**	144,462
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**5**	13
Net assets		**210,253**	144,449
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**2,000**	–
Reserves		**208,253**	144,449
Total equity		**210,253**	144,449

NOTES

1. BASIS OF PRESENTATION

Pursuant to the reorganisation of the Company in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group on 21 November 2013. Since the companies now comprising the Group were under the common control of the controlling shareholders both before and after the Reorganisation, these financial statements have been prepared using the principles of merger accounting.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the years ended 31 March 2014 and 2013 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the controlling shareholders, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 March 2014 and 2013 have been prepared to present the assets and liabilities of all companies now comprising the Group using the existing book values from the controlling shareholders' perspective.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. All HKFRSs effective for the accounting period commencing from 1 April 2013, together the relevant transitional provisions, have been early adopted by the Group in the preparation of the financial statements for the year ended 31 March 2013.

These financial statements have been prepared under the historical cost convention, except for investment properties, which have been measured at fair value. They are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

As explained above, the acquisition of subsidiaries under common control has been accounted for using the principles of merger accounting.

The merger method of accounting involves incorporating the financial statements items of the combined entities or business in which the common control combination occurs as if they had been combined from the date when the combining entities or business first came under the control of the controlling party. The net assets of the combining entities or business are combined using the existing book values from the controlling shareholders' perspective. No amount is recognised in respect of goodwill or excess of acquirers' interest in the net fair value of acquirees' identifiable assets acquired and, liabilities and contingent liabilities assumed over cost of investment at the time of common control combination. The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining entities or business from the earliest date presented or since the date when the combining entities or business first came under common control, where this is a shorter period, regardless of the date of the common control combination.

The acquisition of subsidiaries other than those under common control has been accounted for using the purchase method of accounting.

2. BASIS OF PREPARATION *(Continued)*

Basis of consolidation (Continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicated that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets and liabilities.

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	*Financial Instruments*[4]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39*[4]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accoutning*[1]
HK(IFRIC)-Int 21	*Levies*[1]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]

[1] Effective for annual periods beginning on or after 1 January 2014.
[2] Effective for annual periods beginning on or after 1 July 2014.
[3] Effective for first annual HKFRS financial statements beginning on or after 1 January 2016 and not applicable to the Group.
[4] No mandatory effective date yet determined but is available for adoption.

The directors of the Company anticipate that the new and revised HKFRSs that are not yet effective are unlikely to have a significant impact on the Group's results of operations and financial position.

4. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Construction, renovation and other contracts

Revenue and profit recognition on contract works is dependent on the estimation of the total outcome of the construction contract, as well as the work performed to date. Based on the Group's past experience and the nature of the contract activities undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and the revenue can be reliably estimated. As a result, until this point is reached, the amount due from customers for contract works will not include profit which the Group may eventually realise from the work performed to date. In addition, actual outcomes in terms of total contract costs and/or revenue may be higher or lower than those estimated at the end of each reporting period, which would affect the revenue and profit recognised in future years.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect whether any provision is required for foreseeable losses. The estimates are made based on past experience and knowledge of the project management.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimation of fair value of investment properties

Investment properties are revalued at the end of each reporting period on the market value, existing use basis by independent professionally qualified valuers. Such valuations were based on certain assumptions and estimates, which are subject to uncertainty and might materially differ from the actual outcomes. In making the judgement for valuation of investment properties on the market value, existing use basis, information from current prices in an active market for similar properties is considered and assumptions that are mainly based on market conditions existing at the end of the reporting period are used.

5. SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is civil engineering works and building construction and maintenance. Since this is the only operating segment of the Group, no further operating segment analysis thereof is presented.

The Group's revenue from external customers was derived solely from its operations in Hong Kong during the year, and the non-current assets of the Group were located in Hong Kong as at 31 March 2014 and 2013.

6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the appropriate proportion of contract revenue from construction, renovation and other contracts.

