NEW CONCEPTS HOLDINGS LIMITED
創 業 集 團（控 股）有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2221)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018 AND RESUMPTION OF TRADING

FINANCIAL HIGHLIGHTS

Revenue decreased by approximately 0.63% to approximately HK$510,986,000.

Gross profit increased by approximately 345.94% to approximately HK$90,375,000.

Loss attributable to owners of the Company decreased by approximately 53.59% to approximately HK$17,576,000.

Basic loss per share decreased by approximately 57.89% to approximately HK3.15 cents.

The Board did not recommend an interim dividend for the six months ended 30 September 2018.

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of New Concepts Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 September 2018 (the "**Period**") together with the comparative figures for the corresponding period.

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

For the six months ended 30 September 2018

	Notes	**Six months ended 30 September 2018** **HK$'000** **(Unaudited)**	2017 *HK$'000* (Unaudited) (Restated)
Revenue	4	**510,986**	514,240
Cost of sales		**(420,611)**	(493,974)
Gross profit		**90,375**	20,266
Other income	5	**22,203**	10,497
Administrative expenses		**(109,550)**	(56,535)
Other expenses		**(10,822)**	(9,694)
Finance costs	6	**(15,448)**	(8,916)
Loss before tax	7	**(23,242)**	(44,382)
Income tax credit/(expense)	8	**3,352**	(1,167)
Loss for the period		**(19,890)**	(45,549)
Loss for the period attributable to:			
Owners of the Company		**(17,576)**	(37,875)
Non-controlling interests		**(2,314)**	(7,674)
		(19,890)	(45,549)
Other comprehensive (loss)/income for the period, net of tax			
Items that may be reclassified subsequently to profit or loss:			
— Fair value changes of available-for-sale financial assets		**—**	(1,174)
— Exchange differences on translation of foreign operations		**(50,363)**	20,184
		(50,363)	19,010

		Six months ended 30 September	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited) (Restated)
Total comprehensive loss for the period		**(70,253)**	(26,539)
Total comprehensive loss for the period attributable to:			
Owners of the Company		**(61,243)**	(21,428)
Non-controlling interests		**(9,010)**	(5,111)
		(70,253)	(26,539)
		HK cents	*HK cents*
Loss per share	9		
— Basic		**(3.15)**	(7.48)
— Diluted		**(3.15)**	(7.48)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Notes	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**190,130**	186,956
Goodwill		**255,935**	27,216
Operating concessions		**337,900**	356,704
Other intangible assets		**3,512**	15,841
Contingent consideration asset		—	61,644
Available-for-sale investment		—	20,859
Financial assets at FVPL		**19,509**	—
Receivables under service concession arrangements		**307,777**	325,238
Prepayments, deposits and other receivables	12	**41,828**	48,674
		1,156,591	1,043,132
Current assets			
Inventories		**27,717**	4,331
Contracted assets — due from contract customers		**77,370**	—
Due from contract customers		—	88,878
Trade and retention receivables	11	**294,862**	244,292
Receivables under service concession arrangements		**32,369**	35,549
Prepayments, deposits and other receivables	12	**173,567**	125,210
Loan receivables		**3,781**	28,527
Contingent consideration asset		**57,243**	—
Due from directors		**2,132**	1,646
Tax recoverable		**532**	585
Pledged deposit		**5,000**	5,000
Cash and cash equivalents		**74,452**	61,726
		749,025	595,744

	Notes	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Current liabilities			
Contracted liabilities — due to contract customers		**16,615**	—
Due to contract customers		**—**	14,228
Trade and retention payables	13	**248,901**	258,512
Other payables and accruals	14	**152,005**	109,889
Interest-bearing bank and other borrowings		**97,708**	80,966
Convertible bond	15	**41,862**	—
Bonds	16	**20,709**	—
Tax payable		**8,209**	9,060
		586,009	472,655
Net current assets		**163,016**	123,089
Total assets less current liabilities		**1,319,607**	1,166,221
Non-current liabilities			
Due to a related company		**375,501**	384,301
Interest-bearing bank and other borrowings		**266,660**	190,075
Convertible bond	15	**—**	23,329
Derivative financial instrument	15	**—**	14,983
Provision for major overhauls		**22,926**	16,195
Bonds	16	**30,500**	—
Deferred income		**7,623**	8,371
Deferred tax liabilities		**39,921**	46,896
Total non-current liabilities		**743,131**	684,150
NET ASSETS		**576,476**	482,071
EQUITY			
Equity attributable to owners of the Company			
Share capital		**57,290**	53,026
Reserves		**451,962**	352,811
		509,252	405,837
Non-controlling interests		**67,224**	76,234
TOTAL EQUITY		**576,476**	482,071

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

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. Its registered office is located at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY-1108, Cayman Islands. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The Group's subsidiaries are principally engaged in the businesses of construction works, environmental protection projects and industrial fluids system services.

The unaudited condensed consolidated financial statements of the Group are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

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

The preparation of the unaudited condensed consolidated financial statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated financial statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 March 2018, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by HKICPA and should be read in conjunction with the annual report of the Company for the year ended 31 March 2018.

The condensed consolidated results have not been audited but have been reviewed by the audit committee of the Company (the "**Audit Committee**").

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial statements for the six months ended 30 September 2018 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2018, except for the adoption of the following new and revised HKFRSs, which are effective for the first time for annual periods beginning on or after 1 April 2018.

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers
Amendments to HKAS 40	Transfers of Investment Property
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements 2014–2016 Cycle	Amendments to HKFRS 1 and HKAS 28

The adoption of these new and revised HKFRSs has had no significant financial effect on the Group's results of operation and financial position, except for HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers as described below.

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. The Group has adopted HKFRS 9 from 1 April 2018. The Group recognised transition adjustments against the opening balance of equity at 1 April 2018 and has not restated comparative information. Therefore, the comparative information for the corresponding period in 2017 which was reported under HKAS 39 Financial Instruments: Recognition and Measurement may not comparable to the information presented for the six months ended 30 September 2018.

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income ("**FVOCI**"), lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss ("**FVPL**") under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group has applied the simplified approach and recorded lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade receivables. The impacts for the initial application of the impairment assessment as at 1 April 2018 under the HKFRS 9 are considered to the immaterial to the consolidated financial statements.

All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading and contingent consideration recognised by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognised in profit or loss.

Financial assets at FVPL

These investments include financial assets held for trading, financial assets designated upon initial recognition as at FVPL, and financial assets resulting from a contingent consideration arrangement in a business combination to which HKFRS 3 applies. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which includes any dividend or interest earned on the financial assets.

