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)

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

FINAL RESULTS

The board (the "Board") of directors (the "Directors") of New Concepts Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2017 (the "Year"), together with the comparative figures for the year ended 31 March 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	4	**1,239,809**	1,411,799
Cost of sales		**(1,040,850)**	(1,280,345)
Gross profit		**198,959**	131,454
Other income and net gains	4	**11,728**	9,252
Administrative expenses		**(98,502)**	(32,495)
Other operating expenses		**(16,848)**	(37,957)
Operating profit		**95,337**	70,254
Finance costs	5	**(2,159)**	(8,376)
Profit before income tax		**93,178**	61,878
Income tax expense	6	**(36,252)**	(12,163)
Profit for the year		**56,926**	49,715
Profit for the year attributable to:			
Owners of the Company		**47,610**	49,715
Non-controlling interests		**9,316**	—
		56,926	49,715
Other comprehensive income for the year, net of tax			
Items that may be reclassified subsequently to profit or loss:			
— Fair value changes of available-for-sale financial assets		**(5,033)**	5,033
— Exchange differences on translation of foreign operations		**(11,091)**	719
		(16,124)	5,752
Total comprehensive income for the year		**40,802**	55,467
Total comprehensive income for the year attributable to:			
Owners of the Company		**31,708**	55,467
Non-controlling interests		**9,094**	—
		40,802	55,467
Basic and diluted earnings per share	7	**HK$0.10**	HK$0.12
Dividend	8	**—**	—

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2017

	Notes	**2017** **HK$'000**	2016 HK$'000
Non-current assets			
Property, plant and equipment		**197,035**	198,614
Operating concession		**176,749**	—
Intangible assets		**17,193**	—
Goodwill		**114,909**	—
Available-for-sale financial assets		**6,536**	20,287
Receivables under service concession arrangements		**227,516**	—
Rental deposit		**826**	826
		740,764	219,727
Current assets			
Inventories		**3,861**	—
Trade and other receivables	9	**322,069**	365,108
Loan receivables		**38,861**	18,592
Amounts due from customers for contract work	10	**121,876**	64,121
Receivables under service concession arrangements		**30,220**	—
Tax recoverable		**—**	800
Bank balances and cash		**173,108**	195,249
		689,995	643,870
Current liabilities			
Trade and other payables	11	**654,655**	543,201
Bank borrowings		**12,789**	20,077
Amounts due to customers for contract work	10	**1,626**	11,140
Obligations under finance leases		**21,068**	30,982
Tax payable		**9,153**	—
		699,291	605,400
Net current (liabilities)/assets		**(9,296)**	38,470
Total assets less current liabilities		**731,468**	258,197
Non-current liabilities			
Other loans		**165,938**	—
Bank borrowings		**5,906**	—
Deferred tax liabilities		**44,642**	23,617
Deferred income		**8,831**	—
Obligations under finance leases		**5,693**	23,288
		231,010	46,905
NET ASSETS		**500,458**	211,292
Capital and reserves			
Share capital		**49,898**	40,000
Reserves		**429,674**	171,292
Total equity attributable to the owners of the Company		**479,572**	211,292
Non-controlling interests		**20,886**	—
TOTAL EQUITY		**500,458**	211,292

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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. The address of its registered office is located at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY-1108, Cayman Islands.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company is an investment holding company. During the Year, the principal activities of its subsidiaries involved in construction works and environmental protection.

These consolidated financial statements are presented in Hong Kong dollars ("HK$") unless otherwise stated.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 April 2016. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

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

3. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with HKFRSs, and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations.

These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets and intangible assets which are carried at their fair values.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies.

4. REVENUE AND SEGMENT INFORMATION

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

	2017	2016
	HK$'000	*HK$'000*
Foundation works	**609,353**	1,102,071
Civil engineering and building works	**62,774**	309,728
Sales of construction materials	**85,906**	—
Environmental protection	**481,776**	—
	1,239,809	1,411,799

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

The Group's operating and reportable segments currently are (i) foundation works, (ii) civil engineering and building works, (iii) sales of construction materials and (iv) environmental protection. The CODM considered the Group has four operating and reportable segments which are based on the internal organisation and reporting structure during the reporting period and future operation. This is the basis upon which the Group is organised.

(a) Segment revenue and results

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

For the year ended 31 March 2017

	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	**609,353**	**62,774**	**85,906**	**481,776**	**1,239,809**
Inter-segment sales	—	—	—	—	—
Total segment revenue	**609,353**	**62,774**	**85,906**	**481,776**	**1,239,809**
Adjusted segment profit/(loss)	**22,444**	**(4,999)**	**2,392**	**132,285**	**152,122**
Depreciation	**26,570**	—	—	**986**	**27,556**

For the year ended 31 March 2016

	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	1,102,071	309,728	—	—	1,411,799
Inter-segment sales	—	—	—	—	—
Total segment revenue	1,102,071	309,728	—	—	1,411,799
Adjusted segment profit/(loss)	84,196	22,653	—	(1,600)	105,249
Depreciation	24,605	—	—	—	24,605

The accounting policies of the operating segments are the same as the Group's accounting policies described in the consolidated financial statements.

Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit/(loss) before income tax. The adjusted profit/(loss) before income tax is measured consistently with the Group's profit before income tax 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.

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	Foundation works *HK$'000*	**Civil engineering and building works** *HK$'000*	**Sales of construction materials** *HK$'000*	**Environmental protection** *HK$'000*	**Total** *HK$'000*
As at 31 March 2017					
Segment assets	**219,540**	**9,751**	**22,075**	**689,960**	**941,326**
Segment liabilities	**65,990**	**8,747**	**22,873**	**410,574**	**508,184**
As at 31 March 2016					
Segment assets	525,367	30,046	—	60,128	615,541
Segment liabilities	220,853	29,599	—	1,297	251,749

Segment assets represent certain property, plant and equipment, goodwill, intangible assets, trade and retention receivables, available-for-sale financial assets, rental deposit, operating concession, inventories, loan receivables, bank balances and cash and amounts due from customers for contract work which are directly attributable to the relevant operating and reportable segments. Segment liabilities represent trade and retention payables, obligations under finance leases, amounts due to customers for contract work, bank borrowings and other loans which are directly attributable to the relevant operating and reportable segments. These are the measures reported to CODM for the purpose of resource allocation and assessment of segment performance.

