

創業集團(控股)有限公司

NEW CONCEPTS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2221

ANNUAL REPORT 2016



CONTENTS



Corporate Information	2
Chairman's Statement	4
Management Discussion and Analysis	8
Biographical Details of the Directors and Senior Management	21
Report of Directors	26
Corporate Governance Report	43
Independent Auditor's Report	57
Consolidated Statement of Profit or Loss and Other Comprehensive Income	59
Consolidated Statement of Financial Position	60
Consolidated Statement of Changes in Equity	61
Consolidated Statement of Cash Flows	62
Notes to the Consolidated Financial Statements	63
Five Years Financial Summary	110





CORPORATE INFORMATION

Executive Directors

Mr. Zhu Yongjun (*Chairman of the Board*)
(appointed as the Chairman of the Board and
an executive Director on 24 May 2016)
Mr. Chu Shu Cheong
(ceased to be the Chairman of the Board
on 24 May 2016)
Mr. Kwan Man Hay
Ms. Qin Shulan (appointed on 24 May 2016)
Mr. Cai Jianwen (appointed on 23 September 2015)
Mr. So Kin Shing (resigned on 24 May 2016)
Ms. Lai Mun Yee (resigned on 24 May 2016)

Non-executive Directors

Mr. Lam Kwei Mo (appointed on 23 September 2015)
Dr. Huen Wai Kei (resigned on 23 September 2015)

Independent Non-executive Directors

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

Audit Committee

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

Nomination Committee

Mr. Lo Chun Chiu, Adrian (*Chairman*)
Dr. Tong Ka Lok
Mr. Choy Wai Shek, Raymond, *MH, JP*
Mr. Zhu Yongjun (appointed on 24 May 2016)
Mr. Chu Shu Cheong (resigned on 24 May 2016)

Remuneration Committee

Mr. Choy Wai Shek, Raymond, *MH, JP (Chairman)*
Mr. Lo Chun Chiu, Adrian
Dr. Tong Ka Lok
Mr. Cai Jianwen (appointed on 24 May 2016)
Mr. Kwan Man Hay (resigned on 24 May 2016)

Company Secretary

Mr. Lee Tsi Fun Nicholas (appointed on 24 May 2016)
Mr. Chow Chi Keung (resigned on 24 May 2016)

Authorised representatives

Mr. Cai Jianwen (appointed on 24 May 2016)
Mr. Lee Tsi Fun Nicholas (appointed on 24 May 2016)
Mr. Kwan Man Hay (resigned on 24 May 2016)
Ms. Lai Mun Yee (resigned on 24 May 2016)

Registered Office

Clifton House, 75 Fort Street
P.O. Box 1350, Grand Cayman
KY1-1108
Cayman Islands

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

11/F, 8 Queen's Road
Central
Hong Kong

(change of principal place of business in Hong Kong
with effect from 29 June 2016)

Independent Auditor

Wellink CPA Limited
Certified Public Accountants
Room 803-4
Kin Wing Commercial Building
24-30 Kin Wing Street
Tuen Mun
New Territories
Hong Kong

Compliance Advisor

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





Legal advisers

As to Hong Kong law

Loong & Yeung Solicitors
Room 1603, 16/F
China Building
29 Queen's Road Central
Central, Hong Kong

As to Cayman Islands law

Appleby
2206-19, Jardine House
1 Connaught Place
Central, Hong Kong

Principal Bankers

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

China Citic Bank International
232 Des Voeux Road
Central
Hong Kong

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

Principal Share Registrar and Transfer Office

Estera Trust (Cayman) Limited
Clifton House, 75 Fort Street
P.O. Box 1350, Grand Cayman
KY1-1108, Cayman Islands

(change of name from Appleby Trust (Cayman) Ltd. with
effect from 15 April 2016)

Hong Kong Branch Share Registrar and Transfer Office

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

Stock Code

2221

Company Website

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





CHAIRMAN'S STATEMENT

Dear Shareholders

Although it has been just a month since my appointment as the Chairman of the board (the "Board") of directors (the "Directors") of New Concepts Holdings Limited (the "Company", together with its subsidiaries, the "Group") in May 2016, I have witnessed the team spirit within the Group. With the strong support and dedication of our staff, I am confident that I will steer the Group towards a new milestone.

On behalf of the Board, I am pleased to present the annual results of the Group to the shareholders and prospective investors of the Company for the year ended 31 March 2016 (the "Year").

Market Overview and Financial Review

2015 was a year full of challenges. The overall market condition of the construction industry in Hong Kong was favourable in the first half of the Year. Unexpectedly, starting from the second half of the Year, the growth of global economy slowed down and the construction industry in Hong Kong also slowed down accordingly. Under such circumstances, the management has devoted all their efforts to secure the shareholders' value by a series of strategic policies and plans, and as a result, the Group completed the Year with a set of remarkable results.

Revenue of the Group recorded a significant increase from approximately HK\$780.85 million for the year ended 31 March 2015 to approximately HK\$1,411.80 million for the Year, representing an increase of approximately 80.80% as compared to the corresponding period of 2015. Revenue for the Year was the highest record since the founding of the Group, which was attributable to our continuous success in obtaining various foundation projects despite keen competition in the construction market.

Gross profit also increased from approximately HK\$113.34 million for the year ended 31 March 2015 to approximately HK\$131.45 million for the Year, representing an increase of approximately 15.98% as compared to the corresponding period of 2015. Basic earnings per share decreased to approximately HK12 cents for the Year from HK15 cents for the year ended 31 March 2015.

In addition to our financial performances, the Group has made a number of significant developments and strategic moves during the Year.

New Projects Awarded

During the Year, the Group has secured 18 new contracts with an aggregated contract value of approximately HK\$964.42 million, which was a positive and affirmative sign of our sound track record in the market and our established reputation since our listing in 2014.



Introduction of Strategic Shareholders

The Year marks a new milestone in history and development of the Group. Prosper Power Group Limited ("Prosper Power"), the controlling shareholder of the Company, disposed its 29% equity interest of the Company to two independent investors who have extensive experience in environmental protection, corporate finance and business strategy development. The introduction of strategic shareholders enables the Group to explore more business and environmental investment opportunities to sustain and even improve returns to our shareholders.

Business Acquisition & Diversification

Since the founding of the Group, the Group has been in the construction business in Hong Kong. During the Year, the Group has been exploring various investment opportunities in environmental protection. The Group acquired certain issued shares of Josab International AB whose shares are listed on AktieTorget, a stock exchange in Sweden and which is engaged in the development and manufacture of water treatment solutions systems. The Group also entered into an agreement in relation to the acquisition of 49% equity interest in a company incorporated in Indonesia and principally engaged in the development of hydropower stations with an aim to diversify the business portfolio of the Group to cope with the changes in and uncertainty of the construction industry in Hong Kong. The Group aims to become one of the environmental services provider in the near future.

New Business Establishment

On top of the business in Hong Kong, the Group also established a wholly foreign-owned subsidiary in Tianjin to explore the business opportunities in Mainland China. In January 2016, the Group also set up a wholly-owned subsidiary which principally engages in the trading in construction materials, to ensure adequate and timely supply of construction materials for all the projects which are awarded to the Group. The Group will expand its scope of services and supply the materials to its sub-contractors, working partners, customers and other construction developers to generate another source of income in the coming years.

Overall, the Group has consolidated its core construction business and diversified its investment portfolio at the same time, whilst still maintaining stable growth and achieving remarkable profitability despite the challenging macro-economic environment during the Year.





CHAIRMAN'S STATEMENT

Outlook

Despite the increasing public infrastructure expenditure, the continuing land supply policy and the commitment of the Hong Kong Government on a long-term housing supply target to provide 460,000 housing units in the next 10 years, the Group expects that construction industry in Hong Kong is now facing and will face major uncertainties in seeing a drop in the amount of capital works project in the year ahead and in the medium and long term. As the Chairman of the Group, my first mission since my appointment in May 2016 is to enhance value of our shareholders. Strategically, the Group will reduce its tender premium for the coming tender invitations in order to enhance our chance of obtaining construction projects and continue to focus its core construction business with an aim to further enhance its profitability and contribute stable stream of income. With a healthy financial position, in a year ahead, the Group is well-positioned to solidify its principal and core operations and explore possible strategies to further extend its environmental protection services as well as identifying and acquiring suitable and prudent investment or business projects related to the field of environmental protection as a new revenue stream, which will enable to strengthen earnings and pursue a better return to its shareholders.

Appreciation

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

Zhu Yongjun

Chairman of the Board

Hong Kong, 28 June 2016



MOVING FORWARD

we will continue to focus on developing our businesses in foundation works, civil engineering works and general building works and exploring the business opportunities in the environmental protection sector.





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 engages in foundation works, civil engineering works and general building works in Hong Kong. In addition, the Group commenced trading in construction materials during the Year for the purpose of supplying materials to its projects in light of 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 the environmental protection sector. During the Year, the Group acquired certain issued shares of Josab International AB whose shares are listed on AktieTorget, a stock exchange in Sweden and which is engaged 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, a company incorporated in Indonesia and principally engages in the development of hydropower stations. As at the date of this report, the Acquisition has not yet been 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

The Board is pleased to report the consolidated results of the Group for the Year, among which 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 changes of available-for-sale financial assets and exchange differences on translation of foreign operations 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.



MANAGEMENT DISCUSSION AND ANALYSIS

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.





MANAGEMENT DISCUSSION AND ANALYSIS

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 slowed down. 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 sustain growth in the revenue from our foundation works, although there may be a possible reduction of revenue and gross profit for the private sector of the business in this segment 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 the 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 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 accounted for 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 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.



MANAGEMENT DISCUSSION AND ANALYSIS

General Building Projects

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

During the Year, the Group utilised all of its resources in its foundation and civil engineering projects. Performance of general building projects has been 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:

Name of project	Location	Sector	Main category of works
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



MANAGEMENT DISCUSSION AND ANALYSIS

Name of project	Location	Sector	Main category of works
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
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



MANAGEMENT DISCUSSION AND ANALYSIS

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 the third parties or increase the contingent liabilities. The details of projects in progress as at 31 March 2016 were as follows:

Name of project	Location	Sector	Main category of works
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
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



MANAGEMENT DISCUSSION AND ANALYSIS

Name of project	Location	Sector	Main category of works
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
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



MANAGEMENT DISCUSSION AND ANALYSIS

Completed Projects

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

Name of project	Location	Sector	Main category of works
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
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



MANAGEMENT DISCUSSION AND ANALYSIS

Name of project	Location	Sector	Main category of 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 amounted to approximately HK\$712.52 million.
2. The Group entered into an acquisition agreement in relation to acquisition of 49% equity interest in a company incorporated in Indonesia, PT. Dempo Sumber Energi, which is principally engaged 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 materialised.
4. The Group has commenced its trading in construction materials business apart from its core construction business.



MANAGEMENT DISCUSSION AND ANALYSIS

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 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 which 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, amounting for 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 supervisory 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 which 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.



MANAGEMENT DISCUSSION AND ANALYSIS

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 total borrowings comprising finance lease and bank borrowings 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.





MANAGEMENT DISCUSSION AND ANALYSIS

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 and injury insurance.

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 a related company.

In addition, the Group was involved in a number of claims, potential litigations 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.





MANAGEMENT DISCUSSION AND ANALYSIS

Significant Events after the Reporting Period

In April 2016, Prosper Power, the controlling shareholder 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 completion, the shareholding of Prosper Power was reduced from 46% to 31% of the total issued shares of the Company.

On 2 June 2016, the Group entered into a memorandum of understanding ("MOU 1") in relation to the possible acquisition of an aggregate of 51% equity interest in Suzhou Clear Industry Co., Ltd.* (蘇州愷利爾環保科技有限公司), as well as 100% equity interest of its direct wholly-owned subsidiary (through Suzhou Clear Industry Co., Ltd.* (蘇州愷利爾環保科技有限公司)), 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* (婁底市方盛環保科技有限公司), another company owned by Suzhou Clear Industry Co., Ltd.* (蘇州愷利爾環保科技有限公司) at a consideration of not less than RMB23 million. Up to the date of this report, 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"), pursuant to which the proposed 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 report, 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.

