



創業集團(控股)有限公司 New Concepts Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2221



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CORPORATE INFORMATION

Executive Directors

Mr. Chu Shu Cheong (*Chairman*)
(appointed as director on 3 April 2014 and re-designated as an executive director on 22 May 2014)

Mr. Kwan Man Hay*

Mr. So Kin Shing*

Ms. Lai Mun Yee*

* appointed on 22 May 2014

Non-executive Director

Dr. Huen Wai Kei
(appointed as an independent non-executive director on 26 August 2014 and re-designated as a non-executive director on 1 November 2014)

Independent Non-executive Directors

Mr. Lo Chun Chiu, Adrian**

Dr. Tong Ka Lok**

Mr. Choy Wai Shek, Raymond, *MH, JP***

** appointed on 26 August 2014

Audit Committee

Dr. Tong Ka Lok (*Chairman*)

Mr. Lo Chun Chiu, Adrian

Mr. Choy Wai Shek, Raymond, *MH, JP*

Nomination Committee

Mr. Lo Chun Chiu, Adrian (*Chairman*)

Mr. Chu Shu Cheong

Dr. Tong Ka Lok

Mr. Choy Wai Shek, Raymond, *MH, JP*

Remuneration Committee

Mr. Choy Wai Shek, Raymond, *MH, JP* (*Chairman*)

Mr. Kwan Man Hay

Mr. Lo Chun Chiu, Adrian

Dr. Tong Ka Lok

Company Secretary

Mr. Chow Chi Keung
member, HKICPA

Authorised representatives

Mr. Kwan Man Hay

Ms. Lai Mun Yee

Registered Office

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P.O. Box 1350, Grand Cayman
KY-1108
Cayman Islands

Headquarters, head office and Principal Place of Business in Hong Kong

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Nan Fung Commercial Centre
19 Lam Lok Street, Kowloon Bay
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Independent Auditor

Wellink CPA Limited
Certified Public Accountants
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Kin Wing Commercial Building
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New Territories
Hong Kong

Compliance Advisor

Halcyon Capital Limited
11th Floor, 8 Wyndham Street
Central, Hong Kong

Legal advisers

As to Hong Kong law
Loong & Yeung Solicitors
Suites 2001–2006, 20th Floor
Jardine House
1 Connaught Place
Central, Hong Kong

As to Cayman Islands law
Appleby
2206–19, Jardine House
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Central, Hong Kong

Principal Bankers

The Hong Kong and Shanghai
Banking Corporation Limited
1 Queen's Road
Central
Hong Kong

China Citic Bank International
232 Des Voeux Road
Central
Hong Kong

Industrial and Commercial Bank of
China (Asia) Limited
33rd Floor, ICBC Tower
3 Garden Road
Central
Hong Kong

Bank of China (Hong Kong) Limited
9th Floor, BOC Mongkok Commercial Centre
589 Nathan Road Mongkok
Kowloon, Hong Kong

Principal Share Registrar and Transfer Office

Appleby Trust (Cayman) Ltd.
Clifton House, 75 Fort Street
P.O. Box 1350, Grand Cayman
KY-1108, Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

Stock Code

2221

Company Website

<http://www.ncfl.com.hk>



CHAIRMAN'S STATEMENT

Dear Shareholders

On behalf of the board (the "Board") of directors (the "Directors") of New Concepts Holdings Limited (the "Company") and its subsidiaries (collectively the "Group"), it is my pleasure to present the first annual report of the Group to the shareholders and prospective investors of the Company since the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 19 September 2014 (the "Listing").

Financial Review

The market condition of the construction industry in Hong Kong was favourable in the year of 2014. As a result, the Group recorded an outstanding results for the year ended 31 March 2015 (the "Year") with a strong growth in both revenue and gross profit which are in line with the Company's expectation. Revenue of the Group recorded a significant increase from approximately HK\$463.02 million for the year ended 31 March 2014 to approximately HK\$780.85 million for the Year, representing an increase of approximately 68.64% as compared to the corresponding period of 2014. Gross profit also increased from approximately HK\$85.17 million for the year ended 31 March 2014 to approximately HK\$113.43 million for the Year, representing an increase of approximately 33.08% as compared to the corresponding period of 2014. Profit attributable to equity holders of the Company for the Year increased by approximately 5.43% as compared to the corresponding period of 2014. Basic earnings per share decreased from approximately HK\$17 cents for the year ended 31 March 2014 to approximately HK\$15 cents for the Year as the Company allotted an addition of 100,000,000 shares of the Company pursuant to the share offer. During the Year, our foundation projects continued to expand and grow steadily and be a major revenue contributor for the Group for the Year.

New Projects Awarded

During the Year, the Group has secured 21 new contracts with an aggregated contract value of approximately HK\$1,576.88 million, among which projects related to foundation accounted for approximately 86%, which was a new record high of the Group for the Year.

Projects in Progress

During the Year, the Group had 21 projects in progress, amounting to an aggregated contract value of approximately HK\$1,587.36 million.

Completed Projects

During the Year, the Group completed 12 projects.



Listing of the Company

I am especially pleased with the successful Listing of the Company's shares on the Stock Exchange. This was an important milestone of our history and the listing status has elevated the Group in all business aspects, especially enhancing our tender submission opportunities. However, the successes were not achieved without challenges. During the Year, we encountered an increasing cost for key machinery and tools to cope with our increasing number of foundation projects awarded, which had an adverse effect on our profit for the Year. To protect the best interests of the Company and our shareholders, the Company utilised part of its net proceeds from the share offer to acquire certain foundation works machinery to reduce the burden of our reliance on renting such machinery for our foundation projects, hence to reduce the rental of machinery and contribute to the positive effect on our profit in the year ahead.

Outlook

Looking ahead, the Group remains focusing on its core construction business, namely foundation works, civil engineering works and general building works in Hong Kong. According to the Hong Kong 2014–2015 Budget, the Government will continue to boost the public infrastructure expenditure and include more sites in its Land Sale Programme for both the residential and commercial private markets. In view of the increasing public expenditure on infrastructure and the current growth prospects for private development projects, we expect that the Group will continue to be well-positioned with this blooming opportunity to undertake more construction projects and our revenue will grow steadily in future. I am positive about the Group's abilities to achieve another set of solid results in the forthcoming year and shall remain focused on delivering satisfactory return to the investors.

Appreciation

Finally, I would like to take this opportunity to thank the Board and the employees of the Group for their continued effort and commitment. Meanwhile, I am also thankful for all the business partners for their continued support and express my heartfelt thanks to the shareholders of the Company for their trust and confidence in us.

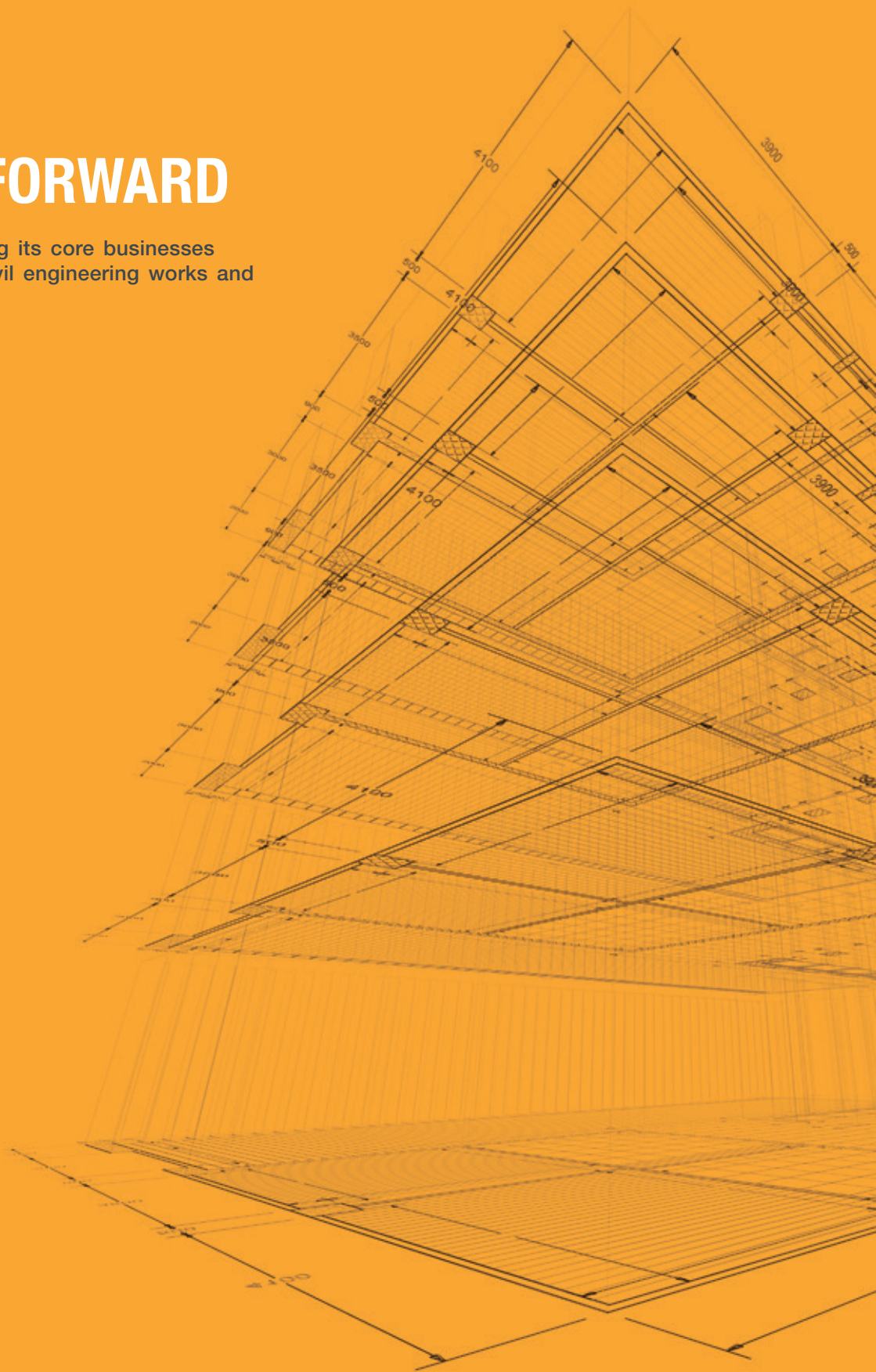
Chu Shu Cheong

Chairman

Hong Kong, 25 June 2015

MOVING FORWARD

we will maintain focusing its core businesses on foundation works, civil engineering works and general building works.



MANAGEMENT DISCUSSION AND ANALYSIS

During the Year, the construction industry in Hong Kong continued to grow primarily due to the significant investments of the Government of Hong Kong in infrastructure construction projects such as railways and highways and the Government's plan to increase the supply of residential housing for both the short term and the long run. There were also an increasing number of alternation and redevelopment projects for industrial and commercial buildings in Hong Kong, all of which would continue to stimulate the demand for construction works and present opportunities for foundation works, civil engineering works and general building works businesses for our Group.

Business Review

The Group is a contractor in the Hong Kong construction industry and are principally engaged in foundation works, civil engineering works and general building works in Hong Kong.

Since the Listing of the Company, the management has continuously consolidated and strengthened the reputation of the Group through the submission of tender documents for most of the tender invitations to keep our presence in the market. The management also maintained regular contact with developers and other consultants in the construction industry to keep us abreast of market development. On the other hand, our core business continued to earn good reputation and provided the Company with a soundtrack record for our potential business opportunities. Following its successful handling of the Un Chau Street Building Project, which was completed in September 2014, the Group has been invited to submit tender documents for a number of projects. Some of these projects contributed a better profit margin for the Group. During the Year, the Company has been successfully awarded a number of civil engineering and foundation projects from new clients, among which is a foundation project with an attributable contract value of over HK\$250 million from a reputable developer in the private construction sector in Hong Kong.

Having regard to the growing number and contract value of tender invitations and new contracts awarded to the Group during the Year, the management believes that the growth was due to the good relationship maintained with our customers, especially our new customers, which accounted for over 45% of the newly awarded contracts and accounted for over 50% in terms of aggregated contract value.

Results

Revenue of the Group for the Year was approximately HK\$780.85 million, representing an increase of approximately 68.64% from approximately HK\$463.02 million for the year ended 31 March 2014. Gross profit increased by approximately 33.08% from approximately HK\$85.17 million for the year ended 31 March 2014 to approximately HK\$113.43 million for the Year. Total comprehensive income attributable to owners of the Company increased by approximately 5.43% to approximately HK\$53.35 million for the Year from approximately HK\$50.60 million for the corresponding period last year. The overall gross profit margin of the Group decreased from approximately 18.39% for the corresponding period last year to approximately 14.52% for the Year.

Basic earnings per share for the Year, calculated based on the profit attributable to owners of the Company of approximately HK\$53.35 million and the weighted average of 353,150,685 shares (2014: 300,000,000 shares) in issue during the Year, was approximately HK\$15-cents (2014: approximately HK\$17 cents), representing a decrease of approximately 11.76%.



MANAGEMENT DISCUSSION AND ANALYSIS

Segmental Analysis

Foundation Projects

The foundation works of the Group include bored piling, driven H-piling, socketed H-piling, mini-piles, footing foundation and pile cap works. During the Year, the foundation industry in Hong Kong has continuously benefited from the increasing investment in infrastructure construction projects due to the booming of construction industry in Hong Kong, and the Group has secured 18 new foundation contracts with an aggregated contract value of approximately HK\$1,360.82 million, out of which only approximately HK\$414.77 million were recorded as revenue for the Year and the remaining aggregate contract value of approximately HK\$946.05 million will be recorded as revenue upon completion of the respective projects. With these strong and solid new contracts on hand, the foundation business will definitely create a new record, achieve a new milestone and become the major revenue contributor of the Group next year.

For the Year, revenue of foundation projects amounted to approximately HK\$591.66 million, representing a significant growth of approximately 622.01% as compared with approximately HK\$81.95 million for the year ended 31 March 2014. This revenue accounted for approximately 75.77% of the Group's overall revenue. The significant improvement of the results in foundation projects was largely a result of projects awarded in the past year reaching a mature stage, thereby contributing to both revenue and profits of the Group. In addition, the increase in the number and scale of projects for foundation works, namely the Oil Street Project and Sai Kung Project, which amounted to approximately HK\$191.76 million and accounted for approximately 32.41% of total revenue of foundation works, also contributed to the increase in revenue for the Year.

Gross profit of foundation projects for the Year was approximately HK\$72.76 million, representing a significant growth of approximately 219.80% as compared with approximately HK\$22.75 million for the year ended 31 March 2014. The increase in gross profit was mainly attributable to the increase in number and contract value of foundation works. Following the successful handling of the Un Chau Street Building Project, which was completed in September 2014, the Group has been invited to submit tender documents for a number of other projects, which contributed to the increase in gross profit for the Year. In addition, the acquisition of machinery for foundation projects also decreased the machinery leasing expenses and increased the gross profit of the Group for the Year.

The overall profit margin of foundation projects decreased to approximately 12.30% for the Year from approximately 27.77% as compared with the same period last year. Such decrease was attributable to the high profit margin of the MGM (Macau) Project for the corresponding period in 2014 and comparatively lower profit margin of overall projects for the Year.



