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## **NEW CONCEPTS HOLDINGS LIMITED**

**創業集團(控股)有限公司**

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

**(Stock Code: 2221)**

### **FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2016**

#### **FINAL RESULTS**

The board (the “Board”) of directors (the “Directors”) of New Concepts Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2016 (the “Year”), together with the comparative figures for the year ended 31 March 2015, as follows:

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	<i>Notes</i>	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Revenue</b>	4	<b>1,411,799</b>	780,854
<b>Cost of sales</b>		<b>(1,280,345)</b>	(667,512)
Gross profit		<b>131,454</b>	113,342
Other income and net gains	4	<b>9,252</b>	6,293
Administrative expenses		<b>(32,495)</b>	(14,778)
Other operating expenses		<b>(37,957)</b>	(34,868)
<b>Operating profit</b>		<b>70,254</b>	69,989
Finance costs	5	<b>(8,376)</b>	(1,335)
<b>Profit before income tax</b>		<b>61,878</b>	68,654
Income tax expense	6	<b>(12,163)</b>	(15,302)
<b>Profit for the year attributable to equity owners of the Company</b>		<b>49,715</b>	53,352
<b>Other comprehensive income for the year, net of tax</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
— Fair value changes of available-for-sale financial assets		<b>5,033</b>	—
— Exchange differences on translation of foreign operations		<b>719</b>	—
		<b>5,752</b>	—
<b>Total comprehensive income for the year attributable to equity owners of the Company</b>		<b>55,467</b>	53,352
Basic and diluted earnings per share	7	<b>HK\$0.12</b>	HK\$0.15
Dividends	8	—	25,000

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	<i>Notes</i>	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>198,614</b>	184,865
Available-for-sale financial assets		<b>20,287</b>	—
Rental deposit		<b>826</b>	—
		<u><b>219,727</b></u>	<u>184,865</u>
<b>Current assets</b>			
Trade and other receivables	9	<b>365,108</b>	144,543
Loan receivable		<b>18,592</b>	—
Amounts due from customers for contract work	10	<b>64,121</b>	33,382
Tax recoverable		<b>800</b>	—
Bank balances and cash		<b>195,249</b>	57,088
		<u><b>643,870</b></u>	<u>235,013</u>
<b>Current liabilities</b>			
Trade and other payables	11	<b>543,201</b>	111,103
Bank borrowings		<b>20,077</b>	4,000
Amounts due to customers for contract work	10	<b>11,140</b>	904
Obligations under finance leases		<b>30,982</b>	55,525
Tax payable		<b>—</b>	475
		<u><b>605,400</b></u>	<u>172,007</u>
<b>Net current assets</b>		<u><b>38,470</b></u>	<u>63,006</u>
<b>Total assets less current liabilities</b>		<u><b>258,197</b></u>	<u>247,871</u>
<b>Non-current liabilities</b>			
Loan from a director		<b>—</b>	18,310
Deferred tax liabilities		<b>23,617</b>	14,616
Obligations under finance leases		<b>23,288</b>	59,120
		<u><b>46,905</b></u>	<u>92,046</u>
<b>NET ASSETS</b>		<u><b>211,292</b></u>	<u>155,825</u>
<b>Capital and reserves</b>			
Share capital		<b>40,000</b>	40,000
Reserves		<b>171,292</b>	115,825
<b>TOTAL EQUITY</b>		<u><b>211,292</b></u>	<u>155,825</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands 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 Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company is an investment holding company. During the Year, the principal activities of its subsidiaries involved in foundation works, civil engineering construction, general building works and environmental protection.

These consolidated financial statements are presented in Hong Kong dollars (“HK\$”) unless otherwise stated.

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### Adoption of new and revised HKFRSs

The Group has adopted all the new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are relevant to its operations and effective for its accounting year beginning on 1 April 2015.

### 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 <sup>2</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>3</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
HKFRS 16	Leases <sup>1</sup>
Amendment to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>3</sup>
Amendment to HKAS 1	Disclosure Initiative <sup>3</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>3</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>3</sup>
Amendment to HKAS 27	Equity Method in Separate Financial Statements <sup>3</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2016.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

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.

### 3. 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 of Hong Kong Limited (the “Listing Rules”).

These consolidated financial statements have been prepared under the historical cost convention, modified by the revaluation of available-for-sale financial assets, which are carried at fair values, as appropriate. 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 area 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 notes to the consolidated financial statements.

### 4. REVENUE AND SEGMENT INFORMATION

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

	2016 <i>HK\$’000</i>	2015 <i>HK\$’000</i>
Foundation works	1,102,071	591,655
Civil engineering construction	260,561	97,965
General building works	49,167	91,234
	<u>1,411,799</u>	<u>780,854</u>

Information reported to the executive Directors, 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.

The Group’s operating and reportable segments currently are (i) foundation works (ii) civil engineering construction, (iii) general building works and (iv) environmental protection. The CODM considered the Group has four operating and reportable segments which are based on the internal organisation and reporting structure during the reporting period and future operation. 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 2016**

	Foundation works <i>HK\$'000</i>	Civil engineering construction <i>HK\$'000</i>	General building works <i>HK\$'000</i>	Environmental protection <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Revenue</b>					
Revenue from external parties	1,102,071	260,561	49,167	—	1,411,799
Inter-segment sales	—	—	—	—	—
Total segment revenue	<u>1,102,071</u>	<u>260,561</u>	<u>49,167</u>	<u>—</u>	<u>1,411,799</u>
<b>Adjusted segment profit/(loss)</b>	<b>84,196</b>	<b>26,336</b>	<b>(3,683)</b>	<b>(1,600)</b>	<b>105,249</b>
Depreciation	<u>24,605</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>24,605</u>

**For the year ended 31 March 2015**

	Foundation works <i>HK\$'000</i>	Civil engineering construction <i>HK\$'000</i>	General building works <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Revenue</b>				
Revenue from external parties	591,655	97,965	91,234	780,854
Inter-segment sales	—	—	—	—
Total segment revenue	<u>591,655</u>	<u>97,965</u>	<u>91,234</u>	<u>780,854</u>
<b>Adjusted segment profit</b>	<b>67,541</b>	<b>10,666</b>	<b>29,915</b>	<b>108,122</b>
Depreciation	<u>5,220</u>	<u>—</u>	<u>—</u>	<u>5,220</u>

The accounting policies of the operating segments are the same as the Group's accounting policies described in the consolidated financial statements.

Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit before income tax. The adjusted profit before income tax is measured consistently with the Group's profit before income tax except that finance costs, inter-segment transactions as well as head office and corporate expenses are excluded from such measurement.

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

(b) Segment assets and liabilities

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

	Foundation works <i>HK\$'000</i>	Civil engineering construction <i>HK\$'000</i>	General building works <i>HK\$'000</i>	Environmental protection <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 31 March 2016</b>					
Segment assets	<u>525,367</u>	<u>15,928</u>	<u>14,118</u>	<u>60,128</u>	<u>615,541</u>
Segment liabilities	<u>220,853</u>	<u>19,838</u>	<u>9,761</u>	<u>1,297</u>	<u>251,749</u>
<b>As at 31 March 2015</b>					
Segment assets	<u>302,121</u>	<u>7,714</u>	<u>23,153</u>	<u>—</u>	<u>332,988</u>
Segment liabilities	<u>195,790</u>	<u>11,840</u>	<u>11,042</u>	<u>—</u>	<u>218,672</u>

Segment assets represent certain property, plant and equipment, trade and retention receivables, available-for-sale financial assets, deposits and prepayment 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, accruals, 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) A reconciliation of segment results to profit before income tax is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Adjusted segment profit for reportable segments	105,249	108,122
Unallocated — other income and net gains	9,252	6,293
Unallocated expenses	(44,247)	(44,426)
Finance costs	(8,376)	(1,335)
Profit before income tax	<u>61,878</u>	<u>68,654</u>

A reconciliation of segment assets to total assets is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Segment assets	615,541	332,988
Unallocated	<u>248,056</u>	<u>86,890</u>
Total assets	<u>863,597</u>	<u>419,878</u>

A reconciliation of segment liabilities to total liabilities is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Segment liabilities	251,749	218,672
Unallocated	<u>400,556</u>	<u>45,381</u>
Total liabilities	<u>652,305</u>	<u>264,053</u>

**(d) Information about major customers**

During the Year, there were 3 customers (2015: 4 customers) who individually contributed over 10% of the Group's revenue. The aggregate amount of revenue from these customers accounted for 46% (2015: 61%) of the Group's total revenue. Revenue from customers contributing over 10% of the total revenue are as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Customer A ( <i>note i</i> )	280,691	163,887
Customer B ( <i>note ii</i> )	—	128,779
Customer C ( <i>note ii</i> )	148,360	108,496
Customer D ( <i>note ii</i> )	—	78,853
Customer E ( <i>note ii</i> )	222,245	—

*Notes:*

- (i) The contract revenue of approximately HK\$22,869,000 and HK\$257,822,000 (2015: HK\$163,887,000 and HK\$Nil) were derived from the foundation works and civil engineering construction segments respectively.
- (ii) The contract revenue were derived from the foundation works segment.

**(e) Geographical information**

No geographical information is presented for the Group's business segment as all revenue of the Group are generated in Hong Kong for the years ended 31 March 2016 and 2015.

**(f) Other income and net gains**

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Bank interest income	123	114
Exchange gain/(loss)	412	(41)
Gain on disposal of property, plant and equipment	70	—
Machine rental income	1,966	4,675
Service fee income	969	—
Sales of materials	5,676	385
Sundry income	36	1,160
	<u>9,252</u>	<u>6,293</u>

**5. FINANCE COSTS**

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest on bank overdrafts	—	17
Interest on bank loan	1,300	24
Finance lease charges	4,380	1,294
Interest expenses on loan from a related company	2,696	—
	<u>8,376</u>	<u>1,335</u>



## 6. INCOME TAX EXPENSE

The Company is tax exempted under the laws of Cayman Islands. The subsidiaries which are operating in Hong Kong and subject to Hong Kong profits tax at a tax rate of 16.5% (2015: 16.5%) on the estimated assessable profit arising in Hong Kong.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current tax — Hong Kong profits tax	3,199	3,535
(Over)/under provision in previous year	(37)	100
Deferred income tax	9,001	11,667
	<u>12,163</u>	<u>15,302</u>

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the domestic tax rate applicable to profits in respective countries as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit before income tax	<u>61,878</u>	<u>68,654</u>
Tax calculated at domestic tax rates applicable to profits in the respective countries	10,210	11,328
Tax effect of non-taxable revenue	(732)	(10)
Tax effect of non-deductible expenses	1,345	1,975
(Over)/under provision for previous year	(37)	100
Tax reduction	—	(20)
Unrecognised tax losses	1,377	1,929
	<u>12,163</u>	<u>15,302</u>

## 7. EARNINGS PER SHARE

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit attributable to equity owners of the Company	<u>49,715</u>	<u>53,352</u>
	<i>Number of shares ( '000)</i>	<i>Number of shares ( '000)</i>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>400,000</u>	<u>353,151</u>
Basic earnings per share	<u>HK\$0.12</u>	<u>HK\$0.15</u>

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

## 8. DIVIDEND

No dividend was paid or proposed for the year ended 31 March 2016 (2015: HK\$25,000,000) nor has any dividend been proposed since the end of the reporting period.

## 9. TRADE AND OTHER RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Contract receivables ( <i>note a</i> )	188,247	76,444
Retention receivables ( <i>note b</i> )	90,374	44,659
Total trade receivables	278,621	121,103
Other receivable, deposit and prepayments ( <i>notes c, d, e &amp; f</i> )	86,487	23,440
	<u>365,108</u>	<u>144,543</u>

*Notes:*

### (a) Contract receivables

It represents progress billings receivables from the contract works. During the Year, credit period granted to the Group's customers generally within 30–49 days from invoice date of the relevant contract revenue.

