



NGA CHUN

HOLDINGS COMPANY LIMITED

雅駿控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1462

INTERIM REPORT

2014/15



REGISTERED OFFICE

Clifton House, 75 Fort Street
Grand Cayman, KY1-1108,
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit B, 10/F., Summit Building
30 Man Yue Street, Hung Hom
Kowloon, Hong Kong

EXECUTIVE DIRECTORS

Mr. Fung Chi Wing (*Chairman*)
Ms. Fung Mei Lan
Ir Wong Chi Wai (*Chief Executive Officer*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ir Ho Pun Hing
Ir Szeto Ka Sing
Dr. Leung Shiu Ki Albert

AUDIT COMMITTEE

Dr. Leung Shiu Ki Albert (*Chairman*)
Ir Ho Pun Hing
Ir Szeto Ka Sing

REMUNERATION COMMITTEE

Ir Ho Pun Hing (*Chairman*)
Dr. Leung Shiu Ki Albert
Ir Wong Chi Wai

NOMINATION COMMITTEE

Mr. Fung Chi Wing (*Chairman*)
Dr. Leung Shiu Ki Albert
Ir Ho Pun Hing

AUTHORISED REPRESENTATIVES

Mr. Fung Chi Wing
Mr. Kung Hei Ning

COMPANY SECRETARY

Mr. Kung Hei Ning, *CPA*

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Trust (Cayman) Ltd.
Clifton House
75 Fort Street, PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

AUDITORS

Ernst & Young

LEGAL ADVISOR

As to Hong Kong Law:
Howse Williams Bowers

COMPLIANCE ADVISOR

Ample Capital Limited

SHARE INFORMATION

Place of listing : Main Board of The
Stock Exchange of
Hong Kong Limited

Stock code : 1462

Board lot size : 4,000 shares

WEBSITE

www.ngachun.com.hk

Condensed Consolidated Statement of Comprehensive Income

Six months ended 30 September 2014

The board (the “Board”) of Directors (the “Directors”) of Nga Chun Holdings Company Limited (the “Company”) is pleased to present the unaudited consolidated interim results and financial position of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2014 (the “Reporting Period”) together with comparative figures for the corresponding period in the previous year as follows:

	Notes	Unaudited Six months ended 30 September	
		2014 HK\$'000	2013 HK\$'000
REVENUE	6	312,978	250,788
Contract costs		(283,783)	(216,574)
Gross profit		29,195	34,214
Other income and gains	6	262	241
Administrative expenses		(14,008)	(6,365)
Finance costs		(646)	(255)
Profit before tax	7	14,803	27,835
Income tax expense	8	(3,957)	(4,612)
Profit and total comprehensive income for the period		10,846	23,223
Profit and total comprehensive income attributable to owners of the parent		10,846	23,223
Earnings per share attributable to ordinary equity holders of the parent (HK cents)			
Basic and diluted	10	3.6	7.7

Details of dividend are disclosed in note 9 to the condensed consolidated interim financial information.

Condensed Consolidated Statement of Financial Position

30 September 2014

	Notes	Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	64,380	65,487
Prepayments for acquisition of property, plant and equipment		4,363	—
Pledged deposit for a life insurance product		6,048	5,963
Total non-current assets		74,791	71,450
CURRENT ASSETS			
Gross amount due from customers for contract works		62,245	57,588
Accounts receivable	12	46,443	55,412
Prepayments, deposits and other receivables		2,910	3,105
Cash and cash equivalents		93,851	96,491
Total current assets		205,449	212,596
CURRENT LIABILITIES			
Accounts payables	13	30,910	26,956
Accruals of costs for contract works		40,373	48,707
Tax payable		8,937	7,377
Other payables and accruals		3,518	3,492
Interest-bearing bank loans	14	45,867	57,833
Dividend payable	9	36,000	—
Total current liabilities		165,605	144,365

Condensed Consolidated Statement of Financial Position *(Continued)*

30 September 2014

	Notes	Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
NET CURRENT ASSETS		39,844	68,231
TOTAL ASSETS LESS CURRENT LIABILITIES		114,635	139,681
NON-CURRENT LIABILITIES			
Deferred tax liabilities		284	176
Nets assets		114,351	139,505
EQUITY			
Equity attributable to owners of the parent			
Issued capital	15	10	—
Reserves		114,341	139,505
Total equity		114,351	139,505

Condensed Consolidated Statement of Changes in Equity

Six months ended 30 September 2014

	Unaudited			
	Issued capital HK\$'000	Other reserves HK\$'000	Retained profit HK\$'000	Total equity HK\$'000
At 1 April 2014	—	4,800	134,705	139,505
Profit and total comprehensive income for the Reporting Period	—	—	10,846	10,846
Interim dividend (note 9)	—	—	(36,000)	(36,000)
Issue of shares pursuant to the Reorganisation (note 15)	10	(10)	—	—
At 30 September 2014	10	4,790*	109,551*	114,351
At 1 April 2013	—	4,800	89,427	94,227
Profit and total comprehensive income for the period	—	—	23,223	23,223
At 30 September 2013	—	4,800	112,650	117,450

* These reserve accounts comprise the consolidated reserves of HK\$114,341,000 in the condensed consolidated statement of financial position.

