THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **New Concepts Holdings Limited**, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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)

(1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO DISPOSAL OF A SUBSIDIARY;
(2) MAJOR TRANSACTION IN RELATION TO PROVISION OF FINANCIAL ASSISTANCE; AND
(3) NOTICE OF EGM

Financial adviser to the Company

建泉融資有限公司
VBG Capital Limited

A letter from the Board is set out from pages 5 to 17 of this circular.

A notice convening the EGM to be held at R ONE Space, 22/F., One Pacific Centre, 414 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong, on Wednesday, 28 April 2021 at 9:30 a.m. is set out from pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the website of the Stock Exchange at www.hkexnews.hk. Whether or not you propose to attend the meeting, you are requested to read the notice of EGM and to complete the form of proxy enclosed in this circular in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending and voting at the meeting should you so wish.

8 April 2021

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The health of our shareholders, staff and stakeholders is of paramount importance to us. In view of the ongoing Novel Coronavirus (COVID-19) pandemic, the Company will implement the following precautionary measures at the EGM to protect attending Shareholders, staff and stakeholders from the risk of infection:

(i) Compulsory body temperature checks will be conducted for every Shareholder, proxy or other attendee at each entrance of the meeting venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the meeting venue or be required to leave the meeting venue.

(ii) The Company encourages each attendee to wear a surgical face mask throughout the meeting and inside the meeting venue, and to maintain a safe distance between seats.

(iii) No refreshment will be served, and there will be no corporate gift.

In addition, the Company reminds all Shareholders that physical attendance in person at the meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting instead of attending the meeting in person, by completing and return the proxy form attached to this circular.

If any Shareholder chooses not to attend the meeting in person but has any question about any resolution or about the Company, or has any matter for communication with the Board, he/she is welcome to send such question or matter in writing to our registered office. If any Shareholder has any question relating to the meeting, please contact Tricor Investor Services Limited, the Company's Hong Kong branch share registrar as follows:

Tricor Investor Services Limited
Level 54, Hopewell Centre 183 Queen's Road East, Hong Kong
Email: is-enquiries@hk.tricorglobal.com
HK Tel: (852) 2980 1333
Fax: (852) 2810 8185

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"BELG"	BECE Legend Group Co., Ltd.* 北清環能集團股份有限公司, a company listed on the Shenzhen Stock Exchange (Stock Code: 000803)
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday or Sunday or public holiday) on which banks are open in the PRC for general commercial business
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Company"	New Concepts Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code: 2221)
"Completion"	completion of the Disposal Agreement
"Completion Date"	the date of Completion
"connected person(s)"	has the meaning ascribed to it in the Listing Rules
"Consideration"	the aggregate consideration for the sale and purchase of the 100% equity interest in the Disposal Company pursuant to the Disposal Agreement
"Director(s)"	director(s) of the Company
"Disposal"	the disposal of the 100% equity interest in the Disposal Company by the Vendor to the Purchaser pursuant to the Disposal Agreement
"Disposal Agreement"	the sale and purchase agreement dated 8 February 2021 entered into among the Purchaser, the Vendor, the Company and Mr. Zhu Yongjun, BELG, and the Disposal Company in relation to the Disposal and the provision of financial assistance to the Disposal Company
"Disposal Company"	Taiyuan Tianrun Bioenergy Co., Ltd* 太原天潤生物能源有限公司, a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company

"EGM"	an extraordinary general meeting of the Company to be convened and held on 28 April 2021 for the purpose of considering, and if thought fit, approving the Disposal Agreement and the transactions contemplated thereunder, including the Disposal and the provision of financial assistance to the Disposal Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Latest Practicable Date"	30 March 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC" or "China"	the People's Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Purchaser"	北控十方(山東)環保能源集團有限公司, a limited liability company established in the PRC
"Remaining Group"	the Group, excluding the Disposal Company
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.10 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Taiyuan Plant"	the kitchen waste treatment plant operated by the Disposal Company in Taiyuan, Shanxi Province, the PRC
"US$"	US dollars, the lawful currency of the United States of America
"Vendor"	Prime World Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company

"%"	per cent.

In this circular, translation of RMB into HK$ is based on the exchange rate of RMB0.825: HK$1. No representation is made that any amounts in RMB and HK$ can be or could have been converted at the above exchange rate or any other rates.

In this circular, translation of US$ into HK$ is based on the exchange rate of US$0.129: HK$1. No representation is made that any amounts in US$ and HK$ can be or could have been converted at the above exchange rate or any other rates.

In this circular, translated English names of Chinese entities for which no official English translation exists are unofficial translations for identification purposes only, and in the event of any inconsistency between the Chinese names and their English translation, the Chinese names shall prevail.

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)

Executive Directors:
Mr. Zhu Yongjun *(Chairman of the Board)*
Mr. Pan Yimin
Mr. Lee Tsi Fun Nicholas

Non-executive Directors:
Dr. Ge Xiaolin
Dr. Zhang Lihui

Independent non-executive Directors:
Mr. Lo Chun Chiu, Adrian
Dr. Tong Ka Lok
Mr. Choy Wai Shek, Raymond, *MH, JP*

Registered office:
Windward 3,
Regatta Office Park, P.O. Box 1350
Grand Cayman, KY-1108
Cayman Islands

Headquarter, head office and principal place of business in Hong Kong:
Office B, 3/F.
Kingston International Centre
19 Wang Chiu Road
Kowloon Bay
Hong Kong

8 April 2021

To the Shareholders

Dear Sir/Madam,

(1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO DISPOSAL OF A SUBSIDIARY; (2) MAJOR TRANSACTION IN RELATION TO PROVISION OF FINANCIAL ASSISTANCE; AND (3) NOTICE OF EGM

INTRODUCTION

Reference is made to the announcement of the Company dated 8 February 2021 in relation to the Disposal and the provision of financial assistance to the Disposal Company.

On 8 February 2021, the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Disposal Agreement in relation to the disposal of the 100% equity interest in the Disposal Company by the Vendor to the Purchaser at the Consideration of RMB120,000,000. Upon Completion, the Disposal Company will cease to be a subsidiary of the Group.

In addition, the Group has been providing several loans to the Disposal Company to fulfil its working capital requirement. As at 31 December 2020, the outstanding amount of such loans amounted to approximately RMB31,636,000. Upon Completion, these loans will become a financial assistance by the Company to a third party which is part of the transactions contemplated under the Disposal Agreement.

The purpose of this circular is to provide you with, among other things, (i) further details of the Disposal and the provision of financial assistance to the Disposal Company; (ii) financial information of the Disposal Company; (iii) pro forma financial information of the Remaining Group; (iv) the valuation report regarding the equity value of the Disposal Company; (v) the valuation report of the properties of the Disposal Company; and (vi) a notice convening the EGM together with the form of proxy, and other information as required under the Listing Rules.

THE DISPOSAL AGREEMENT

Set out below are the principal terms and conditions of the Disposal Agreement:

Date

8 February 2021

Parties

(i) 北控十方(山東)環保能源集團有限公司, as the Purchaser;

(ii) Prime World Limited, as the Vendor;

(iii) the Company and Mr. Zhu Yongjun;

(iv) BECE Legend Group Co., Ltd.* (北清環能集團股份有限公司); and

(v) the Disposal Company.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Purchaser, BELG and their ultimate beneficial owner(s) are third parties independent of the Company and its connected persons in accordance with the Listing Rules.

Mr. Zhu Yongjun is the chairman of the Board, an executive Director, a substantial Shareholder and therefore a connected person of the Company. He and the Company entered into the Disposal Agreement as Vendor's guarantors to guarantee the performance by the Vendor of its obligation to repay the double amount of the Deposits (as defined below) to the Purchaser in the circumstances as set out in the sub-sections headed "Conditions precedent" and "Vendor's undertakings" below. Such guarantee is provided on normal commercial terms or better and it is not required to be secured by the assets of the Group.

On the other hand, the payment obligations of the Purchaser is guaranteed by BELG under the Disposal Agreement.

Subject matter

Pursuant to the Disposal Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the 100% equity interest in the Disposal Company at the Consideration of RMB120,000,000 (equivalent to approximately HK$145.5 million).

Consideration and payment

The Consideration was determined based on arm's length negotiations between the Vendor and the Purchaser after taking into consideration of the unaudited net asset value of the Disposal Company as at 31 December 2020. To ensure the fairness and reasonableness of the Consideration, the Company had further assessed the equity value of the Disposal Company independently by engaging a professional independent consultant and valuer to prepare a valuation of the equity value of the Disposal Company as at 31 December 2020, the text of which is set out in Appendix V to this circular. Based on the said valuation which has adopted the asset-based approach, the appraised equity value of 100% equity interest in the Disposal Company as at 31 December 2020 was approximately RMB115,104,000.

The parties to the Disposal Agreement also agreed that if the relevant government authority of Taiyuan raises the unit price of kitchen waste treatment within twelve (12) months from the date of the Disposal Agreement, for every RMB1 per ton raised beyond the existing price of RMB309.17 per ton, the Consideration shall be increased by RMB700,000 (the "**Additional Consideration**"), and vice versa. The Purchaser shall pay the Additional Consideration (if applicable) to the Vendor together with the last instalment Consideration payment (for details, please refer to the paragraph below); while the Purchaser shall have the right to deduct the reduced amount (if applicable) from the unpaid portion of the Consideration.

The Consideration shall be satisfied by the Purchaser in cash in the following manner:

(i) within three (3) Business Days from the date of signing the Disposal Agreement, the Purchaser shall pay 17% of the Consideration, i.e. RMB20,400,000 (equivalent to approximately HK$24.7 million), to the bank account designated by the Vendor as refundable deposits (the "**Deposits**");

(ii) within three (3) Business Days from the date on which all the conditions precedent to the Disposal Agreement are satisfied, the Purchaser and the party designated by the Vendor shall open a jointly controlled bank account (the "**Joint Account**") and within three (3) Business Days after the Joint Account is opened, the Purchaser shall pay 68% of the Consideration, i.e. RMB81,600,000 (equivalent to approximately HK$98.9 million) (the "**2nd Instalment Consideration**"), to the Joint Account;

(iii) within ten (10) days from the Completion Date, the amount in the Joint Account can be released and transferred to the bank account designated by the Vendor; and

(iv) within twelve (12) months from the Completion Date (the "**Stipulated Period**") and subject to the condition that the Disposal Company has not encountered any loss in asset value of over RMB3 million due to reason(s) caused by the Vendor (the "**Material Loss**") (such as the loss attributable to factors that are not identified by the Purchaser and/or its auditor during the audit process and are not presented to the Purchaser, if any), the Purchaser shall, within five (5) Business Days thereafter, pay the remaining 15% of the Consideration, i.e. RMB18,000,000 (equivalent to approximately HK$21.8 million) to the bank account designated by the Vendor. The Purchaser shall also pay the Additional Consideration to the Vendor together with such last instalment Consideration payment (if applicable).

Should the Disposal Company encounter any Material Loss within the Stipulated Period, the Purchaser shall have the right to deduct the exact amount of the Material Loss from the last instalment Consideration payment. If the amount of the last instalment Consideration payment is insufficient to settle the Material Loss, the Vendor shall pay the shortfall thereof to the Purchaser in cash.

As at the Latest Practicable Date, the Vendor had already received the Deposits from the Purchaser, and neither the Purchaser nor the Vendor was aware of the possible nature and/or had identified any items to be potentially classified as Material Loss. The Purchaser shall inform the Vendor when an event probable of causing the Material Loss takes place, and the assessment on the total amount of the Material Loss shall be conducted in one go at the end of the Stipulated Period by a third party competent institution jointly engaged by the Purchaser and the Vendor, based on an assessment method in compliance with the applicable professional standard.

Conditions precedent

The equity transfer and the effectiveness of the Disposal Agreement (save for the provisions on matters related to the Deposits) shall be subject to fulfilment of the following conditions precedent:

(i) the transactions contemplated under the Disposal Agreement having been approved in writing by the Taiyuan Urban and Rural Management Bureau* (太原市城鄉管理局);

(ii) the written consent for the Disposal as well as its agreement to assist in the change of business registration of the Disposal Company from CITIC Financial Leasing Company Limited* (中信金融租賃有限公司) (being a major creditor of the Disposal Company) having been obtained;

(iii) the third party competent institution engaged by the Purchaser having issued the audited report of the Disposal Company; and

(iv) the approval of the transactions contemplated under the Disposal Agreement by the Shareholders and all relevant authorities (including the Stock Exchange) having been obtained.

None of the conditions precedent above can be waived. As at the Latest Practicable Date, none of the conditions precedent above had been satisfied.

Upon fulfilment of all of the conditions precedent and the Purchaser having paid the 2nd Instalment Consideration to the Joint Account in the manner as prescribed above, the parties shall proceed with the equity transfer and change of business registration of the Disposal Company within fifteen (15) Business Days.

If within one hundred and twenty (120) days after signing of the Disposal Agreement (or such later date as may be agreed by the parties thereto in writing), the conditions precedent to the Disposal Agreement have not yet been fulfilled due to the breach of the Disposal Agreement and reason(s) caused by the Vendor (for the avoidance of doubt, except for the non-fulfilment of condition (iv) as stated above), the Vendor shall return double amount of the Deposits to the Purchaser within ten (10) days after such non-fulfilment. In the event that the non-fulfilment is due to the breach of the Disposal Agreement and reason(s) caused by the Purchaser, the Vendor can confiscate the Deposits within ten (10) days after such non-fulfilment. In the event that the non-fulfilment is due to the breach of the Disposal Agreement or reason(s) caused by neither parties, the Vendor shall return the Deposits (without interest) to the Purchaser within ten (10) days after such non-fulfilment. In all non-fulfilment events, the Disposal Agreement shall be terminated and upon termination, the Disposal Agreement shall be of no further effect thereafter and all the rights, obligations and liabilities of the parties under the Disposal Agreement will cease and determine (save for any antecedent rights and obligations of the parties already accrued before the termination).

Completion

Completion of the Disposal takes place upon the entire equity interest of the Disposal Company having been transferred and registered in the name of the Purchaser and the Purchaser becoming the registered shareholder of the Disposal Company.

Vendor's undertakings

In the event that the total net asset value of the Disposal Company as at 31 December 2020 as audited by a third party competent institution engaged by the Purchaser is:

(i) within 10% to 15% less than the net asset value of the Disposal Company as at 31 December 2020 as agreed by both parties without taking into account any possible impairment (i.e. RMB76,900,000, being the total net tangible asset value of the Disposal Company based on its unaudited management accounts), the Purchaser has the right to deduct such difference from the unpaid portion of the Consideration; or

(ii) less than the net asset value of the Disposal Company as at 31 December 2020 as agreed by both parties without taking into account any possible impairment (i.e. RMB76,900,000) for 15% or above, the Purchaser may terminate the Disposal Agreement and the Vendor shall return double amount of the Deposits to the Purchaser.

In addition, the Vendor also undertook that:

(i) if the Disposal Company suffers a net loss of more than RMB500,000 as assessed by a third party competent institution jointly engaged by the Purchaser and the Vendor in any month during the transition period from 1 January 2021 to the Completion Date, it shall reimburse such extra loss amount to the Disposal Company, otherwise the Purchaser may deduct such amount from the unpaid portion of the Consideration; and

(ii) if the Disposal Company is unable to recover any of its accounts receivable recorded as at 31 December 2020 within the Stipulated Period, it shall reimburse the entire unrecovered amount to the Disposal Company, otherwise the Purchaser may deduct the entire unrecovered amount from the unpaid portion of the Consideration. However, should the Disposal Company be able to receive those unrecovered accounts receivable subsequent to the reimbursement by the Vendor, the Purchaser shall return the equivalent reimbursement to the Vendor.

PROVISION OF FINANCIAL ASSISTANCE

The Group has been providing several loans to the Disposal Company to fulfil its working capital requirement. As at 31 December 2020, the outstanding amount of such loans amounted to approximately RMB31,636,000 (equivalent to approximately HK$38.3 million).

Pursuant to the Disposal Agreement, it is agreed that the aforesaid loans shall be repayable following the below repayment schedule:

(i) within three (3) months from the Completion Date, the Purchaser shall arrange the Disposal Company to repay 30% of such amount (i.e. approximately RMB9,491,000) to the Group;

(ii) within six (6) months from the Completion Date, the Purchaser shall arrange the Disposal Company to repay 30% of such amount (i.e. approximately RMB9,491,000) to the Group; and

(iii) within the Stipulated Period, the Purchaser shall arrange the Disposal Company to repay the remaining 40% of such amount (i.e. RMB12,654,000) to the Group.

The outstanding amounts during the first six (6) months from the Completion Date are subject to an annual interest rate of 5.5%; whilst those which remain outstanding within the subsequent 6-month period are subject to an annual interest rate of 6.5% to be calculated starting from the Completion Date. Payment of all interests accrued to the Vendor shall be made together with the relevant principal loan repayment within the Stipulated Period.

Upon Completion, the Disposal Company will cease to be a subsidiary of the Company and these loans will become a financial assistance by the Company to a third party which is part of the transactions contemplated under the Disposal Agreement.

