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## **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)**

### **ANNOUNCEMENT OF THE AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020**

Reference is made to the announcement of the Company dated 29 June 2020 in connection with the unaudited annual results for FY2020 (the “**Unaudited Annual Results Announcement**”). Capitalised terms used herein, unless otherwise defined, shall have the same meanings as those defined in the Unaudited Annual Results Announcement.

#### **AUDITED ANNUAL RESULTS**

The Board is pleased to announce that the Group’s auditor, BDO Limited (the “**Auditor**” or “**BDO**”), has completed its audit and provided its agreement on the annual results of the Group for FY2020. The audited annual results for FY2020 were reviewed and approved by the Audit Committee and the Board on 6 August 2020 and 7 August 2020, respectively. Save for those set out in the section headed “Material Differences between Unaudited and Audited Annual Results in this announcement, the other information in the Unaudited Annual Results Announcement are in line with the Company’s audited annual results for FY2020 and remains unchanged.

The Company hereby re-states the Company’s audited consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of financial positions for FY2020 together with the comparative figures of FY2019 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2020

	2020 <i>HK\$'000</i> (audited)	2019 <i>HK\$'000</i> (audited)
<b>REVENUE</b>	<b>837,168</b>	1,021,729
Cost of sales	<u>(652,454)</u>	<u>(815,859)</u>
Gross profit	<b>184,714</b>	205,870
Other income and gains, net	<b>43,833</b>	44,152
Administrative expenses	<b>(289,137)</b>	(275,297)
Expected credit loss on financial and contract assets	<b>(37,914)</b>	(7,851)
Other expenses, net	<b>(193,752)</b>	(19,672)
Finance costs	<u>(46,803)</u>	<u>(62,375)</u>
<b>LOSS BEFORE TAX</b>	<b>(339,059)</b>	(115,173)
Income tax credit	<u>26,605</u>	<u>15,875</u>
<b>LOSS FOR THE YEAR</b>	<b><u>(312,454)</u></b>	<b><u>(99,298)</u></b>
Attributable to:		
Owners of the Company	<b>(295,679)</b>	(92,663)
Non-controlling interests	<u>(16,775)</u>	<u>(6,635)</u>
	<b><u>(312,454)</u></b>	<b><u>(99,298)</u></b>
<b>LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		
Basic	<b><u>HK(51.61) cents</u></b>	<b><u>HK(16.38) cents</u></b>
Diluted	<b><u>HK(51.61) cents</u></b>	<b><u>HK(16.38) cents</u></b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2020

	2020 <i>HK\$'000</i> (audited)	2019 <i>HK\$'000</i> (audited)
<b>LOSS FOR THE YEAR</b>	<b>(312,454)</b>	(99,298)
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	<b>(21,081)</b>	(45,403)
Recycle of exchange differences upon disposal of foreign operations	<u>—</u>	<u>(577)</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<u><b>(21,081)</b></u>	<u>(45,980)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><b>(333,535)</b></u>	<u>(145,278)</u>
Attributable to:		
Owners of the Company	<b>(313,446)</b>	(133,642)
Non-controlling interests	<u><b>(20,089)</b></u>	<u>(11,636)</u>
	<u><b>(333,535)</b></u>	<u>(145,278)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2020

	2020 <i>HK\$'000</i> (audited)	2019 <i>HK\$'000</i> (audited)
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	181,691	217,614
Goodwill	22,563	169,698
Operating concessions	260,472	346,244
Other intangible assets	51,785	69,389
Receivables under service concession arrangements	314,752	318,996
Prepayments, deposits and other receivables	42,307	33,913
Retention receivables	19,733	33,990
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Total non-current assets	893,303	1,189,844
<b>CURRENT ASSETS</b>		
Inventories	40,612	39,366
Contract assets	7,283	48,501
Trade and retention receivables	171,679	215,801
Receivables under service concession arrangements	32,112	33,188
Prepayments, deposits and other receivables	95,462	183,819
Loan receivables	2,908	4,255
Consideration receivables	17,607	37,232
Contingent consideration asset	—	3,724
Financial assets at fair value through profit or loss	10,804	20,732
Tax recoverable	513	1,821
Cash and cash equivalents	29,817	38,745
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Total current assets	408,797	627,184
<b>CURRENT LIABILITIES</b>		
Contract liabilities	4,854	3,247
Trade and retention payables	166,990	201,602
Other payables and accruals	222,039	225,849
Lease liabilities	5,660	—
Due to directors	9,296	4,640
Interest-bearing bank and other borrowings	254,033	96,588
Bonds	25,500	—
Tax payables	7,877	7,303
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Total current liabilities	696,249	539,229