Condensed Consolidated Statement of Cash Flows

Six months ended 30 September 2014

	Unaudited	
	Six months ended	
	30 September	
	2014	2013
	HK\$'000	HK\$'000
CASH GENERATED FROM OPERATIONS		
Cash generated from operating activities	17,002	5,199
Interest received	1	—
Interest paid	(646)	(255)
Hong Kong profits tax paid	(2,289)	(1,319)
Net cash flows from operating activities	14,068	3,625
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of items of property, plant and equipment	(379)	(73)
Prepayments made for acquisition of property, plant and equipment	(4,363)	—
Net cash flows used in investing activities	(4,742)	(73)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of interest-bearing bank loans	(11,966)	(1,300)
Net cash flows used in financing activities	(11,966)	(1,300)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(2,640)	2,252
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	96,491	22,920
CASH AND CASH EQUIVALENTS AT END OF PERIOD	93,851	25,172
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and bank balances	93,851	25,172

1. REORGANISATION AND BASIS OF PRESENTATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The registered office address of the Company is Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at Unit B, 10/F., Summit Building, 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong.

The Company is an investment holding company. The Group's principal subsidiaries were engaged in the provision of building services ("Building Services") in Hong Kong.

Pursuant to the reorganisation in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group on 22 September 2014. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 October 2014 (the "Listing"). Details of the Reorganisation are set out in the section headed "History and Reorganisation" in the prospectus of the Company dated 30 September 2014 (the "Prospectus").

As the Reorganisation only involved inserting new holding entities at the top of an existing company and has not resulted in any change of economic substances, this unaudited condensed consolidated interim financial information have been presented as a continuation of the existing company using the pooling of interests method. Accordingly, this unaudited condensed consolidated interim financial information are prepared as if the current group structure had been in existence before and after the Reorganisation.

No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All significant intragroup transactions and balances have been eliminated on combination.

2. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended 30 September 2014 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accounts (“HKICPA”) and the applicable disclosure requirements set out in Appendix 16 of Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange.

The accounting policies and the basis of preparation adopted in the preparation of this condensed consolidated financial information is consistent with those followed in the preparation of the Group’s combined financial information for the year ended 31 March 2014 included in the Accountants’ Report (the “Accountants’ Report”) in the Prospectus issued by the Company.

This condensed consolidated financial information is presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated. This condensed consolidated financial information has not been audited or reviewed by the Company’s external auditors, but has been reviewed by the Company’s Audit Committee.

3. PRINCIPAL ACCOUNTING POLICIES

In the Reporting Period, the Group has adopted, for the first time, the following new and revised Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA:

HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation — <i>Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 Financial Instruments: <i>Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

3. PRINCIPAL ACCOUNTING POLICIES (continued)

The adoption of these new and revised HKFRSs has had no significant impact on the accounting policies of the Group and the methods of computation in the Group's unaudited condensed consolidated interim financial information.

The Group has not early adopted any new and revised HKFRSs that have been issued but are not yet effective, in this condensed consolidated financial information. The Group is in the process of making an assessment of the impact of the new and revised HKFRSs upon initial application. So far, the Group considers 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. ESTIMATES

The preparation of this condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the Accountants' Report.

5. SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is the provision for Building Services. 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 six months ended 30 September 2014 and 2013, and the non-current assets of the Group were located in Hong Kong as at 30 September 2014 and 31 March 2014.

6. REVENUE, OTHER INCOME AND GAINS

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

	Unaudited	
	Six months ended	
	30 September	
	2014	2013
	HK\$'000	HK\$'000
Revenue		
Contract revenue	312,978	250,788
Other income and gains		
Interest income	117	—
Gross rental income	120	240
Sundry income	25	1
	262	241

7. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	Unaudited	
	Six months ended	
	30 September	
	2014	2013
	HK\$'000	HK\$'000
Depreciation	1,486	837
Employee benefit expenses (exclusive of directors' remuneration)	16,541	14,432
Directors' remuneration	5,137	4,611

8. INCOME TAX

Hong Kong profit tax has been provided at the rate of 16.5% (six months ended 30 September 2013: 16.5%) on the estimated assessable profits arising in Hong Kong for the Reporting Period.

