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 51% OF THE ISSUED SHARE CAPITAL OF CLEAR INDUSTRY COMPANY LIMITED INVOLVING ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

THE ACQUISITION

The Board is pleased to announce that on 2 November 2016 (after trading hours of the Stock Exchange), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendor and the Warrantor, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares at the Consideration of RMB87,975,000 (approximately HK$100,990,000), which will be satisfied (i) as to RMB43,987,500 (approximately HK$50,495,000) in cash; and (ii) as to RMB43,987,500 (approximately HK$50,495,000) by issue of the Consideration Shares by the Company.

The Consideration Shares, when issued, would represent approximately 3.95% of the existing issued share capital of the Company as at the date of this announcement and approximately 3.80% 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, the Target Company will be owned as to 51% and 49% by the Purchaser and the Vendor respectively. As such, the Target Company will become an indirect non-wholly owned subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As certain of the applicable percentage ratios under the Listing Rules in respect of the Acquisition are more than 5% and all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of 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 Acquisition 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.

INTRODUCTION

The Board is pleased to announce that on 2 November 2016 (after trading hours of the Stock Exchange), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendor and the Warrantor, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Shares at the Consideration of RMB87,975,000 (approximately HK$100,990,000), which will be satisfied (i) as to RMB43,987,500 (approximately HK$50,495,000) in cash; and (ii) as to RMB43,987,500 (approximately HK$50,495,000) by issue of the Consideration Shares by the Company.

THE ACQUISITION AGREEMENT

The principal terms of the Acquisition Agreement are set out as follows:

1. **Date:** 2 November 2016 (after trading hours of the Stock Exchange)

2. **Parties:** (i) Max Charm (Hong Kong) Limited, as Purchaser

   (ii) Qingqin International Group Limited, as Vendor

   (iii) Mr. Qi Kai, as Warrantor

   As at the date of this announcement, the Warrantor owns 50% of the issued share capital of the Vendor, which owns 100% of the issued share capital of the Target Company. As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owners including the Warrantor is an Independent Third Party.

3. **Assets to be acquired**

   Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, representing 51% of the issued share capital of the Target Company as at Completion.

   As at the date of this announcement, the Target Company is owned as to 100% by the Vendor. Upon the Completion, the Target Company will be owned as to 51% and 49% by the Purchaser and the Vendor respectively. As such, the Target Company will become an indirect non-wholly owned subsidiary of the Company.

4. Consideration and payment terms

(a) The Consideration

The Consideration amounts to RMB87,975,000 (approximately HK$100,990,000), which will be satisfied (i) as to RMB43,987,500 (approximately HK$50,495,000) in cash; and (ii) as to RMB43,987,500 (approximately HK$50,495,000) by issue of the Consideration Shares by the Company.

(b) Basis of determination of the Consideration

The Consideration for the Sale Shares was determined after arm's length negotiations between the parties and with reference to a valuation report (the "Valuation Report") prepared by Appraisal and Consultancy (Asia) Limited (the "Valuer"), an independent valuer. The valuated amount of 100% equity interest in the Target Company is approximately RMB180.9 million.

Given that the valuation of the Target Company has adopted the use of the income approach, which involves the discounted cash flow method, such valuation is regarded as a profit forecast under Rule 14.61 of the Listing Rules. The followings were prepared and published in compliance with Rule 14.62 of the Listing Rules.

Profit Forecast in relation to the Valuation Report

The Valuation Report has been prepared based on the following major assumptions:

1. the projected financial performance of the Target Company could be achieved;

2. the Target Company will have adequate financing for its operation;

3. no material change in the existing political, legal, technological, fiscal or economic condition which may adversely affect the Target Company;

4. no major changes in the current taxation laws in the PRC and the regions related to the operation of the Target Company, and the rates of tax payable remain unchanged;

5. the operating licenses and incorporating documents related to the Target Company are reliable and legitimate; and

6. operational and contractual terms bound by the contracts and agreements related to the Target Company will be honoured.

