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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)**

### **INTERIM RESULTS FOR SIX MONTHS ENDED 30 SEPTEMBER 2014**

#### **FINANCIAL HIGHLIGHTS**

Turnover increased by approximately 60.9% to approximately HK\$324,536,000.

Gross profit increased by approximately 64.8% to approximately HK\$46,758,000.

Profit decreased by approximately 0.04% to approximately HK\$18,535,000 after taking into account the one-off listing expenses of approximately HK\$9,646,000 incurred during the Period.

Earnings per share decreased by approximately 2% to approximately HK6.05 cents.

The Board resolved to declare payment of an interim dividend of HK2.5 cents per share.

#### **INTERIM RESULTS**

The board (the “Board”) of directors (the “Directors”) of New Concepts Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2014 (the “Period”) together with comparative unaudited figures for the corresponding period ended 30 September 2013.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014*

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2014</b>	<b>2013</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>NOTES</i>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Turnover	4	<b>324,536</b>	201,740
Cost of sales		<b>(277,778)</b>	(173,359)
Gross profit		<b>46,758</b>	28,381
Other income and net gains		<b>3,184</b>	8,531
Administrative expenses		<b>(5,413)</b>	(4,023)
Other operating expenses		<b>(19,026)</b>	(9,049)
Operating profit		<b>25,503</b>	23,840
Finance costs	6	<b>(352)</b>	(135)
Profit before taxation	5	<b>25,151</b>	23,705
Income tax expense	7	<b>(6,616)</b>	(5,163)
Profit and total comprehensive income for the period attributable to equity holders of the Company		<b>18,535</b>	18,542
Earnings per share — basic	8	<i>HK Cents</i> <b>6.05</b>	<i>HK Cents</i> 6.18

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 SEPTEMBER 2014**

		<b>30 September 2014 HK\$'000 (Unaudited)</b>	<b>31 March 2014 HK\$'000 (Audited)</b>
	<i>NOTES</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		53,017	33,888
<b>Current assets</b>			
Trade and other receivables	10	174,332	69,084
Amounts due from customers for contract work		26,901	3,081
Amount due from a director		18,310	18,310
Pledged bank deposit	11	3,063	3,056
Cash and bank balances	11	83,346	35,101
		<u>305,952</u>	<u>128,632</u>
<b>Total assets</b>		<u><u>358,969</u></u>	<u><u>162,520</u></u>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital		40,000	14,000
Reserve		91,603	35,370
<b>Total equity</b>		<u><u>131,603</u></u>	<u><u>49,370</u></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loan from a director		18,310	18,310
Deferred tax liabilities		4,592	2,950
Obligations under finance leases		14,927	10,251
		<u>37,829</u>	<u>31,511</u>
<b>Current liabilities</b>			
Trade and other payables	12	144,675	57,557
Amounts due to customers for contract work		26,241	14,661
Obligations under finance leases		9,305	5,080
Provision for taxation		9,316	4,341
		<u>189,537</u>	<u>81,639</u>
<b>Total liabilities</b>		<u><u>227,366</u></u>	<u><u>113,150</u></u>
<b>Total equity and liabilities</b>		<u><u>358,969</u></u>	<u><u>162,520</u></u>
<b>Net current assets</b>		<u><u>116,415</u></u>	<u><u>46,993</u></u>
<b>Total assets less current liabilities</b>		<u><u>169,432</u></u>	<u><u>80,881</u></u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014**

**1. GENERAL INFORMATION, CHANGES IN GROUP STRUCTURE, GROUP REORGANISATION AND BASIS OF PRESENTATION**

New Concepts Holdings Limited 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. 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 in Hong Kong is located at Room 1812, Nan Fung Commercial Centre, 19 Lam Lok Street, Kowloon Bay, Kowloon, Hong Kong and has been registered as a non-Hong Kong company under Part 16 of the Hong Kong Companies Ordinance on 20 June 2014. The Company's shares (the "Shares") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 19 September 2014.