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0–30 days	145,669	42,538
31–60 days	33,547	23,004
61–90 days	3,251	10,902
Over 90 days	5,780	—
	<u>188,247</u>	<u>76,444</u>

As at 31 March 2016, contract receivables of HK\$19,940,498 (2015: HK\$10,901,910) were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis of these contract receivables based on due date is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0–30 days	10,909	—
31–60 days	3,251	10,901
61–90 days	3,206	—
Over 90 days	2,574	—
	<u>19,940</u>	<u>10,901</u>

As at 31 March 2016, approximately HK\$37,458,000 (2015: HK\$Nil) of contract receivables was pledged to a bank to secure factoring loan.

- (b) Retention receivables were not past due as at 31 March 2016. They are settled in accordance with the terms of respective contracts.

Retention receivable is analysed as follow:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Due within one year	51,743	31,876
Due after one year	38,631	12,783
	<u>90,374</u>	<u>44,659</u>

- (c) Included in deposit and prepayments amounts of US\$2,920,000, equivalent to approximately HK\$22,717,956, was the 40% deposit paid for acquisition of 49% equity interest in PT. Dempo Sumber Energi (“DSE”), a project company which engages in the development of hydropower stations in the Republic of Indonesia (“Indonesia”), details of which are set out in the Company’s announcement dated 23 March 2016.

On 30 May 2016, the Group, the vendor and other major shareholder of DSE entered into a supplemental agreement pursuant to which that the vendor and such other major shareholder granted an option to the Group to terminate the acquisition of 49% equity interest in DSE anytime at the Group’s sole discretion, if the power purchase agreement cannot execute the tariff under the Minister of Energy and Mineral Resources of Indonesia (“MEMR”) Regulation No. 19 of 2015 (“MEMR 19/2015”) within 60 days from the date of power purchase agreement. Up to the date of this announcement, PT Perusahaan Listrik Negara (Persero) (“PLN”) and MEMR are still under discussion on how to execute MEMR 19/2015, and details of which are set out in the Company’s announcement dated 30 May 2016.

- (d) Included in deposit and prepayment, an aggregate amount of US\$2,200,000, equivalent to approximately HK\$17,122,880 was the refundable deposits paid for acquisition(s)/investment(s) of potential 13 project companies which engage in the development of hydropower stations in Indonesia, details of which are set out in the Company’s announcements dated 22 January 2016, 23 March 2016, 14 April 2016 and 21 June 2016 respectively.

- (e) **Amount due from a director**

	As at 31 March		Maximum amount outstanding during the year	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Director				
Chu Shu Cheong	—	18,310	18,310	18,310

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

- (f) **Amount due from a substantial shareholder**

	As at 31 March		Maximum amount outstanding during the year	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Prosper Power Group Limited	17	—	17	—

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

## 10. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Cost plus attributable profits less foreseeable losses	820,415	885,504
Less: progress billings to date	<u>(767,434)</u>	<u>(853,026)</u>
	<b><u>52,981</u></b>	<b><u>32,478</u></b>
Analysed for reporting purposes as:		
Amounts due from customers for contract work	64,121	33,382
Amounts due to customers for contract work	<u>(11,140)</u>	<u>(904)</u>
	<b><u>52,981</u></b>	<b><u>32,478</u></b>

Progress billings to date include retention receivables of HK\$90,374,117 (2015: HK\$44,658,692) as at 31 March 2016.

## 11. TRADE AND OTHER PAYABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade payables ( <i>note a</i> )	127,629	69,338
Retention payables	64,617	33,786
Accruals	16,507	7,477
Provision for long service payment ( <i>note b</i> )	791	264
Provision for annual leave	842	238
Amounts due to related companies ( <i>note c</i> )	<u>332,815</u>	<u>—</u>
	<b><u>543,201</u></b>	<b><u>111,103</u></b>

*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 ageing analysis of the Group's trade payables based on invoice date is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0–30 days	68,397	45,148
31–60 days	46,058	24,084
61–90 days	5,296	23
Over 90 days	<u>7,878</u>	<u>83</u>
	<b><u>127,629</u></b>	<b><u>69,338</u></b>

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

	<b>2016</b>	2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
At beginning of the year	<b>264</b>	515
Charged/(credited) to profit or loss	<b>527</b>	(251)
At the end of the year	<b>791</b>	264

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.

- (c) The balances represent the aggregate amounts of approximately HK\$3,098,000 due to Interchina Water Treatment Hong Kong Company Limited and Josab International AB and unsecured, interest-free and repayable on demand. The remaining amount due to Turbo Link Trading Limited is unsecured, interest-bearing at 3% per annum and repayable on demand.
- (d) The carrying amounts of the Group's trade and other payables are approximated to their fair values.

## MANAGEMENT DISCUSSION AND ANALYSIS

### MARKET OVERVIEW

Despite uncertainties in both of the external and internal economic environment from the second half of the Year such as the possible increase in interest rate in the United States and the delays in awarding of tenders for numerous major government infrastructure construction projects, the economy of and the construction industry in Hong Kong maintained steady for the Year, which was sustained by the increasing supply of land and the ongoing public building and construction works.

### BUSINESS REVIEW

The core business and revenue structure of the Group has remained unchanged during the Year. The Group continued to act as a contractor in the Hong Kong construction industry and principally engage in foundation works, civil engineering works and general building works in Hong Kong. In addition, the Group commenced trading construction materials during the Year for the sake of supply of materials to its projects due to the continuous rise in material price and the recent shortage of materials in the construction industry. Apart from the above, the Group has been exploring various investment opportunities in environmental protection. During the Year, the Group acquired certain issued shares of Josab International AB which shares are listed on AktieTorget of Sweden and engages in the business of the development and manufacture of water treatment solutions systems. The Group also entered into an acquisition agreement in relation to acquisition of 49% equity interests (the "Acquisition") in PT. Dempo Sumber Energi, an Indonesian company which principally engages in the development of hydropower stations. As at the date of this announcement, the Acquisition has not yet completed.