On 28 June 2016, the Group entered into an acquisition agreement, pursuant to which the Group agreed to acquire, and the vendor agreed to sell the 100% equity interest in Taiyuan Tianrun Bioenergy Co., Ltd* (太原天潤生物能源有限公司), a company incorporated under the laws of the PRC which will be principally engaged in the kitchen waste treatment after its formal commencement of business, at a total consideration of RMB43,447,500. Up to the date of this report, the acquisition has not been completed. Details of the aforesaid acquisition agreement are set out in the Company's announcement dated 28 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 challenges 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.

* For identification purpose only





BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Zhu Yongjun, aged 49, was appointed as the Chairman of the Board and an executive Director of the Company on 24 May 2016. He is also a member of the nomination committee of the Board.

Mr. Zhu was an executive director of EverChina Int'l Holdings Company Limited (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (Stock Code: 202) from May 2008 to February 2013. He was also the chairman of the board of Heilongjiang Interchina Water Treatment Company Limited (a company listed on the Shanghai Stock Exchange) (Stock Code: 600187), from January 2009 to May 2015. He is currently the chairman of the board of Josab International AB, a company incorporated under the laws of Sweden, whose shares are listed on the AktieTorget, a stock exchange in Sweden. Mr. Zhu obtained his undergraduate from Hunan University in 1989, and a Master's degree of business administration in Peking University in the People's Republic of China in 2005. He started his environmental protection career in 2001.

Mr. Chu Shu Cheong, aged 55, is the founder of our Group and an executive Director of the Company. He possesses over 18 years of management experience in foundation, civil engineering and building works of various nature. Mr. Chu is primarily responsible for formulation of development strategies, overseeing business development and operation in construction business of our Group.

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

Mr. Kwan Man Hay, aged 61, is the Chief Executive of our Group and an executive Director of the Company. Mr. Kwan is responsible for the strategic planning, overseeing tendering and execution of our Group's foundation, civil engineering and general building projects. Mr. Kwan is also responsible for overseeing our Group's administrative functions.

Mr. Kwan has over 31 years of experience in the engineering and construction industry. He is a member of the following professional bodies: Hong Kong Institution of Engineers (HKIE), the Chartered Institute of Building (CIOB), the Chartered Institute of Arbitrators (CIArb). He is also a Registered Professional Engineer (RPE) recognised by the Engineers Registration Board. Mr. Kwan is the holder of Higher Diploma in Building Technology and Management and Associate Diploma in Building Technology and Management awarded by the then Hong Kong Polytechnic in November 1978 and November 1982 respectively.

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





BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Ms. Qin Shulan, aged 53, was appointed as an executive Director of the Company on 24 May 2016. She is the senior engineer of Northern China Municipal Engineering Design and Research Institute. She was the legal representative and supervisor of water treatment new technology commercialisation centre (Tianjin Free Trade Zone Water Treatment New Technology Commercialisation Centre) under the Ministry of Housing and Urban-Rural Development of the People's Republic of China from 2006 to 2015. She was the person in charge of the commercialisation of biologically reinforced filler and its carrier and auxiliary device for municipal sewage treatment plant, which is a key water body pollution control and restoration technology project in China's 12th Five-Year Plan. She was also the general manager and vice chairperson of Capital Aihua Municipal & Environmental Engineering Co., Ltd. from 2009 to November 2015. She obtained her Master's degree in business administration from Tianjin University. She has over 30 years of experience in investment, constructions, development and operations of environmental protection-related business.

Mr. Cai Jianwen, aged 42, was appointed as an executive Director of the Company on 23 September 2015 and is also a member of the remuneration committee of the Board. He was a general manager of Interchina Water Treatment Hong Kong Company Limited (國中水務香港有限公司) from April 2014 to March 2016. From May 2011 to April 2014, he was also the Chief Financial Officer of Heilongjiang Interchina Water Treatment Company Limited whose shares are listed on the Shanghai Stock Exchange (stock code: 600187).

He received a Master of Business Administration degree from China Europe International Business School (CEIBS) in March 2008. Mr. Cai was a fellow member of China Institute of Certified Public Accountant. Since 2015, Mr. Cai is also a director of Josab International AB, which shares are listed on AktieTorget, a stock exchange in Sweden.

Mr. So Kin Shing, aged 74, was appointed on 22 May 2014 and resigned as an executive Director of the Company on 24 May 2016. He remains as the directors of New Concepts Foundation Limited ("NC Foundation") and New Concepts Engineering Development Limited ("NC Engineering"), both are wholly-owned subsidiaries of the Company.

Mr. So is in charge of technical and resources support of execution of building, foundation and site formation works and is also responsible for ensuring projects carried out by our Group complies with Buildings Ordinance and related regulations.

Mr. So has over 43 years of experience in the engineering and construction industry. Besides his studies at the Hong Kong Technical College in 1960 to 1963, Mr. So also studied at the Department of Civil and Structural Engineering at University College, Cardiff, United Kingdom and obtained a Master of Science degree in July 1987. Mr. So is a Chartered Engineer of The Council of Engineering Institutions since December 1970. He is currently an Authorised Person and Registered Structural Engineer under the Buildings Ordinance.

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





BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Prior to joining our Group, Mr. So had worked for certain positions in the Buildings Department from March 1973 to January 1997 as a structural engineer, senior structural engineer, chief structural engineer and head of site monitoring section. Mr. So also works as a director for various commercial companies for more than 18 years.

Ms. Lai Mun Yee, aged 52, was appointed on 22 May 2014 and resigned as an executive Director of the Company on 24 May 2016. She remains as the directors of NC Foundation and NC Engineering, both are wholly-owned subsidiaries of the Company and is now responsible for overseeing the administration, accounting, taxation functions and daily operations in construction business of our Group.

Ms. Lai joined our Group in October 1999 and is the accountant of our Group. Ms. Lai is a diploma holder in accounting for executives awarded by The Chinese University of Hong Kong jointly organised by the Faculty of Business Administration and The Asia Pacific Institute of Business in October 2001. Ms. Lai has over 25 years of accounting experience. Prior to joining our Group, Ms. Lai worked as an accountant and administration and accounts manager for different companies for more than 10 years.

Non-Executive Directors

Mr. Lam Kwei Mo, aged 43, was appointed as a non-executive Director of the Company on 23 September 2015. He was an investment director of Interchina Water Treatment Hong Kong Company Limited (國中水務香港有限公司) from December 2014 to February 2016, a wholly-owned subsidiary of Heilongjiang Interchina Water Treatment Company Limited whose shares are listed on the Shanghai Stock Exchange (Stock Code: 600187).

Prior to joining our Group, Mr. Lam spent over 10 years in an international bank in various roles and functions. He holds a Master of Business Administration degree from China Europe International Business School (CEIBS). He has extensive experience in investment analysis, direct investment, corporate finance, banking and business strategy development.

Dr. Huen Wai Kei, aged 57, was redesignated on 1 November 2014 and resigned as a non-executive Director of the Company on 23 September 2015.

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





BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Independent Non-Executive Directors

Mr. Lo Chun Chiu, Adrian, aged 60, was appointed as an independent non-executive Director of the Company on 26 August 2014. He is the chairman of the nomination committee of the Board and a member of each of the audit committee and remuneration committee of the Board.

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

Dr. Tong Ka Lok, aged 53, was appointed as an independent non-executive Director of the Company on 26 August 2014. He is the chairman of the audit committee of the Board and a member of each of the nomination committee and remuneration committee of the Board.

Dr. Tong was awarded a Doctor of Public Health degree (epidemiology and biostatistics) from the Macau University of Science and Technology in August 2013. Dr. Tong is a founder and partner of Baker Tilly (Macao) which was established in October 2000. He is an auditor registered at the Committee for the Registry of Auditors and Accountants in Macau in January 2006. Besides his business establishment, Dr. Tong was appointed as a member of the Nanjing Committee of CPPCC (中國人民政治協商會議南京市委員會), and Vice President of the Macau University of Science and Technology in 2012, and a University Council Member in 2013. Dr. Tong has over 25 years of accountancy experience up to the date of this report.

Mr. Choy Wai Shek, Raymond, *MH, JP*, aged 67, was appointed as an independent non-executive Director of the Company on 26 August 2014. He is the chairman of our the remuneration committee of the Board and a member of each of the nomination committee and audit committee of the Board.

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

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

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

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





BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Senior Management

Mr. Cheng Yui Hung, aged 59, is the general manager of our Group. He joined our Group in March 2013 and has since then been responsible for the management of all operations of building and civil engineering projects with various clients of our Group.

Mr. Cheng graduated with a Master of Science Degree in Construction Engineering from The University of Leeds, United Kingdom in December 1986, a Bachelor of Science Degree in Civil Engineering from Middlesex Polytechnic, United Kingdom in July 1985 and obtained a diploma in Structural Engineering from the Hong Kong Polytechnic, in November 1979. Mr. Cheng was admitted as a Member of the Chartered Institute of Building (CIOB) in February 1989, Registered Assessor of Quality Training Certificate at P-E Batalas in November 1994 and a Member of the Institution of Civil Engineers (ICE) in February 1998. Mr. Cheng has over 21 years of experience in construction industry.

Mr. Sung Kar Chow, aged 55, is the general manager of our Group. He joined our Group in June 2013 and since then was responsible for the management of all foundation projects, including deployment of our Group's plants and equipment. Mr. Sung has over 21 years of experience in construction industry.

Mr. Leung Kin Keung Joe, aged 46, is the contract manager of our Group. He joined our Group in June 1999 and since then was responsible for the management of the tendering of all the projects of our Group. Mr. Leung obtained a Higher Certificate in Building Studies from Hong Kong Technical Colleges in July 1996 and a Certificate in Building Studies from Morrison Hill Technical Institute in August 1994. Mr. Leung has over 21 years of experience in construction industry.

Mr. Lee Tsi Fun Nicholas, aged 38, joined the Company in November 2015 and was appointed as our company secretary on 24 May 2016. Mr Lee is primarily responsible for financial management and control. He is a member of the Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants, and has over 17 years of experience in auditing, accounting and finance.

Mr. Chow Chi Keung, aged 42, was appointed as our company secretary and financial controller on 10 February 2014. He resigned as our company secretary on 24 May 2016 and remains as financial controller of NC Foundation and NC Engineering, both are wholly-owned subsidiaries of the Company. He is a member of Hong Kong Institute of Certified Public Accountants and has over 15 years of experience in auditing, accounting and finance.





REPORT OF DIRECTORS

The Board has pleasure in presenting their annual report together with the audited consolidated financial statements of the Group for the Year (the "Consolidated Financial Statements").

Principal Activities

The principal activity of the Company is investment holding. The principal activities of its subsidiaries comprise foundation works, civil engineering construction, general building works and environmental protection. Details of the principal activities of the principal subsidiaries of the Company are set out in note 31 to the Consolidated Financial Statements. There were no significant changes in the nature of the principal activities of the Group during the Year.

Business Review

The revenue of the Group is wholly derived from the construction works conducted in Hong Kong. An analysis of the Group's performance for the Year is set out in note 6 to the Consolidated Financial Statements.

A fair review of the business of the Group for the Year, including the important events affecting the Group that have occurred since the end of the Year and the likely future business development is set out in the section headed "Management Discussion and Analysis" on pages 8 to 20 of this annual report. This discussion form part of the report of directors.

Environmental Policies and Performance

For the sake of minimization of the impact of our construction activities to the environment, the Group has adopted and implemented policies in environmental protection procedures to enable it to commit to the long term sustainability of the environment and communities in which it operates. During the Year, the Group has complied with all relevant environmental laws and regulations that have a significant impact on the Group's business where the Group is operating, save for the following one potential non-compliance incident against the Group regarding its environmental performance:-

On one occasion, the officers of Environmental Protection Department witnessed a worker operating a hand-held powered mechanical breaker to break the roadside concrete nearby one of our project sites without carrying out reasonable measures such as spraying water, dust suppression chemical, dust extraction and filtering device to suppress the dust generated from the breaking process in accordance with the Schedule of the Air Pollution Control (Construction Dust) Regulation (Chapter 311R of the Laws of Hong Kong).

