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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 ACQUISITION OF EQUITY INTEREST AND CAPITAL INJECTION

The Board is pleased to announce that on 23 January 2017 (after trading hours of the Stock Exchange), the Purchaser has entered into the Agreements. The maximum payment which will be made by the Purchaser in accordance with the Agreements shall not exceed US\$12,000,000 (equivalent to HK\$93,091,000). The Agreements are inter-conditional upon each other.

ACQUISITION AGREEMENT

On 23 January 2017 (after trading hours of the Stock Exchange), the Purchaser, the Vendor, the Creditor and the Target Company entered into the Acquisition Agreement. Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to acquire 80% equity interest in the Target Company from the Vendor at the Consideration of US\$2,000,000 (equivalent to approximately HK\$15,515,000) subject to the adjustments as detailed in the section headed "Adjustment to Consideration".

Summarised below are the principal terms of the Acquisition Agreement:

Date: 23 January 2017 (after trading hours of the Stock Exchange)

Parties: (a) the Vendor;
(b) the Purchaser;
(c) the Creditor; and
(d) the Target Company

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Vendor, the Creditor, the Target Company and their respective ultimate beneficial owner(s) are Independent Third Parties.

Consideration of the Acquisition Agreement

The Consideration was determined after arm's length negotiations between the parties after having considered the Valuation Report set out under the section headed "Basis of Determination of the Consideration and Capital Injection" below. The Consideration shall be satisfied by the Purchaser in the following manner:

- (a) US\$1,000,000 (equivalent to approximately HK\$7,758,000), which shall be settled by the Purchaser by cash, within 7 business days from the date of the execution of the Acquisition Agreement; and
- (b) US\$1,000,000 (equivalent to approximately HK\$7,758,000), which shall be settled by the Purchaser by cash, upon the following conditions being satisfied:
 - (i) the registration of the change in shareholding of the Target Company within 60 days from the date of the execution of the Acquisition Agreement or any other dates as agreed among the parties thereto; and
 - (ii) the completion of the Capital Injection Plan before 31 March 2017 or any other dates as agreed among the parties to the Acquisition Agreement.

The Consideration will be satisfied by the internal resources and/or borrowings of the Group.

If the Acquisition could not be completed within 60 days from the date of the execution of the Acquisition Agreement (or any other dates as agreed among the parties to the Acquisition Agreement), the Acquisition Agreement would be terminated automatically. Similarly, if the Capital Injection could not be completed before 31 March 2017 (or any other dates as agreed among the parties to the Acquisition Agreement), the Acquisition Agreement would be terminated automatically.

Adjustment to Consideration

The amount for the Consideration shall be adjusted according to the following:

- (a) in case any act or omission of the Target Company before the Completion Date has caused damage or loss to the Target Company, the Consideration will be reduced proportionately;
- (b) in case the Vendor has distributed any profits of the Target Company before 22 January 2017, the Consideration will be reduced accordingly; and
- (c) in case the Vendor could not provide all invoices associated with the purchase of equipment and appliances and the construction and installation works of the Target Company and has not fully paid up the invoices within 60 days from the date of the execution of the Acquisition Agreement, the Purchaser could deduct the outstanding amount from the Consideration.

Conditions Precedent of the Acquisition Agreement

The Completion of the Acquisition Agreement shall be subject to the fulfilment or, where applicable, waiver of, *inter alia*, the following conditions:

- (a) the completion of the registrations in connection with the transfer of 80% equity interests of the Target Company required by the State Administration for Industry and Commerce;
- (b) the Vendor having obtained all necessary consents, waivers and approvals which will be effective at the time of the Completion of the Acquisition Agreement by/from the relevant local governmental or regulatory authorities in connection with the Acquisition Agreement in order to avoid any breach of the material contracts including the Service Concession Agreement, the fixed asset loan agreement etc. as a result of the Acquisition;
- (c) the Purchaser having obtained all necessary consents from the shareholders and the holding company of the Purchaser;
- (d) that no material adverse change to the matters laid down in the Acquisition Agreement has occurred before Completion of the Acquisition Agreement;
- (e) that no judgment of any courts in any jurisdiction, legal requirement or order or policy of any government authority which limits or proscribes the transactions contemplated under the Acquisition Agreement;
- (f) that there is no legal requirement associated with the Acquisition which causes serious criminal consequences or legal liability to the parties of the Acquisition Agreement;
- (g) that there is no litigation, arbitration or administrative procedure which adversely affects the Target Company, the Vendor or the Purchaser;
- (h) having obtained the written consent/approval for the Acquisition and the waiver of RMB2,000,000 under the Service Concession Agreement by/from the Hefei Urban Administrative Bureau; in case the waiver could not be obtained, the payment of RMB2,000,000, which has to be made to the Hefei Urban Administrative Bureau, will be shared equally between the Vendor and the Purchaser;
- (i) the Target Company having filed and obtained all necessary consents, waivers and approvals, including the environmental impact assessment approval by/from the Hefei Development and Reform Commission in connection with upgrading building and construction works of the Target Company;
- (j) the completion of transfer of the 23 patents set out in the appendix to the Acquisition Agreement to a joint venture company jointly owned by the Vendor, the Creditor and the Purchaser;
- (k) the Target Company and the Vendor having obtained all necessary consents, waivers and approvals in connection with the Acquisition by/from the Guarantors;
- (l) all the conditions set out the Capital Injection Agreement (including any supplements or amendments) having been satisfied or waived;
- (m) the due execution of the Acquisition Agreement and all necessary and related documents in connection with the Acquisition;