During the Year, foundation works continued to be the main revenue driver and generator of the Group, which accounted for approximately 78.06% of the Group's overall revenue.

### Results

In respect of the consolidated results of the Group for the Year, the Board is pleased to report a total comprehensive income attributable to equity owners of the Company slightly increased by approximately 3.97% from approximately HK\$53.35 million for the corresponding period last year to approximately HK\$55.47 million for the Year. Excluding the increase in fair value of available-for-sale financial assets and exchange difference for a total of approximately HK\$5.75 million, the profit for the Year attributable to equity owners of the Company amounted to approximately HK\$49.72 million. The decrease in profit for the Year attributable to equity owners of the Company after excluding the aforesaid items was mainly related to the loss of general building project amounted to approximately HK\$3.68 million for the Year as compared with gross profit of approximately HK\$29.91 million for the year ended 31 March 2015 and a significant increase in administrative expenses during the Year.

Revenue of the Group for the Year was approximately HK\$1,411.80 million, representing an increase of approximately 80.80% from approximately HK\$780.85 million for the year ended 31 March 2015. Gross profit increased by approximately 15.98% from approximately HK\$113.34 million for the year ended 31 March 2015 to approximately HK\$131.45 million for the Year. The overall gross profit margin of the Group decreased from approximately 14.52% for the corresponding period last year to approximately 9.31% for the Year due to the strategic reduction of tender premium resulting from the uncertainties in global economy starting from the second half of the Year.

Basic earnings per share for the Year, calculated based on the profit attributable to equity owners of the Company of approximately HK\$49.72 million (2015: approximately HK\$53.35 million) and the weighted average of 400,000,000 shares (2015: 353,150,685 shares) in issue during the Year, was approximately HK12 cents (2015: approximately HK15 cents), representing a decrease of approximately 20.00%.

## **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 Group has been invited to submit tender documents for lots of foundation projects. Our track records of completed foundation projects continued to earn good reputation in the construction industry, both public and private sectors, which contributed to our potential business opportunities to award our foundation works.

During the Year, the Group has secured 18 new foundation contracts with an aggregate contract value of approximately HK\$964.42 million, out of which approximately HK\$255.35 million were recorded as revenue for the Year and the remaining aggregate contract value of approximately HK\$709.07 million will be recorded as revenue upon completion of the respective projects by 30 June 2017. The Group expects that the revenue of the foundation works can be sustainable and remains as the significant revenue contributor of the Group next year. For the Year, revenue of foundation projects amounted to approximately HK\$1,102.07 million, representing a significant growth of approximately 86.27% as compared with approximately HK\$591.66 million for the year ended 31 March 2015. This revenue accounted for approximately 78.06% of the consolidated revenue of the Group for the Year.

Adjusted profit of foundation projects for the Year was approximately HK\$84.20 million, representing an increase of approximately 24.67% as compared with approximately HK\$67.54 million for the year ended 31 March 2015. The increase in adjusted segment profit was mainly related to the outstanding performance of our five sizeable foundation projects awarded and their commencement of works during the Year with an aggregate contract value of HK\$712.52 million, out of which approximately HK\$155.38 million were recorded as revenue for the Year, which acted as the major growth driver of the Group and was principally attributable to an increase in profit of the Year. Starting from the second half of the Year, the construction industry in Hong Kong has turnaround. The Lands Department of Hong Kong occasionally rejected tenders and cancelled the tender exercise of the purchase of land and site as the tendered premiums did not meet the reserve price. As a result, the number of new foundation projects awarded may be decreased in the coming years. In order to fully utilize the previous acquired machinery for our foundation works, the Group made a strategic move to bid an open tender in private sector with a lower tender premium with an aim to enable our revenue of foundation works sustainable at the expense of reduction of revenue and gross profit for this segment business in private sector in the coming years.

The overall profit margin of foundation projects decreased to approximately 9.87% for the Year from approximately 12.30% as compared with the same period last year. Such decrease was attributable to the keen competition due to the slowdown of construction industry in Hong Kong for the Year. Most of the industry players bid in open tender with a lower tender premium in order to win the bidding. The Group, being one of the players, adapted to such changing economy environment and lowered the profit margin of this segment for the Year.



### ***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.

For the Year, revenue of civil engineering projects recorded amounted to approximately HK\$260.56 million, representing an increase of approximately 165.96% as compared with approximately HK\$97.97 million for the year ended 31 March 2015. This revenue contributed approximately 18.46% of the Group's overall revenue. Such increase was attributable to the revenue of approximately HK\$257.82 million derived from Tseung Kwan O TL95 Project recorded during the Year.

Adjusted profit of civil engineering projects for the Year was approximately HK\$26.34 million, representing a growth of approximately 146.86% as compared with approximately HK\$10.67 million for the year ended 31 March 2015. Such increase was also attributable to the increase in contract value of civil engineering works especially Tseung Kwan O TL95 Project during the Year. The overall profit margin of civil engineering projects maintained at the steady level of approximately 10.11% for the Year from approximately 10.89% as compared with the year ended 31 March 2015.

### ***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 all of its resources in its foundation and civil engineering projects. Performance of general building projects has been definitively affected. As such, the Group has secured only one general building works during the Year with an aggregated contract value of approximately HK\$81.99 million.

For the Year, revenue of general building projects amounted to approximately HK\$49.17 million, representing a decrease of approximately 46.10% as compared with approximately HK\$91.23 million for the year ended 31 March 2015. This revenue accounted for approximately 3.48% of the Group's overall revenue.

Adjusted loss of general building project for the Year was approximately HK\$3.68 million as compared with adjusted profit of approximately HK\$29.92 million in 2015. Such decrease was attributable to the increase in sub-contracting charge resulting from the unforeseeable and complexity of the underground work in the site at one of the projects.



