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ROYAL DELUXE HOLDINGS LIMITED

御佳控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3789)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2025

FINANCIAL HIGHLIGHTS

- Revenue was approximately HK\$731.0 million for the year ended 31 March 2025, representing a decrease of approximately 6.7% as compared with the same for the year ended 31 March 2024.
- Gross profit was approximately HK\$41.5 million for the year ended 31 March 2025, representing a decrease of approximately 37.5% as compared with the same for the year ended 31 March 2024.
- Gross profit margin decreased from approximately 8.5% for the year ended 31 March 2024 to approximately 5.7% for the year ended 31 March 2025.
- Loss attributable to owners of the Company was approximately HK\$6.0 million for the year ended 31 March 2025, representing a decrease of approximately 161.9% as compared with profit attributable to owners of the Company for the year ended 31 March 2024.
- Basic loss per share attributable to owners of the Company was approximately HK0.50 cents for the year ended 31 March 2025, and basic earnings per share attributable to owners of the Company was approximately HK0.81 cents for the year ended 31 March 2024.
- The Board does not recommend the payment of any final dividend for the year ended 31 March 2025.

FINAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Royal Deluxe Holdings Limited (the “**Company**”) hereby announced the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2025, together with the comparative figures for the year ended 31 March 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

		2025	2024
	Notes	HK\$'000	HK\$'000
Revenue from contracts with customers	3	730,955	783,575
Direct costs		<u>(689,413)</u>	<u>(717,123)</u>
Gross profit		41,542	66,452
Other income, other gains and losses, net	4	16,799	10,162
Administration and other operating expenses		(60,527)	(57,141)
Provision of loss allowance on trade and other receivables and contract assets		(1,187)	(2,082)
Impairment losses on property, plant and equipment		–	(2,807)
Finance costs	5	<u>(19)</u>	<u>(1,185)</u>
(Loss)/profit before tax	6	(3,392)	13,399
Income tax expense	7	<u>(2,654)</u>	<u>(3,629)</u>
(Loss)/profit and total comprehensive (expense)/income for the year attributable to owners of the Company		<u>(6,046)</u>	<u>9,770</u>
		<i>HK cents</i>	<i>HK cents</i>
(Loss)/earnings per share attributable to owners of the Company			
– Basic and diluted	9	<u>(0.50)</u>	<u>0.81</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

		2025	2024
	Notes	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		22,157	30,642
Right-of-use assets		33,113	34,827
Club membership		1,188	1,188
Deferred tax assets		868	1,237
		<u>57,326</u>	<u>67,894</u>
Current assets			
Inventories		1,235	6,397
Trade and other receivables	10	121,873	120,867
Contract assets		234,924	195,276
Bank balances and cash		48,640	88,217
Current tax recoverable		3,240	1,346
		<u>409,912</u>	<u>412,103</u>
Current liabilities			
Trade and other payables	11	136,794	111,736
Contract liabilities		16,838	45,801
Lease liabilities		295	236
Current tax liabilities		2,023	4,479
		<u>155,950</u>	<u>162,252</u>

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Net current assets	<u>253,962</u>	<u>249,851</u>
Total assets less current liabilities	<u>311,288</u>	<u>317,745</u>
Non-current liabilities		
Deferred tax liabilities	606	722
Lease liabilities	<u>101</u>	<u>396</u>
	<u>707</u>	<u>1,118</u>
Net assets	<u><u>310,581</u></u>	<u><u>316,627</u></u>
Capital and reserves		
Share capital	12,000	12,000
Reserves	<u>298,581</u>	<u>304,627</u>
	<u><u>310,581</u></u>	<u><u>316,627</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands on 12 April 2016 as an exempted company with limited liability under the companies law of the Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 8 February 2017 (the “**Listing**”). Its parent company and ultimate holding company is Wang K M Limited, a company incorporated in the British Virgin Islands and is owned as to 50% by Mr. Wang Kei Ming, an executive Director, and 50% by Ms. Chao Lai Heng, an executive Director and spouse of Mr. Wang Kei Ming.

