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NGA CHUN HOLDINGS COMPANY LIMITED

雅駿控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1462)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2015

The board (the “Board”) of Directors (the “Directors”) of Nga Chun Holdings Company Limited (the “Company”) is pleased to present the consolidated results and financial position of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2015 (the “Reporting Period”) together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2015

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000
REVENUE	4	684,578	581,494
Contract costs		<u>(610,924)</u>	<u>(506,500)</u>
Gross profit		73,654	74,994
Other income and gains	4	1,302	496
Administrative expenses		(29,216)	(13,785)
Finance costs	5	(1,142)	(557)
Other expenses, net		<u>3,469</u>	<u>(5,451)</u>
PROFIT BEFORE TAX	6	48,067	55,697
Income tax expense	7	<u>(9,540)</u>	<u>(10,419)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>38,527</u>	<u>45,278</u>
Profit and total comprehensive income attributable to owners of the parent		<u>38,527</u>	<u>45,278</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT			
Basic and diluted	9	<u>HK11.14 cents</u>	<u>HK15.09 cents</u>

Details of the dividend for the year are disclosed in note 8 to this results announcement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		67,221	65,487
Pledged deposit for a life insurance product		6,133	5,963
Total non-current assets		73,354	71,450
CURRENT ASSETS			
Gross amount due from customers for contract works		61,703	57,588
Accounts receivable	10	63,633	55,412
Prepayments, deposits and other receivables		2,220	3,105
Tax recoverable		789	—
Time deposits with maturity of more than three months		14,945	—
Cash and cash equivalents		156,755	96,491
Total current assets		300,045	212,596
CURRENT LIABILITIES			
Accounts payable	11	26,103	26,956
Accruals of costs for contract works		60,187	48,707
Tax payable		—	7,377
Other payables and accruals		4,245	3,492
Interest-bearing bank loans		36,066	57,833
Total current liabilities		126,601	144,365
NET CURRENT ASSETS		173,444	68,231
TOTAL ASSETS LESS CURRENT LIABILITIES		246,798	139,681
NON-CURRENT LIABILITIES			
Deferred tax liabilities		56	176
Net assets		246,742	139,505
EQUITY			
Equity attributable to owners of the parent			
Issued capital	12	4,000	—
Reserves		242,742	139,505
Total equity		246,742	139,505

NOTES

1.1. BASIS OF PRESENTATION

Pursuant to the reorganisation in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Reorganisation”), as set out in the section headed “History and Reorganisation” in the prospectus of the Company dated 30 September 2014, the Company became the holding company of the companies now comprising the Group on 22 September 2014. As the Reorganisation only involved inserting new holding entities at the top of an existing group and has not resulted in any change of economic substances, the consolidated financial statements of the Group for the years ended 31 March 2014 and 2015 have been presented as a continuation of the existing group using pooling of interest method. Accordingly, 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 are prepared as if the current group structure immediately after the Reorganisation had been in existence throughout the years ended 31 March 2014 and 2015 rather than from the date of incorporation of the Company. The comparative consolidated statement of financial position as at 31 March 2014 presented the assets and liabilities of the companies comprising the Group, as if the group structure immediately after the Reorganisation had been in existence at 31 March 2014.

1.2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, which, because the Company has not early adopted the revised disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), are those of the predecessor Hong Kong Companies Ordinance (Cap. 32). They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars (“HK\$”), which is the Company’s functional and presentation currency and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	<i>Investment Entities</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to HKAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to HKAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC) — Int 21	<i>Levies</i>
Amendment to HKFRS 2 included in <i>Annual Improvements 2010–2012 Cycle</i>	<i>Definition of Vesting Condition¹</i>
Amendment to HKFRS 3 included in <i>Annual Improvements 2010–2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination¹</i>
Amendment to HKFRS 13 included in <i>Annual Improvements 2010–2012 Cycle</i>	<i>Short-term Receivables and Payables</i>
Amendment to HKFRS 1 included in <i>Annual Improvements 2011–2013 Cycle</i>	<i>Meaning of Effective HKFRSs</i>

¹ Effective from 1 July 2014

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

- (a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.
- (b) The HKAS 32 Amendments clarify the meaning of “currently has a legally enforceable right to set off” for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.
- (c) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments have had no impact on the financial position or performance of the Group.