- (n) the parties to the Acquisition Agreement agreeing to the new articles of association of the Target Company;
- (o) the provision by the Vendor of all documents of the Target Company reasonably requested by the Purchaser;
- (p) all parties to the Acquisition Agreement having obtained all necessary internal authorisations authorising the Acquisition and the Capital Injection Plan; and
- (q) the provision by the Target Company of all necessary documents required by the relevant local governmental or regulatory authorities.

If the conditions set out above could not be completed or are not waived by the Purchaser on or before 31 March 2017 or such later date as agreed with the Purchaser, the Acquisition Agreement would be terminated automatically. Any liability expressed to remain operative after termination of the Acquisition Agreement shall continue to operate.

Non-Competition

After the Completion of the Acquisition Agreement, the Vendor and the Creditor and its associates agrees, *inter alia*, not to, within Hefei city of the PRC, (i) engage in any business that competes with the Target Company; (ii) call upon, solicit, advise or otherwise do, or attempt to do, business with any customers of the Target Company; (iii) take away or interfere or attempt to interfere with any customers, trade, business or patronage of the Target Company; (iv) interfere with or attempt to interfere with any officers, employees, representatives or agents of the Target Company; or (v) induce or attempt to induce any such officer, employee, representative or agent to leave the employ of the Target Company or violate the terms of their contracts, or any employment arrangements, with the Target Company.

In case the Vendor, the Creditor or its associates engage in any business that competes with the Target Company in any other area of the PRC, the Purchaser shall have the pre-emptive right to co-operate with the Vendor, the Creditor or its associates.

Target Company's operation before Completion of the Acquisition Agreement

During the period from the date of the Acquisition Agreement up to the date of Completion of the Acquisition Agreement, the Target Company and its assets will be jointly operated, managed and preserved by the Vendor and the Purchaser. Any decisions involving the monthly and quarterly operating analysis, business planning, investment decisions and dealing with assets of the Target Company could only be made after consulting with the Purchaser.

No contracts, agreements or legal documents can be executed or entered into without the prior written authorisation by the Purchaser. If no prior authorisation is given by the Purchaser, any liability created by the execution must be borne by the Vendor.

No charge, mortgage, other security interests or third party interests can be given by the Vendor or the Target Company without the prior written authorisation by the Purchaser.

Completion of the Acquisition Agreement

Completion of the Acquisition Agreement shall take place on or before the Completion Date upon fulfillment or wavier (if applicable) of the conditions precedent thereunder.

CAPITAL INJECTION AGREEMENT

On 23 January 2017 (after trading hours of the Stock Exchange), the Purchaser has entered into the Capital Injection Agreement with the Vendor, the Creditor and the Target Company.

Summarised below are the principal terms of the Capital Injection Agreement:

Date: 23 January 2017 (after trading hours of the Stock Exchange)

Parties: (a) the Vendor;
(b) the Purchaser;
(c) the Creditor; and
(d) the Target Company

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor, the Creditor, the Target Company and their ultimate beneficial owner(s) are Independent Third Parties.

Capital Injection

As at the date of this announcement, the registered capital of the Target Company is US\$10,000,000 (equivalent to HK\$77,576,000). Pursuant to the Capital Injection Agreement, the Purchaser has conditionally agreed to make the Capital Injection into the Target Company. In addition, the Creditor will convert all the debts owed to it by the Target Company by injecting capital of an amount of US\$10,000,000 (equivalent to HK\$77,576,000) to the Target Company.