	Unaudited	
	Six months ended	
	30 September	
	2014	2013
	HK\$'000	HK\$'000
Current — Hong Kong Charge for the period	3,849	4,693
Deferred	108	(81)
Total tax charge for the period	3,957	4,612

9. DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 September 2014 (Six months ended 30 September 2013: Nil).

On 8 September 2014 and before the completion of the Reorganisation, Fungs E & M Engineering Company Limited ("Fungs E & M"), a subsidiary of the Company declared and approved an interim dividend of HK\$36,000,000 to its then shareholder. Such dividend was paid in October 2014. Investors who became the shareholders of the Company after the Listing were not entitled to such dividend.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share for the six months ended 30 September 2014 is based on the profit attributable to owners of the parent of approximately HK\$10,846,000 (six months ended 30 September 2013: approximately HK\$23,223,000), and on the assumption that 300,000,000 (six months ended 30 September 2013: 300,000,000) ordinary shares of the Company, representing the number of ordinary shares of the company after completion of the Reorganisation and the Capitalisation Issue as defined in note 15 to the condensed consolidated interim financial information, have been in issue throughout the Reporting Period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 September 2014 and 2013 as the Company had no potentially dilutive ordinary share in issue during those periods.

11. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2014, the Group incurred approximately HK\$379,000 (six months ended 30 September 2013: approximately HK\$73,000) on the additions of items of property, plant and equipment.

12. ACCOUNTS RECEIVABLE

	Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
Due from third parties	19,826	33,617
Due from related parties	26,617	21,795
	46,443	55,412

12. ACCOUNTS RECEIVABLE (continued)

Accounts receivable represented receivables for contract works. The payment terms of receivables for contract works are stipulated in the relevant contracts and the receivables are usually due for settlement within 7 days after the customers receive interim payments from their project employers.

At 30 September 2014, retentions receivable (including those classified under amounts due from related parties) included in accounts receivable amounted to HK\$17,570,000 (31 March 2014: HK\$16,111,000), which are repayable on terms ranging from two to three years.

The credit terms offered to the related parties are similar to those offered to other major independent customers of the Group.

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

	Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
Past due but not impaired:		
One to three months past due	—	158
Four to six months past due	—	155
Over six months past due	2,649	2,380
	2,649	2,693
Neither past due nor not impaired:	43,794	52,719
	46,443	55,412

12. ACCOUNTS RECEIVABLE (continued)

Accounts receivable that were past due but not impaired relate to a number of independent customers and a related party 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 and related parties for whom there was no recent history of default.

13. ACCOUNTS PAYABLE

	Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
Due to third parties	30,910	23,930
Due to related parties (Note)	—	3,026
	30,910	26,956

Note: These amounts were unsecured, interest-free and are normally settled on 60-day terms. The credit terms offered by the related parties are similar to those offered by other major independent suppliers of the Group.

13. ACCOUNTS PAYABLE (continued)

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

	Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
Current to 3 months	30,910	26,892
Over six months	—	64
	30,910	26,956

At 30 September 2014, retentions payable included in accounts payable amounted to HK\$7,136,000 (31 March 2014: HK\$6,261,000) which are normally settled on terms ranging from two to three years.

Accounts payable are non-interest-bearing and are normally settled within three months. The payment terms are stipulated in the relevant contracts.

14. INTEREST-BEARING BANK LOANS

Interest-bearing bank loans of the Group are repayable on demand and are analysed as follows:

	Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
Interest-bearing bank loans — on demand, secured and at a floating interest rate	45,867	57,833

The Group's bank loans are denominated in Hong Kong dollars. In the opinion of the Directors, the carrying amounts of the Group's bank loans approximate to their fair values.

15. ISSUED CAPITAL

	Unaudited 30 September 2014 HK\$'000
Authorised:	
1,000,000,000 ordinary shares of HK\$0.01 each	10,000
Issued and fully paid:	
1,000,000 ordinary shares of HK\$0.01 each	10

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 21 May 2014 with authorised share capital of HK\$370,000 divided into 37,000,000 shares of HK\$0.01 each. On the date of incorporation, one ordinary share of HK\$0.01 was allotted and issued by the Company to its then sole shareholder.

Pursuant to the ordinary resolutions of the sole shareholder of the Company passed on 22 September 2014, the authorised share capital of the company was increased from HK\$370,000 divided into 37,000,000 shares to HK\$10,000,000 divided into 1,000,000,000 shares by the creation of an additional 963,000,000 new shares of par value of HK\$0.01 each, ranking pari passu in all respects with the existing shares of the Company.

15. ISSUED CAPITAL (continued)

The movements in the Company's issued share capital during the period from 21 May 2014 (date of incorporation) to 30 September 2014 were as follows:

	Unaudited Number of shares in issue	Unaudited Issued capital HK\$'000
As at 21 May 2014	1	—
Issue of shares pursuant to the Reorganisation	999,999	10
As at 30 September 2014	1,000,000	10

On 22 September 2014, Team Great Limited ("Team Great") transferred all the shares it held in Fungs E & M to a direct wholly-owned subsidiary of the Company in consideration of the Company allotting and issuing 999,999 ordinary shares in connection with the Reorganisation. Further details are set out in the paragraph "Corporate Reorganisation" in the section headed "History and Reorganisation" in the Prospectus.