- (d) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.
- (e) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC) — Int 21.
- (f) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.
- (g) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.
- (h) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a potential impact on its results of operations and financial position.

3. SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is the provision of building services. Since this is the only operating segment of the Group, no further operating segment analysis thereof is presented.

The Group's revenue from external customers was derived solely from its operations in Hong Kong during the year, and the non-current assets of the Group were located in Hong Kong as at 31 March 2015 and 2014.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the year, is set out below:

	2015 HK\$'000	2014 HK\$'000
Customer A	308,315	277,355
Customer B [#]	121,742	69,694
Customer C	N/A*	92,050
Customer D	87,393	—

* Less than 10% of the Group's revenue.

[#] Included sales to a group of entities which are known to be under common control of a related party.

Except for the aforesaid, no revenue from a single external customer accounted for 10% or more of the Group's revenue.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the appropriate proportion of contract revenue from construction, renovation and other contracts.

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

	2015 HK\$'000	2014 HK\$'000
Revenue		
Contract revenue	684,578	581,494
Other income and gains		
Interest income	569	1
Management fee income	613	—
Gross rental income	120	480
Sundry income	—	15
	1,302	496

5. FINANCE COSTS

	Group 2015 HK\$'000	2014 HK\$'000
Interest on bank loans and overdrafts wholly repayable within five years	1,142	557

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2015 HK\$'000	2014 HK\$'000
Depreciation	3,133	3,447
Auditors' remuneration	1,280	220
Impairment/(reversal of impairment) of an amount due from a related party*	(5,451)	5,451
Impairment of other receivables*	105	—
Net rental income	(102)	(413)
Exchange loss	1,877	—
Employee benefit expense:		
Wages and salaries	38,144	32,519
Pension scheme contributions (defined contribution scheme)	1,011	799
	<u>39,155</u>	<u>33,318</u>
Minimum lease payments under operating leases in respect of office equipment	<u>154</u>	<u>138</u>

* Included in "Other expenses, net" in the consolidated statement of profit or loss and other comprehensive income.

7. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	Group 2015 HK\$'000	2014 HK\$'000
Current — Hong Kong		
Charge for the year	9,668	10,564
Over-provision in prior years	(8)	—
Deferred	(120)	(145)
Total tax charge for the year	<u>9,540</u>	<u>10,419</u>

8. DIVIDEND

	2015 HK\$'000	2014 HK\$'000
Proposed final — HK3 cents (2014: Nil) per ordinary share	<u>12,000</u>	<u>—</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

On 8 September 2014, Fungs E & M Engineering Company Limited ("Fungs E & M"), a subsidiary of the Company, declared an interim dividend of HK\$36,000,000 to the then shareholder. Such interim dividend was paid in October 2014.

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of basic earnings per share for the Reporting Period is based on the profit for the year attributable to owners of the parent of HK\$38,527,000 (2014: HK\$45,278,000) and the weighted average number of ordinary shares of 345,723,425 (2014: 300,000,000) in issue during the year, as if the Reorganisation and Capitalisation Issue as defined in notes 12(b) and 12(c) had been effective since 1 April 2013.

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the Reporting Period includes an ordinary share of the Company issued upon incorporation, the 999,999 new ordinary shares issued pursuant to the Reorganisation (note 12(b)) and the 299,000,000 new ordinary shares issued pursuant to the Capitalisation Issue (note 12(c)), as if all these shares had been in issue throughout the Reporting Period, and the weighted average of 100,000,000 new ordinary shares issued pursuant to the Share Offer (note 12(d)).

The number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 March 2014 was based on 300,000,000 ordinary shares, representing the number of ordinary shares of the Company immediately after the Capitalisation Issue, as if all these shares had been in issue throughout the year ended 31 March 2014.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2014 and 2015 as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2014 and 2015.