A financial asset is classified as held for trading if it is:

i. acquired principally for the purpose of selling it in the near term;

ii. part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or

iii. a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

Derivatives embedded in a hybrid contract in which a host is an asset within the scope of HKFRS 9 are not separated from the host. Instead, the entire hybrid contract is assessed for classification.

Financial assets are designated at initial recognition as at FVPL only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

The Group's investments, which are equity investment in certain listed entities' shares, was re-classified from "Available for sales investment" under HKAS 39 to "Financial assets at FVPL" under HKFRS 9 which the accumulated fair value changes recognised in other comprehensive income as at 1 April 2018 would be transferred to retained earnings of the Group directly. All subsequent changes in the fair value of the investment will be recognised in profit or loss. The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at the date of initial application (1 April 2018):

	Available-for-sale investment	**Financial assets at FVPL**	**Available-for-sale financial asset revaluation reserve**	**Accumulated losses**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2018	20,859	—	7,325	(68,733)
Effect arising from initial application of HKFRS 9	(20,859)	20,859	(7,325)	7,325
At 1 April 2018	—	20,859	—	(61,408)

HKFRS 15 and Amendments to HKFRS 15

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard superseded all previous revenue recognition requirements under HKFRSs. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group adopted the transitional provisions in HKFRS 15 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained profits at 1 April 2018. In addition, the Group applied the new requirements only to contracts that were not completed before 1 April 2018.

Under HKFRS 15, revenue from construction contracts is recognised when or as the construction projects are transferred to the customer. Depending on the terms of the contracts and the laws that are applicable to the contracts, control of the construction projects may transfer over time or at a point in time. If construction projects have no alternative use to the Group contractually and the Group has an enforceable right to payment from the customers for performance completed to date, the Group satisfies the performance obligation over time and therefore, recognises revenue over time in accordance with the input method for measuring progress.

The excess of cumulative revenue recognised in profit or loss over the cumulative billings to customers is recognised as contract assets. The excess of cumulative billings to customers over the cumulative revenue recognised in profit or loss is recognised as contract liabilities.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at the date of initial application (1 April 2018):

	31 March 2018 as originally presented	**Reclassifications**	**1 April 2018**
	HK$'000	***HK$'000***	***HK$'000***
Current assets			
Amounts due from customers for contract work	88,878	(88,878)	—
Contract assets			
— Due from contract customers	—	88,878	88,878
Current liabilities			
Amounts due to customers for contract work	14,228	(14,228)	—
Contract liabilities			
— Due to contract customers	—	14,228	14,228

The Group has performed an assessment on the impact of the adoption of HKFRS 15 and concluded that there were no other material financial impact on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

4. REVENUE AND SEGMENTAL INFORMATION

Revenue representing the revenue derived from construction works, environmental protection projects and industrial fluids system services are as follows:

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
Construction works	**342,075**	416,392
Sales of construction materials	**33,243**	63,788
Environmental protection	**60,909**	34,060
Industrial fluids system services	**74,759**	—
	510,986	514,240

(a) Segment information

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

For the six months ended 30 September 2018 (Unaudited)

	Construction works *HK$'000*	Sales of construction materials *HK$'000*	Environmental protection *HK$'000*	Industrial fluids system services *HK$'000*	Total *HK$'000*
For the six-months ended 30 September 2018 (unaudited)					
Segment revenue:					
Sales to external customers	**342,075**	**33,243**	**60,909**	**74,759**	**510,986**
Intersegment sales	**—**	**71,322**	**—**	**—**	**71,322**
	342,075	**104,565**	**60,909**	**74,759**	**582,308**
Reconciliation:					
Elimination of intersegment sales					**(71,322)**
Revenue					**510,986**
Segment results	**(440)**	**1,515**	**(33,156)**	**9,663**	**(22,418)**
Reconciliation:					
Bank interest income					**110**
Corporate and unallocated gain					**22,094**
Corporate and unallocated expenses					**(7,580)**
Finance costs					**(15,448)**
Loss before tax					**(23,242)**

For the six months ended 30 September 2017 (Unaudited)

	Construction works *HK$'000*	Sales of construction materials *HK$'000*	Environmental protection *HK$'000*	Total *HK$'000*
For the six-months ended 30 September 2017				
Segment revenue:				
Sales to external customers	416,392	63,788	34,060	514,240
Intersegment sales	—	12,115	—	12,115
	416,392	75,903	34,060	526,355
Reconciliation:				
Elimination of intersegment sales				(12,115)
Revenue				514,240
Segment results	(15,841)	1,379	(25,550)	(40,012)
Reconciliation:				
Bank interest income				149
Corporate and unallocated gain				10,365
Corporate and unallocated expenses				(5,968)
Finance costs				(8,916)
Loss before tax				(44,382)

5. OTHER INCOME

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Bank interest income	**110**	149
Agency fee income	**—**	5,493
Exchange gain	**—**	1,032
Machinery rental income	**835**	276
Sales of materials	**—**	1,071
Gain on disposal of subsidiaries *(note)*	**13,820**	—
Financial guarantee service fee income	**1,397**	—
Government grants	**4,856**	—
Others	**1,185**	2,476
	22,203	10,497

Note: The amount represented the gain on disposal of subsidiaries holding the Memsys' related assets.

6. FINANCE COSTS

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank loans, overdrafts and other loan	**11,639**	5,578
Interest on convertible bond	**2,361**	—
Interest on bonds	**872**	—
Interest on finance leases	**126**	338
Interest expense on amount due to a related company	**450**	3,000
	15,448	8,916

7. LOSS BEFORE TAX

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss before tax is stated after charging the following items:		
Rental charge under operating lease	**6,113**	5,967
Depreciation of property, plant and equipment	**21,455**	16,207
Staff costs (including directors' remuneration)		
— Salaries, wages and other benefits	**75,870**	44,649
— Mandatory provident fund contributions	**10,149**	1,373
	86,019	46,022

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The charge comprises		
Hong Kong Profits tax	**19**	257
Taxation in jurisdictions other than Hong Kong	**(29)**	(137)
	(10)	120
Deferred	**(3,342)**	1,047
	(3,352)	1,167

9. LOSS PER SHARE

The calculation of the loss per share amount is based on the loss for the period attributable to ordinary equity holders of the Company of HK$17,576,000 (for the six months ended 30 September 2017: HK$37,875,000), and the weighted average number of ordinary shares of 558,696,950 (for the six months ended 30 September 2017: 506,279,582) in issue during the period.

