NEW CONCEPTS HOLDINGS LIMITED
創業集團（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2221)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

FINANCIAL HIGHLIGHTS

Revenue increased by approximately 1.52% to approximately HK$510,112,000.

Gross profit decreased by approximately 69.29% to approximately HK$19,636,000.

Loss attributable to owners of the Company amounted to approximately HK$38,505,000 as compared with last year of profit attributable to owners of the Company of approximately HK$22,765,000 for the corresponding period.

Basic loss per share amounted to HK7.61 cents as compared with last year with basic earnings per share of HK5.42 cents for the corresponding period.

The Board did not recommend an interim dividend for the six months ended 30 September 2017.

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of New Concepts Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2017 (the "Period") together with the comparative figures for the corresponding period.

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

For the six months ended 30 September 2017

		Six months ended 30 September	
		2017	2016
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited) (Restated)
Revenue	4	**510,112**	502,488
Cost of sales		**(490,476)**	(438,542)
Gross profit		**19,636**	63,946
Other income	5	**10,497**	4,007
Administrative expenses		**(66,229)**	(36,670)
Finance costs	6	**(8,916)**	(4,190)
(Loss) profit before taxation	7	**(45,012)**	27,093
Taxation	8	**(1,167)**	(4,328)
		(46,179)	22,765
(Loss) profit for the period attributable to:			
Owners of the Company		**(38,505)**	22,765
Non-controlling interests		**(7,674)**	—
		(46,179)	22,765
Other comprehensive (loss) income for the period, net of tax item that may be reclassified subsequently to profit or loss:			
— Fair value changes of available-for-sale financial assets		**(1,174)**	(7,995)
— Exchange differences on translation of foreign operations		**20,170**	(2,142)
		18,996	(10,137)
Total comprehensive (loss) income for the period		**(27,183)**	12,628
Total comprehensive (loss) income for the period attributable to:			
Owners of the Company		**(22,072)**	12,628
Non-controlling interests		**(5,111)**	—
		(27,183)	12,628
		HK cents	*HK cents*
(Loss) earnings per share	9		
— Basic		**(7.61)**	5.42
— Diluted		**(7.29)**	—

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

	Notes	30 September 2017 HK$'000 (Unaudited)	31 March 2017 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**182,704**	197,035
Operating concession		**371,144**	176,749
Intangible asset		**17,582**	17,193
Goodwill		**114,967**	114,909
Available-for-sale financial assets		**13,780**	6,536
Receivables under service concession arrangements		**252,643**	227,516
Rental deposit		**826**	826
		953,646	740,764
Current assets			
Inventories		**4,035**	3,861
Trade and other receivables	11	**473,623**	322,069
Loan receivables		**40,840**	38,861
Amounts due from customers for contract work		**78,575**	121,876
Receivables under service concession arrangements		**28,923**	30,220
Tax recoverable		**2,635**	—
Bank balances and cash		**59,443**	173,108
		688,074	689,995
Current liabilities			
Trade and other payables	12	**331,478**	654,655
Bank borrowings		**30,076**	12,789
Amounts due to customers for contract work		**23,978**	1,626
Obligations under finance leases		**10,970**	21,068
Tax payable		**10,528**	9,153
		407,030	699,291
Net current assets (liabilities)		**281,044**	(9,296)
Total assets less current liabilities		**1,234,690**	731,468
Non-current liabilities			
Bank borrowings		**47,077**	5,906
Other loans		**176,541**	165,938
Amount due to a related company		**387,801**	—
Deferred income		**6,071**	8,831
Deferred tax liabilities		**46,591**	44,642
Obligations under finance leases		**2,752**	5,693
		666,833	231,010
NET ASSETS		**567,857**	500,458
Capital and reserves			
Share capital		**51,133**	49,898
Reserves		**438,215**	429,674
Total equity attributable to the owners of the Company		**489,348**	479,572
Non-controlling interests		**78,509**	20,886
TOTAL EQUITY		**567,857**	500,458

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. Its registered office is located at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY-1108, Cayman Islands. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The Group's subsidiaries are principally engaged in the business of construction works and environmental protection.

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

2. BASIS OF PREPARATION

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

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual report of the Company for the year ended 31 March 2017.

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

3. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis. The principal accounting policies used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 March 2017 except for the adoption of the new and revised Hong Kong Financial Reporting Standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA for the first time for the current period's financial statements. The adoption of these new and revised HKFRSs has had no material impact on the unaudited condensed consolidated financial statements.

The Group has not yet adopted any new and revised HKFRSs that have been issued but are not yet effective. The Group is in the process of assessing the impact of the adoption of such new and revised HKFRSs on the Group's results and financial position.

