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**IN CONSTRUCTION HOLDINGS LIMITED**  
**現恆建築控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1500)**

**ANNOUNCEMENT OF ANNUAL CONSOLIDATED RESULTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**HIGHLIGHTS**

- The shares of the Company were listed on the Stock Exchange on 16 April 2015.
- During the Financial Year 2015/16, revenue increased by HK\$110.6 million or 28.6% to HK\$497.3 million, from the last financial year of HK\$386.7 million.
- Net profit for the Financial Year 2015/16 increased by HK\$19.4 million or 26.7% to HK\$92.1 million, from the last financial year of HK\$72.7 million.
- The Board proposes to recommend, at the forthcoming annual general meeting of the Company to be held on Monday, 12 September 2016, a final dividend of HK\$0.034 per ordinary share of the Company for the Financial Year 2015/16.

## ANNUAL CONSOLIDATED RESULTS

The board of directors (the “Board”) of In Construction Holdings Limited (the “Company”) is pleased to present the annual consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2016, together with the comparative figures for the year ended 31 March 2015 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 March 2016*

(expressed in Hong Kong dollars)

	<i>Note</i>	<b>2016</b> <i>\$'000</i>	2015 <i>\$'000</i>
<b>Revenue</b>	3	<b>497,303</b>	386,719
Direct costs		<b>(366,458)</b>	(272,549)
<b>Gross profit</b>		<b>130,845</b>	114,170
Other revenue	4	<b>8,523</b>	1,702
Administrative and other operating expenses		<b>(27,584)</b>	(26,065)
<b>Profit from operations</b>		<b>111,784</b>	89,807
Finance costs	5(a)	<b>(287)</b>	(431)
<b>Profit before taxation</b>	5	<b>111,497</b>	89,376
Income tax	6	<b>(19,422)</b>	(16,723)
<b>Profit and total comprehensive income for the year</b>		<b>92,075</b>	72,653
<b>Earnings per share (Hong Kong cents)</b>	7		
Basic and diluted		<b>11.2</b>	11.4

Details of dividends payable to equity shareholders of the Company attributable to the year are set out in note 10.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

(expressed in Hong Kong dollars)

	<i>Note</i>	<b>2016</b> <b>\$'000</b>	2015 \$'000
<b>Non-current assets</b>			
Property, plant and equipment		27,161	438
Finance lease receivables		1,201	4,130
Deposits paid for acquisition of property, plant and equipment		–	2,351
		<hr/> 28,362	<hr/> 6,919
		-----	-----
<b>Current assets</b>			
Gross amounts due from customers for contract work		75,514	100,128
Finance lease receivables		2,929	2,826
Trade and other receivables	8	104,165	109,600
Cash and bank balances		229,592	70,158
		<hr/> 412,200	<hr/> 282,712
		-----	-----
<b>Current liabilities</b>			
Gross amounts due to customers for contract work		1,954	175
Trade and other payables	9	71,055	98,983
Bank overdrafts – secured		–	5,032
Bank loan – secured		6,453	–
Loans from shareholders		9,000	–
Obligations under finance leases		2,929	2,826
Tax payable		13,985	20,704
		<hr/> 105,376	<hr/> 127,720
		-----	-----
<b>Net current assets</b>		<b>306,824</b>	154,992
		-----	-----
<b>Total assets less current liabilities</b>		<b>335,186</b>	161,911
		-----	-----

	<i>Note</i>	<b>2016</b>	2015
		<b>\$'000</b>	\$'000
<b>Non-current liabilities</b>			
Loans from shareholders		–	9,000
Obligations under finance leases		<b>1,201</b>	4,130
Deferred tax liabilities		<b>2,718</b>	–
		<hr/>	<hr/>
		<b>3,919</b>	13,130
		<hr/>	<hr/>
<b>NET ASSETS</b>		<b>331,267</b>	148,781
		<hr/> <hr/>	<hr/> <hr/>
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>8,300</b>	6,400
Reserves		<b>322,967</b>	142,381
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>331,267</b>	148,781
		<hr/> <hr/>	<hr/> <hr/>

*Notes:*

## **1 GENERAL INFORMATION AND BASIS OF PRESENTATION**

In Construction Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) are principally engaged as a contractor in the foundation industry in Hong Kong. The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 29 September 2014 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

Pursuant to a reorganisation of the Group (the “Reorganisation”) which was completed on 16 March 2015 to rationalise the corporate structure in preparation for the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 31 March 2015 (the “Prospectus”).