The whole of the Capital Injection should be fully settled within 12 months from the date of the execution of the Capital Injection Agreement.

The amount of capital to be injected by the Purchaser will be satisfied by the internal resources and/or borrowings of the Group.

Preparation Works

The following preparation works shall be completed before 31 March 2017:

- (a) issuing all Capital Injection payment receipts and Capital Injection confirmation from time to time to the Purchaser by the Target Company;
- (b) the registrations in connection with the Capital Injection Plan required by the State Administration for Industry and Commerce;
- (c) the execution of all necessary documents by the Vendor and the Target Company for the applications of registration in connection with the Capital Injection Plan made to the State Administration for Industry and Commerce;
- (d) obtaining all necessary consents, waivers and approvals which will be effective at the time of Completion of the Capital Injection Agreement by/from the relevant local governmental or regulatory authorities and/or third parties in connection with the Capital Injection Agreement by the Vendor and the Target Company; and

- (e) the execution of all necessary documents by the Purchaser for the applications of registration in connection with the Capital Injection Plan made to the State Administration for Industry and Commerce.

Revenue Guarantee

Pursuant to each of the Acquisition Agreement and the Capital Injection Agreement, the Vendor and the Creditor undertake and guarantee to the Purchaser that the revenue from the sales of the organic fertilizer of the Target Company shall not be less than RMB6,205,000 and RMB12,410,000 for the first two years upon completion of the up-grading of the building and construction works of the Target Company, and not less than RMB17,063,800 per year thereafter until expiration of its right to operate in its business (the “Guaranteed Revenue”). Should the actual revenue from the sales of organic fertilizer of the Target Company falls short of the Guaranteed Revenue of a particular year, the Vendor and the Creditor will make up the difference from the dividends they entitled in the Target Company.

Conditions Precedent of the Capital Injection Agreement

The Completion of the Capital Injection Agreement shall be subject to the fulfilment or, where applicable, waiver of, *inter alia*, the following conditions:

- (a) the parties to the Capital Injection Agreement agreeing to the new articles of association of the Target Company;
- (b) having obtained the written consent/approval for the Capital Injection Plan and the waiver of RMB2,000,000 under the Service Concession Agreement by/from the Hefei Urban Administrative Bureau; in case the waiver could not be obtained, the payment of RMB2,000,000, which has to be made to the Hefei Urban Administrative Bureau, will be shared equally between the Vendor and the Purchaser;
- (c) the Target Company having filed and obtained all necessary consents, waivers and approvals, including the environmental impact assessment approval by/from the Hefei Development and Reform Commission in connection with upgrading building and construction works of the Target Company;
- (d) the Target Company and the Vendor having obtained all necessary consents, waivers and approvals in connection with the Capital Injection Plan by/from the Guarantors;
- (e) the completion of transfer of 23 intellectual properties to a joint venture company jointly owned by the Vendor, the Creditor and the Purchaser;
- (f) the provision by the Vendor of all documents of the Target Company reasonably requested by the Purchaser;
- (g) all parties to the Capital Injection Agreement, except the Purchaser, having obtained all necessary internal authorisations authorising the Capital Injection Plan;
- (h) the provision by the Target Company of all necessary documents required by the relevant local governmental or regulatory authorities;
- (i) the completion of the Acquisition or the obtaining of any waiver of the terms and conditions of the Acquisition Agreement; and

- (j) the lawful completion by the Creditor of conversion of all the debts owed to it by the Target Company by injecting capital of an amount of US\$10,000,000 (equivalent to HK\$77,576,000) to the Target Company.

If the conditions set out above could not be completed or are not waived by the Purchaser on or before 31 March 2017 or such later date as agreed with the Purchaser, the Capital Injection Agreement would be terminated automatically. Any liability expressed to remain operative after termination of the Capital Injection Agreement shall continue to operate.

Target Company's operation before Completion of the Capital Injection Agreement

During the period from the date of the Capital Injection Agreement up to the date of Completion of the Capital Injection Agreement, the Purchaser has the right to participate in the management, financial control and personnel matters of the Target Company.

Completion of the Capital Injection Agreement

Completion of the Capital Injection Agreement shall take place on or before the Completion Date upon fulfillment or waiver (if applicable) of the conditions precedent thereunder.

BASIS OF DETERMINATION OF THE CONSIDERATION AND CAPITAL INJECTION

The Consideration and the Capital Injection was determined after arm's length negotiations between the parties and with reference to a valuation report (the "Valuation Report") prepared by the Valuer. The valuated amount of 100% equity interest in the Target Company is approximately US\$20.3 million.