The hearing of the case has been scheduled on 21 July 2016.





Details of the key laws and regulations that have a significant impact on the Group's business, their key scope and our compliance measures are outlined as the following table:

Laws and Regulations	Key scope	Compliance measures
Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation (Chapter 311Z of the Laws of Hong Kong)	<p>Contractor must not sell or lease, or cause to be sold or leased, a regulated machine for use in Hong Kong unless the machine is approved or exempted</p> <p>Contractor must not use or cause to be used a regulated machine in any specified activity unless the machine is approved or exempted</p>	<p>Applications for lease and use of regulated machine have been made and approval certificates for emission compliance were obtained</p> <p>The relevant approval label has been painted or securely fixed on the machine and is displayed at a conspicuous position, which is also properly maintained</p>
Air Pollution Control (Construction Dust) Regulation (Chapter 311R of the Laws of Hong Kong)	Contractor is required to take dust reduction measures when construction work is being carried out	<p>Compliance manual is in place for operational staff</p> <p>Regular briefing and training are conducted to enhance their awareness on the legislation</p>
Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong)	<p>Controls construction noise ranges from:</p> <ul style="list-style-type: none"> (a) the use of powered mechanical equipment (b) the carrying out of certain noisy works in designated areas 	<p>Compliance manual is in place for operational staff</p> <p>Site supervisor is presented at the construction site</p> <p>Construction noise permit has been obtained</p>

Compliance with Laws and Regulations

The principal activities of the Group comprise foundation works, civil engineering construction, general building works and environmental protection. Sufficient resources have been allocated to ensure the on-going compliance with applicable laws and regulations. Save as disclosed under the headed "Environmental Policies and Performance" above, during the Year, the Board is not aware of any incidence of non-compliance with the relevant laws and regulations that have a significant impact on the Group's business where the Group is operating.





REPORT OF DIRECTORS

Principal Risks and Uncertainties

The business operations and results may be affected by various factors, some of which are external causes and some are inherent to the business. The principal risks and uncertainties are summarized below:

1. Macro-economic environment

The global economy and business environment have been dominated by the uncertainty in recent months. The global economy faces many challenges such as the possible increase in interest rate and slow recovery of the economy of the United States. Such challenges affect the property price in Hong Kong which may result in reduction of number of construction projects available for our tendering. Thus, it is vital for the Group to closely monitor the changes of the macroeconomic environment and diversify our business portfolio to secure value of our shareholders.

2. Keen competition

Due to slowdown of Hong Kong economy, the competition of construction industry has become more intense as there will be a foreseeable reduction of number of construction projects available for our tendering. To increase the chance of success in winning the tender bidding, the Group will lower its profit margin, which will affect its profit for the coming year.

3. Cost of construction materials

Steel is the essential and core material for our foundation work, which is the revenue driver of the Group. Starting from early 2016, the purchase price of steel increased by over 60% per tonne. The continuous increase in cost of construction materials will definitely lower the profit margin of the Group.

4. Regulatory environment

Our business is subject to the environmental regulations issued by the Hong Kong Government. Such regulations may be revised from time to time and any changes to such regulations may increase our cost and burden in complying with them. The Hong Kong Government is now reviewing the disposal charges under Construction Waste Disposal Charging Scheme on the basis that various construction waste disposal charges relating to public fill reception facilities, landfills and sorting facilities will increase in line with the established fees and charges policy. Subject to the approval and the actual gazettal date, the new disposal charges may take effect in 2016/17. Upon implementation of the legislation, the profit of the Group will be adversely affected due to the increase in waste disposal charges.

Relationship with key parties

The success of the Group also depends on the support from key parties which comprise customers, suppliers, employees and shareholders.





Customers

The Group's principal customers comprises the Hong Kong Government, NGOs and private developers. The Group has well established operational and industry experience in foundation, civil engineering and general building work, which enables the Group to complete all our projects on schedule. Recognition from our sound track records, the Group has secured various sizeable new projects from public and private sectors. Our reputation and high standard of quality work enable the Group and the customers to achieve their profitability and sustainable growth.

Suppliers

Good relationship with suppliers constitutes one of the essential elements of the Group's success. To achieve positive business growth, the Group maintains close relationship with its suppliers in order to create a win-win situation so that suppliers and the Group can have a vertical cooperation for reaching both of the business goals.

Employees

The Group focuses on the talents of our employees as our most valuable asset and provides a harmonious and professional working environment with a variety of training programmes to our employees for career advancement. The key objective of our human resource management is to recognize and reward performing staff by providing competitive remuneration packages and implementing an effective performance appraisal system with appropriate incentives, namely equal promotion opportunity.

Shareholders

The principal goal of the Group is to maximize the return to the shareholders of the Company. The Group will focus on our core business and explore attractive investment opportunities for achieving sustainable profit growth and rewarding the shareholders with stable dividend payouts taking into account the business development needs and financial health of the Group.

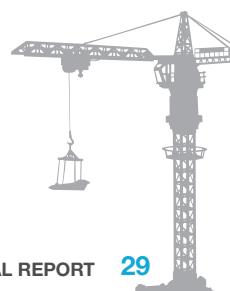
Use of Proceeds

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.

Major Customers and Suppliers

Sales to the Group's five largest customers accounted for approximately 62.38% (31 March 2015: 67.20%) of the total sales for the Year and sales to the largest customer included therein amounted to approximately 19.88% (31 March 2015: 20.99%). Purchases from the Group's five largest suppliers accounted for approximately 61.84% (31 March 2015: 37.48%) of the total purchases for the Year and purchases from the largest supplier included therein amounted to approximately 23.13% (31 March 2015: 13.03%).

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





REPORT OF DIRECTORS

Results and Appropriations

The results of the Group for the Year are set out in the Consolidated Financial Statements on pages 59 to 109.

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

Charitable Donations

Charitable and other donations made by the Group during the Year amounted to HK\$8,000 (2015: HK\$1,000,000).

Share Capital

Details of movements in share capital of the Company during the Year are set out in note 24 to the Consolidated Financial Statements.

Equity-linked Agreements

Other than the share option scheme of the Company, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Year or subsisted at the end of the Year.

Reserves

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

Distributable Reserves

As at 31 March 2016, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK\$37.39 million (31 March 2015: HK\$40.35 million).

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.

Pre-Emptive Rights

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





Directors and Directors' Service Contracts

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

Executive Directors:

Mr. Zhu Yongjun (*Chairman of the Board*)

(appointed as the Chairman of the Board and an executive Director on 24 May 2016)

Mr. Chu Shu Cheong (ceased to be the Chairman of the Board on 24 May 2016)

Mr. Kwan Man Hay

Ms. Qin Shulan (appointed on 24 May 2016)

Mr. Cai Jianwen (appointed on 23 September 2015)

Mr. So Kin Shing (resigned on 24 May 2016)

Ms. Lai Mun Yee (resigned on 24 May 2016)

Non-executive Directors:

Mr. Lam Kwei Mo (appointed on 23 September 2015)

Dr. Huen Wai Kei (resigned on 23 September 2015)

Independent Non-executive Directors:

Mr. Lo Chun Chiu, Adrian

Dr. Tong Ka Lok

Mr. Choy Wai Shek, Raymond, MH, JP

Other than Mr. Zhu Yongjun and Ms. Qin Shulan, each of the executive Directors and the newly appointed non-executive Director has entered into a service contract with the Company or a subsidiary of the Company for an initial term of three years. Mr. Zhu and Ms. Qin have not entered into service contracts with the Company and have no fixed term of service with the Company. Their remuneration will be subject to review by the remuneration committee of the Board and the Board from time to time with reference to their responsibility and performance. Each of the independent non-executive Directors has also entered into a service contract with the Company for an initial term of two years. The aforesaid service contracts may be terminated by not less than three months' notice in writing served by either party on the other. All Directors shall be subject to retirement by rotation and re-election at an annual general meeting at least once every three years.

In accordance with Article 108(a) of the Articles of Association of the Company, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation. In accordance with Article 112 of the Articles of Association of the Company, any director appointed by the Board to fill a casual vacancy during the Year shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting.





REPORT OF DIRECTORS

Accordingly, Mr. Chu Shu Cheng and Mr. Kwan Man Hay shall retire from office by rotation at the annual general meeting to be held on 15 August 2016 (the "AGM") in accordance with Article 108(a) of the Articles of Association of the Company.

Mr. Zhu Yongjun, Ms. Qin Shulan, Mr. Cai Jianwen and Mr. Lam Kwei Mo, who were appointed by the Board, shall retire from office at the AGM in accordance with Article 112 of the Articles of Association of the Company. All the retiring Directors shall be eligible and offer themselves for re-election at the AGM of the Company, save for Mr. Lam Kwei Mo who has provided written notice to the Company that he will retire at the AGM and will not offer himself for re-election at the AGM due to his commitment on other business engagement. Mr. Lam has confirmed that he has no disagreement with the Board and there is no matter relating to his retirement that will need to be brought to the attention of the Shareholders. The Company will make further announcement regarding his retirement as and when appropriate.

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

Confirmation of Independence of Independent Non-executive Directors

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

Biographical Details of Directors and Senior Management

The biographical details of the Directors and senior management of the Group as at the date of this report are disclosed in the section headed "Biographical Details of the Directors and Senior Management on pages 21 to 25 of this annual report.

Update on Directors' Information

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

The annual director's emoluments for Mr. Cai was increased with effect from 1 April 2016 including (1) the existing annual director's fee of HK\$700,000 (monthly salary of HK\$58,333); (2) residential housing allowance of not exceeding HK\$28,000 per month; (3) child tuition allowance of not exceeding HK\$10,000 per month; and (4) the insurance allowance of not exceeding HK\$100,000 per annum where the allowances will be on an incurred basis. The annual director's emoluments for Mr. Cai is determined by reference to the increasing workload and responsibility to the Group, the prevailing market condition and his commitment on and contribution to the Group.





The annual director's fee for Mr. Lam with effect from 1 April 2016 decreased from HK\$660,000 (monthly fee of HK\$55,000) to HK\$180,000 (monthly fee of HK\$15,000) which is determined by reference to his inactive participation in the affairs of the Company, his intention to devote more time on his other personal business and less commitment on the Company.

The annual director's fee for Ms. Lai with effect from 1 January 2016 increased from HK\$840,000 (monthly salary of HK\$70,000) to HK\$924,000 (monthly salary of HK\$77,000) which is determined by reference to the prevailing market condition and her knowledgeable experience in the industry and contribution to the Company. Subsequent to the Year and on 24 May 2016, Ms. Lai resigned as an executive Director of the Company, but remains as the directors of NC Foundation and NC Engineering, both are wholly-owned subsidiaries of the Company, and is responsible for overseeing the administration, accounting, taxation functions and daily operations in construction business of our Group.

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

Directors' Emoluments and Five Highest Paid Individuals

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

Details of the directors' emoluments and the five highest paid individuals are set out in note 8 to the Consolidated Financial Statements.

Emolument Policy

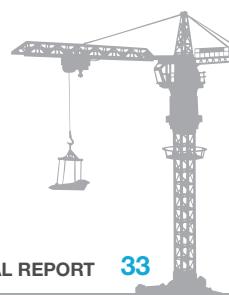
A remuneration committee was set up by the Board to develop the Group's emolument policy and structure for remuneration of the directors and senior management of the Group, having regard to the Group's operating results, individual performance of the directors and senior management and comparable market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

Connected Transaction

During the Year, the Group entered into certain related party transactions including connected transactions, which are disclosed in note 18 to the Consolidated Financial Statements.

On 19 February 2016, the Group entered into a sale and purchase agreement, pursuant to which the Group has conditionally agreed to acquire, and the vendor has conditionally agreed to sell, 3,184,443 warrants issued by the Josab International AB ("Josab"), the shares of which are listed on AktieTorget, a stock exchange in Sweden at a consideration of SEK3,184,443 (equivalent to approximately HK\$2,923,000). The warrants are owned by the vendor.

The Group exercised the warrants at an exercise price of SEK4 (equivalent to approximately HK\$3.67) per warrant in full for a total exercise price of SEK12,737,772 (equivalent to approximately HK\$11,693,000).





