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 2015

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 2015, 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 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000*
REVENUE	6	**702,856**	1,477,332
Contract costs		**(662,053)**	(1,417,169)
Gross profit		**40,803**	60,163
Other income and gains	6	**3,163**	7,481
Administrative expenses		**(24,875)**	(31,414)
Finance costs	7	**(39)**	(196)
Profit before tax	8	**19,052**	36,034
Income tax expense	9	**(3,178)**	(7,638)
Profit and total comprehensive income for the year		**15,874**	28,396
Profit and total comprehensive income attributable to owners of the parent		**15,874**	28,396
Earnings per share attributable to owners of the parent (HK cents)			
Basic and diluted	11	**7.9**	17.2

Details of dividend for the year are disclosed in note 10 to this announcement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,194**	104
Investment properties		**800**	600
Interest in a joint venture		**–**	–
Total non-current assets		**2,994**	704
CURRENT ASSETS			
Gross amount due from customers for contract works		**31,028**	79,978
Accounts receivable	12	**177,789**	181,747
Tax recoverable		**4,494**	310
Prepayments, deposits and other receivables		**16,042**	31,433
Cash and cash equivalents		**143,693**	166,554
Total current assets		**373,046**	460,022
CURRENT LIABILITIES			
Accounts payable	13	**101,464**	235,532
Accruals of costs for contract works		**45,237**	11,790
Other payables and accruals		**3,204**	3,146
Total current liabilities		**149,905**	250,468
Net current assets		**223,141**	209,554
Total assets less current liabilities		**226,135**	210,258
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**8**	5
Net assets		**226,127**	210,253
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**2,000**	2,000
Reserves		**224,127**	208,253
Total equity		**226,127**	210,253

NOTES

1. CORPORATE INFORMATION

Excel Development (Holdings) Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at No. 155 Waterloo Road, Kowloon Tong, Kowloon, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in civil engineering works and building construction and maintenance.

As at 31 March 2015. Profit Chain Investments Limited ("Profit Chain"), a company incorporated in the British Virgin Islands ("BVI"), was the immediate holding company of the Company; Vantage International (Holdings) Limited ("Vantage"), a company incorporated in Bermuda and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), was the intermediate holding company of the Company; and the ultimate holding company of the Company was Winhale Ltd., a company incorporated in the BVI.

Subsequent to the reporting period, on 5 June 2015, Vantage has disposed of its entire shareholding in the Company to Youth Force Asia Ltd. ("Youth Force"), a company incorporated in the BVI. Youth Force became the immediate and ultimate holding company of the Company since then.

Vantage and its subsidiaries, but excluding the Group, are hereafter collectively referred to as the "Retained Vantage Group".

2.1 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 which, because the Company has not early adopted the revised disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, are those of the predecessor Hong Kong Companies Ordinance (Cap. 32). They have been prepared under the historical cost convention, except for investment properties, which have been measured at fair value. These financial statements 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 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.1 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 above. 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 or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year’s financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC) - Int 21	*Levies*
Amendments to HKFRS 2 Included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendments to HKFRS 3 Included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendments to HKFRS 13 Included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendments to HKFRS 1 Included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

[1] Effective from 1 July 2014

The adoption of the revised standards and new interpretation has had no significant financial effect on these financial statements.

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]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 1	*Disclosure Initiative*[2]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[2]

[1] Effective for annual periods beginning on or after 1 July 2014
[2] Effective for annual periods beginning on or after 1 January 2016
[3] Effective for annual periods beginning on or after 1 January 2017
[4] Effective for annual periods beginning on or after 1 January 2018
[5] Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

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.

<u>Estimation uncertainty</u>
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.

4. SIGNIFICANT ACCOUNTING ESTIMATES *(Continued)*

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 2015 and 2014.

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:

	2015	2014
	HK$'000	*HK$'000*
Revenue		
Contract revenue	**702,856**	1,477,332
Other income and gains		
Interest income	**85**	287
Consultancy fee income	**1,200**	1,200
Rental income	**1,400**	–
Management fee income	–	5,531
Government subsidies*	**73**	140
Gain on disposal of items of property, plant and equipment	**72**	161
Gain on changes in fair value of investment properties	**200**	–
Sundry income	**133**	162
	3,163	7,481

* 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

	2015	2014
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**39**	196

8. PROFIT BEFORE TAX

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

	2015	2014
	HK$'000	*HK$'000*
Depreciation	**204**	266
Auditors' remuneration	**1,260**	1,200
Employee benefits expense (exclusive of directors' remuneration):		
Wages and salaries	**30,690**	35,434
Pension scheme contributions (defined contribution schemes)	**1,140**	1,327
	31,830	36,761
Directors' remuneration:		
Fees	**576**	192
Other emoluments:		
Salaries, allowances and benefits in kind	**3,465**	3,277
Discretionary performance-related bonuses	**3,850**	4,661
Pension scheme contributions (defined contribution schemes)	**120**	120
	7,435	8,058
	8,011	8,250
Minimum lease payments under operating leases:		
Land and buildings	**2,348**	2,515
Equipment	**177**	196
	2,525	2,711

9. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the 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% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2015	2014
	HK$'000	*HK$'000*
Current – Hong Kong:		
Charge for the year	**3,172**	7,663
Underprovision/(Overprovision) in prior years	**3**	(17)
Deferred	**3**	(8)
Total tax charge for the year	**3,178**	7,638

10. DIVIDEND

The directors do not recommend the payment of any interim and final dividend in respect of the year (2014: Nil).

Pursuant to the reorganisation of the Company in connection with the listing of shares of the Company on the Main Board of the Stock Exchange (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group on 21 November 2013. 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, Profit Chain. Such special dividend was paid in December 2013.

Subsequent to the end of the reporting period, on 5 June 2015, the directors recommended the declaration and payment of a special cash dividend of HK$50,000,000, representing HK$0.25 per ordinary share in the issued share capital of the Company, out of the share premium account of the Company. The special cash dividend is subject to the approval of the Company's shareholders at the forthcoming extraordinary general meeting.

11. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of basic earnings per share for the year ended 31 March 2015 is based on the profit for the year attributable to owners of the parent HK$15,874,000 (2014: HK$28,396,000) and the weighted average number of ordinary shares of 200,000,000 (2014: 165,068,493) in issue during the year.

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.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2015 and 2014 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years.

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 2015, retentions receivable included in accounts receivable amounted to HK$120,041,000 (2014: HK$118,505,000) 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:

	2015	2014
	HK$'000	*HK$'000*
Past due but not impaired:		
One to three months past due	**8,330**	2,696
Four to six months past due	**209**	2
Over six months past due	**2**	83
	8,541	2,781
Neither past due nor impaired	**169,248**	178,966
	177,789	181,747

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 2015, the aggregate amounts of accounts receivable pledged to secure the Group's banking facilities amounted to HK$86,161,000 (2014: HK$92,558,000).

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:

	2015	2014
	HK$'000	*HK$'000*
Current to 3 months	**97,908**	235,246
4 to 6 months	**3,383**	63
Over 6 months	**173**	223
	101,464	235,532

As at 31 March 2015, retentions payable included in accounts payable amounted to HK$63,608,000 (2014: HK$120,896,000), 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 2015, the guarantees given by the Group to certain banks in respect of performance bonds in favour of certain contract customers amounted to HK$23,055,000 (2014: HK$29,911,000).

As at 31 March 2015, the Company and the Group have given guarantees in favour of certain banks to the extent of HK$189,000,000 (2014: HK$164,000,000) in respect of banking facilities granted by those banks to a subsidiary of the Company which was not utilised.

As at 31 March 2015, 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 subcontractors 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 of Hong Kong ("Government"), public utilities companies and private organisations in Hong Kong.

The Group recorded turnover of approximately HK$702.9 million, decreased by 52.4% for the year ended 31 March 2015. Included in the turnover was: (i) revenue from civil engineering works of approximately HK$543.0 million, decreased by 12.8% from approximately HK$622.5 million in previous year; and (ii) revenue from building construction and maintenance works of approximately HK$159.9 million, decreased by 81.3% from approximately HK$854.8 million in previous year.

The gross profit margin generated from civil engineering construction works was about 7.2% for the year ended 31 March 2015 (2014: 8.2%) while the gross profit margin generated from building construction and maintenance works was only about 1.0% for the year ended 31 March 2015 (2014: 1.0%).

As the revenue generated from civil engineering construction works represented over 77% of the Group's consolidated revenue for the year ended 31 March 2015 (2014: 42%), the Group's overall gross profit margin increased from approximately 4.1% for the year ended 31 March 2014 to approximately 5.8% for the year ended 31 March 2015.

As of 31 March 2015, the Group had 18 significant projects in progress, including 6 projects in the public sector and 12 projects in the private sector. All such significant projects in progress, except the building construction project in Tsuen Wan, are civil engineering construction projects.

As of 31 March 2015, the total contract sum and the total outstanding values of the Group's substantial projects in progress were approximately HK$4,051 million and HK$742 million respectively.