10. ACCOUNTS RECEIVABLE

	Group	
	2015	2014
	HK\$'000	HK\$'000
Due from third parties	39,693	33,617
Due from related parties	23,940	21,795
	63,633	55,412

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

At 31 March 2015, retentions receivable (including those classified under amounts due from related parties) included in accounts receivable amounted to HK\$15,932,000 (2014: HK\$16,111,000), which are repayable on terms ranging from two to three years.

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

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

	Group	
	2015	2014
	HK\$'000	HK\$'000
Past due but not impaired:		
One to three months past due	1,038	158
Four to six months past due	—	155
Over six months past due	2,187	2,380
	<u>3,225</u>	<u>2,693</u>
Neither past due nor impaired	60,408	52,719
	<u>63,633</u>	<u>55,412</u>

Accounts receivable that were past due but not impaired relate to a number of independent customers and a related party that have a good track record with the Group. Based on past experience, the directors are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

Accounts receivable that are neither past due nor impaired relate to a number of independent customers and related parties for whom there was no recent history of default.

11. ACCOUNTS PAYABLE

	Group	
	2015	2014
	HK\$'000	HK\$'000
Due to third parties	26,103	23,930
Due to related parties (<i>note</i>)	—	3,026
	<u>26,103</u>	<u>26,956</u>

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

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

	Group	
	2015	2014
	HK\$'000	HK\$'000
Current to 3 months	26,103	26,892
Over 6 months	—	64
	<u>26,103</u>	<u>26,956</u>

At 31 March 2015, retentions payable included in accounts payable amounted to HK\$9,374,000 (2014: HK\$6,261,000), which are normally settled on terms ranging from two to three years.

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

12. ISSUED CAPITAL

Shares

2015
HK\$'000

Authorised:

1,000,000,000 ordinary shares of HK\$0.01 each	10,000
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Issued and fully paid:

400,000,000 ordinary shares of HK\$0.01 each	4,000
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The movements in the Company's share capital during the period from 21 May 2014 (date of incorporation) to 31 March 2015 were as follows:

	<i>Notes</i>	Number of ordinary shares of HK\$0.01 each	Nominal value of ordinary shares HK\$'000
Authorised:			
At 21 May 2014 (date of incorporation)	(a)	37,000,000	370
Increase in authorised share capital on 22 September 2014	(b)	963,000,000	9,630
At 31 March 2015		1,000,000,000	10,000
	<i>Notes</i>	Number of shares in issue	Issued capital HK\$'000
Issued and fully paid:			
At 21 May 2014 (date of incorporation)	(a)	1	—
Issue of new shares pursuant to the Reorganisation	(b)	999,999	10
Capitalisation Issue	(c)	299,000,000	2,990
Issue of new shares pursuant to the Share Offer	(d)	100,000,000	1,000
At 31 March 2015		400,000,000	4,000

Notes:

- (a) Upon incorporation on 21 May 2014, the authorised share capital of Company was HK\$370,000 divided into 37,000,000 shares of HK\$0.01 each. On the date of incorporation, 1 ordinary share of HK\$0.01 was allotted and issued nil paid by the Company to the initial subscriber, Reid Services Limited, which was transferred to Team Great Limited ("Team Great") on 13 June 2014.
- (b) On 22 September 2014, an ordinary resolution of the sole shareholder of the Company was passed and pursuant to which:
- (i) the authorised share capital of the Company was increased from HK\$370,000 to HK\$10,000,000 by the creation of 963,000,000 additional shares of HK\$0.01 each, ranking pari passu in all respects with existing shares of the Company; and
 - (ii) Team Great transferred all the shares it held in Fungs E & M to Master Grand Investment Company Limited, a direct wholly-owned subsidiary of the Company, in consideration of the Company allotting and issuing 999,999 ordinary shares in connection with the Reorganisation.