4. REVENUE AND SEGMENTAL INFORMATION

Revenue representing the revenue derived from construction works and environmental protection are as follows:

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Foundation works	**313,470**	462,142
Civil engineering and building works	**102,922**	10,454
Sales of construction materials	**63,788**	29,892
Environmental protection	**29,932**	—
	510,112	502,488

Information reported to the executive Directors, being the chief operating decision makers ("CODM"), for the purposes of resource allocation and assessment of segment performance, focuses on the types of goods delivered or services provided.

The Group's current operating segments are (i) foundation works; (ii) civil engineering and building works; (iii) sales of construction materials and (iv) environmental protection. The CODM considered that the business of the Group is organised in four operating segments, which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised.

(a) Segment information

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

For the six months ended 30 September 2017 (Unaudited)

	Foundation works	**Civil engineering and building works**	**Sales of construction materials**	**Environmental protection**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Revenue					
Revenue from external parties	**313,470**	**102,922**	**63,788**	**29,932**	**510,112**
Total segment revenue	**313,470**	**102,922**	**63,788**	**29,932**	**510,112**
Adjusted segment profit/(loss)	**233**	**7,720**	**1,261**	**(18,853)**	**(9,639)**
Depreciation	**13,539**	**—**	**—**	**2,668**	**16,207**

For the six months ended 30 September 2016 (Unaudited)

	Foundation works *HK$'000*	Civil engineering and building works *HK$'000*	Sales of construction materials *HK$'000*	Environmental protection *HK$'000*	Total *HK$'000*
Revenue					
Revenue from external parties	462,142	10,454	29,892	—	502,488
Total segment revenue	462,142	10,454	29,892	—	502,488
Adjusted segment profit/(loss)	57,573	5,477	896	(1,608)	62,338
Depreciation	13,142	—	—	18	13,160

Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit (loss) before taxation. The adjusted profit (loss) before taxation is measured consistently with the Group's profit (loss) before taxation except that finance costs, inter-segment transactions as well as head office and corporate expenses are excluded from such measurement.

All of the segment revenue reported above is from external customers.

5. OTHER INCOME

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Bank interest income	**149**	62
Other interest income	**—**	595
Exchange gain	**1,032**	456
Machine rental income	**276**	—
Service fee income	**5,493**	2,080
Sales of materials	**1,071**	92
Sundry income	**2,476**	722
	10,497	4,007

6. FINANCE COSTS

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on other/bank loans and overdrafts	**5,578**	414
Finance lease charges	**338**	776
Interest expense on amount due to a related company	**3,000**	3,000
	8,916	4,190

7. (LOSS) PROFIT BEFORE TAXATION

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss) profit before taxation is stated after charging the following items:		
Rental charge under operating lease	**5,967**	3,008
Depreciation of property, plant and equipment	**16,207**	14,351
Staff costs (including directors' remuneration)		
— Salaries, wages and other benefits	**44,649**	64,015
— Mandatory provident fund contributions	**1,373**	2,726
	46,022	66,741

8. TAXATION

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The charge (credit) comprises		
Hong Kong Profits tax	**257**	2,672
Taxation in jurisdictions other than Hong Kong	**(137)**	—
	120	2,672
Deferred taxation	**1,047**	1,656
	1,167	4,328

The Company is tax exempted under the laws of the Cayman Islands. The subsidiaries operating in Hong Kong are subject to Hong Kong profits tax at a tax rate of 16.5% (2016: 16.5%) on the estimated assessable profit arising in Hong Kong.

The statutory income tax rate for the PRC subsidiaries is 25%.

A subsidiary of the Group are entitled to the PRC preferential tax treatments. The subsidiary was approved as a High and New Technology Enterprise, which entitled it to the preferential income tax rate of 15% from 2014 to 2017.

9. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share is based on (i) the consolidated loss attributable to owners of the Company for the Period of approximately HK$38,505,000 (profit for the six months ended 30 September 2016: approximately HK$22,765,000); and (ii) weighted average number of shares in issue during the Period of 506,279,582 (for the six months ended 30 September 2016: 419,672,131).

Diluted (loss) earnings per share

The calculation of diluted loss per share is based on the loss for the period attributable to owners of the Company of approximately HK$38,505,000 and the weighted average number of approximately 528,434,653 ordinary shares, calculated as follows:

	2017	2016
Weighted average number of ordinary shares at end of the period	**506,279,582**	419,672,131
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**22,155,071**	N/A
Weighted average number of ordinary shares (diluted) at end of the period	**528,434,653**	419,672,131

No diluted earnings per share was presented for the six months ended 30 September 2016 as there were no potential underlying shares for that period.

10. DIVIDEND

The Board did not recommend an interim dividend for the Period (for the six months ended 30 September 2016: nil).

