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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)**

### **UPDATE ON DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF VIMAB HOLDING AB INVOLVING ISSUE OF CONSIDERATION SHARES AND PROPOSED SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

#### **UPDATE ON THE ACQUISITION**

Reference is made to the Company's announcement dated 22 December 2017 in relation to the Framework Agreement entered into among the Company, the Vendors, the Target Company and the Guarantors on 22 December 2017 in respect of the Company's proposed acquisition of 100% equity interest in the Target Company from the Vendors at the consideration of approximately SEK210,000,000 (subject to adjustment) which was agreed to be satisfied by the new shares to be issued by the Company under a specific mandate proposed to be obtained at an extraordinary general meeting to be convened by the Company.

The Board hereby announces that since the conditions precedent to the Framework Agreement were not fully satisfied or waived (as the case may be) by 31 March 2018 and the parties intended to further negotiate and revise the terms of the Acquisition, the Framework Agreement lapsed on 31 March 2018 in accordance with the terms therein.

After further negotiation with the Vendors and the Guarantors, on 3 May 2018 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company), the Vendors and the Guarantors entered into the Share Purchase Agreement. Pursuant to the Share Purchase Agreement, the Purchaser agreed to acquire and the Vendors agreed to sell 100% equity interest in the Target Company at the Consideration of approximately HK\$170,524,000, among which approximately HK\$23,044,000 will be settled by cash and the remaining HK\$147,480,000) will be settled by the issue of 42,137,142 Consideration Shares under the General Mandate.

The 42,137,142 Consideration Shares, when issued, would represent approximately 7.95% of the existing issued share capital of the Company as at the date of this announcement and approximately 7.36% of the issued share capital of the Company as enlarged by issue of the Consideration Shares and the Subscription Shares. The Consideration Shares will be issued under the General Mandate and will rank *pari passu* in all respects with each other and with the other Shares then in issue.

Upon completion of the Share Purchase Agreement, the Target Company will become a wholly-owned subsidiary of the Company and consolidated into the financial statements of the Group.

#### **PROPOSED SUBSCRIPTION OF NEW SHARES UNDER THE GENERAL MANDATE**

Pursuant to the Share Purchase Agreement, 13 Subscribers will enter into the Subscription Agreements with the Company on or before the Completion Date, pursuant to which each of the Subscribers agreed to subscribe Subscription Shares to be allotted and issued by the Company at the proposed Subscription Price of HK\$3.5 (subject to change upon agreement by the parties on the Completion Date) per Subscription Share.

Upon completion of the Subscription Agreements, it is expected that an aggregate of 5,380,000 Subscription Shares will be issued. The Subscription Shares are proposed to be issued under the General Mandate and will rank *pari passu* in all respects with each other and with the other Shares then in issue.

#### **LISTING RULES IMPLICATIONS**

As more than one of the applicable percentage ratios in respect of the Share Purchase Agreement as calculated under Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirement but exempt from Shareholders' approval requirements.

Reference is made to the Company's announcement dated 22 December 2017 (the "Announcement") in relation to the Framework Agreement entered into among the Company, the Vendors, the Target Company and the Guarantors on 22 December 2017 in respect of the Company's proposed acquisition of 100% equity interest in the Target Company from the Vendors at the consideration of approximately SEK210,000,000 (subject to adjustment) which was agreed to be satisfied by the new shares to be issued by the Company under a specific mandate proposed to be obtained at an extraordinary general meeting to be convened by the Company. Capitalised terms herein shall bear the same meaning as defined in the Announcement unless otherwise stated.

## **UPDATE ON THE ACQUISITION**

### **Termination of the Framework Agreement**

As disclosed in the Announcement, the Framework Agreement will be terminated by the Company if all the conditions therein are not satisfied or waived (as the case may be) by 31 March 2018 or such later date as the Company and Vendors may agree in writing.

Since (i) the conditions precedent to the Framework Agreement, such as completion of the due diligence review of the Target Group, the obtaining of the Shareholders' approval on the Framework Agreement, and the Listing Committee's approval of the listing of and permission to deal in the shares to be issued by the Company under the Framework Agreement, were not satisfied or waived by 31 March 2018; and (ii) the parties would like to further negotiate and revise the terms of the Acquisition, such as the identity of the Purchaser, the Consideration and payment manner, inclusion of the Subscription as one of the conditions precedent to the Acquisition; the Framework Agreement lapsed on 31 March 2018 in accordance with the terms therein.