Given that the valuation of the Target Company has adopted 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.

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 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

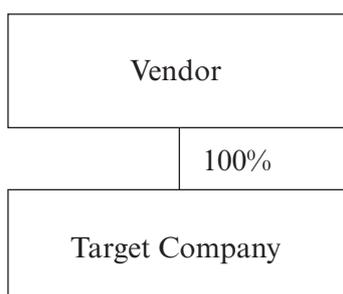
To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the Valuer and Wellink is an Independent Third Party. As at the date of this announcement, none of the Valuer and Wellink was interested in any securities of any member of the Group or had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any 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 issue of this announcement with inclusion of its opinions, reports, and/or letters of advice and/or all references to its name and/or opinions, reports letters, and/or advice in the form and context in which they respectively appear in this announcement.

INFORMATION ON THE TARGET COMPANY

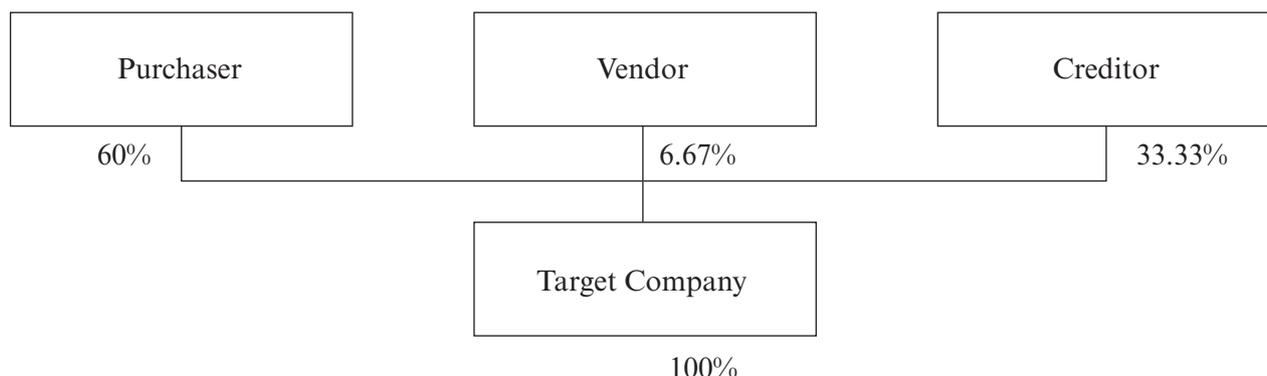
The Target Company is a company incorporated under the laws of the PRC and is principally engaged in the kitchen waste treatment upon its formal commencement of business.

The Shareholding Structure of the Target Company as at the date of this announcement



The Shareholding Structure of the Target Company upon Completion of the Acquisition and Capital Injection

Upon the Completion of the Acquisition Agreement and the Capital Injection Agreement, the registered capital of the Target Company will be enlarged from US\$10,000,000 to US\$30,000,000 and held approximately as to 60% by the Purchaser, 33.33% by the Creditor and 6.67% by the Vendor:



The financial information of the Target Company based on each of its unaudited management accounts in accordance with the relevant applicable accounting standards for the years ended 31 December 2014 and 2015 and the 10 months ended 31 October 2016 is set out as follows:

	For the year ended 31 December		For the 10 months ended 31 October
	2014	2015	2016
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)
Revenue	—	—	—
Loss before and after taxation	<u>(2,981)</u>	<u>(5,539)</u>	<u>(2,486)</u>

The net asset values of the Target based on its unaudited management accounts as at 31 October 2016 was approximately RMB50,480,000.

INFORMATION ON THE VENDOR

The Vendor is a limited liability company incorporated in Samoa and principally engaged in investment holding.

INFORMATION ON THE CREDITOR

The Creditor is a company incorporated in the PRC with limited liability and is principally engaged in hardware manufacturing and processing, sale of air-conditioning appliances, organic waste processing and environmentally friendly appliances manufacturing businesses.

Both the Vendor and the Creditor have the same ultimate beneficial owner(s).

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 AND CAPITAL INJECTION

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.

The success of the Acquisition and Capital Injection, if materialised, will further strengthen the positioning and increase the market share in the kitchen waste treatment of the Company in the PRC along with the increase in demands as well as the support of favorable policies and economic growth momentum through the development of the PRC’s environmental protection business.