New Foundation Projects Awarded

During the Year, the Group has secured 18 new foundation contracts with an aggregated contract value of approximately HK\$1,360.82 million. Details of new projects awarded during the Year were as follows:

Name of New Project	Location	Main Category of Works	Commencement Date	Completion Date
Shek Mun Project	On Kwan Street, Shek Mun, Sha Tin, N.T., STTL463	Curtain Grout & Pumping Test Works	April 2014	August 2014
Oil Street Project	Oil Street, North Point, I.L. No. 8920 Hong Kong	Earthwork (ELS, Pile Caps, Tie Beams and Steel Working Platform) and Associated Works	October 2014	July 2015
Kwai Chung Project	D.D.445 Lot 693 Sec. B R.P. 16-18 Yip Shing Street, Kwai Chung	Construction of Large Diameter Bored Piles	May 2014	October 2014
Tseung Kwan O 95 Project	Tseung Kwan O, Town Lot No. 95, Hong Kong	Construction of Large Diameter Bored Piles, ELS and Pile Cap Works	June 2014	March 2015
Sai Kung Project	Lot No.1950 in DD221, Wai Man Road, Sai Kung, N.T.	Construction of Socketed H-Piles and Pipe Piles	July 2014	February 2015
Des Voeux Road West Project	307-329 Des Voeux Road West	Construction of Large Diameter Bored Piles, ELS and Pile Cap Works	July 2014	July 2015
Tsuen Wan Project	TW6, TWTL402 Tsuen Wan	Grout Curtain & Dewatering Well Works	September 2014	December 2014
Wan Chai APA Project	Hong Kong Academy for Performing Arts, 1 Gloucester Road, Wanchai, Hong Kong	Construction of Socketed H-Piles, Earthworks and Underground Drainage	October 2014	April 2017
Zhuhai-Macao Bridge Project	Hong Kong-Zhuhai-Macao Bridge	Construction of Large Diameter Bored Piles	September 2014	February 2015

MANAGEMENT DISCUSSION AND ANALYSIS

Name of New Project	Location	Main Category of Works	Commencement Date	Completion Date
Hin Keng Station Project	Shatin to Central Link Contract 1102 — Hin Keng Station	Minipile for Temporary Viaduct Platform and Pumping Test System at At-Grade Box	December 2014	May 2015
Sai Yuen Lane Project	I.L.3915 R.P. at No.s 1–17 Sai Yuen Lane, Hong Kong	Construction of Large Diameter Bored Piles, ELS and Pile Cap Works	December 2014	March 2016
Tuen Mun Town Project	TMTL No. 509, Area 2, Tuen Mun, N.T.	Construction of Large Diameter Bored Piles	January 2015	May 2015
Tsing Yi 9 Project	Tsing Yi Lot No. 181 on Tsing Yi Hong Wan Road	Construction of Large Diameter Bored Piles	January 2015	May 2015
Wong To Yick Project	J/O Fuk Hi Street & Fuk Shun Street, Y.L.T.L.313s.A R.P. & Extension Thereto, Yuen Long Industrial Estate, Yuen Long	Construction of Large Diameter Bored Piles, ELS and Pile Cap Works	March 2015	December 2015
Sai Kung ELS Project	Lot No. 1950 in DD221, Wai Man Road, Sai Kung, New Territories	Construction of ELS and Raft Foundation Works	February 2015	February 2016
Kai Tak Project	NKIL 6526, Kai Tak Area 1I Site 2, Kai Tak, Kowloon	Construction of Driven H Piles, ELS and Pile Cap Works	March 2015	January 2016
Wan On Street Project	Nos. 18–24 Wan On Street, Nos. 1–27 Wan Shun Street, Nos. 1–23 Wan King Street, Nos. 2–26 Wan Fuk Street, Hung Hom, Kowloon.	Construction of Large Diameter Bored Piles, Socketed H-Piles and Steel Sheet Piles	March 2015	December 2015
Tseung Kwan O TL 95 Project	Tseung Kwan O, Town Lot No. 95, Hong Kong	Construction of ELS and Pile Cap Works	March 2015	January 2016

Foundation Projects in Progress

As at 31 March 2015, the Group had 17 foundation projects in progress, amounting to an aggregated contract value of approximately HK\$1,295.61 million. The management considered that all of the projects in progress were on schedule and none of which would cause the Group to indemnify to the third parties and increase the contingent liabilities. The details of foundation projects in progress as at 31 March 2015 were as follows:

Name of Project in Progress	Location	Main Category of Works	Commencement Date	Completion Date
Harbour Area (South HK) Project	Sandy Bay, Cyberport, Wah Fu, Aberdeen and Ap Lei Chau	Construction of Pre-bored H Piles	April 2013	April 2015
Wanchai Road Project	No.101-111 Wanchai Road, Wan Chai	Excavation and Pile Cap Works	December 2013	May 2015
Tsing Wun Road Project	Tsing Wun Road, Tuen Mun; Po Kong Village Road and Fung Tak Road, Wong Tai Sin; Lai Chi Kok Road, Lai Chi Kok; Chak On Road, Shek Kip Mei; Harbour Road, Wan Chai	Construction of Mini-piles	September 2013	September 2015
Tsing Yi Project	Chung Mei Road, Tsing Yi, N.T.	Excavation and Lateral Support and Underground Drainage Works	January 2014	January 2016
Tseung Kwan O project	Town Lot No.117, Tseung Kwan O, Kowloon	Excavation and Lateral Support and Underground Drainage Works	March 2014	January 2016
Oil Street Project	Oil Street, North Point, I.L. No. 8920 Hong Kong	Earthwork (ELS, Pile Caps, Tie Beams and Steel Working Platform) and Associated Works	October 2014	July 2015
Des Voeux Road West Project	307-329 Des Voeux Road West	Construction of Large Diameter Bored Piles, ELS and Pile Cap Works	July 2014	July 2015
Wan Chai APA Project	Hong Kong Academy for Performing Arts, 1 Gloucester Road, Wanchai, Hong Kong	Construction of Socketed H-Piles, Earthworks and Underground Drainage	October 2014	April 2017
Hin Keng Station Project	Shatin to Central Link Contract 1102 – Hin Keng Station	Minipile for Temporary Viaduct Platform and Pumping Test System at At-Grade Box	December 2014	May 2015
Sai Yuen Lane Project	I.L.3915 R.P. at No.s 1-17 Sai Yuen Lane, Hong Kong	Construction of Large Diameter Bored Piles, ELS and Pile Cap Works	December 2014	March 2016
Tuen Mun Town Project	TMTL No. 509, Area 2, Tuen Mun, N.T.	Construction of Large Diameter Bored Piles	January 2015	May 2015
Tsing Yi 9 Project	Tsing Yi Lot No. 181 on Tsing Yi Hong Wan Road	Construction of Large Diameter Bored Piles	January 2015	May 2015

MANAGEMENT DISCUSSION AND ANALYSIS

Name of Project in Progress	Location	Main Category of Works	Commencement Date	Completion Date
Wong To Yick Project	J/O Fuk Hi Street & Fuk Shun Street, Y.L.T.L.313s.A R.P. & Extension Thereto, Yuen Long Industrial Estate, Yuen Long	Construction of Large Diameter Bored Piles, ELS and Pile Cap Works	March 2015	December 2015
Sai Kung ELS Project	Lot No. 1950 in DD221, Wai Man Road, Sai Kung, New Territories	Construction of ELS and Raft Foundation Works	February 2015	February 2016
Kai Tak Project	NKIL 6526, Kai Tak Area 1I Site 2, Kai Tak, Kowloon	Construction of Driven H Piles, ELS and Pile Cap Works	March 2015	January 2016
Wan On Street Project	Nos. 18-24 Wan On Street, Nos. 1-27 Wan Shun Street, Nos. 1-23 Wan King Street, Nos. 2-26 Wan Fuk Street, Hung Hom, Kowloon	Construction of Large Diameter Bored Piles, Socketed H-Piles and Steel Sheet Piles	March 2015	December 2015
Tseung Kwan O TL 95 Project	Tseung Kwan O, Town Lot No. 95, Hong Kong	Construction of ELS and Pile Cap Works	March 2015	January 2016

Completed Foundation Projects

During the Year, the Group has completed 9 foundation projects and a total of approximately HK\$309.75 million were recorded. The details of completed foundation projects during the Year were as follows:

Name of Completed Project	Location	Main Category of Works	Commencement Date	Completion Date
Harbour Area (North HK) Project	North Point, Wan Chai East and Central	Construction of pre-bored H Piles	December 2011	December 2014
Yuen Long Project	On Ning Road, Tai Kiu Road and Yuen Long On Lok Road Yuen Long, N.T.	Site Formation, Evacuation and Lateral support and Pile Cap Works	February 2014	November 2014
Shek Mun Project	On Kwan Street, Shek Mun, Sha Tin, N.T., STTL463	Curtain Grout & Pumping Test Works	April 2014	August 2014
Kwai Chung Project	D.D.445 Lot 693 Sec. B R.P. 16-18 Yip Shing Street, Kwai Chung	Construction of Large Diameter Bored Piles	May 2014	October 2014
Tseung Kwan O 95 Project	Tseung Kwan O, Town Lot No. 95, Hong Kong	Construction of Large Diameter Bored Piles, ELS and Pile Cap Works	June 2014	March 2015
Sai Kung Project	Lot No.1950 in DD221, Wai Man Road, Sai Kung, N.T.	Construction of Socketed H-Piles and Pipe Piles	July 2014	February 2015
Tsuen Wan Project	TW6, TWTL402 Tsuen Wan	Grout Curtain & Dewatering Well Works	September 2014	December 2014
Zhuhai-Macao Bridge Project	Hong Kong-Zhuhai-Macao Bridge	Construction of Large Diameter Bored Piles	September 2014	February 2015
Kap Pin Long Project	Po Lo Che Road, Kap Pin Long, Sai Kung, N.T.	Construction of Socketed H-Piles and Solider Piles	July 2013	August 2014



MANAGEMENT DISCUSSION AND ANALYSIS

General Building Projects

The Group acts as main contractor in some building projects, and may also be retained as sub-contractors in projects of alterations and additions, renovation, and fitting-out for existing buildings.

During the Year, the Group utilised most of its resources in its foundation projects. Performance of other segments of the Group had been affected. Despite of the limited resources allocated to general building works, general building projects kept on providing positive and steady returns as well as profit to the Group during the Year.

For the Year, revenue of general building projects amounted to approximately HK\$91.23 million, representing a significant decrease of approximately 71.12% as compared with approximately HK\$315.93 million for the year ended 31 March 2014. This revenue accounted for approximately 11.68% of the Group's overall revenue. During the Year, there was no new general building contract awarded as the Group has been frequently invited to submit tender documents for a number of foundation projects, leading the Group to re-allocate and utilise most of its resources in its foundation business. As such, the management aimed at completing all the general building projects in progress, which leads to a significant decrease in revenue of general building projects during the Year.

Gross profit of general building projects for the Year was approximately HK\$29.91 million, representing a decrease of approximately 50.09% as compared with approximately HK\$59.94 million in 2014.

The overall profit margin of general building projects increased to approximately 32.79% for the Year from approximately 18.97% as compared with the year ended 31 March 2014. Such increase was attributable to the higher profit margin of the MacDonnell Road Project and Un Chau Street Project during the Year.

Looking forward, the Group will maintain or even increase the number of general building projects. At the same time, the management will also keep on leveraging opportunities created by the existing foundation and civil engineering projects and its high appreciation awarded and good reputation earned in those completed projects and the industry, with a view to secure and obtain more projects on general building work for the financial year ending 31 March 2016.

New General Building Project Awarded

During the Year, there was no new general building contract awarded as the Group utilised most of its resources in its foundation projects.

General Building Project in Progress

As at 31 March 2015, the Group had only 1 general building project in progress, amounting to an aggregated contract value of approximately HK\$75.69 million. The management considered that the project in progress was on schedule and would not cause the Group to indemnify to the third parties and increase the contingent liabilities. The details of general building project in progress as at 31 March 2015 were as follows:

Name of Project in Progress	Location	Main Category of Works	Commencement Date	Completion Date
MacDonnell Road Project	No.3 MacDonnell Road, Mid-levels	Construction of Soldier Pile, ELS, Pile Cap, Basement Works	June 2013	January 2016

Completed General Building Project

During the Year, the Group has completed 1 general building project and a total of approximately HK\$425.15 million were recorded. The details of completed general building project during the Year were as follows:

Name of Completed Project	Location	Main Category of Works	Commencement Date	Completion Date
Un Chau Street Building Project	386-408 Un Chau Street, Sham Shui Po, Kowloon	Construction of a 30 Storey Residential Building	November 2012	September 2014

Civil Engineering Projects

Civil engineering works of the Group include site formation (including associated infrastructure works), roads and drainage works and landslip preventive and remedial works to slopes and retaining walls.

During the Year, revenue of civil engineering projects amounted to approximately HK\$97.97 million, representing an increase of approximately 50.37% as compared with approximately HK\$65.15 million for the year ended 31 March 2014. This revenue contributed approximately 12.55% of the Group's overall revenue.

Gross profit of civil engineering projects for the Year was approximately HK\$10.67 million, representing a growth of approximately 330.50% as compared with approximately HK\$2.48 million for the year ended 31 March 2014. The overall profit margin of civil engineering projects increased to approximately 10.89% for the Year from approximately 3.80% as compared with the year ended 31 March 2014. The increase in its gross profit and profit margin was mainly attributable to the increase in the overall contract value of civil engineering works during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

New Civil Engineering Projects Awarded

During the Year, the Group has secured 3 new civil engineering contracts with an aggregated contract value of approximately HK\$216.06 million. Details of new projects awarded during the Year were as follows:

Name of New Project	Location	Main Category of Works	Commencement Date	Completion Date
Kau To Project	Shatin Lot S.T.T.L.563, Area 56A, Kau To, N.T.	Site Formation and Construction of Pipe Piles and Pad Footings	August 2014	June 2015
Pak Shek Kok 214 Project	Tai Po Town Lot No. 214, Fo Yin Road, Pak Shek Kok, Tai Po, New Territories	Removal and Disposal of Existing Filled Materials	January 2015	April 2015
Kau To 579 Project	Shatin Lot S.T.T.L. 563, Area 56A, Kau To, N.T.	Site Formation and Construction of Pipe Piles (323ø and 610ø) and Pad Footings	March 2015	March 2016

Civil Engineering Projects in Progress

As at 31 March 2015, the Group had 3 civil engineering projects in progress, amounting to an aggregated contract value of approximately HK\$216.06 million. The management considered that all of the projects in progress were on schedule and none of which would cause the Group to indemnify to the third parties and increase the contingent liabilities. The details of civil engineering projects in progress as at 31 March 2015 were as follows:

Name of Project in Progress	Location	Main Category of Works	Commencement Date	Completion Date
Kau To Project	Shatin Lot S.T.T.L.563, Area 56A, Kau To, N.T.	Site Formation and Construction of Pipe Piles and Pad Footings	August 2014	June 2015
Pak Shek Kok 214 Project	Tai Po Town Lot No. 214, Fo Yin Road, Pak Shek Kok, Tai Po, New Territories	Removal and Disposal of Existing Filled Materials	January 2015	April 2015
Kau To 579 Project	Shatin Lot S.T.T.L. 563, Area 56A, Kau To, N.T.	Site Formation and Construction of Pipe Piles (323ø and 610ø) and Pad Footings	March 2015	March 2016

Completed Civil Engineering Projects

During the Year, the Group has completed 2 civil engineering projects and a total of approximately HK\$200.06 million were recorded. The details of completed civil engineering projects during the Year were as follows:

Name of Completed Project	Location	Main Category of Works	Commencement Date	Completion Date
Central Slopes Project	Central and Western District, Hong Kong	LPM	December 2011	March 2015
Wong Tai Sin Project	Tsz Wan Shan, Wong Tai Sin, Kowloon	LPM	February 2012	October 2014

Financial Review

Results

Revenue of the Group for the Year was approximately HK\$780.85 million, representing an increase of approximately 68.64% from approximately HK\$463.02 million for the year ended 31 March 2014. Gross profit increased by approximately 33.08% from approximately HK\$85.17 million for the year ended 31 March 2014 to approximately HK\$113.34 million for the Year. Total comprehensive income attributable to owners of the Company increased by approximately 5.43% to approximately HK\$53.35 million for the Year from approximately HK\$50.60 million for the corresponding period last year. The overall gross profit margin of the Group decreased from approximately 18.39% for the corresponding period last year to approximately 14.52% for the Year.

Basic earnings per share for the Year, calculated based on the profit attributable to owners of the Company of approximately HK\$53.35 million and the weighted average of 353,150,685 shares (2014: 300,000,000 shares) in issue during the Year, was approximately HK\$15 cents (2014: approximately HK\$17 cents), representing a decrease of approximately 11.76%. Such decrease was primarily due to the allotment of 100,000,000 shares of the Company pursuant to the share offer during the Year.

Other Income and Net Gains

Other income and net gains of the Group decreased from a net gain of approximately HK\$11.15 million for the year ended 31 March 2014 to a net gain of approximately HK\$6.30 million for the Year, mainly due to a decrease in machinery rental income for an amount of approximately HK\$6.00 million during the Year.

Administrative Expenses

Administrative expenses of the Group increased by approximately 60.49% from approximately HK\$9.21 million for the year ended 31 March 2014 to approximately HK\$14.78 million for the Year, representing approximately 1.99% and 1.89% of the Group's revenue for the year ended 31 March 2014 and for the Year, respectively. The increase in administrative expenses was primarily due to the increases in both the directors' emoluments and staff costs for an aggregate amount of approximately HK\$5.21 million during the Year.

Other Operating Expenses

Other operating expenses of the Group increased by approximately 34.94% from approximately HK\$25.84 million for the year ended 31 March 2014 to approximately HK\$34.87 million for the Year. Such increase was primarily due to an one-off non-recurring listing expenses of approximately HK\$11.74 million incurred during the Year.

Finance Costs

Finance costs of the Group increased by approximately 284.76% from approximately HK\$0.35 million for the year ended 31 March 2014 to approximately HK\$1.33 million for the Year, primarily due to an increase in interest expenses of approximately HK\$0.95 million relating to finance leases of equipment incurred during the Year.

Interest rates of finance leases ranged from 1.18% to 3.95% for the Year, as compared with 3.00% to 3.25% for the year ended 31 March 2014.

Taxation

Tax charge of the Group increased by approximately 48.19% from approximately HK\$10.33 million for the year ended 31 March 2014 to approximately HK\$15.30 million for the Year, primarily due to the increase in provision of deferred income tax of the Group for the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Financial Resources

The Group maintained a strong and sound financial position during the Year. As at 31 March 2015, the Group had bank balances and cash of approximately HK\$57.09 million, out of which approximately HK\$15.43 million were pledged bank deposits (31 March 2014: approximately HK\$38.16 million, out of which approximately HK\$3.06 million were pledged bank deposits).

The total interest-bearing loans of the Group as at 31 March 2015 was approximately HK\$118.64 million (31 March 2014: approximately HK\$15.33 million), and current ratio for the Year was approximately 1.37 (31 March 2014: approximately 1.58).

