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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 7 June 2016 (after trading hours of the Stock Exchange), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the 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: 7 June 2016 (after trading hours of the Stock Exchange)

Parties: Prime World Limited, as Purchaser

Mr. Mao Wenxiong, as Vendor A

Mr. Mao Wenkai, as Vendor B

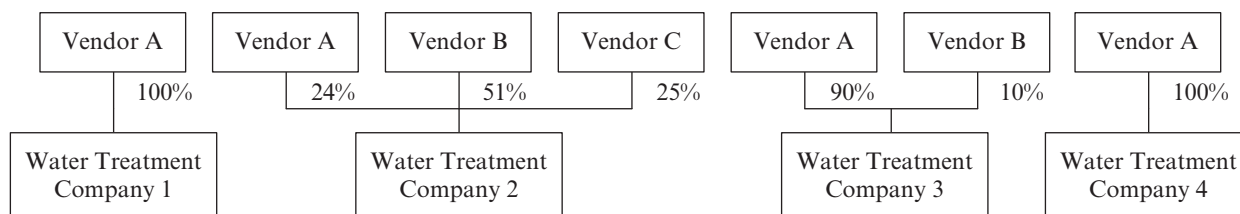
Ms. Wu Haiying, as Vendor C

Deposit: Upon signing of MOU, the Purchaser is required to pay a refundable deposit of an aggregate of RMB12 million (or equivalent amount in Hong Kong dollars) to Vendor A (as agreed among the Vendors). This deposit was agreed after arm's length negotiations among the parties to the MOU.

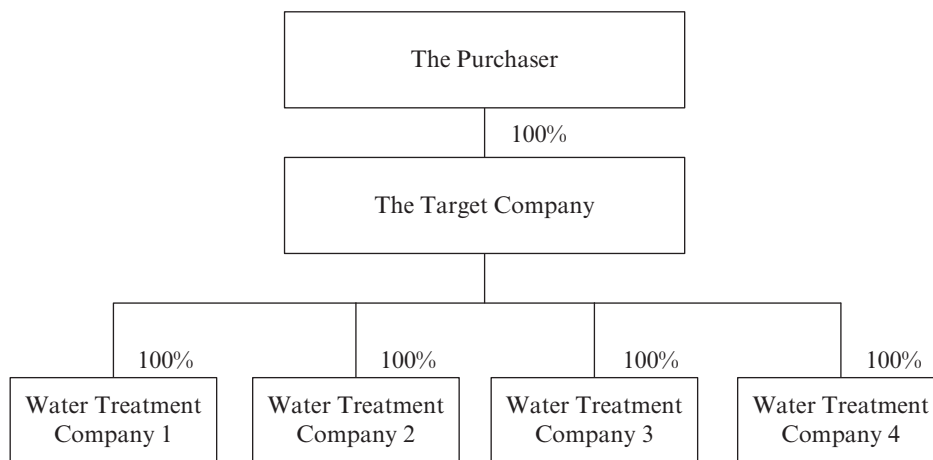
Pursuant to the MOU, the Vendors will establish the Target Company and inject all of their respective equity interests in the Water Treatment Companies into the Target Company. The Purchaser (or through its designated company) intended to acquire, and the Vendors intended to sell, in aggregate 100% equity interest in the Target Company at a consideration of not exceeding RMB103 million.

The structures of the Water Treatment Companies, as at the date of the MOU and after completion of the acquisition of the Target Company by the Purchaser (if materialised), are set out as follows:

As at the date of the MOU:



Upon completion of the acquisition of the Target Company:



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 the Purchaser with the financial, legal and technological information on the Water Treatment Companies in accordance with the requirements of the Purchaser within 7 days after the date of the MOU. After 7 days following the date of the MOU, the Purchaser shall commence due diligence review and assets valuation on the Water Treatment Companies. The Purchaser will, after completion of the due diligence review and assets valuation and based on the actual situation, proceed to negotiate with the Vendors to enter into the Formal Sale and Purchase Agreement.

It is also agreed that the Vendors will not negotiate or reach any agreements with any party other than the Purchaser in respect of any transfer of equity interest in the Water Treatment Companies. If the parties to the MOU have not entered into the Formal Sale and Purchase Agreement within the Relevant Period (as a result of, including but not limited to, the failure of the Vendors to comply with the relevant laws and regulations in the PRC or the existence of material financial, legal or operational defects in the Water Treatment Companies), the Vendors shall return the deposits paid by the Purchaser pursuant to the MOU to the Purchaser

within 7 days upon the expiry of 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.

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 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, each of the Vendors is an independent third party 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.

The 18th National Congress of the Communist Party of China has emphasised on the development on environmental protection and related industries. On 2 April 2015, the State Council of the PRC officially promulgated the Action Plan for Preventing and Treatment of Water Pollution (《水污染防治行動計劃》) (“Ten Measures for Water”), of which requirements ranged from improving charging policies and facilitating diversified financing to increasing governmental expenditures in order to fully drive the development of the environmental protection industry.

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 proposed entering of the MOU and other future potential environmental protection business projects from time to time, the Company would also 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the non-legally binding memorandum of understanding dated 7 June 2016 entered into among the Vendors and Purchaser in relation to, among other things, the possible acquisition of 100% equity interest in the Target Company (save as to certain provisions mentioned in this announcement)
“Possible Acquisition”	the possible acquisition by the Purchaser of 100% equity interest in the Target Company pursuant to the MOU
“PRC”	the People's Republic of China
“Purchaser”	Prime World Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Relevant Period”	1 year from the date of the MOU or such later date as agreed by the parties to the MOU
“RMB”	Renminbi, the lawful currency of the PRC
“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”	a company to be established by the Vendors under the laws of the PRC
“Vendor A”	Mr. Mao Wenxiong (毛文雄), a PRC citizen
“Vendor B”	Mr. Mao Wenkai (毛文凱), a PRC citizen
“Vendor C”	Ms. Wu Haiying (吳海英), a PRC citizen
“Vendors”	collectively, Vendor A, Vendor B and Vendor C
“Water Treatment Companies”	collectively, Water Treatment Company 1, Water Treatment Company 2, Water Treatment Company 3 and Water Treatment Company 4
“Water Treatment Company 1”	Huizhou Eighth Sewage Treatment Co. Ltd.* (惠州市第八污水處理有限公司), a company established in the PRC that is currently principally engaged in operation of water treatment plants, which is owned as to 100% by Vendor A
“Water Treatment Company 2”	Huizhou Ruisaike Water Purification Co. Ltd* (惠州市叻賽科水質淨化有限公司), a company established in the PRC that is currently principally engaged in operation of water treatment plants, which is owned as to 24% by Vendor A, 51% by Vendor B and 25% by Vendor C
“Water Treatment Company 3”	Huizhou Tonghu Xiongda Sewage Treatment Co. Ltd.* (惠州市潼湖雄達污水處理有限公司), a company established in the PRC that is currently principally engaged in operation of water treatment plants, which is owned as to 90% by Vendor A and 10% by Vendor B
“Water Treatment Company 4”	Huizhou Xiongyue Taimei Sewage Treatment Co. Ltd.* (惠州市雄越泰美污水處理有限公司), a company established in the PRC that is currently principally engaged in operation of water treatment plants, which is owned as to 100% by Vendor A

* *For identification purpose only*

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

Hong Kong, 7 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.