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

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios for the Acquisition and the Capital Injection calculated under Rule 14.07 of the Listing Rules, in aggregate, exceed(s) 5% but is less than 25%, the Acquisition and the Capital Injection constitute a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Completion of the Acquisition Agreement and the Completion of the Capital Injection Agreement are subject to the terms and conditions stated therein, the Acquisition or the Capital Injection may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITION

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

“Acquisition”	the acquisition of 80% of equity interest of the Target Company by the Purchaser
“Acquisition Agreement”	the agreement dated 23 January 2017 and entered into among the Purchaser, Vendor, the Creditor and the Target Company in relation to the Acquisition
“Agreements”	the Acquisition Agreement and the Capital Injection Agreement
“Board”	the board of Directors

“business day(s)”	a day other than Saturday, Sunday or statutory holiday in Hong Kong and the PRC
“Capital Injection”	the injection of capital of US\$10,000,000 (equivalent to approximately HK\$77,576,000) into the Target Company by the Purchaser in accordance with the Capital Injection Agreement
“Capital Injection Agreement”	the agreement dated 23 January 2017 and entered into among the Purchaser, the Vendor, the Creditor and the Target Company
“Capital Injection Plan”	includes the Capital Injection to be made by the Purchaser and the Creditor converting all the debts owned to it by the Target Company by injecting capital of an amount of US\$10,000,000 (equivalent to approximately HK\$77,576,000) to the Target Company
“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”	31 March 2017 or any other dates as agreed by the parties to the Acquisition Agreement
“Completion of the Acquisition Agreement”	completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
“Completion of the Capital Injection Agreement”	completion of the Capital Injection Plan in accordance with the terms and conditions of the Capital Injection Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	US\$2,000,000 (equivalent to approximately HK\$15,515,000)
“Creditor”	Chieng Hsin Machinery (Kunshan) Co., Ltd (堅新紡織機械(昆山)有限公司), a company incorporated in the PRC with limited liability
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantors”	China Construction Bank* (中國建設銀行股份有限公司) and Hefei Xingtai Finance and Guarantee Limited* (合肥興泰融資擔保有限公司)
“Hefei Development and Reform Commission”	the Hefei Development and Reform Commission (合肥市發展和改革委員會) of the PRC
“Hefei Urban Administrative Bureau”	the Hefei Urban Administrative Bureau (合肥市城市管理局) of the PRC

“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
“PRC”	the People’s Republic of China
“Purchaser”	Fancy Ascent Limited (宜昇有限公司), a company incorporated in Hong Kong with limited liability, which is an indirect wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Service Concession Agreement”	the Service Concession Agreement dated 26 June 2013 and entered into between the Target Company and the Hefei Urban Administrative Bureau (合肥市城市管理局)
“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)
“State Administration for Industry and Commerce”	the State Administration for Industry and Commerce(國家工商行政管理總局) of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Hefei Feifan Bio Technology Co., Ltd* (合肥非凡生物科技有限公司), a company incorporated in the PRC with limited liability
“Valuer”	Appraisal and Consultancy (Asia) Limited, an independent valuer appointed by the Company
“Vendor”	Fu Li Biotechnology Corporation (阜利生物科技股份有限公司), a company incorporated in Samoa with limited liability

* *For identification purpose only*

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

Hong Kong, 23 January 2017

In this announcement, translation of US\$ into HK\$ is based on the exchange rate of HK\$1: US\$7.7576. No representation is made that any amounts in HK\$ and US\$ 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. 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 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 HEFEI FEIFAN BIO TECHNOLOGY CO., LTD.

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 23 January 2017, in respect of 100% equity interest in Hefei Feifan Bio Technology Co., Ltd. as at 31 December 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 23 January 2017 to be issued by New Concepts Holdings Limited (the “Company”) in connection with the acquisition and capital injection for Hefei Feifan Bio Technology Co., Ltd. (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 Hefei Feifan Bio Technology Co., Ltd.

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 from 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, 23 January 2017

Chow For Chun

Practising Certificate number P06140

APPENDIX II — LETTER FROM THE BOARD

23 January 2017

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 equity interest and capital injection for Hefei Feifan Bio Technology Co., Ltd. (the “Target Company”) by Fancy Ascent Limited, an indirect wholly-owned subsidiary of New Concepts Holdings Limited (the “Company”)

We refer to the announcement of the Company dated 23 January 2017 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 23 January 2017 issued by the Valuer regarding the valuation (the “Valuation”) of 100% equity interest in the Target Company as at 31 December 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 23 January 2017 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
Cai Jianwen
Executive Director