	<b>2020</b>	2019
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(audited)</b>	<b>(audited)</b>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>	<u><b>(287,452)</b></u>	<u>87,955</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u><b>605,851</b></u>	<u>1,277,799</u>
<b>NON-CURRENT LIABILITIES</b>		
Due to a related company	<b>217,345</b>	384,643
Interest-bearing bank and other borrowings	<b>134,663</b>	256,829
Retention payables	<b>7,673</b>	20,977
Other payables	<b>13,998</b>	15,529
Provision	<b>45,712</b>	31,909
Lease liabilities	<b>5,587</b>	—
Bonds	—	25,500
Deferred tax liabilities	<u><b>26,648</b></u>	<u>60,003</u>
Total non-current liabilities	<u><b>451,626</b></u>	<u>795,390</u>
Net assets	<u><b>154,225</b></u>	<u>482,409</u>
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	<b>57,290</b>	57,290
Reserves	<u><b>53,014</b></u>	<u>361,109</u>
	<b>110,304</b>	418,399
Non-controlling interests	<u><b>43,921</b></u>	<u>64,010</u>
Total equity	<u><b>154,225</b></u>	<u>482,409</u>

## Material Difference between Unaudited and Audited Annual Results

Set forth below are the material difference and the reason for such difference between the unaudited annual results and the audited results of the Company for FY2020.

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION 31 March 2020</b>	<b>Disclosed in this announcement HK\$'000</b>	<b>Disclosed in Unaudited Results Announcement HK\$'000</b>	<b>Difference HK\$'000</b>
Current liabilities	696,249	670,749	25,500
Net current liabilities	(287,452)	(261,952)	(25,500)
Total assets less current liabilities	605,851	631,351	(25,500)
Non-current liabilities	451,626	477,126	(25,500)

*Note:* Such difference is due to the reclassification of bonds amounting to HK\$25,500,000 from non-current liabilities to current liabilities.

Save as disclosed in this announcement, all other information contained in the Unaudited Results Announcement remain unchanged.

### Extract from Independent Auditor's Report

The following is an extract of the independent Auditor's report on the Group's consolidated financial statements for the FY2020:

#### Basis for qualified opinion

As disclosed in the note to the consolidated financial statements, during the period from January 2016 to November 2016, the Group paid deposits for the potential acquisition of a 49% equity interests in PT. Dempo Sumber Energi ("DSE") ("DSE Agreement") and a 80% equity interests in PT. Sumatera Pembangkit Mandiri ("SPM"). In addition, the Group paid certain expenses on behalf of DSE and advanced loans to DSE, SPM and their beneficial shareholders. During the year ended 31 March 2017, the shares of DSE and SPM (representing 49% and 80% of the equity interests in DSE and SPM respectively) were transferred to Stand Ascent Limited ("Stand Ascent"), a then wholly-owned subsidiary indirectly held by the Company. The Group accounted for the DSE and SPM shares held by Stand Ascent as collateral to secure the payments for the deposits paid and expenses paid on behalf and loans advanced as stated above. After the transfer of shares, the Group appointed 4 out of 6 directors of DSE and 5 out of 7 directors of SPM. Thereafter, the Group has entered into a series of transactions and agreements with various parties including further payments for deposits for the potential acquisition of additional 5% equity interests in SPM and the termination of the DSE Agreement.

On 29 June 2018, the Group entered into a disposal agreement and on 15 August 2019 a supplemental deed to the disposal agreement (collectively “**the Disposal Agreement**”) to dispose of the Group’s 100% equity interest in Stand Ascent (“**the Disposal**”). As at 31 March 2019 and up to the date of the Disposal, the Group have received an aggregate amount of HK\$83,764,000 from the buyer in the Disposal Agreement and its beneficial controlling shareholder (the “**Money Received**”).

On 15 August 2019, the Group also entered into a settlement agreement (the “**Settlement Agreement**”) in relation to the settlement of the consideration for the Disposal (the “**Consideration**”). According to the Settlement Agreement, the Consideration will be settled by the amount due by the Group to the purchaser and its beneficial controlling shareholder for the Money Received. The amount of Money Received in excess of the Consideration was agreed to be waived.

As at 31 March 2019, the aggregated amount of deposits paid, expenses paid on behalf and loans advanced (“**Payments**”) of approximately HK\$67,637,000 was accounted for as receivables. The carrying amount of the Payments as of 31 March 2019 after netting off impairment provision of HK\$15,854,000 was of HK\$51,783,000 and recorded under prepayments, deposits and other receivables in the consolidated statement of financial position as at 31 March 2019. For the year ended 31 March 2019, no impairment provision was recognised (or reversed) against the Payments.

During the year ended 31 March 2020 up to the date of the Disposal, no further impairment provision was recognised (or reversed) against the Payments. As at the date of the Disposal, after netting off the impairment provision of HK\$15,854,000, the carrying amount of the Payments was of HK\$54,415,000 and a gain on Disposal of HK\$29,349,000 was recognised in the consolidated statement of profit or loss for the year ended 31 March 2020.