Interest rates of interest-bearing loans ranged from 1.18% to 3.95% for the Year, as compared with 3.00% to 3.25% for the year ended 31 March 2014.

The Group's borrowings and bank balances are principally denominated in HK\$ and there is no significant exposure to foreign exchange rate fluctuations.

Gearing Ratio

The gearing ratio of the Group as at 31 March 2015 was approximately 76.14% (31 March 2014: approximately 31.05%). The increase in gearing ratio was mainly attributable to the increase in the finance leases balances, as the Group financed its acquisition of the plant and machinery by finance leases during the Year.

The gearing ratio is calculated as the payables incurred not in the ordinary course of business (excluding loan from a director) divided by total equity as at the respective years.

Pledge of Assets

As at 31 March 2015, the Group pledged its bank deposits with value of approximately HK\$15.43 million (31 March 2014: approximately HK\$3.06 million) as collateral to secure banking facilities granted to the Group. Save for the above, the Group did not have any charges on its assets (31 March 2014: Nil).

Foreign Exchange Exposure

All of the revenue-generating operations and borrowings of the Group were transacted in HK\$ which is the presentation currency of the Group. For the Year, there is no significant exposure to foreign exchange rate fluctuations and the Group has not maintained any hedging policy against the foreign currency risk. The management will consider hedging significant currency exposure should the need arise.

Capital Structure

The Shares of the Company were listed on the Stock Exchange on 19 September 2014. There has been no change in capital structure of the Company since 19 September 2014. The capital of the Company comprises ordinary shares and capital reserves. The Group finances its working capital requirements through a combination of funds generated from operations and borrowings.

Capital Commitments

As at 31 March 2015, the Group did not have any capital commitments (31 March 2014: Nil).

Human Resources Management

As at 31 March 2015, the Group had 155 (31 March 2014: 61) employees, including Directors. Total staff costs (including Directors' emoluments) were approximately HK\$13.21 million for the Year as compared to approximately HK\$8.01 million for the year ended 31 March 2014. Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

On top of basic salaries, bonuses may be paid by reference to the Group's performance as well as individual's performance. Other staff benefits include provision of retirement benefit, injury insurance and share options.

Significant Investments Held

Except for investment in subsidiaries, during the Year, the Group did not hold any significant investment in equity interest in any other company.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

For the Year, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Contingent Liabilities

As at 31 March 2015, the Group had an outstanding performance bond for construction contracts amounted to approximately HK\$23.88 million (31 March 2014: approximately HK\$22.30 million).

Particulars of the contingent liabilities of the Group are set out in note 27 to the consolidated financial statements.

Outlook

During the Year, despite the Government's plan to invest in infrastructure construction projects, there were still a relatively low volume of Government projects available for tendering, which affected the new projects awarded from the public sector. Fortunately, the construction industry in Hong Kong is expected to remain healthy and strong in the coming years, as a result of the Government's implementing its major infrastructure projects, the effort to construct more public and private housing, and the railway development projects. The Group expects that the construction industry will have a great prospect ahead and we, as one of the industry players, are certainly going to benefit from it. With the increasing number and aggregate contract value of foundation projects on hand and the reduction of machinery leasing expenses resulting from our acquisition of foundation machinery for the newly awarded projects, our foundation business is expected to make satisfactory financial contribution to the Group in the coming financial year. Overall, the Group is very optimistic in the coming year, given the progress it has made in consolidating and strengthening its reputation and the increase in number as well as aggregate contract value of foundation projects.

The management believes that the Group has several business strengths and comparative advantages that enable us to continue our growth. Such strengths and competitive advantages include our focus on the three principal businesses, namely foundation, civil engineering and general building works, which allow us to leverage those opportunities from our existing projects to obtain more business opportunities. The listing status has also elevated the Group in all business aspects, especially enhancing our tender submission opportunities. Our time management and work quality on completion of projects also regularly received appreciation from our clients, which strengthen our reputation on the one hand, and increase business referrals from our existing clients on the other. Those strengths and comparative advantages will inevitably contribute to the revenue of the Group in the coming years.

At the same time, the Group will work to maintain or even increase the number of general building projects. The management will keep on leveraging opportunities created by existing foundation and civil engineering projects and its high appreciation awarded and good reputation earned in those projects and the industry, with a view to secure and obtain more projects on general building works in the year of 2016.

The Group also commits to play an active role in seeking business opportunities from the public and private sectors in Hong Kong and aims to build a trusted brand of quality and reliability and become the preferred contractor of our customers.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Chu Shu Cheong, aged 54, is the founder and Chairman of our Group and re-designated as an executive Director on 22 May 2014. He is also a member of our nomination committee.

Mr. Chu possesses over 17 years of management experience in foundation works, civil engineering works and general building works of various nature. Mr. Chu is primarily responsible for the formulation of development strategies, overseeing business development and daily operation of our Group.

Besides his business establishment, Mr. Chu was also appointed as the honorary chairman of the China Star Light Charity Fund Association in 2000, a member of the Guangdong Province Committee of the Chinese People's Political Consultative Conference ("CPPCC")* (中國人民政治協商會議廣東省從化市委員會) in October 2011 and a member of the Guangzhou Committee of the CPPCC* (中國人民政治協商會議廣州市委員會) in December 2011.

Mr. Kwan Man Hay, aged 60, is the Chief Executive of our Group and was appointed as our executive Director on 22 May 2014. He is also a member of our remuneration committee. Mr. Kwan is responsible for the strategic planning, overseeing tendering and execution of our Group's foundation, civil engineering and general building projects. Mr. Kwan is also responsible for overseeing our Group's administrative functions.

Mr. Kwan has over 30 years of experience in the engineering and construction industry. He is a member of the following professional bodies: Hong Kong Institution of Engineers (HKIE), the Chartered Institute of Building (CIOB), the Chartered Institute of Arbitrators (CIArb). He is also a Registered Professional Engineer (RPE) recognised by the Engineers Registration Board. Mr. Kwan is the holder of Higher Diploma in Building Technology and Management and Associate Diploma in Building Technology and Management awarded by the then Hong Kong Polytechnic in November 1978 and November 1982 respectively.

In October 1997, Mr. Kwan was a director of New Concepts Foundation Limited ("NC Foundation") and was then responsible for overseeing the tendering and execution of the Group's foundation works, civil engineering and general building projects. Mr. Kwan joined Lanon Development Limited as a director and left our Group in April 2005. In April 2010, Mr. Kwan re-joined the Group as a senior management and was appointed as director of both New Concepts Engineering Development Limited ("NC Engineering") and NC Foundation in 2012. Since then, Mr. Kwan has been responsible for strategic planning, and overseeing of tendering and execution of the Group's foundation works, civil engineering and building projects. Mr. Kwan is also responsible for overseeing the Group's administrative functions.

Mr. So Kin Shing, aged 73, was appointed as our executive Director on 22 May 2014. Mr. So is in charge of technical and resources support of execution of building, foundation and site formation works and is also responsible for ensuring projects carried out by our Group complies with Buildings Ordinance and related regulations.

Mr. So has over 40 years of experience in the engineering and construction industry. Besides his studies at the Hong Kong Technical College in 1960 to 1963, Mr. So also studied at the Department of Civil and Structural Engineering at University College, Cardiff, United Kingdom and obtained a Master of Science degree in July 1987. Mr. So is a Chartered Engineer of The Council of Engineering Institutions since December 1970. He is currently an Authorised Person and Registered Structural Engineer under the Buildings Ordinance.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. So joined our Group in 2000 and 2001 as a director of New Concepts Foundation Limited (“NC Foundation”) and New Concepts Engineering Development Limited (“NC Engineering”) respectively. He acts as Technical Director under the Buildings Ordinance for NC Foundation during the period from May 2001 to January 2006 and from September 2010 to the date of this report.

Prior to joining our Group, Mr. So had worked for certain positions in the Building Department from March 1973 to January 1997 as a structural engineer, senior structural engineer, chief structural engineer and head of site monitoring section. Mr. So also works as a director for various commercial companies for more than 17 years.

Ms. Lai Mun Yee, aged 50, was appointed as our executive Director on 22 May 2014. She is responsible for overseeing the administration, accounting and taxation functions in our Group.

Ms. Lai joined our Group in October 1999 and is the accountant of our Group. Ms. Lai is a diploma holder in accounting for executives awarded by The Chinese University of Hong Kong jointly organised by the Faculty of Business Administration and The Asia Pacific Institute of Business in October 2001. Ms. Lai has over 24 years of accounting experience. Prior to joining our Group, Ms. Lai worked as an accountant and administration and accounts manager for different companies for more than 10 years.

Non-Executive Director

Dr. Huen Wai Kei, aged 56, was appointed as an independent non-executive director on 26 August 2014 and re-designated as a non-executive director of the Company on 1 November 2014.

Dr. Huen was awarded a Doctor of Solid Mechanics degree from Jilin University, the People’s Republic of China in June 2010, a Doctor of Applied Economics degree from the School of Economics and Management at Tsinghua University, the PRC in July 2008 and a Master of Chinese Degree from the University of Macau in June 1999. Dr. Huen was admitted an associate of The Association of Cost and Executive Accountants in London in April 1994 and was registered as an auditor in the Committee for the Registry of Auditors and Accountants in Macau in June 2000. He was appointed a consultant for the National Zhanjiang Economic and Technological Development Zone (國家級湛江經濟技術開發區) in July 2008. In 1991, Dr. Huen joined the treasury department of Sociedade de Turismo e Diversões de Macau, S.A. the ultimate holding company of SJM Holdings Limited, a company listed on the Main Board (stock code: 880) which is authorised to operate casinos in Macau. He was subsequently transferred to Sociedade de Jogos de Macau, S.A. in 2002, a subsidiary of SJM Holdings Limited, and is currently serving as senior treasurer.

Independent Non-Executive Directors

Mr. Lo Chun Chiu, Adrian, aged 59, was appointed as an independent non-executive director on 26 August 2014. He is the chairman of our nomination committee and a member of our audit committee and remuneration committee.

Mr. Lo was awarded a Bachelor of Laws degree by the University of London in August 1988. He is a member of the Law Society of Hong Kong and has been a practicing solicitor in Hong Kong since November 1991 in general legal practice. From December 1993 to the date of this report, Mr. Lo has been a partner of Joseph C.T. Lee & Co., Solicitors, and engaged in various fields of legal practice involving commercial and conveyancing litigation, acquisition and sale of business and/or companies, company liquidation, charity foundation works, formation of religious organisations, family law, immigration law and employment law.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Dr. Tong Ka Lok, aged 52, was appointed as an independent non-executive director on 26 August 2014. He is the chairman of our audit committee and a member of our nomination committee and remuneration committee.

Dr. Tong was awarded a Doctor of Public Health degree (epidemiology and biostatistics) from the Macau University of Science and Technology in August 2013. Dr. Tong is a founder and partner of Baker Tilly (Macao) which was established in October 2000. He is an auditor registered at the Committee for the Registry of Auditors and Accountants in Macau in January 2006. Besides his business establishment, Dr. Tong was appointed as a member of the Nanjing Committee of CPPCC* (中國人民政治協商會議南京市委員會) in 2012 and a University Council Member of the Macau University of Science and Technology in September 2013. Up to the date of this report, Dr. Tong has over 13 years of accountancy experience.

Mr. Choy Wai Shek, Raymond, MH, JP, aged 66, was appointed as an independent non-executive director on 26 August 2014. He is the chairman of our remuneration committee and a member of our nomination committee and audit committee.

Mr. Choy joined our Group in January 2013 as a director of New Concepts Foundation Limited ("NC Foundation"). Mr. Choy has been carrying out an independent non-executive role in NC Foundation, mainly responsible for advising on corporate governance of NC Foundation. Mr. Choy also acts as an independent non-executive director of Far East Hotels and Entertainment Limited, a company listed on the Main Board (stock code: 37).

Mr. Choy holds a Diploma in Chinese Law awarded from the University of East Asia (now known as the University of Macau) in October 1987 and a Diploma in Political Science from the International Affairs College, Hong Kong in July 1988.

He was the Chairman of the Sham Shui Po District Board from April 1991 to September 1994, a Hong Kong affairs adviser appointed by the Hong Kong and Macao Affairs Office of the State Council and the Xinhua News Agency from 1994 to 1997, the vice-chairman of the Occupational Safety and Health Council of the Labour and Welfare Bureau from 2004 to 2010, a member of the Energy Advisory Committee of the Environment Bureau from 2006 to 2012 and a member of the Consumer Council of the Commerce and Economic Development Bureau from 2005 to 2011.

He became a member of the Guangzhou Committee of the CPPCC* (中國人民政治協商會議廣州市委員會) in 2003. He was also appointed as a vice president of GMC Hong Kong Member Association in February 2012 and as a director of the Chinese General Chamber of Commerce in November 2012.

Senior Management

Mr. Cheng Yui Hung, aged 57, is the general manager of our Group. He joined our Group in March 2013 and has since then been responsible for the management of all operations of building and civil engineering projects with various clients of our Group.

Mr. Cheng graduated with a Master of Science Degree in construction engineering from The University of Leeds, United Kingdom in December 1986, a Bachelor of Science Degree in Civil Engineering from Middlesex Polytechnic, United Kingdom in July 1985 and obtained a diploma in Structural Engineering from the Hong Kong Polytechnic, in November 1979. Mr. Cheng was admitted as a Member of the Chartered Institute of Building (CIOB) in February 1989, Registered Assessor of Quality Training Certificate at P-E Batalas in November 1994 and a Member of the Institution of Civil Engineers (ICE) in February 1998. Mr. Cheng has over 20 years of experience in construction industry.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Sung Kar Chow, aged 54, is the general manager of our Group. He joined our Group in June 2013 and since then was responsible for the management of all foundation projects, including deployment of our Group's plants and equipment. Mr. Sung has over 20 years of experience in the construction industry.

Mr. Leung Kin Keung, Joe, aged 45, is the contract manager of our Group. He joined our Group in June 1999 and since then was responsible for the management of the tendering of all the projects of our Group. Mr. Leung obtained a Higher Certificate in Building Studies from Hong Kong Technical Colleges in July 1996 and a Certificate in Building Studies from Morrison Hill Technical Institute in August 1994. Mr. Leung has over 20 years of experience in the construction industry.

Mr. Chow Chi Keung, aged 41, was appointed as our company secretary and financial controller on 10 February 2014. Mr. Chow was awarded an honour diploma in accounting from Hong Kong Shue Yan College in June 1998. Mr. Chow is a member of Hong Kong Institute of Certified Public Accountants in March 2003. He possesses over 14 years of experience in accounting and auditing fields and has extensive knowledge in company secretarial and corporate governance fields.

DIRECTORS' REPORT

The Board has pleasure in presenting its first annual report together with the audited consolidated financial statements of the Group for the Year (the "Financial Statements") since the Listing on 19 September 2014 (the "Listing Date").

Principal Activities

The principal activities of the Company are investment holding and those of the principal subsidiaries of the Company are set out in note 29 to the Consolidated Financial Statements.

Company Reorganisation and Listing of Shares

The Company was incorporated in the Cayman Islands with limited liability on 3 April 2014 as an exempted company. In preparing for the listing of the Company's shares on the Stock Exchange, the Company became the holding company of the subsidiaries comprising the Group in 2014 and underwent the corporate reorganisation.

Details of the corporate reorganisation are set out in the paragraph headed "A. Further information about our Company and our Group — 4. Corporate reorganisation" in Appendix IV to prospectus of the Company dated 4 September 2014 (the "Prospectus").

The Company's shares were successfully listed on the Stock Exchange on the Listing Date.

Use of Proceeds

The net proceeds of the share offer received by the Company were approximately HK\$62.63 million, after deduction of the underwriting fees and commission and expenses. These proceeds are intended to be applied in accordance with the proposed application set out in the paragraph headed "Future Plans and Use of Proceeds — Use of proceeds" in the Prospectus. During the Year, the Directors were not aware of any material change to the planned use of proceeds. Any net proceeds that were not applied immediately have been placed on the short-term interest bearing deposits with authorised financial institutions in Hong Kong during the Year.

During the period from the Listing Date to 31 March 2015 (the "Review Period"), the net proceeds from the Listing had been applied as follows:

	Net Proceeds (approximately HK\$' million)	Used Amount (approximately HK\$' million) (as at 31 March 2015)	Unused Amount (approximately HK\$' million) (as at 31 March 2015)
Acquisition of plant and machinery	51.36	51.36	—
Hiring of additional staff	6.26	6.26	—
General working capital	5.01	5.01	—
Total	62.63	62.63	—

Results and Appropriations

The results of the Group for the Year are set out in the Financial Statements on pages 51 to 97.

The Board does not recommend a payment of a final dividend to the shareholders for the year ended 31 March 2015 (2014: Nil).

Five Years Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 98. This summary does not form part of the Consolidated Financial Statements.

Share Capital

Details of movements in share capital of the Company during the Year are set out in note 19 to the Consolidated Financial Statements.

Reserves

Details of movements in reserves of the Group during the Year are set out in the consolidated statement of changes in equity.

Distributable Reserves

As at 31 March 2015, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK\$40.35 million (2014: Nil).