## New Projects Awarded

During the Year, the Group has secured 18 new contracts with an aggregated contract value of approximately HK\$964.42 million. Details of the new projects awarded are as follows:

<b>Name of project</b>	<b>Location</b>	<b>Sector</b>	<b>Main category of works</b>
South Bay Project	23 South Bay Close, Repulse Bay, Hong Kong	Foundation	Construction of pipe pile wall and socketed H-Piles
Pak Shek Kok 213 Project	Tai Po Town Lot No. 213, Pak Shek Kok, New Territories	Foundation	Site formation, Removal and disposal of existing filled materials
Pak Shek Kok 214 Project	Tai Po Town Lot No. 214 at Fo Yin Road, Pak Shek Kok, New Territories	Foundation	Construction of hoarding, demolition, sheet pile and socketed H-Piles
Tuen Mun Siu Lun Project	Area 14 (Siu Lun), Tuen Mun	Foundation	Design of socketed H-Piles
Tuen Mun Siu Sau Project	TMTL 435, Castle Peak Road — Tai Lam, Area 55, Siu Sau, Tuen Mun, New Territories	Foundation	Tree Felling, design and built of site formation, ELS, pipe pile, socketed H Piles, bored piles and pile caps
Central-Wan Chai Bypass Piling project	Hong Kong Convention and Exhibition Centre, Hong Kong	Foundation	Construction of socketed H-Piles
Harbour Area Treatment-Piling Project	Wah Fu Estate, Aberdeen, Hong Kong	Foundation	Construction of socketed H-Piles
Fu Shan Columbarium Project	Fu Shan Columbarium, Shatin, New Territories	Foundation	Construction of mini-piles
United Christian Hospital Project	United Christian Hospital, 130 Hip Wo Street, Kwun Tong, Kowloon	Foundation	Construction of mini-piles and pipe pile walls
Tung Tau Estate Project	Phase 8, Tung Tau Estate, Wong Tai Sin, Kowloon	Foundation	Construction of hoarding, pile cap, ELS and driven H-Piles
Pak Tin Estate Project	Phase 9, Pak Tin Estate, Shek Kip Mei, Kowloon	Foundation	Construction of mini-piles and associated works
Lei Yue Mun Project	Yau Tong Inland Lot No. 42, Lei Yue Mun Path, Lei Yue Mun, Kowloon	Foundation	Construction of bored piles, socketed H-Piles, sheet pile, king post, grout curtain, tree protection and hoarding
HongKong-Zhuhai-Macao Bridge Project (Western portion)	HongKong-Zhuhai-Macao Bridge	Foundation	Construction of bored piles

<b>Name of project</b>	<b>Location</b>	<b>Sector</b>	<b>Main category of works</b>
East Kowloon Cultural Centre Project	East Kowloon Cultural Centre in Kowloon Bay, Kowloon	Foundation	Construction of socketed H-piles, geotechnically instrumentation, hoarding modification and associated works
HongKong-Zhuhai-Macao Bridge Project (Middle portion)	HongKong-Zhuhai-Macao Bridge	Foundation	Construction of bored piles
Kai Tak Stage 2 Project	Southern Part of the Former Runway, Kai Tak, Kowloon	Foundation	Construction of rock-socketed steel H-Piles
Pok Fu Lam Road No. 45 Project	No. 46–65A Pok Fu Lam Road, Hong Kong	Foundation	Construction of bored piles, shear pile, pipe pile, geotechnically instrumentation, drainage, ELS and pile cap works
Hung Hom Sung On Street Project	Nos. 1–23 Wan King Street, Nos. 2–26 Wan Fuk Street, Nos. 18–24 Wan On Street, Nos. 1–27 Wan Shun Street, Hung Hom, Kowloon	Foundation	Construction of ELS and pile cap works

### **Projects in Progress**

As at 31 March 2016, the Group had 20 projects in progress with an aggregated contract value of approximately HK\$1,434.96 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 projects in progress as at 31 March 2016 were as follows:

<b>Name of project</b>	<b>Location</b>	<b>Sector</b>	<b>Main category of works</b>
Macdonnell Road Project	No. 3 MacDonnell Road, Mid-levels, Hong Kong	Building	Construction of soldier pile, ELS, pile cap, basement works
Tsing Yi Project	Chung Mei Road, Tsing Yi, New Territories	Foundation	Excavation and lateral support and underground drainage works
Wan Chai APA Project	Hong Kong Academy for Performing Arts, 1 Gloucester Road, Wanchai, Hong Kong	Foundation	Construction of socketed H-piles, earthworks and underground drainage
Sai Kung ELS Project	Lot No. 1950 in DD221, Wai Man Road, Sai Kung, New Territories	Foundation	Construction of ELS and raft foundation works

<b>Name of project</b>	<b>Location</b>	<b>Sector</b>	<b>Main category of works</b>
Kau To 579 Project	Shatin Lot S.T.T.L. 579, Area 56A, Kau To, New Territories	Foundation	Site formation and construction of pipe piles and pad footings
Pak Shek Kok 214 Project	Tai Po Town Lot No. 214 at Fo Yin Road, Pak Shek Kok, New Territories	Foundation	Construction of hoarding, demolition, sheet pile and socketed H-Piles
Tuen Mun Siu Lun Project	Area 14 (Siu Lun), Tuen Mun	Foundation	Design and Built of socketed H-Piles
Tuen Mun Siu Sau Project	TMTL 435, Castle Peak Road — Tai Lam, Area 55, Siu Sau, Tuen Mun, New Territories	Foundation	Tree Felling, design and built of site formation, ELS, pipe pile, socketed H piles, bored piles and pile caps
Harbour Area Treatment-Piling Project	Wah Fu Estate, Aberdeen, Hong Kong	Foundation	Construction of socketed H-Piles
Fu Shan Columbarium Project	Fu Shan Columbarium, Shatin, New Territories	Foundation	Construction of mini-piles
United Christian Hospital Project	United Christian Hospital, 130 Hip Wo Street, Kwun Tong, Kowloon	Foundation	Construction of mini-piles and pipe pile walls
Tung Tau Estate Project	Phase 8, Tung Tau Estate, Wong Tai Sin, Kowloon	Foundation	Construction of hoarding, pile cap, ELS and driven H-piles
Pak Tin Estate Project	Phase 9, Pak Tin Estate, Shek Kip Mei, Kowloon	Foundation	Construction of mini-piles and associated works
Lei Yue Mun Project	Yau Tong Inland Lot No. 42, Lei Yue Mun Path, Lei Yue Mun, Kowloon	Foundation	Construction of bored piles, socketed H-piles, sheet pile, king post, grout curtain, tree protection and hoarding
HongKong-Zhuhai-Macao Bridge Project (Western portion)	HongKong-Zhuhai-Macao Bridge	Foundation	Construction of bored piles
East Kowloon Cultural Centre Project	East Kowloon Cultural Centre in Kowloon Bay, Kowloon	Foundation	Construction of socketed H-piles, geotechnically instrumentation, hoarding modification and associated works