(c) A reconciliation of segment results to profit before income tax is as follows:

	2017	2016
	HK$'000	*HK$'000*
Adjusted segment profit for reportable segments	**152,122**	105,249
Unallocated — other income and net gains	**11,728**	9,252
Unallocated expenses	**(68,513)**	(44,247)
Finance costs	**(2,159)**	(8,376)
Profit before income tax	**93,178**	61,878

A reconciliation of segment assets to total assets is as follows:

	2017	2016
	HK$'000	*HK$'000*
Segment assets	**941,326**	615,541
Unallocated	**489,433**	248,056
Total assets	**1,430,759**	863,597

A reconciliation of segment liabilities to total liabilities is as follows:

	2017	2016
	HK$'000	*HK$'000*
Segment liabilities	**508,184**	251,749
Unallocated	**422,117**	400,556
Total liabilities	**930,301**	652,305

(d) Information about major customers

During the Year, there were no customer (2016: 3 customers) who individually contributed over 10% of the Group's revenue. The aggregate amount of revenue from these customers accounted for nil (2016: 46%) of the Group's total revenue.

(e) Geographical information

The Group's revenues from external customers are divided into the following geographical areas:

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**753,261**	1,411,799
PRC	**486,432**	—
Others	**116**	—
	1,239,809	1,411,799

The geographical location of revenue is based on the location of customers.

(f) Other income and net gains

	2017 HK$'000	2016 HK$'000
Bank interest income	**193**	123
Other interest income	**894**	—
Exchange (loss)/gain	**(35)**	412
Gain on disposal of property, plant and equipment	**7**	70
Machine rental income	**1,076**	1,966
Service fee income	**3,847**	969
Sales of constructions materials	**93**	5,676
Sundry income	**2,957**	36
Waiver of loan interest payable	**2,696**	—
	11,728	9,252

5. FINANCE COSTS

	2017 HK$'000	2016 HK$'000
Interest on bank loans	**853**	1,300
Finance lease charges	**1,306**	4,380
Interest expenses on loan from a related company	**—**	2,696
	2,159	8,376

6. INCOME TAX EXPENSE

The Company is tax exempted under the laws of Cayman Islands. The subsidiaries which are 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%.

Certain subsidiary of the Group are entitled to the following PRC preferential tax treatments:

Clear Industry (Shanghai) was approved as a High and New Technology Enterprise, which entitled it to the preferential income tax rate of 15% from 2014 to 2017.

	2017 HK$'000	2016 HK$'000
Current tax — Hong Kong profits tax	**771**	3,199
Over provision in previous year	**—**	(37)
	771	3,162
Current Tax — PRC	**13,940**	—
Deferred tax	**21,541**	9,001
	36,252	12,163

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the domestic tax rate applicable to profits in respective countries as follows:

	2017	2016
	HK$'000	*HK$'000*
Profit before income tax	**93,178**	61,878
Tax calculated at domestic tax rates applicable to profits in the respective countries	**31,000**	10,210
Tax effect of non-taxable revenue	**(474)**	(732)
Tax effect of non-deductible expenses	**1,752**	1,345
Utilisation of tax loss previously not recognised	**(820)**	—
Tax effect of PRC preferential treatment	**(824)**	—
Tax effect of temporary differences not recognised	**(147)**	—
Unrecognised tax losses	**5,765**	1,377
Over provision for previous year	**—**	(37)
	36,252	12,163

7. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated based on the profit for the year attributable to owners of the Company of approximately HK$47,610,000 (2016: HK$49,715,000) and the weighted average number of approximately 455,589,488 ordinary shares (2016: 400,000,000) in issue during the year.

Diluted earnings per share

The calculation of diluted earnings per share is based on the profit for the year attributable to owners of the Company of approximately HK$47,610,000 (2016: HK$49,715,000) and the weighted average number of approximately 457,297,032 ordinary shares (2016: 400,000,000), calculated as follows:

	2017	2016
Weighted average number of ordinary shares at end of the year	**455,589,488**	400,000,000
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**1,707,544**	N/A
Weighted average number of ordinary shares (diluted) at end of the year	**457,297,032**	400,000,000

8. DIVIDEND

No dividend was paid or proposed for the year ended 31 March 2017 (2016: HK$nil) nor has any dividend been proposed since the end of the reporting period.

9. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade and contract receivables *(note a)*	**108,239**	188,247
Retention receivables *(note b)*	**71,762**	90,374
Total trade and contract receivables	**180,001**	278,621
Other receivable, deposit and prepayments *(notes c & d)*	**142,068**	86,487
	322,069	365,108

Notes:

(a) Trade and contract receivables

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

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

	2017	2016
	HK$'000	*HK$'000*
0–30 days	**79,817**	145,669
31–60 days	**11,978**	33,547
61–90 days	**5,405**	3,251
Over 90 days	**11,039**	5,780
	108,239	188,247

As at 31 March 2017, trade and contract receivables of HK$35,022,000 (2016: HK$19,940,000) were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis of these contract receivables based on due date is as follows:

	2017	2016
	HK$'000	*HK$'000*
0–30 days	**6,703**	10,909
31–60 days	**11,888**	3,251
61–90 days	**6,935**	3,206
Over 90 days	**9,496**	2,574
	35,022	19,940

As at 31 March 2017, these was no pledge of trade and contract receivables (2016: HK$37,458,000) to a bank to secure factoring loan.