The Reorganisation only involved inserting newly formed entities with no substantive operations as new holding companies of In Construction Limited (“ICL”), which was the Group’s sole operating entity. Accordingly, the Reorganisation has been accounted for using a principle similar to that for a reverse acquisition as set out in Hong Kong Financial Reporting Standard 3, *Business combinations*, with ICL treated as the acquirer for accounting purposes. The consolidated financial statements have been prepared and presented as a continuation of the financial statements of ICL with the assets and liabilities of ICL recognised and measured at their historical carrying amounts prior to the Reorganisation.

The Company’s shares were listed on the Stock Exchange on 16 April 2015 (the “Listing”).

The annual results set out in this announcement do not constitute the Group's financial statements for the year ended 31 March 2016 but are extracted from those financial statements.

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company:

- *Annual Improvements to HKFRSs 2010-2012 Cycle*
- *Annual Improvements to HKFRSs 2011-2013 Cycle*

These developments have had no material impact on the Group's consolidated financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 3. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue from construction contracts earned during the year.

### Segment information

The Board, identified as the chief operating decision-maker, regards the Group's business as a single operating segment and reviews financial statements accordingly. Also, the Group only engages its business in Hong Kong. Therefore, no segment information is presented.

## 4 OTHER REVENUE

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Bank interest income	<b>670</b>	505
Interest income from finance lease receivables	<b>201</b>	300
Sales of scrap materials	<b>1,458</b>	830
Rental income from machinery	<b>6,000</b>	–
Others	<b>194</b>	67
	<hr/>	<hr/>
	<b>8,523</b>	<b>1,702</b>
	<hr/> <hr/>	<hr/> <hr/>

## 5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2016 \$'000	2015 \$'000
<b>(a) Finance costs</b>		
Interest on bank overdrafts	8	131
Interest on bank loan	78	–
Finance charges on obligations under finance leases	201	300
	<u>287</u>	<u>431</u>
<b>(b) Staff costs (including directors' remuneration)</b>		
Contributions to defined contribution retirement plans	843	723
Salaries, wages and other benefits	24,032	21,309
	<u>24,875</u>	<u>22,032</u>
Less: Amount included in construction contracts in progress	(16,005)	(15,708)
	<u>8,870</u>	<u>6,324</u>
<b>(c) Other items</b>		
Depreciation	5,043	493
Operating lease charges: minimum lease payments in respect of leasing of office	737	804
Listing expenses (including auditors' remuneration for other services separately disclosed below)	4,503	11,318
Auditors' remuneration		
– audit services	1,050	850
– other services ( <i>note</i> )	532	2,088
	<u>532</u>	<u>2,088</u>

*Note:* A non-audit service fee payable to the auditor of \$38,000 in relation to the listing of the Company's shares on the Main Board of the Stock Exchange during the year ended 31 March 2016 had been net-off against the share premium account upon the Listing (2015: \$522,000 recognised as a prepayment at 31 March 2015).

## 6 INCOME TAX

Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
<b>Current tax</b>		
Provision for Hong Kong Profits Tax for the year	<b>16,694</b>	16,723
Under-provision in respect of prior years	<b>10</b>	–
	<u><b>16,704</b></u>	<u>16,723</u>
<b>Deferred tax</b>		
Origination and reversal of temporary difference	<b>2,718</b>	–
	<u><b>19,422</b></u>	<u>16,723</u>

*Notes:*

- (i) 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.
- (ii) The provision for Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits for the year, taking into account a reduction of 75% of the tax payable for the year of assessment 2015-16 subject to a maximum reduction of \$20,000 granted by the Government of the Hong Kong Special Administrative Region (the “Government”) for each business (2015: a reduction of 75% of the tax payable for the year of assessment 2014-15 subject to a maximum reduction of \$20,000 for each business and was taken into account in calculating the provision for 2015).

## 7 EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of \$92,075,000 (2015: \$72,653,000) and weighted average of 821,065,574 shares in issue after adjusting for the issuance of new shares under the Listing during the year (2015: weighted average of 639,043,836 shares in issue after adjusting for the issuance of new shares and capitalisation issue in 2015).

### (b) Diluted earnings per share

There were no diluted potential shares in existence during the years ended 31 March 2016 and 2015.

## 8. TRADE AND OTHER RECEIVABLES

	2016 \$'000	2015 \$'000
Trade debtors	36,158	38,549
Deposits, prepayments and other receivables (note (i))	18,289	5,563
Retentions receivable (note (ii))	49,718	65,488
	<u>104,165</u>	<u>109,600</u>

### Notes:

- (i) Except for an amount of \$13,508,000 (2015: \$1,644,000) as at 31 March 2016, which is expected to be recovered or recognised as expense after one year, all of the remaining balances of the Group are expected to be recovered or recognised as expense within one year.
- (ii) Except for an amount of \$28,402,000 (2015: \$24,593,000) as at 31 March 2016, which is expected to be recovered after one year, all of the remaining balances are expected to be recovered within one year.