The calculation of the diluted loss per share amount is based on the loss for the period attributable to ordinary equity holders of the Company of HK$17,576,000 (for the six months ended 30 September 2017: HK$37,875,000). No adjustment has been made to the basic loss per share amount presented for the period ended 30 September 2018 in respect of a dilution as the impact of the share options and convertible bond outstanding had an anti-dilutive effect on the basic loss per share amount presented.

10. DIVIDEND

The Board did not recommend an interim dividend for the Period (for the six months ended 30 September 2017: nil).

11. TRADE AND RETENTION RECEIVABLES

	30 September 2018	31 March 2018
	HK\$'000	*HK\$'000*
	(Unaudited)	(Audited)
Trade receivables	**224,215**	189,034
Impairment	**(914)**	(3,272)
	223,301	185,762
Retention receivables	**71,561**	58,530
	294,862	244,292

Note:

Trade and retention receivables

The Group generally allows a credit period of not exceeding 60 days to its customers. Interim applications for progress payments on construction contracts are normally submitted on a monthly basis and are normally settled within one month. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade and retention receivable balances. Trade and retention receivables are non-interest-bearing.

Retention receivables held by contract customers are settled within a period ranging from one to two years after the completion of the work, as stipulated in the contracts.

An ageing analysis of the trade and retention receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	30 September 2018	31 March 2018
	HK\$'000	*HK\$'000*
	(Unaudited)	(Audited)
0–30 days	**103,807**	70,149
31–60 days	**56,649**	58,066
61–90 days	**5,368**	9,157
Over 90 days	**57,477**	48,390
	223,301	185,762
Retention receivables	**71,561**	58,530
	294,862	244,292

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Prepayments	**58,517**	13,970
Deposits and other receivables	**156,878**	159,914
	215,395	173,884
Current portion	**(173,567)**	(125,210)
Non-current portion	**41,828**	48,674

13. TRADE AND RETENTION PAYABLES

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables	**197,863**	214,363
Retention payables	**51,038**	44,149
	248,901	258,512

Retention payables held by the Group arose are settled within a period ranging from one to two years after the completion of the work, as stipulated in the contracts.

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 1 month	**64,465**	61,610
1 to 2 months	**36,879**	23,698
2 to 3 months	**18,500**	39,500
Over 3 months	**78,019**	89,555
	197,863	214,363

The trade payables are non-interest-bearing and are normally settled on terms ranging from 30 to 180 days.

14. OTHER PAYABLES AND ACCRUALS

Included in other payables of approximately HK$17,000,000 is due to a related company and bears interest at 6% per annum.

15. CONVERTIBLE BOND

At 31 March 2018, the convertible bond of HK$23,329,000 and related derivative financial instrument of HK$14,983,000 (being its derivative component) were arose from the issue of 6.5% convertible bond with a principal of US$5,000,000 and a maturity date on 16 October 2022.

Pursuant to the terms and conditions of the subscription agreement, the suspension for continuous period of 30 business days on which the Stock Exchange is generally open, is considered as an event of default. In this case, the holder of the convertible bond may give notice in writing to the Company for immediate repayment for outstanding principal and interests; and therefore, the outstanding principal and interests were classified as current liabilities at 30 September 2018.

Up to the date of this announcement, the holder of the convertible bond has also not served any writing notice for repayment.

16. BONDS

The bonds bear interest ranged from 4% to 6.5% per annum with maturity from 1 to 3 years, and is guaranteed by the chairman of the Board, an executive director and an indirect substantial shareholder of the Company.

The Company may, at any time before the maturity date redeem the bonds (in whole or in part) of the total principal amount of such bonds and together with payment of interests accrued up to the date of such redemption by serving at least 10 day's prior written notice to the holders of the bonds.

17. ACQUISITION OF SUBSIDIARIES

During the Period, the acquisition of Vimab Holdings AB ("**Vimab Group**") were completed. Vimab Group is a Swedish high-tech industrial service group with advanced technology know-how as well as state-of-art machinery and products that can cater the needs of the heavy industry segments by providing on-site industrial fluids system services.

Up to the date of this announcement, the purchase price allocation process is under progress. The Group has used the estimated fair values of the acquired assets and assumed liabilities with the excess of the cost of acquisition over these estimated fair values being recorded as provisional goodwill.

The purchase price allocation to the acquired assets and assumed liabilities in these unaudited condensed consolidated financial statements is provisional and may be adjusted in the Group's consolidated financial statements for the year ending 31 March 2019 when the purchase price allocation is finalised. Had the purchase price allocation been finalised, the fair values of the assets acquired and liabilities assumed and the amount of goodwill could be different from the amounts recognised.

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in (i) provision of foundation works, civil engineering contractual service and general building works in Hong Kong (the "**Construction Business**"); (ii) sales of construction materials (the "**Construction-related Business**"); (iii) environmental protection projects including kitchen waste treatment, industrial water treatment and strategic investments in environmental protection related projects (the "**Environmental Protection Business**"); and (iv) industrial fluids system services.

Business Review

I Construction Business

For the Period, the Group recorded a revenue from construction business amounted to approximately HK$342,075,000, representing a decrease of approximately 17.85% as compared with that of approximately HK$416,392,000 recorded for the corresponding period of 2017.

The decrease in revenue for the Period was mainly due to the fact that most of the new projects awarded in the Period were in a preliminary construction stage which had not contributed significant revenue to the Group. The overall gross profit margin of construction business increased from approximately 1.91% for the six months ended 30 September 2017 ("**1H2017**") to 6.35% for the Period. The significant improvement was attributable to the increase in projects with higher profit margin as compared with that in 1H2017, and no unexpected increase in project costs due to delay in work progress.