### **Signing of the Share Purchase Agreement**

After further negotiation with the Vendors and the Guarantors, on 3 May 2018 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company), the Vendors and the Guarantors entered into the Share Purchase Agreement. Principal terms of the Share Purchase Agreements are as follows:

Date: 3 May 2018 (after trading hours)

Parties: the Purchaser;  
Vendor A and Vendor B; and  
Guarantor A and Guarantor B.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Vendors and the Guarantors are third parties independent of the Company and its connected persons.

***Assets to be acquired:***

Pursuant to the Share Purchase Agreement, the Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to sell, 100% of the issued share capital of the Target Company.

As at the date of this announcement, each Vendor A and Vendor B owns 50% of the issued share capital of the Target Company, and Guarantor A and Guarantor B are the ultimate beneficial owner of Vendor A and Vendor B, respectively.

***Consideration and payment terms:***

The Consideration of HK\$170,524,000, was determined with reference to:

*Seven (7) times x 2017 EBITDA (ii) + cash (ii) – outstanding loans (ii) – non-trade payables (ii)*

The Consideration was arrived at after arm's length negotiations between the Vendors and the Purchaser after taking into account (1) the range of price-to-EDITDA ratio of other comparable companies listed in Sweden/United States engaging in similar businesses; and (2) the business development and future prospects of the Target Company in medium to long term.

*(i) 2017 EBITDA represented the aggregated EBITDA of the Target Group based on each of their audited accounts/unaudited management accounts for the year ended 31 December 2017, except for Tottes Svets & Industrimontage AB ("Tottes") for the year ended 31 August 2017.*

*(ii) Being aggregated figures of the Target Group based on each of their audited accounts/unaudited management accounts for the year ended 31 December 2017.*

*(iii) 2017 EBITDA was approximately SEK34,026,000.*

The Consideration shall be settled as follows:

- (1) approximately HK\$23,044,000, shall be paid by the Purchaser in cash to the Vendors on the Completion Date in proportion to their respective shareholdings in the Target Company; and
- (2) HK\$147,480,000, shall be settled by allotment and issue of 42,137,142 Consideration Shares by the Company to the Vendors on the Completion Date in proportion to their respective shareholdings in the Target Company.

The issue price of HK\$3.5 per Consideration Share represents: (1) a discount of approximately 12.3% to the closing price of HK\$3.99 per Share as quoted on the Stock Exchange on the date of the Share Purchase Agreement; and (2) a discount of

approximately 10.3% to the average of the closing price of HK\$3.90 of the Shares as quoted on the Stock Exchange for the last five consecutive full trading days immediately prior to the date of the Share Purchase Agreement.

The 42,137,142 Consideration Shares, when issued, would represent approximately 7.95% of the existing issued share capital of the Company as at the date of this announcement and approximately 7.36% of the issued share capital of the Company as enlarged by issue of the Consideration Shares and the Subscription Shares. The Consideration Shares will be issued under the General Mandate and will rank *pari passu* in all respects with each other and with the other Shares then in issue.

***Lock-up period of the Consideration Shares:***

*Lock-up*

19,488,428 shares of the Consideration Shares (the “**Locked-Up Shares**”) will be subject to locked-up since the issue date, during which each of the Vendors cannot by way of any means (whether conditional or unconditional, direct or indirect or in other natures) transfer, dispose of or create any encumbrance on any of their respective Locked-Up Shares unless with the prior written consent from the Purchaser.

*Release of Lock-up*

(i) 2018 financial year end

(a) if the audited 2018 EBITDA (excluding revenue of the Target Group generated from any Vendors and/or their respective affiliate unless otherwise approved by the board of the Purchaser, herein after referred to as “**2018 EBITDA**”) increases by not less than 10% as compared with the audited 2017 EBITDA, 50% of the Locked-Up Shares will be unlocked and released on the 15th Business Day after the issue of the audited financial statements of the Target Group; (b) if the 2018 EBITDA divided by the 110% of the 2017 EBITDA falls on a range from 85.1% to 100%, it is calculated as, on a pro rata basis,  $(2018 \text{ EBITDA} / (2017 \text{ EBITDA} \times 110\%) - 85.1\%) / (100\% - 85.1\%)$  of 50% of the Locked-Up Shares shall be unlocked and released, and the Sellers shall, within ten (10) Business Days from the date when the 2018 EBITDA is finalised, return to the Buyer the remaining Locked-Up Shares (or an amount equivalent to the value at the issue price of such remaining Locked-Up Shares) in the following priority: (1) by cash in an amount equivalent to the issue price of such remaining Locked-Up Shares; (2) if (1) is not available and subject to the compliance of the relevant rules and requirement by New Concepts, by returning such remaining Locked-Up Shares to New Concepts for revocation and cancellation; or (c) if both (a) and (b) are not applicable, by returning cash in an amount equivalent to the issue price of such remaining Locked-Up Shares or such remaining Locked-Up Shares to New Concepts for revocation and cancellation.