An analysis of the revenue, other income and gains is as follows:

	2014	2013
	HK$'000	*HK$'000*
Revenue		
Contract revenue	**1,477,332**	984,296
Other income and gains		
Interest income	**287**	2,056
Consultancy fee income	**1,200**	–
Management fee income	**5,531**	14,686
Government subsidies*	**140**	55
Gain on disposal of items of property, plant and equipment	**161**	–
Gain on changes in fair value of investment properties	–	40
Sundry income	**162**	136
	7,481	16,973

* Subsidies have been received from the Hong Kong Vocational Training Council and the Construction Industry Council, institutions established by the Hong Kong Special Administrative Region Government ("Government"), for providing on-the-job training for graduate engineers and trainers, respectively. There are no unfulfilled conditions or contingencies relating to these subsidies.

7. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**196**	1,865

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2014	2013
	HK$'000	*HK$'000*
Depreciation	**266**	596
Auditors' remuneration	**1,200**	268
Employee benefits expense (exclusive of directors' remuneration):		
Wages and salaries	**35,434**	37,805
Pension scheme contributions (defined contribution schemes)	**1,327**	1,449
	36,761	39,254
Directors' remuneration:		
Fees	**192**	–
Other emoluments:		
Salaries, allowances and benefits in kind	**3,277**	2,954
Discretionary performance-related bonuses	**4,661**	2,588
Pension scheme contributions (defined contribution schemes)	**120**	120
	8,058	5,662
	8,250	5,662
Minimum lease payments under operating leases:		
Land and buildings	**2,515**	2,160
Equipment	**196**	222
	2,711	2,382

9. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2014	2013
	HK$'000	*HK$'000*
Current – Hong Kong:		
Charge for the year	**7,663**	7,971
Overprovision in prior years	**(17)**	(23)
Deferred	**(8)**	(73)
Total tax charge for the year	**7,638**	7,875

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of basic earnings per share for the year ended 31 March 2014 is based on the profit for the year attributable to owners of the parent HK$28,396,000 (2013: HK$40,066,000) and the weighted average number of ordinary shares of 165,068,493 (2013: 150,000,000) in issue during the year, as if the Reorganisation had been effective since 1 April 2012.

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 March 2014 includes the one ordinary share of the Company issued upon incorporation, the 49,999,999 new ordinary shares issued pursuant to the Reorganisation, and the 100,000,000 new ordinary shares issued pursuant to the capitalisation issue, as if all these shares had been in issue throughout the year ended 31 March 2014, and the weighted average of 50,000,000 new ordinary shares issued in connection with the listing of the ordinary shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 March 2013 was based on 150,000,000 ordinary shares, representing the number of ordinary shares of the Company immediately after the capitalisation issue, as if all these shares had been in issue throughout the year ended 31 March 2013.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2014 and 2013.

11. DIVIDEND

The directors do not recommend the payment of any interim and final dividend in respect of the year (2013: Nil).

On 21 November 2013 and before the completion of the Reorganisation, Great Jump Enterprises Limited, a subsidiary of the Company, declared a special dividend of HK$60,000,000 to the then shareholder. Such special dividend was paid in December 2013. Investors who became the shareholders of the Company after 11 December 2013 (the "Listing Date") were not entitled to such special dividend.

12. ACCOUNTS RECEIVABLE

Accounts receivable represented receivables for contract works. The payment terms of contract works receivables are stipulated in the relevant contracts. The credit period is generally one month. The carrying amounts of accounts receivable approximate to their fair values.

As at 31 March 2014, retentions receivable included in accounts receivable amounted to HK$118,505,000 (2013: HK$95,028,000), which are repayable on terms ranging from two to three years.

12. ACCOUNTS RECEIVABLE *(Continued)*

The ageing analysis of the accounts receivable that are not individually nor collectively considered to be impaired is as follows:

	2014	2013
	HK$'000	*HK$'000*
Past due but not impaired:		
One to three months past due	**2,696**	3,741
Four to six months past due	**2**	40
Over six months past due	**83**	–
	2,781	3,781
Neither past due nor impaired	**178,966**	223,396
	181,747	227,177

Accounts receivable that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancement over these balances.