A report from the Company's auditor, Wellink CPA Limited ("Wellink"), confirming that it has reviewed the calculation method of the income approach used in the Valuation Report is set out in Appendix I to this announcement. A letter from the Board confirming that the Directors are satisfied that the valuation of the Target Company has been made after due and careful enquiry is set out in Appendix II to this announcement for the purpose of Rule 14.60A and 14.62 of the Listing Rules. The Company has submitted the aforesaid report from Wellink and letter from the Board to the Stock Exchange in compliance with Rule 14.62(2) and (3) of the Listing Rules.

The followings are the qualifications of the experts who have given their opinions in this announcement:

Name	Qualification
Appraisal and Consultancy (Asia) Limited	Professional valuer
Wellink CPA Limited	Certified Public Accountants

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the Valuer and Wellink is an Independent Third Party. As at the date of this announcement, neither the Valuer nor Wellink has any shareholding in any member of the Group directly or indirectly, or any rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the Valuer and Wellink has given and has not withdrawn its respective written consent to the publication of this announcement with inclusion of its opinion and advice and all references to its name in the form and context in which it appears in this announcement.

(c) Payment terms

(i) Consideration in cash

The cash portion of the Consideration of RMB43,987,500 (approximately HK$50,495,000) shall be paid in the following manner:

(a) RMB15,927,460 (approximately HK$18,283,600) shall be satisfied by the refundable deposit paid by the Purchaser to the Warrantor pursuant to the MOU as set out in the announcement of the Company dated 2 June 2016;

(b) RMB19,072,540 (approximately HK$21,894,400) shall be paid within ten (10) business days upon Completion (or such other date as agreed by the parties to the Acquisition Agreement); and

(c) RMB8,987,500 (approximately HK$10,317,000) shall be paid within sixty (60) days after payment of the second tranche of the Consideration stipulated in (b) above and upon settlement of the liabilities of the Target Company, the evidence of which has been provided to the Purchaser to its absolute satisfaction (or such other date as agreed by the parties to the Acquisition Agreement).

(ii) The Consideration Shares

Under the Acquisition Agreement, the Consideration will be satisfied as to RMB43,987,500 (approximately HK$50,495,000) by the allotment and issue of 18,982,992 Consideration Shares within 90 days upon fulfilment or waiver (as the case may be) of the Conditions (or such other date as agreed by the parties to the Acquisition Agreement). The issue price of the Consideration Shares of HK$2.66 represents:

(1) a discount of approximately 6.67% to the closing price of HK$2.85 per Share as quoted on the Stock Exchange on the date of the Acquisition Agreement; and

(2) the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive full trading days immediately prior to the date of the Acquisition Agreement.

The 18,982,992 Consideration Shares represent (i) approximately 3.95% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.80% of the issued share capital of the Company as enlarged by issue and allotment of the Consideration Shares.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Consideration Shares. The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects with the existing Shares in issue.

The Consideration Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 80,000,000 Shares. As at the date of this announcement, the General Mandate has not been utilised. Accordingly, the General Mandate is sufficient for the issue and allotment of the Consideration Shares and is not subject to the Shareholders' approval.

The Company is entitled to exercise its discretion to withhold such number of the Consideration Shares amounting up to RMB10,000,000, until ten (10) business days after the Vendor has fully discharged all relevant tax liabilities and other liabilities arising from the Acquisition Agreement.

If the Company fails to issue the Consideration Shares to the Vendor within the time limit as stipulated in the Acquisition Agreement which is not due to any fault or breach of the Acquisition Agreement by the Vendor, the Vendor is entitled to demand the Purchaser to make by way of cash the outstanding payment of the Consideration, being RMB43,987,500 (approximately HK$50,495,000). The Purchaser shall make the payment to the Vendor within 15 days after the Vendor's written request of payment in cash.