(b) Retention receivables of HK$3,233,000 were past due as at 31 March 2017 (2016: Nil).

Retention receivables is analysed as follow:

	2017	2016
	HK$'000	*HK$'000*
Due within one year	**66,860**	51,743
Due after one year	**4,902**	38,631
	71,762	90,374

(c) Included in deposit and prepayments amounts of US$2,920,000 (2016: US$2,920,000), equivalent to approximately HK$22,718,000 (2016: HK$22,718,000), was the 40% deposit paid for acquisition of 49% equity interest in PT. Dempo Sumber Energi ("DSE"), a project company which engages in the development of hydropower stations in the Republic of Indonesia ("Indonesia"), details of which are set out in the Company's announcement dated 23 March 2016.

Reference is made to the announcements of the Company dated 23 March 2016, 6 April 2016, 30 May 2016, 21 September 2016 and 24 April 2017 in relation to the acquisition of 49% equity interest in DSE.

Up to the date of this result announcement, PT Perusahaan Listrik Negara (Persero) and the Minister of Energy and Mineral Resources of Indonesia are still under discussion on the execution of MEMR 19/2015 and additional time is required for the fulfillment of the conditions precedent to the acquisition agreement entered into by, among others, an indirect wholly-owned subsidiary of the Company and the Vendor (as amended and supplemented by the supplemental agreement). The parties entered into extension deed on 21 September 2016 to extend the long stop date from 23 September 2016 to 21 April 2017 and a second extension deed was entered on 21 April 2017 to further extend the long stop date to 20 October 2017 or such later date as the parties may further agree in writing. The Company will make further announcement for completion of the above acquisition when and as appropriate in accordance with the Listing Rules.

(d) At 31 March 2017, included in deposit and prepayments, an aggregate amount of approximately HK$25,831,000 was the refundable deposits paid for acquisition(s)/investment(s) of potential 13 project companies which engage in the development of hydropower stations in Indonesia, details of which are set out in the Company's announcements dated 22 January 2016, 23 March 2016, 14 April 2016 and 21 June 2016 respectively.

During the Year, 12 out of 13 memoranda of understanding were expired and lapsed, and the respective refundable deposits are applied as deposit paid for acquisition of 80% equity interest in PT. Sumatera Pembangkit Mandiri ('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 up to the date of this announcement.

10. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	2017 *HK$'000*	2016 *HK$'000*
Cost plus attributable profits less foreseeable losses	**1,164,349**	820,415
Less: progress billings to date	**(1,044,099)**	(767,434)
	120,250	52,981
Analysed for reporting purposes as:		
Amounts due from customers for contract work	**121,876**	64,121
Amounts due to customers for contract work	**(1,626)**	(11,140)
	120,250	52,981

Progress billings to date include retention receivables of HK$71,762,000 (2016: HK$90,374,117) as at 31 March 2017.

11. TRADE AND OTHER PAYABLES

	2017 *HK$'000*	2016 *HK$'000*
Trade payables *(note a)*	**194,744**	127,629
Retention payables	**43,105**	64,617
Accruals	**18,210**	16,507
Other payables	**45,967**	—
Provision for long service payment *(note b)*	**—**	791
Provision for annual leave	**1,593**	842
Amounts due to related companies *(note c)*	**351,036**	332,815
	654,655	543,201

Notes:

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

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

	2017 *HK$'000*	2016 *HK$'000*
0–30 days	**143,647**	68,397
31–60 days	**29,116**	46,058
61–90 days	**7,948**	5,296
Over 90 days	**14,033**	7,878
	194,744	127,629

(b) Movement of the Group's provision for long service payment during the Year is stated as follows:

	2017	2016
	HK$'000	*HK$'000*
At beginning of the year	**791**	264
(Credited)/charged to profit or loss	**(791)**	527
At the end of the year	**—**	791

Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to employees who have completed at least 5 years of service with the Group. The amount payable is dependent on the employees' final salary and years of services, and is reduced by entitlements accrued under the retirement schemes of the Group that are attributable to contributions made by the Group.

Pursuant to the relevant labour rules and regulations in the PRC, the PRC subsidiaries participate in defined contribution retirement benefit schemes organised by the local authority whereby the PRC subsidiaries are required to make contributions to the Schemes based on certain percentages of the eligible employees' salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees.

The Group does not set aside any assets to funds the above remaining obligations.

(c) The balances represent the aggregate amounts of approximately HK$235,000 (2016: HK$3,098,000) due to Interchina Water Treatment Hong Kong Company Limited and Josab International AB and unsecured, interest-free and repayable on demand. The remaining amount due to Turbo Link Trading Limited is unsecured, interest-bearing at 3% per annum and repayable on demand.

(d) The carrying amounts of the Group's trade and other payables are approximated to their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

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

BUSINESS REVIEW

I Construction Business

The Group continued to act as a contractor in the Hong Kong construction industry and principally engaged in foundation works, civil engineering works and general building works in Hong Kong.

The foundation works of the Group include bored piling, driven H-piling, socketed H-piling, mini-piles, footing foundation and pile cap works. Civil engineering works include site formation (including associated infrastructure works), roads and drainage works and landslip preventive and remedial works to slopes and retaining walls. The Group also acted as main contractor in some building projects, and had also been retained as sub-contractors in projects of alterations and additions, renovation, and fitting-out for existing buildings.

Our construction business including foundation works, civil engineering works and general building works fell below our expectations for the Year. This was largely due to a combination of highly competitive pricing resulted from limited tendering projects and unforeseeable difficulties with complicated soil strata in different depth range of various construction projects which undermined the profit margin of the segment significantly.

During the Year, the gaining of funding approval through the Legislative Council in Hong Kong was proven to be difficult. The delay in funding approval for public works led to reduction in Government infrastructure projects resulting in significant reduction of tenders. The limited tendering opportunities increased the competition in the construction industry, which affected the tendering price and profit margin of the projects.