Accounts receivable that are neither past due nor impaired relate to a number of independent customers for whom there was no recent history of default.

As at 31 March 2014, the aggregate amounts of accounts receivable pledged to secure the Group's banking facilities amounted to HK$92,558,000 (2013: HK$138,702,000).

13. ACCOUNTS PAYABLE

An ageing analysis of accounts payable as at the end of each reporting period, based on the invoice date, is as follows:

	2014	2013
	HK$'000	*HK$'000*
Current to 3 months	**235,246**	331,451
4 to 6 months	**63**	10,802
Over 6 months	**223**	434
	235,532	342,687

As at 31 March 2014, retentions payable included in accounts payable amounted to HK$120,896,000 (2013: HK$111,775,000), which are normally settled on terms ranging from two to three years. The carrying amounts of accounts payable approximate to their fair values.

Accounts payable are non-interest-bearing and are normally settled on terms ranging from 7 to 30 days. The payment terms are stipulated in the relevant contracts.

14. CONTINGENT LIABILITIES

(a) As at 31 March 2014, the guarantees given by the Group to certain banks in respect of performance bonds in favour of certain contract customers amounted to HK$29,911,000 (2013: HK$37,775,000).

As at 31 March 2014, the Company has given guarantees in favour of certain banks to the extent of HK$164,000,000 (2013: Nil) in respect of banking facilities granted by those banks to a subsidiary of the Company which was not utilised.

As at 31 March 2014, the Company had given unlimited performance guarantees in favour of a customer for contract work (the “Contract Customer”) in respect of losses, claims, damages, costs and expenses caused by non-compliance with the terms and conditions of the construction contract entered into between the Group and the Contract Customer.

(b) In the ordinary course of the Group’s construction business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the Group’s sub-contractors in accidents arising out of and in the course of their employment. The directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

All of the Group's contracts undertaken for both civil engineering construction business and building construction and maintenance business were for customers which are independent third parties including certain departments of the Government, public utilities companies and private organisations in Hong Kong, and we acted as the main contractor for all such contracts during the year ended 31 March 2014.

For the year ended 31 March 2014, the Group recorded a turnover of approximately HK$1,477.3 million, up by 50.1% year-on-year. This was mainly due to the fact that the larger portion of revenue from a building construction project in Tsuen Wan was reflected during the year. However, the gross profit margin from building construction works was relatively lower than that of the Group's other civil engineering construction works during the year.

The gross profit margin generated from civil engineering construction works was about 8.2% for the year ended 31 March 2014 (2013: 11.0%) while the gross profit margin generated from building construction and maintenance works was only about 1.0% for the year ended 31 March 2014 (2013: 1.0%).

The Group had 14 significant projects in progress, including 5 projects in the public sector and 9 projects in the private sector as of 31 March 2014. All such significant projects in progress, except the building construction project in Tsuen Wan, are civil engineering construction projects. The total contract sum of the Group's projects in progress was approximately HK$3,820 million as at 31 March 2014, of which the contract sum of the building construction project was approximately HK$1,605 million and the contract sum of our civil engineering projects was approximately HK$2,215 million.

The total amount not yet been recognised as revenue as at 31 March 2014 was approximately HK$1,009 million, of which the amount not yet been recognised as revenue from building construction project was approximately HK$86 million and the amount not yet been recognised as revenue from civil engineering projects was approximately HK$923 million.