(ii) 2019 financial year end

(a) if the audited 2019 EBITDA (excluding revenue of the Target Group generated from any Vendors and/or their respective affiliate unless otherwise approved by the board of the Purchaser, herein after referred to as “**2019 EBITDA**”) increases by 21% or more as compared with the audited 2017 EBITDA, the remaining 50% of the Locked-Up Shares will be unlocked and released on the 15th Business Day after the issue of the audited financial statements of the Target Group; (b) if the 2019 EBITDA divided by the 121% of the 2017 EBITDA falls on a range from 85.1% to 100%, it is calculated as, on a pro rata basis,  $(\frac{\text{the 2019 EBITDA}}{\text{the 2017 EBITDA} \times 121\%} - 85.1\%) / (100\% - 85.1\%)$  of such 50% of the Locked-Up Shares shall be unlocked and released, and the Sellers shall, within ten (10) Business Days from the date when the 2019 EBITDA is finalised, return to the Buyer the remaining Locked-Up Shares (or an amount equivalent to the value at the issue price of such remaining Locked-Up Shares) in the following priority: (1) by cash in an amount equivalent to the issue price of such remaining Locked-Up Shares; (2) if (1) is not available and subject to the compliance of the relevant rules and requirement by New Concepts, by returning such remaining Locked-Up Shares to New Concepts for revocation and cancellation; or (c) if both (a) and (b) are not applicable, by returning cash in an amount equivalent to the issue price of such remaining Locked-Up Shares or such remaining Locked-Up Shares to New Concepts for revocation and cancellation.

In the event that there of the occurrence of any of the following events during the Lock-up Period, the then outstanding Locked-up Shares shall be unlocked and released immediately:

- (i) a change of controlling shareholder occurring in the Company; or
- (ii) Mr. Zhu Yongjun (the chairman and executive Director of the Company) being removed or replaced (whether voluntary or not) from his position as the chairman of the board of directors of the Company.

Subject always to the Listing Rules and the rotation requirements set forth in the articles of association of the Company, Mr. Zhu Yongjun undertakes to the Company that he will not resign as the chairman or executive Director of the Company.



***Conditions precedent:***

Completion of the Acquisition is conditional upon, among others, the fulfilment or waiver by the Company (save for conditions (b) and (c) which cannot be waived) of the following Conditions on or before the Long Stop Date:

- (a) the Vendors' warranties given in the Share Purchase Agreement being true, accurate and complete in all respects;
- (b) all necessary consents, authorisations and/or approvals (including without limitation, from any third person such as banks or other financial institution) in respect of the Share Purchase Agreement being obtained by the Purchaser and the Vendors;
- (c) the listing of and permission to deal in the Consideration Shares being granted by the Stock Exchange and such approval not having been revoked; and
- (d) each of the Subscribers having entered into the Subscription Agreement with the Company in relation to the subscription of the Subscription Shares.

If any of the conditions has not been fulfilled or waived (as the case may be) by the Long Stop Date (or any other date as agreed by the parties in writing), either party may terminate the Share Purchase Agreement by serving a written notice of termination to the other parties.

***Completion:***

Completion of the Share Purchase Agreement shall fall on the Completion Date, i.e. the date being ten (10) Business Days after the fulfilment or waiver (as the case may be) of the conditions precedent (or such other date as the Parties may agree on in writing).

Upon completion of the Share Purchase Agreement, the Target Company will become a wholly-owned subsidiary of the Company and consolidated into the financial statements of the Group.

**GENERAL MANDATE TO ISSUE THE CONSIDERATION SHARES**

The Consideration Shares will be allotted and issued under the General Mandate. Accordingly, the allotment and issue of the Consideration Shares will not be subject to approval of the Shareholders. Under the General Mandate, the Company is authorised to allot and issue up to 102,265,398 Shares. After taking into account of the issue of convertible bonds under the General Mandate and the issue of 10,164,000 Shares under the General Mandate as announced by the Company on 3 October 2017 and 27 November 2017, respectively, approximately 20.85% of the General Mandate has been utilised and 80,942,398 Shares may be further allotted and issued under the General Mandate as at the date of this announcement.

## APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

## PROPOSED SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

As one of the conditions precedent to the Share Purchase Agreement, each of the Subscribers (being the key employees of the Target Group) will enter into a Subscription Agreement with the Company on or before the Completion Date. The terms of all Subscription Agreements are substantially the same save for the identity of the Subscriber and the number of the Subscription Shares to be subscribed and the total Subscription Price payable by the relevant Subscriber. Details of the Subscribers and the principal terms of the Subscription Agreements are set out as follows:

### Details of the Subscribers

All 13 Subscribers are key employees of the Target Group and citizens of Sweden. The number of Subscription Shares to be subscribed by each Subscriber under the relevant Subscription Agreements are set out as follows:

	<b>Number of Subscription Shares to be subscribed</b>
Mats Erik Tony Johansson	848,000
Ronnie Karlsson	1,008,000
Kent Inge Mörsch	756,000
Mats Jutéus	8,000
Björn Carlsson	8,000
Christian Mossberg	44,000
Nils Holmner	504,000
Sebastian Sjöblom	124,000
Kjell Larsson	188,000
Christer Larsson (who is also the Guarantor B)	1,136,000
Maria Larsson	252,000
Christoffer Larsson	252,000
Johan Larsson	<u>252,000</u>
Total	<u><u>5,380,000</u></u>



Guarantor B, Christer Larsson, is the father of Christoffer Larsson and Johan Larsson, the spouse of Maria Larsson and the son of Kjell Larsson. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Subscribers are third parties independent of the Company and its connected persons.

**Principal terms of the Subscription Agreements**

Parties:           the Company (as issuer); and  
                      the relevant Subscriber(s) (as Subscribers)

***Subject matter:***

Pursuant to the Subscription Agreements, the Company will conditionally agree to allot and issue, and the relevant Subscribers will conditionally agree to subscribe for the relevant amount of Subscription Shares at the proposed Subscription Price of HK\$3.5 (subject to change upon agreement by the parties on the Completion Date) per Subscription Share.

***Ranking of Subscription Shares:***

The Subscription Shares, when allotted, issued and fully paid, will rank, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Subscription Shares.

***Conditions Precedent:***

Completion of the Subscription is conditional upon:

- (a) listing of and permission to deal in the Subscription Shares on the Main Board of the Stock Exchange being granted by the Stock Exchange (and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares);
- (b) if necessary, granting of approval by the shareholders of the Company and/or any relevant regulatory authority in relation to the allotment and issue of the Subscription Shares;
- (c) all applicable laws and regulations relevant to the Subscription (including the Listing Rules and the Takeovers Code) having been complied with by each parties to the Subscription Agreement, and the Group has obtained all approval and consent for the transactions contemplated under the Subscription Agreement for the conducting of transactions contemplated under the Subscription Agreement), and having performed all necessary legal procedures; and
- (d) the Subscribers having obtained all necessary consents and approvals in relation to the Subscription Agreement and the transaction contemplated hereunder.

If the conditions precedent are not fulfilled on or before 5 June 2018 (or such later date as may be agreed by the parties hereto in writing), the obligations and liabilities of the Subscriber(s) and the Company under the relevant Subscription Agreements shall be null and void and the Subscribers and the Company shall be released from all rights and obligations pursuant to the Subscription save for any antecedent breach thereof.

**Completion:**

Completion of the Subscription Agreements shall fall on the third (3rd) Business Day after the fulfilment of the conditions precedent under the Subscription Agreements or such other date as the parties may agree in writing.

Upon completion of the Subscription Agreements, it is expected an aggregate of 5,380,000 Subscription Shares will be issued. The Subscription Shares are proposed to be issued under the General Mandate and will rank *pari passu* in all respects with each other and with the other Shares then in issue.