Pursuant to a reorganisation (the "Reorganisation") of the Company and its subsidiaries now comprising the Group on 13 August 2014 to rationalize the Group's structure in preparation for the listing of the Shares on the the Main Board of the Stock Exchange, the Company became the holding company of the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 4 September 2014 (the "Prospectus").

The Company is an investment holding company. The Group's subsidiaries are principally engaged in general building works, foundation works and civil engineering works.

**2. BASIS OF PREPARATION**

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

**3. PRINCIPAL ACCOUNTING POLICIES**

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis. The principal accounting policies used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 March 2014 except for the adoption of the new and revised Hong Kong Financial Reporting Standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA for the first time for the current period's financial statements. The adoption of these new and revised HKFRSs has had no material impact on the unaudited condensed consolidated financial statements.

The Group has not yet adopted any new and revised HKFRSs that have been issued but are not yet effective. The Group is in the process of assessing the impact of the adoption of such new and revised HKFRSs on the Group's results and financial position.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the Group's functional and presentation currency.

#### 4. TURNOVER AND SEGMENTAL INFORMATION

Turnover represents the revenue derived from foundation works, civil engineering works and general building works as follows:

	Six months ended 30 September	
	2014 <i>HK\$'000</i> (Unaudited)	2013 <i>HK\$'000</i> (Unaudited)
Foundation works	228,487	37,977
Civil engineering works	39,343	21,676
General building works	56,706	142,087
	<u>324,536</u>	<u>201,740</u>

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

The Group’s operating segments currently are (i) foundation works (ii) civil engineering works and (iii) general building works. The CODM considered that the business of the Group is organised in three operating segments, which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised.

##### (a) Segment information

The following is an analysis of the Group’s revenue and results by operating segments.

*For the six months ended 30 September 2014 (Unaudited)*

	Foundation works <i>HK\$'000</i>	Civil engineering works <i>HK\$'000</i>	General Building works <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment Revenue	<u>228,487</u>	<u>39,343</u>	<u>56,706</u>	<u>324,536</u>
Segment Cost	<u>193,344</u>	<u>37,739</u>	<u>46,695</u>	<u>277,778</u>
Segment Profit	<u>35,143</u>	<u>1,604</u>	<u>10,011</u>	<u>46,758</u>
Unallocated — other income and net gains				3,184
Unallocated expenses				(24,439)
Finance costs				(352)
Profit before taxation				<u>25,151</u>
Income tax expense				(6,616)
				<u>18,535</u>

For the six months ended 30 September 2013 (Unaudited)

	Foundation works <i>HK\$'000</i>	Civil engineering works <i>HK\$'000</i>	General Building works <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment Revenue	<u>37,977</u>	<u>21,676</u>	<u>142,087</u>	<u>201,740</u>
Segment Cost	<u>30,144</u>	<u>20,917</u>	<u>122,298</u>	<u>173,359</u>
Segment Profit	<u>7,833</u>	<u>759</u>	<u>19,789</u>	<u>28,381</u>
Unallocated — other income and net gains				8,531
Unallocated expenses				(13,072)
Finance costs				(135)
Profit before taxation				23,705
Income tax expense				(5,163)
Profit for the period				<u>18,542</u>

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.

## 5. PROFIT BEFORE TAXATION

Six months ended 30 September	
2014	2013
<i>HK\$'000</i>	<i>HK\$'000</i>
(Unaudited)	(Unaudited)

Profit before taxation is stated after charging the following items:

Auditors' remuneration	550	250
Rental charge under operating lease	524	414
Depreciation of property, plant and equipment	3,009	2,283
Loss on disposal of property, plant and equipment	—	2,468
	<u>          </u>	<u>          </u>
Staff costs (including directors' remuneration)		
— Salaries, wages and other benefits	4,333	3,252
— Mandatory provident fund contributions	145	228
	<u>          </u>	<u>          </u>
	<u>4,478</u>	<u>3,480</u>

## 6. FINANCE COSTS

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank overdrafts	16	5
Finance lease charges	336	130
	<u>352</u>	<u>135</u>

## 7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The tax charge comprises		
— Hong Kong profits tax	4,974	4,358
— Deferred taxation — current period	1,642	805
	<u>6,616</u>	<u>5,163</u>

The Company is tax exempt under the laws of the Cayman Islands. The subsidiaries operating in Hong Kong are subject to Hong Kong Profits Tax at a tax rate of 16.5% on the estimated assessable profit arising in Hong Kong.