The addresses of the registered office and the principal place of business of the Company are Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and Unit A, 22nd Floor, T G Place, 10 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong, respectively.

The Company is an investment holding company. The Group is principally engaged in the provision of formwork erection and related ancillary services in Hong Kong.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “**functional currency**”). The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), rounded to the nearest thousand, unless otherwise stated, which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	<i>Lease liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)</i>
Amendments to HKAS 1	<i>Non-current liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issued but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments³</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity³</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture¹</i>
Amendments to HKAS Accounting Standards	<i>Annual Improvements to HKFRS Accounting Standards – Volume 11³</i>
Amendments to HKAS 21	<i>Lack of Exchangeability²</i>
HKFRS 18	<i>Presentation and Disclosure in Financial Statements⁴</i>

¹ Effective for annual periods beginning on or after a date to be determined by the HKICPA.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standards mentioned below, the Directors anticipate that the application of all these new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements, even though it will not impact the recognition or measurement of items in the financial statement. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements and will apply it from its mandatory effective date of 1 January 2027 and retrospective application is required.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents amounts received and receivables from construction services in Hong Kong. For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the Directors) reviews the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

	2025 HK\$'000	2024 <i>HK\$'000</i>
Revenue from contracts with customers		
– Provision of formwork erection and related ancillary services	730,955	781,007
– Provision of fit-out services	<u>–</u>	<u>2,568</u>
	<u>730,955</u>	<u>783,575</u>
Timing of revenue recognition		
– Over time	<u>730,955</u>	<u>783,575</u>

Geographical information

The Company is domiciled in the Cayman Islands with the Group's major operations located in Hong Kong. All of the Group's revenue from external customers are derived from Hong Kong, the place of domicile of the Group's operating subsidiaries. All the non-current assets of the Group are located in Hong Kong. Accordingly, no geographical information is presented.

Information about major customers

Revenue from customers contributing over 10% of the Group's total revenue during the years ended 31 March 2025 and 2024 are as follows:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	170,907	85,672
Customer B	132,611	N/A ¹
Customer C	118,656	98,920
Customer D	102,825	157,668
Customer E	–	328,726

¹ The corresponding revenue did not contribute over 10% of the Group's total revenue.

4. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Other income		
Bank interest income	1,107	1,097
Income from sale of scrap materials	2,444	801
Government grants (<i>Note</i>)	191	—
Sundry income	<u>13,077</u>	<u>8,783</u>
	<u>16,819</u>	<u>10,681</u>
Other gains and losses, net		
Loss on disposal of property, plant and equipment	<u>(20)</u>	<u>(519)</u>
	<u>(20)</u>	<u>(519)</u>
	<u><u>16,799</u></u>	<u><u>10,162</u></u>

Note:

During the year ended 31 March 2025, the Group successfully applied for funding support from the Technology Voucher Programme. There are no unfulfilled conditions or contingencies relating to these grants.

5. FINANCE COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest on bank borrowings	–	1,183
Interest on lease liabilities	<u>19</u>	<u>2</u>
	<u>19</u>	<u>1,185</u>

6. (LOSS)/PROFIT BEFORE TAX

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
(Loss)/profit before tax has been arrived at after charging:		
Employee benefits expense (<i>Note (i)</i>):		
Salaries and other benefits in kind	87,012	79,278
Discretionary bonuses	4,097	7,069
Contributions to retirement benefit scheme	<u>2,096</u>	<u>2,029</u>
Total employee benefits expense, including directors' emoluments	<u>93,205</u>	<u>88,376</u>
Auditors' remuneration	1,000	910
Depreciation of property, plant and equipment (<i>Note (ii)</i>)	9,174	10,798
Depreciation of right-of-use assets (<i>Note (iii)</i>)	1,714	1,624
Loss on disposal of property, plant and equipment	20	519
Provision of loss allowance on trade and other receivable and contract assets	1,187	2,082
Write-off of retention receivables	537	–
Impairment loss on property, plant and equipment	–	2,807
Short-term lease expenses in respect of:		
– Land and buildings	6,001	5,150
– Plant and equipment	<u>32,697</u>	<u>22,379</u>