INFORMATION OF THE DISPOSAL COMPANY

The Disposal Company is a limited liability company established in the PRC principally engaged in kitchen waste treatment in the PRC through the operation of the Taiyuan Plant. The Disposal Company is an indirect wholly-owned subsidiary of the Company.

The Taiyuan Plant

Located in Taiyuan, Shanxi Province, the PRC, the Taiyuan Plant is a kitchen waste treatment plant operated under the Build-Operate-Transfer (BOT) model. Construction of the kitchen waste treatment plant was permitted pursuant to a service concession agreement entered into between the Disposal Company and the Taiyuan Environment and Hygiene Bureau* (太原市市容環境衛生管理局) (details of which are set forth in the following paragraph) and is in two phases with a total permitted capacity of 500 tons per day. Phase one facilities of 200 tons per day commenced operation in April 2017 and was fully utilised. Phase two facilities with an additional capacity of 300 tons per day have been substantially installed, but is subject to final quality review and acceptance by the relevant government authorities of Taiyuan.

The Disposal Company entered into a service concession agreement with the Taiyuan Environment and Hygiene Bureau* (太原市市容環境衛生管理局) (as grantor) to construct a kitchen waste treatment plant in Taiyuan. Under the said agreement, the Disposal Company will operate and make the kitchen waste treatment plant available to the public for a period of 30 years from 2013 to 2043. The Disposal Company is generally entitled to use all the facilities of the plant; however, the facilities of the plant shall become the property of the grantor who shall also be entitled to retain the beneficial entitlement to any residual interest of the facilities at the end of the concession period. During the concession period, the grantor shall provide the Disposal Company a guaranteed minimum annual payment of approximately RMB22,570,000 for each year that the kitchen waste treatment plant is in operation. From December 2017 (when the kitchen waste treatment plant started commercial operation) to 2020, the annual payment received by the Disposal Company from the grantor was approximately RMB13,461,000, RMB24,626,000, RMB30,353,000 and RMB14,971,000 for each of the financial years ended 31 March 2018, 2019 and 2020 and the nine months ended 31 December 2020, respectively. The service concession agreement does not contain a renewal option.

Financial information of the Disposal Company

As extracted from Appendix II to this circular, a summary of the unaudited results of the Disposal Company for the nine months ended 31 December 2020 and each of the two financial years ended 31 March 2019 and 2020 is set out below:

	For the nine months ended 31 December	**For the financial year ended 31 March**	
	2020	**2020**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Loss before taxation	(22,572)	(109)	(9,073)
Profit/(loss) after taxation	(17,276)	1,384	(5,851)

As at 31 December 2020, the unaudited net asset value of the Disposal Company was approximately HK$136,563,000.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE PROVISION OF FINANCIAL ASSISTANCE

The Group has been principally engaged in foundation, civil engineering and general building works in Hong Kong. Given the decreasing contribution of revenue from civil engineering and general building works over the past few years, the Group decided to focus its resources on the foundation business, which the Board believes will continue to contribute stable revenue and profits to the Group.

On the other hand, with reference to the "Circular on the Plan for Establishing Facilities for the Innocuous Treatment of Municipal Solid Waste under the Twelfth Five-Year Plan" (全國城鎮生活垃圾無害化處理設施建設規劃的通知) issued by the State Council of the PRC in April 2012, the PRC government intended to accelerate kitchen waste treatment and sorting in the PRC. Moreover, the "Thirteenth Five-Year Plan" issued by the State Council of the PRC also reinforced the importance of ecosystem improvement and ecological development, including daily water and solid wastes treatment, and promotion for recycling and hazardless waste treatment. To ride on the potential opportunities as driven by the government policies, the Group tapped into the environmental protection business since December 2015, in particular, the kitchen waste treatment business to diversify its business portfolio. As at the Latest Practicable Date, besides the Taiyuan Plant, the Group also owned/operated three kitchen waste treatment plants located in Hefei, Hanzhong and Hancheng of the PRC.

While endeavouring to streamline and enhance its business portfolio, the Group is relatively heavily indebted with gearing ratio staying at approximately 206.7% as at 30 September 2020. The short-term and long-term interest-bearing bank and other borrowings of the Group amounted to approximately HK$132.8 million and HK$152.4 million, respectively, as at 30 September 2020. On 22 October 2020, the Company further received a writ of summons (the "**Writ**") with a statement of claim issued by the High Court of Hong Kong, wherein the plaintiff sought, amongst others, (i) a sum of US$6,572,708 (equivalent to approximately HK$51.0 million) with daily interest of US$1,667 (equivalent to approximately HK$12,922); and (ii) costs. Taking into account the financing need of the Group in the short to medium run, the Board has been aiming to strengthen the Group's financial position and liquidity by, amongst others, divesting part of the assets/projects of the Group in a way that also aligns with its future business development strategy.

Notwithstanding that the Group may record an estimated loss of approximately HK$19.9 million part of which is related to the non-cash impairment of associated goodwill of approximately HK$23.5 million, the Board considers that the Disposal would represent a good opportunity for the Group to realise its investment, thereby improving the Group's financial position and allowing it to maintain a stronger cash flow and lower its short-term indebtedness. Upon Completion, the Group will continue its operations in the foundation business and environmental protection business, in particular, the kitchen waste treatment business. Leveraging on its experience, the Group would consider and explore the business opportunities in providing kitchen waste related Engineering Procurement Construction (EPC) services (i.e. mainly the provision of kitchen waste related consultation and/or procurement services) which are less capital-intensive and require less resources as compared to the BOT operation model (i.e. the construction and operation of kitchen waste treatment plant under the relevant service concession agreement) which is currently operated by the Taiyuan Plant, and capture the momentous opportunity arising from the implementation of household waste sorting across the PRC. Given that the EPC services are less capital-intensive and require less resources, and thus their payback period is normally shorter as compared to the BOT operation model, the Board considers the provision of kitchen waste related EPC services to be more beneficial to the Group having also considered the existing tight liquidity and high gearing ratio of the Group.

With regard to the provision of financial assistance, the interest rates for the loans to the Disposal Company are higher than benchmark lending rates of the People's Bank of China. Moreover, taking into account the guarantee provided by and the strong government background and financial standing of the holding company of the Purchaser as detailed in the section headed "Information on the Purchaser" and that it was the Purchaser who requested for the provision of financial assistance as one of the commercial terms of the Disposal Agreement, the Board is of the view that the Disposal Company would be able to repay those loans and the provision of financial assistance would provide additional interest income to the Group with acceptable risk level.

The Board considers that the terms of the Disposal and the provision of financial assistance are fair and reasonable and are on normal commercial terms, and the Disposal and the provision of financial assistance are in the interests of the Company and the Shareholders as a whole. Above all, in view of that (i) the total investment in the Disposal Company was RMB133,447,500 (being the initial investment cost of RMB43,447,500 and the subsequent capital injection of RMB90,000,000), of which RMB13,447,500 (being the partial consideration payment to the original vendor of the Disposal Company) was paid by the Disposal Company on behalf of the Vendor; and based on the Disposal Agreement, the Group will be able to recover full amount the said total investment, RMB120,000,000 as the Consideration, and the remaining RMB13,447,500 from settlement of the payables under the financial assistance; and (ii) the Consideration represents a premium over the appraised equity value of 100% equity interest in the Disposal Company as at 31 December 2020, the Board is of the view that the Consideration is fair and reasonable.

FINANCIAL EFFECT AND USE OF PROCEEDS OF THE DISPOSAL AND THE PROVISION OF FINANCIAL ASSISTANCE

Upon Completion, the Disposal Company will cease to be a subsidiary of the Group, and its consolidated financial results, assets and liabilities will no longer be included in the consolidated financial statements of the Group.

Assuming there be no adjustment to the Consideration, the Group expects to record an estimated loss of approximately HK$19.9 million from the Disposal, which is calculated with reference to the difference between the Consideration and the unaudited carrying amount of the Disposal Company as at 31 December 2020, after taking into account of the non-cash impairment of associated goodwill of approximately HK$23.5 million and the transaction costs and expenses and tax in relation to the Disposal (assuming that there will be no significant change in foreign exchange fluctuation at the relevant actual settlement dates). The said associated goodwill was arising from the acquisition of 100% equity interest in the Disposal Company for a cash consideration of RMB43,447,500 (equivalent to approximately HK$50.6 million based on the then applicable exchange rate) pursuant to the sale and purchase agreement dated 28 June 2016 entered into between the Group and the original vendor. The original goodwill of approximately HK$23.9 million was the difference between the consideration and the fair value of the identifiable assets and liabilities of the Disposal Company as at the date of completion of acquisition. The goodwill was denominated in RMB and will be translated into HK$ at the end of each reporting period.

The above calculation is only an estimate provided for illustrative purposes, and the actual gain or loss as a result of the Disposal to be recorded by the Company is subject to any changes to the financial position of the Disposal Company as at Completion and final audit, and hence may or may not be the same as the aforesaid expected loss.

In addition, based on the unadjusted Consideration, the gross proceeds from the Disposal are expected to be RMB120 million (equivalent to approximately HK$145.5 million) and the net proceeds (after deducting related transaction costs and expenses and tax) are expected to be approximately HK$143.1 million. The Group intends to use the aforesaid net proceeds and the proceeds from provision of the financial assistance of approximately RMB31.6 million entirely for repayment of the interest-bearing liabilities of the Group, including but not limited to (i) bank and other borrowings; (ii) the bonds issued by the Company; and (iii) the potential amount for settlement of the Writ.

INFORMATION OF THE GROUP AND THE VENDOR

The Group is principally engaged in (i) construction works in Hong Kong; and (ii) environmental protection.

The Vendor is an investment holding company incorporated in Hong Kong and is an indirect wholly-owned subsidiary of the Company.

INFORMATION OF THE PURCHASER

The Purchaser is a limited liability company established in the PRC and is a wholly-owned subsidiary of BELG, being a company listed on the Shenzhen Stock Exchange (Stock Code: 000803) and is effectively controlled by the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality* (北京市人民政府國有資產監督管理委員會). Based on the latest published financial information of BELG, BELG recorded audited revenue and net profit of approximately RMB346.9 million and RMB51.3 million, respectively, for the year ended 31 December 2020. As at 31 December 2020, its audited net asset value and cash on hand were approximately RMB641.4 million and RMB86.0 million, respectively.

The Purchaser is principally engaged in organic waste recycling, project operations of kitchen waste treatment, production and sales of organic waste treatment equipment and the comprehensive utilisation of biomass energy.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio calculated pursuant to Chapter 14 of the Listing Rules in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio calculated pursuant to Chapter 14 of the Listing Rules in respect of the provision of financial assistance to the Disposal Company exceeds 25% but is less than 75%, the provision of financial assistance to the Disposal Company constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that Completion is subject to the satisfaction of the conditions precedent to the Disposal Agreement. Therefore, the transactions contemplated under the Disposal Agreement may or may not proceed to Completion. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

EGM

A notice of convening the EGM to be held at R ONE Space, 22/F., One Pacific Centre, 414 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong, on Wednesday, 28 April 2021 at 9:30 a.m. is set out from pages EGM-1 to EGM-3 in this circular. Ordinary resolution will be proposed at the EGM for the purpose of considering and, if thought fit, approving the Disposal Agreement and the transactions contemplated thereunder (including the Disposal and the provision of financial assistance to the Disposal Company). Voting on ordinary resolution to be proposed at the EGM will be taken by way of poll and an announcement will be made by the Company after the EGM on the result of the EGM with respect to whether or not the proposed ordinary resolution has been passed by the Shareholders. As at the Latest Practicable Date, no Shareholder had material interest in the Disposal and the provision of financial assistance to the Disposal Company, and therefore no Shareholder is required to abstain from voting on the relevant resolution at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you propose to attend the meeting, you are requested to read the notice of EGM and to complete the form of proxy enclosed in this circular in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending and voting at the meeting should you so wish.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 23 April 2021 to Wednesday, 28 April 2021, both days inclusive, during which period no transfer of Shares will be registered, in order to determine the entitlement to attend and vote at the EGM. In order to be entitled to attend and vote at the EGM, unregistered holders of Shares should ensure that all transfers of Shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Thursday, 22 April 2021 for registration.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the Disposal and the provision of financial assistance to the Disposal Company are fair and reasonable and are on normal commercial terms, and the Disposal and the provision of financial assistance are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Shareholders to vote in favour of the ordinary resolution as set out in the notice of EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
New Concepts Holdings Limited
Zhu Yongjun
Chairman and Executive Director

1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the six months ended 30 September 2020 and each of the three financial years ended 31 March 2018, 2019 and 2020 have been published in the interim report and annual reports of the Company per below:

(i) the financial information of the Group for the six months ended 30 September 2020 is disclosed in the interim report of the Company for the six months ended 30 September 2020 published on 15 December 2020, from pages 38 to 64;

https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1215/2020121500009.pdf

(ii) the financial information of the Group for the financial year ended 31 March 2020 is disclosed in the annual report of the Company for the financial year ended 31 March 2020 published on 13 August 2020, from pages 97 to 299;

https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0813/2020081300771.pdf

(iii) the financial information of the Group for the financial year ended 31 March 2019 is disclosed in the annual report of the Company for the financial year ended 31 March 2019 published on 18 July 2019, from pages 101 to 339; and

https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0718/ltn20190718005.pdf

(iv) the financial information of the Group for the financial year ended 31 March 2018 is disclosed in the annual report of the Company for the financial year ended 31 March 2018 published on 27 February 2019, from pages 153 to 331.

https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0227/ltn20190227013.pdf

All of the above reports have been published on the website of the Stock Exchange (**www.hkexnews.hk**) and the website of the Company (**www.primeworld-china.com**).

2. STATEMENT OF INDEBTEDNESS

Borrowings

At the close of business on 28 February 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding total borrowings of approximately HK$369.3 million, with details as follows:

	Items	Total amount *(HK$ million)*	Details
(i)	Secured and guaranteed banking borrowings	15.2	HK$4.8 million, guarantee provided by an indirect wholly-owned subsidiary, personal guarantees and property interests of former employee. HK$10.4 million charged by 40% registered capital of Hefei Feifan Bio Technology Co., Ltd.* (合肥非凡生物科技有限公司) ("**Hefei Feifan**"), and guarantee provided by 合肥市興泰融資擔保集團有限公司.
(ii)	Secured and guaranteed other borrowings	228.5	HK$147.5 million charged by the entire registered capital and receivables of the Disposal Company. HK$81.0 million, personal guarantee from Mr. Zhu Yongjun, corporate guarantee provided by the Company, and charge of issued capital of an indirect wholly-owned subsidiary and its plants and equipment.
(iii)	Bonds	25.5	Unsecured, personal guarantee from Mr. Zhu Yongjun and corporate guarantee provided by the Company.
(iv)	Convertible bond	4.0	Nil.
(v)	Other interest-bearing payables	96.1	HK$4 million charged by 60% registered capital of Hefei Feifan. HK$33.6 million, personal guarantee from Mr. Zhu Yongjun. Also included in other payables were amount due to Forest Water Environmental Engineering Co., Ltd. ("**Forest Water**") with principal and accrued interest of US$6.6 million, resulting from prior issue of convertible bonds to Forest Water. Such convertible bonds were classified as other payables upon the Shares suspended for trading for more than 30 Business Days.
		369.3	

Lease liabilities

As at 28 February 2021, all lease liabilities of the Group amounted to approximately HK$2.6 million, of which approximately HK$1.3 million was secured by plant and equipment with carrying value of approximately HK$3.2 million.

Charges

As at 28 February 2021, property, plant and equipment of approximately HK$87.1 million was pledged to secure certain borrowings granted to the Group.

Contingent liabilities

As at 28 February 2021, the Group had outstanding performance bonds for construction contracts amounted to approximately HK$53.4 million.

The Company agreed to provide corporate guarantee for the due performance of the repayment obligations of a wholly-owned subsidiary of Beijing TDR Environ-Tech Co., Ltd.* (北京天地人環保科技有限公司) ("**TDR**") of up to RMB154.0 million under principal agreement dated 14 July 2017 entered into between such TDR's subsidiary and CITIC Financial Leasing Company Limited* (中信金融租賃有限公司).

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

Save as disclosed above, the Group did not have any other outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or any outstanding material contingent liabilities as at 28 February 2021.

The Group confirms that there has not been any material change in its indebtedness position since 28 February 2021.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as disclosed below, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2020, being the date to which the latest published audited financial statements of the Group were made up:

(1) Enforcement of the pledge over the shares of Vimab Holdings AB ("Vimab")

The industrial fluids systems services segment, Vimab, was indebted to a fund (the "**Fund**") in the principal amount of Swedish Krona 131 million pursuant to a loan agreement dated 1 February 2019 (the "**Loan Agreement**"), and the Company noticed that the Fund had, prior to the repayment date of the Loan Agreement, enforced the pledge under the Loan Agreement and transferred all the issued shares of Vimab pledged under the Loan Agreement to Riddargatan Förvaltning AB, a company incorporated in Sweden which is an affiliated entity of the Fund (the "**Designated Company**") on or around 7 April 2020. As such, Vimab ceased to be a subsidiary of the Company subsequent to such enforcement of the pledged shares.