## 8. EARNINGS PER SHARE — BASIC

The calculation of the basic earnings per share is based on (i) the consolidated profit attributable to owners of the Company for the six months ended 30 September 2014 of approximately HK\$18,535,000 (2013: HK\$18,542,000); and (ii) weighted average number of shares in issue during the six months ended 30 September 2014 of 306,557,377 (2013: 300,000,000 shares in issue, being the number of shares in issue immediately after the completion of capitalisation issue throughout the Period).

The Group did not have any dilutive potential ordinary shares during the six months ended 30 September 2013 and 2014.

## 9. DIVIDEND

During the Period, an interim dividend of HK3.7 cents per share (2013: Nil) was declared and paid to its then shareholders of the Company. The aggregate amount of the interim dividend declared and paid in the interim period amounted to HK\$15,000,000 (2013: Nil).

On 21 November 2014, the Board has resolved to declare payment of an interim dividend for the six months ended 30 September 2014 of HK2.5 cents per share (2013: Nil) to the shareholders of the Company whose names appear on the register of members on 11 December 2014.

## 10. TRADE AND OTHER RECEIVABLES

	<b>30 September 2014</b>	<b>31 March 2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Contract receivables ( <i>note a</i> )	138,838	38,015
Retention receivables	34,255	29,174
	<hr/>	<hr/>
Total trade receivables	173,093	67,189
Other receivables, deposit and prepayments	1,239	1,895
	<hr/>	<hr/>
	<u>174,332</u>	<u>69,084</u>

### (a) Contract receivables

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

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

	<b>30 September 2014</b>	<b>31 March 2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0–30 days	111,489	18,815
31–60 days	13,921	19,200
61–90 days	13,419	—
Over 90 days	9	—
	<hr/>	<hr/>
	<u>138,838</u>	<u>38,015</u>

(b) Retention receivables were not past due as at 30 September 2013 and 2014. They are settled in accordance with the terms of respective contracts. Retention receivables are denominated in HK\$.

## 11. CASH AND BANK BALANCES AND PLEDGED BANK DEPOSITS

	<b>30 September 2014</b>	<b>31 March 2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Cash and bank balances	83,346	35,101
	<hr/>	<hr/>
Pledged bank deposit ( <i>note</i> )	3,063	3,056
	<hr/>	<hr/>

*Note:* Pledged bank deposit represents a deposit pledged to bank to secure banking facilities granted to the Group as at 30 September 2014.

The carrying amounts of the cash and cash equivalents are denominated in Hong Kong dollars.



## 12. TRADE AND OTHER PAYABLES

	<b>30 September 2014</b>	<b>31 March 2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade payables ( <i>note a</i> )	106,570	27,441
Retention payables	31,428	23,061
Provision for long service payment	485	515
Provisions for annual leave	365	430
Accruals	5,827	6,110
	<hr/>	<hr/>
	<b>144,675</b>	<b>57,557</b>
	<hr/> <hr/>	<hr/> <hr/>

*Notes:*

- (a) During the period, 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:

	<b>30 September 2014</b>	<b>31 March 2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0–30 days	93,913	11,954
31–60 days	11,277	11,602
61–90 days	281	355
Over 90 days	1,099	3,530
	<hr/>	<hr/>
	<b>106,570</b>	<b>27,441</b>
	<hr/> <hr/>	<hr/> <hr/>

## MANAGEMENT DISCUSSION AND ANALYSIS

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

The Company's shares were successfully listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 19 September 2014.