<b>Name of project</b>	<b>Location</b>	<b>Sector</b>	<b>Main category of works</b>
HongKong-Zhuhai-Macao Bridge Project (Middle portion)	HongKong-Zhuhai-Macao Bridge	Foundation	Construction of bored piles
Kai Tak Stage 2 Project	Southern Part of the Former Runway, Kai Tak, Kowloon	Foundation	Construction of rock-socketed steel H-piles
Pok Fu Lam Road No. 45 Project	No. 46-65A Pok Fu Lam Road, Hong Kong	Foundation	Construction of bored piles, shear pile, pipe pile, geotechnically instrumentation, drainage, ELS and pile cap works
Hung Hom Sung On Street Project	Nos. 1-23 Wan King Street, Nos. 2-26 Wan Fuk Street, Nos. 18-24 Wan On Street, Nos. 1-27 Wan Shun Street, Hung Hom, Kowloon	Foundation	Construction of ELS and pile cap works

### **Completed Projects**

During the Year, the Group has completed 20 projects. The details of completed projects were as follow:

<b>Name of project</b>	<b>Location</b>	<b>Sector</b>	<b>Main category of works</b>
Harbour Area (South HK) Project	Sandy Bay, Cyberport, Wah Fu, Aberdeen and Ap Lei Chau, Hong Kong	Foundation	Construction of pre-bored H piles
Wanchai Road Project	No. 101-111 Wanchai Road, Wan Chai, Hong Kong	Foundation	Construction of pre-bored H piles
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	Foundation	Construction of mini-piles
Tseung Kwan O Project	Town Lot No. 117, Tseung Kwan O, Kowloon	Foundation	Excavation and lateral support and underground drainage works
Oil Street Project	Oil Street, North Point, I.L. No. 8920 Hong Kong	Foundation	Earthwork and associated works
Des Voeux Road West Project	307-329 Des Voeux Road West, Hong Kong	Foundation	Construction of large diameter bored piles, ELS and pile cap works

<b>Name of project</b>	<b>Location</b>	<b>Sector</b>	<b>Main category of works</b>
Kau To Project	Shatin Lot S.T.T.L.563, Area 56A, Kau To, New Territories	Foundation	Site formation and construction of pipe piles and pad footings
Hin Keng Station Project	Shatin to Central Link, Contract 1102 — Hin Keng Station, New Territories	Foundation	Minipile for temporary viaduct platform and pumping test system at At-Grade box
Sai Yuen Lane Project	I.L.3915 R.P. at Nos. 1–17 Sai Yuen Lane, Hong Kong	Foundation	Construction of large diameter bored piles, ELS and pile cap works
Pak Shek Kok 214 Project	Tai Po Town Lot No. 214, Fo Yin Road, Pak Shek Kok, Tai Po, New Territories	Foundation	Removal and disposal of existing filled materials
Tuen Mun Town Project	TMTL No. 509, Area 2, Tuen Mun, New Territories	Foundation	Construction of large diameter bored piles
Tsing Yi 9 Project	Tsing Yi Lot No. 181 on Tsing Yi Hong Wan Road, New Territories	Foundation	Construction of large diameter bored piles
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, New Territories	Foundation	Construction of large diameter bored piles, ELS and pile cap works
Kai Tak Project	NKIL 6526, Kai Tak Area 11 Site 2, Kai Tak, Kowloon	Foundation	Construction of driven H piles, ELS and pile cap works
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	Foundation	Construction of large diameter bored piles, socketed H-piles and steel sheet piles
South Bay Project	23 South Bay Close, Repulse Bay, Hong Kong	Foundation	Construction of pipe pile wall and socketed H-Piles
Pak Shek Kok 213 Project	Tai Po Town Lot No. 213, Pak Shek Kok, New Territories	Foundation	Site formation, removal and disposal of existing filled materials
Central-Wan Chai Bypass Piling project	Hong Kong Convention and Exhibition Centre, Hong Kong	Foundation	Construction of socketed H-piles
Fu Shan Columbarium Project	Fu Shan Columbarium, Shatin, New Territories	Foundation	Construction of mini-piles
Tseung Kwan O TL95 Project	Tseung Kwan O, Town Lot No. 95, Hong Kong	Civil Engineering	Construction of ELS and pile cap works

## **Significant Strategic Development**

During the Year, the Group has achieved the following remarkable milestones in business expansion and diversification with an aim to enhance value of its shareholders in long run:

1. The Group was awarded five sizeable and major contracts in relation to the foundation work, including both private and public sectors. The aggregate attributable contract value amounts to approximately HK\$712.52 million.
2. The Group entered into an acquisition agreement in relation to acquisition of 49% equity interest in an Indonesia company, PT. Dempo Sumber Energi which principally engages in the development of hydropower stations at a consideration of US\$7.3 million on 23 March 2016, which was a big step forward to our diversification of business portfolio to environmental protection. Upon completion, PT. Dempo Sumber Energi will become an indirect non-wholly owned subsidiary of the Company and the Company will consolidate its assets and liabilities and financial results into our Group.
3. The Group has entered into 13 memoranda of understanding on 22 January 2016 in relation to the possible acquisition(s)/investment(s) of companies for the development of hydropower stations in Indonesia in order to accelerate the Group's strategy to be one of the leading hydropower operator as well as a global environmental services provider, if materialized.
4. The Group has commenced its trading in construction materials business apart from its core construction business.