The management has made a strategic move to balance the project award success with fair profit margins, contributed to the significant decrease in number of new contracts awarded from 18 new contracts for the year ended 31 March 2016 to only 6 new contracts for the Year.

Going forward, the Group shall pay more attention to tendering and subcontractor considerations such as fluctuating cost factors and project difficulties associated with challenging foundation or civil engineering content. The shortage of skilled labour and escalating construction costs in Hong Kong remain a concern. To cope with these problems, the management will explore alternative ways to address the above issues.

II Sales of Construction Materials Business

The Group also engaged in trading of construction materials to enhance shareholders' value. During the Year, the management also sought to take advantage of the trading of construction materials to different construction suppliers and developers to increase the revenue as well as profit contribution to the Group. Despite the fact that, the losses from the two construction works outweighed the net profit from the sales of construction materials during the Year, the management considered that there is a good prospect in sales of construction materials, which could provide positive returns to the Group. The management intends to put more resources to expand its trading business onwards.

New Projects Awarded

During the Year, the Group has secured 6 new contracts (2016: 18 new contracts) with an aggregated contract value of approximately HK$549.68 million (2016: approximately HK$964.42 million). Details of the new projects awarded are as follows:

Name of project	Location	Sector	Main category of work
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
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
So Kwun Wat bored piles Project	So Kwun Wat, Tuen Mun, N.T.	Foundation	Construction of large diameter bored piles
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

Projects in Progress

As at 31 March 2017, the Group had 12 projects in progress (2016: 20 projects in progress) with an aggregated contract value of approximately HK$1,235.46 million (2016: approximately HK$1,434.96 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 projects in progress as at 31 March 2017 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

Name of project	Location	Sector	Main category of work
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
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
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
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

Name of project	Location	Sector	Main category of work
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

Completed Projects

During the Year, the Group has completed 12 projects (2016: 20 projects). The details of completed projects are as follow:

Name of project	Location	Sector	Main category of work
Macdonnell Road Project	No. 3 MacDonnell Road, Mid-levels, Hong Kong	Building	Construction of Soldier Pile, ELS, Pile Cap, Basement Works
Tsing Yi Project	Chung Mei Road, Tsing Yi, New Territories	Foundation	Excavation and lateral support and underground drainage works
Sai Kung ELS Project	Lot No. 1950 in DD221, Wai Man Road, Sai Kung, New Territories	Foundation	Construction of ELS and Raft Foundation Works
Kau To 579 Project	Shatin Lot S.T.T.L. 579, Area 56A, Kau To, New Territories	Foundation	Site Formation and Construction of Pipe Piles and Pad Footings
Pak Shek Kok 214 Project	Tai Po Town Lot No. 214 at Fo Yin Road, Pak Shek Kok, New Territories	Foundation	Construction of Hoarding, demolition, sheet pile and socketed H-Piles
Tuen Mun Siu Lun Project	Area 14 (Siu Lun), Tuen Mun	Foundation	Design and Built of Socketed H-Piles
Pak Tin Estate Project	Phase 9, Pak Tin Estate, Shek Kip Mei, Kowloon	Foundation	Construction of Mini-piles and associated works
Lei Yue Mun Project	Yau Tong Inland Lot No. 42, Lei Yue Mun Path, Lei Yue Mun, Kowloon	Foundation	Construction of Bored piles, Socketed H-Piles, Sheet Pile, King Post, Grout Curtain, Tree Protection and Hoarding
HongKong-Zhuhai-Macao Bridge Project (Western portion)	HongKong-Zhuhai-Macao Bridge	Foundation	Construction of Bored piles
Hung Hom Sung On Street Project	Nos. 1–23 Wan King Street, Nos. 2–26 Wan Fuk Street, Nos. 18–24 Wan On Street, Nos. 1–27 Wan Shun Street, Hung Hom, Kowloon	Foundation	Construction of ELS and Pile Cap Works
HongKong-Zhuhai-Macao Bridge Project (Middle portion)	HongKong-Zhuhai-Macao Bridge	Foundation	Construction of Bored piles

Name of project	Location	Sector	Main category of work
So Kwun Wat bored piles Project	So Kwun Wat, Tuen Mun, N.T.	Foundation	Construction of large diameter bored piles

III Environmental Protection Business

The environmental protection business of the Group commenced in the second half of the year ended 31 March 2016 and generated revenue and profit for the Year.

(i) Kitchen waste treatment

During the Year, the Group completed the acquisition of 100% equity interest in Taiyuan Tianrun Bioenergy Co., Ltd.* (太原天潤生物能源有限公司) ("Taiyuan Tianrun") from Taiyuan Runhe Environmental Protection Engineering Co., Ltd (太原潤禾環衛工程設備有限公司) at a consideration of RMB43,447,500. For details, please refer to the Company's announcement dated 28 June 2016. Taiyuan Tianrun is principally engaged in the kitchen waste treatment after its commencement of operations. Phase I production (with capacity of 200 tons/day) has commenced operations in April 2017, and the average daily production capacity of Taiyuan Tianrun reaches 500 tons/day since its commencement of full capacity operation.

In December 2016, the Group also completed the acquisition of 51% of the issued share capital of Clear Industry Company Limited ("Clear Industry"), the holding company of Suzhou Clear Industry Co., Ltd.* (蘇州愷利爾環保科技有限公司) ("Suzhou Clear Industry"), Clear Industry (Shanghai) Co., Ltd* (清勤水處理科技（上海）有限公司) ("Clear Industry (Shanghai)") and Loudi Fangsheng Environmental Technology Co. Ltd* (婁底市方盛環保科技有限公司) ("Loudi Fangsheng"), at a consideration of RMB87,975,000 (approximately HK$100,990,000) with performance commitment on accounts receivables and audited net profits for each of the financial years ended 31 March 2017, 2018 and 2019, details of which are set out in the Company's announcement dated 2 November 2016.