REPORT OF DIRECTORS

Mr. Zhu Yongjun, who is the chairman and an executive Director, the beneficial owner of one of the substantial shareholders of the Company as at the date of this report, is the chairman of Josab and a director of the vendor. Mr. Cai Jianwen, an executive Director, is also a director of each of vendor and Josab. Each of Mr. Zhu Yongjun and Mr. Cai Jianwen is a connected person of the Company under the Listing Rules. As Mr. Zhu Yongjun and Mr. Cai Jianwen together control the board of directors of the vendor, the vendor is their associate and hence a connected person of the Company under the Listing Rules. The transaction constitutes a connected transaction of the Company. Details of which are set out in the announcement of the Company dated 22 February 2016.

Directors' Interests in Transactions, Arrangements and Contracts

The transactions in relation to consultancy, legal, professional services provided to the Group; rental expenses and loan interest expenses paid by the Group disclosed in note 18(b) to the Consolidated Financial Statements, which fall under the definition of connected transactions in accordance with Chapter 14A of the Listing Rules, are de minimis transactions exempted from the reporting, announcement and the independent shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

The transactions in relation to the acquisition of listed securities disclosed in note 18(b) to the Consolidated Financial Statements, which also fall under the definition of connected transactions in accordance with Chapter 14A of the Listing Rules, are connected transaction, which is subject to the reporting and announcement requirements, but is exempted from the independent shareholders' approval requirement under Rule 14A of the Listing Rules.

Save as disclosed in note 18 to the Consolidated Financial Statements, no other transactions, arrangements or contracts that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest subsisted at the end of the Year or at any time during the Year.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed under the paragraph headed "Directors' and Chief Executives' Interests or Short Positions in Shares, Underlying Shares and Debentures" and the share option scheme adopted by the Company, at no time during the Year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of an acquisition of shares in, or underlying shares in, or debentures of, the Company or any other body corporate.

Management Contracts

Save for service contracts, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.





Permitted Indemnity Provision

Pursuant to Article 191 of the Articles of Association of the Company, the Directors, Managing Directors, alternate Directors, auditors, secretary and other officers for the time being of the Company acting in relation to any of the affairs of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices. Such provision was in force during the Year and remained in force as of the date of this report. In addition, the Company has also maintained Directors and officers liability insurance during the Year.

Competition and Conflict of Interests

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

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.

Five Years Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 110. This summary does not form part of the Consolidated Financial Statements.





REPORT OF DIRECTORS

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.

Share Option Scheme

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

Purpose of the Share Option Scheme

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

Participants under the Share Option Scheme and basis of eligibility:

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

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

Principal terms of the Share Option Scheme

The principal terms of the Share Option Scheme are summarised as follows:

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



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

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

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

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

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

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

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



REPORT OF DIRECTORS

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

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

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

As at 31 March 2016, no option has been granted by the Company to subscribe for shares of the Company.

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

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

As at 31 March 2016, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such director or chief executive is taken or deemed to have under such provision of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register of members of the Company, or which were required, pursuant to standard of dealings by Directors as referred to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Interests in the Company

Interests in ordinary shares

Name of directors	Personal interests	Family interests	Corporate interests	Total interests in ordinary shares	Total interests in underlying shares	Aggregate interests	% of the Company's issued voting shares
Chu Shu Cheong (Note 1)	—	—	184,000,000	184,000,000	—	184,000,000	46.00%
Kwan Man Hay (Note 1)	—	—	46,000,000	46,000,000	—	46,000,000	11.50% (attributable interest)



REPORT OF DIRECTORS

Notes:

- The 184,000,000 shares are beneficially held by Prosper Power. Mr. Chu Shu Cheong and Mr. Kwan Man Hay own 75% and 25% of the issued voting shares of Prosper Power, respectively. Mr. Chu Shu Cheong is deemed or taken to be interested in all the shares which are beneficially owned by Prosper Power and Mr. Kwan May Hay is deemed or taken to be interested in 25% of the shares which are beneficially owned by Prosper Power for the purpose of the SFO. Mr. Chu Shu Cheong and Mr. Kwan Man Hay are directors of Prosper Power.

The 184,000,000 shares beneficially held by Prosper Power had been pledged in favor of Kingston Finance Limited (the "Lender") on 3 November 2015 to secure a loan granted to Prosper Power. Subsequent to 31 March 2016, Prosper Power has repaid the loan partially to the Lender and a total of 60,000,000 pledged shares have been released back to Prosper Power in April 2016. Accordingly, an aggregate of 124,000,000 shares remains pledged as a security for a loan of approximately HK\$253.1 million granted to Prosper Power by the Lender up to the date of this report. Details of which are set out in the announcements of the Company dated 3 November 2015 and 21 April 2016.

Subsequent to 31 March 2016, Prosper Power disposed 60,000,000 shares in the Company in April 2016. Upon the aforesaid disposal, Prosper Power held 124,000,000 shares, representing 31% of the total issued share capital of the Company as at the date of this report. Mr. Chu Shu Cheong is deemed or taken to be interested on all shares beneficially owned by Prosper Power for the purpose of the SFO, and Mr. Kwan Man Hay is deemed to have an attributable interest of 7.75% of the total issued share capital of the Company as at the date of this report.

- Subsequent to 31 March 2016, Mr. Zhu Yongjun was appointed as the Chairman of the Board and an executive Director on 24 May 2016. As Jumbo Grand Enterprise Development Limited held 76,000,000 shares in the Company. Mr. Zhu Yongjun is deemed or taken to be interested on such 76,000,000 shares for the purpose of the SFO.

(ii) Interests in the associated corporation

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

Save as disclosed above, as at 31 March 2016 none of the Directors and chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Listing Rules relating to the required standard of dealings by the directors to be notified to the Company and the Stock Exchange.



REPORT OF DIRECTORS

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

So far as is known to the Directors, as at 31 March 2016, the following person (not being a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who is directly or indirectly interested in 5% or more of any class of issued shares carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long positions in the shares of the Company

Name of shareholders	Capacity	Number of shares held	Approximate percentage of shareholding in the Company
Prosper Power (Note 1)	Beneficial owner	184,000,000	46.00%
Jumbo Grand Enterprise Development Limited (Note 2)	Beneficial owner	76,000,000	19.00%
Zhu Yongjun (Note 2)	Interest in a controlled corporation	76,000,000	19.00%
Simple Gain International Limited (Note 3)	Beneficial owner	40,000,000	10.00%
Allan Warburg Holdings Limited (Note 3)	Interest in a controlled corporation	40,000,000	10.00%
Warburg Allan (Note 3)	Interest in a controlled corporation	40,000,000	10.00%
Kingston Finance Limited (Notes 1 and 4)	Person having a security interest in shares	184,000,000	46.00%
Ample Cheer Limited (Notes 1 and 4)	Interest in a controlled corporation	184,000,000	46.00%
Best Forth Limited (Notes 1 and 4)	Interest in a controlled corporation	184,000,000	46.00%
Chu Yuet Wah (Notes 1 and 4)	Interest in a controlled corporation	184,000,000	46.00%

Notes:

- Prosper Power is owned as to 75% by Mr. Chu Shu Cheong (an executive Director) and 25% by Mr. Kwan Man Hay (an executive Director).

The 184,000,000 shares beneficially held by Prosper Power had been pledged in favor of Kingston Finance Limited (the "Lender") on 3 November 2015 to secure a loan granted to Prosper Power Group Ltd. Subsequent to 31 March 2016, Prosper Power has repaid the loan partially to the Lender and a total of 60,000,000 pledged shares have been released back of approximately HK\$253.1 million to Prosper Power in April 2016. Accordingly, an aggregate of 124,000,000 shares remains pledged as a security for a loan granted to Prosper Power by the Lender up to the date of this annual report. Details of which are set out in the announcements of the Company dated 3 November 2015 and 21 April 2016.

Subsequent to 31 March 2016, Prosper Power disposed 60,000,000 shares in the Company in April 2016. Upon the aforesaid disposal, Prosper Power held 124,000,000 shares, representing 36% of the total issued share capital of the Company as at the date of this report.



2. Jumbo Grand Enterprise Development Limited is wholly-owned by Mr. Zhu Yongjun who was appointed as the Chairman of the Board and an executive Director on 24 May 2016. Accordingly, Mr. Zhu Yongjun is deemed to be interested in the 76,000,000 shares held by Jumbo Grand Enterprise Development Limited for the purpose of the SFO.
3. Simple Gain International Limited is wholly-owned by Allan Warburg Holdings Limited, which is in turn wholly-owned by Mr. Warburg Allan. Accordingly, Allan Warburg Holdings Limited and Mr. Warburg Allan are deemed to be interested in the 40,000,000 shares held by Simple Gain International Limited for the purpose of the SFO. Mr. Warburg Allan is the brother-in-law of Mr. Zhu Yongjun, the Chairman of the Board and an executive Director.
4. Kingston Finance Limited is wholly-owned by Ample Cheer Limited, which is in turn owned as to 80% by Best Forth Limited, which is wholly-owned by Ms. Chu Yuet Wah. Accordingly, Ample Cheer Limited, Best Forth Limited and Ms. Chu Yuet Wah are deemed to be interested in the 184,000,000 shares held by Kingston Finance Limited. The 184,000,000 shares beneficially held by Prosper Power had been pledged in favor of Kingston Finance Limited (the "Lender") on 3 November 2015 to secure a loan granted to Prosper Power. Subsequent to 31 March 2016, Prosper Power has repaid the loan partially to the Lender and a total of 60,000,000 pledged shares have been released back to Prosper Power in April 2016. Accordingly, an aggregate of 124,000,000 shares remains pledged as a security for a loan of approximately HK\$253.1 million granted to Prosper Power by the Lender up to the date of this annual report. Details of the above are set out in the announcements of the Company dated 3 November 2015 and 21 April 2016.

Save as disclosed under the sections headed "Directors' and Chief Executives' Interests or Short Positions in Shares, Underlying Shares and Debentures" and "Substantial Shareholder's Interests and/or Short Position in Shares and Underlying Shares of the Company" above, as at 31 March 2016, no other person was individually and/or collectively entitled to exercise or control the exercise of 5% or more of the voting power at general meeting of the Company and was able, as a practical matter, to direct or influence the management of the Company.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules during the Year.

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.

Events After the Reporting Period

Save as disclosed under the sections headed "Management Discussion and Analysis" above, there is no significant event after the reporting period of the Group.



REPORT OF DIRECTORS

Auditor

The consolidated financial statements of the Company for the years ended 31 March 2015 and 31 March 2016 were audited by Wellink CPA Limited ("Wellink") upon the resignation of World Link CPA Limited on 18 May 2015.

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

By order of the Board

New Concepts Holdings Limited

Zhu Yongjun

Chairman and Executive Director

Hong Kong, 28 June 2016



CORPORATE GOVERNANCE REPORT



Corporate Governance Practices

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

The Company has adopted the compliance manual which sets out the minimum standard of good practices concerning the general management responsibilities of the Board with which the Company and the Directors shall comply and which contains, among other things, the code provisions 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.

The Board of Directors

Composition and Responsibilities

As at 31 March 2016, the Board comprises nine directors ("Directors"), of which five are executive Directors, one is non-executive Director, and three are independent non-executive Directors of the Company. The composition of the Board throughout the Year and as at the date of this report is as follows:

Executive Directors:

Mr. Zhu Yongjun (*Chairman of the Board*)

(appointed as the Chairman of the Board and an executive Director on 24 May 2016)

Mr. Chu Shu Cheong (ceased to be the Chairman of the Board on 24 May 2016)

Mr. Kwan Man Hay

Ms. Qin Shulan (appointed on 24 May 2016)

Mr. Cai Jianwen (appointed on 23 September 2015)

Mr. So Kin Shing (resigned on 24 May 2016)

Ms. Lai Mun Yee (resigned on 24 May 2016)

Non-executive Directors:

Mr. Lam Kwei Mo (appointed on 23 September 2015)

Dr. Huen Wai Kei (resigned on 23 September 2015)

Independent Non-executive Directors:

Mr. Lo Chun Chiu, Adrian

Dr. Tong Ka Lok

Mr. Choy Wai Shek, Raymond, MH, JP

On 23 September 2015, Mr. Cai Jianwen was appointed as an executive Director of the Company. On the same day, Dr. Huen Wai Kei resigned and Mr. Lam Kwei Mo was appointed as a non-executive Director of the Company.