Pursuant to the authority given by the resolutions of the sole shareholder of the Company passed on 22 September 2014, a sum of HK\$2,990,000 standing to credit of the share premium account of the Company was approved to be capitalised and applied for the allotment and issue of 299,000,000 ordinary shares of HK\$0.01 each, credited as fully paid at par on 16 October 2014 (the "Capitalisation Issue").

On 16 October 2014, 100,000,000 ordinary shares of HK\$0.01 each of the Company were issued at HK\$1.1 per share by way of public offering and placing. On the same date, the Company's shares were listed on the Main Board of the Stock Exchange.

16. RELATED PARTY TRANSACTIONS

During the Reporting Period, the Directors are of the view that related parties of the Group include the following companies:

Name of related party	Relationship with the Group
YWH Limited	An entity controlled by a director of the Company
Able E & M Engineering Company Limited ("Able E & M")	An entity jointly-controlled by a director of the Company and a shareholder which has joint control of the Company
Able Engineering Company Limited ("Able Engineering")	An entity controlled by a shareholder which has joint control of the Company
Able Contracting Limited ("Able Contracting")	An entity controlled by a shareholder which has joint control of the Company
Able Contractors Limited ("Able Contractors")	An entity controlled by a shareholder which has joint control of the Company
Excel Engineering Company Limited ("Excel")	An entity controlled by a shareholder which has joint control of the Company
Lanon Development Limited ("Lanon Development")	An entity controlled by a family member of a shareholder which has joint control of the Company
Lanon Building Limited ("Lanon Building")	An entity controlled by a family member of a shareholder which has joint control of the Company

16. RELATED PARTY TRANSACTIONS (continued)

- (a) During the Reporting Period, the Group had transactions with the following related parties:

	Unaudited	
	Six months ended	
	30 September	
	2014	2013
	HK\$'000	HK\$'000
Recurring		
Contract revenue from related parties:		
Able E & M	9,145	19,838
Able Engineering	35,711	14,162
Able Contracting	11,593	3,364
Able Contractors	1,362	507
Excel	1,041	—
Lanon Development	8,514	9,508
Lanon Building	32,635	12,495
Non-recurring:		
Unlimited corporate guarantee in respect of the Group's banking facilities provided By YWH Limited	—	15,982
Unlimited personal guarantee in respect of the Group's banking facilities provided by Mr. Fung Chi Wing ("Mr. Fung")	71,167	39,600
Purchase of materials from an entity under significant influence of a director of the Company	—	4,305

The transactions were conducted on terms and conditions mutually agreed between the relevant parties.

16. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties

Other than balances with related parties disclosed elsewhere in the condensed consolidated interim financial information, the Group had no outstanding balances with related parties as at the end of each reporting period.

(c) Compensation of key management personnel of the Group:

	Unaudited	
	Six months ended	
	30 September	
	2014	2013
	HK\$'000	HK\$'000
Short term employee benefits	5,111	4,638
Pension scheme contributions	26	23
Total compensation paid to key management personnel	5,137	4,661

17. CONTINGENT LIABILITIES

In the ordinary course of the Group's Building Services business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the 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.

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments reasonably approximate to fair values.

The fair value of the non-current portion of the pledged deposit is categorised within Level 3 of the fair value hierarchy and has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar credit risk and remaining maturities.

Management has assessed that the fair values of the current portion of deposits, accounts receivable, other receivables, amounts due from and to related parties, cash and cash equivalents, accounts payable accruals of costs for contract works, other payables, dividend payable and interest-bearing bank loans approximate to their carrying amounts largely due to the short term maturities of these instruments.

During the Reporting Period, there was no transfer of fair value measurement between Level 1 and Level 2 and no transfer into or out of Level 3 for both financial assets and financial liabilities.

19. EVENTS AFTER THE REPORTING PERIOD

- (a) On 13 August 2014, the Group entered into a provisional sale and purchase agreement with an independent third party to purchase a land and building at a consideration of HK\$4,130,000. The transaction was completed on 3 October 2014.
- (b) The shares of the Company were listed on the Main Board of the Stock Exchange on 16 October 2014.

20. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

This unaudited condensed consolidated interim financial information was approved and authorised for issue by the Board on 27 November 2014.

BUSINESS REVIEW

Overview

The Group is principally engaged in the provision of Building Services in Hong Kong as a subcontractor.

The engineering works undertaken by the Group are mainly related to (i) electrical installation works; (ii) air-conditioning installation works; and (iii) fire services installation works. The Group undertake engineering projects in both public and private sectors, which are mainly building related projects including (i) new building development; and (ii) existing building renovation. All of the Group's revenues were derived in Hong Kong.