11. TRADE AND OTHER RECEIVABLES

	30 September 2017	31 March 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade and contract receivables *(note (a))*	**191,058**	108,239
Retention receivables *(note (b))*	**58,453**	71,762
Total trade and contract receivables	**249,511**	180,001
Other receivables, deposits and prepayments	**224,112**	142,068
	473,623	322,069

Notes:

(a) Trade and contract receivables

It represents progress billing receivables from the contract works and trade receivables from customers. During the Period, credit period granted to the Group's customers is generally within 0 to 49 days from invoice date of the relevant contract revenue and sales.

The ageing analysis of trade and contract receivables based on invoice date is as follows:

	30 September 2017	31 March 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0–30 days	**61,508**	79,817
31–60 days	**41,208**	11,978
61–90 days	**7,808**	5,405
Over 90 days	**80,534**	11,039
	191,058	108,239

(b) Retention receivables were not past due as at 30 September 2017 and 31 March 2017. They are settled in accordance with the terms of respective contracts.

12. TRADE AND OTHER PAYABLES

	30 September 2017	31 March 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables *(note (a))*	**175,709**	194,744
Retention payables	**46,178**	43,105
Accruals	**1,893**	18,210
Other payables and receipt in advance	**103,051**	45,967
Provisions for annual leave	**1,593**	1,593
Amounts due to related companies *(note (b))*	**3,054**	351,036
	331,478	654,655

Notes:

(a) During the Period, settlement terms granted by suppliers are generally within 45 days from the invoice date of the relevant purchases.

(b) Amount due to a related company of HK$387,801,000 (31 March 2017: HK$350,801,000 under current liability) was classified as non-current as the related company will not demand for repayment within 12 months from 30 September 2017.

At the end of each reporting period, the ageing analysis of the Group's trade payables based on invoice date is as follows:

	30 September 2017	31 March 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0–30 days	**36,841**	143,647
31–60 days	**28,672**	29,116
61–90 days	**5,242**	7,948
Over 90 days	**104,954**	14,033
	175,709	194,744

13. ACQUISITION OF A SUBSIDIARY

During the Period, the acquisition and capital injection agreements in relation to Hefei Feifan Bio Technology Co., Ltd.* (合肥非凡生物科技有限公司) ("Hefei Feifan") were completed. Hefei Feifan becomes a non-wholly owned subsidiary of the Group and is principally engaged in the kitchen waste treatment after its commencement of business.

Up to the date of this announcement, the purchase price allocation process is under progress. In addition to the service concession arrangement of Heifei Feifan, the Group has used the estimated fair values of the acquired assets and assumed liabilities with the excess of the cost of acquisition over these estimated fair values being recorded as intangible assets.

The purchase price allocation to the acquired assets and assumed liabilities in these unaudited condensed consolidated financial statements is provisional and may be adjusted in the Group's consolidated financial statements for the year ending 31 March 2018 when the purchase price allocation is finalised. Had the purchase price allocation been finalised, the fair values of the assets acquired and liabilities assumed and the amount of intangible assets could be different from the amounts recognised.

14. COMPARATIVE FIGURES

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

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the businesses of construction works and environmental protection.

Market Overview

The economy of and the construction industry in Hong Kong was facing keen market competition with an increase in number of competitors. The Group expects that the construction industry is still under temporarily adjustment during the year ending 31 March 2018.

In April 2015, the State Council of the People's Republic of China ("China" or the "PRC") issued the 'Water Pollution Prevention and Control Action Plan' 《水污染防治行動計劃》(or known as the "Water Ten Plan") 《(水十條)》 which we believe the "Water Ten Plan" is China's most comprehensive water policy to date, will ultimately transform China's environment & economy.

In December 2016, the National Development and Reform Commission ("NDRC")《中華人民共和國國家發展和改革委員會》and the Ministry of Housing and Urban Development《中華人民共和國住房和城鄉建設部》jointly issued the final version of "Plan for the Construction of Urban Household Waste Harmless Treatment Facilities in the 13th Five-Year Plan Period" (the "13th Plan") 《"十三五"全國城鎮生活垃圾無害化處理設施建設規劃》. The main objectives are municipal solid waste harmless treatment rate to reach 100% by the end of 2020; towards the end of 2020, 35% of urban food waste should be harmlessly treated or be recycled. New household waste transportation capacity should be 442,000 tons/day, while striving to reach kitchen waste treatment capacity of 34,000 tons/day by the end of 2020. This showed increase in government's commitment in household waste treatment, benefiting the industry. The waste treatment industry has already begun to show its booming business opportunities, and the growth in the waste treatment business is expected to be strong and steady during the 13th Plan term.

Business Review

I Construction Business

For the Period, the Group recorded a revenue from construction business amounted to approximately HK$416,392,000, representing a decrease of approximately 11.9% as compared with that of approximately HK$472,596,000 recorded for the corresponding period of 2016. Gross profit for the Period was approximately HK$7,953,000, representing a significant decrease of approximately 87.4% as compared with the gross profit of approximately HK$63,050,000 recorded for the corresponding period of 2016.