5. Conditions Precedent

Completion of the Acquisition Agreement is conditional upon, among others, the fulfilment or waiver (as the case may be) of the following Conditions:

(a) the representations and warranties made by the Vendor and the Warrantor in the Acquisition Agreement are true, accurate and complete in all material respects;

(b) the Target Company has completed all necessary internal procedures on the transfer of the Sale Shares, including but not limited to passing the shareholder's resolution to approve the transfer of the Sale Shares; the Purchaser and the Company have obtained all necessary internal consents on the Acquisition Agreement and the transactions contemplated thereunder, as well as all consents and approvals required by the Listing Rules and all applicable laws and regulations;

(c) the Purchaser has completed its due diligence review of the financial, legal, commercial, trade, asset, corporate, tax and operational aspects of the Target Group to its satisfaction, and is absolutely satisfied with the results of such due diligence review;

(d) there is no material adverse change to the Target Group which may affect the transactions contemplated under the Acquisition Agreement;

(e) no judicial, governmental or regulatory authorities or laws and regulations restrict or prohibit the transactions contemplated under the Acquisition Agreement; and completion of the transactions contemplated under the Acquisition Agreement would not result in any material penalties or legal consequences borne by the Target Company, the Vendor and/or the Purchaser, or restrict the operation of the Target Company resulting in material adverse change according to the laws and regulations;

(f) there does not exist any proceeding, arbitration, administrative proceeding which would result in a ruling against the Target Group, the Vendor and/or the Purchaser, and such ruling would result in material adverse effect on the performance of the obligations under the Acquisition Agreement or other related transaction documents, or would result in actual negative effects on the transactions contemplated under the Acquisition Agreement;

(g) save as agreed by the Purchaser, there does not exist any changes in the core management members of the Target Group before and after the Restructuring;

(h) the Vendor has completed its capital injection of the equivalent amount of RMB1,600,000 in Hong Kong dollars to the Target Company, and has provided the Purchaser with evidence of completion of such capital injection to its absolute satisfaction; and

(i) save for the subsidiaries of the Target Company, the Target Company has dispensed with other equity investment projects (including but not limited to the wholly-owned subsidiaries, holding companies and investing companies of the Target Company) as well as the liabilities and obligations of such projects.

The Purchaser is entitled to waive the Conditions in writing.

If the Conditions as set out in the above are not fulfilled or waived (as the case my be) on or before the Long Stop Date, the Acquisition Agreement shall automatically terminate and the obligations and responsibilities of the parties to the Acquisition Agreement under the Acquisition Agreement shall cease and determine, save for those obligations which shall survive after termination as stipulated under the Acquisition Agreement and those obligations which have arisen before the termination of the Acquisition Agreement.

6. Completion

Completion shall take place within fifteen (15) business days upon fulfillment or waiver (as the case may be) of the Conditions.

Upon Completion, Target Company will become an indirect non-wholly owned subsidiary of the Company and the Company will consolidate the assets and liabilities and financial results of Target Company.

7. Lock-up Period of the Consideration Shares

The Consideration Shares is subject to a lock-up period (the "Lock-up Period"), which commences from the date of issue of the Consideration Shares and ends upon the later of (i) the last day of the following three years; or (ii) the 20th business day after the issue of the audited net profit attributable to shareholders of the Target Company for the financial year of 2019 by the auditors which the Purchaser is reasonably satisfied with (both days inclusive). During the Lock-up Period, the Vendor shall not by way of any means (whether conditional or unconditional, direct or indirect or in other natures) transfer or dispose of any of the Consideration Shares, or create any Encumbrances on the Consideration Shares.

8. Right of First Refusal

During the Lock-up Period of the Consideration Shares, unless with the prior written consent by the Purchaser, the Vendor shall not by way of any means (whether conditional or unconditional, direct or indirect or in other natures) transfer or dispose of the shares of the Target Company (the "Remaining Shares") representing 49% (or any) of the issued share capital of the Target Company held by it, or create any Encumbrances on such shares.

After Completion, if the Vendor intends to place or transfer all or any of the Remaining Shares held by it to any third party, it shall by way of written notice notify the Purchaser its intention of placing or transferring the such shares, the number of such shares and the proposed transfer price.

The Purchaser shall, within 30 days from the receipt of the above written notice (or such later date as required by the Listing Rules), reply to the Vendor in relation to: (i) whether it consents to the proposed placing or transfer of the shares of the Target Company held by the Vendor to the third party; or (ii) whether it will exercise the right of first refusal (the "Right of First Refusal") to purchase the shares of the Target Company from the Vendor in accordance with the terms of transfer stated in the written notice.