During the year ended 31 March 2014, the Group was awarded with the following new contracts regarding civil engineering construction works:

- Provision of civil works for cable circuit improvement for certain areas of the Central and Western District of the Hong Kong Island
- Term contract for provision of civil engineering works for the telecommunication networks and associated facilities
- Provision of integrated field works for field services in Hong Kong region
- Provision of integrated field works for field services in Kowloon region
- Junction improvement works at Wan Po Road/Wan O Road, Tseung Kwan O

As at 31 March 2014, all the major qualifications and licences obtained by the members of the Group as an approved contractor remained the same as stated in the Company's prospectus dated 28 November 2013, except for an upgrade to "Confirmed" status in Group B for Gadelly Construction Company Limited, a wholly owned subsidiary of the Company, under the list of approved contractors for public works ("waterworks" category) maintained by Works Branch Development Bureau of the Government on 4 March 2014.

In recognition of the Group's outstanding performance and quality of works, the Group has received the following awards during the year ended 31 March 2014:

- 2013 Workplace Hygiene Competition – Champion of Contractor Worksite (Property Projects)
- Caring Construction Site – Gold Caring Award (3/WSD/12)
- Engineering Good Housekeeping Competition 2013 – Office and Center Group Gold Award

PROSPECTS

According to the Government's Budget 2014/15, it is estimated that capital expenditure for 2014/15 will be HK$86.2 billion, including HK$70.8 billion on capital works. Capital works expenditure has been maintained at high level in recent years, which has brought sustained impetus to the construction industry and economy of Hong Kong.

Further, in the Government's Budget 2014/15, there are some major infrastructure projects estimated to begin in 2014/15 such as feasibility study on relocation of Diamond Hill fresh water and salt water service reservoirs to caverns, footbridge across Po Yap Road linking Tseung Kwan O Area 55 and Area 65, roads, drainage and sewerage works at Whitehead and Lok Wo Sha (phase 2), reprovisioning of Harcourt Road fresh water pumping station and road improvement works in West Kowloon reclamation development (phase 1).

On the basis of the continual increase in public expenditure on infrastructure by the Government in the forthcoming years and the need to increase housing supply by 470,000 units over the next ten years and also the development in new development areas as stated in the 2014 Policy Address, it is believed that such infrastructure projects will expectedly involve waterworks, roads and drainage and other civil engineering construction works at some stage which our Group possesses the requisite licences to tender for.

Although the current replacement and rehabilitation programme of water mains is expected to complete by 2015 according to the website of Water Supplies Department ("WSD"), a new replacement and rehabilitation programme of water mains is being planned by WSD for implementation after the current programme is completed, according to the Report on the Examination of the Estimates of Expenditure 2013 to 2014 issued in July 2013 by the Finance Committee of the Legislative Council of Hong Kong.

Besides the current programme which is currently in its last stage, waterworks civil engineering projects of WSD are continuing in the pipeline, it is expected that WSD will invite for tenders to implement future projects in the forthcoming years.

As stated in the Company's prospectus dated 28 November 2013, our Group will continue to focus on civil engineering construction works which is our core business and shall cease to engage in building construction and maintenance works after the completion of the existing building construction project in Tsuen Wan. With our operating history of over 37 years in business in Hong Kong, we have established a strong reputation in civil engineering construction works in the civil engineering construction industry. Looking forward, the Group will continue to enhance competitiveness and management capabilities to bid for more rewarding contracts in Hong Kong and to further scale up the Group's business.

FINANCIAL REVIEW

Revenue

Our revenue increased by approximately HK$493.0 million, or 50.1%, from approximately HK$984.3 million for the year ended 31 March 2013 to approximately HK$1,477.3 million for the year ended 31 March 2014. The increase was mainly due to the increase in revenue from the a building construction project in Tsuen Wan and to a lesser extent from other civil engineering contract works. The relevant building construction project contributed an aggregated revenue of approximately HK$842.8 million during the year, while it only contributed an aggregated revenue of approximately HK$509.5 million in prior year.

Contract Costs

Our contract costs increased by approximately HK$488.4 million, or 52.6%, from approximately HK$928.8 million for the year ended 31 March 2013 to approximately HK$1,417.2 million for the year ended 31 March 2014. Such increase was in line with our revenue growth during the year ended 31 March 2014, which resulted in more works being sub-contracted to sub-contractors.