Major Customers and Suppliers

Sales to the Group's five largest customers accounted for approximately 67.20% of the total sales for the Year and sales to the largest customer included therein amounted to approximately 20.99%. Purchases from the Group's five largest suppliers accounted for approximately 37.48% of the total purchases for the Year and purchases from the largest supplier included therein amounted to approximately 13.03%.

To the best knowledge of the directors, neither the directors, their associates, nor any shareholders, who owned more than 5% of the Company's issued voting shares, had any beneficial interest in any of the Group's five largest customers or suppliers during the Year.

Charitable Donations

Charitable and other donations made by the Group during the Year amounted to HK\$1 million.

Property, Plant and Equipment

Details of movements in property, plant and equipment during the Year are set out in note 14 to the Consolidated Financial Statements.

Interest-Bearing Loans

Particulars of interest-bearing loans of the Group as at the end of the reporting period are set out in notes 21 and 23 to the Consolidated Financial Statements. As at 31 March 2015, the Group pledged its bank deposits with value of approximately HK\$15.43 million (31 March 2014 : approximately HK\$3.06 million) to secure banking facilities granted to the Group. Save for the above, the Group did not have any charges on its assets (31 March 2014: Nil).

DIRECTORS' REPORT

Directors' Emoluments and Five Highest Paid Individuals

The Directors' emoluments are determined by the Board with reference to the duties, responsibilities and performance of the Directors and the results of the Group.

Details of the directors' emoluments and the five highest paid individuals are set out in note 9 to the Consolidated Financial Statements.

Emolument Policy

A remuneration committee was set up to develop the Group's emolument policy and structure for remuneration of the directors and senior management of the Group, having regard to the Group's operating results, individual performance of the directors and senior management and comparable market practices.

Interests of the Compliance Advisor

Neither Halcyon Capital Limited ("Halcyon"), the compliance advisor of the Company, nor its directors or employees or associates had any interests in any class of securities of the Company or any other company in the Group (including options or rights to subscribe for such securities) as at 31 March 2015. Pursuant to the agreement entered into between Halcyon and the Company, Halcyon received and will receive fees for acting as the compliance advisor of the Company.

Directors' Interests in Contracts

Save as disclosed in note 17 to the Consolidated Financial Statements, no contract of significance to which the Company or its holding company or any of its subsidiaries was a party and in which a Director had a material interest subsisted at the end of the Year or at any time during the Year.

Directors and Directors' Service Contracts

The Directors who held office during the Year and up to the date of this report are:

Executive Directors:

Mr. Chu Shu Cheong (*Chairman*)

(appointed as director on 3 April 2014 and re-designated as an executive director on 22 May 2014)

Mr. Kwan Man Hay* (*Chief Executive*)

Mr. So Kin Shing*

Ms. Lai Mun Yee*

* appointed on 22 May 2014

Non-executive Director:

Dr. Huen Wai Kei

(appointed as an independent non-executive director on 26 August 2014 and re-designated as a non-executive director on 1 November 2014)

Independent Non-executive Directors:

Mr. Lo Chun Chiu, Adrian**

Dr. Tong Ka Lok**

Mr. Choy Wai Shek, Raymond, *MH, JP***

** appointed on 26 August 2014

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years from the Listing Date. The non-executive Director and each of the independent non-executive Directors has also entered into a letter of appointment with the Company for an initial term of two years from the Listing Date. The aforesaid service contracts and the letters of appointment may be terminated by not less than three months' notice in writing served by either party on the other. All Directors shall be subject to retirement by rotation and re-election at an annual general meeting at least once every three years.

In accordance with the Articles of Association of the Company, Directors who were appointed by the Board as an addition to the existing Board in 2014 shall retire from office at the annual general meeting (the "AGM"). Accordingly, all Directors shall retire, being eligible, and offer themselves for re-election at the forthcoming AGM of the Company.

Apart from the foregoing, no Director proposed for re-election at the AGM has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

Confirmation of Independence of Independent Non-executive Directors

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines during the Review Period.

Update on Directors' Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of directors' information of the Company are as follows:

Further to a supplemental agreement dated 1 January 2015 to the service contract entered into between Mr. So Kin Shing and the Company, the annual director's fee for Mr. So increased from HK\$540,000 (monthly salary of HK\$45,000) to HK\$720,000 (monthly salary of HK\$60,000) which is determined by reference to the prevailing market condition and his knowledgeable experience in the industry and contribution to the Company.

Further to a supplemental agreement dated 1 January 2015 to the service contract entered into between Ms. Lai Mun Yee and the Company, the annual director's fee for Ms. Lai increased from HK\$420,000 (monthly salary of HK\$35,000) to HK\$840,000 (monthly salary of HK\$70,000) which is determined by reference to the prevailing market condition and his knowledgeable experience in the industry and contribution to the Company.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Non-Compete Undertaking

At the time of the Listing, each of the controlling shareholders (as defined in the Listing Rules) of the Company gave a non-competition undertaking in favour of the Company. Each of them has provided a confirmation to the Company confirming that he and his associates have not breached the terms of the undertaking contained in the Non-competition Deed during the Review Period.

Pursuant to the Deed of Non-competition, each of the controlling shareholders undertakes and covenants with the Company that he/it shall not, and shall procure his/its associates (other than members of our Group) not to, directly or indirectly engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business in competition with or likely to be in competition with the existing business activity of any member of our Group.

The Board comprising all the independent non-executive Directors, based on the written confirmation provided by each of the controlling shareholders, is of the view that such controlling shareholders have been in compliance with the non-competition undertaking in favour of the Company during the Review Period.

Details of the Deed of Non-competition were disclosed in the Prospectus under the section headed "Relationship with Our Controlling Shareholders".

Biographical Details of Directors and Senior Management

The biographical details of the Directors and senior management of the Group are disclosed in the section headed "Biographical Details of the Directors and Senior Management on pages 20 to 23 of this annual report.

Continuing Connected Transactions

Financial assistance received by our Group from connected person

Between 2010 and 2011, our Group was awarded with a number of construction projects with substantial contract sums for which additional working capital was required by Works Branch Development Bureau ("WBDB"). To fulfill such capital requirement, under the relevant terms of the contracts entered into by our Group and WBDB, our Group elected to fulfill such capital requirement by way of director's loans (instead of bank financing). In such connection, three loans from Mr. Chu, a controlling shareholder and an executive Director of the Company, amounting to a total sum of HK\$18,310,000 were drawn. Such loans are unsecured, interest-free and with no fixed repayment terms. The repayment of such loans are subject to the consent of WBDB being obtained upon completion of the relevant construction projects. As at 31 March 2015, the total amount of such loans due to Mr. Chu by our Group was HK\$18,310,000.

Financial assistance provided by our Group to connected person

During the Review Period, our Group advanced loans to Mr. Chu, a controlling shareholder and an executive Director of the Company.

As at 31 March 2015, Mr. Chu had an amount outstanding payable to our Group in the sum of HK\$18,310,000; while the total amount of loan due by the Group to Mr. Chu was also HK\$18,310,000.

As mutually agreed between Mr. Chu and our Group, the outstanding balance payable by Mr. Chu to our Group would be offset against the loan granted by Mr. Chu which also amounted to HK\$18,310,000 as at 31 March 2015.

To effect the netting-off of the above mentioned balances, Mr. Chu and NC Engineering entered into a netting-off agreement on 20 June 2014. Pursuant to such agreement, upon the obtaining of consent from WBDB, the amount owing from Mr. Chu will be netted off against the loan from Mr. Chu. In addition, pursuant to the agreement, Mr. Chu has undertaken not to (and has undertaken to procure his close associates (other than our Group) not to) assign, draw or repay any loan from or to our Group. In view that Mr. Chu has undertaken not to draw any further loan from our Group, the annual cap for the financial assistance provided by our Group to Mr. Chu is HK\$18,310,000 for the year ended 31 March 2015.

A summary of the related party transactions entered into by the Group during the Year is contained in note 17 to the Consolidated Financial Statements. The transactions summarised in notes 17(a) and 17(b) to the Consolidated Financial Statements fall under the definition of “continuing connected transactions” under the Listing Rules.

On 25 June 2015, the Company has obtained WBDB’s consent, which released two deferred loan agreements made among the Company, Mr. Chu and the Government, to offset a total amount of HK\$10,610,000 payable by Mr. Chu against the loan balance of HK\$18,310,000 granted from Mr. Chu. For the remaining deferred loan of HK\$7,700,000, the Company is in the progress of applying to WBDB for release of such loan.

Confirmation of Independent Non-executive Directors

Pursuant to Rule 14A.55 of the Listing Rules, the audit committee comprising 3 independent non-executive Directors, under the authority delegated by the Board, reviewed the aforesaid continuing connected transactions.

The audit committee confirmed that:

The continuing connected transactions were entered into in the ordinary and usual course of business of the Group, and on normal commercial terms or better and which are no less favourable than those terms available from independent third parties, and the terms of the continuing connected transactions are fair and reasonable and in the interests of the Company and the shareholders as a whole.

During the Year, the amount of the continuing connected transactions remained at HK\$18,310,000, which did not exceed the annual cap for the Year.

Confirmation of Auditor of the Company

The Company’s auditor was engaged to report on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information”, and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under Listing Rules” issued by the HKICPA. The external auditor issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditors’ letter has been provided to the Stock Exchange in accordance with the requirements of the Listing Rules.

Share Option Scheme

Pursuant to the written resolutions passed by the sole shareholder of the Company on 26 August 2014, the Company has conditionally adopted the Share Option Scheme.

DIRECTORS' REPORT

Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group and to promote the success of the business of our Group.

Participants under the Share Option Scheme and basis of eligibility:

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or advisor of our Group, or any substantial shareholder of our Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of our Group, options to subscribe at a price calculated in accordance with paragraph (iii) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

Principal terms of the Share Option Scheme

Details of the principal terms of the Share Option Scheme are set out in paragraph headed "Share Option Scheme" in section headed "Statutory and General Information" in Appendix IV to the Prospectus. The principal terms of the Share Option Scheme are summarised as follows:

The Share Option Scheme was adopted for a period of 10 years commencing from 26 August 2014 and will remain in force until 25 August 2024 unless terminated earlier by the shareholders of the Company in general meeting. The Company may by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with the provisions of the Share Option Scheme.

The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of:

- (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day;
- (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and
- (iii) the nominal value of a share on the date of grant of the option.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK\$1.

The maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not in aggregate exceed 10% of all the Shares in issue as at the Listing Date. Therefore, the Company may grant options in respect of up to 40,000,000 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such 40,000,000 Shares from time to time) to the participants under the Share Option Scheme.

The 10% limit as mentioned above may be refreshed at any time by obtaining approval of the Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit.

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his associates abstaining from voting.

Any grant of an option to a Director, chief executive or substantial shareholder of our Company (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director) who is the grantee of the option).

Where any grant of options to a substantial shareholder or an independent non-executive Director (or any of their respective associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:

- (i) representing in aggregate over 0.1% of the Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options is required to be approved by shareholders at a general meeting of the Company, with voting to be taken by way of poll.

During the Review Period, no option has been granted by the Company to subscribe for shares of the Company.

Apart from the aforesaid Share Option Scheme, at no time during the Year and up to the date of this report the Company or any associated corporation was a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the shares in, or debentures of, the Company, or had exercised any such rights.

DIRECTORS' REPORT

Directors' and Chief Executives' Interests or Short Positions in Shares, Underlying Shares and Debentures

As at 31 March 2015, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such director or chief executive is taken or deemed to have under such provision of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register of members of the Company, or which were required, pursuant to standard of dealings by Directors as referred to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Interests in the Company

Name of directors	Interests in ordinary shares			Total interests in ordinary shares	Total interests in underlying shares	Aggregate interests	% of the Company's issued voting shares
	Personal interests	Family interests	Corporate interests				
Chu Shu Cheong	—	—	300,000,000 (Note)	300,000,000	—	300,000,000	75.00%
Kwan Man Hay	—	—	75,000,000 (Note)	75,000,000	—	75,000,000	18.75% (attributable interest)

Note:

The 300,000,000 shares are held by Prosper Power Group Ltd. Each of Mr. Chu and Mr. Kwan owns 75% and 25% of the issued voting shares of Prosper Power Group Ltd., respectively. Prosper Power Group Ltd. is the beneficial owner holding 75% shareholding interest in the Company and thus Mr. Chu will be deemed or taken to be interested in all the Shares which are to be beneficially owned by Prosper Power Group Ltd. for the purpose of the SFO. Mr. Chu and Mr. Kwan are directors of Prosper Power Group Ltd.

(ii) *Interests in the associated corporation*

Name of directors	Name of associated corporation	Capacity/Nature	No. of shares held	% of the issued voting shares of associate corporation
Chu Shu Cheong	Prosper Power Group Ltd.	Interest in controlled corporation	75	75.00%
Kwan Man Hay	Prosper Power Group Ltd.	Interest in corporation	25	25.00%

Save as disclosed above, as at 31 March 2015 none of the Directors and chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed 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 Listing Rules relating to the required standard of dealings by the directors to be notified to the Company and the Stock Exchange.

Substantial Shareholder's Interests and/or Short Position in Shares and Underlying Shares of the Company

So far as is known to the Directors, as at 31 March 2015, the following person (not being a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who is directly or indirectly interested in 5% or more of any class of issued shares carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long positions in the shares of the Company

Name of shareholders	Capacity	Number of shares held	Approximate percentage of shareholding in the Company
Prosper Power Group Ltd.	Beneficial owner	300,000,000 (Note)	75.00%

Note:

Prosper Power Group Ltd. is a company incorporated in the British Virgin Islands, which holds 75% shareholding interest in the Company. Prosper Power Group Ltd. is owned as to 75% and 25% by Mr. Chu and Mr. Kwan, respectively.

DIRECTORS' REPORT

Save as disclosed under the sections headed "Directors' and chief executives' interests or short positions in shares, underlying shares and debentures" and "Substantial shareholder's interests and/or short position in shares and underlying shares of the Company" above, as at 30 March 2015, no other person was individually and/or collectively entitled to exercise or control the exercise of 5% or more of the voting power at general meeting of the Company and was able, as a practical matter, to direct or influence the management of the Company.

Competition and Conflict of Interests

Saved and except of interests in the Group, none of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the Year.

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 Review Period.

Pre-Emptive Rights

There is no provision for the pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules since the Listing Date and up to the date of this annual report.

Corporate Governance Report

Details of the Group's corporate governance practices are listed in the Corporate Governance Report contained on pages 36 to 48 in this annual report.

Closure of the Register of Members

The register of members of the Company will be closed from 14 August 2015 to 18 August 2015 (both days inclusive), during which period no transfers of shares will be registered. To determine the entitlement to attend and vote at the AGM of the Company, all transfer document, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 13 August 2015.

Events After the Reporting Period

There is no significant event after the reporting period of the Group.

Auditor

The consolidated financial statements of the Company for the Year have been audited by Wellink CPA Limited ("Wellink"). Wellink was appointed as auditor of the Company on 18 May 2015 for the financial year ended 31 March 2015 upon the resignation of World Link CPA Limited, who has acted as auditor since the Listing Date.

Wellink will retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution to re-appoint Wellink, the retiring auditor, as auditor of the Company is to be proposed at the forthcoming AGM of the Company.

By order of the Board

New Concepts Holdings Limited

Chu Shu Cheong

Chairman and Executive Director

Hong Kong, 25 June 2015

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

The Board believes that good corporate governance is one of the areas leading to the success of the Company and balancing the interests of shareholders, customers and employees, and the Board is devoted to ongoing enhancement of the efficiency and effectiveness of such principles and practices.

The Company has adopted the compliance manual which sets out the minimum standard of good practices concerning the general management responsibilities of the Board with which the Company and the Directors shall comply and which contains, among other things, the code provisions as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

During the Review Period, the Board considers that the Company has complied with all the corporate governance codes (the "CG Code") as set out in Appendix 14 to the Listing Rules.

The Board of Directors

Composition and Responsibilities

Throughout the Review Period, the Board comprises eight directors ("Directors"). As at the date of this annual report, there are four executive Directors, one non-executive Director, and three independent non-executive Directors of the Company. The composition of the Board is as follows:

Executive Directors:

Mr. Chu Shu Cheong (*Chairman*)

(appointed as director on 3 April 2014 and re-designated as an executive director on 22 May 2014)

Mr. Kwan Man Hay* (*Chief Executive*)

Mr. So Kin Shing*

Ms. Lai Mun Yee*

* appointed on 22 May 2014

Non-executive Director:

Dr. Huen Wai Kei

(appointed as an independent non-executive director on 26 August 2014 and re-designated as a non-executive director on 1 November 2014)

Independent Non-executive Directors:

Mr. Lo Chun Chiu, Adrian**

Dr. Tong Ka Lok**

Mr. Choy Wai Shek, Raymond, *MH, JP***

** appointed on 26 August 2014

During the Review Period, Mr. Chu Shu Cheong was appointed as Chairman on 26 August 2014 and re-designated as executive Director of the Company on 22 May 2014; and Dr. Huen Wai Kei was re-designated as a non-executive Director from an independent non-executive Director on 1 November 2014. Save as above, there was no change in the composition of the Board during the Review Period.

The biographical details and responsibilities of the Directors as well as the senior management are set out in the section “Biographical Details of the Directors and Senior Management” on pages 20 to 23.

