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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)

INSIDE INFORMATION MEMORANDUM OF UNDERSTANDING IN RELATION TO THE POSSIBLE ACQUISITION

This announcement is made by New Concepts Holdings Limited (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

POSSIBLE ACQUISITION

The Board is pleased to announce that on 22 July 2020 (after trading hours of the Stock Exchange), the Company entered into the MOU with the Vendor in relation to the Possible Acquisition. The principal terms of the MOU are set out as follows:

Date: 22 July 2020 (after trading hours of the Stock Exchange)

Parties: (i) the Company, as Purchaser; and
(ii) the Vendor.

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, Vendor and its respective ultimate beneficial owner(s) is an independent third party of the Company and its connected persons (as defined under the Listing Rules).

Possible Acquisition:

Pursuant to the MOU, the Company (or through its designated parties) intended to acquire, and the Vendor intended to sell, about 18% equity interest in the Target Company.

The Target Company is a company incorporated in PRC with limited liability and is principally engaged in the development and manufacture of water treatment solutions system in the PRC.

Pursuant to the MOU, the parties agreed to proceed with further negotiation in good faith and use their best endeavours to enter into the Formal Sale and Purchase Agreement of the Possible Acquisition. Subject to the materialisation of the Possible Acquisition, the portion of the equity interest to be acquired by the Company, the amount and payment manner of the consideration for the Possible Acquisition shall be determined by the parties in the Formal Sale and Purchase Agreement with reference to, among others, the results of the due diligence review of the Target Company.

Due Diligence

The due diligence review commence within 10 days from the signing date of the MOU and the Vendor shall cooperate and provide completed and truthful information to the professional parties.

Effective Period:

The MOU shall be effective for a period of 3 months from the signing date of the MOU (or other date as agreed by the parties in writing).

Non-legally Binding:

The MOU is not legally binding save for the provisions on confidentiality, due diligence cost and governing law. The Possible Acquisition therefore may or may not materialise. In the event that the Possible Acquisition is materialised and the Formal Sale and Purchase Agreement is entered into, the Possible Acquisition may constitute a notifiable transaction of the Company under the Listing Rules. Further announcement(s) will be made by the Company in accordance with all applicable requirements of the Listing Rules as and when appropriate.

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION

The Group is principally engaged in (i) provision of foundation works, civil engineering contractual service and general building works; and (ii) environmental protection projects including kitchen waste treatment, industrial water treatment and strategic investments in environmental protection related projects.

The Target Company has been specialising in high concentration wastewater treatment and special material separation and provides integrated and tailor-made solutions to high concentration wastewater treatment for all local governments and enterprises. It has a variety of wastewater processing technologies, including disc tube reverse osmosis systems for concentrated water.

As set out in the Company's announcement dated 27 April 2017 and the 2018 and 2019 annual reports, the Company entered into a non-legally binding Framework Agreement with Shanghai Fuji Investment Co., Ltd.* 上海福激投資有限公司 (the "**Previous Owner**") on 27 April 2017 pursuant to which the Company intended to acquire the entire equity interest in the Target Company. Such Framework Agreement lapsed in October 2017 and the Previous Owner transferred the entire equity interest in the Target Company to the Vendor (and its affiliates) in January 2018. The Company has been in discussion with the Vendor for a strategic participation in the Target Company.

The Possible Acquisition, if materialised, enables the Group to enlighten its positioning in the industrial water treatment sector as well as creating synergy across the technology adopted in our existing kitchen waste treatment plants. As such, the Directors believe that the Possible Acquisition is in the interest of the Company and its Shareholders as a whole.

Shareholders and/or investors should note that the Possible Acquisition may or may not materialise as no formally binding documentation has been executed between the parties and negotiations are still in progress. Shareholders and/or investors are advised to exercise caution when dealing in the Company's securities.

DEFINITION

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

“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)
“Director(s)”	director(s) of the Company
“Formal Sale and Purchase Agreement”	the formal sale and purchase agreement relating to the Possible Acquisition which may or may not be entered into among the parties to the MOU
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 22 July 2020 entered into among the Vendor and the Company in relation to the Possible Acquisition
“Possible Acquisition”	the possible acquisition by the Company (or through its designated parties) of about 18% equity interest in the Target Company from the Vendor pursuant to the MOU
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“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
“Target Company”	Beijing TDR Environ-Tech Co., Ltd.* (北京天地人環保科技有限公司) a company incorporated in the PRC with limited liability

“Vendor”

Hangzhou Shengfu Investment Limited Partnership* (杭州晟孚投資管理合夥企業(有限合夥)), a limited partnership established in the PRC which owns 30% equity interest in the Target Company as at the date of this announcement

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

Hong Kong, 22 July 2020

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

* *For identification purpose only*