Performance Guarantee

The acquisition of Clear Industry was completed on 14 December 2016. Pursuant to the acquisition agreement, the vendor undertakes that for the year ended 31 March 2017, the balance of the new audited accounts receivables (excluding the accounts receivables from related parties) shall not exceed 30% of the consolidated revenue; the balance of the audited accounts receivables aged one year to two years shall not exceed 10% of the consolidated revenue of the previous financial year; and the balance of audited accounts receivables aged over two years shall not exceed 5% of the consolidated revenue of the previous two financial years. In the event that the audited accounts receivables as at 31 March 2019 exceeds the above limitation, the exceeded amount (the "Exceeded Amount") will be deducted from the after-tax net profits.

The vendor also undertakes that the audited net profits after tax and attributable to shareholders of Suzhou Clear Industry (deducting the Exceeded Amount if required and excluding the revenue generated from the investment and contracting by the Group to the kitchen waste treatment project of Suzhou Clear Industry and Clear Industry (Shanghai) and the kitchen waste treatment project of Loudi Fangsheng) for the year ended 31 March 2017 shall be RMB20 million.

For the financial year ended 31 March 2017, the Group has consolidated the assets and liabilities and financial results of the Target Group (including its subsidiary Suzhou Clear Industry) since completion of the Acquisition in December 2016. Nonetheless, the Group requires extra time to complete the audited financial statements of Suzhou Clear Industry for the financial year from 1 April 2016 to 31 March 2017. Further information in relation thereto will be released in a separate announcement when such information is available.

On 23 January 2017, the Group, Chieng Hsin Machinery (Kunshan) Co., Ltd ("Chieng Hsin"), being the creditor, Fu Li Biotechnology Co., Ltd (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 has conditionally 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 Hsui and Hefei Feifan also entered into the capital injection agreement, pursuant to which, the Group has conditionally agreed to make the capital injection at 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 2 June 2017.

Revenue Guarantee

Pursuant to the acquisition agreement and the capital injection agreement, Fu Li and Chieng Hsin undertake to the Group that there will be revenue performance upon certain conditions. The Company will comply with the relevant Listing Rules and regulations for disclosing its revenue performance on its next annual report. Further information relating to its performance will be released in a separate announcement while appropriate. Details of which are set out in the Company's announcement dated 23 January 2017 and 2 June 2017.

(ii) Industrial water treatment

The Group 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.

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 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") 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 new 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. CSRE not only successfully began the application and commercialisation of Memsys' membrane distillation technology but 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.

As such, CSRE can bring Memsys' technology into the PRC, 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.

Performance and Profit Guarantee

Pursuant to the acquisition agreement, the vendors undertake to the Group that there will be profit guarantee for the period from 1 April 2017 to 31 March 2018 and performance guarantee from date of establishment of CSRE to 30 April 2018. The Company will comply with the relevant Listing Rules and regulations for disclosing its profit and performances guarantee in its next annual report. Details of which are set out in the Company's announcement dated 2 March 2017. Further information relating to its performance in relation thereto will be released in a separate announcement while appropriate.

IV Other Strategic Investments and Funding Plans

(i) 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 and 24 April 2017 in relation to the acquisition of 49% equity interest in DSE. As at the date of this announcement, PT Perusahaan Listrik Negara (Persero) and the Minister of Energy and Mineral Resources of Indonesia are still under discussion on the execution of MEMR 19/2015 and additional time is required for the fulfillment of the conditions precedent to the acquisition agreement entered into by, among others, an indirect wholly-owned subsidiary of the Company and the Vendor (as amended and supplemented by the supplemental agreement). The parties entered into an extension deed on 21 September 2016 to extend the long stop date from 23 September 2016 to 21 April 2017 and a second extension deed was entered on 21 April 2017 to further extend the long stop date to 20 October 2017 or such later date as the parties may further agree in writing. The Company will make further announcement for completion of the above acquisition as and when appropriate in accordance with the Listing Rules.

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

In August 2016 the Group also entered into an acquisition agreement 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 such acquisition are less than 5%, such acquisition is not subject to the notification and announcement requirements pursuant to the Listing Rules.

(iii) Placement of Shares and Use of Proceeds

On 16 August 2016, the Group completed the allotment of 80,000,000 shares (the "Subscription Shares") at HK$2.10 per share to 2 independent subscribers. The Subscription Shares represented approximately 16.67% of the then issued share capital of 480,000,000 shares as enlarged by the allotment and issue of the Subscription Shares. The gross proceeds and net proceeds from the subscription amounted to approximately HK$168 million and approximately HK$167.1 million (after deduction of the legal fees and other professional expenses) respectively, which is intended to be used for the general working capital for the operation and development of the kitchen waste treatment business of the Group and the possible acquisition of the water treatment business by the Group.

As disclosed in the interim results announcement for the six months ended 30 September 2016, the Group entered into a termination agreement in November 2016 in relation to the possible acquisition of certain water treatment plants. As such, the remaining net proceeds will be applied for development of kitchen waste treatment and other business opportunities.

As at 31 March 2017, the Group had utilised all the net proceeds from the Subscription Shares for the acquisition and development of the kitchen waste treatment business. A summary of the use of proceeds is set out as follows:

	HK$ million
Net proceeds	167.1
Less: Development of Taiyuan Tianrun project	(124.9)
Acquisition of Clear Industry and development of Loudi project	(42.2)
	—

(iv) Issuance of Convertible Bonds

On 31 March 2017, the Company and the subscriber entered into the principal terms of investment, pursuant to which the Company conditionally agreed to issue, and the subscriber conditionally agreed to subscribe for, the convertible bonds with an aggregate principal amount of not more than US$40,000,000. The conversion shares will be allotted and issued under a specific mandate to be passed at the extraordinary general meeting of the Company (the "EGM") to be convened. Further announcement on the poll results of the EGM will be made in accordance with the Listing Rules. Details of which are set out in the Company's announcement dated 31 March 2017.