Included in trade and other receivables are trade debtors, based on the invoice date (net of allowance for doubtful debts) with the following ageing analysis at the end of the reporting period:

	2016 \$'000	2015 \$'000
Within 1 month	33,538	38,499
Over 3 months	2,620	100
	<u>36,158</u>	<u>38,549</u>

Trade debtors are normally due within 14-30 days from the date of billing.

## 9. TRADE AND OTHER PAYABLES

	2016 \$'000	2015 \$'000
Trade creditors	66,966	92,799
Other payables and accruals	3,413	6,039
Amounts due to shareholders	676	145
	<u>71,055</u>	<u>98,983</u>



Included in trade and other payables are trade creditors, based on invoice date, with the following ageing analysis at the end of the reporting period:

	<b>2016</b> <b>\$'000</b>	2015 <b>\$'000</b>
Within 1 month	<b>34,359</b>	20,839
1 to 2 months	<b>16,318</b>	17,422
2 to 3 months	<b>7,818</b>	7,796
Over 3 months	<b>8,471</b>	46,742
	<u><b>66,966</b></u>	<u>92,799</u>

## 10 DIVIDENDS

- (i) During the year ended 31 March 2015, a dividend of \$186,000,000 was declared to the then shareholders by ICL.
- (ii) Dividend payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	<b>2016</b> <b>\$'000</b>	2015 <b>\$'000</b>
Final dividend in respect of the previous financial year, approved and paid during the year of 3 cents (2015: Nil) per ordinary share	<u><b>24,900</b></u>	<u>–</u>

- (iii) Dividend payable to equity shareholders of the Company attributable for the year

	<b>2016</b> <b>\$'000</b>	2015 <b>\$'000</b>
Final dividend proposed after the end of the reporting period of 3.4 cents (2015: 3 cents) per ordinary share	<u><b>28,220</b></u>	<u>24,900</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

## 11 CAPITAL COMMITMENTS

Capital commitments outstanding at 31 March 2016 not provided for in the financial statements were as follows:

	<b>2016</b> <b>\$'000</b>	2015 <b>\$'000</b>
Contracted for	<u>–</u>	<u>28,240</u>

## 12 CONTINGENT LIABILITIES

As at 31 March 2016, the Group had contingent liabilities in respect of performance bonds to guarantee for the due and proper performance of the objections undertaken by the Group's subsidiary for projects amounting to \$72,225,000 (2015: \$82,226,000) in its ordinary course of business. The performance bonds are expected to be released in accordance with the terms of the respective construction contracts.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS AND FINANCIAL REVIEW

The Group is engaged as a contractor in the foundation industry in Hong Kong, undertaking foundation works as well as associated works including demolition works, site formation works, ground investigation field works and general building works for local customers.

#### Business Review

The Group was engaged to undertake foundation and associated works in the private sector construction projects in Hong Kong, with an emphasis on design and build projects and on undertaking the role as a main contractor.

The Group places emphasis on design and build projects because of the flexibility and capability in coming up with foundation design plan that suits its customers' requirements and the site conditions. During the year ended 31 March 2016 (the "Financial Year 2015/16"), the Group has successfully carried out construction works with alternative design which not only complies with the technical requirements but also more cost efficient for "design and build" contracts. The cost efficient proposals allow the Group to offer its customers more competitive pricing and at the same time secure its profit margin for the year.

During the Financial Year 2015/16, two foundation projects with an aggregate contract sum of HK\$151.3 million were awarded to the Group. Four foundation projects were completed and one project – Hing Hon Road was settled. As at 31 March 2016, six foundation projects with the outstanding contract sum of HK\$431.4 million were in progress.

<u>Year of award/project</u>	<u>Type of contract</u>	<u>Status as at 31 March 2016</u>
<i>Year 2013-2014</i>		
Queen's Road Central and Stanley Street, Central	Build only	Completed
Heung Yip Road, Aberdeen	Design and build	Completed
Peel Street/Graham Street, Central	Design and build	Work in progress
Hing Hon Road, Pok Fu Lam	Build only	Completed
<i>Year 2014-2015</i>		
Aberdeen Street, Central	Design and build	Completed
Perkins Road, Happy Valley	Design and build	Work in progress
A Kung Ngam Road, Shau Kei Wan	Design and build	Work in progress
Queen's Road East, Wan Chai	Build only	Completed
Fuk Chak Street and Ka Shin Street, Tai Kok Tsui	Design and build	Work in progress

<u>Year of award/project</u>	<u>Type of contract</u>	<u>Status as at 31 March 2016</u>
<i>Year 2015-2016</i>		
Queen's Road Central, Central	Design and build	Work in progress
King's Road, Quarry Bay	Design and build	Work in progress

### **Recent Development**

Two foundation projects in Perkins Road, Happy Valley and Peel Street/Graham Street, Central were completed subsequent to the end of the reporting period.