Save as disclosed in the section headed “Biographical Details of the Directors and Senior Management” to this annual report, the Directors have no other financial, business, family or other material/relevant relationships with each other.

The Board is accountable to shareholders for the Company’s performance and activities. While the Board is primarily overseeing and managing the Company’s affairs, the Chairman of the Board provides leadership to the Board in carrying out its duties. The executive Directors constituting chief executive and the senior management of the Company are delegated with responsibilities in the day-to-day management of the Company and make operational and business decisions within the control of and delegation framework of the Company. The independent non-executive Directors contribute valuable views and proposals for the Board’s deliberation and decisions.

The Company has throughout the Review Period met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one of them possessing appropriate professional qualifications, accounting or related financial management expertise. At all times during the Review Period, the independent non-executive Directors represent at least one-third of the Board.

Prior to their respective appointment, each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence and has undertaken to inform the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect their independence. The Company has also received a written confirmation from each of the independent non-executive Directors in respect of their independence for the Review Period. The Board considers that all independent non-executive Directors are being considered to be independent by reference to the factors stated in the Listing Rules during the Review Period.

The roles of the Chairman and the Chief Executive Officer of the Company are separated. Mr. Chu Shu Cheong is the Chairman of the Board. The primary role of the Chairman is to provide leadership for the Board and to ensure that it works effectively in discharging its responsibilities. Mr. Kwan Man Hay is the Chief Executive Officer of the Company. The Chief Executive Officer is responsible for the strategic planning, overseeing tendering and execution of our Group’s foundation, civil engineering and general building projects. Mr. Kwan is also responsible for overseeing our Group’s administrative and overall management functions.

Other matters reserved for the Board include consideration of dividend policy, approval of major investments, maintenance of an adequate system of internal controls and review of the corporate governance practices of the Group. Daily operations and administration are delegated to management teams.

Procedure for Seeking Independent Professional Advice by Directors

The Company has agreed to provide separate independent professional advice and sufficient resources to Directors and all Board Committees to assist them to discharge their duties. The Company will consider to develop a written procedure to enable Directors, and members of all Board Committees upon reasonable request, to seek and be provided with independent professional advice in appropriate circumstances, at the Company’s expense.

The Company has subscribed an insurance policy with an aim to indemnify its Directors from any losses, damages, liabilities and expenses arising from, including but not limited to, any proceedings brought against them during the performance of their duties pursuant to their respective services agreements entered into with the Company.

CORPORATE GOVERNANCE REPORT

Board Meetings

The Board is scheduled to meet regularly at least four times a year at approximately quarterly intervals, to discuss the overall strategy as well as the operational and financial performance of the Company. Other Board meetings will be held when necessary. Such Board meetings involve the active participation, either in person or through other electronic means of communication, of a majority of Directors. The Directors make every effort to contribute to the formulation of policy, decision-making and the development of the Group's business.

During the Review Period, a total of 2 Board meetings were held since the Company was listed on the Stock Exchange on 19 September 2014. For the year ending 31 March 2016 onwards, the Company commits to hold at least four board meetings a year.

Apart from the meetings of the Board, remuneration committee, nomination committee and audit committee, written approval from the Board and Board committees had also been obtained by written resolutions on a numbers of matters.

During the Review Period, the Chairman of the Company has held a meeting with independent non-executive directors without the presence of the executive directors.

Directors' Attendance at the Board/Board Committee Meetings

Below are details of all Directors' attendance at the board meeting, board committee meetings held during the Review Period:

	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting
	Number of Meetings Attended/Held			
<i>Executive Directors:</i>				
Mr. Chu Shu Cheong*	2/2	N/A	N/A	N/A
Mr. Kwan Man Hay**	2/2	N/A	N/A	1/1
Mr. So Kin Shing**	2/2	N/A	N/A	N/A
Ms. Lai Mun Yee**	2/2	N/A	N/A	N/A
<i>Non-executive Director:</i>				
Dr. Huen Wai Kei***	0/2	N/A	N/A	N/A
<i>Independent Non-executive Directors:</i>				
Mr. Lo Chun Chiu, Adrian****	2/2	1/1	N/A	1/1
Dr. Tong Ka Lok****	1/2	1/1	N/A	0/1
Mr. Choy Wai Shek, Raymond, MH, JP****	2/2	1/1	N/A	1/1

* appointed on 3 April 2014

** appointed on 22 May 2014

*** appointed as an independent non-executive director on 26 August 2014 and re-designated as a non-executive director on 1 November 2014

**** appointed on 26 August 2014

Appropriate notices are given to all Directors in advance for attending regular and other board or board committee meetings. Meeting agendas and other relevant information are provided to the Directors in advance of board or board committee meetings. All Directors are consulted to include additional matters in the agenda for such meetings.

Directors have access to the advice and services of the Company Secretary with a view to ensuring that board procedures, and all applicable rules and regulations, are followed.

Both draft and final versions of the minutes will be sent to all Directors for their comment and records. Minutes of board and board committee meetings are kept by the Company Secretary and such minutes are open for inspection at any reasonable time on reasonable prior notice by any Director.

All directors are also entitled to have access to board papers and related materials. These papers and related materials are in a form and quality sufficient to enable the board to make informed decisions on matters placed before it. Queries raised by directors shall receive a prompt and full response by the management.

Appointment, Re-election and Removal

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years from the Listing Date. The non-executive Director and each of the independent non-executive Directors has also entered into a letter of appointment with the Company for an initial term of two years from the Listing Date. The aforesaid service contracts and the letters of appointment may be terminated by not less than three month's notice in writing served by either party on the other.

In accordance with the articles of association of the Company, at each AGM one-third of the Directors for the time being shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement at an AGM at least once every three years. Such retiring Directors shall be eligible for re-election at the annual general meeting.

The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the shareholders of the Company in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Confirmation of Independence

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines during the Review Period.

Code of Conduct 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 (the "Model Code") as its own code of conduct for dealing in securities of the Company by the Directors.

CORPORATE GOVERNANCE REPORT

Specific enquiries have been made with all Directors, all Directors confirmed in writing that they have complied with the required standard set out in the Model Code regarding their securities transactions during the Review Period and up to the date of this report.

Induction and Continuous Professional Trainings of Directors

Each newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the requirement of the Listing Rules and relevant statutory obligations.

The Directors have also been informed of the requirement under Code Provision A.6.5 of the CG Code regarding continuous professional development.

During the Review Period, there was one in-house seminar conducted covering the topics of directors' duties, corporate governance practices, disclosure requirements under the Listing Rules and SFO.

In addition, the Company has invited legal professionals to provide training on connected transaction to all Directors and senior management during the Review Period to provide the latest developments on the relevant Listing Rules.

	Attendance/Numbers of in-house seminars
<i>Executive Directors:</i>	
Mr. Chu Shu Cheong	1
Mr. Kwan Man Hay	1
Mr. So Kin Shing	1
Ms. Lai Mun Yee	1
<i>Non-executive Director:</i>	
Dr. Huen Wai Kei	0
<i>Independent Non-executive Directors:</i>	
Mr. Lo Chun Chiu, Adrian	1
Dr. Tong Ka Lok	0
Mr. Choy Wai Shek, Raymond, <i>MH, JP</i>	1

Board Committees

Audit Committee

The audit committee of the Company was established in compliance with Rules 3.21 and 3.22 of the Listing Rules and with written terms of reference in compliance with the relevant CG Code. The written terms of reference of the audit committee are available on the websites of the Company and the Stock Exchange.

The responsibility of the audit committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting system and internal control procedures, and to provide advice and comments to the Board. The members meet regularly with the external auditor and/or the Company's senior management for the review, supervision and discussion of the Company's financial reporting and internal control procedures and ensure that the management has discharged its duty to have an effective internal control system.

The composition of the audit committee is as follows:

Dr. Tong Ka Lok* (*Chairman*)
Mr. Lo Chun Chiu, Adrian*
Mr. Choy Wai Shek, Raymond, *MH, JP***

* appointed on 26 August 2014

** appointed on 1 November 2014

None of the members of the audit committee is a former partner of the Company's existing auditing firm. Dr. Tong Ka Lok, who has appropriate professional qualifications and experience in accounting matters, was appointed as the chairman of the audit committee.

During the Review Period, the audit committee held one meeting. Details of the attendance of the members of the audit committee in the said meeting are set out under the sub-heading "Directors' Attendance at Board/Board Committee Meetings" above.

The summary of work of the audit committee during the Review Period is as follows:

- met with the external auditors and reviewed the annual and interim reports of the Company;
- reviewed the effectiveness of the Company's internal control and risk management systems;
- reviewed the continuing connected transaction of the Company;
- reviewed the non-competition undertaking by the Controlling Shareholders of the Company;
- reviewed and approved audit fee; and
- recommended the re-appointment of auditors.

Since the audit committee was only established on 26 August 2014 and the Company was listed on the Stock Exchange on 19 September 2014, the audit committee held only one meeting during the Review Period. For the year ending 31 March 2016 onwards, the Company including the members of audit committee commit to hold at least two audit committee meetings a year.

Remuneration Committee

The Board established the remuneration committee on 26 August 2014 with written terms of reference in compliance with the relevant CG Code. The written terms of reference of the remuneration committee are available on the websites of the Company and the Stock Exchange.

The remuneration committee is responsible for, inter alia, formulating and making recommendations to the Board on the Company's emolument policy and on the establishment of a formal and transparent procedure for developing such policy. The Board expects the remuneration committee to exercise independent judgment and ensures that executive Directors do not participate in the determination of their own remuneration.

CORPORATE GOVERNANCE REPORT

The composition of the remuneration committee is as follows:

Mr. Choy Wai Shek, Raymond, *MH, JP** (*Chairman*)
Mr. Kwan Man Hay*
Dr. Tong Ka Lok**
Mr. Lo Chun Chiu, Adrian**

* appointed on 26 August 2014

** appointed on 1 November 2014

During the Review Period, the remuneration committee held one meeting. Details of the attendance of the members of the remuneration committee in the said meeting are set out under the sub-heading “Directors’ Attendance at Board/Board Committee Meetings” above.

The summary of work of the remuneration committee during the Review Period is as follows:

- reviewed and recommended to the Board on the Group’s remuneration policy and strategy;
- reviewed the remuneration packages of the executive Directors and senior management of the Company and recommended to the Board to approve the proposal of their fixed salaries with effect from 1 January 2015; and
- reviewed and recommended to the Board the directors’ fees of the non-executive Directors and independent non-executive Directors remain unchanged with effect from 1 January 2015.

Nomination Committee

The Board established the nomination committee on 26 August 2014 with written terms of reference in compliance with the relevant CG Code. The written terms of reference of the nomination committee are available on the websites of the Company and the Stock Exchange.

The primary duties of the nomination committee include reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Directors, assessing the independence of independent non-executive Directors and making recommendations to the Board on appointment and re-appointment of Directors.

The composition of the nomination committee is as follows:

Mr. Lo Chun Chiu, Adrian* (*Chairman*)
Mr. Chu Shu Cheong*
Mr. Choy Wai Shek, Raymond, *MH, JP**
Dr. Tong Ka Lok*

* appointed on 26 August 2014

During the Review Period, the nomination committee did not hold physical meeting. However, written consent from the members of nomination committee had been obtained in relation to the re-designation of Dr. Huen Wai Kei from an independent non-executive director to a non-executive director on 1 November 2014.

The summary of work of the nomination committee during the Review Period and up to the date of this report is as follows:

- reviewed the existing Board's structure, size and composition;
- reviewed the independence of the Independent non-executive Directors; and
- made recommendation on the retiring Directors at the 2015 AGM of the Company.

Board diversity policy

The Company recognises the benefits of having diversity in the composition of the Board and adopted its own board diversity policy on 26 August 2014.

The Company noted that people from different backgrounds and with different professional and life experience are likely to approach problems in different ways and accordingly, members of the Board with diverse backgrounds will bring different concerns and questions to the table, and allow the Board to consider a wider range of options and solutions when deciding on corporate issues and formulating policies for the Group. In determining the Board's composition and selection of candidates to the Board, factors including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, industry knowledge and length of service will be considered. All Board appointments will be based on meritocracy, and candidates will be considered against the selection criteria, having regard for the benefits of diversity on the Board, the business model and specific needs of the Group. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The nomination committee has monitored the implementation of the board diversity policy since its adoption, and also reviewed it to ensure its effectiveness and concluded that no revision to the policy is required at the last nomination committee meeting held.

Corporate Governance Function

During the Review Period, the Board has reviewed the corporate governance practices of the Company with reference to Appendix 14 to the Listing Rules. The summary of their work of is as follows:

- reviewed the Company's policies and practices on corporate governance and make recommendations;
- reviewed and monitored the training and continuous professional development of Directors and senior management of the Group;
- reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;
- developed, reviewed and monitored the code of conduct and compliance manual applicable to employees of the Group and the Directors; and
- reviewed the Company's compliance with CG Code and disclosure in the corporate governance report.

Remuneration of Directors and Senior Management

Emolument Policy

The remuneration policy of the Group is to ensure the fairness and competitiveness of total remuneration. The emoluments of executive Directors are determined based on the skills, knowledge, individual performance as well as contributions, the scope of responsibility and accountability of such Directors, taking into consideration the Company's performance and prevailing market conditions. The remuneration policy of non-executive Director and independent non-executive Directors is to ensure that they are adequately compensated for their efforts and time dedicated to the Company's affairs including their participation in respective Board committees. Their emoluments are determined with reference to their skills, experience, knowledge, duties and market trends.

Accountability and Audit

Financial Reporting

The Board acknowledges its responsibility for the preparation of the Financial Statements for the year ended 31 March 2015 which give a true and fair view of the state of affairs of the Group in accordance with the statutory requirements and accounting standards and other financial disclosure requirement under the Listing Rules. The Financial results of the Group are announced in a timely manner in accordance with statutory and/or regulatory requirements.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement by auditor about their reporting responsibilities is set out in the independent auditor's report on pages 49 and 50 of the Consolidated Financial Statements.

External Auditors' Remuneration

For the Year, the Group engaged Wellink, auditor of the Company and World Link CPA Limited ("World Link") to perform audit services and non-audit services. The fees were as follows:

Nature of services	Name of auditors	Amount HK\$'000
Acting as reporting accountant	World Link	1,626
Audit services in relation to annual results	Wellink	550
Review of interim results	World Link	150

The audit committee has expressed its views to the Board that the level of fees paid/payable to the Company to the Company's external auditor for annual audit services is reasonable. There has been no major disagreement between the auditor and the management of the Company during the Year.

Internal Control

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness to ensure that a sound and effective internal control system is maintained through the audit committee.

During the Review Period, the Group has engaged Wellink Corporate Advisory Limited ("Wellink Corporate Advisory"), an external service provider, to conduct review and make recommendations for the improvement and strengthening of the internal control system. Wellink Corporate Advisory has reviewed the major internal controls and measures, including financial, operational and compliance as well as risk management and has made relevant recommendations for improvement of the internal control system to the Board. Wellink Corporate Advisory has also reported the internal control facts and findings to the audit committee. No material non-compliance or failures issues but areas for improvement have been identified by Wellink Corporate Advisory.

The Board and the audit committee have reviewed the effectiveness of the Group's internal control systems on all major operations of the Group based on the report prepared by Wellink Corporate Advisory during the Review Period and considers that all of the recommendations from Wellink Corporate Advisory should be properly followed to ensure the sound and effectiveness of the internal control system of the Group can be maintained. The Board and the audit committee considered that the key areas of the Group's internal control systems, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function, are reasonably implemented and the Group has fully complied with the provisions of CG Code regarding the internal control systems in general for the Year.

Delegation by the Board

While at all times the Board retains full responsibility for guiding and monitoring the Company in discharging its duties, certain responsibilities are delegated to various board committees which have been established by the Board to deal with different aspects of the Company's affairs. Unless otherwise specified in their respective written terms of reference as approved by the Board, these board committees are governed by the Company's articles of association as well as the Board's policies and practices (in so far as the same are not in conflict with the provisions contained in the articles of association).

With the establishment of the audit committee, remuneration committee and nomination committee, the independent non-executive Directors will be able to effectively devote their time to perform the duties required by the respective board committees.

The Board has also delegated the responsibility of implementing its strategies and the day-to-day operation to the management of the Company under the leadership of the chief executive and executive Directors. Clear guidance has been made as to the matters that should be reserved to the Board for its decision which include matters on, inter alia, capital, finance and financial reporting, internal controls, communication with shareholders, Board membership, delegation of authority and corporate governance.

Non-Competition Undertaking from Controlling Shareholders

At the time of the Listing, each of the controlling shareholders (as defined in the Listing Rules) of the Company gave a non-competition undertaking in favour of the Company. Each of them has provided a confirmation to the Company confirming that he and his associates have not breached the terms of the undertaking contained in the Non-competition Deed during the Review Period.

Pursuant to the Deed of Non-competition, each of the controlling shareholders undertakes and covenants with the Company that he/it shall not, and shall procure his/its associates (other than members of our Group) not to, directly or indirectly engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business in competition with or likely to be in competition with the existing business activity of any member of our Group.

The Board comprising all the independent non-executive Directors, based on the written confirmation provided by each of the controlling shareholders, is of the view that such controlling shareholders have been in compliance with the non-competition undertaking in favour of the Company during the Review Period.