V Other Information

(i) Impairment of Goodwill and Other Intangible Assets

The Group conducted reviews, based on discounted cashflow method, on impairment of goodwill and intangible assets arising mainly from the acquisition of Clear Industry and Taiyuan Tianrun, and no impairment loss has been recognised during the Year.

(ii) Issue and lapse of unlisted warrants

On 27 February 2017, the Company entered into the warrants subscription agreement with a senior corporate consultant (the "Consultant") of the Company, pursuant to which, the Company conditionally agreed to issue and the Consultant conditionally agreed to subscribe for 4,000,000 warrants at the issue price of HK$0.33 per warrant. Each warrant carries the right to subscribe for one warrant share at the exercise price of HK$3.33 per warrant share. Subsequent to the entering into of the warrants subscription agreement, the Company and the Consultant had renegotiated certain terms of the warrants subscription agreement, but have yet to reached a conclusion on or before 31 March 2017. As such, the warrants subscription agreement had lapsed and become null and void against the Company and the Consultant as at 31 March 2017.

Outlook

The environmental protection business in the PRC has been growing robustly due to on-going food safety issues and nationwide political support on environmental protection business industry, which provides a solid foundation for such business growth in the PRC.

In the "Plan for Establishing Facilities for the Innocuous Treatment of Municipal Solid Waste under the Thirteenth Five-Year Plan (Draft)", the National Development and Reform Commission & Ministry of Housing and Urban-Rural Development of the PRC set the target of the garbage disposal rate of municipalities and provincial capitals at 100% by 2020; encouraged joint treatment of food waste & other organic biodegradable waste in order to achieve a processing capacity of 40,000 tons per day by the end of Thirteenth Five-Year. Given the huge upside potential, a strong but steady growth in the industry is expected in the coming years.

During the Year, the Group recorded an increase in revenue and profit from the environmental protection business through the revenue generated from newly-acquired Clear Industry, and construction of BOT kitchen waste projects. Taking into account of the formation of joint venture in Hanzhong as set out in below "Significant Events after the Reporting Period, 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. The Group will continue to actively seek for new opportunities for construction and operation for kitchen waste projects through investments, bid-tendering, acquisition as well as providing solution systems and operations of kitchen waste treatment plants. With the increase in awareness of the pollution of kitchen wastes and emphasis on recycling kitchen wastes into useful resources, it enables us to increase our market share in the kitchen waste treatment in the PRC along with the support of favorable policies and economic growth momentum through the development of the PRC's environmental protection business.

On the other hand, on top of decrease in turnover of our construction business, the Group, for the first time, recorded a loss from construction business during the Year. During the year, the Group's construction business underwent a fierce and competitive business environment as a result of (i) downturn in Hong Kong economy; (ii) slowdown in the number of new development of construction site; and (iii) continuing keen competition in terms of increasing number of competitors and profit margin of the construction projects.

As such, the Group continues to implement measures to further strengthen our cost-effectiveness through better design optimisation.

Results of the Group

During the Year, revenue of the Group decreased by approximately 12.18% to approximately HK$1,239.81 million (2016: HK$1,411.80 million).

Gross profit increased by approximately 51.36% to approximately HK$198.96 million (2016: HK$131.45 million).

Profit for the Year attributable to owners of the Company decreased by approximately 4.24% to approximately HK$47.61 million (2016: HK$49.72 million).

Earnings per share decreased by 16.67% to HK$0.10 (2016: HK$0.12).

Review of Segmental Operating Performance

Construction Business — 54.21% of total revenue

The construction business of the Group reported a net loss of approximately HK$1.40 million for the Year as compared with an adjusted net profit of approximately HK$54.18 million for the year ended 31 March 2016. The loss was attributable to the significant increase in subcontracting charges for unforeseeable high ground water level in MacDonnell Road building project, the increase in various construction costs of various prolonged projects and the rental of oscillator and crawler crane to encounter the challenge for the movement of newly reclaimed ground and complicated soil strata in different depth range in HongKong-Zhuhai-Macao Bridge foundation project, which led to a considerable loss in that project, a rare occurrence in our construction history.

Revenue of construction business including foundation works, civil engineering works and general building works for the Year decreased by approximately 52.39% from approximately HK$1,411.80 million for the year ended 31 March 2016 to approximately HK$672.13 million for the Year. Such decrease was mainly attributable to the highly competitive bidding in the construction market resulted in the reduction on the aggregate contract sum of the newly awarded projects recognised during the Year. In addition, there was absence of sizeable projects for tendering during the Year, and the Group has secured 6 new construction contracts (2016: 18 new construction contracts) with an aggregate contract value of approximately HK$549.76 million (2016: approximately HK$964.42 million). Such decrease was attributable to the new strategic move to balance the project award success with a fair profit margin, which contributed to the decrease in number of new contracts being awarded.

As at 31 March 2017, the Group had 12 projects in progress with an aggregated contract value of approximately HK$1,235.46 million, compared to 20 projects in progress and approximately HK$1,434.96 million respectively as at 31 March 2016.

The profit margin of construction business decreased to approximately 6.61% for the Year from approximately 9.31% as compared with that of the same period last year. Such decrease was attributable to the keen competition from the market players for the Year. Most of the industry players bid in open tender with a lower tender premium in order to win the bidding. The competitive bidding reduced the profit margin of the Group for the Year.

Sales of Construction Materials Business — 6.93% of total revenue

Revenue of sale of construction materials business was approximately HK$85.91 million for the Year. The Group commenced its trading in construction materials in January 2016 and recognised whole year revenue from the sale of construction materials for the Year. Profit from the sale of construction materials for the Year was approximately HK$4.67 million. The contribution of profit was attributable to the recognition of whole year financial performance from the sale of construction materials for the Year.