On 27 July 2020, the parties compromised on settling all disputes and claims among themselves relating to the Loan Agreement and/or the enforcement of the pledge over the pledged shares and entered into a discharge agreement (the "**Discharge Agreement**"), pursuant to which the Group undertook that, amongst others, not to make any claims on the Designated Company's ownership over the pledged shares, and/or the enforcement of the pledge. On the other hand, the Fund undertook and confirmed that the obligations and/or liabilities of the Group in connection with or in relation to the Loan Agreement and any letter of comfort will cease and terminate. The Discharge Agreement will not exempt, waive or relieve the Fund from its obligation to repay any surplus from the enforcement of the pledge to the Group as the original pledgor of the relevant shares.

For details, please refer to the Company's announcement dated 27 July 2020.

(2) Receipt of writ of summons

The Company issued convertible bonds with principal amount of US$5 million to Forest Water, a limited company incorporated in Taiwan and listed on the Taiwan Stock Exchange (Stock Code: 8473). As set out in the annual reports of the Company for the financial years ended 31 March 2020 and 31 March 2019, the suspension of trading in the Shares during the period from 3 July 2018 to 15 February 2019 constituted an event of default under the terms of the convertible bonds which entitled Forest Water to redeem all or part of the convertible bonds at its discretion, and the Company has been negotiating with Forest Water on the settlement arrangement about the repayment for outstanding principal and interests. During the course of negotiation, the Company did not pay the interest under the convertible bonds to Forest Water.

On 22 October 2020, the Company received a writ of summons dated 16 October 2020 with a statement of claim issued by the High Court of Hong Kong, wherein Forest Water (as plaintiff) sought, amongst others, the following orders against the Company (as defendant):

(1) a sum of US$6,572,708 (as the aggregate of the principal amount of US$5 million and interest of US$1,572,708 under the convertible bonds), with daily interest of US$1,667;

(2) costs; and

(3) further or other relief as the Court sees fit.

The Company is in the course of seeking legal advice as well as negotiating with Forest Water for any possible resolution but is yet to reach any settlement agreement. Such matter was yet to finalise as at the Latest Practicable Date.

For details, please refer to the Company's announcement dated 22 October 2020.

4. WORKING CAPITAL

After taking into account the financial resources and facilities available to the Group and its internally generated funds, the Directors are of the opinion that the Group has sufficient working capital for its present requirement for at least the next twelve months from the date of publication of this circular.

5. FINANCIAL AND TRADING PROSPECTS

Upon Completion, the Remaining Group will continue its operations in the foundation business and environmental protection business.

The construction industry will still be full of challenges under the uncertainties arising from the COVID-19 pandemic and the outlook of the macro economy. Nevertheless, it is expected that the planned commitment of the government's public expenditure on infrastructure will help to create new projects for the construction industry in Hong Kong, and the Board is conservatively optimistic about the prospects of the construction industry in the long term.

The kitchen waste treatment industry experiences rapid investment growth after entering into 2020. During the first quarter of 2020, the newly announced kitchen waste treatment projects amounted to 13 which accounted for 60% of that of 2019. With the penetration level in first-tier cities and provincial cities having increased to a relatively high level, the related kitchen waste treatment investment has shifted to other second and third-tier cities within the PRC. Technology of this industry also experiences an upgrade from harmlessness to resource utilisation. Leveraging on the past experience, the Group would consider and explore the business opportunities in providing kitchen waste related Engineering Procurement Construction (EPC) services which are less capital-intensive and require less resources, and capture the momentous opportunity arising from the implementation of household waste sorting across the PRC. Given that the EPC services are less capital-intensive and require less resources, and thus their payback period is normally shorter as compared to the Build-Operate-Transfer operation model, the Board considers the provision of kitchen waste related EPC services to be more beneficial to the Group having also considered the existing tight liquidity and high gearing ratio of the Group.

The Disposal would represent a good opportunity for the Group to realise its investment, thereby improving the Group's financial position and allowing it to maintain a stronger cash flow and lower its short-term indebtedness. The Board believes that the improved financial position of the Group would be beneficial for its future business growth.

Set out below are unaudited statements of financial position of the Disposal Company as at 31 March 2018, 2019 and 2020 and 31 December 2020; unaudited statements of profit or loss and other comprehensive income, unaudited statements of changes in equity, and unaudited statements of cash flows of the Disposal Company for each of the years ended 31 March 2018, 2019 and 2020 and the nine months ended 31 December 2020 and certain explanatory notes of the Disposal Company (collectively the "**Financial Information**"). The Financial Information has been prepared on the basis set out in Note 2 in this appendix, and in accordance with the accounting policies adopted by the Group and paragraph 68(2)(a)(i) of Chapter 14 of the Listing Rules. The Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the Disposal. The Company's auditors, BDO Limited, (the "**Reporting Accountants**") were engaged to review the Financial Information which is included in the Financial Information of the Disposal Company set out on pages II-2 to II-8 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the HKICPA.

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountants to obtain assurance that the reporting accountants would become aware of all significant matters that might be identified in an audit. Accordingly, the Reporting Accountants do not express an audit opinion.

Based on their review on the Financial Information of the Disposal Company, nothing has come to their attention that causes them to believe that the Financial Information is not prepared, in all material respects, in accordance with the basis of preparation as set out in Note 2 below.

UNAUDITED STATEMENTS OF FINANCIAL POSITION

	As at 31 March			As at 31 December
	2018	2019	2020	2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS				
Property, plant and equipment	1,428	1,231	948	869
Operating concessions	128,166	117,829	110,858	129,847
Receivable under operating concession arrangements	246,050	240,275	239,053	249,989
	375,644	359,335	350,859	380,705
CURRENT ASSETS				
Inventories	424	880	1,103	904
Receivable under operating concession arrangements	27,782	25,951	24,349	26,434
Trade receivables	9,125	11,213	11,555	7,920
Prepayments, deposits and other receivables	47,802	30,405	17,640	19,139
Amount due from the immediate holding company	—	15,677	15,003	16,365
Cash and cash equivalents	902	702	30	3,830
	86,035	84,828	69,680	74,592
CURRENT LIABILITIES				
Trade payables	29,064	23,693	22,180	26,068
Other payables	2,691	6,979	16,034	16,760
Contract liabilities	—	—	592	3,401
Other borrowing	—	47,284	21,261	29,186
Amounts due to fellow subsidiaries	33,972	42,209	42,322	53,953
	65,727	120,165	102,389	129,368
NET CURRENT ASSETS/ (LIABILITIES)	20,308	(35,337)	(32,709)	(54,776)
Total assets less current liabilities	395,952	323,998	318,150	325,929

	As at 31 March			As at 31 December
	2018	**2019**	**2020**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT LIABILITIES				
Other payables	13,194	16,148	13,998	15,354
Other borrowing	187,207	120,534	116,171	120,013
Provision	13,452	26,272	37,533	51,224
Deferred tax liabilities	14,760	10,578	7,846	2,775
	228,613	173,532	175,548	189,366
Net assets	167,339	150,466	142,602	136,563
EQUITY				
Issued capital	138,905	138,905	138,905	138,905
Reserves	28,434	11,561	3,697	(2,342)
Total equity	167,339	150,466	142,602	136,563

UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 March			Ninth months ended	
	2018	**2019**	**2020**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	58,850	50,147	56,684	44,094	26,464
Cost of sales	(46,248)	(50,128)	(48,284)	(37,105)	(36,663)
Gross profit	12,602	19	8,400	6,989	(10,199)
Other income and gains, net	423	6,126	4,073	3,827	1,087
Administrative expenses	(5,057)	(5,180)	(3,268)	(2,602)	(4,912)
(Expected credit loss)/reversal on expected credit loss on financial assets	(226)	79	(768)	—	420
Finance costs	(10,535)	(10,117)	(8,546)	(6,523)	(8,968)
(LOSS)/PROFIT BEFORE TAX	(2,793)	(9,073)	(109)	1,691	(22,572)
Income tax (expenses)/credit	(3,245)	3,222	1,493	1,543	5,296
(LOSS)/PROFIT FOR THE YEAR/ PERIOD	(6,038)	(5,851)	1,384	3,234	(17,276)
OTHER COMPREHENSIVE INCOME					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	16,583	(11,022)	(9,248)	(6,119)	11,237
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE DISPOSAL COMPANY	10,545	(16,873)	(7,864)	(2,885)	(6,039)

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

	Issued capital	Exchange reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2017	138,905	(4,231)	22,120	156,794
Loss and total comprehensive income for the year	—	16,583	(6,038)	10,545
At 31 March 2018 and 1 April 2018	138,905	12,352	16,082	167,339
Loss and total comprehensive income for the year	—	(11,022)	(5,851)	(16,873)
At 31 March 2019 and 1 April 2019	138,905	1,330	10,231	150,466
Profit and total comprehensive income for the year	—	(9,248)	1,384	(7,864)
At 31 March 2020 and 1 April 2020	138,905	(7,918)	11,615	142,602
Loss and total comprehensive income for the period	—	11,237	(17,276)	(6,039)
At 31 December 2020	138,905	3,319	(5,661)	136,563
For the nine months ended 31 December 2019:				
At 1 April 2019	138,905	1,330	10,231	150,466
Profit and total comprehensive income for the period	—	(6,119)	3,234	(2,885)
At 31 December 2019	138,905	(4,789)	13,465	147,581

UNAUDITED STATEMENTS OF CASH FLOWS

	Year ended 31 March			Ninth months ended 31 December	
	2018	2019	2020	2019	2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/profit before tax	(2,793)	(9,073)	(109)	1,691	(22,572)
Adjustments for:					
Finance costs	10,535	10,117	8,546	6,523	8,968
Interest income	(32)	(6)	(3)	(3)	(6)
Gain on disposal of items of property, plant and equipment	—	(19)	—	—	—
Depreciation	173	265	264	198	203
Amortisation	3,554	3,048	6,069	3,164	3,225
Expected credit loss on financial assets	226	(79)	768	—	(420)
	11,663	4,253	15,535	11,573	(10,602)
(Increase)/decrease in inventories	(357)	(486)	(285)	(291)	278
(Increase)/decrease in trade receivables	(8,814)	(2,639)	(1,828)	2,610	4,798
(Increase)/decrease in prepayments, deposits and other receivables	(8,944)	14,305	11,243	11,460	11
(Increase)/decrease in receivable under operating concession arrangements	(31,705)	(10,486)	(13,885)	(9,406)	9,024
Increase in operating concessions	(5,489)	(1,151)	(6,315)	(2,250)	(12,217)
Increase in contract liabilities	—	—	610	—	2,611
(Decrease)/increase in trade payables	(7,380)	(3,469)	(65)	144	1,883
Increase/(decrease) in other payables	2,860	8,323	7,923	1,569	(463)
Decrease in amounts due to a fellow subsidiary	(59,680)	—	—	—	—
Increase in provision	12,682	13,763	13,268	9,966	9,919
Cash (used in)/generated from operations	(95,164)	22,413	26,201	25,375	5,242
PRC taxes paid	—	—	—	—	(142)
Net cash flows (used in)/generated from operating activities	(95,164)	22,413	26,201	25,375	5,100

	Year ended 31 March			Ninth months ended 31 December	
	2018	2019	2020	2019	2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	32	6	3	3	6
Purchases of items of property, plant and equipment	(1,390)	(184)	(50)	(50)	(51)
Proceeds from disposal of items of property, plant and equipment	—	41	—	—	—
Increase in amounts due from the immediate holding company	—	(15,750)	(294)	—	(73)
Net cash flows used in investing activities	(1,358)	(15,887)	(341)	(47)	(118)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of bank and other borrowing	—	(7,078)	(20,742)	(20,770)	—
Interest paid	(10,535)	(10,117)	(8,546)	(6,523)	(8,968)
Increase in amounts due to fellow subsidiaries	9,788	10,528	2,779	2,762	7,581
Net cash flows used in financing activities	(747)	(6,667)	(26,509)	(24,531)	(1,387)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(97,269)	(141)	(649)	797	3,595
Cash and cash equivalents at beginning of year	93,931	902	702	702	30
Effect of foreign exchange rate changes, net	4,240	(59)	(23)	(36)	205
CASH AND CASH EQUIVALENTS AT END OF YEAR	902	702	30	1,463	3,830

NOTES TO THE FINANCIAL INFORMATION OF THE DISPOSAL COMPANY

For each of the years ended 31 March 2018, 2019 and 2020 and the nine months ended 31 December 2020

1. GENERAL INFORMATION

The Disposal Company is a limited company incorporated in the People's Republic of China (the "**PRC**"). The address of its registered office and principal place of business are 太原市循環經濟環衛產業園區 (Taiyuan Circular Economy Protection Industrial Park*), Liudu Township, Qingxu County, Taiyuan City, Shanxi Province, the PRC. The Disposal Company is principally engaged in kitchen waste treatment. Its immediate holding company is Prime World Limited and the ultimate holding company is New Concepts Holdings Limited.

On 8 February 2021, Prime World Limited (the "**Vendor**"), the immediate holding company of the Disposal Company and 北控十方(山東)環保能源集團有限公司 (the "**Purchaser**") as purchaser entered into a share and purchase agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the 100% equity interests in the Disposal Company (the "**Disposal**").

Upon completion of the Disposal, the Disposal Company will cease to be a subsidiary of the Company as Prime World Limited will dispose entire equity interest in the Disposal Company.

2. BASIS OF PREPARATION

The Financial Information of the Disposal Company has been prepared in accordance with paragraph 14.68(2)(a)(i) of the Listing Rules and solely for the purpose of inclusion in the circular to be issued by the Company in connection with the Disposal. For the purpose of preparing and presenting the Financial Information for the years ended 31 March 2018, 2019 and 2020 and the nine months ended 31 December 2020, the Disposal Company has consistently applied the accounting policies which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The Financial Information of the Disposal Company has been prepared under the historical cost convention. The Financial Information is presented in Hong Kong dollar (HK$) and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

The Financial Information of the Disposal Company does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" issued by the HKICPA nor an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA.

The management discussion and analysis of the Remaining Group for the three financial years ended 31 March 2020 and the six months ended 30 September 2020 is set out below. Upon Completion, the Disposal Company will cease to be a subsidiary of the Company, and the Company will no longer have any ownership interest in the Disposal Company. The financial data in respect of the Remaining Group, for the purpose of this circular, is derived from the audited consolidated financial statements of the Group for each of the financial years ended 31 March 2018 ("**FY2018**"), 31 March 2019 ("**FY2019**") and 31 March 2020 ("**FY2020**") and the unaudited consolidated financial statements of the Group for the six months ended 30 September 2020 ("**Six Months of 2020**").

FY2018

Construction business

During the year, revenue generated from this segment was approximately HK$703.7 million. Revenue from this segment was generated from both public and private sector projects with approximately 80% of the segment revenue contributed by the foundation projects in private sector.

Despite that the segment revenue maintained its level as in the financial year ended 31 March 2017 ("**FY2017**"), the segment results were adversely affected by the gross losses of certain foundation projects. The construction business segment recorded a segment loss of approximately HK$88.6 million for FY2018, which was considered to be specific to the unforeseen difficulties of the foundation projects, and thus was non-recurring in nature.

The Remaining Group completed a total of 11 projects in FY2018 and secured 13 new projects during the year with aggregate contract value of approximately HK$548.8 million. All new projects secured during the year had commenced construction, and two out of 13 new projects had been completed within FY2018. As at 31 March 2018, 14 projects were in progress.

Construction-related business

The construction-related business involved sales of construction materials. During the year, revenue from sales of construction materials to external customers amounted to approximately HK$111.1 million, representing an increase as compared to FY2017. The segment results declined as compared to FY2017 mainly attributable to the drop in gross profit margin due to fluctuated prices of construction materials and keen competition of the market.

Environmental protection business

Revenue from the environmental protection business during the year was mainly generated from the business of kitchen waste treatment, which was carried out under Build-Operate-Transfer (BOT) model or Build-Own-Operate model. For FY2018, revenue from the environmental protection business dropped to approximately HK$54.9 million, which was mainly attributable to the decrease in construction revenue in relation to the kitchen waste treatment operation.

Kitchen waste treatment

During the year, revenue generated from kitchen waste treatment amounted to approximately HK$38.5 million, which was mainly attributable to the construction revenue from BOT projects under construction.

In January 2017, the Remaining Group entered into a sale and purchase agreement and a capital injection agreement with two independent third parties to acquire 80% equity interest in Hefei Feifan Bio Technology Co., Ltd.* (合肥非凡生物科技有限公司) ("**Hefei Feifan**") and inject US$10 million into Hefei Feifan. In June 2017, the aforesaid acquisition was completed. Subsequent to completion and up to 31 March 2018, the Remaining Group had injected a total of US$6.8 million into Hefei Feifan. The Hefei plant commenced formal commercial operation in March 2018 and was operated under the BOT model.

In March 2017, the Remaining Group entered into an agreement (as supplemented by a supplemental agreement dated 3 January 2019) with two independent third parties to acquire (i) 85% equity interest in Shenzhen Xinbao Energy Technology Ltd.* (深圳市新寶環保能源科技有限公司) ("**Shenzhen Xinbao**") for a consideration of RMB15.5 million; and (ii) its remaining 15% equity interest for a consideration of RMB800,000.

During the year, the Loudi plant was under construction. In February 2018, the Remaining Group effectively disposed of 20% interest in the Loudi plant to an independent third party.