### **Financial Review**

During the Financial Year 2015/16, revenue increased by HK\$110.6 million or 28.6% to HK\$497.3 million, from the last financial year of HK\$386.7 million. 18 projects contributed revenue for the year (2015: 21 projects). Top five projects contributed revenue amounted to HK\$352.3 million (2015: HK\$264.0 million), in which the top project contributed 29.9% of the total revenue.

Last financial year, final payments of several completed projects were certified, with additional contract sums agreed and granted to the Group, which contributed additional revenue and gross profit to the Group. During the Financial Year 2015/16, the decrease in additional revenue arising from the final payments led to a decrease in gross profit margin from 29.5% to 26.3%. However, with the increase in revenue generated by the top five projects, overall gross profit increased by 14.6%.

In addition, other income increased by HK\$6.8 million or 400.6% due to rental income from machinery. As a result, net profit for the Financial Year 2015/16 increased by HK\$19.4 million or 26.7% to HK\$92.1 million, from the last financial year of HK\$72.7 million.

### **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

	<b>As at 31 March</b>	
	<b>2016</b>	<b>2015</b>
Current ratio	<b>3.9</b>	2.2
Gearing ratio <sup>1</sup>	<b>5.9%</b>	14.1%

*Note:*

- Gearing ratio is calculated based on debts including payables incurred not in the ordinary course of business divided by the total equity as at the reporting dates.

Current ratio increased from 2.2 times as at 31 March 2015 to 3.9 times as at 31 March 2016, mainly due to increase in cash and bank balance. Gearing ratio decreased from 14.1% as at 31 March 2015 to 5.9% as at 31 March 2016, due to net addition in equity after including, net proceeds from the Listing, net profit for the Financial Year 2015/16 and dividend paid.

As at 31 March 2016, the Group had cash and bank balances of HK\$229.6 million (2015: HK\$70.2 million), of which HK\$47.3 million (2015: HK\$70.0 million) were restricted bank balances. Such restricted bank balances were held for the purpose of the issuance of surety bonds for our projects. As at 31 March 2016, the Group had no bank overdrafts (2015: HK\$5.0 million).

The capital structure of the Group consisted of equity of HK\$331.3 million and debts of HK\$19.6 million as at 31 March 2016.

The Group adopts a prudent approach in cash management. Apart from certain debts including obligations under finance leases, bank loan and loans from shareholders, the Group did not have any material outstanding debts as at 31 March 2016. Payment to settle trade payable represented the significant part of the cash outflow of the Group. Taking into account the light debt leverage and the net proceeds from the Listing, the Group is able to generate cash and meet upcoming cash requirements. In any case, the Group may utilise its banking facilities of HK\$160.0 million, of which the unutilised and unrestricted banking facilities amounted to approximately HK\$131.2 million.

## **EMPLOYEES**

The Group had 54 full-time employees as at 31 March 2016 (2015: 55). The Group offers competitive remuneration package that is based on overall market rates and employee performance, as well as the performance of the Group. Remuneration package is comprised of salary, a performance-based bonus, and other benefits including training and provident funds.

## **CAPITAL COMMITMENTS**

Save as disclosed in note 11 to this announcement, the Group had no other capital commitments as at 31 March 2016.

## **CONTINGENT LIABILITIES**

Save as disclosed in note 12 to this announcement, the Group had no other contingent liabilities as at 31 March 2016.

## **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 year ended 31 March 2016. There is no other plan for material investments or capital assets as at 31 March 2016.

## **USE OF NET PROCEEDS FROM LISTING**

The net proceeds from the Listing will be utilised subsequent to the Listing in accordance with the proposed applications set out in the section “Future Plans and Use of Proceeds” of the Prospectus and the announcement of the Company dated 7 August 2015. The below table sets out the proposed applications of the net proceeds and usage up to 31 March 2016:

	<b>Proposed application</b> <i>HK\$'million</i>	<b>Actual usage up to 31 March 2016</b> <i>HK\$'million</i>
Hiring of additional staff	14.9	0.6
Acquisition of additional machinery and equipment	29.9	29.9
Financing for the issue of surety bonds for future projects	44.7	22.5
General working capital	10.0	10.0
	<hr/>	<hr/>
	<b>99.5</b>	<b>63.0</b>
	<hr/> <hr/>	<hr/> <hr/>