During the Performance Commitment Period (as hereinafter defined), if the Purchaser neither consents to the proposed transfer of shares nor exercises the Right of First Refusal, the Vendor shall not transfer the Remaining Shares held by it. If the Purchaser consents to the proposed transfer of shares of the Target Company by way of written reply, the Vendor can proceed with such transfer; however, if the Purchaser opts to exercise the Right of First Refusal in writing, the Vendor shall sell the shares of the Target Company in accordance with the terms as stated in the written notice.

9. Performance Commitment

The Vendor undertakes that for each financial year during the Performance Commitment Period (as hereinafter defined), 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 to two years shall not exceed 10% of the consolidated revenue of the previous financial year; the balance of the audited accounts receivables aged over two years shall not exceed 5% of the consolidated revenue of each 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 as set out below.

The Vendor undertakes that the audited net profits after tax and attributable to shareholders of Suzhou Clear Industry (deducting the Exceeded Amount if required) for each of the financial years ended 31 March 2017, 2018 and 2019 (the "Performance Commitment Period") shall be RMB20 million, RMB30 million and RMB40 million, respectively. The above performance commitment of net profits shall not include the revenue generated from the investment and contracting by the Group to the kitchen wastage treatment project of Suzhou Clear Industry and Clear Industry (Shanghai) and the kitchen wastage treatment project of Loudi Fangsheng after commencement of its operation.

In the event that the product of the audited net profits after tax and attributable to the shareholders of Suzhou Clear Industry for the three years ended 31 March 2019 (after deducting the Exceeded Amount if required and based on the audited financial report of Suzhou Clear Industry prepared by the auditor designated by the Purchaser) and 5.75 (the agreed price-to-earnings ratio of Suzhou Clear Industry) is lower than the Consideration, the Vendor undertakes to compensate the shortfall to the Purchaser (or its nominee) within seven (7) business days from the issue of the audited financial report of Suzhou Clear Industry for the financial year ended 31 March 2019 in the following order: (1) cash; (2) the shares of the Company; and (3) the shares of the Target Company. The price of the compensated shares shall be calculated by the issue price of the Consideration Shares, which shall not exceed the Consideration.

10. Management of the Target Group

Upon Completion, the board of directors of the Target Company shall be the final decision-making body of the Target Group, while the Vendor shall be responsible for the daily operation of Suzhou Clear Industry. The board of directors of the Target Company shall be formed by five directors, three and two of which shall be the representatives of the Purchaser and the Vendor, respectively. The chairman of the board directors shall be a representative of the Purchaser.

11. Liabilities of the Target Group

Pursuant to the Acquisition Agreement, the Vendor and the Warrantor shall assume certain liabilities and debts of the Target Group which have arisen before Completion as agreed by the parties to the Acquisition Agreement.

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:

Shareholders	As at the date of this announcement		Immediately after issue of the Consideration Shares	
	Number of shares	*% of shareholdings (Approximately)*	*Number of shares*	*% of shareholdings (Approximately)*
Prosper Power Group Limited *(Note 1)*	76,500,000	15.94	76,500,000	15.33
Jumbo Grand Enterprise Development Limited *(Note 2)*	76,000,000	15.83	76,000,000	15.23
Simple Gain International Limited *(Note 3)*	40,000,000	8.33	40,000,000	8.02
CEF Concept Holdings Limited *(Note 4)*	55,400,000	11.54	55,400,000	11.10
Go Million International Limited *(Note 5)*	24,600,000	5.13	24,600,000	4.93
The Vendor	—	—	18,982,992	3.80
Other public Shareholders	207,500,000	43.23	207,500,000	41.59
Total	480,000,000	100.00	498,982,992	100.00

Notes:

1. As at the date of this announcement, Prosper Power Group Limited is owned as to 75% by Mr. Chu Shu Cheong (an executive Director) and 25% by Mr. Kwan Man Hay (an executive Director).

2. 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.