The decrease in revenue for the Period was mainly due to the decrease in number of completed construction projects with reduced amount in average contract sum. Besides, most of the new projects awarded in the Period were in a preliminary construction stage which had not contributed significant revenue to the Group. The overall gross profit margin of construction business decreased from approximately 13.3% for the six months ended 30 September 2016 to 1.9% for the Period. The decrease was due to the increasing competition from other contractors who tendered projects at low price. Moreover, an unexpected increase in project cost of certain projects during the Period also led to a substantial decrease in gross profit margin in foundation business.

(i) New Projects Awarded

During the Period, the Group had secured 6 new contracts with an aggregate contract value of approximately HK$222.92 million. The details of such new projects awarded are as follows:

Name of project	Location	Sector	Main category of work
Shek Kip Mei Project	HKHA Contract No.: 20150611, Shek Kip Mei Phase 3, 6 & 7	Foundation	Construction of Mini-piles and Associated Works
Happy Valley Project	17A & B Ventris Road, Happy Valley, Hong Kong	Foundation	Construction of Bored Piles, Pipe Pile, Geotechnical Instrumentation, ELS and Pile Cap Works
HKSH Project	HKSH Eastern District Advanced Medical Centre at No. 3 A Kung Ngam Village Road, S.I.L. 778, Shau Kei Wan, Hong Kong	Foundation	Dewatering Works
Tuen Mun Siu Hong Project	HKHA Contract No.: 20160431, Shatin Area 16, Wo Sheung Tun Street, Fo Tan; Siu Hong Road, Tuen Mun	Foundation	Construction of Mini-piles & Ground Investigation Works
Lam Tin Tunnel Project	NE/2015/01 Tseung Kwan O — Lam Tin Tunnel Main Tunnel	Foundation	Construction of Mini-piles
Au Tau Project	Lot No. 1066 D.D.103 Au Tau, Yuen Long	Foundation	Construction of Driven H-piles

(ii) Projects in Progress

As at 30 September 2017, the Group had 14 projects in progress with an aggregate contract value of approximately HK$1,160.73 million. The management considered that all of the projects in progress were on schedule and none of which would cause the Group to indemnify the third parties and increase the contingent liabilities. The details of such projects in progress are as follows:

Name of project	Location	Sector	Main category of work
Wan Chai APA Project	Hong Kong Academy for Performing Arts, 1 Gloucester Road, Wanchai, Hong Kong	Foundation	Construction of Socketed H-Piles, Earthworks and Underground Drainage
Tuen Mun Siu Sau Project	TMTL 435, Castle Peak Road — Tai Lam, Area 55, Siu Sau, Tuen Mun, New Territories	Foundation	Tree Felling, Design and Built of Site Formation, ELS, Pipe Pile, Socketed H Piles, Bored Piles and Pile Caps
United Christian Hospital Project	United Christian Hospital, 130 Hip Wo Street, Kwun Tong, Kowloon	Foundation	Construction of Mini-piles and Pipe Pile Walls
Pok Fu Lam Road No. 45 Project	No. 46–65A Pok Fu Lam Road, Hong Kong	Foundation	Construction of Large Diameter Bored Piles, Shear Pile, Pipe Pile, Geotechnically Instrumentation, Drainage, ELS and Pile Cap Works
So Kwun Wat Project	Lot No. 541 at So Kwun Wat Road, Area 56, Tuen Mun, N.T.	Foundation	Construction of Large Diameter Bored Piles, Socketed Steel H-pile, Pipe Pile, King Post, Geotechnically Instrumentation, Drainage, ELS and Pile Cap Works
Pok Fu Lam Project	No. 138 Pok Fu Lam Road, Hong Kong	Foundation	Construction of Socketed Steel H-Pile, Soldier Pile, Pipe Pile, Geotechnically Instrumentation, Drainage, ELS and Pile Cap Works

Name of project	Location	Sector	Main category of work
Tung Chung and Texaco Road Project	Tung Chung Area 27 & Texaco Road	Foundation	Construction of Large Diameter Bored Piles, Mini-Pile, Pipe Pile, King Post, Sheet Pile, Geotechnically Instrumentation, ELS and Pile Cap Works
Sau Ming Road Project	Sau Ming Road, Sau Mau Ping, Kwun Tong	Foundation	Construction of Mini-piles and Associated Works
Kau To Building Project	Area 56A, Kau To, Shatin, Sha Tin Town Lot No. 578, N.T., Hong Kong	Building	Superstructure Contract Works for Residential Development
Shek Kip Mei Project	HKHA Contract No.: 20150611, Shek Kip Mei Phase 3, 6 & 7	Foundation	Construction of Mini-piles and Associated Works
Happy Valley Project	17A & B Ventris Road, Happy Valley, Hong Kong	Foundation	Construction of Bored Piles, Pipe Pile, Geotechnically Instrumentation, ELS and Pile Cap Works
Tuen Mun Siu Hong Project	HKHA Contract No.: 20160431, Shatin Area 16, Wo Sheung Tun Street, Fo Tan; Siu Hong Road, Tuen Mun	Foundation	Construction of Mini-piles & Ground Investigation Works
Lam Tin Tunnel Project	NE/2015/01 Tseung Kwan O — Lam Tin Tunnel Main Tunnel	Foundation	Construction of Mini-piles
Au Tau Project	Lot No. 1066 D.D.103 Au Tau, Yuen Long	Foundation	Construction of Driven H-piles