(i) Completed project

As at 30 September 2018, the Group completed 5 projects. The details of such completed projects are as follows:

Name of project	Location	Sector	Main category of work
1. Pok Fu Lam Project	No.138 Pok Fu Lam Road, Hong Kong	Foundation	Construction of Socketed Steel H-Pile, Soldier Pile, Pipe Pile, Geotechnically Instrumentation, Drainage, ELS and Pile Cap Works
2. Shek Kip Mei Project	HKHA Contract No: 20150611, Shek Kip Mei Phase 3, 6 & 7	Foundation	Construction of Mini-piles and associated works
3. Au Tau Project	Lot No. 1066 D.D.103 Au Tau, Yuen Long	Foundation	Construction of Driven H-piles
4. TKO Area 65C2 Project	Contract No. 20160625 Subsidised Sale Flats Development at Tseung Kwan O Area 65C2 Phase 1 and 2	Foundation	Construction of Rock Socketed Steel H-Piling
5. HKIA Project	Hong Kong International Airport Contract 3501 — Antenna Farm and Sewage Pumping Station	Foundation	Construction of Pipe Pile and Pumping Test

(ii) Projects in Progress

As at 30 September 2018, the Group had 15 projects in progress with an aggregate contract value of approximately HK$1,236.31 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 and increase the contingent liabilities. The details of such projects in progress are as follows:

Name of project	**Location**	**Sector**	**Main category of work**
1. United Christian Hospital Project	United Christian Hospital, 130 Hip Wo Street, Kwun Tong, Kowloon	Foundation	Construction of Mini-piles and pipe pile walls
2. Kau To Building Project	Area 56A, Kau To, Shatin, Sha Tin Town Lot No.578, N.T., Hong Kong	Building	Superstructure contract works for residential development
3. Happy Valley Project	17A & B Ventris Road, Happy Valley, Hong Kong	Foundation	Construction of Bored Piles, Pipe Pile, Geotechnically Instrumentation, ELS and Pile Cap Works
4. Tuen Mun Siu Hong Project	HKHA Contract No: 20160431, Shatin Area 16, Wo Sheung Tun Street, Fo Tan; Siu Hong Road, Tuen Mun	Foundation	Construction of Mini-piles & Ground Investigation works
5. Lam Tin Tunnel Project	NE/2015/01 Tseung Kwan O — Lam Tin Tunnel Main Tunnel	Foundation	Construction of Mini-piles

Name of project	Location	Sector	Main category of work
6. Tuen Mun Hospital Project	Extension of Operating Theatre Block for Tuen Mun Hospital	Foundation	Construction of Rock Socketed Steel H-Piling, Pipe Pile, King Post, Grout Curtain and Installation of Geotechnical Instrumentation
7. Kai Tak 6567 Project	Foundation, Basement Excavation & Lateral Support and Hoarding Works for the Proposed Residential Development at NKIL No. 6567 Kai Tak Area 1K	Foundation	Construction of Bored Pile, Driven H-Pile, Sheet Pile, Geotechnical Instrumentation, ELS and Pile Cap Works
8. Open University Project	Open University Campus Development at Fat Kwong Street/Sheung Shing Street, Ho Man Tin, K.I.L. 11265, Kowloon, H.K.	Foundation	Construction of Bored Pile, Rock Socketed H-pile, Pipe Pile, Sheet Pile, Geotechnical Instrumentation, ELS, Pile Cap and Tree Works
9. Choi Yuen Road Project	Construction of Public Rental Housing Development at Choi Yuen Road Sities 3&4, Sheung Shui (Contract No.20150364)	Foundation	Construction of Rock Socket Steel H-Piles
10. Kai Tak Residential Project*	N.K.I.L. 6562, Kai Tak, Kowloon	Foundation	Construction of Bored Pile

Name of project	Location	Sector	Main category of work
11. Lamma Power Station Project*	Lamma Power Station	Foundation	Ground Treatment Works of Band Drain Installation and Imported General Fill for Compaction
12. TKO 85 Project*	Nos. 1–3, Shek Kok Road, Area 85, Tseung Kwun O, Hong Kong	Foundation	Construction of Bored Pile, Socket H-Pile, Sheet Pile, King Post, Hoarding and Tree Works
13. Ching Ho Estate Project*	Queen's Hill Site 1 Phases 2,4&5 and Portion of Phase 6 and Alteration and Addition Works at Ching Ho Estate	Foundation	Construction of Socketed Steel H-Piling
14. Waterloo Road Project*	128 Waterloo Road, Kowloon, Hong Kong	Foundation	Construction of Bored Pile, Sheet Pile, Pipe Pile, King Post, ELS & Pile Cap
15. Cheung Sha Wan Project*	Tonkin Street, Cheung Sha Wan	Foundation	Construction for Driven H Pile Works

* These projects were new projects secured by the Group during the Period.

II Construction-related Business

For the Period, the Group recorded a revenue from the sale of construction materials amounted to approximately HK$33,243,000, representing a decrease of approximately 47.89% as compared with the corresponding period of 2017. The decrease was mainly due to decline in gross profit margin due to fluctuated prices of construction materials and keen competition of the market.

III Environmental Protection Business

The Environmental Protection Business involves:

(i) kitchen waste treatment;

(ii) provision of EPC (engineering, procurement and construction) services and environmental improvement solutions relating to environment projects;

(iii) industrial water treatment; and

(iv) strategic investments in environmental protection related projects.

For the Period, the Group's revenue from the Environmental Protection Business increased by approximately 78.83% to approximately HK$60.91 million (1H2017: HK$34.06 million), which was mainly attributable to the increase in the revenue from the kitchen waste treatment operation. Discussion and analysis on the business performances of kitchen waste treatment, industrial water treatment and other strategic investments are set out below.

(i) Kitchen waste treatment

Revenue generated from the kitchen waste treatment business comprises (i) construction revenue from Build-Operate-Transfer ("**BOT**") projects under construction; and (ii) income from operating plants including government subsidy for kitchen waste treatment and sales of by-products including but not limited to organic fertilisers, feed, grease, biogas, etc. produced during the process of the kitchen waste treatment. During the Period, revenue generated from kitchen waste treatment amounted to HK$54.44 million (1H2017: HK$27.13). The increase was mainly attributable to the formal commencement of operations of Taiyuan Plant and Hefei Plant during the Period, while these projects were under construction in 2017.

Set out are the developments of each of the kitchen waste plants of the Group during the Period:

1. *Taiyuan Plant*

During the Period, the capacity of phase one facility of 200 tons per day was fully utilised. As at the date of this announcement, the production facilities for phase two of Taiyuan plant with addition capacity of 300 tons per days have been substantially installed and are subject to quality review by the government of Taiyuan.

2. *Hefei Plant*

Hefei Plant commenced formal commercial operation in March 2018 and is operated at its permitted capacity of 200 tons per day during the Period.

Announcement(s) will be made by the Company on whether the guaranteed revenue from the sale of organic fertilisers for the financial year ending 31 March 2019 pursuant to an agreement entered into by the Group with a vendor and a creditor of Hefei Plant in January 2017 can be met as and when appropriate.

3. *Shenzhen Plant*

As the physical environment of the temporary site where the Shenzhen Plant is situated had certain constraints for installing a fully-integrated processing line in the Shenzhen Plant, the fully-integrated processing line was not installed and the unique technical know-how of the Group in kitchen waste treatment was not applied.