3. 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. As at the date of this announcement, Go Million International Limited is wholly-owned by Mr. Chu Kingston Chun Ho (a non-executive Director).

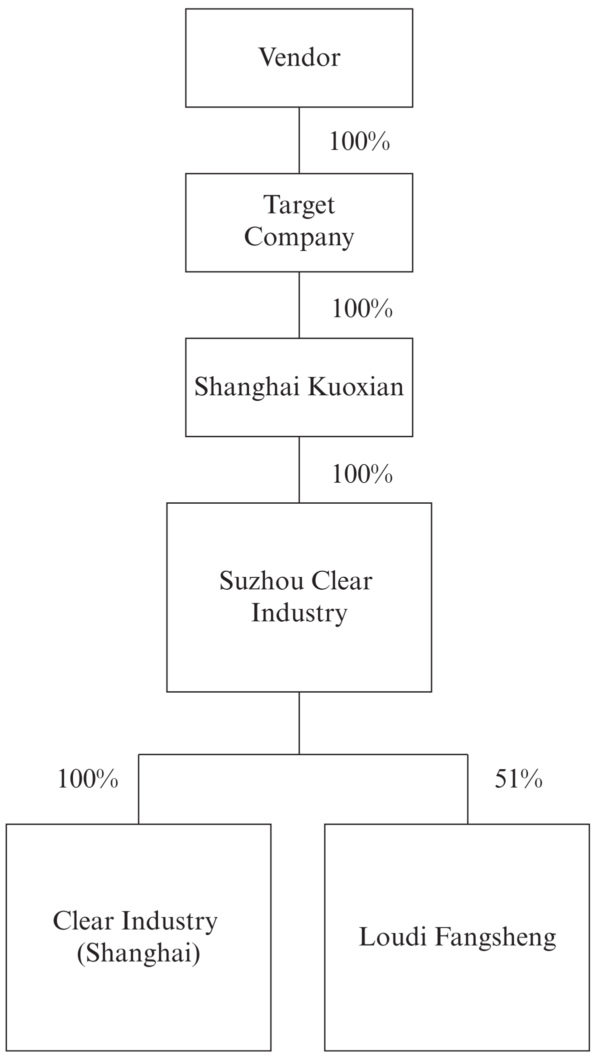
6. The percentage figures included in this table are subject to rounding adjustment.

INFORMATION ON THE TARGET GROUP

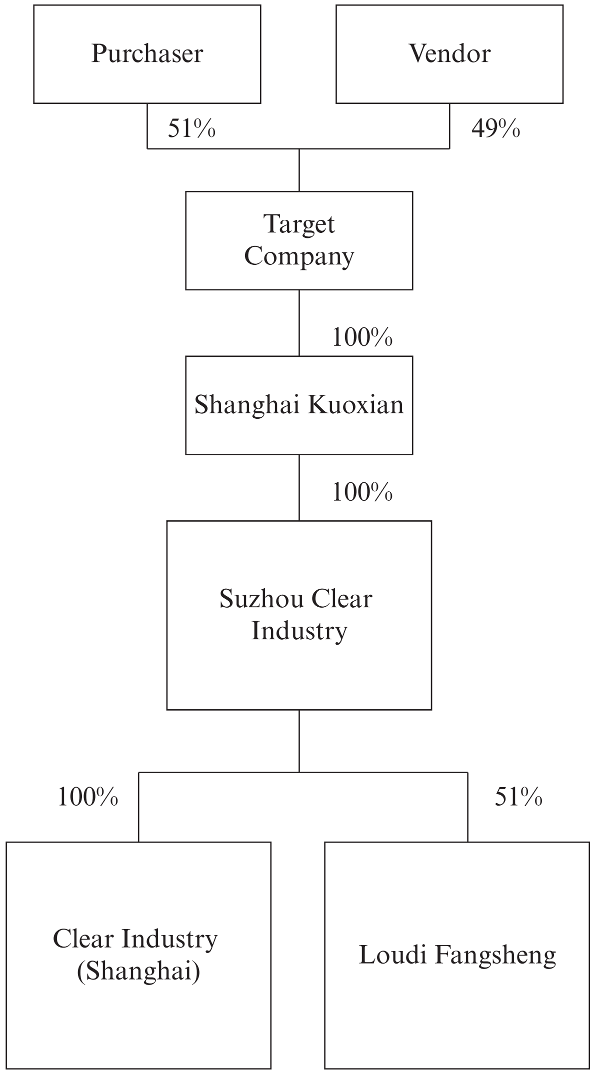
The Target Group is principally engaged in the business of trading, EPC of kitchen waste treatment, water treatment and provision for other environmental improvement solutions systems.