In June 2017, the Remaining Group also set up a joint venture company for the purpose of constructing and operating a kitchen waste plant in Hanzhong.

Provision of environmental improvement solutions

In December 2016, the Remaining Group acquired 51% equity interest in Clear Industry Company Limited ("**Clear Industry**") from an independent third party for a consideration of RMB87,975,000 to be satisfied by (i) cash of RMB43,987,500; and (ii) allotment and issue of 18,982,992 Shares at the issue price of HK$2.97 per Share. The Clear Industry group was principally engaged in provision of Engineering Procurement Construction (EPC) services for kitchen waste treatment and water treatment projects, provision of environmental and purifying improvement solutions and systems, and the sale and trading of environmental equipment. The Clear Industry group contributed revenue of approximately RMB9.4 million to the Remaining Group.

Industrial water treatment

During the year, the Remaining Group still owned certain assets for treatment of highly saline and corrosive process waters generated during industrial activities (the "**Memsys Assets**"), which it acquired in October 2016. After acquisition of the Memsys Assets, the Remaining Group had further promoted, developed and marketed the vacuum multi effect membrance distillation (V-MEMD) technology to users in industrial water treatment industry. For FY2018, revenue generated from the Memsys Assets amounted to approximately HK$4.8 million. As part of its effort to commercialise the application of the V-MEMD technology, in March 2017, the Remaining Group entered into a conditional agreement to acquire 100% equity interest in Beijing China Science Resources & Environmental Technology Co., Ltd.* (北京中科瑞升資源環境技術有限公司) ("**BCSRET**"). However, this proposed acquisition lapsed in December 2017.

In April 2017, the Remaining Group entered into a framework agreement with an independent third party to acquire 100% equity interest in Beijing TDR Environ-Tech Co., Ltd.* (北京天地人環保科技有限公司) ("**TDR**") for a consideration of RMB650 million. However, this framework agreement lapsed on 24 October 2017.

Strategic investments

In June 2017, the Remaining 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 Remaining Group should contribute US$5 million as capital commitment to the partnership. The primary purpose of the partnership was 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 year, no capital contribution was made by the Remaining Group.

Liquidity and financial resources

As at 31 March 2018, the total assets of the Remaining Group increased to approximately HK$1,177.2 million. The Remaining Group also maintained relatively stable growth in the financial position during the year. As at 31 March 2018, the Remaining Group had bank balances and cash (including pledged bank deposits) of approximately HK$60.8 million.

The total interest-bearing loans, comprising finance leases, bank and other borrowings and convertible bonds (liability component), of the Remaining Group as at 31 March 2018 was approximately HK$107.2 million, and the current ratio was approximately 1.25.

The Remaining Group's borrowings and bank balances were principally denominated in HK$ and RMB and there might be significant exposure to foreign exchange rate fluctuations.

Gearing ratio

The gearing ratio as at 31 March 2018 was approximately 26.41%. The increase in gearing ratio was mainly attributable to the increase in overall borrowings and decline in equity attributable to the owners of the Company during the year.

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

Pledge of assets

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

The Remaining Group also guaranteed certain facilities through certain proceeds from its service concession arrangements, equity interests in subsidiaries and the prepaid lease payments and equipment.

Foreign exchange exposure

Certain revenue-generating operations and assets and liabilities of the Remaining Group were denominated in RMB and EURO and might expose the Remaining Group to the fluctuation of HK$ against RMB and EURO. The Remaining Group did not enter into any hedging arrangement or derivative products. However, the Board and management would continue to monitor the foreign currency exchange exposure and would consider adopting certain hedging measures against the currency risk when necessary.

Capital structure

During the year, the Remaining Group had issued convertible bonds in the principal amount of US$5 million (the "**CB**"), and allot and issue 10,164,000 new Shares, with details as summarised below:

Issue of CB

The Company entered into a subscription agreement with Forest Water Environmental Engineering Co., Ltd. ("**Forest Water**"), pursuant to which the Company conditionally agreed to issue, and Forest Water conditionally agreed to subscribe for the CB which carried interest at 6.5% per annum, with a yield to maturity of 12% per annum internal rate of return applied on the principal amount. The initial conversion price (subject to adjustment) was HK$3.50.

The gross proceeds from such subscription were US$5 million. The net proceeds, after deducting all relevant costs and expenses, were approximately HK$38.0 million.

Allotment and issue of new Shares

The Company entered into a subscription agreement with the subscriber, pursuant to which the Company conditionally agreed to allot and issue, and the subscriber conditionally agreed to subscribe for 10,164,000 subscription Shares at the subscription price of HK$3.71 per subscription Share. The gross proceeds from such subscription were approximately HK$37.7 million.

The proceeds from the CB and the subscription Shares were intended to be used for the Company's investment in its kitchen waste and water treatment businesses and as general working capital. As at 31 March 2018, the Remaining Group had utilised all the net proceeds for development of the kitchen waste treatment business.

Capital commitments

As at 31 March 2018, the Remaining Group had capital commitment of approximately HK$25,905,000 in relation to the projects under the ordinary course of business. At as 31 March 2018, the Remaining Group also had capital commitment of US$5 million in relation to capital injection into a limited partnership under the LP Agreement.

Human resources management

As at 31 March 2018, the Remaining Group had 285 employees, including Directors. Total staff costs (including Directors' emoluments) were approximately HK$101,545,000. Remuneration was determined with reference to market norms and individual employees' performance, qualification and experience.

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

Significant investments held

As at 31 March 2018, the Remaining Group held approximately 10.33% of the total issued share capital of Josab Water Solutions AB ("**Josab**"), the shares of which are listed on Spotlight Stock Market (formerly AktieTorget), a stock exchange in Sweden. Save as disclosed herein and except for investment in subsidiaries, during FY2018, the Remaining 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 herein, the Remaining Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during FY2018.

Contingent liabilities

As at 31 March 2018, the Remaining Group had outstanding performance bond for construction contracts amounted to approximately HK$58.4 million.

The Company agreed to provide corporate guarantee for the due performance of the repayment obligations of a wholly-owned subsidiary of TDR of up to RMB153,986,000 under a principal agreement dated 14 July 2017 entered into between such TDR's subsidiary and CITIC Financial Leasing Company Limited* (中信金融租賃有限公司). In consideration of the corporate guarantee provided by the Company, TDR entered into a counter-guarantee agreement with the Company, pursuant to which TDR agreed to provide to the Company the guarantee fee and the counter-guarantee in respect of such corporate guarantee (altogether, the "**Guarantees**").

FY2019

Construction business

During the year, revenue generated from this segment was approximately HK$706.4 million. Revenue from this segment was generated from both public and private sector projects with approximately 91% of the segment revenue contributed by the foundation projects in private sector.

The overall gross profit margin of the construction business increased to approximately 10.4%. The significant improvement was attributable to the increase in projects with higher profit margin as compared to FY2018, and fewer unexpected increase in project costs due to delay in work progress.

The Remaining Group completed a total of 11 projects in FY2019 and secured nine new projects during the year with aggregate contract value of approximately HK$547.5 million. All new projects secured during the year had commenced construction, and one out of the nine new projects was completed during the year. As at 31 March 2019, 12 projects were in progress.

Construction-related business

The construction-related business involved sales of construction materials. During the year, revenue from sales of construction materials to external customers amounted to approximately HK$58.4 million, representing a decrease as compared to FY2018. The decrease was mainly attributable to fluctuated prices of construction materials and keen competition of the market.

Environmental protection business

For FY2019, the Remaining Group's revenue from the environmental protection business decreased to approximately HK$50.7 million, which was mainly attributable to the decrease in revenue from the kitchen waste treatment operation.

Kitchen waste treatment

During the year, revenue generated from kitchen waste treatment amounted to approximately HK$40.3 million, which was mainly attributable to the construction revenue from BOT projects under construction.

During the year, the Hefei plant was undergoing a technology improvement, and its utilised capacity was therefore reduced to 100 tons per day as at 31 March 2019.

During the year, the Shenzhen authorities were yet to decide where the permanent site for the Shenzhen plant should be located. A supplemental agreement was entered into by the Remaining Group to acquire the remaining 15% equity interest in Shenzhen Xinbao for a consideration of RMB800,000. Thereafter, the Remaining Group entered into a disposal agreement with an independent third party to dispose of the entire equity interest in Shenzhen Xinbao for a consideration of RMB9.5 million. Such disposal was completed on 31 March 2019.

In addition, the Loudi plant was still under construction while construction of the Hanzhong plant was pending completion of the prefeasibility and market studies by the relevant government authorities.

During the year, the Remaining Group further 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) at a consideration of RMB3,323,000. The consideration would be satisfied by assumption of outstanding debts of RMB3 million and offsetting the payable owned to the Remaining Group. Subsequently in May 2018, the Hancheng plant was granted an exclusive concession right (BOT model) to operate a kitchen waste treatment plant with capacity of 20,000 tons per annum for a term of 30 years. However, during construction, certain design deficiencies were found in respect of the waste-water system of the Hancheng plant. Such deficiencies may result in malfunction of the Hancheng plant as well as imposition of penalty for output of polluted water. The Remaining Group had put forward to the Hancheng Federation of Supply and Marketing Cooperatives for modification of the Hancheng plant's design, but had yet to reach any agreement with it. Construction of Hancheng plant had been pending until the above matter was resolved.

Provision of environmental improvement solutions

During the year, the Clear Industry group contributed revenue of approximately RMB7.0 million to the Remaining Group, representing a decrease as compared to FY2018. The decrease was mainly attributable to the decreased number of on-going EPC projects during the year.

Industrial water treatment

In May 2018, the Remaining Group entered into an agreement to transfer all the rights and ownership of the Memsys Assets owned by the Remaining Group to Cevital International (Dubai) Ltd. (the "**Memsys Purchaser**") for a consideration of EURO3.5

million, resulting in a gain on disposal of approximately EURO1.5 million. As part and parcel of the transfer, the Remaining Group also entered into a cooperation agreement with the Memsys Purchaser to set up a joint venture company (the "**Memsys JV**") which was owned as to 50% by the Remaining Group and as to 50% by the Memsys Purchaser for the purpose of developing the market of the relevant technology in the PRC. The Memsys JV also intended to engage BCSRET for business collaboration to develop the PRC market for the Memsys Assets. The Remaining Group and the Memsys Purchaser should contribute HK$11.7 million as the share capital of the Memsys JV. The aforesaid transfer was completed on 23 July 2018 and the Memsys JV was established on 18 September 2018. Capital injection of HK$11.7 million to the Memsys JV had not been made and the Memsys JV had not yet commenced business.

During the year, the Remaining Group initiated further negotiation with the TDR owners with a view to review the possible cooperation with TDR given the synergies between the technology and know-how of the Remaining Group in membrane distillation system and the back-end system for concentrated water possessed by TDR. The TDR owners agreed in principle to allow the Remaining Group to participate in the equity in TDR at the consideration calculated on the basis of not more than RMB800 million for 100% of TDR. In such case, the Remaining Group might acquire a maximum of 3.25% at a consideration of RMB26.0 million.

Strategic investments

As the partnership fund under the LP Agreement had not been launched, the parties to the LP Agreement entered into a withdrawal deed on 24 January 2019, pursuant to which the Remaining Group withdrew from the partnership under the LP Agreement, and the Remaining Group was neither obliged to make any capital contribution to the partnership nor incur any management fee payable.

Industrial fluids systems service

On 3 May 2018, the Remaining Group entered into a share purchase agreement (the "**Vimab Agreement**") with, amongst others, P.H.M Holding AB and Friction Invest AB as vendors, to acquire the entire issued share capital of Vimab Holdings AB ("**Vimab**") for a total consideration of HK$170,524,000. Pursuant to the Vimab Agreement, the consideration of such acquisition should 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. 19,488,428 new Shares out of the Consideration Shares were subject to a lock-up period, which would be released upon fulfilment of certain financial benchmarks by Vimab for the financial years ended 31 December 2018 and 2019. The acquisition was completed on 31 May 2018. Moreover, one of the conditions precedent to the Vimab Agreement was that 13 key employees of Vimab should each enter into a subscription agreement as subscriber 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.

Liquidity and financial resources

As at 31 March 2019, the Remaining Group had bank balances and cash (including pledged bank deposits) of approximately HK$38.0 million.

The total interest-bearing loans comprising finance leases, bank and other borrowings and convertible bonds (liability component) of the Remaining Group as at 31 March 2019 were approximately HK$224.8 million, and current ratio was approximately 1.25.

The Remaining Group's borrowings and bank balances were principally denominated in HK$, RMB and Swedish Krona ("**SEK**") and there might be significant exposure to foreign exchange rate fluctuations.

As trading in the Shares had been suspended for more than the stipulated period (i.e. 30 Business Days) according to the terms of the CB issued to Forest Water, the Company had been negotiating with Forest Water for settlement arrangement regarding repayment of the outstanding principal and interests. As at 31 March 2019, the principal and accrued interests outstanding under the CB were approximately US$5.6 million.

Gearing ratio

The gearing ratio as at 31 March 2019 was approximately 53.73%. The increase in gearing ratio was mainly attributable to the increase in overall borrowings during the year.

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

Pledge of assets

As at 31 March 2019, the Remaining Group pledged certain assets including property, plant and equipment with carrying values of approximately HK$20,261,000, as collateral to secure the facilities granted to the Remaining Group.

The Remaining Group also guaranteed certain facilities through certain proceeds from its service concession arrangements, equity interests in subsidiaries and the prepaid lease payments and equipment.

Foreign exchange exposure

Certain revenue-generating operations and assets and liabilities of the Remaining Group were denominated in RMB and SEK and might expose the Remaining Group to the fluctuation of HK$ against RMB and SEK. The Remaining Group did not enter into any hedging arrangement or derivative products. However, the Board and management would continue to monitor the foreign currency exchange exposure and would consider adopting certain hedging measures against the currency risk when necessary.

Capital structure

Save for the allotment and issue of 42,137,142 new Shares under the Vimab Agreement as disclosed herein, there had been no other significant changes in capital structure of the Company during the year.

Capital commitments

As at 31 March 2019, the Remaining Group had capital commitment of approximately HK$48,278,000 in relation to the projects under the ordinary course of business.

Human resources management

As at 31 March 2019, the Remaining Group had 532 employees, including Directors. Total staff costs (including Directors' emoluments) were approximately HK$200,103,000 for FY2019. Remuneration was determined with reference to market norms and individual employees' performance, qualification and experience.

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

Significant investments held

As at 31 March 2019, the Remaining Group held approximately 10.33% of the total issued share capital of Josab. Save as disclosed herein and except for investment in subsidiaries, during FY2019, the Remaining 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 herein, the Remaining Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during FY2019.

Contingent liabilities

As at 31 March 2019, the Remaining Group had outstanding performance bond for construction contracts amounted to approximately HK$76.0 million, and the Guarantees remained in place.

FY2020

Construction business

During the year, revenue generated from this segment was approximately HK$535.0 million, representing a decrease as compared to FY2019. The decrease was mainly attributable to the decrease in the number of sizable projects undertaken by the Remaining Group during the year.

Revenue from this segment was generated from both public and private sector projects with approximately 87.5% of the segment revenue contributed by the foundation projects in private sector.

The overall gross profit margin of the construction business decreased to approximately 6.9%. The significant decrease was attributable to (i) social events and blockage of traffic in substantial areas in Hong Kong from time to time during the year and also the impact of the COVID-19 pandemic during the first quarter of 2020, causing reduction of allowable working hours and disruption of delivery of resources, leading to the increase in overall operating costs of the construction business; and (ii) certain projects with lower gross profit margin were undertaken during the year as a result of increased competition of the market.

The Remaining Group completed a total of 12 projects in FY2020 and secured 11 new projects during the year with aggregate contract value of approximately HK$695.8 million. All new projects secured during the year had commenced construction, and three out of 11 new projects was completed during the year. As at 31 March 2020, 11 projects were in progress.

Construction-related business

The construction-related business involved sales of construction materials, of which the revenue generated was insignificant during FY2020.

Environmental protection business

For the year, the Remaining Group's revenue from the environmental protection business increased to approximately HK$56.9 million, which was mainly attributable to the increase in revenue from provision of EPC services.

Kitchen waste treatment

During the year, revenue generated from kitchen waste treatment amounted to HK$10.1 million, which was mainly attributable to the construction revenue from BOT projects under construction.

The Hefei plant had been undergoing technological improvement since the first quarter of 2019, but the output was yet to meet the anticipated performance and outcome. The failure in technological improvement not only resulted in delay in the proposed price adjustment on the kitchen waste treatment fee, but also affected the volume and quality of other by-products output including organic fertilizers, biogas etc., and deteriorated the estimated recoverable amounts of the Hefei plant. Therefore, impairment losses of approximately HK$1,304,000 and HK$52,399,000 were recognised for goodwill and operating concession related to the Hefei plant.

During the year, the Loudi plant was still under construction while construction of the Hanzhong plant was pending completion of the prefeasibility and market studies by the relevant government authorities.

