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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 POSSIBLE ACQUISITION

This announcement is made 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 2 June 2016 (after trading hours of the Stock Exchange), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into a MOU with the Vendors in relation to the Possible Acquisition. The MOU is non-legally binding in nature save as certain provisions as mentioned herein. The principal terms of the MOU are set out as follows:

Date: 2 June 2016 (after trading hours of the Stock Exchange)

Parties: Max Charm (Hong Kong) Limited, as Purchaser

Mr. Qi Kai, as Vendor A

Mr. Zhang Jin, as Vendor B

Mr. Wu Dongdong, as Vendor C

Mr. Hu Jinming, as Vendor D

Ms. Yan Yuhua, as Vendor E

Mr. Mu Feng, as Vendor F

Suzhou Gelier Environmental Technology Co. Ltd.*, as Vendor G

Deposit: Upon signing of MOU, the Purchaser is required to pay a refundable deposit of RMB10 million (or equivalent amount in Hong Kong dollars) and HK\$7 million to Vendor A and/or Vendor A's designated account within 5 business days from the date of MOU. This deposit was agreed among the parties to MOU after arm's length negotiations.

Pursuant to MOU, the Purchaser (or through its designated company) intended to acquire, and the Vendors intended to sell, in the aggregate of 51% equity interest in Target Company, 100% equity interest of a direct wholly-owned subsidiary of the Target Company through Target Company, at a consideration of not exceeding RMB88 million.

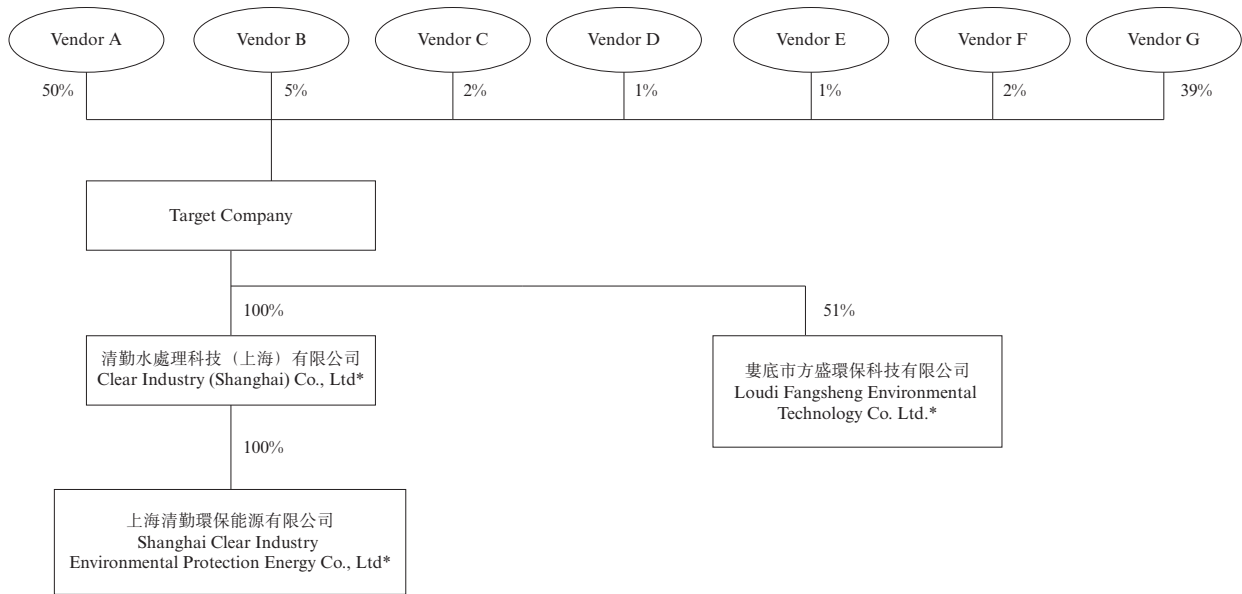
Shanghai Clear Industry Environmental Protection Energy Co., Ltd* (上海清勤環保能源有限公司), the current indirect wholly-owned subsidiary of Target Company A which will not be acquired by the Purchaser in the Possible Acquisition, will make certain non-competition arrangement and it shall not engage in any business in competition with Target Company.