On 24 May 2016, Mr. Zhu Yongjun was appointed as the Chairman of the Board and an executive Director of the Company, and Ms. Qin Shulan was appointed as an executive Director of the Company; while each of Mr. So Kin Shing and Ms. Lai Man Yee resigned as an executive Director of the Company and Mr. Chu Shu Cheong ceased to be the Chairman of the Board on 24 May 2016.





CORPORATE GOVERNANCE REPORT

Save as disclosed above, there was no change in the composition of the Board during the Year.

The biographical details and responsibilities of the Directors as well as the senior management as at the date of this report are set out in the section "Biographical Details of the Directors and Senior Management" on pages 21 to 25.

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

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

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

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

Throughout the Year, the roles of the Chairman and the Chief Executive Officer of the Company are separated. Mr. Zhu Yongjun was appointed as the Chairman of the Board and Mr. Chu Shu Cheong who ceased to be the Chairman on 24 May 2016. The primary role of the Chairman is to provide leadership for the Board and to ensure that it works effectively in discharging its responsibilities. Mr. Kwan Man Hay is the Chief Executive of the Company. The Chief Executive is responsible for the strategic planning, overseeing tendering and execution of our Group's foundation, civil engineering and general building projects. Mr. Kwan is also responsible for overseeing our Group's administrative and overall management functions.

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

Procedure for Seeking Independent Professional Advice by Directors

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



CORPORATE GOVERNANCE REPORT

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

Board Meetings

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

During the Year, a total of 7 Board meetings were held. Various meetings of remuneration committee, nomination committee and audit committee have also been held. The Chairman has met with independent non-executive Directors without the presence of the executive directors.

Directors' Attendance at the Board/Board Committee Meetings

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

Name of Director	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	Annual General Meeting
	Number of Meetings Attended/Held				
<i>Executive Directors:</i>					
Mr. Zhu Yongjun (note 1)	0/7	N/A	N/A	N/A	0/1
Mr. Chu Shu Cheong	6/7	N/A	1/1	N/A	1/1
Mr. Kwan Man Hay	6/7	N/A	N/A	1/1	1/1
Ms. Qin Shulan (note 2)	0/7	N/A	N/A	N/A	0/1
Mr. Cai Jianwen (note 3)	5/7	N/A	N/A	N/A	0/1
Mr. So Kin Shing (note 4)	5/7	N/A	N/A	N/A	1/1
Ms. Lai Mun Yee (note 4)	7/7	N/A	N/A	N/A	1/1
<i>Non-executive Directors:</i>					
Mr. Lam Kwei Mo (note 5)	4/7	N/A	N/A	N/A	0/1
Dr. Huen Wai Kei (note 5)	0/7	N/A	N/A	N/A	0/1
<i>Independent Non-executive Directors:</i>					
Mr. Lo Chun Chiu, Adrian	7/7	2/2	1/1	1/1	1/1
Dr. Tong Ka Lok	7/7	2/2	1/1	1/1	1/1
Mr. Choy Wai Shek, Raymond, MH, JP	7/7	2/2	1/1	1/1	1/1

Notes:

1. Mr. Zhu Yongjun was appointed as the Chairman of the Board and an executive Director of the Company on 24 May 2016 and did not attend any meetings during the Year.
2. Ms. Qin Shulan was appointed as an executive Director of the Company on 24 May 2016 and did not attend any meetings during the Year.



CORPORATE GOVERNANCE REPORT

3. Mr. Cai Jianwen was appointed as an executive Director of the Company on 23 September 2015.
4. Each of Mr. So Kin Shing and Ms. Lai Mun Yee resigned as an executive Director of the Company on 24 May 2016.
5. Mr. Lam Kwei Mo was appointed and Dr. Huen Wai Kei resigned as a non-executive Director of the Company on 23 September 2015.

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

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

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

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

Appointment, Re-election and Removal

Other than Mr. Zhu Yongjun and Ms. Qin Shulan, each of the executive Directors and the newly appointed non-executive Director has entered into a service contract with the Company for an initial term of three years. Each of the independent non-executive Directors has also entered into a service contract with the Company for an initial term of two years. The aforesaid service contracts may be terminated by not less than three month's notice in writing served by either party on the other.

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

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

Confirmation of Independence

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



CORPORATE GOVERNANCE REPORT

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.

Induction and Continuous Professional Trainings of Directors

Each of the newly appointed Directors, namely Mr. Zhu Yongjun, Ms. Qin Shulan, Mr. Cai Jianwen and Mr. Lam Kwei Mo has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the requirement of the Listing Rules and relevant statutory obligations.

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

During the Year, there was one in-house training conducted covering the topics of connected transactions, directors' duties and responsibilities, corporate governance practices, independence of independent non-executive directors, disclosure requirements under the Listing Rules and SFO.

All Directors has attended the continuous professional development training and below are details of all Directors' attendance on training during the Year and up to the date of this report.

Attendance/Numbers of in-house seminars

Executive Directors:

Mr. Zhu Yongjun (note 1)	0
Mr. Chu Shu Cheong	1
Mr. Kwan Man Hay	1
Ms. Qin Shulan (note 2)	0
Mr. Cai Jianwen	1
Mr. So Kin Shing (note 3)	1
Ms. Lai Mun Yee (note 3)	1

Non-executive Directors:

Mr. Lam Kwei Mo	1
Dr. Huen Wai Kei (note 4)	0

Independent Non-executive Directors:

Mr. Lo Chun Chiu, Adrian	1
Dr. Tong Ka Lok	1
Mr. Choy Wai Shek, Raymond, MH, JP	1



CORPORATE GOVERNANCE REPORT

Notes:

1. Mr. Zhu Yongjun was appointed as the Chairman and an executive Director of the Company on 24 May 2016 and did not attend any training during the Year save for the induction training to Director on the date of his appointment.
2. Ms. Qin Shulan was appointed as an executive Director of the Company on 24 May 2016 and did not attend any training during the Year save for the induction training to Director on the date of her appointment.
3. Each of Mr. So Kin Shing and Ms. Lai Mun Yee resigned as an executive Director of the Company on 24 May 2016.
4. Dr. Huen Wai Kei resigned as a non-executive Director of the Company on 23 September 2015 and did not attend any training during the Year.

Board Committees

Audit Committee

The audit committee of the Company was established in compliance with Rules 3.21 and 3.22 of the Listing Rules and with 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 December 2016. The revised terms of reference of the audit committee are available on the websites of the Company and the Stock Exchange.

The responsibility of the audit committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting, risk management and internal control principles and 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, risk management and internal control procedures and ensure that the management has discharged its duties to have an effective risk management and internal control systems.

The composition of the audit committee throughout the Year and as at the date of this report is as follows:

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

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

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





CORPORATE GOVERNANCE REPORT

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 auditor, 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.

Remuneration Committee

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

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

The composition of the remuneration committee throughout the Year and as at the date of this report is as follows:

Mr. Choy Wai Shek, Raymond, *MH, JP (Chairman)*
Dr. Tong Ka Lok
Mr. Lo Chun Chiu, Adrian
Mr. Cai Jianwen (appointed on 24 May 2016)
Mr. Kwan Man Hay (resigned on 24 May 2016)

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





CORPORATE GOVERNANCE REPORT

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

- reviewed and recommended to the Board on the Group's remuneration policy and strategy;
- reviewed and recommended to the Board on the remuneration packages of the appointed executive Director and non-executive Director during the Year; and
- reviewed and rectify the remuneration packages of an executive Director of the Company and recommended to the Board to approve the proposal of the fixed salaries with effect from 1 January 2016.

Nomination Committee

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

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

The composition of the nomination committee throughout the Year and as at the date of this report is as follows:

Mr. Lo Chun Chiu, Adrian (*Chairman*)
Mr. Choy Wai Shek, Raymond, *MH, JP*
Dr. Tong Ka Lok
Mr. Zhu Yongjun (appointed on 24 May 2016)
Mr. Chu Shu Cheong (resigned on 24 May 2016)

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

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

- reviewed the existing Board's structure, size and composition;
- reviewed and assessed the independence of the independent non-executive Directors; and
- made recommendation on the retiring Directors at the 2016 AGM of the Company.



Board diversity policy

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

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

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

Corporate Governance Function

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

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

Remuneration of Directors and Senior Management

Emolument Policy

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





CORPORATE GOVERNANCE REPORT

Accountability and Audit

Financial Reporting

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

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

The statement by auditor about their reporting responsibilities is set out in the independent auditor's report on pages 57 and 58 of the Consolidated Financial Statements.

External Auditor's Remuneration

During the Year, the Group engaged Wellink CPA Limited as external auditor of the Company. The fee in respect of audit services and non-audit services provided by Wellink for the Year were as follows:

Nature of services	Amount HK\$'000
Audit services in relation to annual results	910
Review of interim results	150

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

Risk Management and Internal Control Systems

The Board has overall responsibility for the effective risk management and internal control systems of the Group and committed to the maintenance of good corporate governance, practices and procedures of the Group. The Board also admitted that the effectiveness of the existing risk management and internal control systems during the Year. However, such systems are designed to manage rather than eliminate risk of failure to achieve business objective, and can only provide reasonable and not absolute assurance against material misstatement or loss. Nevertheless, the management is authorized to engage an external professional service provider to conduct review on the risk management and internal controls systems and make recommendations for the improvement and strengthening of such systems.



Effectiveness

The Board has overall responsibility for evaluating, determining, establishing and maintaining an effective risk management and internal control systems of the Group and for reviewing its effectiveness to safeguard the Company's assets and the shareholders' interests. During the Year, the Board and the audit committee of the Company have conducted a review on the effectiveness of Group's risk management and internal control systems on all material aspects.

During the Year, the Group has engaged Wellink Corporate Advisory Limited ("Wellink Corporate Advisory"), an external service provider, to conduct review on the major risk management and internal controls of the Company, including financial, operational, risk management and compliance controls. Wellink Corporate Advisory has reported the risk management and internal control facts and findings to the audit committee and make recommendations for the improvement and strengthening of the risk management and internal control systems to the Board. Wellink Corporate Advisory reported that no material non-compliance or failures issues was found but various areas for improvement have been identified during the Year.

Based on the report from Wellink Corporate Advisory, audit committee reported such findings and recommendations for the improvement of the risk management and internal control systems to the Board and the Board considered that all recommendations from Wellink Corporate Advisory should be properly followed to ensure the sound and effectiveness of the internal control system of the Group can be maintained.

The Board and the audit committee also considered that the key areas of the Group's risk management and internal control systems, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions, are reasonably conducted and implemented; and the Group considered that such systems were effective and adequate. During the Year, the Group has fully complied with the provisions of CG Code regarding the risk management and internal control systems.

Internal Audit

The Group has engaged Wellink Corporate Advisory to conduct review on the risk management and internal controls systems and make recommendations for the improvement and strengthening of such systems since its listing in 2014.

The Board considers that the internal audit outsourcing is in the best interest of the Group during the Year and will review the need for internal audit of the Group on an annual basis.

Inside Information

The Group has adopted a disclosure policy aiming to provide a general guide to the directors and senior management of the Company in handling of confidential information and/or monitoring of information disclosure pursuant to applicable laws and regulations in compliance with the Securities and Futures Ordinance.





CORPORATE GOVERNANCE REPORT

The disclosure policy provides the procedures and internal controls for the handling and dissemination of inside information on a timely basis to enable the public, namely shareholders, institutional investors, potential investors and other stakeholders of the Company to access the latest information of the Group.

Briefing and training on the implementation of the disclosure policy has been provided to Directors and senior management of the Group.

Delegation by the Board

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

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

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

Non-Competition Undertaking from Controlling Shareholders

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

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

Company Secretary

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

Subsequent to the Year, Mr. Chow resigned and Mr. Lee Tsi Fun Nicholas was appointed as the company secretary of the Company on 24 May 2016.