- (c) Pursuant to the special resolution of the sole shareholder of the Company passed on 22 September 2014, a sum of HK\$2,990,000 standing to credit of the share premium account of the Company was approved to be capitalised and for the allotment and issue of 299,000,000 ordinary shares of HK\$0.01 each, credited as fully paid at par on 16 October 2014 (the “Capitalisation Issue”).
- (d) In connection with the listing of the Company on the Main Board of the Stock Exchange, 100,000,000 new ordinary shares of HK\$0.01 each were issued at a price of HK\$1.1 per share for a total cash consideration, before expenses, of HK\$110,000,000 (the “Share Offer”). Dealings in the shares of the Company on the Stock Exchange commenced on 16 October 2014.

13. CONTINGENT LIABILITIES

In the ordinary course of the Group’s building services business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the Group’s subcontractors in accidents arising out of and in the course of their employment. The directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group.

14. COMMITMENTS

At the end of the Reporting Period, the Group had the following significant capital commitments in respect of acquisition of items of property, plant and equipment:

	Group	
	2015	2014
	HK\$’000	HK\$’000
Contracted, but not provided for	879	—

15. EVENTS AFTER THE REPORTING PERIOD

On 15 April 2015, the Group entered into a provisional sale and purchase agreement with YWH Limited, an entity controlled by a director of the Company, to purchase a office property at a consideration of HK\$8,000,000. The transaction was completed in April 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group is principally engaged in the provision of building services (“Building Services”) in Hong Kong as a subcontractor.

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

As at 31 March 2015, the Group had over 50 one-off and retainer projects in progress, with a total estimated outstanding contract sum and work order value of approximately HK\$1,048.2 million. The Group’s business is undertaken by an operating subsidiary, Fungs E & M, a Building Services engineering specialist in various building works in both public and private sectors in Hong Kong. Since 1 April 2015, and up to the date of this announcement, the Group was awarded with new contracts with an aggregate estimated contract sum of approximately HK\$252.3 million.

Events After The Reporting Period

On 15 April 2015, the Group has entered into a sale and purchase agreement with YWH Limited, a company controlled by Mr. Fung Chi Wing, one of the Group’s controlling shareholders, to acquire a unit with gross floor area of approximately 1,884 square feet located at Unit K, 11/F, Summit Building, 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong, at a consideration of HK\$8.0 million, for general office use. The transaction was completed on 30 April 2015.

FINANCIAL REVIEW

Revenue

The Group’s revenue for the Reporting Period was approximately HK\$684.6 million representing an increase of approximately 17.7% from approximately HK\$581.5 million in the previous year. The increase was mainly due to the combined effect of:

- (i) Higher revenue of approximately HK\$203.8 million recognised for three one-off projects in the public sector which had achieved significant progress during the Reporting Period while these projects were at preliminary stage and only approximately HK\$13.2 million was recognised as revenue in the previous year; and
- (ii) Lower revenue of approximately HK\$9.3 million recognised for a one-off project in the private sector which was substantially completed in the year ended 31 March 2014 while approximately HK\$92.1 million was recognised as revenue in the previous year.

Gross profit margin

During the Reporting Period, the Group recorded a gross profit of approximately HK\$73.7 million. The gross profit margin decrease from approximately 12.9% for the year ended 31 March 2014 to approximately 10.8% for the Reporting Period. The decrease was mainly due to the higher revenue of approximately HK\$115.7 million from a one-off project in the public sector in Tai Lam and three retainer projects in the public sector for institutional buildings which have relatively lower gross profit margins due to competitive conditions at their contract negotiation stages.

Other income and gains

Other income and gains increased by approximately 162.4% from approximately HK\$0.5 million from the previous year to approximately HK\$1.3 million for the Reporting Period. The increase was mainly due to the increase in interest income from bank deposits.

Administrative expenses

The Group's administrative expenses for the Reporting Period were approximately HK\$29.2 million, representing an increase of 111.9% from approximately HK\$13.8 million in the previous year. This was mainly attributable to the recognition of listing expenses of approximately HK\$12.1 million during the Reporting Period.

Net profit after tax

For the Reporting Period, the Group recorded net profit of approximately HK\$38.5 million, a decrease of approximately 14.9% as compared to the net profit of approximately HK\$45.3 million for the previous year. This was mainly due to the increase in administrative expenses and the decrease in gross profit margin.