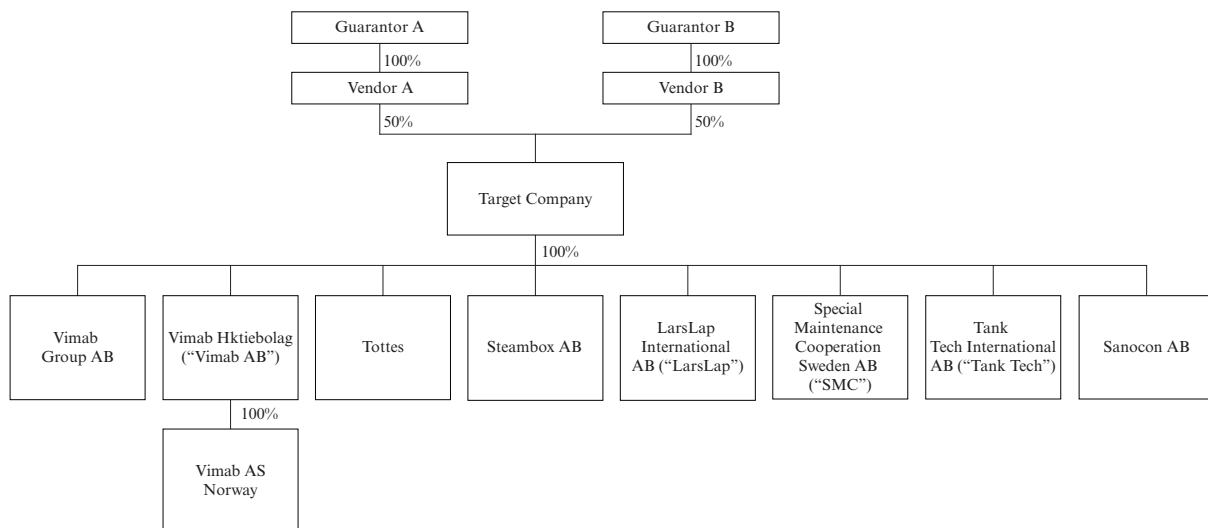
The Company will make further announcement in relation to the Subscription pursuant to the applicable Listing Rules requirements on the signing date of the Subscription Agreements.

**INFORMATION ON THE TARGET COMPANY**

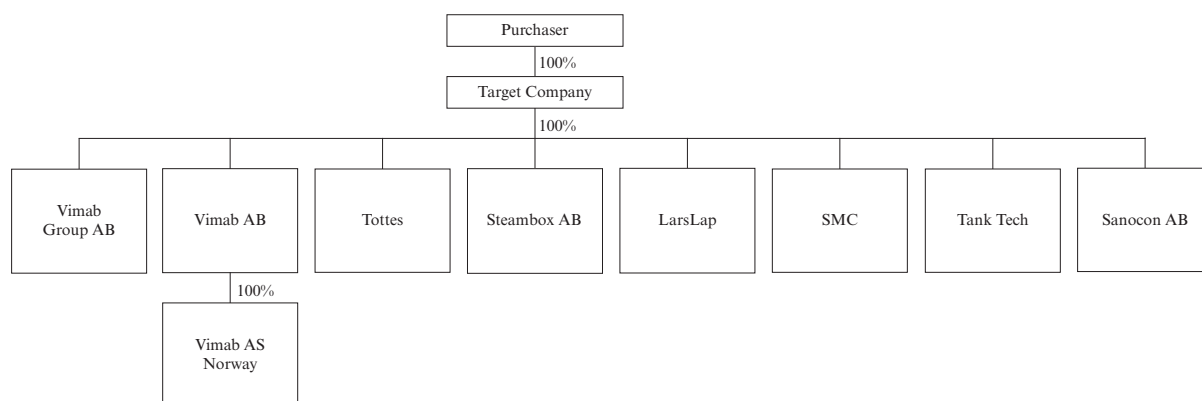
The Target Group is principally engaged in the business of valve services and maintenance.

The shareholding and corporate structures of the Target Group as at the date of this announcement and upon completion of the Acquisition are set out as follows:

As at the date of this announcement:



Upon completion of the Acquisition:



The financial information of the major members of the Target Group based on each of their audited accounts/unaudited management accounts prepared in accordance with the accounting standards in Sweden is set out as follows:

<b>Target Company</b>	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2016</b>	<b>2017</b>
	<i>SEK'000</i>	<i>SEK'000</i>
	(Unaudited)	(Unaudited)
Revenue	—	—
Loss before taxation	—	(9,514)
Loss after taxation	<u>—</u>	<u>(9,514)</u>

<b>Vimab Group AB</b>	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2016</b>	<b>2017</b>
	<i>SEK'000</i>	<i>SEK'000</i>
	(Unaudited)	(Unaudited)
Revenue	—	—
Loss before taxation	—	(35)
Loss after taxation	<u>—</u>	<u>(35)</u>

<b>Vimab AB</b>	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2016</b>	<b>2017</b>
	<i>SEK'000</i>	<i>SEK'000</i>
	(Audited)	(Audited)
Revenue	97,882	120,999
Profit before taxation	2,653	12,186
Profit after taxation	<u>2,041</u>	<u>9,513</u>