## **FINANCIAL REVIEW**

### **Results**

Revenue of the Group for the Year was approximately HK\$1,411.80 million, representing an increase of approximately 80.80% from approximately HK\$780.85 million for the year ended 31 March 2015. Gross profit increased by approximately 15.98% from approximately HK\$113.34 million for the year ended 31 March 2015 to approximately HK\$131.45 million for the Year. Total comprehensive income attributable to equity owners of the Company slightly increased by approximately 3.97% to approximately HK\$55.47 million for the Year from approximately HK\$53.35 million for the corresponding period last year. The overall gross profit margin of the Group decrease from approximately 14.52% for the corresponding period last year to approximately 9.31% for the Year.

Basic earnings per share for the Year, calculated based on the profit attributable to equity owners of the Company of approximately HK\$49.72 million (2015: approximately HK\$53.35 million) and the weighted average of 400,000,000 shares (2015: 353,150,685 shares) in issue during the (2015: approximately HK\$53.35 million) Year, was approximately HK12 cents (2015: approximately HK15 cents), representing a decrease of approximately 20%.

### **Other Income and Net Gains**

Other income and net gains of the Group increased from a net gain of approximately HK\$6.29 million for the year ended 31 March 2015 to a net gain of approximately HK\$9.25 million for the Year, mainly due to the commencement of sale of construction materials during the Year amounted to approximately HK\$5.68 million.



## **Administrative Expenses**

Administrative expenses of the Group increased by approximately 119.89% from approximately HK\$14.78 million for the year ended 31 March 2015 to approximately HK\$32.50 million for the Year, representing approximately 1.89% and 2.30% of the Group's revenue for the year ended 31 March 2015 and for the Year, respectively. The increase in administrative expenses was primarily due to the increases in staff costs for an aggregate amount of approximately HK\$29.41 million during the Year. As at 31 March 2016, the Group had 273 employees (31 March 2015: 155 employees). The significant increase in staff was mainly due to our engagement of various sizeable foundation projects, which required the Group to recruit certain supervision staff and project managers as well as professional staff and technicians to ensure our timely completion of all projects on hands.

## **Other Operating Expenses**

Other operating expenses of the Group increased by approximately 8.86% from approximately HK\$34.87 million for the year ended 31 March 2015 to approximately HK\$37.96 million for the Year. The increase in other operating expenses was primarily due to increase in maintenance cost of acquired machinery for the Year.

## **Finance Costs**

Finance costs of the Group increased significantly by approximately 525.37% from approximately HK\$1.34 million for the year ended 31 March 2015 to approximately HK\$8.38 million for the Year, primarily due to our partial settlement with a total interest expense of approximately HK\$4.38 million in relation to the carrying amount of machinery and motor vehicles held under finance lease amounted to approximately HK\$100.16 million and approximately HK\$3.92 million respectively during the Year.

Interest rates of finance leases ranged from 1.18% to 3.95% for the Year, as compared with 1.18% to 3.95% for the year ended 31 March 2015.

## **Taxation**

Tax charge of the Group decreased by approximately 20.51% from approximately HK\$15.30 million for the year ended 31 March 2015 to approximately HK\$12.16 million for the Year, primarily due to the decrease in provision of income tax of the Group resulting from a significant increase in administrative expenses and a reduction of gross profit margin for the Year.

## **Liquidity and Financial Resources**

As at 31 March 2016, the total assets of the Group increased by approximately 105.68% to approximately HK\$863.60 million. The Group also maintained a strong and sound financial position during the Year. As at 31 March 2016, the Group had bank balances and cash of approximately HK\$195.25 million without any pledged bank deposits (31 March 2015: approximately HK\$57.09 million, out of which approximately HK\$15.43 million were pledged bank deposits).

During the Year, the Group recorded a net cash outflow of approximately HK\$37.36 million from its operating activities, which was mainly attributable to a significant increase in trade and other receivables of approximately HK\$199.84 million for the Year.

The total interest-bearing loans comprising finance lease and bank borrowings of the Group as at 31 March 2016 was approximately HK\$74.35 million (31 March 2015: approximately HK\$118.64 million), and current ratio for the Year was approximately 1.06 (31 March 2015: approximately 1.37).

Interest rates of interest-bearing loans ranged from 1.18% to 3.95% for the Year, as compared with 1.18% to 3.95% for the year ended 31 March 2015.

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 2016 was approximately 35.19% (31 March 2015: approximately 76.14%). The decrease in gearing ratio was mainly attributable to the partial repayment of loan for a total amount of approximately HK\$44.30 million during the Year.

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

### **Pledge of Assets**

As at 31 March 2016, a factoring loan of approximately HK\$20.08 million (31 March 2015: Nil) was secured by a registered assignment of receivables and charge over proceeds.

As at 31 March 2016, the Group has released our pledged bank deposits (31 March 2015: approximately HK\$15.43 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.

### **Foreign Exchange Exposure**

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies 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.

### **Capital Structure**

During the Year, there has been no change in capital structure of the Company. 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 2016, the Group did not have any capital commitments (31 March 2015: Nil).

### **Human Resources Management**

As at 31 March 2016, the Group had 273 employees (31 March 2015: 155 employees), including the Directors. Total staff costs (including Directors' emoluments) were approximately HK\$97.56 million for the Year as compared to approximately HK\$46.74 million for the year ended 31 March 2015. 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**

During the Year, the Group has acquired 3,184,443 warrants of Josab International AB, the shares of which are listed on AktieTorget, a stock exchange in Sweden, and exercised the warrants in full for a total consideration of approximately HK\$14.6 million. As at 31 March 2016, the Group held approximately 5.89% of the total issued share capital of Josab International AB.

Save as disclosed above and 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**

Save as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the Year.

## **Contingent Liabilities**

As at 31 March 2016, the Group had an outstanding performance bond for construction contracts amounted to approximately HK\$91.60 million (31 March 2015: approximately HK\$23.88 million). The performance bond was secured by unlimited corporate guarantees provided by the related company.