During the year ended 31 March 2015, the Group was awarded with the following new substantial contracts regarding civil engineering construction works:

- Upgrading/Improvement Works to Lands Department Slopes in the Northern Regions
- Cable Trenching Works for North Point 132kv GIS Improvement (Phase 2 — Stage 2)
- Gas Pipelaying Work at King's Road Between Shipyard Lane and Healthy Street East
- Civil Works for Rehabilitation of Water Reservoirs, Fire-proofing Improvement Work for Structures at MSB and Miscellaneous Improvement Works at LPS & LMX

PROSPECTS

According to the Government's Budget 2015/16, it is estimated that capital expenditure for 2015/16 will be HK$86.5 billion, including HK$70 billion on capital works. Capital works expenditure is expected to maintain at relatively high levels in the next few years.

In view of the increasing public expenditure on infrastructure by Government in the forthcoming years, we believe that the civil engineering construction industry has significant market potential and promising prospects. To further strengthen our Group's business growth, we will continue to tender for new waterworks, roads and drainage works, slope and other civil engineering construction works offered by various departments of the Government and private organization.

While the outlook for the construction industry in Hong Kong looks promising in the long run, there remain challenges that are unlikely to dissipate in the near future. They include continuously rising labour wages and cost of construction materials and shortage of skilled labour. In addition, the sluggish progress of deliberation in Legislative Council, which has resulted in the mounting of backlog of funding proposals, also delays in the rolling out of public infrastructure works in Hong Kong. The business and profitability of our Group may be affected if such delay continues.

FINANCIAL REVIEW

Revenue

Our revenue decreased by approximately HK$774.4 million, or 52.4%, from approximately HK$1,477.3 million for the year ended 31 March 2014 to approximately HK$702.9 million for the year ended 31 March 2015. The decrease was primarily due to the revenue from the building construction project in Tsuen Wan decreased by approximately HK$683.1 million, or 81.1%, from approximately HK$842.8 million for the year ended 31 March 2014 to approximately HK$159.7 million for the year ended 31 March 2015.

Contract Costs

Our contract costs decreased by approximately HK$755.1 million, or 53.3%, from approximately HK$1,417.2 million for the year ended 31 March 2014 to approximately HK$662.1 million for the year ended 31 March 2015. Such decrease was in line with our decrease in revenue during the year.

Gross Profit and Gross Profit Margin

Our gross profit decreased by approximately HK$19.4 million or 32.2%, from approximately HK$60.2 million for the year ended 31 March 2014 to approximately HK$40.8 million for the year ended 31 March 2015. However, our gross profit margin improved from approximately 4.1% to approximately 5.8% which was primarily due to the fact the revenue generated from civil engineering construction works represented over 77% (2014: 42%) of the Group's consolidated revenue for the year ended 31 March 2015.

Other Income and Gains

Other income and gains decreased by approximately HK$4.3 million from approximately HK$7.5 million for the year ended 31 March 2014 to approximately HK$3.2 million for the year ended 31 March 2015. The decrease was mainly because no staff was provided to assist or supervise the Retained Vantage Group for the building construction project in Tsuen Wan. Accordingly, no reimbursement of staff cost from the Retained Vantage Group during the year (2014: HK$5.5 million).

Administrative Expenses

Administrative expenses decreased by approximately HK$6.5 million or 20.7%, from approximately HK$31.4 million for the year ended 31 March 2014 to approximately HK$24.9 million for the year ended 31 March 2015. The decrease was attributable to the listing expense of approximately HK$9.5 million which was recognised as expense in prior year while no listing expense incurred for this year. The decrease was partially offset by the general increase in auditors' remuneration and administration staff cost during the year.

Finance Costs

Finance costs decreased by 80.1% for the year ended 31 March 2015. The decrease was mainly due to lower interest incurred on the interest-bearing bank loans which were borrowed and fully repaid during the year.

Income Tax Expense

Income tax expense decreased by approximately HK$4.4 million from approximately HK$7.6 million for the year ended 31 March 2014 to approximately HK$3.2 million for the year ended 31 March 2015. The decrease was mainly attributable to the decrease in profit before tax from approximately HK$36.0 million for the year ended 31 March 2014 to approximately HK$19.1 million for the year ended 31 March 2015.

The effective tax rate decreased from approximately 21.2% for the year ended 31 March 2014 to approximately 16.7% for the year ended 31 March 2015 due to the capital nature of the listing expenses of approximately HK$9.5 million recognised in prior 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$12.5 million, or 44.0% from approximately HK$28.4 million for the year ended 31 March 2014 to approximately HK$15.9 million for the year ended 31 March 2015. Our net profit margin increased from approximately 1.9% for the year ended 31 March 2014 to approximately 2.3% for the year ended 31 March 2015 due to the increase in our gross profit margin during the year.