Notes:

- (i) During the year ended 31 March 2025, total employee benefits expense amounting to approximately HK\$53,357,000 (2024: approximately HK\$51,545,000), was included in direct costs and amounting to approximately HK\$39,848,000 (2024: approximately HK\$36,831,000) was included in administration and other operating expenses.
- (ii) During the year ended 31 March 2025, depreciation of property, plant and equipment of approximately HK\$5,250,000 (2024: approximately HK\$7,998,000), was charged to direct costs and approximately HK\$3,923,000 (2024: approximately HK\$2,800,000), was charged to administration and other operating expenses.
- (iii) During the year ended 31 March 2025, depreciation of right-of-use assets of approximately HK\$1,714,000 (2024: approximately HK\$1,624,000), was charged to administration and other operating expenses.

7. INCOME TAX EXPENSE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current income tax:		
– Hong Kong Profits Tax	<u>2,169</u>	<u>4,906</u>
Total current income tax	2,169	4,906
Deferred tax	<u>485</u>	<u>(1,277)</u>
Total income tax expense recognised in profit or loss	<u><u>2,654</u></u>	<u><u>3,629</u></u>

The Group has no income subject to taxation in Cayman Islands and British Virgin Islands.

The Company and its Hong Kong subsidiaries are subject to Hong Kong Profits Tax, which is calculated at tax rate of 16.5% on the estimated assessable profits arising in Hong Kong, except for one of the subsidiaries of the Company which is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2,000,000 under the Two-tiered Profits Tax Rates Regime.

8. DIVIDEND

The Board does not recommend payment of any dividend for the year ended 31 March 2025 nor has any dividend been proposed since the end of the reporting period (2024: Nil).

9. (LOSS)/EARNINGS PER SHARE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
(Loss)/profit		
(Loss)/profit for the year attributable to owners of the		
Company for the purpose of basic (loss)/earnings per share	<u><u>(6,046)</u></u>	<u><u>9,770</u></u>
	2025 <i>'000</i>	2024 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the		
purpose of basic (loss)/earnings per share	<u><u>1,200,000</u></u>	<u><u>1,200,000</u></u>

The diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share as there is no potential ordinary share in issue during the years ended 31 March 2025 and 2024.

10. TRADE AND OTHER RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	113,907	68,177
Less: loss allowance for trade receivables	<u>(645)</u>	<u>(1,229)</u>
	113,262	66,948
Deposits, other receivables and prepayments	8,729	54,324
Less: loss allowance for deposits and other receivables	<u>(118)</u>	<u>(405)</u>
	<u>121,873</u>	<u>120,867</u>

The Group allows a credit period ranging from 7 to 45 days (2024: 7 to 45 days) to its customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management of the Group.

The ageing analysis of trade receivables presented based on the date of progress certificates issued by customers, at the end of the reporting period, are as follow:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 – 30 days	74,574	46,947
31 – 60 days	27,685	15,120
91 – 180 days	3,828	6,110
Over 180 days	<u>7,820</u>	<u>–</u>
	<u>113,907</u>	<u>68,177</u>

11. TRADE AND OTHER PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	68,636	35,463
Retention payables	16,334	16,077
Other payables and accruals	51,824	60,196
	<u>136,794</u>	<u>111,736</u>

The credit period on trade payables is generally 30 to 60 days (2024: 30 to 60 days).

The ageing analysis of trade payables, presented based on the invoice date, at the end of the reporting period, are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 – 30 days	34,649	29,785
31 – 60 days	15,397	3,479
61 – 90 days	14,822	1,642
91 – 180 days	3,117	557
Over 180 days	651	–
	<u>68,636</u>	<u>35,463</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

The Group is principally engaged in the provision of formwork works in Hong Kong. As a major subcontractors, the Group is specialised in providing erecting formworks and related ancillary services and erection of concrete precast component and scaffolding works for construction works across the public-sector projects and private-sectors projects in Hong Kong. The history of the Group can be traced back to 1994 and the Group is an established subcontractor with an operating history of over 30 years.