Changes in Constitutional Documents

During the Year, there has been no changes in the constitutional documents of the Company.



Shareholders' Rights

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

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

Article 113 of the Articles of Association provides that no person, other than a retiring Director shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of the notices required under this Article will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

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

- prepare a notice in writing of his/her intention to propose a person for election as a Director.
- The person proposed for election as a Director shall also prepare a notice in writing of his/her willingness to be elected.
- Such notices shall be lodged at the head office of the Company at 11/F, 8 Queen's Road Central, Hong Kong or at the address of Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

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

The Procedures for Sending Enquiries to the Board

Shareholders may send their enquiries and concerns in writing to the Board by addressing them to the Company at our head office in Hong Kong at 11/F, 8 Queen's Road Central, Hong Kong or by email through the Company's website at <http://www.ncfl.com.hk>.



CORPORATE GOVERNANCE REPORT

Communication with Shareholders and Investors

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

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

The forthcoming AGM of the Company is scheduled to be held on 15 August 2016. At the AGM, the chairman of the Board as well as chairmen of the nomination committee, remuneration committee and audit committee or, in their absence, other members of the respective committees shall attend to answer questions from shareholders at the annual general meeting. The representatives of the external auditor shall also present and available to answer questions at the meeting.

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

Hong Kong, 28 June 2016



INDEPENDENT AUDITOR'S REPORT



Wellink CPA Limited

Rms. 803–4, Kin Wing Commercial Building
24–30 Kin Wing Street, Tuen Mun, Hong Kong

TO THE SHAREHOLDERS OF NEW CONCEPTS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of New Concepts Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 59 to 109, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

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





INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

WELLINK CPA LIMITED

Certified Public Accountants

Hong Kong, 28 June 2016

Chow For Chun

Practising Certificate Number P06140



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000
Revenue	6	1,411,799	780,854
Cost of sales		(1,280,345)	(667,512)
Gross profit		131,454	113,342
Other income and net gains	6(f)	9,252	6,293
Administrative expenses		(32,495)	(14,778)
Other operating expenses		(37,957)	(34,868)
Operating profit		70,254	69,989
Finance costs	9	(8,376)	(1,335)
Profit before income tax	7	61,878	68,654
Income tax expense	10	(12,163)	(15,302)
Profit for the year attributable to equity owners of the Company		49,715	53,352
Other comprehensive income for the year, net of tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
– Fair value changes of available-for-sale financial assets		5,033	—
– Exchange differences on translation of foreign operations		719	—
		5,752	—
Total comprehensive income for the year attributable to equity owners of the Company		55,467	53,352
Basic and diluted earnings per share	11	HK\$0.12	HK\$0.15
Dividends	12	—	25,000



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000
Non-current assets			
Property, plant and equipment	13	198,614	184,865
Available-for-sale financial assets	14	20,287	—
Rental deposit		826	—
		219,727	184,865
Current assets			
Trade and other receivables	15	365,108	144,543
Loan receivable	16	18,592	—
Amounts due from customers for contract work	17	64,121	33,382
Tax recoverable		800	—
Bank balances and cash	19	195,249	57,088
		643,870	235,013
Current liabilities			
Trade and other payables	20	543,201	111,103
Bank borrowings	21	20,077	4,000
Amounts due to customers for contract work	17	11,140	904
Obligations under finance leases	22	30,982	55,525
Tax payable		—	475
		605,400	172,007
Net current assets		38,470	63,006
Total assets less current liabilities		258,197	247,871
Non-current liabilities			
Loan from a director	18(a)	—	18,310
Deferred tax liabilities	23	23,617	14,616
Obligations under finance leases	22	23,288	59,120
		46,905	92,046
NET ASSETS		211,292	155,825
Capital and reserves			
Share capital	24	40,000	40,000
Reserves		171,292	115,825
TOTAL EQUITY		211,292	155,825

Approved by the board of directors on 28 June 2016

Kwan Man Hay
Director

Cai Jianwen
Director



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000 (Note a)	Revaluation reserve HK\$'000 (Note b)	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
Balance at 31 March 2014	14,000	—	—	—	—	35,370	49,370
Capitalisation issue	30,000	(30,000)	—	—	—	—	—
Arising from the reorganisation	(14,000)	—	14,000	—	—	—	—
Placing of shares	10,000	76,000	—	—	—	—	86,000
Expenses incurred in connection with the placing of shares	—	(7,897)	—	—	—	—	(7,897)
Profit and total comprehensive income for the year	—	—	—	—	—	53,352	53,352
Dividend to equity holders	—	—	—	—	—	(25,000)	(25,000)
Balance at 31 March 2015 and 1 April 2015	40,000	38,103	14,000	—	—	63,722	155,825
Profit for the year	—	—	—	—	—	49,715	49,715
Other comprehensive income for the year:							
Fair value changes of available-for-sale financial assets	—	—	—	5,033	—	—	5,033
Exchange differences on translation of foreign operations	—	—	—	—	719	—	719
Total comprehensive income	—	—	—	5,033	719	49,715	55,467
Balance at 31 March 2016	40,000	38,103	14,000	5,033	719	113,437	211,292

Note:

- (a) The merger reserve of the Group represents the share capital of New Concepts Engineering Development Limited and New Concepts Foundation Limited pursuant to the Group Reorganisation.
- (b) Revaluation reserve comprises the fair value gains on available-for-sale financial assets.



CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000
Cash flows from operating activities			
Profit before income tax		61,878	68,654
Adjustments for:			
Interest income	6(f)	(123)	(114)
Finance costs	9	8,376	1,335
Depreciation	13	26,460	11,665
(Gain)/loss on disposals of property, plant and equipment		(70)	510
Operating profit before working capital changes		96,521	82,050
Movements in working capital elements:			
Increase in trade and other receivables		(199,843)	(57,147)
Increase in trade and other payables		99,283	53,546
Increase in amounts due from customers for contract work		(30,739)	(30,301)
Increase/(decrease) in amounts due to customers for contract work		10,237	(13,758)
Cash (used in)/generated from operations		(24,541)	34,390
Interest paid		(8,376)	(1,336)
Income tax paid		(4,438)	(7,501)
Net cash (used in)/generated from operating activities		(37,355)	25,553
Cash flows from investing activities			
Purchase of property, plant and equipment		(4,777)	(159,879)
Purchase of available-for-sale financial assets		(11,657)	—
Increase in loan receivable		(18,592)	—
Increase in other receivables		(39,841)	—
Interest received		123	114
Proceeds from disposals of property, plant and equipment		82	327
Net cash used in investing activities		(74,662)	(159,438)
Cash flows from financing activities			
Decrease/(increase) in pledged bank deposits		15,435	(12,380)
Bank loan raised		20,077	115,189
Repayment of bank borrowings		(4,000)	—
Dividend paid		—	(25,000)
Repayments of obligation under finance leases		(95,819)	(15,475)
Increase in amounts due to related companies		329,717	—
Increase in amount due from a shareholder		(17)	—
Issued of shares		—	78,103
Net cash generated from financing activities		265,393	140,437
Net increase in cash and cash equivalents		153,376	6,552
Cash and cash equivalents at beginning of the year	19	41,653	35,101
Effect of changes in foreign exchange rate		220	—
Cash and cash equivalents at end of the year	19	195,249	41,653



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

¹ Effective for annual periods beginning on or after 1 January 2019.

² Effective for annual periods beginning on or after 1 January 2018.

³ Effective for annual periods beginning on or after 1 January 2016.

⁴ 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.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

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 note 5 to the consolidated financial statements.

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

(a) Consolidation

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

(i) Business combinations

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

Acquisition-related costs are expensed as incurred.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



3. Significant Accounting Policies (Continued)

(a) Consolidation (Continued)

(i) Business combinations (Continued)

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in consolidated profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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

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

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

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

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

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

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Significant Accounting Policies (Continued)

(b) Segment reporting

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

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in HK\$, which is the Company's functional and the Group's presentation currency.

(ii) Translation and balances

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

(iii) Group companies

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



3. Significant Accounting Policies (Continued)

(d) Property, plant and equipment

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

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

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

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

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

Assets acquired under finance lease arrangements are depreciated over their expected useful lives on the same basis as owned assets.

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

(e) Impairment of assets

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

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Significant Accounting Policies (Continued)

(e) Impairment of assets (Continued)

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

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

(f) Leases

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

The Group as lessee

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

When a sale and leaseback results in a finance lease, any gain on sale is deferred and recognised as an income over the lease term. Any loss on sale is immediately recognised as an impairment loss when the sale occurs.

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Significant Accounting Policies (Continued)

(g) Construction contracts in progress

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

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

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

(h) Trade and other receivables

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

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

(i) Cash and cash equivalents

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

(j) Share capital

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Significant Accounting Policies (Continued)

(k) Trade and other payables

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

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

(l) Borrowings

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

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

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in consolidated profit or loss in the period in which they are incurred.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Significant Accounting Policies (Continued)

(n) Current and deferred income tax

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

(i) Current income tax

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

(ii) Deferred income tax

Inside basis differences

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

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

Outside basis differences

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

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

(iii) Offsetting

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Significant Accounting Policies (Continued)

(o) Employee benefits

(i) Retirement benefit cost

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

(ii) Employee leave entitlements

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

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

(p) Provisions

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

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

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Significant Accounting Policies (Continued)

(q) Revenue recognition

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

(i) Construction contracts income

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

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

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

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

(ii) Rental income on machinery is recognised on a straight-line basis over the term of the lease.

(iii) Services fee income is recognised when services are rendered.

(iv) Income from sales of materials is recognised when goods are delivered and the customers assume the risks and rewards of ownership.

(v) Interest income is recognised on a time proportion basis using the effective interest method.

(r) Dividend distribution

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Significant Accounting Policies (Continued)

(s) Financial instruments

(i) Financial assets

(i) Classification

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

(ii) Loans and receivables

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

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the reporting date. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured shall be measured at cost.

(iv) Recognition and measurement

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

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in consolidated profit or loss.

Interest on available-for-sale securities calculated using the effective interest method is recognised in consolidated profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognised in consolidated profit or loss as part of other income when the Group's right to receive payments is established.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



3. Significant Accounting Policies (Continued)

(s) Financial instruments (Continued)

(ii) Financial liabilities

Financial liabilities and equity instruments

(i) Classification as debt or equity

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

(ii) Equity instruments

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

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

(iii) Impairment of financial assets

Assets carried at amortised cost

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

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

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

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Significant Accounting Policies (Continued)

(s) Financial instruments (Continued)

(iii) Impairment of financial assets (Continued)

Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss-measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in consolidated profit or loss. Impairment losses recognised in consolidated profit or loss on equity instruments are not reversed through profit or loss.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(t) Related parties

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

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) the entity is member of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



3. Significant Accounting Policies (Continued)

(t) Related parties (Continued)

- (b) An entity is related to the Group if any of the following conditions applies: (Continued)
 - (iv) one entity is a joint venture of a third party and the other entity is an associate of the same third party or vice versa;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the entity or to a parent of the entity.

(u) Financial instruments

Categories of the Group's financial instruments

	2016 HK\$'000	2015 HK\$'000
Financial assets		
Available-for-sale financial assets	20,287	—
Loans and receivables (including cash and cash equivalents):		
Trade and other receivables excluding prepayment	342,962	140,453
Loan receivable	18,592	—
Bank balances and cash	195,249	57,088
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	543,201	111,103
Loan from a director	—	18,310
Bank borrowings	20,077	4,000

4. Financial Risk Management

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

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Financial Risk Management (Continued)

4.1 Financial risk factors

(a) Market risk

(i) Currency risk

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

(ii) Price risk

The Group's financial assets, listed equity securities are measured at fair value at the end of each reporting period and are exposed to equity security price risk. The Group periodically reviews the fair value of the investment as well as the financial condition of investee.

At 31 March 2016, if the fair value of the investments increase/decrease by 10%, effect on other comprehensive income for the year would have been approximately HK\$2,029,000 (2015: HK\$Nil) higher/lower, arising as a result of the fair value gain/loss of the investments.

