

**NEW CONCEPTS HOLDINGS LTD:
IT LOOKS GOOD ON PAPER, ONLY**

But Study The Small Print

There was a time, in at least the past 36 months, when the capital requirements of New Concepts Holdings Ltd, wanting to be awarded certain contracts from the **Works Branch** of the **Development Bureau (WBDB)**, a department of the Government of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), was inadequate.

In order to boost the capital requirements, it necessitated the Founder, having to inject his personal money into the Company as a loan in order to comply with the HKSAR Government's capital requirements.

This intelligence is buried in the depths of the Share Offer Prospectus of New Concepts Holdings Ltd ([]) (Code: 2221, Main Board, The Stock Exchange of Hongkong Ltd).

New Concepts is one of two, new **Initial Public Offerings (IPOs)** to hit the HKSAR, recently.

(For more about the above-mentioned matter, please refer to '*The Financials*' in this report.)

New Concepts is one of many such contracting companies of the HKSAR construction industry, all of which are vying for business from private enterprise as well as from the HKSAR Government.

Management has to fight hard for every new project.

The IPO

New Concepts promulgated its Share Offer Prospectus on September 4, 2014, when it Offered a total of 100 million, 10-cent Shares at the Indicative Offer Price Per Share, ranging from a low of 75 cents to a high of 90 cents.

Of the 100 million Shares in this IPO, 10 million Shares are being Offered to HKSAR Investors and 90 million Shares will be Placed, presumably with Institutional Investors.

On the assumption that the Offer Price is struck at 82.50 cents, being the midpoint of the Indicative Offer Price, the Company expects to net about \$HK57.10 million.

This modest amount of money is earmarked for the following three purposes:

1. Approximately 82 percent – that is about \$HK46.80 million – of the net proceeds '*for the acquisition of additional machinery and equipment for foundation works (including but not limited to hydraulic casing oscillator, hydraulic excavator, piling rig, hydraulic crawler crane and other foundation works equipment) in the next four years to increase our capacity to cope with our expected business growth*';
2. Approximately 10 percent – that is about \$HK\$5.70 million of the net proceeds '*for the hiring of additional staff, including two project management staff (including project manager and engineer) and nine machinery operators to be hired to increase our capacity; and,*

3. Approximately eight percent – that is about \$HK4.60 million of the net proceeds ‘*will be used as general working capital of our Group*’.

On scanning the balance sheets of the Company in respect of the 36-month, track-record period, ended March 31, 2014, under Current Assets, one finds that cash and bank balances, as at the relevant Years’ end, were about \$HK46.37 million, \$HK24.61 million and \$HK35.10 million.

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