In this circumstance, the throughput of operation is not efficient and the output is not at its optimal level. With reference to the internal cash flow of the operation of Shenzhen Xinbao Energy Technology Ltd.* (深圳市新寶環保能源科技有限公司 ("**Shenzhen Xinbao**"), the Company had fully impaired the goodwill arising from the acquisition of the Shenzhen Xinbao of approximately HK$16.3 million as at 31 March 2018. Therefore, the goodwill of Shenzhen Xinbao as at 30 September 2018 was nil. As at 30 September 2018, the Shenzhen authorities were yet to confirm with Shenzhen Xinbao where the permanent site for the Shenzhen Plant might be.

In consideration of the dilemma faced by the Group and Shenzhen Xinbao, the Group acquired the remaining 15% equity interest in Shenzhen Xinbao for a revised consideration of RMB800,000 on 3 January 2019 and entered into a disposal agreement with an independent third party which is also a kitchen waste operator at the adjacent region of Shenzhen Plant to dispose of the entire equity interest in Shenzhen Xinbao for a consideration of RMB9,500,000. This disposal is expected to complete by the end of February 2019.

4. *Loudi Plant*

During the Period, Loudi Plant was under construction by Loudi Fangsheng Environmental Technology Co. Ltd* (婁底市方盛環保科技有限公司), which was an indirect 80%-owned subsidiary of the Company.

The Loudi Plant has a permitted capacity of 120 tons per day. The construction of the Loudi Plant is expected to complete in the first quarter of 2019.

5. *Hanzhong Plant*

In June 2017, the Group set up a joint venture company, namely Hanzhong Fancy Ascent Biological Technology Co. Ltd* (漢中市宜昇生物科技有限公司) ("**Hanzhong JV**") with Hanzhong Urban Construction Investment Development Co., Ltd.* (漢中市城市建設投資開發有限公司) ("**Hanzhong UCID**"). Hanzhong UCID was established by the Hanzhong municipality government. Hanzhong JV was set up for the purpose of pursuing the plant to construct a kitchen waste plant in Hanzhong with a capacity of 150 tons per day (i.e. the Hanzhong Plant). During the Period, the Hanzhong Plant is pending completion of the pre-feasibility studies by the relevant government authorities, which is expected to complete by March 2019.

6. *Hancheng Plant*

During the Period, the Group acquired the entire equity interest in Hancheng Jiemu Environmental Technology Co. Ltd* (韓城潔姆環保科技有限責任公司) ("**Hancheng Plant**") at a consideration of RMB3,323,000 (equivalent to approximately HK$4,113,000). The consideration will be satisfied by the assumption of outstanding debts of RMB3,000,000 and the remaining balance by offsetting of payable to the Group. Hancheng Plant was wholly-owned by the Group during the Period.

In May 2018, Hancheng Plant is granted an exclusive concession right by Hancheng Federation of Supply and Marketing Cooperatives* 韓城市供銷合作聯合社 to operate a kitchen waste plant with capacity of 20,000 tons per annum for a term of 30 years.

During the construction, certain design deficiencies were found in respect of the waste-water system of the Hancheng Plant which have not been clearly illustrated in the feasibility studies. Such deficiencies may result to the mal-function on the Hancheng Plant's operations as well as imposing penalty on output of polluted water.

The Group has put forward to the Hancheng Federation of Supply and Marketing Cooperatives for the modification of the Hancheng Plant design, but has yet to reach any agreement with it. The construction of Hancheng Plant is pending during the Period until the above matter is resolved.

(ii) Provision of environmental improvement solutions

During the Period, Clear Industry Company Limited and its main operating subsidiaries (together, the "**Clear EPC Group**") contributed revenue of approximately RMB3.31 million (equivalent to approximately HK$3.99 million) to the Group compared to approximately RMB0.92 million (equivalent to approximately HK$1.06 million) in the prior period. The increase was mainly attributable to the increased number of on-going EPC projects during the Period.

As the management expected that the financial performance of Clear EPC Group could not fulfill the profit guarantee given by Qingqin International Group Limited ("**Qingqin**"), a contingent consideration asset of approximately RMB50,371,000 (equivalent to approximately HK$57,243,000) was recognised as at 30 September 2018 (31 March 2018: RMB49,392,000 (equivalent to HK$61,644,000) to account for the possible compensation to be received from the Qingqin.

Once the shortfall (if any) has been ascertained after the audited results of the Clear EPC Group for the three years ending 31 March 2019 become available, the Group will enforce the compensation undertaking accordingly.

(iii) Industrial water treatment

Memsys Assets

In May 2018, the Group entered into an agreement (the "**Transfer Agreement**") to transfer all the rights and ownership of Memsys Assets comprising the technology, intellectual rights, equipment, and inventories owned by the Group to Cevital International (Dubai) Ltd (the "**Memsys Purchaser**") for the consideration of EUR3.5 million (equivalent to approximately HK$32,045,000) ("**Transfer**"), resulting in a gain on disposal of approximately EUR1.5 million (equivalent to approximately HK$13,820,000). As part and parcel of the Transfer Agreement, the Group also entered into a cooperation agreement with the Memsys Purchaser to set up a Memsys JV as to 50% by the Group and as to 50% by the Memsys Purchaser) for the purpose of developing the market for the Memsys technology and its technical equipment in Asia with its exclusive rights to apply the Memsys technology in the PRC granted by the Memsys Purchaser. The Memsys JV also intends to engage with Beijing China Science Resources & Environmental Technology Co., Ltd* (北京中科瑞升資源環境有

限公司) on a business collaboration to develop the PRC market for the Memsys Assets. The Group and Memsys Purchaser shall contribute HK$11.7 million as the share capital of the Memsys JV.

The Transfer was completed on 23 July 2018 and Memsys JV was established on 18 September 2018. Capital injection of HK$11.7 million to the Memsys JV is yet to be contributed up to the date of this announcement.

Beijing TDR Environ-Tech Co., Ltd. (北京天地人環保科技有限公司) ("**TDR**")*

During the Period, the Group has engaged in further negotiation with the current TDR owners with a view to reviewing the possible cooperation with TDR given the synergies between the technology and know-how of the Group in membrane distillation system and the back-end system for concentrated water possessed by TDR. Having considered the possible technological cooperation between the Group and TDR, the current TDR owners has agreed in principle to allow the Group to take a participation in the equity of TDR on the basis of not more than RMB800 million (equivalent to approximately HK$909.14 million) for 100% of TDR. In such case, the equity participation will be in the maximum of 3.25% for a consideration of RMB26.0 million (equivalent to approximately HK$29.55 million) which will be deemed to have been satisfied by the TDR deposit paid by the Group to the previous TDR owner pursuant to a framework agreement entered into between the previous TDR owner and the Group in April 2017.