Gross Profit and Gross Profit Margin

As a result of revenue growth, our gross profit increased by approximately HK$4.7 million or 8.4%, from approximately HK$55.5 million for the year ended 31 March 2013 to approximately HK$60.2 million for the year ended 31 March 2014, while our gross profit margin decreased from approximately 5.6% to approximately 4.1%, which was primarily due to the fact that the gross profit margins derived from the building construction contract works, that had significant revenue contribution during the year, were relatively lower than that of our Group's other civil engineering construction works.

Other Income and Gains

Other income and gains decreased by approximately HK$9.5 million from approximately HK$17.0 million for the year ended 31 March 2013 to approximately HK$7.5 million for the year ended 31 March 2014. The decrease was mainly due to the cessation of paying management fee to Vantage International (Holdings) Limited ("Vantage") for sharing corporate expense of the Vantage Group since April 2013 and as a result there was no charge back of the corresponding amount from the Retained Vantage Group (being Vantage and its subsidiaries, which exclude the Group) as part of our other income and gains.

Administrative Expenses

Administrative expenses increased by approximately HK$8.7 million or 38.5%, from approximately HK$22.7 million for the year ended 31 March 2013 to approximately HK$31.4 million for the year ended 31 March 2014. The increase was attributable to the net effect of (i) the increase in staff costs from approximately HK$12.1 million for the year ended 31 March 2013 to approximately HK$17.5 million for the year ended 31 March 2014; (ii) listing expenses of approximately HK$9.5 million being recognised in the year ended 31 Mach 2014; and (iii) the cessation of paying management fee to Vantage for sharing corporate expense of the Vantage Group since April 2013.

Finance Costs

Finance costs decreased by approximately HK$1.7 million from approximately HK$1.9 million for the year ended 31 March 2013 to approximately HK$0.2 million for the year ended 31 March 2014. The decrease was due to the cessation of financing the material purchases for the use of the Retained Vantage Group for a building construction project since June 2013.

Income Tax Expense

Income tax expense decreased by approximately HK$0.3 million from approximately HK$7.9 million for the year ended 31 March 2013 to approximately HK$7.6 million for the year ended 31 March 2014. The decrease was mainly attributable to the decrease in profit before tax from approximately HK$47.9 million for the year ended 31 March 2013 to approximately HK$36.0 million for the year ended 31 March 2014.

The effective tax rate increased from approximately 16.4% for the year ended 31 March 2013 to approximately 21.2% for the year ended 31 March 2014 due to the capital nature of the listing expenses recognised during the year, which made such expenses not tax deductible.

Profit Attributable to Owners of the Parent

As a result of the foregoing, profit for the year attributable to owners of the parent decreased by approximately HK$11.7 million, or 29.1% from approximately HK$40.1 million for the year ended 31 March 2013 to approximately HK$28.4 million for the year ended 31 March 2014. Our net profit margin decreased from approximately 4.1% for the year ended 31 March 2013 to approximately 1.9% for the year ended 31 March 2014, which was mainly due to the listing expenses of approximately HK$9.5 million charged to our expenses during the year.

Liquidity and Financial Resources

As of 31 March 2014, the Group had cash and cash equivalents of HK$166.6 million representing an increase of 28.3% from approximately HK$129.8 million as of 31 March 2013. The Group did not have pledged deposits at 31 March 2014 and 2013. The increase in cash and cash equivalents during the year was mainly due to the funds raised during the listing of the shares of the Company on the Main Board of the Stock Exchange.

The Group’s cash and cash equivalents were denominated in Hong Kong dollars.

Gearing ratio is calculated based on the amount of total interest-bearing bank loans divided by the total equity. Decrease in gearing ratio from 54.4% as at 31 March 2013 to 0% as at 31 March 2014 was mainly because the Group repaid all interest-bearing bank loans during the year ended 31 March 2014.