The directors of the Company have not provided us with satisfactory evidence relating to the nature of the transactions giving rise to the Payments as detailed in the paragraphs above (the “**Transactions**”) (further details are disclosed in note to the consolidated financial statements) and their conclusion that the Payments are receivables in nature throughout the years. As such we were not able to obtain sufficient appropriate audit evidence to satisfy ourselves whether the Transactions have been appropriately accounted for, including whether accounting for the Payments as receivables is appropriate and accordingly (i) whether impairment provision recognised against the Payments is appropriate and the amount of impairment provision recognised is properly determined or measured in accordance with HKFRSs; and (ii) whether the gain on the Disposal is properly calculated. As a result, we were also unable to satisfy ourselves whether the disclosures in the notes to the consolidated financial statements are complete and accurate. There were no alternative audit procedures that we could perform to satisfy ourselves as to the above-mentioned matters. Consequently, we were unable to determine whether any adjustments to these amounts/disclosures were necessary.

We modified our audit opinion on the Company’s consolidated financial statements for the year ended 31 March 2019 due to limitations on scope of our work on the nature of the Transactions. Accordingly, we were unable to satisfy ourselves whether the Transactions were properly accounted for and disclosed in the consolidated financial statements for the year ended 31 March 2019. Any adjustments to the amount of impairment provision of HK\$15,854,000 recognised as at 31 March 2019 would have a consequential impact on the amount of impairment provision to be recognised or reversed during the year ended 31 March 2020. Our opinion on the Company’s consolidated financial statements for year ended 31 March 2020 is also modified because of the effect of the possible adjustment and the related 2019 figures in the consolidated financial statements may not be comparable.

### **Material Uncertainty Related to Going Concern**

We draw attention to note in the consolidated financial statements, which indicates that the Group had a net loss of HK\$312,454,000 and net current liabilities of HK\$287,452,000 as at 31 March 2020. As of that date, the Group had bonds, interest-bearing bank and other borrowings totalling HK\$279,533,000 trade and retention payable, other payables and accruals and lease liabilities totalling HK\$394,689,000 included in current liabilities while the Group’s cash and cash equivalents was HK\$29,817,000. As stated in note to the consolidated financial statements, these conditions and events, along with the matters set out in note to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.



## **Supplementary information regarding the Qualified Opinion**

The Auditor has expressed a qualified opinion on the receivables in respect of the DSE Receivables and the SPM Receivables. Set out below are the supplementary information regarding the aforesaid qualified opinion:

### **1. *Background of the DSE Receivables and the SPM Receivables***

A detailed chronology of events for better comprehension of the circumstances leading to the alterations to the terms and nature of the DSE Acquisition and the SPM Acquisition and the resulting Management's decisions are set out in the management discuss and analysis in the 2018 and 2019 annual reports and section headed "Strategic investments — (i) Hydropower projects in Indonesia" above in the Company's unaudited annual results announcement dated 29 June 2020.

### **2. *Management's position***

The position of the Company's management (the "**Management**") about the nature of the DSE Receivables and the SPM Receivables as at 31 March 2019 as receivables and the impairment recognised thereon as at 31 March 2019 are set out in the management discuss and analysis in the 2019 annual report. As the Group completed the disposal of DSE Receivables and the SPM Receivables during the Year, other than the comparative figures and annual results of FY2020, the Management considers that qualified opinion has resolved as at 31 March 2020 and such matter will be no longer applicable on the Group's financial statements for the year ending 31 March 2021.

### **3. *Potential impact on the Company***

The Group disposed all the equity interest in DSE and SPM during the Year, and therefore such limitation in over the appropriateness of the accounting treatment for DSE Receivables and the SPM Receivables was resolved. However, as the Auditor was unable to obtain sufficient audit evidence to ascertain the nature of the transactions relating to DSE and SPM as at 31 March 2019, the Auditor was unable to satisfy about the completeness and accuracy of the respective disclosures in the notes to the consolidated financial statements about such disposal as well as the annual results of the Company for FY2020.

### **4. *View of the Audit Committee and Management's position***

A meeting was held on 6 August 2020 by the Audit Committee for the purpose of approving the audited consolidated financial statements of the Company for FY2020. Having carried out independent review of and enquiries on the subject transaction, the Audit Committee concurred with the management's explanation and position on the accounting treatment of the DSE Receivables and the SPM Receivables and the resolution on the qualified opinion.

## **Final Dividend**

After having reviewed and considered the audited results for FY2020, the Board does not recommend payment of a final dividend to the shareholders for FY2020 (FY2019: nil).

## **Scope of work of the Company's Auditor in Respect of this Announcement**

The Audit Committee has reviewed and discussed the draft annual results for FY2020. The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for FY2020 as set out in this announcement have been agreed by BDO, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by BDO 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO on this announcement.

## **Annual General Meeting**

The annual general meeting of the Company (the "AGM") will be held on 25 September 2020. 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, on or before 21 August 2020.

## **Closure of the Register of Members**

The register of members of the Company will be closed from 22 September 2020 to 25 September 2020 (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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 21 September 2020.

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

Hong Kong, 7 August 2020

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