<b>Tottes</b>	<b>For the year ended</b>	
	<b>31 August</b>	
	<b>2016</b>	<b>2017</b>
	<i>SEK'000</i>	<i>SEK'000</i>
	(Audited)	(Audited)
Revenue	21,666	35,415
Profit before taxation	1,115	2,833
Profit after taxation	<u>862</u>	<u>2,193</u>

<b>Steambox AB</b>	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2016</b>	<b>2017</b>
	<i>SEK'000</i>	<i>SEK'000</i>
	(Audited)	(Audited)
Revenue	13,650	21,329
(Loss) profit before taxation	(27)	3,709
(Loss) profit after taxation	<u>(35)</u>	<u>2,879</u>

<b>LarsLap</b>	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2016</b>	<b>2017</b>
	<i>SEK'000</i>	<i>SEK'000</i>
	(Audited)	(Audited)
Revenue	11,515	11,510
(Loss) profit before taxation	(16)	413
(Loss) profit after taxation	<u>(41)</u>	<u>353</u>

SMC	For the year ended	
	31 December	
	2016	2017
	<i>SEK'000</i>	<i>SEK'000</i>
	(Audited)	(Audited)
Revenue	11,168	9,557
Profit before taxation	111	30
Profit after taxation	<u>79</u>	<u>5</u>

Tank Tech	For the year ended	
	31 December	
	2016	2017
	<i>SEK'000</i>	<i>SEK'000</i>
	(Unaudited)	(Unaudited)
Revenue	—	—
Loss before taxation	—	(6)
Loss after taxation	<u>—</u>	<u>(6)</u>

Sanocon AB	For the year ended	
	31 December	
	2016	2017
	<i>SEK'000</i>	<i>SEK'000</i>
	(Audited)	(Audited)
Revenue	13,561	18,896
Profit before taxation	512	2,030
Profit after taxation	<u>385</u>	<u>1,567</u>

The net asset values of the major members of the Target Group, based on each of their audited accounts/unaudited management accounts at 31 December 2017 are set out as follows:

	<i>SEK'000</i>
Target Company (unaudited)	<u><u>10,586</u></u>
Vimab Group AB (unaudited)	<u><u>15</u></u>
Vimab AB	<u><u>24,717</u></u>
Tottes	<u><u>5,707</u></u>
Steambox AB	<u><u>3,413</u></u>
LarsLap	<u><u>830</u></u>
SMC	<u><u>680</u></u>
Tank Tech (unaudited)	<u><u>44</u></u>
Sanocon AB	<u><u>3,804</u></u>

The financial information of the Target Company, Vimab Group AB and Vimab Tank is not available since the Target Company and Vimab Group AB were incorporated in September 2017, and Tank Tech was incorporated in October 2017.

## **INFORMATION ON THE GROUP, THE VENDORS AND THE GUARANTORS**

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

Vendor A is a company incorporated in Sweden with limited liability which principally engages in investment holding. As at the date of this announcement, it owns 50% of the equity interest in the Target Company.

Vendor B is a company incorporated in Sweden with limited liability which principally engages in investment holding. As at the date of this announcement, it owns 50% of the equity interest in the Target Company.

Guarantor A is a citizen of Sweden and the beneficial owner of Vendor A. He is also a senior corporate consultant of the Company.

Guarantor B is a citizen of Sweden and the beneficial owner of Vendor B.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE PROPOSED SUBSCRIPTIONS**

### **Acquisition**

Scarcity of clean water has always been a rising issue in the PRC, with the continuous growth of the heavy industry segments which consume tons of clean water for daily operations forcing the government to implement strong regulations and supervisions on pollutant control which as a result Zero-liquid discharge is now a mandatory requirement in various heavy industry segments such as power plant, coal, petrochemical and pharmaceutical industry. The Group sees tremendous opportunities with this sector and strongly believes that by acquiring the Target Group which specialises in tank, pipeline and valve servicing and maintenance can create synergy with its existing industrial waste water treatment technology, as a result will be able to provide additional services to its customers and increase revenue stream.

The Target Group caters to heavy industry segments such as nuclear power plant, petrochemical and pharmaceutical industry by providing service and maintenance on “on-site” valve service and reparation. The Group’s plan is to bring in the advanced technology-know-how and experienced skill set of the Target Group to explore China’s enormous tank, pipeline and valve maintenance market. At the same time, the Group is planning to take our industrial waste water treatment technology to explore in the European market by starting with the existing customers of the Target Group.