The Group actively undertakes large-scale formworks erection projects for building construction works and civil engineering works. The Group were mainly engaged in public-sector projects in Hong Kong. The Group's public-sector projects mainly involved Hospital buildings expansion, public residential developments as well as infrastructure and public facilities developments. The customers of the Group's public-sector projects were generally main contractors engaged by the Hong Kong Government (the “**Government**”), Housing Authority, Hospital Authority, the Mass Transit Railway Corporation Limited (the “**MTR**”). The Group were also engaged in private-sector projects in Hong Kong, which mainly involved private residential developments and commercial developments. The project owners of the Group's private-sector projects were generally property developers while the customers of the Group's private-sector projects were main-contractors engaged under such projects.

The subsidiaries of the Group registered as Group 2 Registered Specialist Trade Contractors (the “**RSTCs**”) of the RSTCs Scheme of the Construction Industry Council (the “**CIC**”) under the trade category of “S02-Concreting Formwork” and “S05-Erection of Concrete Precast Component” and “S07-Scaffolding” categories with confirmed status and are qualified to tender for the contracts/subcontracts of the designated trades under public works of unlimited value since 18 January 2023 and 2 June 2023 respectively.

Business Review

The Group's overall revenue for the year ended 31 March 2025 (“**Financial Year 2025**”) amounted to approximately HK\$731.0 million, representing a decrease of approximately 6.7% or HK\$53.5 million as compared with that of approximately HK\$783.6 million for the year ended 31 March 2024 (“**Financial Year 2024**”). For the Financial Year 2025, the Group recorded a loss and total comprehensive expense of approximately HK\$6.0 million as compared to a profit and total comprehensive income of approximately HK\$9.8 million for the Financial Year 2024.

During the Financial Year 2025, the Group had been awarded three new projects with an aggregate contract sum of approximately HK\$576.0 million, which included a major formworks, falsework and precast subcontract for the New Acute Block of Northern District Hospital expansion, representing a decrease of approximately 46.0% compared to that of approximately HK\$1,067.4 million in the Financial Year 2024. All of these projects have been commenced during the Financial Year 2025. As at 31 March 2025, the Group had a total of nine (31 March 2024: twelve) projects on hand with an estimated total outstanding value of approximately HK\$930.1 million, representing a decrease of approximately 13.2% as compared with approximately HK\$1,072.1 million as at 31 March 2024. These contracts are expected to be completed in around one to three years.

Subsequent to the Financial Year 2025 up to the date of this announcement, the Group further secured three new formwork subcontracts with a total contract sum of approximately HK\$41.5 million. With these projects on hand, it is expected that the outstanding value of projects on hand will remain steady for the coming years.

Year of award/project	Role	Nature of contract	Status
Year 2023-2024			
C3802/J3880 APM & PHS Tunnels and related works at Hong Kong International Airport	Sub-contractor	Formwork	Substantial completed
KTH13 Kai Tak Area 1E Site 1 Public Housing Development	Sub-contractor	Formwork	Work-in-progress

Year of award/project	Role	Nature of contract	Status
Year 2023-2024			
KTH13 Kai Tak Area 1E Site 1 Public Housing Development Tower 1 to Tower 3	Sub-contractor	Formwork	Work-in-progress
23203 Tung Chung Public Housing at Tung Chung Area 103	Sub-contractor	Formwork and installation of precast façade	Work-in-progress
23204 Residential Development at TPTL no. 243 Ma Wo Road, Tai Po	Sub-contractor	System, traditional formwork and installation of precast façade	Work-in-progress
20105 Re-development of former State Theatre and State Theatre building site	Sub-contractor	Formwork	Work-in-progress
C23205 LKB in Princess Margaret Hospital	Sub-contractor	Formwork	Work-in-progress
Year 2024-2025			
HE202403 Construction Public Housing Development at Tak Tin Street	Sub-contractor	Formwork, MIC and installation facade	Work-in-progress
H27950 New Acute Block of Northern District Hospital expansion	Sub-contractor	Formwork, installation of falsework and precast	Work-in-progress

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK\$52.6 million, or 6.7%, from approximately HK\$783.6 million for the Financial Year 2024 to approximately HK\$731.0 million for the Financial Year 2025. The decrease in revenue was primarily due to (1) the delay of site instructions and variations assessments for a major formwork subcontract project, and (2) the appointment of provisional liquidations for one of the Group's customers, Paul Y. Engineering Group Limited and its subsidiaries ("**Paul Y. Group**"), which caused suspension and delay in progress of certain projects during the Financial Year 2025.