### **Business Review**

For the Period, the Group reached a number of significant milestones while at the same time delivered a solid performance in the market, especially the substantial completion of the Un Chau Street project that posed significant new challenges. Turnover of the Group for the Period amounted to approximately HK\$324,536,000, representing a growth of approximately 60.9% as compared with approximately HK\$201,740,000 for the corresponding period of 2013. Gross Profit for the Period was approximately HK\$46,758,000, representing an increase of approximately 64.8% as compared to the corresponding period of 2013. Profit attributable to equity holders of the Company for the Period was approximately HK\$18,535,000, representing a decrease of approximately 0.04% as compared to the corresponding period of 2013. Basic earnings per share for the Period was approximately HK6.05 cents as compared with approximately HK6.18 cents for the corresponding period of 2013. The profit for the Period included an one-off non-recurring listing expenses of approximately HK\$9,646,000. Without the deduction of the aforesaid listing expenses, the Group achieved a profit of approximately HK\$28,181,000 for the Period as compared with the corresponding profit of approximately HK\$18,542,000 of 2013.

### **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 Period, the foundation industry has benefited from the vast investment in infrastructure projects in Hong Kong and foundation piling and construction related businesses of the Group recorded a substantial increase in turnover.

For the Period, turnover of foundation projects amounted to approximately HK\$228,487,000, representing a significant growth of approximately 501.6% as compared with approximately HK\$37,977,000 for the corresponding period of last year. This turnover accounted for approximately 70.4% of the Group's turnover. The significant increase in turnover was mainly attributable to the increase in the number and scale of projects for foundation works, namely the Yuen Long Project and Sai Kung Project, which amounted to approximately HK\$105,619,000, accounted for approximately 46.2% of total turnover of foundation works. The increase in average contract value for foundation projects carried out during the Period also contributed to the increase in turnover.

Gross profit of foundation projects for the Period was approximately HK\$35,143,000, representing a growth of approximately 348.7% as compared with approximately HK\$7,833,000 for the corresponding period of 2013. The increase in gross profit was mainly attributable to the increase in contract value of foundation works and the reduction of leasing expenses in relation to the machineries used for foundation projects. Since most of the Group's projects approached their peak stage of development, the Group sub-contracted the works of the Yuen Long Project and Wanchai Road Project to independent third parties during the Period and made the resources and machineries of the Group available to perform and undertake the other projects with high profit margin, which

contributed to the increase in its gross profit. The Directors considered that the progress on these projects was satisfactory and the contribution of these projects in turnover and profit will be significant in the second half of 2014.

The overall profit margin of foundation projects decreased approximately 15.4% for the Period from approximately 20.6% as compared with the corresponding period of 2013. Such decrease was attributable to the high profit margin of the MGM (Macau) Project for the corresponding period in 2013.

### **General Building Projects**

The construction industry in Hong Kong remained strong for the Period and improved steadily with the launch of government 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.

For the Period, turnover of general building projects amounted to approximately HK\$56,706,000, representing a significant decrease of approximately 60.1% as compared with HK\$142,087,000 for the corresponding period of 2013. This turnover accounted for approximately 17.5% of the Group's overall turnover. The significant decrease in turnover of general building projects was mainly attributable to the decrease in turnover in the Un Chau Street Project for the Period, which had contributed a significant portion of turnover of general building in the corresponding period in 2013.

Gross profit of general building projects for the Period was approximately HK\$10,011,000, representing a decrease of approximately 49.4% as compared with approximately HK\$19,789,000 for the corresponding period of 2013.

The overall profit margin of general building projects increased to approximately 17.7% for the Period from approximately 13.9% as compared with the corresponding period last year. Such increase was attributable to the higher profit margin of the MacDonnell Road Project during the Period.

### **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 Period, turnover of civil engineering projects amounted to approximately HK\$39,343,000, representing an increase of approximately 81.5% as compared with approximately HK\$21,676,000 for the corresponding period of 2013. This turnover contributed approximately 12.1% of the Group's overall turnover. The Group has a competitive advantage for provision of foundation and civil engineering which attracts potential customers to consider the Group as main contractor. It is the main reason for the Group to have a steadily increasing turnover for civil engineering projects during the Period.