(iii) Completed project

As at 30 September 2017, the Group completed 4 projects. The details of such completed projects are as follows:

Name of project	Location	Sector	Main category of work
Tung Tau Estate Project	Phase 8, Tung Tau Estate, Wong Tai Sin, Kowloon	Foundation	Construction of Hoarding, Pile Cap, ELS and Driven H-Piles
East Kowloon Cultural Centre Project	East Kowloon Cultural Centre in Kowloon Bay, Kowloon	Foundation	Construction of Socketed H-piles, Geotechnically Instrumentation, Hoarding Modification and Associated Works
Kai Tak Stage 2 Project	Southern Part of the Former Runway, Kai Tak, Kowloon	Foundation	Construction of Rock-Socketed Steel H-Piles
HKSH Project	HKSH Eastern District Advanced Medical Centre at No. 3 A Kung Ngam Village Road, S.I.L. 778, Shau Kei Wan, Hong Kong	Foundation	Dewatering Works

II Sales of Construction Materials Business

As discussed in our annual report for the year ended 31 March 2017, the Group has allocated more resources to expand its trading business. During the Period, the Group recorded a revenue from trading business amounted to approximately HK$63,788,000, representing an increase of approximately 113.4% as compared with that of approximately HK$29,892,000 for the corresponding period of 2016.

III Environmental Protection Business

The environmental protection business of the Group commenced in the second half of the year ended 31 March 2016 and therefore no revenue was generated in the previous corresponding period.

(i) Kitchen waste treatment

1. Taiyuan Tianrun Bioenergy Co., Ltd.* (太原天潤生物能源有限公司) ("Taiyuan Tianrun")

   During the Period, the Group's wholly-owned subsidiary, Taiyuan Tianrun, completed the construction of Phase I production (with capacity of 200 tons/day) and was under the trial operational stage. Upon the fulfillment of 6-months trial period, Tianyuan Tianrun Phase I will formally commence its business operation.

2. Loudi Fangsheng Environmental Technology Co. Ltd* (婁底市方盛環保科技有限公司) ("Loudi Fangsheng")

   The Group's other wholly-owned subsidiary, Loudi Fangsheng, is still under the construction of its kitchen waste plant, with a planned capacity of 200 tons/day after its commencement of operations.

3. Hefei Feifan Bio Technology Co., Ltd* (合肥非凡生物科技有限公司) ("Hefei Feifan")

   On 23 January 2017, the Group, Chieng Hsin Machinery (Kunshan) Co., Ltd* (堅新紡織機械（昆山）有限公司) ("Chieng Hsin"), being the creditor, Fu Li Biotechnology Corporation (阜利生物科技股份有限公司) ("Fu Li"), being the vendor and Hefei Feifan Bio Technology Co., Ltd* (合肥非凡生物科技有限公司) ("Hefei Feifan") entered into the acquisition agreement, pursuant to which the Group agreed to acquire 80% equity interest in Hefei Feifan from Fu Li at the consideration of US$2,000,000 (equivalent to approximately HK$15,515,000). On the same date, the Group, Fu Li, Chieng Hsin and Hefei Feifan also entered into the capital injection agreement, pursuant to which, the Group agreed to make the capital injection for an amount of US$10,000,000 (equivalent to approximately HK$77,576,000) into Hefei Feifan. The acquisition and capital injection agreements were completed on 1 June 2017.

   Hefei Feifan is under the technical-improvement stage and is planned to commence operations in the first quarter of 2018.

4. Hanzhong joint venture

   In June 2017, the Group entered into the joint venture agreement with Hanzhong Urban Construction Investment Development Co., Ltd.* (漢中市城市建設投資開發有限公司) ("Hanzhong UCID") to establish a joint venture company (the "JV Company") which will principally be engaged in kitchen waste treatment and development and production of renewable energy from kitchen waste upon the commencement of a service concession agreement and the formal commencement of business in Hanzhong of Shanxi Province. The JV Company will be held as to 92% by Prime World (Tianjin) Environmental Protection Technology Co., Ltd. (世本（天津）環境技術有限公司) ("Prime World (Tianjin)"), the wholly-owned subsidiary of the Company, and as to 8% by Hanzhong UCID. Prime World (Tianjin) will contribute RMB40 million in cash to the registered capital of the JV Company. As at the date of this announcement, the formation of JV Company has yet to be completed, details of which are set out in the Company's announcement dated 19 June 2017.