Liquidity and Financial Resources

As of 31 March 2015, the Group had cash and cash equivalents of HK$143.7 million representing a decrease of 13.7% from approximately HK$166.6 million as of 31 March 2014. The Group did not have pledged deposits at 31 March 2015 and 2014. The decrease in cash and cash equivalents during the year was mainly due to effects of (i) net cash outflow from operating activities of approximately HK$21.8 million; and (ii) purchase of property, plant and equipment of approximately HK$2.3 million.

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

When compared with the Group's financial position as at 31 March 2014, net current assets increased by 6.4% to approximately HK$223.1 million (2014: HK$209.6 million) and net assets increased by 7.5% to approximately HK$226.1 million (2014: HK$210.3 million) as at 31 March 2015.

Current ratio is calculated by dividing current assets by current liabilities. Current ratio of the Group was maintained at a healthy level at 2.5 times as at 31 March 2015 (2014: 1.8 times).

Gearing ratio is calculated based on the amount of total interest-bearing bank loans divided by the total equity. As the Group had no bank loan as at 31 March 2015, the Group's gearing ratio was therefore 0% (2014: 0%) as at 31 March 2015.

As at 31 March 2015, the Group had aggregate banking facilities of HK$189,000,000 which was not utilised. As at 31 March 2015, the banking facilities were secured by (i) unlimited corporate guarantees from the Company; (ii) corporate guarantees from the Company amounted to HK$130,000,000 (2014: HK$90,000,000); and (iii) the assignment of the Group's accounts receivable under certain contract works with an aggregate amount of approximately HK$86,161,000 (2014: HK$92,558,000).

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 2015, the Group employed approximately 424 employees (2014: 315) 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 2015 (2014: Nil).

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The net proceeds from the listing of the Company (after deducting the underwriting commission and other expenses in relation to the share offering) amounted to approximately HK$47 million. As at 31 March 2015, the Group has used up all the net proceeds in accordance with the proposed usage set out in the section headed "Future plans and use of proceeds" of the prospectus of the Company dated 28 November 2013.

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 year ended 31 March 2015.

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 year ended 31 March 2015, 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.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders.

For the annual general meeting of the Company held on 15 August 2014, the whole Board of Directors and auditors of the Company have attended the meeting to ensure an effective communication with the shareholders at that meeting except that Professor Patrick Wong Lung Tak, *B.B.S., J.P.* (Independent Non-executive Director and Chairman of Audit Committee) was unable to attend the annual general meeting due to unavoidable business commitment.

The Company regularly reviews its corporate governance practices to ensure they comply with the CG Code and align with the latest developments.

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 for the year ended 31 March 2015.

Audit Committee

The Audit Committee has reviewed together with the management and external auditor the accounting principles and policies adopted by the Group, discussed internal controls and financial reporting matters and the consolidated results of the Group for the year ended 31 March 2015. 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 Company's directors as at the date of this announcement, the Company has maintained the prescribed minimum public float under the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

On 5 June 2015, subsequent to the balance sheet date:-

(i) The Directors recommended the declaration and payment of a special cash dividend of HK$50,000,000, representing HK$0.25 per ordinary share in the issued share capital of the Company, out of the share premium account of the Company. The special cash dividend is subject to the approval of the Company's shareholders at the forthcoming extraordinary general meeting. Details of the event are disclosed in the announcement of the Company dated 5 June 2015;

(ii) Vantage has disposed of its entire shareholding in the Company to Youth Force, a company incorporated in the British Virgin Islands. Youth Force became the immediate and ultimate holding company of the Company since then. Details of the event are disclosed in the joint announcement of the Company, Vantage and Youth Force dated 16 June 2015; and

(iii) Sureguard Limited, ("Sureguard") a wholly-owned subsidiary of Vantage, has entered into a loan agreement with Best Trader International Limited (the "Best Trader"), a wholly-owned subsidiary of the Company and pursuant to which Sureguard agreed to make available an interest-free loan facility of HK$50,000,000 to Best Trader for a term of 30 months (the "Sureguard Loan").

    The Sureguard Loan will be secured by the share charge of Great Jump Enterprises Limited, a wholly-owned subsidiary of the Company and the holding company of Excel Engineering Company Limited and Excel Construction Development Limited (the "Share Charge").

    The Sureguard Loan and the Share Charge constitute special deals under the Hong Kong Code on Takeovers and Mergers which require consent of the Securities and Futures Commission of Hong Kong and the approval from independent shareholders of the Company at the forthcoming extraordinary general meeting. Further details of the Sureguard Loan and the Share Charge are set out in the joint announcement of the Company, Vantage and Youth Force dated 16 June 2015.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year ended 31 March 2015 is scheduled to be held on 27 August 2015, Thursday. 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 25 August 2015, Tuesday to 27 August 2015, Thursday (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 24 August 2015, Monday.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere thanks and gratitude to our management team and staff for their hard work and dedication, as well as our 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, 19 June 2015

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.