The members of the Target Group underwent the Restructuring prior to the date of this announcement, pursuant to which the Target Company became the holding company of Shanghai Kuoxian, Suzhou Clear Industry, Clear Industry (Shanghai) and Loudi Fangsheng. 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 certain members of the Target Group based on each of their unaudited management accounts or audited accounts in accordance with the relevant applicable accounting standards for the year ended 31 December 2014 and/or the year ended 31 December 2015 is set out as follows:

	For the year ended 31 December 2015
	RMB'000
	(audited)
Suzhou Clear Industry *(Note 1)*	
Revenue	14,515
Profit before taxation	2,106
Profit after taxation	1,619

	For the year ended 31 December	
	2014	**2015**
	RMB'000	*RMB'000*
	(audited)	(audited)
Clear Industry (Shanghai)		
Revenue	10,522	12,947
Profit before taxation	23	213
Profit after taxation	10	166

	For the year ended 31 December	
	2014	**2015**
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loudi Fangsheng *(Note 2)*		
Revenue	—	—
Loss before taxation and loss after taxation	(777)	(488)

Notes:

(1) Suzhou Clear Industry was established and registered under the laws of the PRC in February 2015, and its results covered the period from its establishment to 31 December 2015.

(2) Loudi Fangsheng will be principally engaged in the kitchen waste treatment after commencement of business operation.

The net asset values of certain members of the Target Group, based on each of their unaudited management accounts as at 31 August 2016 are set out as follows:

	RMB'000
Suzhou Clear Industry	6,795

	RMB'000
Clear Industry (Shanghai)	14,588

	RMB'000
Loudi Fangsheng	23,357

INFORMATION ON THE VENDOR AND THE WARRANTOR

As at the date of this announcement, the Warrantor owns 50% of the issued share capital of the Vendor.

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owners including the Warrantor is an Independent Third Party.

INFORMATION ON THE GROUP

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

REASONS FOR AND BENEFITS OF THE ACQUISITION

With reference to the "the Circular on the Plan for Establishing Facilities for the Innocuous Treatment of Municipal Solid Waste under the Twelfth Five-Year Plan (全國城鎮生活垃圾無害化處理設施建設規劃的通知)" issued by the General Office of the State Council of the PRC in April 2012, one of the missions was to accelerate kitchen wastage treatment and sorting, where it encourages the construction of facilities for extraction of resources, as well as production of grease, methane, organic fertilizer and feed etc. from kitchen wastage.

In the "Plan for Establishing Facilities for the Innocuous Treatment of Municipal Solid Waste under the Thirteen Five-Year Plan (Draft)", National Development and Reform Commission & Ministry of Housing and Urban-Rural Development of People's Republic of China, target garbage disposal rate of municipalities and provincial capitals reaching 100% by 2020; Encourage 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 Thirteen Five-Year

Due to the continuous food safety issue, huge market potential exists in the kitchen waste treatment industry. The success of the Acquisition will enable the Group to ride on the potential opportunities as driven by the nationwide policies in the PRC, widen its technological edge against other competitors, and enhance its corporate reputation.

Upon Completion, the Group intends to invest in the kitchen wastage treatment project by way of public-private-partnership ("PPP") annually through the other members of the Group including Prime World Tianjin, and contract the engineering, procurement and construction of

(i) the technological design of processing of kitchen waste, anaerobic gas and water; (ii) electrical equipment; and (iii) culture system of Hermetia Illucens to Suzhou Clear Industry or Clear industry (Shanghai), for the purpose of acquiring the equipment and services of Suzhou Clear Industry. Details of the above are subject to the entering into of a final and binding agreement.