Taking into account the formation of JV Company in Hanzhong and the completion of undergoing kitchen waste projects, the Group would be able to secure four kitchen waste treatment sites in Taiyuan of Shanxi Province, Loudi of Hunan Province and Hefei of Anhui Province in the PRC with a total planned capacity of 1,150 tons per day.

(ii) Industrial water treatment

1. Beijing China Science Resources & Environmental Technology Co., Ltd.* (北京中科瑞升資源環境技術有限公司) ("CSRE")

   In March 2017, the Group entered into the acquisition agreement with the vendors, pursuant to which the Group, through its indirect wholly-owned subsidiary, conditionally agreed to acquire and the vendors conditionally agreed to sell, the 100% equity interest in the capital of CSRE at a consideration of RMB25,000,000 (equivalent to approximately HK$28,205,000) which will be satisfied (i) as to RMB20,000,000 (equivalent to approximately HK$22,564,000) in cash; and (ii) as to RMB5,000,000 (equivalent to approximately HK$5,641,000) by the allotment and issue of 1,709,370 consideration shares by the Company at HK$3.3 per share. Upon completion, CSRE will become an indirect wholly-owned subsidiary of the Company, which is principally engaged in the business of trading, EPC of water treatment and provision for other environmental improvement solutions systems. The Group has previously acquired the intellectual rights, equipment and inventories of Memsys, which specialised in research and modules production of membrane distillation technology. Non-corrosive plastic structure of Memsys products are applicable to a wide variety of applications in water and industrial area, such as zero-liquid discharge of highly concentrated waste water and alkali waste, and desalination plant projects in different scales. CSRE successfully began the application and commercialisation of Memsys' membrane distillation technology and also focuses in the research, application and commercialisation of zero-liquid discharge technology. It is one of the few technology providers for brine, acids and alkaline water treatment in the PRC. Therefore, CSRE can introduce Memsys' technology into the PRC's market, start widescale commercialisation and open new markets of membrane distillation technology for Memsys globally. The aforesaid acquisition is yet to be completed as at the date of this announcement.

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

   In April 2017, the Group entered into a framework agreement in relation to the possible acquisition of the entire equity interest in Beijing TDR, a company incorporated in the PRC with limited liability and is principally engaged in the business of the development and manufacture of water treatment solutions system in the PRC, at a consideration of RMB650 million, details of which are set out in the Company's announcement dated 27 April 2017. The framework agreement lapsed and the Directors are under negotiation with the vendor on the subject matter.

(iii) Other strategic investments

1 Admission as a limited partnership

The Group entered into the limited partnership agreement on 30 June 2017 with various professional parties. Pursuant to the limited partnership agreement, the Group committed to contribute the capital commitment to the partnership of US$5 million (equivalent to approximately HK$39,000,000), which shall be payable upon receiving 10 days written notice from the general partner from time to time.

The primary purpose of the partnership is to make venture capital investments, including investing in and holding equity and equity-oriented securities of companies with a nexus to the PRC and focus on clean-tech related sectors.

No capital contribution was made as at the date of this announcement, details of which are set out in the Company's announcement dated 30 June 2017.

2 Termination of acquisition of 49% equity interest in PT. Dempo Sumber Energi ("DSE")

Reference is made to the announcements of the Company dated 23 March 2016, 6 April 2016, 30 May 2016, 21 September 2016, 24 April 2017 and 20 October 2017 in relation to the acquisition of 49% equity interest in DSE. On 20 October 2017, the Group, the vendor and the guarantor reached a deed of termination and indemnification pursuant to which the acquisition of 49% interest in equity interest in DSE was terminated and the deposits made by the Group will be fully repaid in 3 instalments, details of which are set out in the Company's announcement dated 20 October 2017.

3 Acquisition of PT. Sumatera Pembangkit Mandiri ("SPM")

The Group entered into an acquisition agreement during the year ended 31 March 2017 in relation to acquisition of 80% equity interest in SPM at a consideration of not exceeding US$4.6 million, depending on the final tariff to be reached in the power purchase agreement. SPM is the project company for the development of a hydropower plant in Indonesia. Such acquisition is yet to be completed as at the date of this announcement.

As all the applicable percentage ratios (as defined under the Listing Rules) in respect of the above acquisition are less than 5%, such acquisition is not subject to the notification and announcement requirements pursuant to the Listing Rules.