Gross profit of civil engineering projects for the Period was approximately HK\$1,604,000, representing a growth of approximately 111.3% as compared with approximately HK\$759,000 for the corresponding period of 2013. The overall profit margin of civil engineering projects increased to approximately 4.1% for the Period from approximately 3.5% as compared with the corresponding period of 2013. 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 Period.

## **New Projects Awarded**

As at 30 September 2014, the Group has secured 8 new contracts with an aggregate contract value of approximately HK\$685,430,000, among which projects related to foundation and civil engineering accounted for approximately 93% and approximately 7%, respectively. The details of new projects awarded were as follows:

<b>Name of project</b>	<b>Location</b>	<b>Sector</b>	<b>Main category of works</b>
Oil Street Project	Oil Street, North Point, I.L. No. 8920 Hong Kong	Foundation	Earthwork (ELS, Pile Caps, Tie Beams and Steel Working Platform) and Associated Works
Kwai Chung Project	D.D.445 Lot 693 Sec. B R.P. 16–18 Yip Shing Street, Kwai Chung	Foundation	Construction of Large Diameter Bored Piles
Tseung Kwan O 95 Project	Tseung Kwan O, Town Lot No. 95, Hong Kong	Foundation	Construction of Large Diameter Bored Piles, ELS and Pile Cap Works
Sai Kung Project	Lot No.1950 in DD221, Wai Man Road, Sai Kung, N.T.	Foundation	Construction of Socketed H-Piles and Pipe Piles
Des Voeux Road West Project	307–329 Des Voeux Road West	Foundation	Construction of Large Diameter Bored Piles, ELS and Pile Cap Works
Kau To Project	Shatin Lot S.T.T.L.563, Area 56A, Kau To, N.T.	Civil Engineering	Site Formation and Construction of Pipe Piles and Pad Footings
Tsuen Wan Project	TW6, TWTL402 Tsuen Wan	Foundation	Grout Curtain & Dewatering Well Works
Zhuhai-Macao Bridge Project	Hong Kong-Zhuhai-Macao Bridge	Foundation	Construction of Large Diameter Bored Piles

## **Projects in Progress**

As at 30 September 2014, the Group had 18 projects in progress, amounting to an aggregated contract value of approximately HK\$1,187,000,000. The details of projects in progress were as follows:-

<b>Name of project</b>	<b>Location</b>	<b>Sector</b>	<b>Main category of works</b>
Central Slopes Project	Central and Western District, Hong Kong	Civil Engineering	Landslip Preventive and Mitigation Works
Wong Tai Sin Project	Tse Wan Shan, Wong Tai Sin, Kowloon	Civil Engineering	Landslip Preventive and Mitigation Works

<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	Building	Construction of Soldier Pile, ELS, Pile Cap, Basement Works
Harbour Area (North HK) Project	North Point, Wan Chai East and Central	Foundation	Construction of Pre-bored H Piles
Harbour Area (South HK) Project	Sandy Bay, Cyberport, Wah Fu, Aberdeen and Ap Lei Chau	Foundation	Construction of Pre-bored H Piles
Wanchai Road Project	No.101–111 Wanchai Road, Wan Chai	Foundation	Excavation and Pile Cap Works
Yuen Long Project	On Ning Road, Tai Kiu Road and Yuen Long On Lok Road, Yuen Long, N.T.	Foundation	Site Formation, Excavation and Lateral Support and Pile Cap Works
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 Street, Shek Kip Mei; Harbour Road, Wan Chai	Foundation	Construction of Mini-piles
Tsing Yi Project	Chung Mei Road, Tsing Yi, N.T.	Foundation	Excavation and Lateral Support and Underground Drainage Works
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 (ELS, Pile Caps, Tie Beams and Steel Working Platform) and Associated Works
Kwai Chung Project	D.D.445 Lot 693 Sec. B R.P. 16–18 Yip Shing Street, Kwai Chung	Foundation	Construction of Large Diameter Bored Piles
Tseung Kwan O 95 Project	Tseung Kwan O, Town Lot No. 95, Hong Kong	Foundation	Construction of Large Diameter Bored Piles, ELS and Pile Cap Works
Sai Kung Project	Lot No.1950 in DD221, Wai Man Road, Sai Kung, N.T.	Foundation	Construction of Socketed H-Piles and Pipe Piles