Due to the consideration of commercial operation, leading preferential policies and financial loans in Suzhou, Suzhou Clear Industry can directly tender for the contracting of the PPP projects of wastage treatment. However, the shares of the newly established entity for such project(s) shall be transferred to Prime World Tianjin in accordance with the original and actual amount of investment.

For the purpose of internal restructuring of the Group, Prime World Tianjin also intends to acquire 51% equity interest of Loudi Fangsheng held by Suzhou Clear Industry, details of which are subject to the entering into of a final and binding agreement.

The Directors (including independent non-executive Directors) consider that the terms of the Acquisition Agreement are on normal commercial terms and are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As certain of the applicable percentage ratios under the Listing Rules in respect of the Acquisition are more than 5% and all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

As the Acquisition is subject to the fulfilment or waiver (as the case may be) of the Conditions as set out in the Acquisition 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 of 51% equity interest in the Target Company pursuant to the terms and conditions of the Acquisition Agreement
"Acquisition Agreement"	the formal share sale and purchase agreement dated 2 November 2016 and entered into among the Vendor, the Purchaser and the Warrantor in relation to the Acquisition
"Board"	the Board of Directors
"business day(s)"	a day other than Saturday, Sunday or statutory holiday in Hong Kong and the PRC

"Clear Industry (Shanghai)"	Clear Industry (Shanghai) Co., Ltd* (清勤水處理科技(上海)有限公司), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of Suzhou Clear Industry
"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"	completion of the transfer of the Sale Shares to the Purchaser pursuant to the terms and conditions of the Acquisition Agreement
"Conditions"	the conditions precedent of the Acquisition Agreement
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the total consideration for the Sale Shares in the sum of RMB87,975,000 (approximately HK$100,990,000), which shall be satisfied (i) as to RMB43,987,500 (approximately HK$50,495,000) in cash; and (ii) as to RMB43,987,500 (approximately HK$50,495,000) by issue of the Consideration Shares by the Company
"Consideration Shares"	the new Shares to be issued by the Company to settle part of the Consideration, being in aggregate 18,982,992 new Shares
"Director(s)"	director(s) of the Company
"Encumbrance"	any claim, charge, mortgage, pledge, lien, option, warrant, retention of title, right of pre-emption, right of first refusal or other third party right, security right or security interest of any kind, or an agreement to create any of the foregoing
"General Mandate"	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 15 August 2016 to allot, issue and deal with up to 80,000,000 new Shares
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party"	third party(ies) independent of and not connected with the Company and any of its connected persons (having the meaning ascribed to it under the Listing Rules)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	31 December 2016 or such later date as the parties to the Acquisition Agreement may agree in writing
"Loudi Fangsheng"	Loudi Fangsheng Environmental Technology Co. Ltd.* (婁底市方盛環保科技有限公司), a company established in the PRC with limited liability and a direct non-wholly owned subsidiary of Suzhou Clear Industry

"MOU"	the non-legally binding memorandum of understanding dated 2 June 2016 and entered into among the Warrantor, the Purchaser and the other shareholders of Suzhou Clear Industry in relation to, among other things, the possible acquisition of Suzhou Clear Industry, details of which are set out in the announcement of the Company dated 2 June 2016
"PRC"	the People's Republic of China
"Prime World Tianjin"	Prime World (Tianjin) Environmental Technology Limited* (世本(天津)環境技術有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Purchaser"	Max Charm (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"Restructuring"	the restructuring of the Target Group pursuant to which the Target Company became the holding company of Shanghai Kuoxian, Suzhou Clear Industry, Clear Industry (Shanghai) and Loudi Fangsheng prior to the date of this announcement. Details of the shareholding and corporate structures of the Target Group prior to the Restructuring are set out in the Company's announcement dated 2 June 2016
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	1,275,000 ordinary shares or such number of ordinary shares of the Target Company representing 51% of the issued share capital of the Target Company as at the date of Completion
"Shanghai Kuoxian"	Shanghai Kuoxian Environmental Technology Co., Ltd.* (上海闊賢環保科技有限公司), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of the Target Company upon completion of the Restructuring
"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)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Suzhou Clear Industry"	Suzhou Clear Industry Co., Ltd.* (蘇州愷利爾環保科技有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Target Company upon completion of the Restructuring
"Target Company"	Clear Industry Company Limited, a company incorporated in Hong Kong with limited liability