(iii) Interest rate risk

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

As the Group has no other significant interest-bearing assets and liabilities, the Group's operating cash flows are substantially independent of changes in market interest rates.

(b) Credit risk

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



4. Financial Risk Management (Continued)

4.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

As at 31 March 2016, there was 1 customer (2015: 3 customers) which individually contributed over 10% of the Group's trade and other receivables. The aggregate amount of trade and other receivables from this customer amounted to 17% (2015: 62%) of the Group's total trade and other receivables.

The Group also has credit risk in relation to loan receivable from an independent third party amounting to approximately HK\$18,592,000 (2015: HK\$Nil) at 31 March 2016. In order to minimise the credit risk, the management has reviewed the recoverable amount of the loan receivable regularly to ensure that adequate impairment loss is made for any irrecoverable amount. In this regard, the directors of the Company consider that the Group's credit risk on loan receivable from an independent third party is significantly reduced.

(c) Liquidity risk

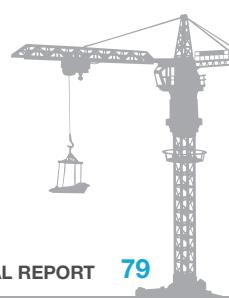
Liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities.

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

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

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

	On demand or within 1 year	More than 1 year but less than 5 years	More than 5 years	contractual undiscounted cash flow	Total Carrying amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 March 2016					
Trade and other payables	543,201	—	—	543,201	543,201
Obligations under finance leases	32,272	23,790	—	56,062	54,270
Bank borrowings	20,077	—	—	20,077	20,077
	595,550	23,790	—	619,340	617,548





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Financial Risk Management (Continued)

4.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	On demand or within 1 year	More than less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 March 2015					
Trade and other payables	111,103	—	—	111,103	111,103
Obligations under finance leases	58,726	61,088	—	119,814	114,645
Loan from a director	—	18,310	—	18,310	18,310
Bank borrowings	4,000	—	—	4,000	4,000
	173,829	79,398	—	253,227	248,058

(d) Fair values

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

The following disclosures of fair value measurements use a fair value hierarchy which has 3 levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Disclosures of level in fair value hierarchy:

	Fair value measurement using:			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 March 2016				
Available-for-sale financial assets	20,287	—	—	20,287
Total	20,287	—	—	20,287
At 31 March 2015				
Available-for-sale financial assets	—	—	—	—
Total	—	—	—	—



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Financial Risk Management (Continued)

4.2 Capital risk management

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

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

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

The gearing ratio during the year is as follows:

	2016 HK\$'000	2015 HK\$'000
Total borrowings (notes 21 and 22)	74,347	118,645
Total equity	211,292	155,825
Net debt to equity ratio	35%	76%

5. Critical Accounting Estimates and Judgments

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

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

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

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Critical Accounting Estimates and Judgments (Continued)

5.1 Estimate of useful lives and impairment of property, plant and equipment (Continued)

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

5.2 Construction contracts

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

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

5.3 Impairment of receivables

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Revenue and Segment Information

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

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

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Revenue and Segment Information (Continued)

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

For the year ended 31 March 2015

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Revenue and Segment Information (Continued)

(a) Segment revenue and results (Continued)

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:

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

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Revenue and Segment Information (Continued)

(c) A reconciliation of segment results to profit before income tax is as follows:

	2016 HK\$'000	2015 HK\$'000
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	61,878	68,654

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

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Revenue and Segment Information (Continued)

(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 HK\$'000	2015 HK\$'000
Customer A (note i)	280,691	163,887
Customer B (note ii)	—	128,779
Customer C (note ii)	148,360	108,496
Customer D (note ii)	—	78,853
Customer E (note ii)	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 HK\$'000	2015 HK\$'000
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
	9,252	6,293



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Profit Before Income Tax

Profit before income tax has been arrived at after charging/(crediting):

	2016 HK\$'000	2015 HK\$'000
<i>Staff costs: (including directors' remuneration)</i>		
— Contributions to defined contribution plan	2,631	1,245
— Salaries, wages and other benefits	93,421	45,577
— Other staff benefits	376	363
— Provision for long service payments	527	(251)
— Provision for annual leave	603	(192)
	97,558	46,742
<i>Other items:</i>		
Depreciation	26,460	11,665
(Gain)/loss on disposal of property, plant and equipment	(70)	510
Operating leases charges	2,959	1,049
Auditor's remuneration		
— recurring audit services	910	550
— non-audit services	150	150

8. Directors' Emoluments

(a) Directors' emoluments

The emoluments of each director of the Company for the year ended 31 March 2016 is set out below:

Name	Fee HK\$'000	Salaries HK\$'000	Discretionary Bonus HK\$'000	Contribution to retirement benefits scheme HK\$'000		Total HK\$'000
Executive directors:						
Mr. Chu Shu Cheong	—	900	—	18	918	
Mr. Kwan Man Hay	—	900	—	18	918	
Mr. So King Shing (Note i)	—	720	—	18	738	
Ms. Lai Mun Yee (Note ii)	—	861	280	18	1,159	
Mr. Cai Jianwen (Notes iii & vii)	—	—	—	—	—	
Non-executive directors:						
Dr. Huen Wai Kei (Note vi)	120	—	—	—	—	120
Mr. Lam Kwei Mo (Notes v & vii)	110	—	—	—	—	110
Independent non-executive directors:						
Mr. Choy Wai Shek, Raymond, MH, JP	240	—	—	—	—	240
Mr. Lo Chun Chiu, Adrian	240	—	—	—	—	240
Dr. Tong Ka Lok	240	—	—	—	—	240
	950	3,381	280	72	4,683	



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Directors' Emoluments (Continued)

(a) Directors' emoluments (Continued)

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

Name	Fee HK\$'000	Salaries HK\$'000	Bonus HK\$'000	Discretionary	Contribution to retirement benefits scheme HK\$'000	Total HK\$'000
Executive directors:						
Mr. Chu Shu Cheong	—	870	—	—	18	888
Mr. Kwan Man Hay	—	870	—	—	18	888
Mr. So King Shing	—	585	120	18	723	
Ms. Lai Mun Yee	—	315	240	9	564	
Non-executive director:						
Dr. Huen Wai Kei	120	—	—	—	—	120
Independent non-executive directors:						
Mr. Choy Wai Shek, Raymond, <i>MH, JP</i>	120	120	—	—	6	246
Mr. Lo Chun Chiu, Adrian	120	—	—	—	—	120
Dr. Tong Ka Lok	120	—	—	—	—	120
	480	2,760	360	69	3,669	

Notes:

- (i) So King Shing resigned as executive director of the Company on 24 May 2016.
- (ii) Lai Mun Yee resigned as executive director of the Company on 24 May 2016.
- (iii) Cai Jianwen was appointed as a director of the Company on 23 September 2015.
- (iv) During the years ended 31 March 2016 and 2015, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.
- (v) Lam Kwei Mo was appointed as a non-executive director of the Group on 23 September 2015.
- (vi) Huen Wai Kei resigned as a non-executive director of the Group on 23 September 2015.
- (vii) Cai Jianwen waived his emolument from the date of his appointment to 31 March 2016 and Lam Kwei Mo waived his emolument from the date of his appointment to 31 January 2016.
- (viii) No director has waived or agreed to waive any emoluments during the year ended 31 March 2015.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Directors' Emoluments (Continued)

(b) Five highest paid individuals' emoluments

The five highest paid individuals of the Group during the year are as follows:

	2016 HK\$'000	2015 HK\$'000
Salaries and other benefits	4,849	4,212
Discretionary bonus	832	741
Contribution to retirement benefits scheme	90	88
	5,771	5,041

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

	2016	2015
Nil to HK\$1,000,000	2	3
HK\$1,000,001 to HK\$1,500,000	3	2

During the years ended 31 March 2016 and 2015, no emoluments were paid by the Group to the highest paid individuals as an inducement to join or upon joining the Group.

9. Finance Costs

	2016 HK\$'000	2015 HK\$'000
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	—
	8,376	1,335



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



10. 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 HK\$'000	2015 HK\$'000
Current tax — Hong Kong profits tax	3,199	3,535
(Over)/under provision in previous year	(37)	100
Deferred income tax (note 23)	9,001	11,667
	12,163	15,302

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 HK\$'000	2015 HK\$'000
Profit before income tax	61,878	68,654
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
	12,163	15,302

At the end of reporting period, the Group has unused tax losses of approximately HK\$17,903,000 (2015: HK\$9,555,000) available for offset against future profits. No deferred tax assets has been recognised in respect of the unused tax losses due to the unpredictability of future profits streams.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

12. Dividends

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. Property, Plant and Equipment

	Plant and machinery HK\$'000	Furniture and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost				
At 31 March 2014	42,830	1,102	2,170	46,102
Additions	156,792	860	5,828	163,480
Disposals	(80)	(116)	(1,692)	(1,888)
At 31 March 2015 and 1 April 2015	199,542	1,846	6,306	207,694
Additions	36,674	2,104	1,444	40,222
Disposals	—	—	(440)	(440)
Exchange adjustment	—	(1)	—	(1)
At 31 March 2016	236,216	3,949	7,310	247,475
Accumulated depreciation				
At 31 March 2014	10,334	584	1,296	12,214
Charge for the year	10,767	295	603	11,665
Written back on disposals	(63)	(89)	(898)	(1,050)
At 31 March 2015 and 1 April 2015	21,038	790	1,001	22,829
Charge for the year	24,605	532	1,323	26,460
Written back on disposals	—	—	(428)	(428)
At 31 March 2016	45,643	1,322	1,896	48,861
Net carrying value				
At 31 March 2016	190,573	2,627	5,414	198,614
At 31 March 2015	178,504	1,056	5,305	184,865

The carrying amount of plant and machinery and motor vehicles amounted HK\$100,163,000 (2015: HK\$160,961,000) and HK\$3,918,000 (2015: HK\$5,305,000) respectively were assets held under finance leases as at 31 March 2016 (note 22).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Available-For-Sale Financial Assets

	2016 HK\$'000	2015 HK\$'000
<i>Available-for-sale financial assets, at fair value</i>		
— Quoted equity shares	20,287	—

The balance represented an investment of 5.89% equity interests in Josab International AB ("Josab"). Josab is a company listed on the AktieTorget, a stock exchange in Sweden, and is engaged in the business of the development and manufacture of water treatment solutions systems.

15. Trade and Other Receivables

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



15. Trade and Other Receivables (Continued)

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 HK\$'000	2015 HK\$'000
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	—
	188,247	76,444

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

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Trade and Other Receivables (Continued)

Notes: (Continued)

- (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 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
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 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Prosper Power Group Limited	17	—	17	—

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



16. Loan Receivable

	2016 HK\$'000	2015 HK\$'000
Loan receivable	18,592	—

According to the loan agreement entered into with an independent third party by one of the subsidiaries of the Group, the interest rate is charged on 0.55% by loan amount per 30 days and the loan is repayable not later than 31 July 2016. The loan is secured by 20% equity capital of this third party.

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

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

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. Related Party Transactions

(a) Loan from a director

	2016 HK\$'000	2015 HK\$'000
Director		
Chu Shu Cheong	—	18,310

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

(b) Related parties transactions

Name	Nature of transaction	2016 HK\$'000	2015 HK\$'000
Related companies			
K.S. So & Associates Limited (note i)	Consultancy fee paid	119	80
	Legal and professional fee	200	—
Interchina Water Treatment Hong Kong Company Limited (note ii)	Acquisition of warrants	3,051	—
Josab International AB (note iii)	Exercise of warrants	11,804	—
New Concepts Holdings International Limited (note iv)	Rental expenses	221	221
Turbo Link Trading Limited (note v)	Loan interest expenses	2,696	—

Notes:

- (i) So Kin Shing, a director of the Company, is also director of and has beneficial interest in K.S. So & Associates Limited.
- (ii) Cai Jianwen, a director of the Company, is also director of Interchina Water Hong Kong Company Limited.
- (iii) Cai Jianwen, a director of the Company, is also director of Josab International AB.
- (iv) Chu Shu Cheong, a director of the Company, is also director of and has beneficial interest in New Concepts Holdings International Company Limited.
- (v) Chu Shu Cheong, a director of the Company, is also director of Turbo Link Trading Limited.
- (vi) The directors are the key management personnel of the Company. Details of their remuneration are disclosed in note 8 to the consolidated financial statements.
- (vii) Details of balances with related parties at the end of the reporting period are set out in the consolidated statement of financial position and notes 15(e), 18(a) and 20(c).
- (viii) Details of guarantee provided by related parties are set out in note 21 of the consolidated financial statement.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



19. Bank Balances and Cash

	2016 HK\$'000	2015 HK\$'000
Bank balances and cash	195,249	41,653
Pledged bank deposits (note)	—	15,435
	195,249	57,088

Note: Pledged bank deposits represent deposit pledged to bank to secure banking facilities granted to the Group as at 31 March 2015 (note 21). All pledged bank deposits were released during the year.