On the other hand, as mentioned, the deficiencies found during construction of the Hancheng plant might result in the malfunction of its operation as well as imposition of penalty for output of polluted water. The Remaining Group had put forward to the Hancheng Federation of Supply and Marketing Cooperatives for the modification of the Hancheng plant's design, but had yet to reach any agreement with it. During the year, the Remaining Group obtained several reminders from the Hancheng Federation of Supply and Marketing Cooperatives urging for resumption of construction of the Hancheng plant, while the Hancheng Municipal Ministry of Natural Resources issued an administrative penalty notice alleging the Hancheng plant for occupying certain collective land. According to such notice, the ministry proposed penalties which required: (i) returning such occupied collective land; (ii) confiscating any building and facilities on such occupied collective land; and (iii) payment of penalty of approximately RMB260,000. The Remaining Group submitted an explanation to a hearing of the ministry, and construction of the Hancheng plant had been pending during the year until the above matters were resolved.

Provision of environmental improvement solutions

During the year, the Clear Industry group contributed revenue of approximately RMB41.5 million to the Remaining Group, representing an increase as compared to FY2019. The increase was mainly attributable to the increased number of on-going EPC projects during the year.

Industrial water treatment

The Memsys JV had not commenced business during the year.

Industrial fluids systems service

Despite the entering into of the Employees Subscription Agreements 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 Henrik Melinder ("**Melinder**"), being one of the guarantors to the Vimab Agreement, with the understanding that it would deliver the money to the Company on their behalf. However, Melinder had not delivered the subscription monies to the Company. To settle the claims against Melinder for the subscription monies, on 22 August 2018, the Remaining Group and the 12 subscribers entered into a deed of settlement with Melinder. Subsequently on 3 December 2019, the Company and all subscribers also entered into 13 deeds of termination, pursuant to which the parties agreed that the relevant Employees Subscription Agreements should be terminated and be of no further force and effect. Upon termination of the relevant Employees Subscription Agreements, all future obligations and liabilities of the parties thereunder were extinguished in the entirety.

In addition, after the signing of a supplement agreement to the Vimab Agreement on 3 December 2019 by the parties thereto, all the previous claims among the relevant parties were resolved.

Revenue from the Vimab group increased to approximately HK$188.6 million as in the current year it covered a full year of revenue while only ten-month revenue were consolidated (since acquisition to 31 March 2019) for the previous year.

Liquidity and financial resources

As at 31 March 2020, the Remaining Group had bank balances and cash of approximately HK$29.8 million.

The total interest-bearing loans comprising leases liabilities, bonds, bank and other borrowings of the Remaining Group as at 31 March 2020 were approximately HK$288 million, and the current ratio was approximately 0.57.

The Remaining Group's borrowings and bank balances were principally denominated in HK$, RMB and SEK, and there might be significant exposure to foreign exchange rate fluctuations.

Up to the date of the annual report of the Company for FY2020, formal agreement was yet to be reached between the Remaining Group and Forest Water, and Forest Water had not served any written notice for repayment.

Gearing ratio

The gearing ratio as at 31 March 2020 was approximately 261.11%. The increase in gearing ratio was mainly attributable to the increase in overall borrowings during the year.

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

Pledge of assets

As at 31 March 2020, the Remaining Group pledged certain assets including property, plant and equipment with carrying values of approximately HK$112,810,000 as collateral to secure the facilities granted to the Remaining Group. The Remaining Group also guaranteed certain facilities through receivables from its service concession arrangements, equity interests in subsidiaries and the prepaid lease payments and equipment.

Foreign exchange exposure

Certain revenue-generating operations and assets and liabilities of the Remaining Group were denominated in RMB and SEK and might expose the Remaining Group to the fluctuation of HK$ against RMB and SEK. The Remaining Group did not enter into any hedging arrangement or derivative products. However, the Board and management would continue to monitor the foreign currency exchange exposure and would consider adopting certain hedging measures against the currency risk when necessary.

Capital structure

During the year, there had been no change in capital structure of the Company. The capital of the Company comprised ordinary shares and capital reserves. The Remaining Group financed its working capital requirements through a combination of funds generated from operations and borrowings.

Capital commitments

As at 31 March 2020, the Remaining Group had capital commitment of approximately HK$44,793,000 in relation to the projects under the ordinary course of business.

Human resources management

As at 31 March 2020, the Remaining Group had 406 employees, including Directors. Total staff costs (including Directors' emoluments) were approximately HK$178,204,000 for the year. Remuneration was determined with reference to market norms and individual employees' performance, qualification and experience.

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

Significant investments held

As at 31 March 2020, the Remaining Group held approximately 8.69% of the total issued share capital of Josab. Such Josab's shares were held under Vimab and was derecognised from the Remaining Group following the settlement of claims among the parties to the Vimab Agreement.

Save as disclosed herein and except for investment in subsidiaries, during the year, the Remaining 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 herein, the Remaining Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during FY2020.

Contingent liabilities

As at 31 March 2020, the Remaining Group had outstanding performance bond for construction contracts amounted to approximately HK$68.4 million, and the Guarantees remained in place.

SIX MONTHS OF 2020

Construction business

For the period, revenue generated from this segment amounted to approximately HK$291.5 million, representing a decrease as compared to the corresponding period in 2019. Such decrease was mainly due to the decrease of the number of sizable projects undertaken by the Remaining Group during the period.

During the period, the Remaining Group disposed of its civil engineering works and building works within the construction business to an independent third party at a consideration of HK$24 million. Revenue from such disposed operations was approximately HK$14,151,000 (from 1 April 2020 up to disposal).

If the disposed operations of civil engineering works and building works were excluded, the overall gross profit margin of the remaining construction business (i.e. foundation works) would increase to approximately 18.3% for the period. The significant improvement was attributable to the increase in projects with higher profit margin, and no unexpected increase in project costs due to delay in work progress.

As at 30 September 2020, the Remaining Group completed four projects, and had seven projects in progress with an aggregate contract value of approximately HK$595.5 million. The management considered that all of the projects in progress were on schedule and none of them would cause the Remaining Group to indemnify any third parties and increase its contingent liabilities.

Environmental protection business

For the period, the Remaining Group's revenue from the environmental protection business increased to approximately HK$38.1 million.

Kitchen waste treatment

During the period, revenue generated from kitchen waste treatment amounted to approximately HK$17.8 million. The decrease was mainly caused by certain quarantine arrangement under the COVID-19 pandemic which lowered the collection and processing of kitchen waste.

In prior period, the Hefei plant had been undergoing a technology improvement and its capacity was therefore reduced. In or around August 2020, phase 1 of technology improvement was in place for trial operations.

The Loudi plant was under construction. The Loudi plant was an indirect 80%-owned subsidiary of the Company and the Remaining Group further acquired its 20% equity interest during the period at a consideration of RMB6,110,600 with an aim to facilitate the proposed disposal of entire Loudi plant so as to strengthen the Remaining Group's financial position and liquidity. Subsequent to 30 September 2020, the Remaining Group disposed of its entire interests in the Loudi plant. As such, the Loudi plant had been classified as a disposal group held for sale and presented separately in the statement of financial position as at 30 September 2020. As the proceeds of such disposal were less than the carrying amount of the related net assets, an impairment of approximately HK$16,416,000 was recognised.

During the period, construction of the Hanzhong plant was still pending completion of the pre-feasibility and market studies by the relevant government authorities.

During the period, construction of the Hancheng plant had still been pending until the previous matters were resolved.

Provision of environmental protection solutions

On 28 May 2020, the parties to the acquisition of Clear Industry in December 2016 entered into a settlement agreement pursuant to which they agreed to resolve the dispute over the outstanding consideration of RMB7,987,500 (due by the Remaining Group) and the compensation (due by the vendor and its guarantor) arising from the shortfall between the profit guarantee and the consideration under the relevant acquisition agreement by, amongst others, the Remaining Group returning the sale shares of Clear Industry to the vendor, while the vendor paying the Remaining Group a cash refund of RMB36 million and the cash proceeds from the disposal of the Company's consideration shares.

Since 1 April 2020 up to completion of the settlement agreement, the Clear Industry group contributed revenue of approximately RMB13.1 million to the Group, which was attributable to the increased number of on-going EPC projects. The Remaining Group ceased to consolidate the results, assets and liabilities of the Clear Industry group upon completion of the settlement agreement on 31 July 2020, which resulted in a gain of approximately HK$41,613,000.

Industrial water treatment

During the period, the shareholders to the Memsys JV resolved to commence a voluntary liquidation for the Memsys JV and such liquidation was yet to complete as at 30 September 2020. Such liquidation would have no material impact on the Remaining Group, and upon completion of the liquidation of Memsys JV, the Remaining Group's obligation to the cooperation agreement should be discharged entirely.

The Company entered into a memorandum of understanding dated 22 July 2020 with an affiliate of the TDR owners pursuant to which the Company (or through its designated parties) intended to acquire about 18% equity interest in TDR.

Industrial fluids systems services

Vimab was indebted to a fund (the "**Fund**") in the principal amount of SEK131 million under a loan agreement entered into between Vimab (as borrower) and the Fund (as lender) (the "**Loan Agreement**"). Pursuant to the Loan Agreement, the indebtedness should be repaid in full on 16 April 2021, and such indebtedness was secured (the "**Pledge**") by all the issued shares of Vimab (the "**Pledged Shares**"). The Fund enforced the Pledge and transferred all the Pledged Shares to a company designated by it on or around 7 April 2020. As such, Vimab ceased to be a subsidiary of the Company subsequent to such enforcement of the Pledged Shares, and the Remaining Group did not consolidate the results, assets and liabilities upon enforcement of the Pledge on or around 7 April 2020.

Liquidity and financial resources

As at 30 September 2020, the total assets of the Remaining Group decreased to approximately HK$743.5 million. As at 30 September 2020, the Remaining Group had bank balances and cash of approximately HK$35.4 million.

The total interest-bearing loans comprising lease liabilities, interest bearing bank and other borrowings and bonds of the Remaining Group as at 30 September 2020 was approximately HK$172.2 million, and current ratio was approximately 0.82.

The Remaining Group's borrowings and bank balances were principally denominated in HK$ and RMB and there might be significant exposure to foreign exchange rate fluctuations.

Included in other payables was the amount due to Forest Water with principal and accrued interests of US$6.6 million, resulting from prior issue of the CB to Forest Water. The CB was classified as other payables upon the Shares suspended for trading for more than 30 Business Days. In October 2020, the Company received a writ of summons against the Company, pursuant to which Forest Water sought, amongst others, the repayment of the outstanding balances due to it.

Gearing ratio

The gearing ratio as at 30 September 2020 was approximately 112.97%. The decrease in gearing ratio was mainly attributable to the decrease in overall borrowings during the period.

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

Pledge of assets

As at 30 September 2020, the Remaining Group pledged certain assets including property, plant and equipment with carrying values of approximately HK$100,806,000 as collateral to secure the facilities granted to the Remaining Group.

The Remaining Group also guaranteed certain facilities through receivables from its service concession arrangements, equity interests in subsidiaries and the prepaid lease payments and equipment.

Foreign exchange exposure

Certain revenue-generating operations and assets and liabilities of the Remaining Group were denominated in RMB and might expose the Remaining Group to the fluctuation of HK$ against RMB. The Remaining Group did not enter into any hedging arrangement or derivative products. However, the Board and management would continue to monitor the foreign currency exchange exposure and would consider adopting certain hedging measures against the currency risk when necessary.

Capital structure

During the period, the Remaining Group allotted and issued 50,922,000 placing Shares and 49,768,000 subscription Shares under the then general mandate of the Company, details of which are summarised below:

Placing of Shares

The Company entered into a placing agreement dated 10 June 2020 with a placing agent pursuant to which the placing agent had conditionally agreed to place up to 57,290,113 new Shares, at a price of HK$0.202 per placing Share. The placing was completed on 2 July 2020 and 50,922,000 placing shares were issued. The net proceeds therefrom were approximately HK$10.6 million.

Allotment and issue of new Shares

On 15 June 2020, the Company allotted and issued 49,768,000 subscription Shares at the subscription price of HK$0.221 per subscription Share to three subscribers. Such subscription was completed on 26 June 2020. The net proceeds therefrom were approximately HK$11.0 million.

The proceeds from (i) the placing of Shares; and (ii) allotment and issue of the subscription Shares were used for the Company's general working capital as intended and were utilised as at 30 September 2020.

Capital commitments

As at 30 September 2020, the Remaining Group had capital commitment of approximately HK$32.9 million.

Human resources management

As at 30 September 2020, the Remaining Group had 236 employees under continuing operations, including Directors. Total staff costs (including Directors' emoluments) under continuing operations were approximately HK$38.5 million for the period. Remuneration was determined with reference to market norms and individual employees' performance, qualification and experience.

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

Significant investments held

The Remaining Group did not hold any significant investment in equity interest in any other company during the period.

Material acquisitions and disposals of subsidiaries and affiliated companies

Save as disclosed herein, the Remaining Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the period.

Contingent liabilities

As at 30 September 2020, the Remaining Group had an outstanding performance bond for construction contracts amounted to approximately HK$59.8 million, and the Guarantees remained in place.

Basis of preparation and introduction

The unaudited pro forma financial information (the "**Unaudited Pro Forma Financial Information**") presented below is prepared in accordance with Rules 4.29 of the Listing Rules to illustrate (a) unaudited pro forma consolidated statement of the financial position of the Remaining Group as if the Disposal had been completed on 30 September 2020; and (b) unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 March 2020 as if the Disposal had been completed on 1 April 2019. This Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not purport to represent the true picture of the financial position of the Remaining Group as at 30 September 2020 or at any future date had the Disposal been completed on 30 September 2020 or the results and cash flows of the Remaining Group for the year ended 31 March 2020 or for any future period had the Disposal been completed on 1 April 2019.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated statement of the financial position of the Group as at 30 September 2020 which has been extracted from the unaudited consolidated financial statements of the Group for the six months ended 30 September 2020 as set out in the interim report of the Company, the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2020 which have been extracted from the audited consolidated financial statements of the Group for the year ended 31 March 2020 as set out in the annual report of the Company, and the unaudited financial information of the Disposal Company after giving effect to the pro forma adjustments described in the notes and is prepared in accordance with Rules 4.29 and 14.68(2)(a)(ii) of the Listing Rules.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE REMAINING GROUP

As at 30 September 2020

	The Group (unaudited)	Proforma adjustments			The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2(a)*	*Note 2(b)*	*Note 2(c)*	
Non-current assets					
Property, plant and equipment	122,621	(869)			121,752
Goodwill	23,461			(23,461)	—
Operating concessions	186,560	(129,847)			56,713
Receivables under operating concession arrangements	260,277	(249,989)			10,288
Retention receivables	16,891				16,891
Prepayments, deposits and other receivables	44,172				44,172
	653,982				249,816
Current assets					
Inventories	17,564	(904)			16,660
Contract assets	11,576				11,576
Trade and retention receivables	152,329	(7,920)			144,409
Receivables under operating concession arrangements	72,401	(26,434)			45,967
Prepayments, deposits and other receivables	104,648	(19,139)			85,509
Loan receivables	350				350
Amount due from holding company	—	(16,365)	16,365		—
Amount due from Disposal Company	—		37,588		37,588
Cash and cash equivalents	39,809	(3,830)		140,166	176,145
	398,677				518,204
Assets of a disposal group classified as held for sale	54,273				54,273
	452,950				572,477

	The Group (unaudited)	Proforma adjustments			The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2(a)*	*Note 2(b)*	*Note 2(c)*	
Current liabilities					
Contract liabilities	24,623	(3,401)			21,222
Lease liabilities	2,070				2,070
Trade and retention payables	135,021	(26,068)			108,953
Other payables and accruals	158,689	(16,760)			141,929
Due to directors	12,491				12,491
Interest-bearing bank and other borrowings	132,845	(29,186)			103,659
Bonds	25,500				25,500
Amount due to fellow subsidiaries	—	(53,953)	53,953		—
Tax payable	7,352				7,352
	498,591				423,176
Liabilities of a disposal group classified as held for sale	20,133				20,133
	518,724				443,309
Net current (liabilities)/assets	(65,774)				129,168
Total assets less current liabilities	588,208				378,984
Non-current liabilities					
Due to a related company	160,083				160,083
Lease liabilities	2,229				2,229
Interest-bearing bank and other borrowings	152,429	(120,013)			32,416
Retention payables	2,096				2,096
Other payables	34,639	(15,354)			19,285
Provision	48,844	(51,224)			(2,380)
Deferred tax liabilities	2,933	(2,775)			158
	403,253				213,887
NET ASSETS	184,955				165,097
EQUITY					
Equity attributable to owners of the Company					
Share capital	67,359				67,359
Reserves	85,065			(19,858)	65,207
	152,424				132,566
Non-controlling interests	32,531				32,531
TOTAL EQUITY	184,955				165,097