In addition, the Group was involved in a number of claims and litigations arising in the ordinary course of business during the Year. However, the resulting liabilities, if any, will not have a material adverse effect on the financial position or operating results of the Group.

## **Significant Events after the Reporting Period**

On 21 April 2016, Prosper Power Group Limited (“Prosper Power”), one of the substantial shareholders of the Company, completed the placing of 60,000,000 shares of the Company to various independent parties at HK\$2.1 per share. Upon completions, the shareholding of Prosper Power was reduced from 46% to 31%.

On 2 June 2016, the Group entered into a memorandum of understanding (“MOU 1”) in relation to acquisition of an aggregate of 51% equity interest in Suzhou Clear Industry Co., Ltd., 100% equity interest of its direct wholly-owned subsidiary through Suzhou Clear Industry Co., Ltd, at a consideration of not exceeding RMB88 million. Pursuant to MOU 1, the Group also intended to acquire 51% equity interest in Loudi Fangsheng Environmental Technology Co. Ltd owned by Suzhou Clear Industry Co., Ltd at a consideration of not less than RMB23 million. Up to the date of this announcement, no formal sale and purchase agreement has been reached in relation to such MOU 1, details of which are set out in the Company’s announcement dated 2 June 2016.

On 7 June 2016, the Group entered into a memorandum of understanding (“MOU 2”) with vendors, pursuant to which the Vendors will establish a company (“Target Company”) and inject all of their respective equity interests in 4 water treatment companies into the Target Company. The Group intended to acquire the Target Company at a consideration of not exceeding RMB103 million. Up to the date of this announcement, no formal sale and purchase agreement has been reached in relation to such MOU 2, details of which are set out in the Company’s announcement dated 7 June 2016.

Save as above, there is no other significant events after the reporting period of the Group.

## **Outlook**

The year of 2015 was a challenging year due to the slowdown in the global economy and the weakened property market from the second half of the Year. It is likely that for the year ahead in 2016, it will still be full of challenge to the Group as there are uncertainties in global economic environment whilst the Hong Kong economy also began to show signs of weakness. In response to the challenging market environment, the Group will continue to leverage its reputation, sound track records as well as industry experience to secure more new contracts. Since the Board expects that there will be a growth in public housing construction volume together with an increase in land supply for public housing in Hong Kong, the Group will submit tenders in public sectors with a lower tender premium.

The Board expects that foundation works will continue to generate substantial revenue to the Group. Whilst construction business will remain our business focus, the Group will continue to explore and evaluate prudently other potential investment opportunities. Nevertheless, it will be the objective of the Group to allocate certain resources in exploring different industries and business segments such as environmental protection services for diversification purpose.

## **OTHER INFORMATION**

### **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. All net proceeds have been fully applied as at 31 March 2016 in accordance with the proposed application set out in the prospectus of the Company dated 4 September 2014.

### **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 Year.

### **Non-Competition Undertaking from Controlling Shareholders**

Each of the controlling shareholders (as defined in the Listing Rules) of the Company entered into a deed of non-competition (the "Deed of Non-competition") in favour of the Company on 26 August 2014. Each of them has provided a confirmation to the Company confirming that he/it and his/its associates have not breached the terms of the undertaking contained in the Deed of Non-competition during the Year.

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 (including 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 Year.

## **Code of Conduct for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors.

Specific enquiries have been made with all Directors, and all Directors confirmed in writing that they have complied with the required standard set out in the Model Code regarding their securities transactions for the Year.

## **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 of the corporate governance codes (the “CG Code”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

During the Year, the Board considers that the Company has complied with all the CG Code.

## **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 its written terms of reference. The Company has updated the written terms of reference of the audit committee during the Year in compliance with the new CG Code with effect from 1 January 2016. The revised terms of reference of the audit committee are available on the websites of the Company and the Stock Exchange.

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

- met with the external auditors, reviewed and made recommendations for the Board’s approval on the annual and interim reports of the Company;
- reviewed and approved audit fee;
- recommended the re-appointment of Wellink CPA Limited as auditors, subject to the shareholders’ approval at the annual general meeting;
- reviewed the effectiveness of the Company’s risk management and internal control systems; and
- reviewed the adequacy of resources, qualifications and experience of staff of the Company’s accounting and financial reporting function, and their training programmes and budget.

## **Final Dividend**

The Board does not recommend a payment of a final dividend to the shareholders for the year ended 31 March 2016 (2015: Nil).

## **Annual General Meeting**

The annual general meeting of the Company (the “AGM”) will be held on 15 August 2016. The notice of the AGM will be published on the website of the Stock Exchange at <http://www.hkexnews.hk> and the Company’s website at <http://www.ncfl.com.hk> and sent to the shareholders of the Company, together with the Company’s annual report, in due course.

## **Closure of the Register of Members**

The register of members of the Company will be closed from 11 August 2016 to 15 August 2016 (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 registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on 10 August 2016.

## **Publication of Final Results Announcement and Annual Report**

The Group’s final results for the Year and this announcement have been reviewed by the audit committee of the Company, approved by the Board and agreed by the Company’s external auditor, Wellink CPA Limited.

The Company’s annual results announcement is published on the website of the Stock Exchange at <http://www.hkexnews.hk> and the Company’s website at <http://www.ncfl.com.hk>.

The annual report of the Company for the year ended 31 March 2016 containing the information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders in due course.

By Order of the Board  
**New Concepts Holdings Limited**  
**Zhu Yongjun**  
*Chairman and Executive Director*

Hong Kong, 28 June 2016

*As at the date of this announcement, the executive Directors are Mr. Zhu Yongjun, Mr. Chu Shu Cheong, Mr. Kwan Man Hay, Ms. Qin Shulan and Mr. Cai Jianwen; the non-executive Director is Mr. Lam Kwei Mo; and the independent non-executive Directors are Mr. Lo Chun Chiu, Adrian, Dr. Tong Ka Lok and Mr. Choy Wai Shek, Raymond, MH, JP.*