Direct costs

Direct costs for the Financial Year 2025 was approximately HK\$689.4 million, representing a decrease of approximately HK\$27.7 million or approximately 3.9%, from approximately HK\$717.1 million for the Financial Year 2024. The reduction was mainly driven by delays in progress of certain subcontracts works performed, which was in line with the decrease in revenue.

Gross profit and gross profit margin

The Group's gross profit significantly declined by approximately HK\$25.0 million, or 37.5%, from approximately HK\$66.5 million for the Financial Year 2024 to approximately HK\$41.5 million for the Financial Year 2025. The Group's gross profit margin decreased from approximately 8.5% for the Financial Year 2024 to approximately 5.7% for the Financial Year 2025.

The decrease in gross profit was mainly caused by additional site expenses, idle costs and materials damage during the suspension period of certain construction projects. The Group was actively monitoring the situation and has taken mitigating actions to resume the suspended works and to minimize the costs incurred due to the provisional liquidations of Paul Y. Group.

Administration and other operating expenses

The Group's administration and other operating expenses primarily comprise of staff costs (including Directors' remuneration), depreciation, office expenses and professional charges. The Group's administration and other operating expenses slightly increased by approximately HK\$3.4 million or 5.9%, from approximately HK\$57.1 million for the Financial Year 2024 to approximately HK\$60.5 million for the Financial Year 2025, which was primarily due to the increase pays raise to improve employee retention at operation.

Finance costs

The Group's finance costs decreased by approximately HK\$1.0 million from approximately HK\$1.2 million for the Financial Year 2024 to approximately HK\$19,000 for the Financial Year 2025, as the Group had no borrowing during the Financial Year 2025.

Income tax expense

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax expenses in the Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the Financial Years, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

The Group's income tax expense decreased by approximately HK\$0.9 million from approximately HK\$3.6 million for the Financial Year 2024 to approximately HK\$2.7 million for the Financial Year 2025. However, the effective tax rate for the Financial Year 2025 was approximately -78.2% compared to that of approximately 27.1% for the Financial Year 2024. The negative effective tax rate was mainly resulted from the inability to offset tax losses across different entities within the Group.

(Loss)/Profit and total comprehensive (expense)/income for the year attributable to owners of the Company

The loss and total comprehensive expense attributable to owners of the Company for the Financial Year 2025 was approximately HK\$6.0 million, compared to a profit and total comprehensive income attributable to owners of the Company of approximately HK\$9.8 million for the Financial Year 2024. The net profit margin also decreased by approximately 2.0 percentage points from approximately 1.2% for the Financial Year 2024 to net loss margin of approximately 0.8% for the Financial Year 2025.

Other payables and accruals

The following table sets forth the breakdown of the Group's other payables and accruals as at 31 March:

	As at 31 March 2025 HK\$'000	As at 31 March 2024 HK\$'000
Accrued construction costs	35,715	46,028
Accrued staff costs and benefits expenses	13,835	12,263
Accrued legal and professional fees	70	322
Other payables	2,204	1,583
	<u>51,824</u>	<u>60,196</u>

The Group's other payables and accruals mainly comprise of (i) accrued construction cost; (ii) accrued staff costs and benefit expenses; (iii) accrued legal and professional fees and (iv) other payables. The Group's other payables and accruals decreased from approximately HK\$60.2 million as at 31 March 2024 to approximately HK\$51.8 million as at 31 March 2025. Such decrease was mainly due to the decrease in accrued construction costs as a result of the decrease in construction work performed.