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE REMAINING GROUP

For the year ended 31 March 2020

	The Group (audited)	Proforma adjustments			The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 3(a)*	*Note 3(b)*	*Note 3(c)*	
REVENUE	837,168	(56,684)			780,484
Cost of sales	(652,454)	48,284			(604,170)
Gross profit	184,714				176,314
Other income and gains, net	43,833	(4,073)		1,330	41,090
Administrative expenses	(289,137)	3,268			(285,869)
Expected credit loss on financial and contract assets	(37,914)	768			(37,146)
Other expenses, net	(193,752)		(41,707)		(235,459)
Finance costs	(46,803)	8,546			(38,257)
LOSS BEFORE TAX	(339,059)				(379,327)
Income tax credit	26,605	(1,493)			25,112
LOSS FOR THE YEAR	(312,454)				(354,215)
OTHER COMPREHENSIVE INCOME					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	(21,081)	9,248			(11,833)
Recycle of exchange differences upon disposal of foreign operations	—			(1,330)	(1,330)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	(21,081)				(13,163)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(333,535)				(367,378)
Loss attributable to:					
Owners of the Company	(295,679)	(1,384)	(41,707)	1,330	(337,440)
Non-controlling interests	(16,775)				(16,775)
	(312,454)				(354,215)
Total comprehensive income attributable to:					
Owners of the Company	(313,446)	7,864	(41,707)		(347,289)
Non-controlling interests	(20,089)				(20,089)
	(333,535)				(367,378)

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE REMAINING GROUP

For the year ended 31 March 2020

	The Group (audited)	Proforma adjustments			The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 4(a)*	*Note 4(b)*	*Note 4(c)*	
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax	(339,059)	109	(41,707)	1,330	(379,327)
Adjustments for:					
Finance costs	46,803	(8,546)			38,257
Interest income	(504)	3			(501)
Recycle of exchange differences upon disposal of foreign operation				(1,330)	(1,330)
Gain on disposal of items of property, plant and equipment	(3,578)				(3,578)
Net loss from the Disposal	—		41,707		41,707
Fair value change on financial assets at FVTPL	9,928				9,928
Depreciation	44,472	(264)			44,208
Amortisation of operating concessions	16,430	(6,069)			10,361
Amortisation of other intangible assets	11,804				11,804
Expected credit loss on financial and contract assets	37,914	(768)			37,146
Gain on disposal of equity interest in Stand Ascent	(29,349)				(29,349)
Impairment of goodwill	139,898				139,898
Impairment of property, plant and equipment	678				678
Impairment of other intangible assets	777				777
Impairment of operating concession	52,399				52,399
Equity-settled share option expense	6,473				6,473
	(4,914)				(20,449)

	The Group (audited)	Proforma adjustments			The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 4(a)*	*Note 4(b)*	*Note 4(c)*	
Increase in inventories	(1,246)	285			(961)
Decrease in contract assets	41,652				41,652
Decrease in trade and retention receivables	48,696	1,828			50,524
Decrease in prepayments, deposits and other receivables	18,947	(11,243)			7,704
Decrease in receivables under operating concession arrangements	4,959	13,885			18,844
Increase in operating concessions	(3,895)	6,315			2,420
Increase in contract liabilities	1,607	(610)			997
Decrease in trade and retention payables	(47,916)	65			(47,851)
Increase in other payables and accruals	77,571	(7,923)			69,648
Increase in provision	16,245	(13,268)			2,977
Cash from operations	151,706				125,505
PRC taxes paid	(5,263)				(5,263)
Net cash flows generated from operating activities	146,443				120,242
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	504	(3)			501
Purchases of items of property, plant and equipment	(6,121)	50			(6,071)
Proceeds from disposal of items of property, plant and equipment	6,057				6,057
Increase in amount due from Disposal Company	—	(2,485)			(2,485)
Net proceeds from disposal	—		131,119		131,119
Settlement from loan receivables	5,129				5,129
Net cash flows generated from investing activities	5,569				134,250

	The Group (audited)	Proforma adjustments			The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 4(a)*	*Note 4(b)*	*Note 4(c)*	
CASH FLOWS FROM FINANCING ACTIVITIES					
New bank and other borrowings	135,472				135,472
Repayment of bank and other borrowings	(81,380)	20,742			(60,638)
Repayment to capital element of lease liabilities payments	(8,809)				(8,809)
Interest element of lease liabilities payments	(1,038)				(1,038)
Interest paid	(45,765)	8,546			(37,219)
Increase in amount due to directors	4,656				4,656
Decrease in amount due to a related company	(167,298)				(167,298)
Net cash flows used in financing activities	(164,162)				(134,874)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(12,150)	649	131,119		119,618
Cash and cash equivalents at beginning of year	38,745				38,745
Effect of foreign exchange rate changes, net	3,222	23			3,245
CASH AND CASH EQUIVALENTS AT END OF YEAR	29,817				161,608

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

1. The amounts are extracted from the unaudited consolidated statement of financial position of the Group as at 30 September 2020, the audited consolidated profit or loss account, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2020 as set out in Appendix I to this circular.

2. The following pro forma adjustments have been made to the unaudited pro forma consolidated statement of financial position of the Remaining Group, assuming the Disposal had taken place on 30 September 2020:

   (a) The adjustment represents the exclusion of assets and liabilities of the Disposal Company to be disposed of as at 30 September 2020. The amounts have been extracted from the unaudited financial information of the Disposal Company as at 31 December 2020 as set out in Appendix II to this circular.

   (b) The adjustment represents the reclassification of intercompany balance between the Disposal Company and the Remaining Group to amount due from Disposal Company as at 30 September 2020, upon the completion of the Disposal.

   (c) The adjustment represents the estimated net loss on the disposal as if the Disposal had taken place on 31 December 2020, which is calculated as follows:

		HK$'000
	Consideration *(note i)*	142,579
Less:	Estimated costs and expenses of the disposal *(note ii)*	(2,413)
	Estimated net proceeds received from the disposal	140,166
Less:	Net assets of the Disposal Company as at 31 December 2020 *(note iii)*	(136,563)
		3,603
Less:	Goodwill as at 30 September 2020	(23,461)
	Estimated net loss on the disposal	(19,858)

   (i) The Consideration under the Disposal Agreement payable by the Purchaser to the Remaining Group in respect of the Disposal is RMB120,000,000.

   (ii) The amount includes the estimated professional expenses directly incurred for the Disposal amounting to approximately HK$2,413,000 which will be borne by the Remaining Group and are assumed to be settled in cash.

   (iii) The amount represents the carrying amount of net assets of the Disposal Company as at 31 December 2020, which is extracted from the unaudited management accounts of the Disposal Company as at 31 December 2020.

(iv) The conversion of RMB into HK$ is based on the exchange rate of approximately RMB1.00 = HK$1.19 as of 31 December 2020.

The actual financial effects of the Disposal are to be determined based on the consideration and the carrying amount of net assets of the Disposal Company at the completion date, which may be substantially different from the estimated amounts used in the preparation of the unaudited pro forma financial information.

3. The following pro forma adjustments have been made to the unaudited pro forma consolidated profit or loss account and statement of comprehensive income of the Remaining Group, assuming the Disposal had taken place on 1 April 2019:

(a) The adjustment represents the exclusion of income and expenses of the Disposal Company to be disposed as at 1 April 2019. The amounts have been extracted from the unaudited financial information of the Disposal Company as at 31 March 2020 as set out in Appendix II to this circular.

(b) The adjustment represents the estimated loss on Disposal assuming the Disposal had taken place on 1 April 2019.

		HK$'000
	Consideration *(note i)*	134,234
Less:	Estimated costs and expenses of disposal *(note ii)*	(2,413)
	Estimated net proceeds received from the disposal	131,821
Less:	Net assets of the Disposal Company as at 1 April 2019 *(note iii)*	(150,466)
		(18,645)
Less:	Goodwill as at 1 April 2019	(23,062)
	Estimated net loss on the disposal	(41,707)

(i) The Consideration under the Disposal Agreement payable by the Purchaser to the Remaining Group in respect of the Disposal is RMB120,000,000.

(ii) The amount includes the estimated professional expenses directly incurred for the Disposal amounting to approximately HK$2,413,000 which will be borne by the Remaining Group and are assumed to be settled in cash.

(iii) The amount represents the carrying amount of net assets of the Disposal Company as at 31 March 2019, which is extracted from the unaudited management accounts of the Disposal Company as at 31 March 2019.

(iv) The conversion of RMB into HK$ is based on the exchange rate of approximately RMB1.00 = HK$1.12 as of 31 March 2019.

(c) The adjustments represent recycling of exchange reserve in other comprehensive income to profit or loss as a result of deemed disposal of the Disposal Company had the Disposal been completed on 1 April 2019.

The actual financial effects of the Disposal are to be determined based on the consideration and the carrying amount of net assets of the Disposal Company at the completion date, which may be substantially different from the estimated amounts used in the preparation of the unaudited pro forma financial information.

4. The following pro forma adjustments have been made to the unaudited pro forma consolidated statement of cash flows assuming the Disposal had taken place on 1 April 2019:

(a) The adjustment represents the exclusion of cash flows of the Disposal Company for the year ended 31 March 2020 as if the Disposal had been completed on 1 April 2019. The amounts are extracted from the unaudited statements of cash flows of the Disposal Company for the year ended 31 March 2020, as set out in Appendix II to this Circular.

(b) The adjustment represents the net cash flow from the Disposal as if the Disposal had taken place on 1 April 2019.

		HK$'000
	Consideration *(note i)*	134,234
Less:	Estimated costs and expenses of disposal *(note ii)*	(2,413)
	Estimated net proceeds received from the disposal	131,821
Less:	Cash and cash equivalents held by the Disposal Company at 1 April 2019	(702)
	Net cash proceeds from completion of the Transaction	131,119

(i) The Consideration under the Disposal Agreement payable by the Purchaser to the Remaining Group in respect of the Disposal is RMB120,000,000.

(ii) The amount includes the estimated professional expenses directly incurred for the Disposal amounting to approximately HK$2,413,000 which will be borne by the Remaining Group and are assumed to be settled in cash.

(iii) The conversion of RMB into HK$ is based on the exchange rate of RMB1.00 = HK$1.12 as of 31 March 2019.

(c) The adjustments represent recycling of exchange reserve in other comprehensive income to profit or loss as a result of deemed disposal of the Disposal Company had the Proposed Disposal been completed on 1 April 2019.

The actual financial effects of the Disposal are to be determined based on the consideration and the carrying amount of net assets of the Disposal Company at the completion date, which may be substantially different from the estimated amounts used in the preparation of the unaudited pro forma financial information.

The following is the text of a report, prepared for the purpose of incorporation in this circular, from the independent reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the directors of New Concepts Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of New Concepts Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 September 2020, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flow for the year ended 31 March 2020 and related notes as set out on pages IV-1 to IV-11 of Appendix IV of the Company's circular dated 8 April 2021 (the "**Circular**"), in connection with the proposed disposal of entire equity interest in the Disposal Company (the "**Proposed Disposal**") by the Company. The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on IV-1 to IV-11 of Appendix IV of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Proposed Disposal on the Company's consolidated financial position as at 30 September 2020 and the Company's consolidated financial performance and consolidated cash flows for the year ended 31 March 2020 as if the Proposed Disposal had taken place at 30 September 2020 and 1 April 2019 respectively. As part of this process, information about the Company's consolidated financial position has been extracted by the directors of the Company from the Company's unaudited consolidated interim financial statements for the six months ended 30 September 2020, in which no audit or review report has been published and the Company's consolidated financial performance and consolidated cash flows has been extracted by the directors of the Company from the Company's consolidated financial statements for the year ended 31 March 2020, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standards on Assurance Engagement 3420, "Assurance Engagements to Report on the Compilation of Pro forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Disposal at 30 September 2020 and 1 April 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the director in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the entity, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Company; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

BDO Limited
Certified Public Accountants

Hong Kong 8 April 2021

The following is the text of a letter and valuation certificates, prepared for the purpose of incorporation in this circular received from Fujian United Assets Evaluation & Land and Real Estate Appraisal Co., Ltd., an independent valuer and consultant, in connection with its valuation of the equity value of the Disposal Company as at 31 December 2020.

To Prime World Limited

ASSET VALUE OF 100% EQUITY INTEREST IN TAIYUAN TIANRUN BIOENERGY CO., LTD IN RELATION TO THE PROPOSED SHARE TRANSFER BY PRIME WORLD LIMITED

We have been engaged by you (hereinafter referred to as "**Prime World**") to evaluate the market value of the 100% equity interest in Taiyuan Tianrun Bioenergy Co., Ltd* 太原天潤生物能源有限公司 (hereinafter referred to as "**Disposal Company**") on 31 December 2020, being the benchmark date of the valuation, in relation to a proposed share transfer to be conducted by you, according to the necessary evaluation processes using the asset-based approach (the cost method) in an independent, objective and fair manner in accordance with the relevant requirements of the relevant laws, administrative regulations and asset valuation standards. A summary of the asset valuation report is as follows:

I. PURPOSE OF VALUATION

The purpose of this valuation is to provide a reference on the market value of the 100% equity interest in the Disposal Company, being the subject matter of the proposed share transfer to be conducted by Prime World Limited, on 31 December 2020, being the benchmark date of the valuation, for reference.

II. SUBJECT MATTER AND SCOPE OF VALUATION

The subject matter of this valuation is the value of the 100% equity interest in the Disposal Company on 31 December 2020, being the benchmark date of the valuation. The scope of the valuation of the subject matter includes all assets and liabilities of the Disposal Company on 31 December 2020.

III. TYPE OF VALUE

Market value is selected as the basis of valuation of this valuation report.

IV. BENCHMARK DATE OF VALUATION

The benchmark date of this valuation is 31 December 2020.

V. METHODOLOGY

Both the asset-based approach (the cost method) and income approach are considered in this valuation. The result of the asset-based approach (the cost method) is selected as the final conclusion.

Comparison of valuation approach

The asset-based approach determines the value of a subject matter based on a reasonable valuation of each line item of assets and liabilities of a company. It identifies the value of a company's equity interest by subtracting the appraised value of the integral liabilities of the company from the appraised value of its integral assets. It reflects the value of a company in an intuitive manner.

The income approach is based on expectations and judgements on future macro-economic policies and market. To the best knowledge of the valuer, the Disposal Company has been established for years. In the past two years, income increased slightly while gross profit and profit margins fluctuated moderately. The Disposal Company is expected to have better management capability and stabling operation in subsequent production and operation. However, the operation and development of the Disposal Company is currently subject to relatively numerous industry, internal and market uncertainties. Specific business strategies and execution of the Disposal Company for the future are relatively uncertain. The asset-based approach determines and reflect the value of a company in a relatively intuitive manner based on the overall assets of the company. Therefore, the quality and quantity of the data used by the income approach in this valuation is less compelling than those used by the asset-based approach. The use of the result of the asset-based approach as the final conclusion of the valuation can better reflect the corporate value of the appraised entity.

VI. CONCLUSION AND VALIDITY PERIOD

Under the asset-based approach (the cost method), the appraised value of the 100% equity interest in the Disposal Company as at the benchmark date of the valuation was RMB115,104,000.

Valuation result of the asset-based approach (the cost method)

Based on the above, for the purpose of this valuation, the result of the asset-based approach is more reasonable as the market value of the 100% equity interest of the appraised entity, and is selected as the market value of the 100% equity interest of the appraised entity on the benchmark date of the valuation.

We have determined that the value of the equity interest in the Disposal Company on the valuation date is as follows:

	Carrying value	**Market value**
	RMB'000	*RMB'000*
Property, plant and equipment	731	811
Operating concessions and receivables under operating concession arrangements, net of provision	298,822	289,340
Inventories	761	637
Trade receivables	6,666	6,666
Prepayments, deposits and other receivables	16,109	16,109
Cash and cash equivalents	3,224	3,224
Trade payables	(21,940)	(21,940)
Other payables	(27,029)	(17,336)
Contract liabilities	(2,863)	(2,863)
Other borrowings	(125,572)	(125,572)
Net inter-companies balances	(31,637)	(31,637)
Deferred tax liabilities	(2,335)	(2,335)
	114,937	115,104

The final conclusion of this valuation is RMB115,104,000 (RENMINBI ONE HUNDRED AND FIFTEEN MILLION ONE HUNDRED FOUR THOUSAND ONLY).

According to the current standards, the conclusion of this valuation report is valid for one year starting from the benchmark date of the valuation.

Explanation regarding the valuation of major items and analysis of valuation gain or loss

Apart from (i) operating concession and receivables under operating concession arrangements, net of provision; and (ii) other payables, the carrying values of other assets and liabilities approximate to their respective market value. The valuation methods for: (i) operating concession and receivables under operating concession arrangement, net of provision; and (ii) other payables, are set out as follows:

(i) Operating concession and receivables under operating concession arrangements, net of provision;

1. Valuation methodology

The fair value of the operating concession arrangements is determined by considering the total construction costs of the operating concession arrangement and the anticipated return on the construction achieved by the selected comparable companies. When determining the fair value of the operating concession arrangements, the costs of the service concession arrangements included buildings and structures, equipment (including vehicles) and other incremental costs directly attributable to the project.

In order to assess the anticipated return on the construction, references have been made to the returns on cost of the construction segment of comparable companies.

2. Valuation methods for buildings and structures

Description of valuation methods

The replacement cost method has been used to assess the buildings and structures in this valuation. The calculation formula is:

Net estimated value = net present value × replacement discount rate

1) Estimation of net present value

Net present value = total construction and installation costs + initial and other costs + cost of capital + return on development – deductible input tax

① Total construction and installation costs

Total construction and installation costs of the appraised buildings are determined by revising the budget using the budget data provided by the appraised entity and differences in materials, machinery, labour and other costs between the date of the budget and the benchmark date of the valuation.