As at 30 September 2014, the Group had over 50 one-off projects and retainer projects in progress, with a total estimated outstanding contract sum and work order value of approximately HK\$1,177.5 million. The Group's business is undertaken by an operating subsidiary, Fungs E & M, a Building Services engineering specialist in various building works in both public and private sectors in Hong Kong. Since 1 April 2014, and up to the date of this report, the Group was awarded with new contracts with an aggregate estimated contract sum of approximately HK\$20.7 million.

Events After The Reporting Period

The Group has entered into a provisional sale and purchase agreement with an independent third party on 13 August 2014 to acquire a unit with gross area of approximately 970 square feet located at Unit H5, 11/F, Summit Building, 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong, at a consideration of HK\$4.13 million, for general office use. The transaction was completed on 3 October 2014.

On 16 October 2014, the Company completed an initial public offering on the Main Board of the Stock Exchange, which marked a milestone for the Group. The net proceeds from the Listing are estimated to be approximately HK\$92.6 million.

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 September 2014 was approximately HK\$313.0 million representing an increase of approximately 24.8% from approximately HK\$250.8 million in the same period of the last financial year. This increase was mainly due to the combined effect of:

- (i) Higher revenue of approximately HK\$99.2 million recognised for 3 one-off projects which had achieved significant progress during the Reporting Period while these projects were at preliminary stage or had not yet commenced and only approximately HK\$4.0 million was recognised as revenue in the same period of the last financial year;
- (ii) Higher revenue of approximately HK\$56.4 million for 4 retainer projects which the Group had completed work orders with greater aggregate value during the Reporting Period while only approximately HK\$15.9 million was recognised as revenue in the same period of the last financial year; and
- (iii) Lower revenue of HK\$4.7 million for a one-off project which was substantially completed in the year ended 31 March 2014 while approximately HK\$77.2 million was recognised as revenue in the same period of the last financial year.

Gross profit margin

The gross profit margin decreased from approximately 13.6% for the six months period ended 30 September 2013 to approximately 9.3% for the six months ended 30 September 2014, primarily due to the higher revenue from a one-off project as mentioned above which contributed a significant amount of the Group's revenue during the six months ended 30 September 2014 and has a lower gross profit margin.

Other income and gains

The Group's other income and gains were approximately HK\$262,000 and HK\$241,000 for the six months ended 30 September in 2014 and 2013 respectively. Other income and gains mainly comprises bank interest income and rental income from leasing a certain portion of the Group's office to an external party.

FINANCIAL REVIEW *(continued)*

Administrative expenses

The Group's administrative expense for the six months ended 30 September 2014 was approximately HK\$14.0 million, representing an increase of 120.1% from approximately HK\$6.4 million in same period of the last financial year. This was mainly attributable to the recognition of listing expense of approximately HK\$6.4 million during the six months ended 30 September 2014.

Net profit after tax

For the six months ended 30 September 2014, the Group recorded net profit of approximately HK\$10.8 million, a decrease of approximately 53.3% as compared to the net profit of approximately HK\$23.2 million for the corresponding period in the last financial year. This was mainly due to the increase in administrative expenses and the decrease in gross profit.

Liquidity and Financial Resources

The Group has funded the liquidity and capital requirements primarily through capital contributions from shareholders, bank borrowings, cash inflows from operating activities and proceeds received from the Listing of the Company on 16 October 2014.

The total interest-bearing bank borrowings of the Group decreased from approximately HK\$57.8 million as at 31 March 2014 to approximately HK\$45.9 million as at 30 September 2014. All borrowings were repayable on demand and denominated in Hong Kong dollar. The interest rates of the Group's interest-bearing bank borrowings are primarily repriced every month based on the change of HIBOR. The Group currently does not have an interest rate hedging policy and the Group monitors interest risk continuously and considers hedging any excessive risk when necessary. As at 30 September 2014, the total banking facilities of the Group amounted to approximately HK\$71.2 million (31 March 2014: approximately HK\$78.1 million).

FINANCIAL REVIEW *(continued)*

Liquidity and Financial Resources *(continued)*

As of 30 September 2014, the Group had cash and cash equivalents of approximately HK\$93.9 million, representing a decrease of 2.7% from approximately HK\$96.5 million as of 31 March 2014. The Group did not have pledged deposits other than a pledged deposit for a life insurance product with a carrying amount of approximately HK\$6.1 million and HK\$6.0 million as at 30 September 2014 and 31 March 2014, respectively. The decrease in cash and cash equivalents during the Reporting Period was mainly due to the combined effects of (i) net cash inflow from operating activities of approximately HK\$14.1 million; (ii) prepayments made for acquisition of property, plant and equipment of approximately HK\$4.4 million; and (iii) the repayment of interest-bearing bank loans of approximately HK\$12.0 million.