Environmental Protection Business — 38.86% of total revenue

Revenue from environmental protection business represented the construction of BOT kitchen waste projects and other technical services and sales of machineries. During the Year, the Group recognises the construction revenue of Taiyuan's and Loudi's projects with reference to its 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.

The increase in contribution from BOT projects and service income during the Year as the environmental protection business only commenced its operation in the second half of the year ended 31 March 2016 and also no revenue was generated in that year.

FINANCIAL REVIEW

Other Income and Net Gain

Excluding the income from the sale of construction materials for the year ended 31 March 2016 of approximately HK$5.68 million, other income and net gain of the Group increased from a net gain of approximately HK$3.59 million for the year ended 31 March 2016 to a net gain of approximately HK$11.73 million for the Year, mainly due to the increase in service income as well as the waiver of interest from a related company.

Administrative Expenses

Administrative expenses of the Group increased from approximately HK$32.50 million for the year ended 31 March 2016 to approximately HK$98.50 million for the Year, amounting for approximately 2.30% and 7.94% of the Group's revenue for the year ended 31 March 2016 and for the Year, respectively. The increase in administrative expenses was primarily attributable to the increase in staff costs (including directors' emoluments) and certain operating costs and expenses associated with environmental protection segment which was established in the second half of the year ended 31 March 2016. In particular, the Group recorded an one-off expense of share-based payment of approximately HK$18.94 million upon the grant of share options during the Year.

Other Operating Expenses

Other operating expenses of the Group decreased by approximately 55.6% from approximately HK$37.96 million for the year ended 31 March 2016 to approximately HK$16.85 million for the Year. The decrease in other operating expenses was primarily due to a drop in other operating expenses as a result of the decrease in maintenance costs of machineries of construction business in the Year.

Finance Costs

Finance costs of the Group decreased significantly from approximately HK$8.38 million for the year ended 31 March 2016 to approximately HK$2.16 million for the Year, primarily due to full repayment of loan and total interest expense from last year and the reduction of hire purchase interest on machinery acquired during the Year. Other loan of approximately HK$165.94 million was granted in March 2017.

Interest rates of finance leases ranged from 2.75% to 3.95% for the Year, as compared with 1.18% to 3.95% for the year ended 31 March 2016.

Taxation

Tax charge of the Group increased by approximately 198.11% from approximately HK$12.16 million for the year ended 31 March 2016 to approximately HK$ 36.25 million for the Year. The increase was due to the deferred tax arising from the construction of kitchen waste projects, despite the drop in current taxation caused by net loss of our construction segment of approximately HK$1.40 million for the Year as compared with an adjusted net profit of approximately HK$54.18 million for the year ended 31 March 2016.

Liquidity and Financial Resources

As at 31 March 2017, the total assets of the Group increased by approximately 65.67% to approximately HK$1,430.76 million from approximately HK$863.60 million for the year ended 31 March 2016. The Group also maintained a strong and sound financial position during the Year. As at 31 March 2017, the Group had bank balances and cash of approximately HK$173.11 million (31 March 2016: approximately HK$195.25 million).

The total interest-bearing loans comprising finance lease, other loans and bank borrowings of the Group as at 31 March 2017 was approximately HK$211.39 million (31 March 2016: approximately HK$74.35 million), and current ratio for the Year was approximately 0.99 (31 March 2016: approximately 1.06).

Interest rates of interest-bearing loans ranged from 2.75% to 6.00% for the Year, as compared with 1.18% to 3.95% for the year ended 31 March 2016.

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 of the Group as at 31 March 2017 was approximately 44.08% (31 March 2016: approximately 35.19%). The increase in gearing ratio was mainly attributable to the increase in equity during the Year.

The gearing ratio is calculated as the payables incurred not in the ordinary course of business (excluding loan from a Director and shareholder) divided by total equity attributable to the owners of the Company as at the respective years.

Pledge of Assets

As at 31 March 2017, the Group pledged its operating concession and receivable under service concession arrangements of an aggregate amount of approximately HK$330,608,000 (31 March 2016: nil).

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

Save as disclosed above for the allotment and issue of 80,000,000 new shares to two independent subscribers, there had been no other changes in capital structure of the Company during the Year. The capital of the Company comprises ordinary shares and capital reserves. The Group finances its working capital requirements through a combination of funds generated from operations, bank borrowings and fund raising exercise during the Year.

Capital Commitments

As at 31 March 2017, the Group had capital commitments of approximately HK$112,399,000 (31 March 2016: nil).

Human Resources Management

As at 31 March 2017, the Group had 334 employees (31 March 2016: 273 employees), including the Directors. Total staff costs (including Directors' emoluments and expense of share-based payments) were approximately HK$148.16 million for the Year as compared to approximately HK$97.56 million for the year ended 31 March 2016. Remuneration is 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 and injury insurance.

Significant Investments Held

As at 31 March 2017 and 31 March 2016, the Group held approximately 5.89% 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 Year, 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 Year.

Contingent Liabilities

As at 31 March 2017, the Group had an outstanding performance bond for construction contracts amounted to approximately HK$91.50 million (31 March 2016: approximately HK$91.60 million). The performance bond was secured by unlimited corporate guarantees provided by a related company.

In addition, the Group was involved in a number of claims arising in the ordinary course of business with insurance coverage during the Year, which will not have a material adverse effect on the financial position or operating results of the Group, if materialised.

Update on positive profit alert

Reference is made to the positive profit alert announcement dated 16 May 2017 (the "Profit Alert Announcement"). As disclosed in the Profit Alert Announcement, the Group expected to record an increase of about 20% in its consolidated profit attributable to equity owners for the Year as compared with that for the year ended 31 March 2016 based on the then available unaudited financial information. As disclosed in this announcement, the Group recorded consolidated profit attributable to equity owners of HK$47.61 million for the Year, representing a decrease of approximately 4.2% as compared with that for the year ended 31 March 2016. The lower-than-expected consolidated profit recorded for the Year was mainly attributable to (1) the impairment recognised on the debit reserve balance available-for-sale financial assets reserve of approximately HK$7.5 million; and (2) recognition of certain government grant as deferred income of approximately HK$8.2 million that was previously credited to profit or loss. The Board wishes to emphasise that the aforesaid adjustments are non-cash in nature and therefore do not have any substantial adverse impact on the operating cash flows of the Group.