Liquidity and Financial Resources

The Group has funded the liquidity and capital requirements primarily through capital contributions from shareholders, bank borrowings, cash inflows from operating activities and proceeds received from the listing of the Company's shares (the "Listing") on the Main Board of the Stock Exchange on 16 October 2014.

The total interest-bearing bank borrowings of the Group decreased from approximately HK\$57.8 million as at 31 March 2014 to approximately HK\$36.1 million as at 31 March 2015. All borrowings were repayable on demand and denominated in Hong Kong dollars. The interest rates of the Group's interest-bearing bank borrowings are primarily re-priced every month based on the change of the Hong Kong Inter-bank Offered Rate. The Group currently does not have an interest rate hedging policy and the Group monitors interest risk continuously and considers hedging any excessive risk when necessary. As at 31 March 2015, the total banking facilities of the Group amounted to approximately HK\$61.4 million (31 March 2014: approximately HK\$78.1 million).

As of 31 March 2015, the Group had cash and cash equivalents of approximately HK\$156.8 million, representing a increase of 62.5% from approximately HK\$96.5 million as of 31 March 2014. The Group did not have pledged deposits other than a pledged deposit for a life insurance product with a carrying amount of approximately HK\$6.2 million and HK\$6.0 million as at 31 March 2015 and 31 March 2014, respectively. The increase in cash and cash equivalents during the Reporting Period was mainly due to the combined effects of (i) net cash inflow from operating activities of approximately HK\$27.7 million; (ii) increase in a time deposit with original maturity of more than three months of

approximately HK\$14.9 million; (iii) the repayment of interest-bearing bank loans of approximately HK\$21.8 million; (iv) the proceeds received from the Listing, net of share issue expenses directly attributable to the issue of new shares of the Company, amounted to approximately HK\$104.7 million; and (v) payment of an interim dividend of approximately HK\$36.0 million.

Gearing ratio is calculated based on the amount of total interest-bearing bank loans divided by the total equity. Decrease in gearing ratio from 41.5% as at 31 March 2014 to 14.6% as at 31 March 2015 was mainly due to the repayment of interest-bearing bank loans during the Reporting Period.

As at 31 March 2015, the Group had aggregate banking facilities of approximately HK\$25.3 million which was not utilised. As at 31 March 2015, the banking facilities were secured by (i) unlimited guarantees provided by the Company; (ii) legal charge over a building of the Group with carrying amount of approximately HK\$48.9 million; and (iii) pledged deposit for a life insurance product with a carrying amount of approximately HK\$6.2 million.

Contingent Liabilities

Details of the Group's contingent liabilities are set out in note 13 to this results announcement.

Capital Commitments

Details of the Group's capital commitments are set out in note 14 to this results announcement.

Capital expenditures

For the year ended 31 March 2015, the Group purchased property, plant and equipment of approximately HK\$4.9 million (2014: approximately HK\$11.1 million).

PROSPECTS

According to the Hong Kong 2015–16 Budget, the Hong Kong Government will allocate approximately HK\$76.1 billion to infrastructure. In addition, the new Long Term Housing Strategy issued in December 2014 has adopted a total housing supply target of 480,000 units for the next decade by providing Home Ownership Scheme flats, public rental housings and securing land supply in order to cater for the mass housing market.

Moreover, the Building Services industry is steering towards designing and installing more complex and more energy efficient systems for buildings in Hong Kong. The public's increasing awareness of energy efficiency, and indoor air quality and sustainability have triggered contractors in the Building Services industry to construct better heating, ventilation and air-conditioning systems. Therefore, the design and installation work processes that go into the servicing of intelligent buildings are more complicated.

In view of the aforesaid increasing public expenditure on infrastructure, the Hong Kong Government Housing Strategy and the market development, the Directors believe that there will be more opportunities for our Building Services business in both private and public sectors in the future. Having considered the Group's solid experience in the Building Services industry, possession of the requisite licenses and registrations for undertaking engineering projects in both private and public sectors, the Directors are of the view that the Group is well positioned to capture the emerging business opportunities.