Details of the Deed of Non-competition were disclosed in the Prospectus under the section headed "Relationship with Our Controlling Shareholders".

Company Secretary

During the Review Period, Mr. Chow Chi Keung ("Mr. Chow") was appointed by the Board as company secretary and financial controller of the Group on 26 August 2014, undertook over 15 hours' professional training to update his skill and knowledge in compliance with the CG Code. Mr. Chow is an employee of the Company and has day to day knowledge of the Company's affairs. Mr. Chow reports to the Chairman and the Chief Executive Officer.

Changes in Constitutional Documents

During the Year, the shareholders have passed resolutions on 26 August 2014 approving the adoption of amended and restated Memorandum and Articles of Association of the Company. Save as the aforesaid, there has been no changes in the constitutional documents of the Company.

Shareholders' Rights

The Way by Which Shareholders Can Convene Extraordinary General Meeting ("EGM")/Put Forward Proposal

According to Article 64 of the Articles of Association of the Company, extraordinary general meetings shall also be convened on the requisition of one or more shareholders of the Company holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Article 113 of the Articles of Association provides that no person, other than a retiring Director shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by

that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of the notices required under this Article will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

Accordingly, if a shareholder of the Company wishes to propose a person other than a retiring Director for election as a Director at the Company's general meeting ("Proposal"), he/she should attend the following:-

- prepare a notice in writing of his/her intention to propose a person for election as a Director.
- The person proposed for election as a Director shall also prepare a notice in writing of his/her willingness to be elected.
- Such notices shall be lodged at the head office of the Company at Room 1812, Nan Fung Commercial Centre, 19 Lam Lok Street, Kowloon Bay, Kowloon, Hong Kong or at the address of Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

The relevant procedures are set out in the circular to the shareholders which is sent together with this annual report and the Company's website at <http://www.ncfl.com.hk>.

The Procedures for Sending Enquiries to the Board

Shareholders may send their enquiries and concerns in writing to the Board by addressing them to the Company at our head office in Hong Kong at Room 1812, Nan Fung Commercial Centre, 19 Lam Lok Street, Kowloon Bay, Kowloon, Hong Kong or by email through the Company's website at <http://www.ncfl.com.hk>.

Communication with Shareholders and Investors

The Company endeavors to maintain effective communications with the shareholders and potential investors of the Company.

Save as mentioned under the sub-heading "The Procedures for Sending Enquiries to the Board" above, in order to provide more relevant information to our shareholders, the Company has published all corporate information about the Group on its website at <http://www.ncfl.com.hk>. It is a channel of the Company to communicate with the shareholders and potential investors with our latest corporate development. All our corporate communications, such as statutory announcement, circular, financial reports are available on the website for easy access by the shareholders and potential investors. In addition, the Company meets its shareholders at the annual general meeting so as to promote the development of the Company through mutual and efficient communications.

CORPORATE GOVERNANCE REPORT

The forthcoming AGM of the Company is scheduled to be held on Tuesday, 18 August 2015. At the AGM, the chairman of the Board as well as chairmen of the nomination committee, remuneration committee and audit committee or, in their absence, other members of the respective committees shall attend to answer questions from shareholders at the annual general meeting. The representatives of the external auditor shall also present and available to answer questions at the meeting.

The notice of AGM and the necessary information on issues to be considered in the AGM will be set out in the circular to be dispatched to the shareholders of the Company in due course.

Hong Kong, 25 June 2015

INDEPENDENT AUDITOR'S REPORT

Wellink CPA Limited

匯聯會計師事務所有限公司

TO THE SHAREHOLDERS OF NEW CONCEPTS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of New Concepts Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 51 to 97, which comprise the consolidated statement of financial position as at 31 March 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

WELLINK CPA LIMITED

Certified Public Accountants

Chow For Chun

Practising Certificate Number P06140

Hong Kong, 25 June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Notes	2015 HK\$	2014 HK\$
Revenue	7	780,854,046	463,020,588
Cost of sales	8	(667,511,692)	(377,852,032)
Gross profit		113,342,354	85,168,556
Other income and net gains	7	6,293,330	11,154,557
Administrative expenses	8	(14,777,917)	(9,207,786)
Other operating expenses	8	(34,868,162)	(25,839,247)
Operating profit		69,989,605	61,276,080
Finance costs	10	(1,335,522)	(347,109)
Profit before income tax		68,654,083	60,928,971
Income tax expense	11	(15,301,610)	(10,325,545)
Profit and total comprehensive income for the year attributable to owners of the Company		53,352,473	50,603,426
Basic earnings per share	12	0.15	0.17
Dividends	13	25,000,000	52,456,834

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Notes	2015 HK\$	2014 HK\$
ASSETS			
Non-current assets			
Property, plant and equipment	14	184,865,376	33,888,119
Current assets			
Trade and other receivables	15	126,232,335	69,084,271
Amounts due from customers for contract work	16	33,382,319	3,081,267
Amount due from a director	17(a)	18,310,000	18,310,000
Bank balances and cash	18	57,088,286	38,156,765
		235,012,940	128,632,303
Total assets		419,878,316	162,520,422
EQUITY			
Capital and reserves			
Share capital	19	40,000,000	14,000,000
Reserves		115,825,108	35,369,754
Total equity		155,825,108	49,369,754
LIABILITIES			
Non-current liabilities			
Loan from a director	17(b)	18,310,000	18,310,000
Deferred tax liabilities	20	14,616,269	2,949,853
Obligations under finance leases	21	59,119,973	10,250,932
		92,046,242	31,510,785
Current liabilities			
Trade and other payables	22	111,102,885	57,557,088
Amounts due to customers for contract work	16	903,522	14,661,411
Bank borrowings — secured	23	4,000,000	—
Obligations under finance leases	21	55,524,982	5,079,760
Tax payable		475,577	4,341,624
		172,006,966	81,639,883
Total liabilities		264,053,208	113,150,668
Total equity and liabilities		419,878,316	162,520,422
Net current assets		63,005,974	46,992,420
Total assets less current liabilities		247,871,350	80,880,539

Approved by the board of directors on 25 June 2015

Chu Shu Cheong
Director

Kwan Man Hay
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Share capital HK\$	Share premium HK\$	Merger reserve HK\$ (Note)	Retained earnings HK\$	Total HK\$
Balance at 31 March 2013	14,000,000	—	51	37,223,111	51,223,162
Profit and total comprehensive income for the year	—	—	—	50,603,426	50,603,426
Dividends paid to equity holders	—	—	—	(52,456,834)	(52,456,834)
Balance at 31 March 2014	14,000,000	—	51	35,369,703	49,369,754
Capitalisation issue	30,000,000	(30,000,000)	—	—	—
Arising from the reorganisation	(14,000,000)	—	14,000,000	—	—
Placing of shares	10,000,000	76,000,000	—	—	86,000,000
Expenses incurred in connection with the placing of shares	—	(7,897,119)	—	—	(7,897,119)
Profit and total comprehensive income for the year	—	—	—	53,352,473	53,352,473
Dividend to equity holders	—	—	—	(25,000,000)	(25,000,000)
Balance at 31 March 2015	40,000,000	38,102,881	14,000,051	63,722,176	155,825,108

Note: The merger reserve of the Group represents the share capital of New Concepts Engineering Development Limited and New Concepts Foundation Limited pursuant to the Group Reorganisation.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	Notes	2015 HK\$	2014 HK\$
Cash flows from operating activities			
Profit before income tax		68,654,083	60,928,971
Adjustments for:			
Interest income		(113,829)	(2,368)
Finance costs	10	1,335,522	347,109
Depreciation	14	11,664,876	4,565,622
Loss on disposals of property, plant and equipment		510,481	2,468,000
Operating profit before working capital changes		82,051,133	68,307,334
Movements in working capital elements:			
Increase in trade and other receivables		(57,148,064)	(26,819,361)
Decrease in amounts due from/ (to) related companies		—	3,182,107
Increase in trade and other payables		53,545,797	16,244,213
Increase in amounts due from customers for contract work		(30,301,052)	(3,081,267)
(Decrease)/increase in amounts due to customers for contract work		(13,757,889)	3,661,411
Cash generated from operations		34,389,925	61,494,437
Interest paid		(1,335,522)	(347,109)
Income tax paid		(7,501,240)	(6,969,151)
Net cash generated from operating activities		25,553,163	54,178,177
Cash flows from investing activities			
Purchases of property, plant and equipment		(159,879,367)	(14,196,873)
Proceeds from disposals of property, plant and equipment		326,752	274,740
Decrease in amounts due from directors		—	(23,600,140)
Net cash used in investing activities		(159,552,615)	(37,522,273)
Cash flows from financing activities			
Increase in pledged bank deposits		(12,379,626)	(3,055,368)
Bank loans raised		115,189,386	—
Dividend paid		(25,000,000)	—
Repayments of obligations under finance leases		(15,475,123)	(3,114,637)
Issued of share		78,102,881	—
Interest received		113,829	2,368
Net cash generated from/(used in) financing activities		140,551,347	(6,167,637)
Net increase in cash and cash equivalents		6,551,895	10,488,267
Cash and cash equivalents at beginning of the year	18	35,101,397	24,613,130
Cash and cash equivalents at end of the year	18	41,653,292	35,101,397

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

The Company was incorporated in the Cayman Islands on 3 April 2014 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of its registered office is located at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY-1108, Cayman Islands. The address of its principal place of business is located at Room 1812, Nan Fung Commercial Centre, 19 Lam Lok Street, Kowloon Bay, Kowloon, Hong Kong.

The Company's shares were listed on the Main Board on 19 September 2014 (the "Listing").

The Company is an investment holding company.

2. Group Reorganisation

Pursuant to a reorganisation (the "Reorganisation") of the Company and its subsidiaries now comprising the Group on 13 August 2014 to rationalise the Group structure in preparation for the listing of the shares on the Main Board of The Stock Exchange of Hong Kong Limited ("the Stock Exchange"), the Company became the holding company of the Group.

3. Adoption of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 April 2014. The collective term of HKFRSs comprises Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS"), and Interpretations.

3. Adoption of New and Revised Hong Kong Financial Reporting Standards (Continued)

New and revised HKFRSs in issue but not yet effective

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 9	Financial Instruments ¹
HKFRS 14	Regulatory Deferral Accounts ³
HKFRS 15	Revenue from Contracts with Customers ⁴
Amendments to HKFRS 9, HKFRS 7 and HKAS 39	Hedge Accounting ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ³
Amendments to HKAS 1	Disclosure Initiative ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendment to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ³
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ²
Amendment to HKAS 27	Equity Method in Separate Financial Statements ³
Amendments to HKFRSs	Annual Improvements 2010–2012 Cycle ²
Amendments to HKFRSs	Annual Improvements 2011–2013 Cycle ²
Amendments to HKFRSs	Annual Improvements 2012–2014 Cycle ³

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

² Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

⁴ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

The Group has commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. Significant Accounting Policies

Basis of preparation

These consolidated financial statements have been prepared in accordance with all applicable HKFRSs issued by the HKICPA and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (“the Listing Rules”).

These consolidated financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the note 6 to the consolidated financial statements.

A summary of the significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

Subsidiaries are all entities (including a structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(i) Business combinations

Except for the business combination involving entities under common control including the Reorganisation, the Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets.

Acquisition-related costs are expensed as incurred.

4. Significant Accounting Policies (Continued)

(a) Consolidation (Continued)

(i) Business combinations (Continued)

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 "Financial Instruments: Recognition and Measurement" either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amount reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(ii) Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets and liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the result of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been consolidated at the end of the previous reporting period or when they first came under common control, whichever is shorter.

4. Significant Accounting Policies (Continued)

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting reported to the chief operating decision-maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities 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 HK\$, which is the Company’s functional and presentation currency.

(ii) Translation and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated profit or loss.

(iii) Group companies

The results and financial position of all companies now comprising the Group (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of that reporting period;
- (b) income and expenses are translated at average exchange rates (unless this average is not reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

4. Significant Accounting Policies (Continued)

(d) **Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, at the following annual rates:

Furniture and office equipment	25%
Motor vehicles	10–25%
Plant and machinery	10–20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Assets acquired under finance leases arrangements are depreciated over their expected useful lives on the same basis as owned assets. Other assets held under finance leases are depreciated over the shorter of their lease terms or useful lives.

The gain or loss arising from the retirement or disposal of property, plant and equipment, representing the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in the consolidated profit or loss.

4. Significant Accounting Policies (Continued)

(e) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indicator exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

(f) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases contracts are recognised as assets of the Group at their fair values at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as an obligation under finance leases. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the consolidated profit or loss, unless they are directly attributable to the acquisition, construction or production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs as stated in the policy below.

Rentals payable under operating leases are charged to the consolidated profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivables as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

4. Significant Accounting Policies (Continued)

(g) Construction contracts in progress

When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction work-in-progress is valued at cost incurred plus an appropriate proportion of profits after deducting progress payments and allowances for foreseeable losses. Cost comprises construction material costs, labour and overheads expenses incurred in bringing the work-in-progress to its present condition.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within trade and retention receivables. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

(h) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value, having been within three months of maturity at acquisition.

(j) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issued of new shares and share options are shown in equity as a deduction, net of tax, from the proceeds.

4. Significant Accounting Policies (Continued)

(k) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(l) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value recognised in the consolidated profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has unconditional right to defer settlement of the liability for at least 12 months after end of the reporting period.

(m) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred taxation liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

4. Significant Accounting Policies (Continued)

(m) **Current and deferred income tax (Continued)**

(ii) **Deferred income tax (Continued)**

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(iii) **Offsetting**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(n) **Employee benefits**

(i) **Retirement benefit cost**

The Group operates defined contribution plans and pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) **Employee leave entitlements**

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

4. Significant Accounting Policies (Continued)

(o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(p) Revenue recognition

Revenue comprises the fair value of the consideration received or receivables for the sale of services in the ordinary course of the Group's activities. Revenue is shown after eliminating sales within the Group.

(i) Construction contracts income

Revenue from individual construction contracts is recognised under the percentage of completion method, when the outcome of a contract can be estimated reliably and, depending on the nature of the contract, is measured mainly by reference to (a) the proportion of contract costs incurred for work performed to date to estimated total contract costs for each contract; (b) the amount of work certified by site engineers; or (c) completion of physical proportion of the contract work. Expected losses are fully provided on contracts when identified.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable to be recoverable.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Contract costs are recognised when incurred.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have been agreed with the customer and are capable of being reliably measured.

4. Significant Accounting Policies (Continued)

(p) Revenue recognition (Continued)

- (ii) Rental income on machinery is recognised on a straight-line basis over the term of the lease.
- (iii) Management fee income is recognised when services are rendered.
- (iv) Income from sales of materials is recognised when goods are delivered and the customers assume the risks and rewards of ownership.
- (v) Interest income is recognised on a time proportion basis using the effective interest method.

(q) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are declared by the directors in case of interim dividends or approved by the Company's shareholders in case of final dividends.

(r) Financial instruments

(i) Financial assets

(i) Classification

The Group classified its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables, amount due from a director, and bank balances and cash in the consolidated statement of financial position.

(iii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

4. Significant Accounting Policies (Continued)

(r) **Financial instruments (Continued)**

(i) **Financial assets (Continued)**

(iv) *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

(ii) **Financial liabilities**

Financial liabilities and equity instruments

(i) *Classification as debt or equity*

Debt and equity instruments issued by the Group's entities are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(ii) *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

4. Significant Accounting Policies (Continued)

(r) Financial instruments (Continued)

(iii) Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated profit or loss.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

4. Significant Accounting Policies (Continued)

(s) Related parties

For the purpose of these consolidated financial statements, a related party is a person or entity that is related to the Group.

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity is member of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third party and the other entity is an associate of the same third party or vice versa;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

4. Significant Accounting Policies (Continued)

(t) Financial instruments

Categories of the Group's financial instruments

	2015 HK\$	2014 HK\$
Financial assets		
Loans and receivables (including cash and cash equivalents):		
Trade and other receivables	122,142,739	67,476,060
Amount due from a director	18,310,000	18,310,000
Bank balances and cash	57,088,286	38,156,765
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	111,102,885	57,557,088
Loan from a director	18,310,000	18,310,000
Bank borrowings — secured	4,000,000	—

5. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

Risk management is carried out by the Group's senior management. The management manages and monitors these risk exposures to ensure appropriate measures are implemented on timely and effective manners.

5.1 Financial risk factors

(a) *Foreign currency risk*

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currency of the Group's entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

5. Financial Risk Management (Continued)

5.1 Financial risk factors (Continued)

(b) Interest rate risk

The Group's finance lease payables bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

The Group's exposure to interest-rate risk arises from its bank deposits and borrowings. These bank deposits and borrowings bear interests at floating rates varied with the then prevailing market condition.

Interest rate sensitivity analysis

The Group was exposed to changes in the market interest rates through its bank borrowings with floating interest rates, which subject to variable interest rates. The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rate of +0.1% and -0.1%, with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the bank borrowings held at each of the end of reporting period. All other variables are held constant.