Gearing ratio is calculated based on the amount of total interest-bearing bank loans divided by the total equity. Decrease in gearing ratio from 41.5% as at 31 March 2014 to 40.1% as at 30 September 2014 was mainly due to the repayment of interest-bearing bank loans during the six months ended 30 September 2014.

As at 30 September 2014, the Group had aggregate banking facilities of approximately HK\$19.9 million which was not utilised. As at 30 September 2014, the banking facilities were secured by (i) unlimited guarantee provided by Mr. Fung, the Company's executive Director; (ii) legal charge over a building of the Group with carrying amount of approximately HK\$49.7 million; and (iii) pledged deposit for a life insurance product with a carrying amount of approximately HK\$6.1 million. The unlimited guarantee provided by Mr. Fung was released and replaced by unlimited guarantees provided by the Company upon Listing on 16 October 2014.

Contingent Liabilities

In the ordinary course of the Group's Building Services business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the 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.

FINANCIAL REVIEW *(continued)*

Capital Commitments

As at 30 September 2014, the Group did not have any significant capital commitments (31 March 2014: Nil).

PROSPECTS

The Building Services industry is steering towards designing and installing more complex and more energy efficient systems for buildings in Hong Kong. The public's increasing awareness of energy efficiency, and indoor air quality and sustainability have triggered contractors in the Building Services industry to construct better heating, ventilation and air conditioning systems. The increasing popularity of intelligent buildings such as the Hong Kong Central Library, International Commerce Centre etc. has also played a role in the industry. These buildings are technologically more advanced and provided a cost-effective built environment through the optimisation of structure, systems, services and management, in order to maximise the efficiency of its occupants and allow effective management of resources with minimum life costs. Therefore, the design and installation work processes that go into the servicing of intelligent buildings are more complicated.

Moreover, with the aging of buildings in Hong Kong, building maintenance and renovation works are envisaged. This further escalates the need for greater provision of Building Services engineering works to be done for the foreseeable future.

In view of the aforesaid market development and the increasing spending of the Government on construction works as well as the current growth prospects for Building Services industry mainly caused by the Government's intention and policy to stabilise the local property market by increasing the supply of both private and public residential units, such as securing land for public rental housing and home ownership scheme, and resumption of the land sale program, the Directors believe that the gross output value of the Building Services industry in Hong Kong will continue to rise. Having considered solid experience in the Building Services industry, possession of the requisite licenses and registration for undertaking engineering projects in both private and public sectors of the Group, the Directors are of the view that the Group is well positioned to capture the emerging business opportunities.

FOREIGN EXCHANGE RISK

Since the Group operates in Hong Kong and all of the revenue and transactions arising from its operations were settled in Hong Kong dollar, and the Group's assets and liabilities are primarily denominated in Hong Kong dollar, the Directors believe that the Group's risk in foreign exchange is insignificant and the Group will have sufficient foreign exchange to meet its foreign exchange requirements. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates and has not adopted any currency hedging policy or other hedging instruments during the Reporting Period.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Reporting Period, there was no acquisition or disposal of subsidiaries and associated companies by the Company save as disclosed in the Prospectus.

SIGNIFICANT INVESTMENTS

During the Reporting Period, the Company did not hold any significant investment.

STAFF AND REMUNERATION POLICY

As of 30 September 2014, the Group employed 79 employees in Hong Kong. The Group reviewed employees' remuneration from time to time and salary adjustment was normally made on an annual basis with reference to their performance and work experience and with reference to the prevailing market conditions. Staff benefits include mandatory provident fund and training programs.

The total remuneration cost incurred by the Group for the Reporting Period was approximately HK\$21.7 million (six months ended 30 September 2013: approximately HK\$19.0 million).

SHARE OPTION SCHEME

Pursuant to the share option scheme adopted by the Company on 22 September 2014 (the “Scheme”), the Company may grant options to directors (including executive directors, non-executive directors and independent non-executive directors) and full-time employees of any member of the Group and any advisers, consultants, contractors, sub-contractors, suppliers, agents, customers, business partners, joint venture business partners, service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to subscribe for shares in the Company with the payment of HK\$1.00 upon each option granted and the options granted must be accepted within 14 days from the date of offer. The subscription price of a share shall be at least the higher of (i) the closing price of the Company’s shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the option (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange’s daily quotations sheet for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares of the Company on the date of grant of the option. The share options granted are exercisable at any time during a period of not more than 10 years from the date of grant, subject to the provisions of early termination contained in the Scheme. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company shall not exceed 30% of the number of shares of the Company in issue from time to time. The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes must not, in aggregate, exceed 10% of the number of shares of the Company in issue on the date the shares of the Company commence trading on the Stock Exchange. The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12 months period up to the date of grant shall not exceed 1% of the shares of the Company then in issue.

