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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)

DISCLOSEABLE TRANSACTION OF ACQUISITION OF VIMAB HOLDING AB INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

THE ACQUISITION

The Board is pleased to announce that on 22 December 2017 (after trading hours of the Stock Exchange), the Company as purchaser entered into the Framework Agreement with the Vendors, the Target Company and the Guarantors in respect of the Acquisition, pursuant to which the Company conditionally agreed to acquire, and the Vendors conditionally agreed to sell, 100% equity interest in Target Company at the Consideration of approximately SEK210,000,000 (equivalent to approximately HK\$195,682,000). The Consideration will be satisfied by issue of the Consideration Shares by the Company.

The Consideration Shares, when issued, would represent approximately 9.97% of the existing issued share capital of the Company as at the date of this announcement and approximately 9.07% of the issued share capital of the Company as enlarged by issue of the Consideration 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 Acquisition, the Target Company will become a wholly-owned subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

The Consideration Shares will be allotted and issued under the Specific Mandate. The EGM will be held for the purpose of considering and, if thought fit, approving, among other things, the Acquisition and the grant of the Specific Mandate for the allotment and issue of the Consideration Shares.

A circular containing, among other things, (i) further details of the Framework Agreement and the transactions contemplated thereafter; (ii) the notice convening the EGM; and (iii) other information as required under the Listing Rules will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

As the Acquisition is subject to the fulfilment or waiver (as the case may be) of the Conditions as set out in the Framework Agreement 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.

The Board is pleased to announce that 22 December 2017 (after trading hours of the Stock Exchange), the Company as purchaser entered into the Framework Agreement with the Vendors, the Target Company and the Guarantors, the principal terms of which are set out as follows:

THE FRAMEWORK AGREEMENT

Date: 22 December 2017 (after trading hours of the Stock Exchange)

Parties: (i) the Company, as purchaser;
(ii) Vendor A and Vendor B, as vendors;
(iii) the Target Company; and
(iv) Guarantor A and Guarantor B, as guarantors

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, apart from the fact that Guarantor A is a senior corporate consultant of the Company which has subscribed for 7,500,000 Shares as set out in the Company's announcement dated 21 December 2017, each of the Vendors, the Target Company and the Guarantors are third parties independent of the Company and its connected persons. Such subscription is not completed as at the date of this announcement.

Assets to be Acquired

Pursuant to the Framework Agreement, the Purchaser conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the 100% of the issued share capital of the Target Company as at Completion.

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

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company.

Consideration and payment terms

The Consideration was determined after arm's length negotiations between the parties with reference to seven (7) times multiplied by the aggregate of EBITDA of the companies within the Target Group for the year ended 31 December 2017, which is expected to be SEK30,000,000. Accordingly, the Consideration is expected to be approximately SEK210,000,000 (equivalent to approximately HK\$195,682,000).

The Consideration shall be settled by the allotment and issue of Consideration Shares by the Company by the allotment and issue of 52,744,460 Consideration Shares within 30 working days upon Completion. The number of Consideration Shares to be issued shall be subject to adjustment in accordance with the audited EBITDA of the Target Group for the year ended 31 December 2017 after the figure is available, and the Company will make further announcement on such adjustment as and when appropriate. The issue price of the Consideration Shares of HK\$3.71 represents:

- (1) a discount of approximately 19.7% to the closing price of HK\$4.62 per Share as quoted on the Stock Exchange on the date of the Framework Agreement; and
- (2) a discount of approximately 18.1% to the average of the closing price of HK\$4.53 of the Shares as quoted on the Stock Exchange for the last five consecutive full trading days immediately prior to the date of the Framework Agreement.

The 52,744,460 Consideration Shares (subject to adjustment) represent (i) approximately 9.97% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.07% of the issued share capital of the Company as enlarged by issue and allotment of the Consideration Shares.

Lock-up Period of the Consideration Shares

There is a lock-up period on 40% of the Consideration Shares (the “Locked-Up Shares”), 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. 50% of the Locked-Up Shares will be unlocked if the audited EBITDA for 2018 increases by not less than 10% as compared with the audited EBITDA for 2017 (the “Increase 1”); and the remaining 50% of the Locked-Up Share will be unlocked if the audited EBITDA for 2019 increases by not less than 21% as compared with the audited EBITDA for 2017 (the “Increase 2”).

If (i) the Increase 1 or the Increase 2 fails to reach 70% of the agreed increase percentage, the Locked-Up Shares will be revoked, or (ii) the Increase 1 or the Increase 2 reaches 70% but less than 100% of the agreed increase percentage, then the Locked-Up Shares will be unlocked on a pro rata basis.