② Initial and other costs

They are calculated based on the relevant requirements of the national and local governments.

③ Cost of capital

Cost of capital is generally assessed based on the prevailing lending rates during the reasonable construction period of the whole construction project. The construction cost is taken into account as if it is invested on a straight-line basis. The interest-bearing period is half of the reasonable construction period.

④ Return on development

As the appraised buildings and structures are all owner-built, return on development is not considered in this valuation.

⑤ Deductible input tax

It is assessed depending on whether input taxes on the costs of construction and installation and the initial and other costs of the construction project are deductible, as well as the respective tax rates.

2) Estimation of replacement discount rate

The replacement discount rate of the appraised buildings and structures is estimated as a whole by estimating all depreciation based on a study of the actual effective useful life and age of the buildings and structures as well as an on-site inspection of the buildings and structures in respect of their workmanship quality as well as the repair and maintenance of their main structures, exteriors, utilities and decoration, and by taking into account their actual use.

The buildings and structures are valued at approximately RMB41,825,000.

3. *Valuation methods for equipment (including vehicles)*

Description of valuation methods

The replacement cost method has been used to assess all equipment. The calculation formula is:

Net appraised value = net present value × replacement discount rate

1) Estimation of net present value

① Estimation of net present value of machinery and equipment

Net present value = equipment purchase price + freight costs + equipment foundation costs + installation and commissioning costs + cost of capital + other costs

in which:

A. Equipment purchase price: it is estimated based on the purchased equipment that is available to deduct input tax payable by an enterprise under the Provisional Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例》) and its implementation rules based on the prevailing market price (tax exclusive) on the benchmark date of the valuation.

B. Freight costs: they are calculated at 0%–6% of the equipment purchase price (tax exclusive) based on the weight of the equipment and delivery distance and difficulty arising from its packaging, or calculated based on the rate set out in the latest delivery contract in respect of equipment of the same type. For purchased equipment that is available to deduct input tax of the value-added tax payable by an enterprise under the Provisional Regulations of the People's Republic of China on Value-added Tax and its implementation rules, value-added tax at a rate of 9% is deducted from the freight costs.

C. Equipment foundation costs: they are estimated at 0%–13% of the equipment purchase price based on the actual project size or complexity of the equipment foundation, or estimated based on the rate set out in the latest actual contract in respect of equipment foundation of the same type.

D. Installation and commissioning costs: they are estimated at 0%–45% of the equipment purchase price based on the actual installation conditions or complexity of the equipment, or estimated based on the rate set out in the latest actual installation and commissioning contract in respect of equipment of the same type. For purchased equipment that is available to deduct input tax of the value-added tax payable by an enterprise under the Provisional Regulations of the People's Republic of China on Value-added Tax and its implementation rules, value-added tax at a rate of 6% is deducted from the installation and commissioning costs.

E. Cost of capital: cost of capital is only considered for equipment with a high price or long installation and construction period.

F. Other costs: they are considered on a case by case basis.

② Estimation of net present value of vehicles

Net present value = purchase price + purchase-related tax + others

in which: Purchase price is estimated based on the prevailing market price on the benchmark date of the valuation. Purchase-related tax is calculated at 10% of the vehicle purchase price (value-added tax exclusive). Other costs mainly consider licensing cost based on the actual costs incurred on the benchmark date of the valuation.

2) Estimation of replacement discount rate

① The replacement discount rate of machinery and equipment is estimated based on their remaining useful lives that reflect the economic and technological life of the equipment as a whole and by taking into account the characteristics and usage of the equipment.

② The replacement discount rate of vehicles is estimated by the age limit method, the mileage method or the on-site grading method. Pursuant to the 2020 Latest Provisions on the Standards for Compulsory Retirement of Motor Vehicles (《2020年最新機動車強制報廢標準規定》), age limits of small vehicles not for business use are canceled. Therefore, the replacement discount rate of vehicles for business use is the lowest of the values calculated by these three methods, while the replacement discount rate of vehicles not for business use is the lower of the mileage method and the on-site grading method.

(ii) Other payables

Included in other payables represented deferred income from government grant of approximately RMB12,922,000.

Valuation methods for deferred income

The value of deferred income has been determined as the actual amount of liabilities incurred by the appraised entity on the benchmark date of the valuation.

The deferred income represents financial project subsidies granted by the local government. The inspection and acceptance procedures in respect of such subsidies have been completed. The appraised entity would amortise such balance over the concession period. Other than the potential tax payment arising from such deferred income, no actual amount of liabilities incurred and the deferred income (net of tax) is valued at nil.

VII. ASSUMPTIONS AND CONDITIONS

The attention of the lawful users of this valuation report is drawn to the assumptions, limiting conditions, special conditions (material subsequent events) and their impacts on the conclusion of this valuation as set out herein when they use this valuation report and the conclusion thereof.

Assumptions

1. *Arm's Length Assumption*

The arm's length assumption assumes that the appraised entity is already subject to a transaction, and the valuer conduct the valuation by simulating the market on the arm's length principle based on the conditions of the transaction of the appraised entity.

2. *Open Market Assumption*

The open market assumption assumes that the appraised entity is transacted in a fully competitive and established market (regional, national or international), in which both parties to the transaction are in arm's-length position with equal ability, opportunity and time to obtain sufficient market information, conduct the transaction voluntarily, rational and without compulsion, or in an unrestricted manner, such that both parties can make rational judgements on the function, use and transaction price of the subject matter. On the market conditions of a fully competitive market, the transaction price of the subject matter is subject to market mechanism and determined by market trends instead of the price of any specific transaction.

3. *Going Concern Assumption*

The going concern assumption assumes the continuing operation of the appraised entity (including the subject matter and its assets) according to its existing model, scale, frequency, conditions and so on a going concern basis. It presumes not only the operating conditions of, but also the market conditions or market environment faced by, the subject matter.

4. *General Assumptions*

(i) It is assumed that there will be no major changes in the relevant existing laws and regulations, industry policies, industrial policies, macro-economic conditions or any other aspects in the country or region where the appraised entity is in operation as compared with those on the benchmark date of the valuation, and that there will be no major changes in the political, economic and social conditions in the region where the parties to the transaction are located.

(ii) It is assumed that there will be no major changes in the fiscal and currency policies and the relevant prevailing interest rates, exchange rates, bases of taxation, tax rates and governmental fees in the region where the appraised entity is in operation.

(iii) It is assumed that there will be no other force majeure or unforeseeable factors that may have material adverse impact on the appraised entity as a going concern.

Special conditions

1. It is assumed that the existing principal business of the appraised entity (including the subject matter and its assets) will continue as a going concern according to its existing conditions and that will be no major changes in the operating status of the appraised entity in the foreseeable operating period.

2. It is assumed that the accounting policies to be applied by the appraised entity subsequent to the benchmark date of the valuation will remain the same in all material aspects as those applied in the preparation of this valuation report.

3. It is assumed that based on the current management systems and management standards, the appraised entity will operate in accordance with its development plans as well as the same scope of business, business model, product mix and decision-making procedures in the foreseeable future.

4. It is assumed that the appraised entity will maintain the same income sources and credit policies and that there will be no material difficulties in its recovery of amounts due subsequent to the benchmark date of the valuation.

5. It is assumed that there will be no material contingent liabilities arising from external guarantee provided by the appraised entity during its operating period subsequent to the benchmark date of the valuation.

6. It is assumed that the revenue during the forecast period will remain stable due to the fact that the government subsidies for the collection and treatment of kitchen waste will be receivable throughout the foreseeable operating period.

7. It is assumed that the operating strategies and cost control of the appraised entity will remain at reasonable levels, that there will be no material changes thereto, and that the expenses for each of the periods during future operating period will maintain their trends in the past few years to cope with its operating and production capacity.

8. It is assumed that the impact of the novel coronavirus epidemic broke out in early 2020 on the society, production and living will basically end in early 2021, that the society, production and living will resume normal, and that there will be no such material force majeure in the subsequent years.

9. Revenue is calculated based on the accounting year assuming that the revenue recognition date of the appraised entity is the end of each year.

Impacts of the aforementioned assumptions on the valuation result

Assumptions are adopted to determine the impacts that are hard to quantify of certain uncertainties on the income, costs, expenses and operation of the appraised entity. The aforementioned assumptions determine the conditions for using the assets of the appraised entity and market conditions, and have a relatively material impact on the valuation. According to the requirements for asset valuation, the valuer has assumed that these assumptions are valid and reasonable on the benchmark date of the valuation. To the extent that the economic conditions materially changed in the future, the valuer and the asset appraisal organisation to which the valuer belongs do not assume any liability for any different conclusion of value resulting form any changes in the aforementioned assumptions. To the extent that the economic conditions materially changed in the future or the aforementioned assumptions were no longer valid, the conclusion of value would be invalid.

Fujian United Assets Evaluation & Land and Real Estate Appraisal Co., Ltd.*
福建聯合中和資產評估土地房地產估價有限公司

8 April 2021

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Asia-Pacific Consulting and Appraisal Limited, an independent valuer and consultant, in connection with its valuation as at 31 January 2021 of the property interests of the Disposal Company.

CONSULTING & APPRAISAL
亜太評估

Asia-Pacific Consulting and Appraisal Limited
Flat/Rm A 12/F Kiu Fu Commercial Building,
300 Lockhart Road, Wan Chai,
Hong Kong

8 April 2021

The Board of Directors
New Concepts Holdings Limited
Windward 3,
Regatta Office Park, P.O. Box 1350
Grand Cayman, KY-1108
Cayman Islands

Dear Sirs,

Instructions, Purpose and Date of Valuation

Asia-Pacific Consulting and Appraisal Limited ("**APA**" or "**we**") is instructed by New Concepts Holdings Limited (the "**Company**") to provide valuation service on one property located in Taiyuan, Shanxi Province of the People's Republic of China (the "**PRC**") for disclosure purpose. The property is held by Taiyuan Tianrun Bioenergy Co., Ltd (太原天潤生物能源有限公司) ("**Taiyuan Tianrun**"), a limited liability company established in the PRC and indirect wholly-owned subsidiary of the Company. We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing our opinion of the market value of the property interests as at 31 January 2021 (the "**valuation date**").

Basis of Valuation

Our valuation of the property interests represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

Methods of Valuation

Due to the nature of the buildings and structures of the property and the particular location in which they are situated, there are unlikely to be relevant market comparable sales comparables readily available, the buildings and structures of the property have been valued by the cost approach with reference to their depreciated replacement costs.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the improvements, less deduction for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business. In our valuation, it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

Valuation Assumptions

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation (including Land Appreciation Tax) which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

Valuation Standards

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

Source of Information

We have relied to a very considerable extent on the information given by Taiyuan Tianrun and have accepted advice given to us on such matters as tenure and all other relevant matters. Dimensions and measurements are based on the copies of documents collected from the Taiyuan Tianrun and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by Taiyuan Tianrun. We have also been advised by Taiyuan Tianrun that no material factors have been omitted from the information to reach an informed view and we have had no reason to suspect that any material information has been withheld.

Document and Title Investigation

We have been shown copies of various title and legal documents relating to the property interests and have made relevant enquiries. However, we have not searched the original documents to verify the ownership or to ascertain any amendment. We have relied to a very considerable extent on the information given by the Taiyuan Tianrun, and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have no reason to doubt the truth and accuracy of the information provided to us by Taiyuan Tianrun. We have also sought confirmation from Taiyuan Tianrun that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Area Measurement and Inspection

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was carried out on 2 March 2021 by Mr. David Cheng who is a member of Royal Institution of Chartered Surveyor and has over 21 years's experience in property valuation in the PRC and Ms. Maggie Wang who have 3 years's experience in property valuation in the PRC.

Currency

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation certificate is enclosed hereby for your attention.

Yours faithfully,
for and on behalf of
Asia-Pacific Consulting and Appraisal Limited

David G.D. Cheng
MRICS
Executive Director

Note: David G.D. Cheng is a Chartered Surveyor who has 21 years' experience in the valuation of assets in the Greater China Region, the Asia-Pacific region, the United States and Canada.

VALUATION CERTIFICATE

Property interests held by Taiyuan Tianrun for owner occupation in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
7 buildings and various structures located at Dongnanshe Village, Liudu Township, qingxu County, Taiyuan, Shanxi Province, the PRC	The property comprises a parcel of land with a site area of approximately 43,329 sq.m., 7 buildings and various ancillary structures erected thereon which were completed in 2017. The buildings have a total gross floor area of approximately 8,856.12 sq.m. The buildings mainly include comprehensive building, pretreatment workshop, pump rooms and ancillary buildings. The land use rights of the property have been allocated to Taiyuan Environment and Hygiene Bureau (太原市市容環境衛生管理局) for public facilities use.	The property is currently occupied by Taiyuan Tianrun.	No commercial value

Notes:

1. Pursuant to an approval document dated 28 December 2016 (about the allocation approval on the state-owned land use right to Taiyuan Environment and Hygiene Bureau for the construction of Taiyuan food waste resource utilization and harmless treatment project (Qingzheng Tu Shen [2016] No. 6) by the people's Government of Qingxu County's, the Government agreed to allocate 43,329.369 square meters (64.99 Mu) to Taiyuan Environment and Hygiene Bureau (太原市市容環境衛生管理局) for public facilities use, and the land is used for the construction of environmental sanitation industrial base.

2. Pursuant to a service concession agreement and a land use agreement entered into between Taiyuan Tianrun, Taiyuan Environment and Hygiene Bureau, Taiyuan Environment and Hygiene Bureau agreed that the land can be occupied and used for free by Taiyuan Tianrun for free with a term of 30 years from 2013 to 2043. Taiyuan Tianrun Bioenergy Co., Ltd (太原天潤生物能源有限公司) is a limited liability company established in the PRC and indirect wholly-owned subsidiary of the Company.

3. Pursuant to a Construction Work Planning Permit — Jian Zi Di Qing Jian Gui (2017) Gong Zheng Zi Di No. 01 in favour of Taiyuan Tianrun, various buildings and structures with a total gross floor area of approximately 12,350.56 sq.m have been approved for construction.

4. Pursuant to a Construction Work Commencement Permit — 140121201708280102–05 in favour of Taiyuan Tianrun, permission by the relevant local authority was given to commence the construction work of various buildings and structures with a total gross floor area of approximately 12,350.56 sq.m.

5. For the reason that the allocated land use right is owned by Taiyuan Environment and Hygiene Bureau, and the land title and building title are merged into the real estate certificate under the current management system, the subject of the certificate should be Taiyuan Environment and Hygiene Bureau, Taiyuan Tianrun Bioenergy Co., Ltd cannot make the application the titles of the buildings of the property.

6. In the valuation of this property, we have attributed no commercial value to the property due to the allocated land nature of the property and lack of title certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be RMB42,000,000 as at the valuation date assuming all relevant title certificates have been obtained and they could be freely transferred.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in the Listing Rules were as follows:

(i) Long positions in the Shares

	Interest in ordinary shares						
Name of Directors/ chief executive	Personal interests	Family interests	Corporate interests	Total interests in ordinary shares	Total interests in underlying shares	Aggregate interest	% of the Company's issued voting shares
Mr. Zhu Yongjun *(Note)*	4,900,000	260,000	78,656,000	83,816,000	—	83,816,000	12.08
Mr. Lee Tsi Fun Nicholas	—	—	—	—	1,540,000	1,540,000	0.22
Dr. Zhang Lihui	96,000	—	—	96,000	—	96,000	0.00
Dr. Tong Ka Lok	480,000	—	—	480,000	—	480,000	0.07
Mr. Choy Wai Shek, Raymond, *MH, JP*	700,000	—	—	700,000	—	700,000	0.10

Note:

The 77,000,000 Shares are beneficially held by Jumbo Grand Enterprise Development Limited ("**Jumbo Grand**") and the 1,656,000 Shares are beneficially by Excellent Point Asia Limited ("**Excellent Point**"). Mr. Zhu Yongjun owns 100% of the issued voting shares of Jumbo Grand and Excellent Point. Mr. Zhu Yongjun is deemed or taken to be interested in all the Shares which are beneficially owned by Jumbo Grand and Excellent Point for the purpose of the SFO. Mr. Zhu Yongjun is the chairman of the Board and an executive Director and is the brother-in-law of Mr. Allan Warburg, an ultimate beneficial owner of Simple Gain International Limited, a Shareholder.