Bank balances earned interest at floating rates based on daily bank deposit rates.

20. Trade and Other Payables

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Trade and Other Payables (Continued)

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Bank Borrowings

	2016 HK\$'000	2015 HK\$'000
Bank borrowings	20,077	4,000

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

	2016 HK\$'000	2015 HK\$'000
Within a period not exceeding one year	20,077	—
Within a period of more than one but not exceeding five years	—	4,000
	20,077	4,000

Notes:

- (i) As at 31 March 2015, a term loan of HK\$4,000,000 was secured by the Group's pledged bank deposit (note 19) to the extent of HK\$4,000,000. During the year ended 31 March 2016, the bank loan was fully repaid and the pledged bank deposit was released.

Interest on the term loan is 2.5% per annum.

- (ii) As at 31 March 2016, a factoring loan of approximately HK\$20,077,000 was secured by (1) A registered assignment of receivables and charge over proceeds, (2) Unlimited corporate guarantee from a related company, (3) Unlimited personal guarantee from Controlling Shareholder, and (4) A charge over Securities and Deposits charging the Controlling Shareholder.

Interest on the factoring loan is 1.85% per annum below best lending rate.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Obligations Under Finance Leases

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

	2016 HK\$'000	2015 HK\$'000
Gross finance lease liabilities — minimum lease payments		
No later than 1 year	32,272	58,726
Later than 1 year and no later than 5 years	23,790	61,088
Future finance charges on finance leases	56,062 (1,792)	119,814 (5,169)
	54,270	114,645

The present value of finance lease liabilities is as follows:

	2016 HK\$'000	2015 HK\$'000
No later than 1 year — current	30,982	55,525
Later than 1 year and no later than 5 years — non-current	23,288	59,120
	54,270	114,645

Certain of Group's plant and machinery and motor vehicles are held under finance leases (note 13). The lease terms are 1–4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The above finance leases carry interest at the rate per annum of 1.18%–3.95% (2015: 1.18%–3.95%).

The Group's obligation under finance leases were secured by the leased assets, corporate guarantees provided by a related company and a subsidiary of the Group, and unlimited personal guarantee and indemnity from Controlling Shareholder (as the case maybe).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Deferred Tax Liabilities

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

	Accelerated tax depreciation HK\$'000	Provision HK\$'000 (Note)	Total HK\$'000
At 31 March 2014	(3,105)	156	(2,949)
Charged to profit or loss for the year (note 10)	(11,591)	(76)	(11,667)
At 31 March 2015	(14,696)	80	(14,616)
Credited/(charged) to profit or loss for the year (note 10)	(9,190)	189	(9,001)
At 31 March 2016	(23,886)	269	(23,617)

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

24. Share Capital

	2016 Number of ordinary shares '000	Nominal value HK\$'000	2015 Number of ordinary shares '000	Nominal value HK\$'000
Ordinary shares of HK\$0.10 each Authorised:				
As at 1 April	2,000,000	200,000	—	—
Upon incorporation (note a)	—	—	3,800	380
Increase during the period (note c)	—	—	1,996,200	199,620
As at 31 March	2,000,000	200,000	2,000,000	200,000
Issued and fully paid:				
As at 1 April	400,000	40,000	—	—
Upon incorporation (note a)	—	—	1	—
Issue of shares on reorganisation (note b)	—	—	9	1
Issue of shares upon:				
Capitalisation issue (note d)	—	—	299,990	29,999
Placing of shares (note e)	—	—	100,000	10,000
As at 31 March	400,000	40,000	400,000	40,000



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. Share Capital (Continued)

Notes:

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

25. Note to the Consolidated Statement of Cash Flows

Major non-cash transactions

- (a) For the year ended 31 March 2016, the Group acquired property, plant and equipment at cost of approximately HK\$40,222,000, of which approximately HK\$35,445,000 were financed by finance leases arrangement as set out in note 22 to the consolidated financial statements.
- (b) For the year ended 31 March 2016, acquisition of available-for-sale financial assets regarding 5.89% equity interest investment equivalent to approximately HK\$14,755,000 was financed and payable to the related companies at the end of the reporting period.

26. Banking Facilities

As at 31 March 2016, the Group had aggregate banking facilities of approximately HK\$209,326,000 (2015: HK\$77,600,000) of which approximately HK\$151,056,000 (2015: HK\$43,900,000) were utilised as at the same date. These facilities are secured by (1) A registered assignment of receivables and charge over proceeds, (2) Unlimited corporate guarantee from a related company, (3) Unlimited personal guarantee from Mr. Chu Shu Cheong, and (4) A charge over Securities and Deposits charging Mr. Chu Shu Cheong. Our Group's banking facilities do not have material covenants from Mr. Chu Shu Cheong.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



27. Commitments

(a) Operating lease commitments – Group as lessee

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

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

	2016 HK\$'000	2015 HK\$'000
No later than 1 year	4,095	1,049
Later than 1 year and no later than 5 years	5,706	773
	9,801	1,822

(b) Capital commitments

As at 31 March 2016, the Group did not have any capital commitment (2015: Nil).

28. Contingent Liabilities

(a) Performance bonds

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

As at 31 March 2016, the amount of outstanding performance bond was approximately HK\$91.6 million (2015: HK\$23.9 million).

The performance bond was secured by unlimited corporate guarantees provided by a related company.

(b) Litigation

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. Events after the Reporting Period

- (a) In April 2016, Prosper Power Group Limited ("Prosper Power"), one of the substantial shareholders of the Company, completed the placement of the Company's shares to certain placees. Upon completion, the shareholding of the Company owned by Prosper Power was reduced from 46% to 31%.
- (b) On 2 June 2016, the Group entered into a memorandum of understanding ("MOU 1") in relation to the possible acquisition of aggregate of 51% equity interest in Suzhou Clear Industry Co., Ltd.* (蘇州愷利爾環保科技有限公司) and 100% equity interest of a direct wholly-owned subsidiary of Suzhou Clear Industry Co., Ltd.* (蘇州愷利爾環保科技有限公司), 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.* (婁底市方盛環保科技有限公司) owned by Suzhou Clear Industry Co., Ltd.* (蘇州愷利爾環保科技有限公司) at a consideration of not less than RMB23 million. Up to the date of these consolidated financial statements are authorised for issue, 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.
- (c) 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 these consolidated financial statements are authorised for issue, 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.
- (d) On 28 June 2016, the Group entered into an acquisition agreement, pursuant to which the Group agreed to acquire, and the vendor agreed to sell the 100% equity interest in Taiyuan Tianrun Bioenergy Co., Ltd* (太原天潤生物能源有限公司), a company incorporated under the laws of the PRC and will be principally engaged in the kitchen waste treatment after its formal commencement of business at a total consideration of RMB43,447,500. Up to the date of this report, the acquisition has not completed, details of which are set out in the Company's announcement dated 28 June 2016.

* For identification purpose only



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



30. Financial Information of the Company

Statement of financial position

As at 31 March 2016

	2016 HK\$'000	2015 HK\$'000
Non-current assets		
Investments in subsidiaries	390	14,015
Deposit paid	826	—
Amounts due from subsidiaries	—	60,627
	1,216	74,642
Current assets		
Prepayments	318	—
Amounts due from subsidiaries	228,544	—
Bank balances and cash	20,301	5,975
	249,163	5,975
Current liabilities		
Other payables	2,241	272
Amounts due to subsidiaries	170,750	—
	172,991	272
Net current assets	76,172	5,703
NET ASSETS	77,388	80,345
Capital and reserves		
Share capital	40,000	40,000
Reserves (note)	37,388	40,345
TOTAL EQUITY	77,388	80,345

Approved by the board of directors on 28 June 2016.

Kwan Man Hay
Director

Cai Jianwen
Director





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. Financial Information of the Company (Continued)

Statement of financial position (Continued)

Note:

Movements of the Company's reserves are as follows:

	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Capitalisation issue	(30,000)	—	(30,000)
Issue of ordinary shares	76,000	—	76,000
Arising from the reorganisation	14,015	—	14,015
Expenses incurred in connection with the placing of shares	(7,897)	—	(7,897)
Loss and total comprehensive expenses for the year	—	(1,773)	(1,773)
Dividend to equity holders	—	(10,000)	(10,000)
Balance at 31 March 2015 and 1 April 2015	52,118	(11,773)	40,345
Loss and total comprehensive expenses for the year	—	(2,957)	(2,957)
Balance at 31 March 2016	52,118	(14,730)	37,388



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. Particulars of Subsidiaries

Particulars of the Company's subsidiaries as at 31 March 2016 are set out below:

Name	Country of operation/ incorporation	Date of incorporation	Principal activities	Equity	
				Issued and fully paid share capital	interest held 31 March 2016
Directly held:					
Dynamic Premier Limited	British Virgin Islands	29 October 2015	Investment holding	US\$50,000	100%
New Twins Enterprises Limited	British Virgin Islands	1 July 2015	Investment holding	US\$1	100%
Indirectly held:					
New Expansion Global Limited	British Virgin Islands	25 March 2014	Investment holding	US\$1,001	100%
New Expansion Holdings Limited	British Virgin Islands	25 March 2014	Investment holding	US\$1,001	100%
New Concepts Foundation Limited	Hong Kong	10 September 1997	General building and foundation works	HK\$14,000,000	100%
New Concepts Engineering Development Limited	Hong Kong	30 July 1996	Civil engineering construction and general building works	HK\$10,100,000	100%
New Concepts Trading Company Limited	Hong Kong	15 January 2016	Sales of construction materials	HK\$10,000	100%
Major Bravo Limited	British Virgin Islands	6 January 2016	Investment holding	US\$50,000	100%
Prime World Limited	Hong Kong	30 October 2015	Investment holding	HK\$10,000	100%
Prime World (Tianjin) Environmental Technology Limited	People's Republic of China	30 December 2015	Design, development, manufacture and sales of environmental protection facilities; provision of technology and consultancy services	RMB65,000,000	100%
Progress Merit Limited	British Virgin Islands	30 October 2015	Investment holding	US\$50,000	100%
Stand Ascent Limited	Hong Kong	30 October 2015	Inactive	HK\$10,000	100%
PW Hong Kong AB	Sweden	1 March 2016	Inactive	SEK50,000	100%



FIVE YEARS FINANCIAL SUMMARY

	Year ended 31 March 2016 HK\$'000	Year ended 31 March 2015 HK\$'000	Year ended 31 March 2014 HK\$'000	Year ended 31 March 2013 HK\$'000	Year ended 31 March 2012 HK\$'000
RESULTS					
Revenue	1,411,799	780,854	463,021	230,425	190,858
Profit before income tax	61,878	68,654	60,929	27,526	15,961
Income tax expenses	(12,163)	(15,302)	(10,326)	(4,512)	(2,395)
Profit for the year attributable to equity owners of the Company	49,715	53,352	50,603	23,014	13,566
Profit and total comprehensive income for the year attributable to equity owners of the Company	55,467	53,352	50,603	23,014	13,566
ASSETS AND LIABILITIES					
Total assets	863,597	419,878	162,520	133,435	105,389
Total liabilities	(652,305)	(264,053)	(113,150)	(82,212)	(66,680)
Net assets	211,292	155,825	49,370	51,223	38,709
Equity attributable to equity owners of the Company	211,292	155,825	49,370	51,223	38,709