Outlook

The management expects that fierce and competitive construction business environment in Hong Kong remains for the year ending 31 March 2018. Along with the delays in funding approval of public works and infrastructure projects because of filibusters in the Legislative Council, the tenders available for the Group to submit bids were limited. To cope with the less than desirable circumstances, the Group has scaled down its workforce and overhead costs in its construction business and the management is mindful of market conditions and is prepared for the low season to prevail for the ensuing year.

On the other hand, the 19th National Congress of the Communist Party of China《中國共產黨第十九次全國代表大會》was held in October 2017, and it was affirmed that China's commitment to green development and ongoing efforts in building an ecological civilisation to create harmonious co-existence between man and nature is the first topic during the congress. This has also affirmed our pursuit of business opportunities in environmental protection, and we believe our plan on further developing of our environmental business is in line with the green development and ecological civilisation goal in the 19th National Congress of the Communist Party of China.

Financial Review

Results

Revenue of the Group for the Period was approximately HK$510,112,000, representing an increase of approximately 1.52% from approximately HK$502,488,000 for the six months ended 30 September 2016. Gross profit decreased by approximately 69.29% from approximately HK$63,946,000 for the six months ended 30 September 2016 to approximately HK$19,636,000 for the Period. Loss attributable to owners of the Company amounted to HK$38,505,000 as compared with profit attributable to its owners of approximately HK$22,765,000. The overall gross profit margin of the Group decreased from approximately 12.73% for the six months ended 30 September 2016 to approximately 3.85% for the Period.

Decrease in gross profit margin of constructed segment was mainly attributed to (i) increasing competition from other contractors who tendered projects at lower prices and (ii) unexpected increase in project costs of certain projects during the Period.

Revenue from environmental protection business represented the construction of Build-Operate-Transfer ("BOT") kitchen waste projects and other technical services and sales of machineries. During the Period, the Group recognised construction revenue of the Taiyuan's and Loudi's Projects with reference to their respective fair value of the construction service delivered and stages of completion. The Group also provided certain consultancy services and design and technical solutions for water and kitchen waste treatment plants. There was an increase in contribution from BOT projects and service income during the Period.

The decrease in total comprehensive income attributable to owners of the Company was mainly attributable to the increase in operating costs for the environmental protection business segment which commenced in the second-half of the year ended 31 March 2016.

Basic loss per share for the Period amounted to HK7.61 cents per share when compared with an earnings of HK5.42 cents per share for the six months ended 30 September 2016, based on the loss attributable to owners of the Company of HK$38,505,000 (profit for the six months ended 30 September 2016: HK$22,765,000) and the weighted average of 506,279,582 shares (for the six months ended 30 September 2016: 419,672,131) in issue during the Period.

Other income

Other income of the Group increased from approximately HK$4,007,000 for the six months ended 30 September 2016 to approximately HK$10,497,000 for the Period, mainly due to the increase in service fee and sundry income for an aggregate amount of approximately HK$5,167,000 during the Period.

Administrative expenses

Administrative expenses of the Group increased by approximately 80.61% from approximately HK$36,670,000 for six months ended 30 September 2016 to approximately HK$66,229,000 for the Period, representing approximately 12.98% and 7.30% of the Group's revenue for the 2017 and 2016 reporting periods, respectively. The increase in administrative expenses were attributable to the increase in arising from expenses environmental protection segment while such impact for previous period is not significant as such segment was established in the second half for the year ended 31 March 2016.

Finance costs

Finance costs of the Group increased by approximately 112.79% from approximately HK$4,190,000 for the six months ended 30 September 2016 to approximately HK$8,916,000 for the Period, primarily due to an increase in interest expenses resulting from increase in overall borrowings of the Group.

Interest rates of finance leases and bank and other loans ranged from approximately 2.75% to 5.88% for the Period, as compared with approximately 1.18% to 3.95% for the six months ended 30 September 2016.

Taxation

Tax charge decreased by approximately 73.04% from approximately HK$4,328,000 for the six months ended 30 September 2016 to approximately HK$1,167,000 for the Period, primarily due to the decrease in provision of income tax of the Group as a result of loss-making during the Period.

Liquidity and financial resources

The Group maintained a sound financial position during the Period. As at 30 September 2017, the Group had bank balances and cash of approximately HK$59,443,000 with pledged bank deposits of approximately HK$17,587,000 (as at 31 March 2017: bank balances and cash of approximately HK$173,108,000 with approximately HK$12,438,000 were pledged bank deposits).

The aggregate amounts of obligations under finance leases, bank borrowings and other loans of the Group as at 30 September 2017 were approximately HK$267,416,000 (as at 31 March 2017: approximately HK$211,394,000), and current ratio as at 30 September 2017 was approximately 1.69 (as at 31 March 2017: approximately 0.99).

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

Gearing ratio

The gearing ratio as at 30 September 2017 was approximately 54.65% (as at 31 March 2017: approximately 44.08%).