Pursuant to MOU, the Purchaser also intended to acquire 51% equity interest in Loudi Fangsheng Environmental Technology Co. Ltd.* (婁底市方盛環保科技有限公司) owned by the Target Company at a consideration of not less than RMB23 million.

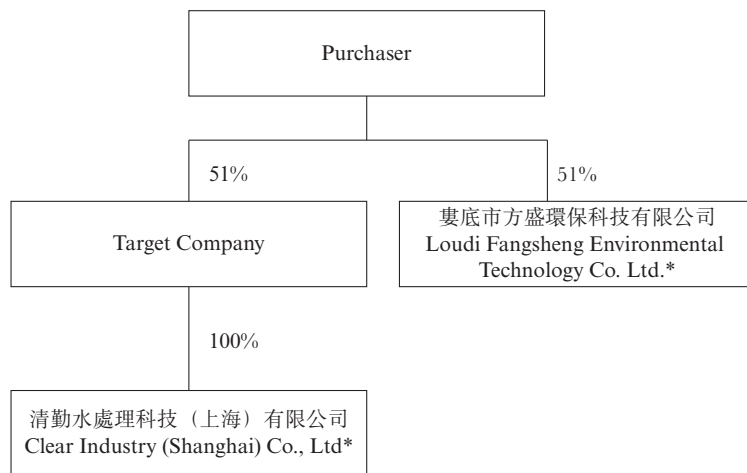
As at the date of MOU, Vendor A, Vendor B, Vendor C, Vendor D, Vendor E, Vendor F and Vendor G held 50%, 5%, 2%, 1%, 1%, 2%, and 39% equity interest in Target Company respectively. The final equity interest in Target Company which each of the Vendors intended to sell to the Purchaser has yet been determined as at the date of MOU. Upon completion of the Possible Acquisition, if materialised, the Purchaser (or through its designated company) will become the majority shareholder of Target Company. Target Company is a technology company that focuses on kitchen waste treatment, water treatment and other environmental improvement solutions systems in the PRC.

The structures of Target Company, prior and after the Possible Acquisition, are as out as follows:

Prior to Possible Acquisition:



After Possible Acquisition:



Pursuant to the MOU, the parties have agreed to proceed with further negotiation in good faith and use their best endeavours to enter into the Formal Sale and Purchase Agreement and other transactional documents in respect of the Possible Acquisition within the Relevant Period. The final consideration for the Possible Acquisition shall be jointly determined by the parties to the MOU with reference to the results of the due diligence review on the Target Company. If (i) the results of the due diligence review on the Target Company reveal material defects and operational barriers of the Target Company or its proposed projects; or (ii) the Vendors have breached their undertakings and warranties under the MOU; the Vendors shall return the deposits paid by the Purchaser pursuant to the MOU to the Purchaser within 7 days from the Relevant Period. If the parties to the MOU have entered into the Formal Sale and Purchase Agreement in respect of the Possible Acquisition, the deposits paid by the Purchaser pursuant to the MOU shall form part of the consideration under the Formal Sale and Purchase Agreement. If, however, the parties to the MOU has not entered into the Formal Sale and Purchase Agreement within the Relevant Period, the Vendors shall return the deposits paid by the Purchaser pursuant to the MOU to the Purchaser within 7 days upon expiry of the Relevant Period.

Due Diligence Review and Exclusivity

Following the signing of the MOU, the Purchaser will conduct due diligence review on the Target Company. The Vendors shall provide reasonable assistance required by the Purchaser and any of its advisers and agents in connection with such review.