FOREIGN EXCHANGE RISK

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

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Reporting Period, there was no acquisition or disposal of subsidiaries and associated companies by the Company save as disclosed in the Company's prospectus dated 30 September 2014 (the "Prospectus").

SIGNIFICANT INVESTMENTS

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

STAFF AND REMUNERATION POLICY

As of 31 March 2015, the Group employed 78 employees in Hong Kong. The Group reviewed directors and employees' remuneration from time to time and salary adjustment was normally made on an annual basis with reference to their performance and work experience and with reference to the prevailing market conditions. Staff benefits include the mandatory provident fund and training programs.

The total remuneration cost incurred by the Group for the Reporting Period was approximately HK\$39.2 million (2014: approximately HK\$33.3 million).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities from the date of Listing to 31 March 2015.

CORPORATE GOVERNANCE CODE

Throughout the period from the date of Listing on 16 October 2014 to 31 March 2015, the Company has complied with the applicable code provisions as set out in the Corporate Governance Code contained in appendix 14 to the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information available in the public domain concerning the Company, at least 25% of the Company's issued share capital were held by the public as at the date of this results announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group 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 code of conduct regarding securities transactions by the Directors.

After a specific enquiry by the Group, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code during the period from the date of Listing on 16 October 2014 to 31 March 2015.

USE OF NET PROCEEDS FROM INITIAL PUBLIC OFFERING

The net proceeds from the share offer of the Company in connection with its listing on 16 October 2014 was approximately HK\$92.6 million. According to the section “Future Plans and Use of Proceeds” set out in the Prospectus, the Group has used the net proceeds as follows:

	Actual net proceeds <i>HK\$ million</i>	Used amount <i>HK\$ million</i>	Unused amount <i>HK\$ million</i>
Operation of prospective projects	55.5	55.5	—
Hiring of additional staff	18.5	—	18.5
Upgrade of computer system and software	9.3	—	9.3
General working capital	9.3	9.3	—
	<hr/>	<hr/>	<hr/>
Total	<u>92.6</u>	<u>64.8</u>	<u>27.8</u>

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK\$0.03 per share for the year ended 31 March 2015 (2014: Nil), amounting to approximately HK\$12.0 million (2014: Nil) in aggregate. The proposal on distribution of dividend will be submitted to the forthcoming annual general meeting for consideration and approval.

DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

Assuming that the final dividend is approved by the shareholders of the Company at the forthcoming annual general meeting, for the purposes of ascertaining the entitlement to the final dividend, the register of members of the Company will be closed from 24 September 2015, Thursday to 25 September 2015, Friday (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar in Hong Kong, Tricor Investor Services Limited at level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong by no later than 4:30 p.m. on 23 September 2015, Wednesday. It is expected that the final dividend will be payable and issued on or about 16 October 2015, Friday to those entitled whose names appear on the register of member of the Company on 25 September 2015, Friday.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

To ascertain the entitlement to attend and vote at the annual general meeting to be held on 18 September 2015, Friday, the register of members of the Company will be closed from 16 September 2015, Wednesday to 18 September 2015, Friday (both dates inclusive) during which period no transfer

of shares will be registered. In order to qualify for attending and voting at the annual general meeting, all share transfer documents accompanied by the corresponding 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 15 September 2015, Tuesday.

REVIEW OF ACCOUNTS

The audit committee of the Company, which is chaired by an independent non-executive Director and currently has a membership comprising three independent non-executive Directors, has reviewed with the management and approved the consolidated financial statements for the Reporting Period.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.ngachun.com.hk>). The Company's annual report for the Reporting Period will also be despatched to the shareholders of the Company and be made available for review on the aforesaid websites in due course.

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

Hong Kong, 19 June 2015

As at the date of this announcement, the Board comprises Mr. Fung Chi Wing, Ir Wong Chi Wai, Ms. Fung Mei Lan as executive Directors; and Ir Ho Pun Hing, Ir Szeto Ka Sing, Dr. Leung Shiu Ki Albert as independent non-executive Directors.