From the adoption date of the Scheme on 22 September 2014 to 30 September 2014, no share option was granted, exercised, cancelled or lapsed and there was no outstanding share option under the Scheme as at 30 September 2014.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As the Company's share were not listed on the Stock Exchange as at 30 September 2014, none of the directors and the chief executive who had an interest and short positions in shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) was required to be recorded in the register required to be kept under Section 352 of the SFO; or was required as otherwise to notify the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

As at the date of the listing of the Company's shares on the Stock Exchange on 16 October 2014 (the "Listing Date"), the interests and short positions of the Directors and chief executives in shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would be required to be recorded in the register required to be kept under Section 352 of the SFO; or which would otherwise be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long position in shares of the Company/associated corporation

Director	Name of corporation	Capacity and Nature of interests	Number of ordinary shares held	% of issued share capital
Mr. Fung	The Company	Interest in a controlled corporation	300,000,000 (Note)	75%
Mr. Fung	Team Great	Beneficial owner	50 shares of US\$1.00 each	50%

Note: These shares are legally and beneficially owned by Team Great, 50% of the issued share capital of which is legally and beneficially owned by Mr. Fung.

Save as disclosed above, as at the Listing Date, none of the directors or chief executive of the Company had registered an interest or a short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short

Other Information (Continued)

positions which he was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As the Company's shares were not listed on the Stock Exchange as at 30 September 2014, no person (other than the Directors or chief executive of the Company) or company who or which had an interest and short position in the shares or underlying shares of the Company was required to be recorded in the register required to be kept under Section 336 of the SFO.

As at the Listing Date, the interests and short positions of the person (other than the Directors or chief executive of the Company) or company in the shares or underlying shares of the Company which would be required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long position in shares of the Company

Name of shareholders	Notes	Capacity and Nature of interests	Number of ordinary shares held	% of issued share capital of the Company
Team Great		Beneficial owner	300,000,000	75%
Globetrade Limited	1	Interest in a controlled corporation	300,000,000	75%
Profit Chain Investments Limited ("Profit Chain")	2	Interest in a controlled corporation	300,000,000	75%
Vantage International (Holdings) Limited ("Vantage")	3, 4 and 5	Interest in a controlled corporation	300,000,000	75%
Winhale Ltd.	3	Interest in a controlled corporation	300,000,000	75%
Braveway Limited	4	Interest in a controlled corporation	300,000,000	75%
HSBC International Trustee Limited	4	Interest in a controlled corporation	300,000,000	75%
Mr. Ngai Chun Hung ("Mr. Ngai")	5	Interest in a controlled corporation	300,000,000	75%
Spouse of Mr. Fung	6	Interest of spouse	300,000,000	75%
Spouse of Mr. Ngai	7	Interest of spouse	300,000,000	75%

Notes:

1. Team Great is owned as to 50% by Mr. Fung, 40% by Globetrade Limited and 10% by Mr. Fung Chuen. Both Mr. Fung and Globetrade Limited are deemed to be interested in 300,000,000 shares of the Company owned by Team Great by virtue of the SFO.
2. Globetrade Limited is wholly-owned by Profit Chain which is in turn wholly-owned by Vantage. Profit Chain and Vantage are deemed to be interested in 300,000,000 shares of the Company owned by Team Great which is owned as to 40% by Globetrade Limited by virtue of the SFO.
3. Winhale Ltd. is ultimately beneficially owned by the Xyston Trust, a discretionary family trust settled by Mr. Ngai for the benefit of himself and his family members. Winhale Ltd. is deemed to be interested in 300,000,000 shares of the Company held by Team Great under the SFO by virtue of its interest in 48.02% of the voting shares in Vantage. Team Great is owned as to 40% by Globetrade Limited which is in turn wholly-owned by Profit Chain which is in turn wholly-owned by Vantage.
4. Braveway Limited and HSBC International Trustee Limited are deemed to be interested in the shares of Vantage held by Winhale Ltd. by virtue of the fact that Winhale Ltd. is wholly-owned by the trust of which Braveway Limited is the trustee. This trust is in turn 99.99% owned by Xyston Trust which HSBC International Trustee Limited is the trustee. Braveway Limited and HSBC International Trustee Limited are deemed to be interested in 300,000,000 shares of the Company held by Team Great under the SFO by virtue of their interest in 48.02% of the voting shares in Vantage. Team Great is owned as to 40% by Globetrade Limited which is in turn wholly-owned by Profit Chain which is in turn wholly-owned by Vantage.
5. Mr. Ngai, is interested in 1,080,011,200 shares of Vantage, which comprise 6,250,800 shares held by himself, the deemed interest in 838,760,400 shares held by Winhale Ltd. and 235,000,000 shares held by Fame Yield International Limited by virtue of his interest in the entire issued share capital of Fame Yield International Limited and he was the settlor and a beneficiary of the Xyston Trust. Mr. Ngai is deemed to be interested in 300,000,000 shares of the Company held by Team Great under the SFO by virtue of his interest in approximately 61.83% of the voting shares in Vantage. Team Great is owned as to 40% by Globetrade Limited which is wholly-owned by Profit Chain which is in turn wholly-owned by Vantage.
6. Ms. Lee Yuk Hing is the spouse of Mr. Fung and is deemed to be interested in 300,000,000 shares of the Company owned by Team Great which is owned as to 50% by Mr. Fung by virtue of the SFO.
7. Ms. Cheng Wai Chun is the spouse of Mr. Ngai and is deemed to be interested in the 300,000,000 shares of the Company owned by Team Great because of Mr. Ngai's deemed interest in the same shares of the Company by virtue of the SFO.