"Target Group"	the Target Company and its subsidiaries upon completion of the Restructuring, including Shanghai Kuoxian, Suzhou Clear Industry, Clear Industry (Shanghai) and Loudi Fangsheng
"Vendor"	Qingqin International Group Limited (清勤國際集團有限公司), a company incorporated in Hong Kong with limited liability
"Warrantor"	Mr. Qi Kai (戚愷), a PRC citizen

* *For identification purpose only*

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

Hong Kong, 2 November 2016

In this announcement, translation of RMB into HK$ is based on the exchange rate of HK$1: RMB0.87113. No representation is made that any amounts in RMB and HK$ can be or could have been converted at the above exchange rate or any other rates.

In this announcement, translated English names of Chinese entities for which no official English translation exists are unofficial translations for identification purposes only, and in the event of any inconsistency between the Chinese names and their English translation, the Chinese names shall prevail.

As at the date of this announcement, the executive Directors are Mr. Zhu Yongjun, Mr. Chu Shu Cheong, Mr. Kwan Man Hay, Ms. Qin Shulan and Mr. Cai Jianwen; the non-executive Directors are Dr. Zhang Lihui and Mr. Chu Kingston Chun Ho; 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.

APPENDIX I — LETTER FROM THE COMPANY'S AUDITOR

ACCOUNTANTS' REPORT ON CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF EQUITY INTEREST IN CLEAR INDUSTRY COMPANY LIMITED

TO THE BOARD OF DIRECTORS OF NEW CONCEPTS HOLDINGS LIMITED

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by Appraisal and Consultancy (Asia) Limited dated 2 November 2016, in respect of 100% equity interest in Clear Industry Company Limited as at 31 August 2016 (the "Valuation") is based. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and reference to the Valuation will be included in the announcement dated 2 November 2016 to be issued by New Concepts Holdings Limited (the "Company") in connection with the acquisition of 51% equity interest in Clear Industry Company Limited (the "Announcement").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the Announcement (the "Assumptions"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. Our work does not constitute any valuation of Clear Industry Company Limited.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different form the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

WELLINK CPA LIMITED
Certified Public Accountants
Hong Kong, 2 November 2016
Chow For Chun
Practising Certificate number P06140

2 November 2016

Listing Division
The Stock Exchange of Hong Kong Limited
11th Floor, One International Finance Centre
1 Harbour View Street Central, Hong Kong

Dear Sirs,

Discloseable Transaction — Acquisition of 51% equity interest in Clear Industry Company Limited (the "Target Company") by Max Charm (Hong Kong) Limited, an indirect wholly-owned subsidiary of New Concepts Holdings Limited (the "Company")

We refer to the announcement of the Company dated 2 November 2016 of which this letter forms part (the "Announcement"). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We refer to the Valuation Report dated 2 November 2016 issued by the Valuer regarding the valuation (the "Valuation") of 100% equity interest in the Target Company as at 31 August 2016, which constitutes a profit forecast under Rule 14.61 of the Listing Rules. We have discussed with the Valuer about different aspects including the bases and assumptions based upon which the Valuation has been prepared, and reviewed the Valuation for which the Valuer is responsible. We have also considered the report dated 2 November 2016 from Wellink regarding whether the Valuation, so far as the accounting policies and calculations are concerned, has properly complied with the bases and assumptions as set out in the Valuation Report. We have noted that the Valuation is mathematically accurate and is presented on a basis consistent in all material aspects with the accounting policies currently adopted by the Company. We hereby confirm that the Valuation has been made after due and careful enquiry of the Board.

Yours faithfully,
For and on behalf of the Board
New Concepts Holdings Limited
Zhu Yongjun
Chairman and Executive Director