<b>Name of project</b>	<b>Location</b>	<b>Sector</b>	<b>Main category of works</b>
Des Voeux Road West Project	307–329 Des Voeux Road West	Foundation	Construction of Large Diameter Bored Piles, ELS and Pile Cap Works
Kau To Project	Shatin Lot S.T.T.L.563, Area 56A, Kau To, N.T.	Civil Engineering	Site Formation and Construction of Pipe Piles and Pad Footings
Tsuen Wan Project	TW6, TWTL402 Tsuen Wan	Foundation	Grout Curtain & Dewatering Well Works
Zhuhai-Macao Bridge Project	Hong Kong-Zhuhai-Macao Bridge	Foundation	Construction of Large Diameter Bored Piles

### **Completed Projects**

For the Period, the Group completed 2 projects. The details of completed projects were as follows:

<b>Name of project</b>	<b>Location</b>	<b>Sector</b>	<b>Main category of works</b>
Un Chau Street Building Project	386–408 Un Chau Street, Sham Shui Po, Kowloon	Building	Construction of a 30 Storey Residential Building
Kap Pin Long Project	Po Lo Che Road, Kap Pin Long, Sai Kung, N.T.	Building	Construction of Socketed H-Piles and Soldier Piles

### **Outlook**

The Hong Kong economy is expected to continue its moderate growth, particularly for the construction industry as the Government has resolved to increase land supply for housing development projects. The Group also expects that foundation industry in Hong Kong remains healthy in the forthcoming years. This is driven by strong construction activities in both public and private sectors due to the increase in the land supply, which has led to an increase in private-sector developments.

Taking into account the construction industry in Hong Kong, the Board remains prudently optimistic about the business outlook. The prospects of the Group are favourable in terms of the number of projects awarded and expected to obtain in the coming few years, especially given the Group's proven record in completing Un Chau Street projects and a closed connection with main contractors and sub-contractors in construction industry.

Moving forward, the Group will maintain focusing its core businesses on foundation, civil engineering and general building works. To maintain and increase its turnover, the Group will submit tender proposals for most of the tender invitations in Hong Kong Government works and public tender notices. Other marketing activities include putting up banners and/or signages displaying the names and logo of our trademark at construction sites.

In addition, the Group strictly complied with the laws and regulations, especially in the area of health and safety. The Group is committed to provide a safe and healthy working environment for the benefit of our staff, our sub-contractors and the general public and implemented safety plan to promote occupational health and safety at construction sites. To be a socially responsible corporation,

we are dedicated to develop and implement sustainably good corporate policies in areas including environmental protection, staff management and development as well as occupational health and safety over the statutory requirements.

## **Financial Review**

### *Results*

Turnover of the Group for the six months ended 30 September 2014 was approximately HK\$324,536,000, representing an increase of approximately 60.9% from approximately HK\$201,740,000 for the six months ended 30 September 2013. Gross profit increased by approximately 64.8% from approximately HK\$28,381,000 for the six months ended 30 September 2013 to approximately HK\$46,758,000 for the six months ended 30 September 2014. Total comprehensive income attributable to owners of the Company decreased by approximately 0.04% to approximately HK\$18,535,000 for the six months ended 30 September 2014 from approximately HK\$18,542,000 for the corresponding period of 2013. The overall gross profit margin of the Group slightly increased from approximately 14.1% for the six months ended 30 September 2013 to approximately 14.4 % for the six months ended 30 September 2014.

The decrease in total comprehensive income attributable to owners of the Company was mainly attributable to inclusion of an one-off non-recurring listing expenses of approximately HK\$9,646,000 during the Period.

Basic earnings per share for the six months ended 30 September 2014 decreased to HK6.05 cents per share when compared with HK6.18 cents per share for the six months ended 30 September 2013, based on the profit attributable to owners of the Company of HK\$18,535,000 (2013 : HK\$18,542,000) and the weighted average of 306,557,377 shares (2013: 300,000,000 shares) in issue during the Period.