IV Strategic investments

1. Hydropower project in Indonesia

DSE Receivables and SPM Receivables

As at 31 March 2018, the Company has recognised an impairment in the DSE Receivables of approximately US$1.63 million (equivalent to approximately HK$12.8 million), which represented a full impairment after taking into account the repayment from the dominating Indonesian parties to the project during the Period and an impairment in the SPM Receivables of approximately US$0.4 million (equivalent to approximately HK$3.1 million), after taking into account the fair value of 85% equity interest in PT Sumatera Pembangkit Mandiri ("**SPM**") based on the internal cash flow projection. During the Period, the Group had further provided deposits and loans of approximately US$0.25 million (equivalent to approximately HK$1.96 million) to SPM for their working capital.

As there was no impairment indicator, nor indicator for reversal of impairment noted during the Period or subsequent to the Period for the DSE Receivables and SPM Receivables, the carrying amount of the DSE Receivables and the SPM Receivables as at 30 September 2018 were nil and US$3.59 million (equivalent to approximately HK$28.1 million).

As at the date of this announcement, the payment conditions regarding SPM as provided in the disposal agreement entered into by the Group and the named parties thereto for the disposal of the entire interest in Stand Ascent Limited (the "**Stand Ascent Disposal**") including but not limited to the signing of the SPM purchase price agreement, the approval of the final feasibility study by the PT Perusahaan Listrik Negara (Persero), a state-owned energy company in Indonesia, and other relevant permits and approvals to be obtained from the relevant government authorities are yet to be fulfilled. The completion of the Stand Ascent Disposal is yet to take place.

Announcement(s) will be made by the Company on the progress of the Stand Ascent Disposal as and when appropriate.

2. *Limited partnership to China Environment Fund V, L.P.*

In June 2017, the Group entered into a limited partnership agreement (the "**LP Agreement**") with CEF V Management, L.P. (being the general partner of the partnership) and Tsing Capital (HK) Limited (being the management company of the partnership). Pursuant to the LP Agreement, the Group shall contribute US$5 million (equivalent to approximately HK$39.1 million as its capital commitment to the partnership. The primary purpose of the partnership is to make venture capital investments, including investing in and holding equity and equity-oriented securities of companies with a nexus to the PRC and focus on the clean-tech-related sectors. During the Period, no capital contribution was made by the Group.

As the fund under the LP Agreement has not been launched, the parties to the LP Agreement entered into a withdrawal deed on 24 January 2019 pursuant to which the Group shall withdraw from the partnership under the LP Agreement, and the Group is not obliged to make any capital contribution to the partnership nor incurred any management fee payable.

V Industrial fluids systems services

On 3 May 2018, First Bravo Development Limited ("**FBD**"), a wholly owned subsidiary of the Company, entered into a share purchase agreement (the "**Vimab Agreement**") with P.H.M Holding AB ("**PHM**") and Friction Invest AB ("**FI**") as vendors, and Henrik Melinder ("**Melinder**") and Christer Larsson ("**Christer**") as guarantors, to acquire the entire issued share capital of Vimab Holdings AB ("**Vimab**") for a total consideration of HK$170,524,000 (the "**Vimab Acquisition**"). Melinder was the ultimate beneficial owner of PHM and was guarantor of PHM while Christer acted as the guarantor of FI.

Vimab is a company incorporated in Sweden and, together with its operating subsidiaries (the "**Vimab Group**"), is engaged in provision of high-tech industrial service in valve services and maintenance, tank cleaning and other equipment services.

Pursuant to the share purchase agreement, the consideration for the Vimab Acquisition was to be satisfied as to (i) approximately HK$23.0 million in cash; and (ii) approximately HK$147.5 million by way of the allotment and issue of 42,137,142 new Shares (the "**Consideration Shares**") at the issue price of HK$3.5 per Share. The Consideration Shares represented approximately 7.36% of the issued share capital of the Company as enlarged by them, and 19,488,428 new Shares out of the Consideration Shares are subject to a lock-up period, which will be released upon fulfilment of certain financial benchmarks by the Vimab Group for the financial year ended or ending (as the case may be) 31 December 2018 and 2019. Details of the lock-up arrangement are set out in the announcement of the Company dated 3 May 2018.

The Vimab Acquisition was completed on 31 May 2018.

One of the conditions precedent of the Vimab Agreement was that 13 key employees of the Vimab Group (the "**Subscribers**") shall each have entered into a subscription agreement as subscribers with the Company to subscribe for a total of 5,380,000 Shares at the total subscription price of HK$18,830,000 (i.e. HK$3.5 per Share) (collectively, the "**Employees Subscription Agreements**"). The Employees Subscription Agreements were all entered into on 31 May 2018.

It was subsequently discovered that 12 out of 13 Subscribers had made their respective payments for their subscription shares in a total subscription amount of HK$17,066,000 to Melinder with the understanding that Melinder would deliver the money to the Company on their behalf for the purpose of completing their respective Employees Subscription Agreements. However, Melinder had not delivered the subscription monies to the Company.

To settle the claims against Melinder for the subscription monies in the total amount of HK$17,066,000 (the "**Claims**"), on 22 August 2018, the Company, FBD and the 12 Subscribers entered into a deed of settlement (the "**Settlement Deed**") with Melinder and PHM, which is one of the vendors of the Vimab Agreement and is wholly and beneficially owned by Melinder. The salient terms of the Settlement Deed were:

(i) PHM shall lodge all the Consideration Shares it received under the Vimab Agreement (i.e. 21,068,571 Shares, representing 50% of the total Consideration Shares) (the "**Pledged Shares**") with the Company and/or its designated parties; and

(ii) the Company and Melinder shall instruct, or arrange to instruct, relevant brokers to identify buyers for the Pledged Shares upon the lifting of the suspension on trading of the Shares on the Stock Exchange under the following price control mechanism:

1. the sales of the Pledged Shares shall be on the open market but may also be sold in a block in an off-market transaction to independent third parties who are not connected persons of the Company;

2. the selling price of the Pledged Shares shall not be discounted for greater than 30% of the open market price and subject to a price floor of HK$2.45 per Share;

3. the sale of the Pledged Shares shall immediately be ceased once the proceeds from the sale of the Pledged Shares is sufficient satisfied the Claims; and

4. all cash proceeds of the sales made by the brokers shall be remitted to the Company.