Significant Events after the Reporting Period

(1) Increased interest in Josab

In February 2017, the board of directors of Josab offered Rights Shares to the existing shareholders via the Rights Issue of 2 Rights Shares for every 11 issued shares in Josab. The subscription price of SEK2.15 per Rights Share. On top of the Group's proportionate share in the Rights Shares, the Group additionally subscribed for not more than 3,200,000 Josab's shares. The Right Issue was completed in April 2017, and the Group's interest in Josab increased by approximately 10.37% as at the date of this announcement.

(2) Entering into a Framework Agreement

In April 2017, the Group entered into a Framework Agreement in relation to the possible acquisition of entire equity interest in Beijing TDR Environ-Tech Co., Ltd.* (北京天地人環保科技有限公司), a company incorporated in 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. As at the date of this announcement, the acquisition has not been completed, details of which are set out in the Company's announcement dated 27 April 2017.

(3) Formation of Joint Venture

In June 2017 the Group has 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) for the formation of the joint venture company which will principally engage 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 8% by Hanzhong UCID. Prime World (Tianjin) will contribute RMB40 million in cash to the registered capital of the joint venture company. As at the date of this announcement, the formation of joint venture has yet to be completed, details of which are set out in the Company's announcement dated 19 June 2017.

Save as disclosed above, there is no other significant event after the reporting period of the Group.

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 Year.

Non-Competition Undertaking from Controlling Shareholders

Pursuant to the Non-Competition Deed dated 26 August 2014 ("Deed of Non-competition") entered into among the controlling shareholder in favour of the Company and its subsidiaries, each of the covenantors irrevocably and unconditionally undertakes with each member of our Group that the controlling shareholder shall not, and shall procure their associates (other than members of our

Group) not to, directly or indirectly engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business in competition with or likely to be in competition with the existing business activity of any member of our Group during the period commencing from 19 September 2014, the listing date to the date when the shareholding of the controlling shareholder ceases to own 30% or more of the issued share capital of the Company.

The controlling shareholder held approximately 25.83% and 15.33% of the issued share capital of the Company since 16 August 2016 and 14 December 2016, respectively. Accordingly, Deed of Non-Competition has lapsed from 16 August 2016.

Each of controlling shareholders (as defined in the Listing Rules) has provided a confirmation to the Company confirming that he and his associates have not breached the terms of the undertaking contained in the Deed of Non-competition for the period from 1 April 2016 to 15 August 2016, the day immediately before the shareholding of the controlling shareholder fell below the 30% of the issued share capital of the Company.

The Board comprising all the independent non-executive Directors, based on the written confirmation provided by each of the controlling shareholders, is of the view that such controlling shareholders have been in compliance with the non-competition undertaking in favour of the Company for the period from 1 April 2016 to 15 August 2016.

Code of Conduct for Securities Transactions by Directors

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

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

Non-Compliance with Rule 3.10A of the Listing Rules

During the Period between 8 September 2016 and 28 November 2016, the number of independent non-executive Directors fell below the minimum number of one-third of the Board as required under the Listing Rules, and there were ten Directors with three independent non-executive Directors till 28 November 2016. Following the resignation of Mr. Chu Shu Cheong as an executive Director on 29 November 2016, the Board comprises nine Directors, among them three are independent non-executive Directors.

Corporate Governance Practices

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

The Company has adopted the compliance manual which sets out the minimum standard of good practices concerning the general management responsibilities of the Board with which the Company and the Directors shall comply and which contains, among other things, the code provisions of the corporate governance codes (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

During the Year, the Board considers that the Company has complied with all the CG Code.

Audit Committee

The audit committee of the Company was established in compliance with Rules 3.21 and 3.22 of the Listing Rules and with its written terms of reference. The latest terms of reference of the audit committee are available on the websites of the Company and the Stock Exchange.

The summary of work of the audit committee during the Year is as follows:

- met with the external auditors, reviewed and made recommendations for the Board's approval on the annual and interim reports of the Company;

- reviewed and approved audit fee;

- recommended the re-appointment of Wellink CPA Limited as auditors, subject to the shareholders' approval at the annual general meeting;

- reviewed the effectiveness of the Company's risk management and internal control systems; and

- reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

Scope of work of the Company's auditor in respect of this preliminary announcement

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2017 as set out in this preliminary announcement have been agreed by the Company's auditor, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 March 2017. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently, no assurance has been expressed by the Company's auditor on this preliminary announcement.

Final Dividend

The Board does not recommend a payment of a final dividend to the shareholders for the year ended 31 March 2017 (2016: nil).

Annual General Meeting

The annual general meeting of the Company (the "AGM") will be held on 25 September 2017. The notice of the AGM 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 sent to the shareholders of the Company, together with the Company's annual report, in due course.

Closure of the Register of Members

The register of members of the Company will be closed from 19 September 2017 to 25 September 2017 (both days inclusive), during which period no transfers of shares will be registered. To determine the entitlement to attend and vote at the AGM of the Company, all transfer document, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 18 September 2017.

Publication of Final Results Announcement and Annual Report

The Group's final results for the Year and this announcement have been reviewed by the audit committee of the Company, approved by the Board and agreed by the Company's external auditor, Wellink CPA Limited.

The Company's annual results announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk and the Company's website at http://www.primeworld-china.com.

The annual report of the Company for the year ended 31 March 2017 containing the information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders in due course.

By Order of the Board
New Concepts Holdings Limited
Zhu Yougjun
Chairman and Executive Director

Hong Kong, 29 June 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.