	2015 HK\$	2014 HK\$
Interest rate +0.1% Effect on profit before income tax	(4,000)	—
Interest rate -0.1% Effect on profit before income tax	4,000	—

(c) Credit risk

Credit risk arises mainly from trade and other receivables, amounts due from customers for contract work, amount due from a director and bank balances and cash. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the reporting dates in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The credit risk of bank balances is limited because the counterparties are banks with sound credit ratings assigned by international credit-rating agencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Financial Risk Management (Continued)

5.1 Financial risk factors (Continued)

(c) Credit risk (Continued)

In respect of trade and other receivable, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments and take into account information specific to the counterparty as well as pertaining to the economic environment in which the counterparty operates. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivable balance at the end of each reporting period to ensure adequate impairment losses are made for irrecoverable amounts.

As at 31 March 2015, there were 3 customers (2014: 2 customers) which individually contributed over 10% of the Group's trade and other receivables. The aggregate amount of trade and other receivables from these customers amounted to 62% (2014: 68%) of the Group's total trade and other receivables.

(d) Liquidity risk

Liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities.

The Group maintains its liquidity mainly through funding generated from its daily operations and maintaining funding availability under committed credit facilities.

Accordingly, the directors consider that the liquidity risk is minimal.

The table below analyses the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand or within 1 year HK\$	More than 1 year but less than 5 years HK\$	More than 5 years HK\$	Total contractual undiscounted cash flow HK\$	Carrying amount HK\$
At 31 March 2015					
Trade and other payables	111,102,885	—	—	111,102,885	111,102,885
Obligations under finance leases	58,726,378	61,087,577	—	119,813,955	114,644,955
Loan from a director	—	18,310,000	—	18,310,000	18,310,000
Bank borrowings — secured	4,000,000	—	—	4,000,000	4,000,000
	173,829,263	79,397,577	—	253,226,840	248,057,840

5. Financial Risk Management (Continued)

5.1 Financial risk factors (Continued)

(d) Liquidity risk (Continued)

	On demand or within 1 year HK\$	More than 1 year but less than 5 years HK\$	More than 5 years HK\$	Total contractual undiscounted cash flow HK\$	Carrying amount HK\$
At 31 March 2014					
Trade and other payables	57,557,088	—	—	57,557,088	57,557,088
Obligations under finance leases	5,491,110	10,613,487	—	16,104,597	15,330,692
Loan from a director	—	18,310,000	—	18,310,000	18,310,000
	63,048,198	28,923,487	—	91,971,685	91,197,780

(e) Fair values

The carrying amount of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

5.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, raise or repay bank borrowings, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings net of cash and cash equivalents divided by total equity as shown in the consolidated statement of financial position.

The gearing ratio during the year is as follows:

	2015 HK\$	2014 HK\$
Total borrowings (notes 21 and 23)	118,644,955	15,330,692
Total equity	155,825,108	49,369,754
Net debt to equity ratio	76%	31%

6. Critical Accounting Estimates and Judgements

In the application of the Group's accounting policies, which are described in note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

6.1 Estimate of useful lives and impairment of property, plant and equipment

The Group has significant amount of property, plant and equipment. The Group is required to estimate the useful lives of property, plant and equipment in order to ascertain the amount of depreciation charges for each reporting period.

Useful lives are estimated at the time of purchase of these assets after considering future technology changes, business developments and the Group's strategies. The Group performs annual reviews to assess the appropriateness of the estimated useful lives. Such review takes into account any unexpected adverse changes in circumstances or events, including decline in projected operating results, negative industry or economic trends and rapid advancement in technology. The Group extends or shortens the useful lives and/ or makes impairment provisions according to the results of the review.

Impairment of property, plant and equipment is reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Group's financial position and results of the operations.

6. Critical Accounting Estimates and Judgements (Continued)

6.2 Construction contracts

Revenue from individual contract is recognised under the percentage of completion method which requires estimation made by management. Because of the nature of the activity undertaken in construction, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods.

The Group reviews and revises the estimates of both contract revenue and contract costs in each contract budget as the contract progresses and regularly reviews the progress of the contracts. The Group also monitors the progress payments from customers against the contract terms, and periodically evaluates the creditworthiness of the customers. If circumstances arise which make it likely that a customer would default on all or part of its payments or otherwise fail to fulfil its performance obligations under the contract terms, the Group will reassess the outcome of the relevant contract and may revise the relevant estimates. The revision will be reflected in the consolidated statement of profit or loss and other comprehensive income in the period in which the circumstances that give rise to the revision become known by the Group.

6.3 Impairment of receivables

Management determines the provision for impairment of trade and other receivables and amounts due from customers for contract work. This estimate is based on the credit history of its customers and the current market condition. Management reassesses the provision at the end of the reporting period.

Significant judgement is exercised on the assessment of the collectability of receivables from each customer. In making the judgement, management considers a wide range of factors such as results of follow-up procedures, customer payment trends including subsequent payments and customers' financial positions. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

7. Revenue and Segment Information

Revenue derived from foundation works, civil engineering works and general building works are as follows:

	2015 HK\$	2014 HK\$
Foundation works	591,655,113	81,945,500
Civil engineering works	97,965,121	65,149,497
General building works	91,233,812	315,925,591
	780,854,046	463,020,588

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Revenue and Segment Information (Continued)

The Group's operating and reportable segments currently are (i) foundation works; (ii) civil engineering works; and (iii) general building works. The CODM considered the Group has three operating and reportable segments which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised.

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the year ended 31 March 2015

	Foundation works HK\$	Civil engineering works HK\$	General building works HK\$	Total HK\$
Segment Revenue	591,655,113	97,965,121	91,233,812	780,854,046
Segment Cost	518,893,531	87,299,257	61,318,904	667,511,692
Segment Profit	72,761,582	10,665,864	29,914,908	113,342,354
Unallocated — other income and net gains				6,293,330
Unallocated expenses				(49,646,079)
Finance costs				(1,335,522)
Profit before income tax				68,654,083
Income tax expense				(15,301,610)
Profit for the year				53,352,473

7. Revenue and Segment Information (Continued)

(a) Segment revenue and results (Continued)

For the year ended 31 March 2014

	Foundation works HK\$	Civil engineering works HK\$	General building works HK\$	Total HK\$
Segment Revenue	81,945,500	65,149,497	315,925,591	463,020,588
Segment Cost	59,193,216	62,671,941	255,986,875	377,852,032
Segment Profit	22,752,284	2,477,556	59,938,716	85,168,556
Unallocated — other income and net gains				11,154,557
Unallocated expenses				(35,047,033)
Finance costs				(347,109)
Profit before income tax				60,928,971
Income tax expense				(10,325,545)
Profit for the year				50,603,426

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4.

Segment profit represents the profit earned by each segment without allocation of corporate management expenses, directors' emoluments, finance costs, income tax expense, unallocated income and net gains, and expenses. This is measure reported to the CODM for the purposes of resource allocation and performance assessment.

All of the segment revenue reported above is from external customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Revenue and Segment Information (Continued)

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

Segment assets

	2015 HK\$	2014 HK\$
Foundation works	302,121,164	51,689,605
Civil engineering works	7,713,874	8,234,257
General building works	23,153,499	19,612,114
Total segment assets	332,988,537	79,535,976
Unallocated property, plant and equipment	6,361,375	1,391,956
Other receivables	5,130,118	25,125,725
Amount due from a director	18,310,000	18,310,000
Bank balances and cash	57,088,286	38,156,765
	86,889,779	82,984,446
Consolidated assets	419,878,316	162,520,422

Segment liabilities

	2015 HK\$	2014 HK\$
Foundation works	195,789,779	27,928,003
Civil engineering works	11,840,650	4,024,638
General building works	11,041,998	48,941,280
Total segment liabilities	218,672,427	80,893,921
Other payables	7,978,935	6,655,270
Loan from a director	18,310,000	18,310,000
Tax payable	475,577	4,341,624
Deferred tax liabilities	14,616,269	2,949,853
Bank borrowings — secured	4,000,000	—
	45,380,781	32,256,747
Consolidated liabilities	264,053,208	113,150,668

7. Revenue and Segment Information (Continued)

(b) Segment assets and liabilities (Continued)

Segment assets represent certain property, plant and equipment, trade and retention receivables and amounts due from customers for contract work which are directly attributable to the relevant operating and reportable segments. Segment liabilities represent trade and retention payables, obligations under finance leases and amounts due to customers for contract work which are directly attributable to the relevant operating and reportable segments. These are the measures reported to CODM for the purpose of resource allocation and assessment of segment performance.

(c) Other segment information

For the year ended 31 March 2015

	Foundation works HK\$	Civil engineering works HK\$	General building works HK\$	Unallocated HK\$	Total HK\$
Amounts included in the measure to segment profit:					
Depreciation and amortisation	5,220,416	—	—	6,444,460	11,664,876
Loss on disposal of property, plant and equipment	—	—	—	510,481	510,481

For the year ended 31 March 2014

	Foundation works HK\$	Civil engineering works HK\$	General building works HK\$	Unallocated HK\$	Total HK\$
Amounts included in the measure to segment profit:					
Depreciation and amortisation	3,646,809	354,200	—	564,613	4,565,622
Loss on disposal of property, plant and equipment	—	—	—	2,468,000	2,468,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Revenue and Segment Information (Continued)

(d) Information about major customers

During the year, there were 4 customers (2014: 2 customers) who individually contributed over 10% of the Group's revenue. The aggregate amount of revenue from these customers accounted for 61% (2014: 81%) of the Group's total revenue. Revenue from customers contributing over 10% of the total revenue is as follows:

	2015 HK\$	2014 HK\$
Customer A	163,887,323	—
Customer B	128,778,555	—
Customer C	108,496,000	—
Customer D	78,853,238	—
Customer E	—	308,573,753
Customer F	—	65,149,497

(e) Geographical information

No geographical information is presented for the Group's business segment as the Group is principally engaged projects in Hong Kong.

(f) Other income and net gains

	2015 HK\$	2014 HK\$
Bank interest income	113,829	2,368
Exchange loss	(40,818)	—
Machine rental income	4,675,619	10,672,831
Management fee income	—	431,333
Sales of materials	384,818	31,817
Sundry income	1,159,882	16,208
	6,293,330	11,154,557

8. Expenses by Nature

	2015 HK\$	2014 HK\$
Cost of sales		
Consulting fee	2,129,639	2,532,834
Depreciation	5,220,416	—
Direct materials	79,255,050	25,372,237
Direct salaries and wages	32,525,015	13,377,576
Government levy charges	5,745,697	2,846,592
Management services fee	41,000	—
Provident fund contributions	953,817	455,457
Rental charge for machinery	27,778,597	2,356,353
Site insurance	3,829,256	1,138,039
Site office expenses	3,580,054	967,514
Site vehicle running expenses	255,855	13,014
Subcontracting charges	506,197,296	328,792,416
	667,511,692	377,852,032
Administrative expenses		
Building management fee	172,971	159,209
Directors' emoluments (note 9)	3,667,500	1,480,000
Operating lease rental on premises	1,048,800	828,000
Other expenses	592,634	248,355
Provision for long service payments (note 22b)	(250,714)	(33,653)
Staff cost not including directors' emoluments	9,546,726	6,525,875
	14,777,917	9,207,786
Other operating expenses		
Auditor's remuneration	550,000	500,000
Consulting fee	3,935,967	3,800,600
Depreciation (note 14)	6,444,460	4,565,622
Donation	1,007,000	—
Insurance	258,435	18,279
Listing expenses	11,739,995	4,516,020
Loss on disposal of property, plant and equipment	510,481	2,468,000
Maintenance fee for machineries	3,965,745	—
Other expenses	5,205,234	4,278,062
Provident fund contributions	—	51,861
Rental charge for machinery	—	3,218,929
Salaries and wages	300,000	1,184,643
Travelling	950,845	1,237,231
	34,868,162	25,839,247

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Directors' and Senior Management Emoluments

(a) Directors' emoluments

The emoluments of each director of the Company for the year ended 31 March 2015 is set out below:

Name	Fee HK\$	Salaries HK\$	Discretionary bonuses HK\$	Contribution to retirement benefits scheme HK\$	Total HK\$
Executive directors:					
Mr. Chu Shu Cheong	—	870,000	—	17,500	887,500
Mr. Kwan Man Hay	—	870,000	—	17,500	887,500
Mr. So King Shing	—	585,000	120,000	17,500	722,500
Ms. Lai Mun Yee	—	315,000	240,000	9,000	564,000
Non-executive director:					
Dr. Huen Wai Kei	120,000	—	—	—	120,000
Independent non-executive directors:					
Mr. Choy Wai Shek, Raymond, <i>MH, JP</i>	120,000	120,000	—	6,000	246,000
Mr. Lo Chun Chiu, Adrian	120,000	—	—	—	120,000
Dr. Tong Ka Lok	120,000	—	—	—	120,000
	480,000	2,760,000	360,000	67,500	3,667,500

The emoluments of each director of the Company for the year ended 31 March 2014 is set out below:

Name	Fee HK\$	Salaries HK\$	Contribution to retirement benefits scheme HK\$	Total HK\$
Executive directors:				
Mr. Chu Shu Cheong	—	720,000	15,000	735,000
Mr. Kwan Man Hay	—	475,000	15,000	490,000
Mr. So King Shing	—	—	—	—
Independent non-executive directors:				
Mr. Choy Wai Shek, Raymond, <i>MH, JP</i>	—	240,000	15,000	255,000
	—	1,435,000	45,000	1,480,000

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. No director has waived or agreed to waive any emoluments during the year.

9. Directors' and Senior Management Emoluments (Continued)

(b) Five highest paid individuals' emoluments

Of the five individuals with the highest emoluments, none (2014: one) of them are directors whose emoluments are disclosed in note 9(a) above. The emoluments of the five (2014: four) highest paid individuals of the Group during the year are as follows:

	2015 HK\$	2014 HK\$
Salaries and other benefits	4,212,087	2,565,088
Discretionary bonus	740,957	—
Contribution to retirement benefits scheme	87,500	54,225
	5,040,544	2,619,313

The emoluments of these highest paid individuals fell within the following bands:

	2015	2014
HK\$0–HK\$1,000,000	3	4
HK\$1,000,001–HK\$1,500,000	2	—
	5	4

During the year, no emoluments were paid by the Group to the highest paid individuals as an inducement to join or upon joining the Group.

10. Finance Costs

	2015 HK\$	2014 HK\$
Interest on bank overdrafts	16,826	6,167
Interest on bank loan	24,658	—
Finance lease charges	1,294,038	340,942
	1,335,522	347,109

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year.

	2015 HK\$	2014 HK\$
Current tax — Hong Kong profits tax	3,535,214	8,715,252
Underprovision in previous year	99,980	—
Deferred income tax	11,666,416	1,610,293
	15,301,610	10,325,545

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2015 HK\$	2014 HK\$
Profit before income tax	68,654,083	60,928,971
Calculated at a tax rate of 16.5% (2014: 16.5%)	11,327,923	10,053,280
Tax effect of non-taxable revenue	(10,383)	(552,456)
Tax effect of non-deductible expenses	1,974,568	720,616
Tax effect of temporary difference not recognised	—	124,105
Tax reduction	(20,000)	(20,000)
Underprovision in previous year	99,980	—
Unrecognised tax losses	1,929,522	—
	15,301,610	10,325,545

12. Earnings Per Share – Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2015 HK\$	2014 HK\$
Profit attributable to owners of the Company	53,352,473	50,603,426
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	353,150,685	300,000,000
Basic earnings per share	0.15	0.17

No diluted earnings per share is presented for both years as there were no potential ordinary shares outstanding for both years.

13. Dividend

	2015 HK\$	2014 HK\$
Interim dividend (Note)	25,000,000	52,456,834

During the year ended 31 March 2015, the Group declared and paid an interim dividend of HK\$25,000,000 (2014: HK\$52,456,834) to its shareholders.

Notes:

- (i) During the year ended 31 March 2014, the dividend of HK\$52,456,834 was paid by New Concepts Engineering Development Limited ("NC Engineering") to its then shareholders.
- (ii) Prior to the Reorganisation, NC Engineering declared total dividend of HK\$15,000,000 to its then shareholders.
- (iii) During the year ended 31 March 2015, the Group declared and paid an interim dividend of HK\$0.025 per ordinary share, totalling HK\$10,000,000 to its shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Property, Plant and Equipment

	Plant and machinery HK\$	Furniture and office equipment HK\$	Motor vehicles HK\$	Total HK\$
Cost				
At 31 March 2013	22,128,980	909,495	2,842,851	25,881,326
Additions	24,804,910	239,011	14,000	25,057,921
Disposals	(4,103,800)	(46,454)	(686,851)	(4,837,105)
At 31 March 2014	42,830,090	1,102,052	2,170,000	46,102,142
Additions	156,791,685	860,032	5,827,650	163,479,367
Disposals	(80,000)	(115,600)	(1,692,000)	(1,887,600)
At 31 March 2015	199,541,775	1,846,484	6,305,650	207,693,909
Accumulated depreciation				
At 31 March 2013	7,968,718	357,238	1,416,810	9,742,766
Charge for the year	4,001,009	273,813	290,800	4,565,622
Written back on disposals	(1,635,800)	(46,455)	(412,110)	(2,094,365)
At 31 March 2014	10,333,927	584,596	1,295,500	12,214,023
Charge for the year	10,767,179	294,606	603,091	11,664,876
Written back on disposals	(63,333)	(88,600)	(898,433)	(1,050,366)
At 31 March 2015	21,037,773	790,602	1,000,158	22,828,533
Net carrying value				
At 31 March 2015	178,504,002	1,055,882	5,305,492	184,865,376
At 31 March 2014	32,496,163	517,456	874,500	33,888,119

The carrying amount of plant and machinery and motor vehicles amounted HK\$160,960,667 (2014: HK\$20,863,131) and HK\$5,305,492 (2014: HK\$nil) respectively were assets held under finance leases as at 31 March 2015.