As at the date of this announcement, PHM had lodged the Pledged Shares with the Company according to the terms of the Settlement Deed and 9,742,214 Shares out of 21,068,571 Pledged Shares are still subject to the lock-up arrangement subject to the fulfilment of certain financial benchmark for the year ending 31 December 2019. Only 11,326,357 Pledged Shares are freely transferrable. In the event that the sale proceeds from the freely transferrable Pledged Shares be not sufficient to cover the Claims, the Company and the 12 Subscribers may further negotiate with PHM and Melinder to explore alternate settlement mechanism such as (i) amend the terms of the Settlement Deed; (ii) amend the terms of the Subscription Agreements with the subscribers; or (iii) if (i) and (ii) are not feasible, take legal actions against the relevant parties. Details of the Vimab Share Purchase Agreement and the Settlement Deed were set out in the Company's announcements dated 3 May 2018, 23 May 2018, 31 May 2018, 21 June 2018, 23 August 2018 and 2 October 2018.

Vimab Group is a Swedish high-tech industrial service group with advanced technology know-how as well as state-of-art machinery and products that can cater the needs of the heavy industry segments by providing on-site industrial fluids system services.

During the Period, Vimab contributed revenue of approximately SEK 85,381,000 (equivalent to approximately HK$74,759,000) to the Group since completion of acquisition (i.e. 31 May 2018) to 30 September 2018 and also recorded profit for the Period.

Outlook

Even the current uncertainties in macroeconomic conditions and tightening of interest rate environment, the management remain prudently optimistic about the prospects of the construction market and believe that there will be more opportunities in the foundation industry in Hong Kong due to the boosting land supply for housing developments for both private and public sectors as well as fostering infrastructure development plans in the long term.

For the environmental business, while continuing the development and operations of existing kitchen waste plants, the Group will further focus and establish as an integrated one-stop solution provider for zero-liquid discharge and fluid systems in kitchen and industrial waste water treatment.

FINANCIAL REVIEW

Results of the Group

During the Period, revenue of the Group decreased by approximately 0.63% to approximately HK$510.99 million (30 September 2017: HK$514.24 million), which was the decrease in Construction Business and Construction-related Business, and offsetting by the increase in the Environmental Protection Business and new business of industrial fluid services through the acquisition of Vimab. Further discussion and analysis on the financial performance of each business segment of the Group is set out in the section headed “Business Review” above.

Loss for the Period attributable to owners of the Company amounted to approximately HK$17.58 million (2017: HK$37.88 million).

Loss per share was HK43.61 cents (2017: HK7.48 cent).

Other income

Other income of the Group increased from approximately HK$10,497,000 for the six months ended 30 September 2017 to approximately HK$22,203,000 for the Period, mainly due to the Group's disposal of subsidiaries and recorded net gain on disposal of subsidiaries approximately HK$13,820,000 during the Period.

Administrative expenses

Administrative expenses of the Group increased by approximately 93.77% from approximately HK$56,535,000 for six months ended 30 September 2017 to approximately HK$109,550,000 for the Period, representing approximately 21.44% and 10.99% of the Group's revenue for the 2018 and 2017 reporting periods, respectively. The increase in administrative expenses were attributable to the acquisition of Vimab Group during the Period, which were contributed approximately SEK 55,916,000 (equivalent to HK$48,960,000) to the Group. Taking our the effect of the acquisition of Vimab, the increase in the amount is also caused by the increase in salaries along with the commencement of kitchen waste operations.

Finance costs

Finance costs of the Group increased by approximately 73.26% from approximately HK$8,916,000 for the six months ended 30 September 2017 to approximately HK$15,448,000 for the Period, primarily due to an increase in interest expenses resulting from increase in overall borrowings of the Group and interest expense on convertible bond amounted to HK$2,361,000.

Interest rates of finance leases and bank and other loans ranged from approximately 2.75% to 11.50% for the Period, as compared with approximately 1.18% to 3.95% for the six months ended 30 September 2017.

Liquidity and financial resources

As at 30 September 2018, the total assets of the Group increased by approximately 16.28% to approximately HK$1,905.62 million from approximately HK$1,638.88 million as of 31 March 2018. The Group also maintained relatively stable growth in the financial position during the Period. As at 30 September 2018, the Group had bank balances and cash (including pledged bank deposits) of approximately HK$79.45 million (as at 31 March 2018: approximately HK$66.73 million).

The total interest-bearing loans comprising finance leases, bank and other borrowings, convertible bond (liability component) and bonds of the Group as at 30 September 2018 was approximately HK$457.49 million (31 March 2018: approximately HK$294.37 million), and current ratio for the Period was approximately 1.28 (31 March 2018: approximately 1.26).

The Group's borrowings and bank balances are principally denominated in Hong Kong dollars, Renminbi ("**RMB**") and Swedish Krona ("**SEK**") and there may be significant exposure to foreign exchange rate fluctuations.

As the trading of the Shares have been suspended for more than the stipulated period (i.e. 30 business days) according to the terms of the convertible bonds in the principal amount of US$5,000,000 issued to Forest Water Environmental Engineering Co., Ltd., a company incorporated in Taiwan and listed on the Taiwan Stock Exchange (stock code: 8473) with limited liability ("**Forest Water**"), the Company has been negotiating with Forest Water for settlement arrangement about the repayment for outstanding principal and interests. As at 30 September 2018, the principal and accrued interest outstanding is approximately HK$41,862,000.

Up to the date of this announcement, no formal agreement has been reached while Forest Water has not served any written notice for repayment.

Gearing ratio

The gearing ratio as at 30 September 2018 was approximately 89.84% (as at 31 March 2018: approximately 72.53%).

The increase in gearing ratio was mainly attributable to the increase in overall Group's borrowings during the Period.

The gearing ratio is calculated as the payables incurred not in the ordinary course of business (excluding loan from a related companies/directors/shareholders) divided by total equity attributable to the owners of the Company as at respective year.

Pledge of assets

As at 30 September 2018, the Group pledged certain assets including (i) bank deposits of HK$5,000,000 (31 March 2018: HK$5,000,000), and (ii) property, plant and equipment with carrying values of approximately HK$17,460,000 (31 March 2018: approximately HK$25,884,000), as collateral to secure the facilities granted to the Group.

The Group also guaranteed certain facilities through certain proceeds from the Group's service concession arrangements, equity interests in subsidiaries of the Group and the prepaid lease payments and equipments.