All in all, the Group has always had the vision to further develop its business in the industrial waste water treatment business. The Group believes that enriching our product and service portfolio to provide a one-stop solution including design, build, service and maintenance will help us broaden our customer base and increase the loyalty of existing customers. Therefore, we strongly believe that acquiring the Target Group will bring synergy to our Group and unlock the Group’s global potential.



## **Proposed Subscription**

While the Group sees a bright future in creating synergy of the Target Group and its existing business, the management believes that it is in the best interest for the Group by allowing key employees to subscribe the Group's shares which shows strong believes by the key employees on the future development of the Group as well as creating a stronger bond as a whole. Additional funding will also benefit the group's cash flow and development.

Subject always to the Listing Rules and rotation requirements set forth in the articles of associations of the Company, Mr. Zhu Yongjun undertakes that he will not resign as the chairman and executive director. As such, Mr. Zhu Yongjun has abstained from voting on the resolutions of the Board approving the entering of Share Purchase Agreement and Subscription Agreements. Save as disclosed above, no other Director is required to abstain from voting on the resolutions approving the entering of Share Purchase Agreement and Subscription Agreement.

The Directors consider that the terms of the Share Purchase Agreement and Subscription Agreements are on normal commercial terms and are fair and reasonable and the Share Purchase Agreement and Subscription Agreements is in the interests of the Company and the Shareholders as a whole.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company issued convertible bond with an aggregated principal amount of US\$5,000,000 under the General Mandate, details of which are set out in the Company's announcement dated 3 October 2017.

The Company completed the issue of 10,164,000 shares with gross proceeds of approximately HK\$37,700,000 under the General Mandate, details of which are set out in the Company's announcements dated 27 November 2017 and 6 December 2017.

Save for the aforesaid, the Company did not raise funds on any issue of equity securities raising activities during the past twelve months immediately preceding the date of this announcement.

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company: (i) as at the date of this announcement; and (ii) immediately upon the issue of the Consideration Shares (assuming there is no other changes in the shareholding structure of the Company before the completion of the Acquisition):

Shareholder Name	As at the date of this announcement		Immediately upon the issue of the Consideration Shares	
	Amount of Shares	% of issued share capital of the Company	Amount of Shares	% of issued share capital of the Company
Jumbo Grand Enterprise Development Limited (“ <b>Jumbo Grand</b> ”) (Note 1)	77,000,000	14.52%	77,000,000	13.45%
Prosper Power Group Limited (“ <b>Prosper Power</b> ”) (Note 2)	76,500,000	14.43%	76,500,000	13.37%
CEF Concept Holdings Limited (Note 3)	55,400,000	10.45%	55,400,000	9.68%
Simple Gain International Limited (“ <b>Simple Gain</b> ”) (Note 4)	40,000,000	7.54%	40,000,000	6.99%
Ms. Qin Shulan (Note 5)	4,084,000	0.77%	4,084,000	0.71%
Mr. Zhu Yongjun (Note 1)	124,000	0.02%	124,000	0.02%
Mr. Cai Jianwen (Note 5)	480,000	0.09%	480,000	0.08%
Dr. Zhang Lihui (Note 6)	48,000	0.01%	48,000	0.01%
Mr. Choy Wai Shek, Raymond, MH. JP (Note 7)	480,000	0.09%	480,000	0.08%
Dr. Tong Ka Lok (Note 7)	480,000	0.09%	480,000	0.08%
The Vendors	—	—	42,137,142	7.36%
Public	<u>275,666,992</u>	<u>51.99%</u>	<u>275,666,992</u>	<u>48.17%</u>
Total	<u>530,262,992</u>	<u>100.00%</u>	<u>572,400,134</u>	<u>100.00%</u>

### Notes:

1. The 77,000,000 Shares are held by Jumbo Grand which is owned as to 100% by Mr. Zhu Yongjun (chairman and executive director of the Company). Mr. Zhu is personally interested in 480,000 Options. By virtue of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”), Mr. Zhu is deemed to be interested in the Shares held by Jumbo Grand.
2. The 76,500,000 Shares are held by Prosper Power which is owned as to 75% by Mr. Chu Shu Cheong. By virtue of the SFO, Mr. Chu is deemed to be interested in the Shares held by Prosper Power.