### **Other income and net gains**

Other income and net gains of the Group decreased from a net gain of approximately HK\$8,531,000 for the six months ended 30 September 2013 to a net gain of approximately HK\$3,184,000 for the six months ended 30 September 2014, mainly due to decrease in machinery rental income and management fee income during the Period.

### **Administrative expenses**

Administrative expenses of the Group increased by approximately 34.6% from approximately HK\$4,023,000 for six months ended 30 September 2013 to approximately HK\$5,413,000 for the six months ended 30 September 2014, representing approximately 2% and 1.7% of the Group's turnover for the respective periods, respectively. The increase in administrative expenses was primarily due to an increase in both the number of staff employed and the staff costs during the Period.

### **Finance costs**

Finance costs of the Group increased by approximately 160.7% from approximately HK\$135,000 for the six months ended 30 September 2013 to approximately HK\$352,000 for the six months ended 30 September 2014, primarily due to an increase in interest expenses relating to hire purchase incurred during the Period.

Interest rates of finance leases ranged from 1.18% to 3.25% for the six months ended 30 September 2014, as compared with 3.00 % to 3.25% for the six months ended 30 September 2013.

## **Other expenses**

Other expenses of the Group increased by approximately 110.3% from approximately HK\$9,049,000 for the six months ended 30 September 2013 to approximately HK\$19,026,000 for six months ended 30 September 2014. Such increase was primarily due to an increase in an one-off non-recurring listing expenses of approximately HK\$9,646,000.

## **Taxation**

Tax charge of the Group increased by approximately 28.1% from approximately HK\$5,163,000 for the six months ended 30 September 2013 to approximately HK\$6,616,000 for six months ended 30 September 2014, primarily due to the increase in taxable profit of the Group for the Period.

## **Liquidity and financial resources**

The Group maintained a sound financial position during the Period. As at 30 September 2014, the Group had a cash and bank balance of approximately HK\$83,346,000 (31 March 2014: approximately HK\$35,101,000). The total interest-bearing loans of the Group as at 30 September 2014 was approximately HK\$24,232,000 (31 March 2014: approximately 15,331,000), and current ratio for the Period was approximately 1.61 (31 March 2014: approximately 1.58).

The Group's borrowings and bank balances are principally denominated in Hong Kong Dollar and there is no significant exposure to foreign exchange rate fluctuations.

## **Gearing ratio**

The gearing ratio of the Group as at 30 September 2014 was approximately 18.4% (31 March 2014: approximately 31.1%).

The decrease in gearing ratio was mainly attributable to the increase in shareholders' equity contributed during the Period.

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 periods.

## **Pledge of assets**

As at 30 September 2014, the Group pledged certain of its bank deposits with aggregate value of HK\$3,063,000 (31 March 2014: HK\$3,056,000) 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 Hong Kong Dollars which is the presentation currency of the Group. For the Period, 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.

As at 30 September 2014, the equity attributable to owners of the Company amounted to approximately HK\$131,603,000, representing approximately HK3.29 cents per share (31 March 2014: approximately HK\$49,370,000, representing approximately HK3.52 cents per share). Decrease in equity attributable to owners of the Company was mainly attributable to the profit generated after deduction of dividends paid and the increase in number of shares of the Company during the Period.

## **Capital commitments**

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

## **Human Resources Management**

As at 30 September 2014, the Group had 111 (31 March 2014: 75) employees, including Directors. Total staff costs (including Directors' emoluments) were approximately HK\$4,478,000 for the six months ended 30 September 2014 as compared to approximately HK\$3,480,000 for the six months ended 30 September 2013. 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 medical insurance as well as share options.

## **Significant investments held**

Except for investment in subsidiaries during the six months ended 30 September 2014, 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 Period, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

## **Contingent liabilities**

As at 30 September 2014, the Group had an outstanding performance bond for construction contracts amounted to approximately HK\$3 million (31 March 2014: approximately HK\$22.3 million) and involved in a number of outstanding claims and litigations amounted to approximately HK\$2.64 million (31 March 2014: approximately HK\$2.64 million), of which approximately HK\$2.59 million were covered by insurance policy of the Group.