Save as disclosed above, as at the Listing Date, no person, other than the Directors and chief executive of the Company whose interests are set out in

the section “Directors’ and Chief Executive’s Interests in Shares” above, had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with parties regarded as “Related Parties” under applicable accounting principles. Further details are set out in note 16 to the condensed consolidated financial information.

Continuing Connected Transactions

Details of the transactions are set out as follows:

Connected person	Notes	Duration of agreement	Nature of transaction
Able Engineering, Able Contracting, Able Contractors and Excel	1	Three years from the Listing Date	Contracting arrangement between Fungs E & M and certain subsidiaries of Vantage
Able E & M	2	Two years from the Listing Date	Contracting arrangement between Fungs E & M and Able E & M
Lanon Development and Lanon Building	3	Three years from the Listing Date	Contracting arrangement between Fungs E & M and Lanon Development and Lanon Building

Notes:

1. Able Engineering, Able Contracting, Able Contractors and Excel are subsidiaries of Vantage, one of the controlling shareholders of the Company.
2. Mr. Fung and Vantage (both are controlling shareholders of the Company) is beneficially indirectly interested in 50% of the shareholdings in Able E & M.
3. Lanon Development and Lanon Building are beneficially held as to 78% by Mr. Ngai Wing Yin through his indirect interest in Lanon Holdings Limited. Mr. Ngai Wing Yin is the son of Mr. Ngai, the latter being a controlling shareholder of Vantage, one of the controlling shareholders of the Company.
4. As referred to in the section headed “Connected Transactions” in the Company’s prospectus dated 30 September 2014, the Stock Exchange has granted a waiver pursuant to Rule 14A.105 of the Listing Rules from strict compliance with the announcement circular and shareholders’ approval requirements as stipulated in Rule 14.35 and Rule 14A.36 to Rule 14A.48 of the Listing Rules in connection with this continuing connected transaction.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the period from the Listing Date to the date of this report.

CORPORATE GOVERNANCE

As the Company's share were not yet listed on the Stock Exchange as at 30 September 2014, the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules was not applicable to the Company for the period under review. The Company has adopted the Code as its corporate governance code of practices and has complied with the code provisions of the Code for the period from the Listing Date to the date of this report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

As the Company's shares were not yet listed on the Stock Exchange as at 30 September 2014, the Model Code was not applicable to the Company for the period under review. The Company has adopted a model code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard as set out in the Model Code for the period from the Listing Date to the date of this report. Having made specific enquiry of all Directors of the Company, all Directors have confirmed that they complied with the required standards set out in the Model Code for the period from the Listing Date to the date of this report.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

On 16 October 2014, the Company was successfully listed on the Main Board of the Stock Exchange. The initial public offering by way of public offering and placing in Hong Kong was welcomed by investors.

Based on the offer price of HK\$1.1 per share, the net proceeds from the share offering received by the Company, net of underwriting commissions and other estimated listing expenses, are estimated to be approximately HK\$92.6 million.

As stated in the Prospectus dated 30 September 2014, the Company intends to use the proceeds for (i) the operation of prospective projects; (ii) the hiring of additional staff including project managers and experienced engineering staff

by the year ending 31 March 2018; (iii) the upgrade of the Group's computer system and software in the next three to five years; and (iv) the general working capital of the Group.

As at the date of this report, the Group does not anticipate any change to the above use of proceeds.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend in respect of the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

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

REVIEWED BY AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three Independent Non-Executive Directors, Dr. Leung Shiu Ki Albert (Chairman), Ir Ho Pun Hing, Ir Szeto Ka Sing, with written terms of reference in accordance with the requirements of the Listing Rules, and reports to the Board. The Audit Committee has reviewed the Group's condensed consolidated financial information for the six months ended 30 September 2014, including the accounting principles adopted by the Group, with the Company's management.

PUBLICATION OF INTERIM REPORT

This interim report will be published on the respective websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.ngachun.com.hk>). It will also be despatched to the shareholders of the Company and made available for review on the aforesaid websites.

By Order of the Board of
Nga Chun Holdings Company Limited
Fung Chi Wing
Chairman

27 November 2014