As at 31 March 2014, the Group had aggregate banking facilities of HK$164,000,000 which was not utilised. As at 31 March 2014, the banking facilities were secured by (i) an unlimited corporate guarantee from the Company; (ii) corporate guarantee from the Company amounted to HK$90,000,000 (2013: corporate guarantee provided by Vantage of HK$242,000,000); and (iii) the assignment of the Group's accounts receivable under certain contract works with an aggregate amount of approximately HK$92,558,000 (2013: HK$138,702,000). The corporate guarantees provided by Vantage in prior year were released upon separate listing of the Company's shares on the Stock Exchange in December 2013.

Contingent Liabilities

Details of the Group's and the Company's contingent liabilities are set out in note 14 to this announcement.

STAFF AND REMUNERATION POLICY

As of 31 March 2014, the Group employed approximately 315 employees (2013: 396) in Hong Kong. The Group remunerates its employees based on their performance and work experience and with reference to the prevailing market conditions. Staff benefits include mandatory provident fund and training programmes.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2014 (2013: Nil).

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The shares of the Company are listed on the Main Board of the Stock Exchange on 11 December 2013. Net proceeds from the share offering were approximately HK$47 million (after deducting the underwriting commission and other expenses in relation to the share offering) and none of the net proceeds has been used during the period between the Listing Date and 31 March 2014. As at 31 March 2014, the unused proceeds were deposited in licensed banks in Hong Kong.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 period from the Listing Date to 31 March 2014.

Compliance with the Corporate Governance Code

None of the directors of the Company (the "Directors") is aware of any information which would reasonably indicate that the Company had not, throughout the period from the Listing Date to 31 March 2014, complied with the code provisions ("Code Provisions") of Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules") except the following:

Under Code Provision A.1.1, the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. The Company only convened and held 2 regular Board meetings during the short period from the Listing Date to 31 March 2014. The Board intends to meet at least four times per year in the future.

Under Code Provision A.2.7, the Chairman should at least annually hold meetings with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. The Company has not held any meeting between the Chairman and the non-executive Directors during the short period since the Listing Date to 31 March 2014. The Chairman intends to hold at least one meeting per year with the non-executive Directors (including the independent non-executive Directors) without the executive Directors present.

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") set out in Appendix 10 to the Listing Rules. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the period from the Listing Date to 31 March 2014.

Audit Committee

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 March 2014, including the accounting principles adopted by the Group, with the Company's management. The Audit Committee comprises three members including Professor Patrick Wong Lung Tak, *B.B.S.*, *J.P.* (Chairman), Dr. Law Kwok Sang and Ms. Mak Suk Hing, all being independent non-executive Directors.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed minimum public float under the Listing Rules.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year ended 31 March 2014 is scheduled to be held on 15 August 2014, Friday. The notice of annual general meeting will be published on the websites of the Company and the Stock Exchange and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 13 August 2014, Wednesday to 15 August 2014, Friday (both days inclusive) for the purpose of determining the right to attend and vote at the annual general meeting, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting, all share transfer documents accompanied by the corresponding share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30p.m. on 12 August 2014, Tuesday.

APPRECIATION

The Board would like to thank the management of the Group and all our staff for their hard work and dedication, as well as its shareholders, business partners and associates, bankers and auditors for their continuous support to the Group.

By Order of the Board of
Excel Development (Holdings) Limited
LI Chi Pong
Executive Director and Chief Executive Officer

Hong Kong, 17 June 2014

As at the date of this announcement, the executive Directors are Mr. Li Chi Pong and Mr. Poon Yan Min; the non-executive Director is Mr. Yau Kwok Fai (Chairman) and the independent non-executive Directors are Dr. Law Kwok Sang, Professor Patrick Wong Lung Tak, B.B.S., J.P. and Ms. Mak Suk Hing.