It is also agreed that the Vendors will not, and will procure that the Target Company and its associates, shareholders, directors, senior officers, employees, representatives and agents will not, during the Relevant Period, directly or indirectly disclose the information thereunder with any party other than the Purchaser in respect of any transfer of equity interest in the Target Company, investment in the Target Company or its projects, and any other similar matters.

Formal Sale and Purchase Agreement

The MOU is not intended to constitute any legally binding obligations among the parties to the MOU save for the provisions on deposit, exclusivity, confidentiality, cost and expenses, validity period and governing law. The Possible Acquisition therefore may or may not materialise and is subject to the execution and completion of the Formal Sale and Purchase Agreement.

In the event that 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.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendors are independent third parties of the Company and its connected persons (as defined under the Listing Rules).

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION

The Group is a contractor in the Hong Kong construction industry and is principally engaged in foundation works, civil engineering works and general building works in Hong Kong. Since the Group has concentrated exposure to the construction industry, and to Hong Kong geographically, the Group has continued exploring environment protection-related investment opportunities with a view to improving returns for the Shareholders.

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 issued in April 2012, one of the missions was to accelerate the 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 “Thirteen Five-Year Plan” issued by the State Council of the PRC, it also reinforced on the ecosystem improvement and ecological development, including the full coverage and stability of daily water and solid wastes treatment, and promotion for recycling and hazardless waste treatment.

On top of enhancing and diversifying the business portfolio of the Group, the Group is of the view that, the success of the Possible Acquisition, if materialised, will enable the Group to ride on the potential opportunities as driven by the nationwide policies in the PRC and enhance the corporate reputation.

As a result of the Possible Acquisition and other future potential environmental protection business projects from time to time, the Company may consider to explore various sources of funding to secure the success of new business projects.

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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Formal Sale and Purchase Agreement”	the formal sale and purchase agreement relating to the Possible Acquisition to 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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the non-legally binding memorandum of understanding dated 2 June 2016 entered into among the Vendors and the Purchaser in relation to, among other things, the possible acquisition of 51% equity interest in Target Company, 100% equity interest of its direct wholly-owned subsidiary through Target Company, and 51% equity interest in Loudi Fangsheng Environmental Technology Co. Ltd.* (婁底市方盛環保科技有限公司) (save as to certain provisions mentioned in this announcement)
“Possible Acquisition”	the possible acquisition by the Purchaser of the 51% equity interest in Target Company, 100% equity interest in the direct subsidiary and 51% equity interest in Loudi Fangsheng Environmental Technology Co. Ltd.* (婁底市方盛環保科技有限公司) pursuant to the MOU
“PRC”	the People’s Republic of China
“Purchaser”	Max Charm (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Relevant Period”	3 months from the date of the MOU or such later date as agreed by the parties to the MOU
“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”	Suzhou Clear Industry Co., Ltd.* (蘇州愷利爾環保科技有限公司), a company established under the laws of the PRC
“Vendor A”	Mr. Qi Kai (戚愷), a PRC citizen
“Vendor B”	Mr. Zhang Jin (張進), a PRC citizen
“Vendor C”	Mr. Wu Dongdong (吳東東), a PRC citizen
“Vendor D”	Mr. Hu Jinming (胡晉明), a PRC citizen
“Vendor E”	Ms. Yan Yuhua (嚴玉花), a PRC citizen
“Vendor F”	Mr. Mu Feng (暮峰), a PRC citizen

“Vendor G” Suzhou Gelier Environmental Technology Co. Ltd.* (蘇州格立爾環保
科技有限公司), a company established under the laws of PRC

“Vendors” collectively, Vendor A, Vendor B, Vendor C, Vendor D, Vendor E,
Vendor F and Vendor G

* *For identification purpose only*

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

Hong Kong, 2 June 2016

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 Director is Mr. Lam Kwei Mo; and the independent non-executive Directors are Mr. Lo Chun Chiu, Adrian, Dr. Tong Ka Lok and Mr. Choy Wai Shek, Raymond, MH, JP.