FUTURE PROSPECTS

Financial Year 2025 was marked by a complex and ever-changing global landscape, coupled with an unstable property market in Hong Kong, a shortage of skilled workers, and persistently fierce competition. The withdrawal of certain large-scale construction companies from the market also led to industry consolidation. Nevertheless, in recent years, the Group has adopted a more cautious and pragmatic approaches in tendering new contracts to ensure reasonable profit margins. Meanwhile, the Financial Secretary's 2025/26 Budget placed significant emphasis on the development of the construction industry. Subsequent to the Development Bureau plan to progressively tender the three districts of the Northern Metropolis, the annual average expenditures on foundation works over the next five years is expected to increase substantially from approximately HK\$90 billion to around HK\$120 billion per year. Starting from the 2026 fiscal year, the Hong Kong government will issue HK\$95 billion to HK\$135 billion in infrastructure bonds annually to support expenditure on infrastructure works, ensuring a steady flow of public-sector construction projects in Hong Kong. It is also expected the Construction Industry Payment Protection Ordinance coming into effect on 28 August 2025 will have a positive impact on enhancing the Group's cash flow stability and reducing liquidity risk.

Looking ahead, the Group will adhere to its strategy of construction technology innovation and sustainable development as well as providing high quality and flexible formwork solutions to its customers. By enhancing the collaboration between patent formworks system and BIM technologies, the Group can expand its capability in formworks design and build management to capture more business opportunities.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 31 March 2025	As at 31 March 2024
Current ratio ¹	2.6	2.5
Gearing ratio ²	0.1%	0.2%
Debt to equity ratio ³	N/A	N/A
Interest coverage ⁴	-177.5 times	12.3 times

Notes:

- 1 Current ratio based on the total current assets divided by the total current liabilities.
- 2 Gearing ratio based on the total debt (summation of lease liabilities) divided by total equity and multiplied by 100%.
- 3 Debt to equity ratio is calculated as total debt (summation of lease liabilities) less cash and cash equivalents divided by total equity and multiplied by 100%.
- 4 Interest coverage based on the (loss)/profit before interest and taxation divided by the total interest expenses incurred.

As at 31 March 2025, the Group's current ratio was approximately 2.6 (31 March 2024: approximately 2.5). Debt to equity ratio figures as at 31 March 2025 and 2024 represented that the Group was in a net cash position. Interest coverage changed from approximately 12.3 times for the Financial Year 2024 to -177.5 times for the Financial Year 2025.

As at 31 March 2025, the Group had total assets of approximately HK\$467.2 million (31 March 2024: approximately HK\$480.0 million), which is financed by total liabilities of approximately HK\$156.7 million (31 March 2024: approximately HK\$163.4 million) and total equity of approximately HK\$310.6 million (31 March 2024: approximately HK\$316.6 million).

As at 31 March 2025, the capital of the Group comprises of ordinary shares and the capital structure of the Company comprised mainly issued share capital and reserves of approximately HK\$310.6 million (31 March 2024: approximately HK\$316.6 million).

As at 31 March 2025, the indebtedness of the Group comprised lease liabilities of HK\$0.4 million (31 March 2024: approximately HK\$0.6 million).

The Group adopts a prudent approach to cash management. As at 31 March 2025, the Group had bank balance and cash of approximately HK\$48.6 million (31 March 2024: approximately HK\$88.2 million). The Group maintains its bank credit facilities to meet requirements for working capital. Payments to settle trade payables and wages represented the significant part of the cash outflow of the Group. As of 31 March 2025, the Group has available banking facilities of approximately HK\$30.0 million (31 March 2024: approximately HK\$50.0 million), of which the unutilised and unrestricted banking facilities amounted to approximately HK\$30.0 million (31 March 2024: approximately HK\$20.0 million).

During the Financial Year 2025, the Group had no financial instruments for hedging purpose. As at 31 March 2025, the Group had no fixed-rate bank borrowings (31 March 2024: Nil).