## **FUTURE PROSPECTS**

Taking into account the Government of the Hong Kong Special Administrative Region’s policy in increasing land supply and proposing several large infrastructure projects, the Group expects an optimistic growth in the construction industry. Despite the vigorous competition in Hong Kong construction industry, the Board is optimistic that the Group can maintain steady growth in net profit and scale of operations due to its long established reputation and proven ability. To maintain its competitive edge, the Group continues to adhere to its business strategy, by expanding our capacity to capture more business opportunities, reinforcing our capability in foundation design and project management skills and offering qualitative and flexible solution to our customers.

The Listing marked an important milestone in the history of the Group and opened up brand-new opportunities for the Group's development in the future. Looking forward, the Group will continue its expansion by purchasing new equipments and recruiting middle and top level staff. The Group also welcomes any proposals if they meet the Group's strategic position and development.

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

### **FINAL DIVIDEND**

The Board proposes to recommend, at the forthcoming annual general meeting of the Company to be held on Monday, 12 September 2016 (the "2016 AGM"), a final dividend of HK\$0.034 per ordinary share of the Company for the Financial Year 2015/16. It is expected that the proposed final dividend, if approved by the shareholders of the Company at the 2016 AGM, will be payable on or about 30 September 2016 to the shareholders of the Company whose names appear on the register of members of the Company on Monday, 19 September 2016.

### **CLOSURE OF REGISTER OF MEMBERS**

In order to establish entitlements to attend and vote at the 2016 AGM, the register of members of the Company will be closed from Thursday, 8 September 2016 to Monday, 12 September 2016, both days inclusive, during which period no transfer of shares of the Company will be registered. Shareholders of the Company are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 7 September 2016.

In order to establish entitlements to the proposed final dividend, the register of members of the Company will be closed on Monday, 19 September 2016, during which period no transfer of shares of the Company will be registered. Shareholders of the Company are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 15 September 2016.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date to 31 March 2016.

### **EVENTS AFTER THE REPORTING PERIOD**

Except for the matters disclosed under the "Recent Development" section, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2016 and up to the date of this announcement.

## **CORPORATE GOVERNANCE**

The Company recognises the importance of corporate transparency and accountability. The Company is committed in achieving a high standard of corporate governance and leading the Group to attain better results and improve its corporate image with effective corporate governance procedures.

Since Listing, the Board is of the opinion that the Company had adopted, applied and complied with the code provisions as set out in the Corporate Governance Code (the “Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) except for the deviation from provision A.2.1 of the Code which is explained below:

According to provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. LAU Pak Man is the Chairman and Chief Executive Officer, responsible for overall strategic development, project management and client management of the Group. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in Mr. LAU Pak Man has the benefit of ensuring consistent and continuous planning and execution of the Company’s strategies. The Board considers that the balance of power and authority, accountability and independent decision-making under the present arrangement will not be impaired in light of the diverse background and experience of the independent non-executive Directors, and the composition of the Board which comprises equal number of independent non-executive Directors and executive Directors also provides added independence to the Board. Further, the audit committee of the Company (the “Audit Committee”) composed exclusively of independent non-executive Directors has free and direct access to the Company’s external auditors and independent professional advisers when it considers necessary.

## **AUDIT COMMITTEE REVIEW**

The Audit Committee consists of three independent non-executive Directors and has reviewed the Group’s consolidated financial statements for the year ended 31 March 2016.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules as its own code of conduct of dealings in securities of the Company by Directors (the “Model Code”). Upon specific enquiries of all the Directors, each of them confirmed that they have complied with the required standards set out in the Model Code during the period from the Listing Date to 31 March 2016.

## **SCOPE OF WORK OF AUDITORS**

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2016 have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This results announcement is published on the Company's website at [www.inconstruction.hk](http://www.inconstruction.hk) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk). The 2016 Annual Report will be despatched to shareholders and will also be published on the websites of both the Stock Exchange and the Company in due course.

## **APPRECIATION**

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business associates and other professional parties for their support throughout the year.

By order of the Board  
**In Construction Holdings Limited**  
**LAU Pak Man**  
*Chairman*

Hong Kong, 24 June 2016

*As at the date of this announcement, the Board comprises Mr. LAU Pak Man, Mr. CHENG Wing Cheong and Ms. KWAN Kit Sum Kit as executive Directors; Mr. LEUNG Chi Kin, Mr. LAM Chi Hung Louis and Mr. YAU Chi Man Norman (also known as IAO Chi Meng) as independent non-executive Directors.*