15. Trade and Other Receivables

	2015 HK\$	2014 HK\$
Contract receivables (note a)	76,443,525	38,014,878
Retention receivables (note b)	44,658,692	29,174,508
Total trade receivables	121,102,217	67,189,386
Other receivable, deposit and prepayments	5,130,118	1,894,885
	126,232,335	69,084,271

Notes:

(a) Contract receivables

It represents progress billings receivables from the contract works. During the year, the credit period granted to the Group's customers was generally within 30–49 days from invoice date of the relevant contract revenue. Contract receivables are denominated in HK\$.

The aging analysis of contract receivables based on invoice date is as follows:

	2015 HK\$	2014 HK\$
0–30 days	42,537,400	18,814,904
31–60 days	23,004,215	19,199,974
61–90 days	10,901,910	—
Over 90 days	—	—
	76,443,525	38,014,878

As at 31 March 2015, the Group's contract receivables of HK\$10,901,910 (2014: HK\$19,199,974) were past due but not impaired. These relate to a number of independent customers which have no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The aging analysis of these contract receivables based on due date is as follows:

	2015 HK\$	2014 HK\$
0–30 days	—	19,199,974
31–60 days	10,901,910	—
61–90 days	—	—
Over 90 days	—	—
	10,901,910	19,199,974

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Trade and Other Receivables (Continued)

Notes: (Continued)

- (b) Retention receivables were not past due as at 31 March 2015 and 2014. They are settled in accordance with the terms of respective contracts. Retention receivables are denominated in HK\$.

Retention receivable is analysed as follows:

	2015 HK\$	2014 HK\$
Due within one year	31,875,593	14,288,022
Due after one year	12,783,099	14,886,486
	44,658,692	29,174,508

16. Amounts Due from/(to) Customers for Contract Work

	2015 HK\$	2014 HK\$
Cost plus attributable profits less foreseeable losses	885,504,499	610,130,469
Less: progress billings to date	(853,025,702)	(621,710,613)
	32,478,797	(11,580,144)
Analysed for reporting purposes as:		
Amounts due from customers for contract work	33,382,319	3,081,267
Amounts due to customers for contract work	(903,522)	(14,661,411)
	32,478,797	(11,580,144)

Progress billings to date include retention receivables of HK\$44,658,692 (2014: HK\$29,174,508) as at 31 March 2015.

17. Related Party Transactions

(a) Amount due from a director

			Maximum amount outstanding during the year	
	2015 HK\$	2014 HK\$	2015 HK\$	2014 HK\$
Director				
Mr. Chu Shu Cheong	18,310,000	18,310,000	18,310,000	79,995,168

The amount due is unsecured, interest-free and repayable on demand.

(b) Loan from a director

	2015 HK\$	2014 HK\$
Director		
Mr. Chu Shu Cheong	18,310,000	18,310,000

The amount due is unsecured, interest-free and no fixed repayment terms.

(c) Related parties transactions

Name	Nature of transaction	2015 HK\$	2014 HK\$
Related companies			
K.S. So & Associates Limited (note i)	Consultancy fee paid	80,000	540,000
Altai Construction Limited (note ii)	Consultancy fee paid	—	210,000
New Concepts Construction Company Limited (note iii)	Machine rental income	—	6,536,011
New Concepts Holdings (International) Limited (note iv)	Rental expenses	220,800	—

Notes:

- (i) Mr. So Kin Shing, a director of the Company, is also director of and has beneficial interest in K.S. So & Associates Limited.
- (ii) Mr. Kwan, a director of the Company, is also director of Altai Construction Limited.
- (iii) Mr. Chu, a director of the Company, was also director of and had beneficial interest in New Concepts Construction Company Limited.
- (iv) Mr. Chu, a director of the Company, is also director of and has beneficial interest in New Concepts Holdings (International) Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. Related Party Transactions (Continued)

(c) Related parties transactions (Continued)

Notes: (Continued)

- (v) The directors are the key management personal of the Company. Details of their remuneration are disclosed in note 9 to the consolidated financial statements.
- (vi) Details of balances with related parties at the end of the reporting period are set out in the consolidated statement of financial position and notes 17(a) to 17(b).

18. Bank Balances and Cash

	2015 HK\$	2014 HK\$
Bank balances and cash	41,653,292	35,101,397
Pledged bank deposits (note)	15,434,994	3,055,368
	57,088,286	38,156,765

Note: Pledged bank deposits represent deposit pledged to bank to secure banking facilities granted to the Group as at 31 March 2015 and 2014. (notes 25 and 27(a))

The carrying amounts of the cash and cash equivalents are denominated in HK\$.

The bank balances and pledged bank deposits are deposited with creditworthy banks with no recent history of default. The deposit is in HK\$ and at the interest rate of 0.2% to 1.15% (2014: 0.23%) as at 31 March 2015.

19. Share Capital

	Number of ordinary shares	Nominal value HK\$
Ordinary shares of HK\$0.10 each		
Authorised:		
Upon incorporation (note a)	3,800,000	380,000
Increase during the period (note c)	1,996,200,000	199,620,000
As at 31 March 2015	2,000,000,000	200,000,000
Issued and dully paid:		
Upon incorporation (note a)	1	—
Issue of shares on reorganisation (note b)	9,999	1,000
Issue of shares upon:		
Capitalisation issue (note d)	299,990,000	29,999,000
Placing of shares (note e)	100,000,000	10,000,000
As at 31 March 2015	400,000,000	40,000,000

19. Share Capital (Continued)

Notes:

- (a) The Company was incorporated on 3 April 2014 in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 3,800,000 shares of HK\$0.10 each, of which one share of HK\$0.10 was allotted and issued.
- (b) On 13 August 2014 pursuant to the Reorganisation of the Group for the Listing, the Company acquired the entire issued share capital of New Expansion Global Limited ("BVI 1") and New Expansion Holdings Limited ("BVI 2") and as consideration for which 2,299 shares and 7,700 shares respectively and which were allotted and issued to Prosper Power Group Limited (BVI Holdco), credited as fully paid. HK\$14,000,000 represents the aggregate amounts of issued share capital of New Concepts Foundation Limited ("NC Foundation") and New Concepts Engineering Development Limited ("NC Engineering") as at 31 March 2014.
- (c) On 26 August 2014, the authorised share capital of the Company was increased from HK\$380,000 to HK\$200,000,000 by the creation of an additional 1,996,200,000 shares of HK\$0.10 each.
- (d) On 25 August 2014, conditional on the share premium account of the Company being credited by HK\$29,999,000 as a result of the issue of placing shares pursuant to the placing as mentioned and defined in (e) below, an aggregate of 299,990,000 shares, by the way by capitalisation of the sum of HK\$29,990,000 standing to the credit of the share premium account of the Company, would be issued, allotted and credited as fully paid at par to the shareholders as appearing on the register of members of the Company at close of business of 25 August 2014 (the "Capitalisation"). Upon the Capitalisation, the issued share capital of the Company would become HK\$30,000,000 divided into 300,000,000 share of HK\$0.10 each.
- (e) On 19 September 2014, 100,000,000 ordinary shares of HK\$0.10 each were issued by the way of placing at a price of HK\$0.86 per share (the "Placing Price") for a total cash consideration of HK\$86,000,000 before issuance cost. The excess of the Placing Price over the par value of the shares issued was credited to the share premium account of the Company.

20. Deferred Tax Liabilities

The followings are the major deferred liabilities recognised by the Group:

	Accelerated tax depreciation HK\$	Provision HK\$ (Note)	Total HK\$
At 31 March 2013	(1,533,965)	194,405	(1,339,560)
Charge to profit or loss for the year (note 11)	(1,571,758)	(38,535)	(1,610,293)
At 31 March 2014	(3,105,723)	155,870	(2,949,853)
Charge to profit or loss for the year (note 11)	(11,590,689)	(75,727)	(11,666,416)
At 31 March 2015	(14,696,412)	80,143	(14,616,269)

Note: Provision represents the temporary differences of provision for certain expenses (including provision for long services payment and provision for annual leaves) made by the Group that would only be tax deductible when these expenses are actually paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Obligations Under Finance Leases

Finance lease liabilities

The rights to the leased assets are reverted to the lessors in the event of default of the lease liabilities by the Group.

	2015 HK\$	2014 HK\$
Gross finance lease liabilities – minimum lease payments		
No later than 1 year	58,726,378	5,491,110
Later than 1 year and no later than 5 years	61,087,577	10,613,487
	119,813,955	16,104,597
Future finance charges on finance leases	(5,169,000)	(773,905)
	114,644,955	15,330,692

The present value of finance lease liabilities is as follows:

	2015 HK\$	2014 HK\$
No later than 1 year – current	55,524,982	5,079,760
Later than 1 year and no later than 5 years – non-current	59,119,973	10,250,932
	114,644,955	15,330,692

The carrying amounts of all finance lease liabilities are denominated in HK\$.

Certain of Group's plant and machinery and motor vehicles are held under finance leases (note 14). The lease terms are 1–4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The above finance leases carry interest at the rate per annum of 1.18%–3.95% (2014: 3.00% to 3.25%).

The Group's obligation under finance leases were secured by the leased assets, corporate guarantees provided by a related company and a subsidiary of the Group.

22. Trade and Other Payables

	2015 HK\$	2014 HK\$
Trade payables (note a)	69,337,857	27,441,278
Retention payables	33,786,093	23,061,085
Accruals	7,476,661	6,110,056
Provision for long service payment (note b)	263,842	514,556
Provision for annual leave	238,432	430,113
	111,102,885	57,557,088

Notes:

- (a) During the year, settlement terms granted by suppliers are generally within 45 days from the invoice date of the relevant purchases.

At the end of each reporting period, the aging analysis of the Group's trade payables based on invoice date is as follows:

	2015 HK\$	2014 HK\$
0–30 days	45,147,627	11,953,668
31–60 days	24,084,352	11,602,610
61–90 days	23,275	355,000
Over 90 days	82,603	3,530,000
	69,337,857	27,441,278

- (b) Movement of the Group's provision for long service payment during the year is stated as follows:

	2015 HK\$	2014 HK\$
At beginning of the year	514,556	548,209
Credited to profit or loss	(250,714)	(33,653)
At the end of the year	263,842	514,556

Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to employees who have completed at least 5 years of service with the Group. The amount payable is dependent on the employees' final salary and years of services, and is reduced by entitlements accrued under the retirement schemes of the Group that are attributable to contributions made by the Group.

The Group does not set aside any assets to funds the above remaining obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Bank Borrowings – Secured

	2015 HK\$	2014 HK\$
Bank borrowings – secured	4,000,000	—

Note: Bank borrowings mature until November 2017 and bear interest at 2.5% per annum.

The bank borrowings are denominated in HK\$.

The bank borrowings are classified as current liabilities according to the HK Interpretation 5, Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause issued by the HKICPA. According to the repayment schedule, the bank borrowings are repayable as follow:

	2015 HK\$	2014 HK\$
Within a period not exceeding one year	—	—
Within a period of more than one but not exceeding two years	4,000,000	—
Within a period of more than two years but not exceeding five years	—	—
	4,000,000	—

The bank borrowings are secured by the Group's pledged bank deposits (note 18) to the extent of HK\$4,000,000.

24. Note to the Consolidated Statement of Cash Flows

Major non-cash transactions

- For the year ended 31 March 2015, the Group acquired property, plant and equipment at cost of HK\$163,479,367, of which HK\$114,789,386 were financed by finance leases arrangement as set out in note 21 to the consolidated financial statements.
- Amounts due from directors of HK\$52,456,834 were settled by the dividends paid by a subsidiary of the Group for the year ended 31 March 2014.

25. Banking Facilities

As at 31 March 2015, the Group had aggregate banking facilities of approximately HK\$77,600,000 (2014: HK\$34,300,000) of which HK\$43,900,000 (2014: HK\$22,300,000) were utilised as at the same date. These facilities are secured by unlimited corporate guarantees by a related company and a subsidiary and the Group's pledged bank deposits (note 18). Our Group's banking facilities do not have material covenants from Controlling shareholder.

26. Commitments

(a) Operating lease commitments – Group as lessee

During the year, the Group leased certain of its offices under non-cancellable operating lease agreements. The lease terms are negotiated for an average term of 4 years and rental are fixed over the lease terms and do not include contingent rentals.

At the end of the reporting period, the future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2015 HK\$	2014 HK\$
No later than 1 year	1,048,800	828,000
Later than 1 year and no later than 5 years	772,800	1,380,000
	1,821,600	2,208,000

(b) Capital commitments

At 31 March 2015, the Group did not have any capital commitment (2014: HK\$nil).

27. Contingent Liabilities

(a) Performance bonds

Performance bonds have been issued by banks as the Group has major construction contracts with customers and the bonds are the performance guarantee for the provision of works for such projects. At the end of the reporting period, the directors do not consider it probable that a claim will be made against the Group.

As at 31 March 2015, the amount of outstanding performance bonds was approximately HK\$23.9 million (2014: HK\$22.3 million).

The performance bonds were secured by unlimited corporate guarantees provided by the Company and the pledged bank deposits (note 18).

(b) Litigation

The Group is the defendant in certain lawsuits as well as the plaintiff in other proceedings arising in the ordinary course of business. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, management believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. Financial Information of the Company

Statement of financial position

As at 31 March 2015

	2015 HK\$	2014 HK\$
ASSETS		
Non-current assets		
Investments in subsidiaries	14,015,516	—
Amounts due from subsidiaries	60,626,922	—
	74,642,438	—
Current assets		
Bank balances and cash	5,974,645	—
	5,974,645	—
Total assets	80,617,083	—
EQUITY		
Capital and reserves		
Share capital	40,000,000	—
Reserves (Note)	40,345,279	—
Total equity	80,345,279	—
LIABILITIES		
Current liabilities		
Other payables	271,804	—
Total liabilities	271,804	—
Total equity and liabilities	80,617,083	—
Net current assets	5,702,841	—
Total assets less current liabilities	80,345,279	—

28. Financial Information of the Company (Continued)

Statement of financial position (Continued)

As at 31 March 2015 (Continued)

Note: Reserves of the Company

	Share premium	Accumulated losses	Total
	HK\$	HK\$	HK\$
Capitalisation issue	(30,000,000)	—	(30,000,000)
Issue of ordinary shares	76,000,000	—	76,000,000
Arising from the reorganisation	14,015,516	—	14,015,516
Expenses incurred in connection with the placing of shares	(7,897,119)	—	(7,897,119)
Loss and total comprehensive expenses for the year	—	(1,773,118)	(1,773,118)
Dividend to equity holders	—	(10,000,000)	(10,000,000)
Balance at 31 March 2015	52,118,397	(11,773,118)	40,345,279

29. Particulars of Subsidiaries

Particulars of the Company's subsidiaries as at 31 March 2015 are set out below:

Name	Place of incorporation	Date of incorporation	Principal activities and place of operation	Issued and fully paid share capital	Equity interest held 31 March 2015
Directly held:					
New Expansion Global Limited	British Virgin Islands	25 March 2014	Investment holding	US\$1,001.00	100%
New Expansion Holdings Limited	British Virgin Islands	25 March 2014	Investment holding	US\$1,001.00	100%
Indirectly held:					
NC Foundation	Hong Kong	10 September 1997	General building and foundation in Hong Kong	HK\$14,000,000	100%
NC Engineering	Hong Kong	30 July 1996	Civil engineering works and general building in Hong Kong	HK\$10,100,000	100%

FIVE YEARS FINANCIAL SUMMARY

	Year ended 31 March 2015 HK\$	Year ended 31 March 2014 HK\$	Year ended 31 March 2013 HK\$	Year ended 31 March 2012 HK\$	Year ended 31 March 2011 HK\$
RESULTS					
Revenue	780,854,046	463,020,588	230,425,039	190,858,372	145,466,888
Profit before income tax	68,654,084	60,928,971	27,525,965	15,961,060	229,441
Income tax (expenses)/refund	(15,301,610)	(10,325,545)	(4,511,684)	(2,394,617)	9,136
Profit and total comprehensive income for the year	53,352,473	50,603,426	23,014,281	13,566,443	238,577
Profit and total comprehensive income for the year attributable to owners of the Company	53,352,473	50,603,426	23,014,281	13,566,443	238,577
ASSETS AND LIABILITIES					
Total assets	419,878,316	162,520,422	133,435,401	105,388,569	53,668,330
Total liabilities	(264,053,208)	(113,150,668)	(82,212,239)	(66,679,688)	(28,525,892)
Net assets	155,825,108	49,369,754	51,223,162	38,708,881	25,142,438
Equity attributable to owners of the Company	155,825,108	49,369,754	51,223,162	38,708,881	25,142,438