Conditions precedent:

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

- (a) each of the representations and warranties provided by the Vendors, the Target Company and the Guarantors in the Framework Agreement are true, accurate and complete and remains true, accurate and complete on and as of completion;
- (b) the Company having completed its due diligence review of the financial, legal, commercial, trade, asset, corporate, tax, operational and other aspects of the Target Group to its discretionary absolute satisfaction;
- (c) the Target Company, the Vendors and the Guarantors having received all necessary government approvals, regulatory consents and third party consents that are required to be obtained in connection with the Acquisition, in form and substance satisfactory to the Company, with evidence thereof furnished to the satisfaction of the Company in its absolute discretion;
- (d) all assets of the Target Company have been duly registered in the name of the Target Company, in form and substance satisfactory to the Company, with evidence thereof furnished to the satisfaction of the Company in its absolute discretion;
- (e) no material adverse change in the conditions (financial or otherwise), working capital, results of operations, assets, regulatory status, management team, or business of the Target Group have occurred in the period from the date of the Framework Agreement up to Completion;

- (f) the Company having complied with all applicable requirements under the Listing Rules in connection with the Acquisition (including but not limited to obtaining approval from the Shareholders); and
- (g) the Listing Committee of the Stock Exchange having approved the listing of, and the permission to deal in the Consideration Shares.

The Framework Agreement will be terminated by the Company, if all the conditions are not satisfied or waived (as the case may be) by the Long Stop Date or such later date as the Company and Vendors may agree in writing.

Completion

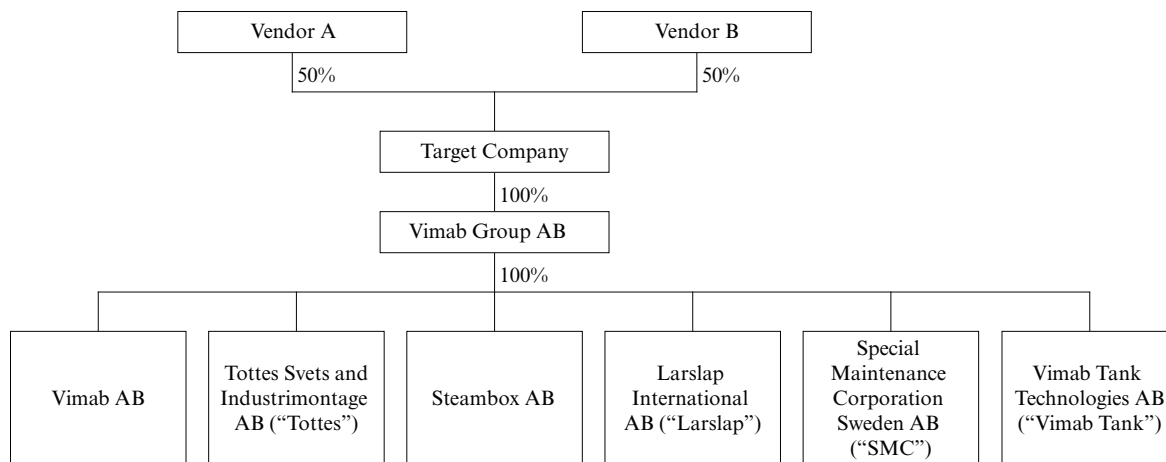
Completion shall occur within 10 working days (or such date as the Company and the Vendors mutually agree in writing) upon all the conditions precedent to the Framework Agreement having been satisfied or waived (as the case may be).

INFORMATION ON THE TARGET COMPANY

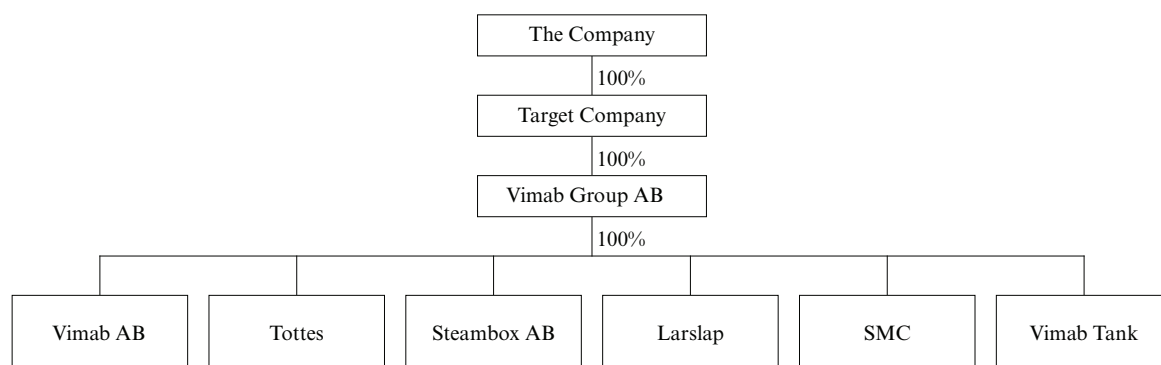
The Target Group is principally engaged in the business of valve services and maintenance.