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

The gearing ratio is calculated as aggregate amounts of obligations under finance leases, other loans and bank borrowings divided by total equity as at the end of respective periods.

Pledge of assets

As at 30 September 2017, the Group pledged certain assets including (i) bank deposits of approximately HK$17,587,000 (31 March 2017: approximately HK$12,438,000), and (ii) property, plant and equipment with carrying values of approximately HK$65,013,000 (31 March 2017: approximately HK$77,933,000), as collateral to secure the facilities granted to the Group.

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

Foreign exchange exposure

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

Capital structure

There had been no change in capital structure of the Company during the Period. The capital of the Company comprised ordinary shares and capital reserves. The Group financed its working capital requirements through a combination of funds generated from operations, bank and other borrowings.

Capital commitments

As at 30 September 2017, the Group had capital commitment of approximately HK$107,000,000 (as at 31 March 2017: approximately HK$112,398,000). At 30 September 2017, the Group also had capital commitment of approximately HK$39,000,000 in relation to capital injection to a limited partnership.

Human resources management

As at 30 September 2017, the Group had 407 employees, including Directors (as at 31 March 2017: 334 employees, including Directors). Total staff costs (including Directors' emoluments) were approximately HK$46,022,000 for the Period as compared to approximately HK$66,741,000 for the six months ended 30 September 2016. Remuneration was determined with reference to market norms and individual employees' performance, qualification and experience.

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

Significant investments held

As at 30 September 2017, the Group held approximately 10.33% of the total issued share capital of Josab International AB, the shares of which are listed on AktieTorget, a stock exchange in Sweden.

Save as disclosed above and except for investment in subsidiaries, during the Period, the Group did not hold any significant investment in equity interest in any other company.

Material acquisitions and disposals of subsidiaries and affiliated companies

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

Contingent liabilities

As at 30 September 2017, the Group had an outstanding performance bond for construction contracts amounted to approximately HK$66,854,000 (as at 31 March 2017: approximately HK$91,500,000).

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the Period (for the six months ended 30 September 2016: nil).

EVENTS SUBSEQUENT TO THE PERIOD UNDER REVIEW

1. Issue of Convertible Bonds

Reference is made to the Company's announcement dated 3 October 2017 and the defined terms therein. The Company entered into a subscription agreement with Forest Water Environmental Engineering Co., Ltd., a company incorporated in Taiwan and listed on the Taiwan Stock Exchange (Stock Code: 8473) with limited liability ("Forest Water"), pursuant to which the Company has conditionally agreed to issue, and Forest Water has conditionally agreed to subscribe for the Convertible Bonds with an aggregate principal amount of US$5,000,000.

The Convertible Bonds bear interest at 6.5% per annum, with a yield to maturity at 12% per annum internal rate of return applied on the principal amount. The initial Conversion Price is HK$3.50, subject to adjustment for, amongst other things, subdivisions, consolidations, reclassification of Shares or capitalisation of profits or reserves which may have a diluting effect on Forest Water.

The Conversion Price shall be subject to a full ratchet anti-dilution adjustments in the event that the Company issues additional equity securities, other than the shares reserved for employee shares as share option scheme, i.e. if the per Share price of the newly issued Shares is lower than the then Conversion Price, Conversion Price shall be downward adjusted to the same as the price of the newly issues Shares.

The gross proceeds from such subscription will be US$5,000,000 (approximately HK$39,057,000). The net proceeds, after deducting all relevant costs and expenses, will be approximately HK$38,000,000.

2. Allotment and issue of shares

Reference is made to the Company's announcement dated 27 November 2017. The Company entered into a subscription agreement with Seasons Apparel Internationale Inc. ("Seasons Apparel"), a company incorporated in the British Virgin Islands with limited liability, pursuant to which the Company has conditionally agreed to allot and issue, and Seasons Apparel has conditional agreed to subscribe for 10,164,000 subscription shares at a subscription price of HK$3.71 per subscription share. The gross proceeds from such subscription will be approximately HK$37.7 million.

Such subscription is yet to be completed as of the date of this announcement.

The proceeds from (i) the convertible bonds; and (ii) allotment and issue of the subscription shares are intended to be used for the Company's investment in its kitchen waste and water treatment businesses and as general working capital.

COMPETITION AND CONFLICT OF INTERESTS

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

CORPORATE GOVERNANCE PRACTICES

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

In the opinion of the Directors, the Company has complied with all the code provisions (the "Code Provisions") of the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the Period.

AUDIT COMMITTEE

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

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

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

PUBLICATION OF INTERIM REPORT

The Company's interim report containing information required to be disclosed pursuant to Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange at http://www.hkexnews.hk and the Company's website at http://www.primeworld-china.com and will be despatched to the shareholders of the Company in due course.

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

Hong Kong, 30 November 2017

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

* *For identification purpose only*