## **Events after the Period**

On 6 November 2014, New Concepts Foundation Limited (the "Subsidiary"), a wholly-owned subsidiary of the Company entered into the Agreements with the supplier, pursuant to which the Subsidiary acquired from the supplier the foundation work machines comprising two sets of BAUER MC 96 foundation crane and one set of Kobelco CKS900-90 ton crawler crane for a consideration of HK\$28,820,948, which will be financed partly by the net proceeds of approximately HK\$6,200,000

from the Share Offer and partly financed by hire-purchase of approximately HK\$22,600,000. Please refer to the announcements of the Company dated 6 November 2014, 7 November 2014 and 19 November 2014 for details.

## **Other Information**

### *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 and became the holding company of the subsidiaries comprising the Group in 2014. 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 Company’s shares were successfully listed on the Stock Exchange on 19 September 2014.

### **Use of Proceeds from Initial Public Offering**

The net proceeds of the share offer received by the Company were approximately HK\$64.54 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 dated 4 September 2014 (the “Prospectus”). The Directors are not aware of material change to the planned use of proceeds as at the date of this announcement. Any net proceed that was not applied immediately have been placed on the short-term demand deposits with authorized financial institutions or licensed banks in Hong Kong as at the date of this announcement.

As at 30 September 2014, the net proceeds of the Share Offer has not been applied and utilized. Up to the date of this announcement, the Company utilized approximately HK\$6.2 million from the net proceeds of Share Offer for acquisition of equipment for its foundation work projects of the Company.

### **Interim Dividend**

The Board has resolved to declare payment of an interim dividend for the six months ended 30 September 2014 of HK2.5 cents per share (2013: Nil), totaling HK\$10,000,000 to the Shareholders. It is expected that the interim dividend will be paid on or about 19 December 2014 to the Shareholders whose names appear on the register of members of the Company on 11 December 2014.

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

The register of members of the Company will be closed between 10 December 2014 and 11 December 2014 (both days inclusive), during which period no transfer of shares will be registered. In order to establish entitlement to the interim dividend (payable on or about 19 December 2014), all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, no later than 4:30 pm on 9 December 2014 for registration of transfer.

### **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 Period.

## **Purchase, Sale or Redemption of the Company's Listed Securities**

The Company's shares were listed on the Stock Exchange on 19 September 2014. During the period from 19 September 2014 to 30 September 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **Model Code for Securities Transactions by Directors**

Pursuant to a resolution passed by the Board on 26 August 2014, 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.

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 period from 19 September 2014 to 30 September 2014.

## **Corporate Governance Practices**

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

In the opinion of the Directors, the Company has complied with all the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules during the Period.

## **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 Code Provisions. 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 Audit Committee comprises three Independent non-executive Directors, namely Dr. Tong Ka Lok (Chairman of the Audit Committee), Mr. Lo Chun Chiu, Adrian and Mr. Choy Wai Shek, Raymond, *MH, JP*.

The interim results of the Group for the Period are unaudited but have been reviewed by the Audit Committee of the Company, which is of the opinion that the interim financial information of the Group comply with the applicable accounting principles, practices adopted by the Group, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

## **Publication of Interim Results Announcement and Interim Report**

The Company's interim results announcement containing information required to be disclosed pursuant to Appendix 16 to the Listing Rules 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 interim report will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board  
**New Concepts Holdings Limited**  
**Chu Shu Cheong**  
*Chairman and Executive Director*

Hong Kong, 21 November 2014

*As at the date of this announcement, the executive Directors are Mr. Chu Shu Cheong, Mr. Kwan Man Hay, Mr. So Kin Shing and Ms. Lai Mun Yee; the non-executive Director is Dr. Huen Wai Kei; and the independent non-executive Directors are Mr. Lo Chun Chiu, Adrian, Dr. Tong Ka Lok and Mr. Choy Wai Shek, Raymond, MH, JP*