3. CEF Concept Holdings Limited was wholly-owned by CEF IV Holdings Limited, which in turn is owned as to 92.55% by China Environment Fund IV, L.P. (an investment fund incorporated in the Cayman Islands). CEF IV Management, L.P. is the general partner of China Environment Fund IV, L.P., and CEF IV Management, Ltd. is the general partner of CEF IV Management, L.P.. By virtue of the SFO, CEF IV Holdings Limited, China Environment Fund IV, L.P., CEF IV Management, L.P. and CEF IV Management, Ltd. are all deemed to be interested in the 55,400,000 Shares held by CEF Concept Holdings Limited. CEF IV Management, Ltd. is wholly-owned by Mr. Wu Yeyang. Accordingly, Mr. Wu is deemed to be interested in the 55,400,000 Shares held by CEF Concept Holdings Limited for the purpose of the Securities and Futures Ordinance.
4. The 40,000,000 Shares are held by Simple Gain which is owned as to 100% by AW Holdings. AW Holdings is owned as to 100% by Mr. Allan Warburg. By virtue of the SFO, AW Holdings and Mr. Warburg are deemed to be interested in the Shares held by Simple Gain. Mr. Allan Warburg is the brother-in-law of Mr. Zhu Yongjun.
5. Ms. Qin Shulan and Mr. Cai Jianwen are executive directors of the Company.
6. Dr. Zhang Lihui is non-executive director of the Company.
7. Mr. Choy Wai Shek, Raymond MH, J.P. and Dr. Tong Ka Lok are independent non-executive directors of the Company.

## **LISTING RULES IMPLICATIONS**

As more than one of the applicable percentage ratios in respect of the Share Purchase Agreement as calculated under Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirement but exempt from Shareholders' approval requirements.

**As the Acquisition and Subscription are subject to the fulfilment or waiver (as the case may be) of the conditions as set out in the Share Purchase Agreement and Subscription Agreements and the transactions contemplated thereunder may or may not proceed to completion, Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.**

## DEFINITION

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“2017 AGM”	the annual general meeting of the Company held on 25 September 2017
“Associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Acquisition”	the acquisition by the Group in respect of the 100% equity interest of the Target Company
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday or Sunday or public holiday in Hong Kong or days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9 a.m. and 5 p.m.) on which banks are generally open for business in Hong Kong
“Company”	New Concepts Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 2221)
“Completion Date”	the completion date of both the Share Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration payable by the Company to the Vendors for the Acquisition under the Share Purchase Agreement, being approximately HK\$170,524,000
“Consideration Shares”	the new Shares to be issued by the Company to the Vendors as part of the Consideration under the Share Purchase Agreement
“Director(s)”	director(s) of the Company
“EBITDA”	earnings before interest, taxes, depreciation and amortisation of the Target Group
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the 2017 AGM, pursuant to which a maximum of 80,942,398 new Shares may fall to be allotted and issued as at the date of this announcement

“Group”	the Company and its subsidiaries
“Guarantor A”	Mr. Henrik Melinder, a citizen of Sweden and the ultimate beneficial owner of Vendor A
“Guarantor B”	Mr. Christer Larsson, a citizen of Sweden and the ultimate beneficial owner of Vendor B
“Guarantors”	collectively, Guarantor A and Guarantor B
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	22 May 2018 or such later date as the parties to the Share Purchase Agreement may agree in writing
“Purchaser”	First Bravo Development Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“SEK”	Swedish Krona, the lawful currency of the Sweden
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Share Purchase Agreement”	the share purchase agreement dated 3 May 2018 entered into among the Company, the Vendors and the Guarantors in respect of the Acquisition
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	the key employees of the Target Group, details of which are set out under the section headed “Proposed Subscription of New Shares under General Mandate — Details of the Subscribers” in this announcement

“Subscription”	the proposed subscription of the Subscription Shares under the General Mandate by the Subscribers pursuant to the Subscription Agreements
“Subscription Agreements”	the subscription agreements relating to the Subscription of Shares to be entered into between the Company and each of the Subscribers on or before Completion
“Subscription Price”	the subscription price of HK\$3.5 per Subscription Share (subject to change upon agreement by the parties on the Completion Date)
“Subscription Shares”	5,380,000 new Shares to be allotted and issued by the Company to the Subscribers pursuant to the Subscription Agreements
“Target Company”	Vimab Holding AB, a company incorporated in Sweden with limited liability
“Target Group”	the Target Company, its subsidiaries and associated companies
“Vendor A”	P.H.M Holding AB, a company incorporated under the laws in Sweden
“Vendor B”	Friction Invest AB, a company incorporated under the laws in Sweden
“Vendors”	collectively, Vendor A and Vendor B
“%”	per cent

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

Hong Kong, 3 May 2018

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