GEARING RATIO

As at 31 March 2025, the gearing ratio is calculated based on lease liabilities divided by total equity, which was approximately 0.1% (31 March 2024: approximately 0.2%).

CAPITAL COMMITMENTS

The Group had no significant capital commitments as at 31 March 2025 (31 March 2024: approximately HK\$0.1 million).

PLEDGE OF ASSETS

As at 31 March 2025 and 31 March 2024, the Group had restricted time deposits of approximately HK\$10.0 million which charging to bank to secure trade facilities and guarantee line granted to the Group.

As at 31 March 2025, the Group had charge over account with a bank for general banking facilities of approximately HK\$0.2 million (31 March 2024: approximately HK\$0.3 million).

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the Financial Year 2025. Save as disclosed herein, there were no other plan for material investments or capital assets as at 31 March 2025.

CONTINGENT LIABILITIES

Save as disclosed below, the Group had no material contingent liability as at 31 March 2025 (31 March 2024: Nil).

- (a) The ordinary course business activities of the Group in the construction industry, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or of the Group's sub-subcontractors in accidents arising out of and in the course of their employment. As at 31 March 2025, the Directors are of the opinion that such claims are covered by insurance or otherwise, would not result in any material adverse impact on the financial position or results and operations of the Group.

(b) Advance payment bond

As at 31 March 2024, the Group had an advance payment bond of approximately HK\$30.0 million for a contract, which was given by a bank in favour of one of the Group's customer as security for the due performance and observance of the Group's obligations under the subcontract entered into between the Group and the customer. If the Group is in default of its obligation under the subcontract, such customer may demand the bank to pay to him the sum stipulated in such demand not exceeding the sum of the advance payment bond. During the Financial Year 2025, the advance payment bond had been released and cancelled by the bank on 3 March 2025 upon the total amount of advance payment had been fully reimbursed to the customer by the Group from the accumulated interim payments certified by the customer.

TREASURY POLICY

The Group continues to follow a prudent policy in managing the Group's bank balances and cash and maintain a healthy liquidity position. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. Internally generated cash flow and interest-bearing bank borrowings are the general source of funds to finance the operations of the Group. To manage liquidity risk, the Directors closely monitor the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

FOREIGN CURRENCY EXPOSURE

The Group's time deposits and bank balances are principally denominated in Hong Kong dollars. The Group has no significant exposure to foreign currency risk because most of the Group's transactions are denominated in Hong Kong dollars. Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollars is pegged to United States dollars, the management of the Company considers that there is no significant foreign exchange risk with respect to Hong Kong dollars. Therefore, the Group had not employed any financial instrument for hedging. The management of the Company monitors the exposure to foreign exchange risks and will consider hedging significant foreign currency exposure should and when appropriate.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2025, the Group had 89 full-time employees (31 March 2024: 93 full-time employees). The Group offers a competitive remuneration package that is mainly based on industry practices and individual performance and experience. Remuneration package comprises of salary, a performance-based bonus and Mandatory Provident Fund contributions. Other forms of benefits such as leave passage, staff medical, staff dental and education allowance are also provided. Share options or share awards may also be granted to eligible employees and persons of the Group. Employee bonus is distributed based on the performance of the respective employees concerned. Moreover, the Group also provides internal and external training programs which are complementary to certain job functions. The total staff cost included in administration and other operating expenses (including remuneration of Directors and Mandatory Provident Fund contributions) for the Financial Year 2025 amounted to approximately HK\$39.8 million (Financial Year 2024: approximately HK\$36.8 million).

EVENT AFTER THE REPORTING PERIOD

On 16 April 2025, the Group renewed the agreement between the Company and Genuine Treasure Construction Material Limited (“**GT Material**”) for a fixed term from 16 April 2025 to 31 March 2028 (the “**GTM Framework Agreement**”), pursuant to which GT Material agreed to provide and transport construction materials for the Group from time to time upon the Group’s request. The Group also renewed the agreement between the Company and Genuine Treasure Access and Scaffolding Limited (“**GT Scaffolding**”) for a fixed term from 16 April 2025 to 31 March 2028 (the “**GTS Framework Agreement**”), pursuant to which GT Scaffolding agreed to provide rental of metal scaffolds, supporting equipment, technical support and transport services to the Group from time to time upon the Group’s request.