Foreign exchange exposure

Certain revenue-generating operations and assets and liabilities of the Group are denominated in RMB, EURO and SEK and may expose the Group to the fluctuation of Hong Kong dollars against RMB, EURO and SEK. The Group did not enter into any hedging arrangement or derivative products. However, the Board and management will continue to monitor the foreign currency exchange exposure and will consider adopting certain hedging measures against the currency risk when necessary.

Capital structure

During the Period, the Group acquired Vimab, and part of the consideration is satisfied by the allotment and issue of 42,137,142 new shares.

Capital commitments

As at 30 September 2018, the Group had capital commitment of approximately HK$88,899,000 (as at 31 March 2018: approximately HK$26,635,000). At 30 September 2018, the Group also had capital commitment of approximately HK$39,139,000 (as at 31 March 2018: approximately HK$39,241,000) in relation to capital injection to a limited partnership.

Human resources management

As at 30 September 2018, the Group had 623 employees, including Directors (as at 31 March 2018: 440 employees, including Directors). Total staff costs (including Directors' emoluments) were approximately HK$86,019,000 for the Period as compared to approximately HK$46,022,000 for the six months ended 30 September 2017. Remuneration was determined with reference to market norms and individual employees' performance, qualification and experience.

On top of basic salaries, bonuses may be paid by reference to the Group's performance as well as individual's performance. Other staff benefits include provision of retirement benefit, injury insurance and share options.

Significant investments held

As at 30 September 2018, the Group held approximately 10.33% of the total issued share capital of Josab Water Solutions AB (formerly known as "Josab International AB"), the shares of which are listed on Spotlight Stock Market (formerly AktieTorget), a stock exchange in Sweden.

Save as disclosed above and except for investment in subsidiaries, during the Period, 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 Period.

Contingent liabilities

As at 30 September 2018, the Group had an outstanding performance bond for construction contracts amounted to approximately HK$66,117,000 (as at 31 March 2018: approximately HK$58,359,000).

The Company has agreed to provide the corporate guarantee for the due performance of the repayment obligations of the wholly-owned subsidiary of TDR up to an aggregate amount of RMB153,986,000 under principal agreements dated 14 July 2017 entered into between such TDR's subsidiary and CITIC Financial Leasing Co., Ltd.

In consideration of the corporate guarantee provided by the Company, TDR entered into the counter-guarantee agreement with the Company, pursuant to which, TDR has agreed to provide to the Company the guarantee fee and the counter-guarantee in respect of such corporate guarantee.

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the Period (for the six months ended 30 September 2017: nil).

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 Period.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Specific enquiries have been made with all Directors, and all Directors confirmed in writing that they have complied with the required standards as set out in the Model Code regarding their securities transactions during the Period.

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.

The Board considers that the Company has complied with the code provisions set out in the CG Code during the Period.

NON-COMPLIANCE WITH LISTING RULES

The Company was not able to timely comply with the financial reporting provisions under the Listing Rules in (i) announcing the annual results for the financial year ended 31 March 2018 and interim results for the six-month period ended 30 September 2018; and (ii) publishing the annual report for the year ended 31 March 2018 and interim report for the six-month period ended 30 September 2018. Such delay has constituted non-compliance with Rules 13.46(2)(a) and 13.49 of the Listing Rules.

The Company failed to hold its annual general meeting for the year ended 31 March 2018 within the times stipulated under the Listing Rules and the articles of association of the Company (the "**Articles**"). Circular and the notice for the annual general meeting will be dispatched as soon as reasonably practicable.

AUDIT COMMITTEE

The Audit Committee was established in compliance with Rules 3.21 and 3.22 of the Listing Rules and with written terms of reference in compliance with the relevant code provisions of the CG Code. The responsibility of the Audit Committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting system and internal control procedures, and to provide advice and comments to the Board. The members meet regularly with the external auditor and/or the Company's senior management for the review, supervision and discussion of the Company's financial reporting and internal control procedures and ensure that the management has discharged its duty to have an effective internal control system.

The Audit Committee comprises three independent non-executive Directors, namely Dr. Tong Ka Lok (Chairman), Mr. Lo Chun Chiu, Adrian and Mr. Choy Wai Shek, Raymond, *MH, JP*.

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

FULFILLMENT OF RESUMPTION CONDITIONS

As disclosed in the announcement of the Company dated 24 October 2018, the Stock Exchange issued a letter to the Company on 23 October 2018 setting out the following conditions for resumption of trading of the Shares (the "**Resumption Conditions**"):

(i) the Company having published all outstanding financial results required by the Listing Rules and addressed audit qualifications (if any); and

(ii) the Company having informed the market of all material information for the Company's shareholders and investors to appraise its position.

In relation to the Resumption Condition (i) above, the outstanding financial results include the annual results of the Group for the year ended 31 March 2018 (the "**2018 Annual Results**") and the interim results of the Group for the six months ended 30 September 2018 (the "**2018 Interim Results**").

This 2018 Interim Results is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at http://www.primeworld-china.com.

Now that the 2018 Annual Results and the 2018 Interim Results have been published and all the material information of the Company have been properly disclosed, the Company is pleased to announce that all of the Resumption Conditions have been fulfilled as at the date of this announcement.

PUBLICATION OF INTERIM REPORT

Delay in publication of the annual results for year ended 31 March 2018 and interim results and possible delay in despatch of 2018 Annual Report and Interim Report

The Company is not able to publish the 2018 Annual Results by 30 June 2018 and Interim Results by 30 November 2018 as required under Rule 13.49(1) of the Listing Rules. The Board acknowledges that the delay in the publication of the 2018 Annual Results and Interim Results constitutes a non-compliance of Rule 13.49(1) of the Listing Rules.

The Company will use its best endeavours to publish and despatch the Annual Report for year ended 31 March 2018 and Interim Report to the shareholders of the Company as soon as possible.

Resumption of trading in the Shares

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 3 July 2018. Application has been made to the Stock Exchange for resumption of trading with effect from 9:00 a.m. on 15 February 2019. Trading in the Shares will resume.

Save as disclosed above, the Company is not aware of any inside information in relation to the Company that will need to be disclosed pursuant to the requirements under Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under the Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

By Order of the Board
New Concepts Holdings Limited
Cai Jianwen
Executive Director

Hong Kong, 14 February 2019

As at the date of this announcement, the executive Directors are Mr. Zhu Yongjun, Ms. Qin Shulan, Mr. Cai Jianwen and Mr. Lee Tsi Fun Nicholas; the non-executive Director is Dr. Zhang Lihui; and the independent non-executive Directors are Mr. Lo Chun Chiu, Adrian, Dr. Tong Ka Lok and Mr. Choy Wai Shek, Raymond, MH, JP.

* *For identification purpose only*