(ii) Interests in associated corporation

Name of Directors/ chief executive	Name of associated corporation	Capacity/Nature	No. of shares/ interest held	% of the issued voting shares of associated corporation
Mr. Zhu Yongjun	Jumbo Grand	Interest in controlled corporation	10,000	100%
	Excellent Point	Interest in controlled corporation	50,000	100%

As at the Latest Practicable Date, save as disclosed above, none of the Directors and the chief executive of the Company had registered an interest or a short position in the Shares, underlying Shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial shareholders' interest

As at the Latest Practicable Date, so far as is known to any Directors or the chief executive of the Company, the following persons (other than the Directors or the chief executive of the Company) had interests or short positions in the Shares or underlying Shares as recorded in the register kept by the Company pursuant to Section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were directly or indirectly, interested in 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of shareholders	Capacity/Nature	No. of shares held	Approximate percentage of shareholding in the Company
Jumbo Grand *(Note 1)*	Beneficial owner	77,000,000	11.10%
Prosper Power Group Ltd ("**Prosper Power**") *(Note 2)*	Beneficial owner	76,500,000	11.03%
Chu Shu Cheong *(Note 2)*	Interest in controlled corporation	76,500,000	11.03%
Simple Gain International Limited ("**Simple Gain**") *(Note 3)*	Beneficial owner	40,000,000	5.77%
Allan Warburg Holdings Limited *(Note 3)*	Interest in controlled corporation	40,000,000	5.77%
Warburg Allan *(Note 3)*	Interest in controlled corporation	40,000,000	5.77%
Kingston Finance Limited *(Notes 2 and 4)*	Person having a security interest in shares	76,500,000	11.03%
Ample Cheer Limited *(Notes 2 and 4)*	Interest in controlled corporation	76,500,000	11.03%
Best Forth Limited *(Notes 2 and 4)*	Interest in controlled corporation	76,500,000	11.03%
Chu Yuet Wah *(Notes 2 and 4)*	Interest in controlled corporation	76,500,000	11.03%
CEF Concept Holdings Limited *(Note 5)*	Beneficial owner	55,400,000	7.99%
CEF IV Holdings Limited *(Note 5)*	Interest in controlled corporation	55,400,000	7.99%
China Environment Fund IV, L.P. *(Note 5)*	Interest in controlled corporation	55,400,000	7.99%
CEF IV Management, L.P. *(Note 5)*	Interest in controlled corporation	55,400,000	7.99%
CEF IV Management, Ltd. *(Note 5)*	Interest in controlled corporation	55,400,000	7.99%
Zhang Yi *(Note 5)*	Interest in controlled corporation	55,400,000	7.99%
Xu Hejiao	Beneficial owner	50,000,000	7.42%

Notes:

1. Mr. Zhu Yongjun, the chairman of the Board and an executive Director, is a director and the sole shareholder of Jumbo Grand. Accordingly, Mr. Zhu Yongjun is deemed to be interested in the 77,000,000 Shares held by Jumbo Grand for the purpose of the SFO.

2. Prosper Power is owned as to 75% by Mr. Chu Shu Cheong. The 76,500,000 Shares beneficially held by Prosper Power had been pledged in favour of Kingston Finance Limited to secure a loan granted to Prosper Power.

3. Simple Gain is wholly-owned by Allan Warburg Holdings Limited, which is in turn wholly-owned by Mr. Allan Warburg. Accordingly, Allan Warburg Holdings Limited and Mr. Allan Warburg are deemed to be interested in the 40,000,000 Shares held by Simple Gain for the purpose of the SFO. Mr. Allan Warburg is the brother-in-law of Mr. Zhu Yongjun, the chairman of the Board and an executive Director.

4. Kingston Finance Limited is wholly-owned by Ample Cheer Limited, which is in turn owned as to 80% by Best Forth Limited, which is wholly-owned by Ms. Chu Yuet Wah. Accordingly, Ample Cheer Limited, Best Forth Limited and Ms. Chu Yuet Wah are deemed to be interested in all the Shares held by Kingston Finance Limited.

5. CEF Concept Holdings Limited is wholly-owned by CEF IV Holdings Limited, which is in turn owned as to 92.55% by China Environment Fund IV, L.P., an investment fund incorporated in the Cayman Islands. CEF IV Management, L.P. is the general partner of China Environment Fund IV, L.P., and CEF IV Management, Ltd. is the general partner of CEF IV Management, L.P. Therefore, by virtue of Part XV of the SFO, CEF IV Management, L.P. and CEF IV Management, Ltd. are both deemed to be interested in the 55,400,000 Shares held by CEF Concept Holdings Limited. CEF IV Management, Ltd. is wholly-owned by Ms. Zhang Yi. Accordingly, Ms. Zhang Yi is also deemed to be interested in the 55,400,000 Shares held by CEF Concept Holdings Limited for the purpose of the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as known to any Directors or the chief executive of the Company, no other person (other than the Directors or the chief executive of the Company) had an interest or a short position in the Shares or underlying Shares which were recorded in the register kept by the Company pursuant to Section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was directly or indirectly, interested in 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

As at the Latest Practicable Date, except for Mr. Zhu Yongjun, who is a director and the sole shareholder of Jumbo Grand, none of the Directors was a director or employee of a company which has an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' COMPETING INTEREST

As at the Latest Practicable Date, as far as the Directors are aware, none of the Directors nor their respective close associates was interested in any business which competes or may compete, either directly or indirectly, with the business of the Group.

4. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors had any interest, either directly or indirectly, in any asset which since 31 March 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up) have been acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

As at the latest Practicable Date, none of the Directors had a material interest, either directly or indirectly, in any subsisting contract or arrangement of significance to the business of the Group to which the Company or any of its subsidiaries is a party.

7. EXPERTS AND CONSENTS

The following sets out the qualifications of the experts who have been named in this circular:

Name	Qualifications
VBG Capital Limited	A corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
BDO Limited	Certified public accountants
Fujian United Assets Evaluation & Land and Real Estate Appraisal Co., Ltd.	Independent valuer
Asia-Pacific Consulting and Appraisal Limited	Independent valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name, in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the above experts had any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

As at the Latest Practicable Date, none of the above experts had any interest, direct or indirect, in any assets which since 31 March 2020 (being the date to which the latest published audited financial statements of the Group were made up) have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. MATERIAL CONTRACTS

The following material contracts (not being contracts in the ordinary course of business) had been entered into by members of the Group within the two years preceding the date of this circular and up to the Latest Practicable Date and are or may be material:

(a) the second supplemental deed dated 15 August 2019 entered into among the Company, Mr. Zhu Yongjun ("**Mr. Zhu**") (the chairman of the Board, an executive Director and a substantial Shareholder), Progressive Merit Limited (a wholly-owned subsidiary of the Company), Fujian Jiahe Energy Company Limited* (福建佳和能源有限公司) ("**Fujian Jiahe**"), Mr. Xu Peng, Mr. Muhammad Yamin Kahar, Mr. Kok Tjik, Mr. Joifadi and Mr. Angga Septian in relation to amendment to certain conditions precedent and the consideration under the disposal agreement dated 29 June 2018 entered into among the aforesaid parties (other than the Company and Mr. Zhu) regarding the sale of 100% equity interest in Stand Ascent Limited by Progressive Merit Limited to Fujian Jiahe at the consideration ranged from approximately US$5.32 million to approximately US$7.73 million;

(b) the supplement agreement dated 16 August 2019 entered into among Fu Li Biotechnology Corporation (阜利生物科技股份有限公司), Fancy Ascent Limited ("**Fancy Ascent**") (a wholly-owned subsidiary of the Company), Chieng Hsin Machinery (Kunshan) Co., Ltd.* (堅新紡織機械(昆山)有限公司) and Hefei Feifan Bio Technology Co., Ltd.* (合肥非凡生物科技有限公司) ("**Hefei Feifan**") in relation to amendment to the commencement date of the revenue guarantee period under the acquisition agreement dated 23 January 2017 entered into among the aforesaid parties regarding the acquisition of 80% equity interest in Hefei Feifan by Fancy Ascent at the consideration of US$2 million;

(c) the supplemental agreement dated 3 December 2019 entered into among First Bravo Development Limited ("**First Bravo**") (a wholly-owned subsidiary of the Company, as purchaser), P.H.M Holding AB and Friction Invest AB (as vendors), and Mr. Henrik Melinder and Mr. Christer Larsson (as guarantors of the vendors) in relation to amendment to the lock-up arrangement of the consideration shares issued by the Company to the vendors and the cancellation of the subscription of the Company's shares by the key employees of Vimab Holdings AB ("**Vimab**") pursuant to the share purchase agreement dated 3 May 2018 entered into among the aforesaid parties in relation to the acquisition of 100% equity interest in Vimab by the purchaser at the consideration of HK$170,524,000;

(d) the settlement agreement dated 28 May 2020 entered into among Max Charm (Hong Kong) Limited (a wholly-owned subsidiary of the Company, as purchaser), Qingqin International Group Limited (as vendor), Mr. Qi Kai (as warrantor of the vendor) and Clear Industry Company Limited (as target company) in relation to the return of the 51% equity interest in the target company by the vendor, and the return of the cash consideration of RMB36 million and disposal proceeds (from the consideration shares issued by the Company) by the purchaser, in respect of the acquisition agreement entered into among the aforesaid parties (save for the target company) on 2 November 2016;

(e) the placing agreement dated 10 June 2020 entered into between the Company and CNI Securities Group Limited (as placing agent) in relation to the placing of not more than 57,290,013 new Shares at the placing price of HK$0.202 per new Share;

(f) the three subscription agreements all dated 15 June 2020 entered into between the Company and each of Mr. Zhuo Jingming, Mr. Zhen Jian and Givemore Group Limited (each as a subscriber) in relation to the issue of 9,048,000 new Shares, 27,148,000 new Shares and 13,572,000 new Shares to each of the aforesaid subscriber at the subscription price of HK$0.221 per new Share;

(g) the discharge agreement dated 27 July 2020 entered into among the Fund (as previously defined in Appendices I and III to this circular), Riddargatan Förvaltning AB, the Company, First Bravo and Vimab in relation to the settlement of all disputes and claims among themselves relating to the Loan Agreement (as previously defined in Appendices I and III to this circular) and/or the enforcement of the pledge over the pledged shares of Vimab;

(h) the conditional sale and purchase agreement dated 10 August 2020 entered into between New Twins Enterprises Limited (a wholly-owned subsidiary of the Company, as vendor) and Mr. Lam Sai Cheong (as purchaser) in relation to the disposal of 100% equity interest in New Expansion Global Limited by the vendor to the purchaser at the consideration of HK$24 million;

(i) the share transfer agreement dated 8 September 2020 entered into among Beijing Yisheng Environmental Technology Limited* (北京宜升環保能源科技有限公司) ("**Beijing Yisheng**") (a wholly-owned subsidiary of the Company, as purchaser), Hunan Qitai Venture Investment Co., Ltd.* (湖南啟泰創業投資有限公司) (as vendor) and Loudi Fangsheng Environmental Technology Co. Ltd.* (婁底市方盛環保科技有限公司) ("**Loudi Fangsheng**") (as target company) in relation to the acquisition of 20% equity interest in the target company by the purchaser at the consideration of RMB6,110,600;

(j) the sale and purchase agreement dated 5 October 2020 entered into among 浙江飛普達環保有限公司 and 何小明 (as purchasers), Fancy Ascent and Beijing Yisheng (as vendors), Loudi Fangsheng (as target company) and the Company and Mr. Zhu (as guarantors) in respect of the sale of 100% equity interest in the target company by the vendors to the purchasers at the consideration of RMB30 million;

(k) the subscription agreement dated 14 December 2020 entered into between the Company and Ms. Xu Hejiao (as subscriber) in relation to the subscription of 6% 3-year convertible bonds with principal amount of HK$10 million;

(l) the Disposal Agreement; and

(m) the three subscription agreements all dated 24 March 2021 entered into between the Company and each of Ms. Ng Hoi Kai, Mr. Fang Guohong and Mr. Fang Weikang (each as a subscriber) in relation to the issue of 6,000,000 new Shares, 6,000,000 new Shares and 8,000,000 new Shares to each of the aforesaid subscriber at the subscription price of HK$0.20 per new Share.

9. LITIGATION

As at the Latest Practicable Date, save as disclosed below, none of the members of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

Reference is made to the announcement of the Company dated 3 October 2017 in relation to the issue of the 6.5% convertible bonds due 2022 in the aggregate principal amount of US$5 million (the "**CB**") by the Company to Forest Water Environmental Engineering Co., Ltd., a limited company incorporated in Taiwan and listed on the Taiwan Stock Exchange (Stock Code: 8473) (the "**Plaintiff**"). As set out in the annual reports of the Company for the financial years ended 31 March 2019 and 31 March 2020, the suspension of trading in the Shares during the period from 3 July 2018 to 15 February 2019 constituted an event of default under the terms of the CB which entitled the Plaintiff to redeem all or some of the CB at its discretion, and the Company had been negotiating with the Plaintiff on the settlement arrangement about the repayment for outstanding principal and interests. During the course of negotiation, the Company had not paid the interest under the CB to the Plaintiff.

On 22 October 2020, the Company received a writ of summons dated 16 October 2020 with a statement of claim issued by the High Court of Hong Kong, wherein the Plaintiff sought, amongst others, the following orders against the Company (as defendant):

(1) a sum of US$6,572,708 (as the aggregate of the principal amount of US$5 million and interest of US$1,572,708 under the CB), with daily interest of US$1,667;

(2) costs; and

(3) further or other relief as the Court sees fit.

As at the Latest Practicable Date, the Company was in the course of seeking legal advice as well as negotiating with the Plaintiff for any possible resolution but was yet to reach any settlement agreement. The Company would issue announcement on the further development on the aforesaid matters as and when required in accordance with the Listing Rules.

10. MISCELLANEOUS

(a) The company secretary of the Company is Mr. Lee Tsi Fun Nicholas, who is a member of the Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants.

(b) The registered office of the Company is at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY-1108, Cayman Islands. The headquarter, head office and principal place of business of the Company in Hong Kong is at Office B, 3/F., Kingston International Centre, 19 Wang Chiu Road, Kowloon Bay, Hong Kong.

(c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited.

(d) The English text of this circular shall prevail over its respective Chinese text for the purpose of interpretation.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong at Office B, 3/F., Kingston International Centre, 19 Wang Chiu Road, Kowloon Bay, Hong Kong during normal business hours on any weekdays, except public holidays, from the date of this circular up to and including the date of the EGM:

(a) the articles of association of the Company;

(b) the letter from the Board, the text of which is set out from pages 5 to 17 of this circular;

(c) the annual reports of the Company for each of the financial years ended 31 March 2019 and 31 March 2020 and the interim report of the Company for the six months ended 30 September 2020;

(d) the unaudited consolidated financial information of the Disposal Company reviewed by BDO Limited, the text of which is set out in Appendix II to this circular;

(e) the letter on the unaudited pro forma financial information of the Remaining Group issued by BDO Limited, the text of which is set out in Appendix IV to this circular;

(f) the business valuation report issued by Fujian United Assets Evaluation & Land and Real Estate Appraisal Co., Ltd., the text of which is set out in Appendix V to this circular;

(g) the property valuation report issued by Asia-Pacific Consulting and Appraisal Limited, the text of which is set out in Appendix VI to this circular;

(h) the material contracts referred to in the paragraph headed "Material contracts" in this appendix;

(i) a copy of each circular of the Company issued pursuant to Chapter 14 and/or Chapter 14A of the Listing Rules since the latest published audited accounts of the Company; and

(j) this circular.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**EGM**") of New Concepts Holdings Limited (the "**Company**") will be held at R ONE Space, 22/F., One Pacific Centre, 414 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong on Wednesday, 28 April 2021 at 9:30 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the agreement entered into between Prime World Limited as vendor, 北控十方(山東)環保能源集團有限公司 as purchaser, the Company and Mr. Zhu Yongjun, 北清環能集團股份有限公司 and 太原天潤生物能源有限公司 (the "**Disposal Company**") on 8 February 2021 in relation to sale and purchase of the entire equity interest in the Disposal Company (the "**Disposal Agreement**"), a copy of which has been produced to the EGM marked as "A" and initialled by the chairman of the EGM for the purpose of identification, and the transactions contemplated thereunder (including the provision of financial assistance to the Disposal Company), be and are hereby approved, confirmed and ratified; and

(b) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to sign and execute such documents and do all such acts and things which in his/her/their opinion may be necessary, desirable or expedient to carry out or give effect to the transactions mentioned in paragraph (a) above, including where appropriate, agreeing to any non-material amendments to the Disposal Agreement and any other agreements made in relation thereto to the extent permitted by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the applicable laws and in the interests of the Company and its shareholders."

By order of the Board
New Concepts Holdings Limited
Zhu Yongjun
Chairman and Executive Director

Hong Kong, 8 April 2021

Executive Directors:
Mr. Zhu Yongjun *(Chairman of the Board)*
Mr. Pan Yimin
Mr. Lee Tsi Fun Nicholas

Non-executive Directors:
Dr. Ge Xiaolin
Dr. Zhang Lihui

Independent non-executive Directors:
Mr. Lo Chun Chiu, Adrian
Dr. Tong Ka Lok
Mr. Choy Wai Shek, Raymond, *MH, JP*

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint another person(s) as his proxy(ies) to attend and vote on his behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

2. In the case of joint holders of a share of the Company, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the share of the Company.

3. A form of proxy for use at the EGM is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, with the Company at the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.

4. The register of members of the Company will be closed from Friday, 23 April 2021 to Wednesday, 28 April 2021, both days inclusive, during which period no transfer of shares of the Company will be registered in order to determine the entitlement to attend and vote at the EGM. To ascertain the entitlements to attend and vote at the EGM, unregistered holders of the shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Thursday, 22 April 2021 for registration.

5. Any vote of members (attending in person or by proxy) at the EGM shall be taken by poll.