As the highest of the applicable percentage ratios (as defined under the Listing Rules) for the proposed annual caps under the GTM Framework Agreement and the GTS Framework Agreement exceeds 5%, the transactions contemplated under the GTM Framework Agreement and the GTS Framework Agreement are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. An extraordinary general meeting has been convened and held on 16 June 2025 to approve the GTM Framework Agreement, the GTS Framework Agreement and the transactions contemplated thereunder by the independent shareholders of the Company.

Save as disclosed in this announcement, there is no other important event affecting the Group since 31 March 2025 and up to the date of this announcement.

SEGMENT INFORMATION

Save as disclosed in note 3 in this announcement, the Group's business was regarded as a single operating segment and the Group had no geographical segment information presented as at 31 March 2025 and for the Financial Year 2025.

RESULTS AND DIVIDEND

The results of the Group for the Financial Year 2025 and the state of affairs of the Group as at 31 March 2025 are set out in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position in this announcement.

The Board does not recommend the payment of any final dividend in respect of the Financial Year 2025.

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 during the Financial Year 2025.

CORPORATE GOVERNANCE PRACTICE

The Company and the Board are devoted to achieve and maintain high standards of corporate governance, as the Board believes that good and effective corporate governance practices are fundamental to obtain and maintain the trust and safeguarding interest of the shareholders and other stakeholders of the Company. Accordingly, the Company has adopted sound corporate governance principles that emphasise a quality Board, effective internal control, stringent disclosure practices and transparency and accountability to all stakeholders.

The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules.

In the opinion of the Board, during the Financial Year 2025, the Company has fully complied with all the applicable code provisions set out in the CG Code.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry with the Directors, all Directors have fully complied with the required standards set out in the Model Code and there was no event of non-compliance during the Financial Year 2025.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established on 17 January 2017. The chairman of the Audit Committee is Mr. Kwong Ping Man, the independent non-executive Director, and other members include Mr. Lai Ah Ming Leon and Mr. Sio Kam Seng, the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the Stock Exchange’s website and the Company’s website.

The Company has complied with Rule 3.21 of the Listing Rules which mandate that the Audit Committee must comprise a minimum of three members, comprising non-executive Directors only, the majority of the members of the Audit Committee must be independent non-executive Directors and must be chaired by an independent non-executive Director. At least one of the members of the Audit Committee is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The primary duties of the Audit Committee are to review the financial information, oversee the financial reporting system, internal control systems and risk management and relationship with external auditors and review arrangements employees of the Company can use in confidence to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The Audit Committee has reviewed the accounting principles adopted by the Group and the consolidated financial statements as the final results announcement of the Group for the Financial Year 2025.

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 Financial Year 2025 as set out in the preliminary announcement have been agreed by the Group's auditors, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the Financial Year 2025. The work performed by BDO Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by BDO Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.royal-deluxe.com. The annual report of the Company for the Financial Year 2025 will be dispatched to the shareholders of the Company and will be published on the above websites. Should the shareholders of the Company have any difficulties in accessing the corporate communications electronically, please request the printed annual report, free of charge, at any time by writing to the Company or the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited.

APPRECIATION

On behalf of the Board, Mr. Wang Kei Ming, chairman of the Board (the “**Chairman**”), would like to express his heartfelt appreciation to the Group's management team and all employees for their dedication and their value they bring to the Group. The Chairman would also like to constantly extend his heartfelt gratitude to all shareholders and business partners of the Group for their unwavering trust and relentless support all these years.

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

Hong Kong, 27 June 2025

As at the date of this announcement, the Board comprises Mr. Wang Kei Ming, Mr. Wang Yu Hin and Ms. Chao Lai Heng as executive Directors; and Mr. Kwong Ping Man, Mr. Lai Ah Ming Leon and Mr. Sio Kam Seng as independent non-executive Directors.