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 prepared in accordance with the accounting standards in Sweden for the years ended 31 December 2015 and 2016 is set out as follows:

Vimab AB	For the year ended	
	31 December	
	2015	2016
	<i>SEK'000</i>	<i>SEK'000</i>
Revenue	91,929	97,380
Profit before taxation	2,589	2,653
Profit after taxation	<u>1,989</u>	<u>2,040</u>
Tottes	For the year ended	
	31 December	
	2015	2016
	<i>SEK'000</i>	<i>SEK'000</i>
Revenue	14,745	18,412
Profit before taxation	2,027	1,115
Profit after taxation	<u>1,573</u>	<u>861</u>
Steambox AB	For the year ended	
	31 December	
	2015	2016
	<i>SEK'000</i>	<i>SEK'000</i>
Revenue	11,246	13,792
Profit (loss) before taxation	208	(27)
Profit (loss) after taxation	<u>148</u>	<u>(35)</u>

Larslap	For the year ended	
	31 December	
	2015	2016
	<i>SEK'000</i>	<i>SEK'000</i>
Revenue	11,541	11,359
Profit (loss) before taxation	472	(16)
Profit (loss) after taxation	<u>354</u>	<u>(40)</u>

SMC	For the year ended	
	31 December	
	2015	2016
	<i>SEK'000</i>	<i>SEK'000</i>
Revenue	15,036	10,986
Profit before taxation	699	111
Profit after taxation	<u>536</u>	<u>79</u>

The net asset values of the major members of the Target Group, based on each of their audited accounts as at 31 December 2016 are set out as follows:

	<i>SEK'000</i>
Vimab AB	<u>22,263</u>
Tottes	<u>2,654</u>
Steambox AB	<u>569</u>
Larslap	<u>517</u>
SMC	<u>671</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 May 2017, and Vimab Tank was incorporated in November 2017.

INFORMATION ON THE GROUP, THE VENDORS AND THE GUARANTORS

The Group is principally engaged in foundation works, civil engineering works, general building 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.

SPECIFIC MANDATE

The Framework Agreement and the transactions contemplated thereunder, including the allotment and issue of the Consideration Shares under the Specific Mandate, are subject to the approval of the Shareholders at the EGM. Application will be made by the Company to the Stock Exchange for the grant of listing of and permission to deal in the Consideration Shares.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Since the scarcity of clean water has always been a rising issue in the PRC, the government has implemented strong regulation and supervision on pollutant control. Zero-liquid discharge is now a mandatory requirement in various heavy industry segments such as power plant, coal, petrochemical and pharmaceutical industry. This is the reason why the Group is focusing on waste water treatment and the trend is creating tremendous demand in the water treatment supply chain, including tank, pipeline and valve service and maintenance.

The Target Group is a Swedish high-tech industrial service group with advanced technology-know-how as well as state-of-art machinery and products. 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, etc. China’s enormous tank, pipeline and valve maintenance market is the next area the Target Group’s service can expand to.

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.

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

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the existing shareholding structure of the Company as at the date of this announcement and the effect on the shareholding structure of the Company upon issue of the Consideration Shares (assuming there is no other change in the shareholding structure of the Company before the allotment and issue of the Consideration Shares) is set out as follows:

	As at the date of this announcement		Immediately upon issue of the Consideration Shares	
	Number of shares <i>(Approximately)</i>	% of shareholdings <i>(Approximately)</i>	Number of shares <i>(Approximately)</i>	% of shareholdings <i>(Approximately)</i>
Jumbo Grand Enterprise Development Limited <i>(Note 1)</i>	77,000,000	14.56	77,000,000	13.24
Prosper Power Group Limited <i>(Note 2)</i>	76,500,000	14.47	76,500,000	13.16
Simple Gain International Limited <i>(Note 3)</i>	40,000,000	7.56	40,000,000	6.88
CEF Concept Holdings Limited <i>(Note 4)</i>	55,400,000	10.48	55,400,000	9.53
Mr. Zhu Yongjun <i>(Note 5)</i>	120,000	0.02	120,000	0.02
Ms. Qin Shulan <i>(Note 5)</i>	4,084,000	0.77	4,084,000	0.70
Mr. Cai Jianwen <i>(Note 5)</i>	480,000	0.10	480,000	0.08
Dr. Zhang Lihui <i>(Note 6)</i>	48,000	0.00	48,000	0.00
Mr. Choy Wai Shek, Raymond, <i>MH. JP (Note 7)</i>	480,000	0.10	480,000	0.08
Dr. Tong Ka Kok <i>(Note 7)</i>	480,000	0.10	480,000	0.08
The Vendors	—	—	52,744,460	9.07
Public	274,190,992	51.84	274,190,992	47.16
Total	<u>528,782,992</u>	<u>100.00</u>	<u>581,527,452</u>	<u>100.00</u>

Notes:

- As at the date of this announcement, Jumbo Grand Enterprise Development Limited is wholly-owned by Mr. Zhu Yongjun (chairman of the Board and an executive Director). Mr. Zhu is the brother-in-law of Mr. Allan Warburg, an ultimate beneficial owner of Simple Gain International Limited, a shareholder of the Company.
- As at the date of this announcement, Prosper Power Group Limited is owned as to 75% by Mr. Chu Shu Cheong.
- As at the date of this announcement, Simple Gain International Limited is wholly-owned by Allan Warburg Holdings Limited, which is in turn wholly owned by Mr. Allan Warburg.

4. As at the date of this announcement, CEF Concept Holdings Limited is wholly-owned by CEF IV Holdings Ltd., which is in turn owned as to 92.55% by China Environment Fund IV, L.P., an investment fund incorporated in the Cayman Islands.
5. Mr. Zhu Yongjun, Ms. Qin Shulan and Mr. Cai Jianwen are executive Directors.
6. Dr. Zhang Lihui is a non-executive Director.
7. Mr. Choi Wai Shek, Raymond, *MH. JP* and Dr. Tong Ka Lok are independent non-executive Directors.
8. The percentage figures included in this table are subject to rounding adjustment.

IMPLICATIONS UNDER THE LISTING RULES

The Consideration Shares will be allotted and issued under the Specific Mandate. The EGM will be held for the purpose of considering and, if thought fit, approving, among other things, the Acquisition and the grant of the Specific Mandate for the allotment and issue of the Consideration Shares.

A circular containing, among other things, (i) further details of the Framework Agreement and the transactions contemplated thereafter; (ii) the notice convening the EGM; and (iii) other information as required under the Listing Rules will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

As the Acquisition is subject to the fulfilment or waiver (as the case may be) of the Conditions as set out in the Framework Agreement 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:

“Acquisition”	the acquisition by the Company in respect of the 100% equity interest of the Target Company
“Board”	the board of Directors
“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)
“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, being approximately SEK210,000,000 (equivalent to approximately HK\$195,682,000)
“Consideration Shares”	the new Shares to be issued by the Company to settle the Consideration
“Director(s)”	director(s) of the Company
“EBITDA”	earnings before interest, taxes, depreciation and amortisation of the Target Group
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve the Framework Agreement and the transactions contemplated thereunder
“Framework Agreement”	the framework agreement dated 22 December 2017 entered into among the Company, the Vendors, the Target Company and the Guarantors in respect of the Acquisition
“Group”	the Company and its subsidiaries
“Guarantor A”	Mr. Henrik Melinder, a citizen of Sweden and the beneficial owner of Vendor A
“Guarantor B”	Mr. Christer Larsson, a citizen of Sweden and the 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”	31 March 2018 or such later date as the parties to the Agreement may agree in writing
“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
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate for the allotment and issue of the Consideration Shares to be granted to the Vendors by the Shareholders at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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

In this announcement, translation of SEK into HK\$ is based on the exchange rate of HK\$1: SEK1.07317. No representation is made that any amounts in SEK and HK\$ can be or could have been converted at the above exchange rate or any other rates.

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

Hong Kong, 22 December 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 Director is Dr. Zhang Lihui; and the three independent non-executive Directors are Mr. Lo Chun Chiu, Adrian, Dr. Tong Ka Lok and Mr. Choy Wai Shek, Raymond, MH, JP.