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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 IN RELATION TO ACQUISITION OF 100% EQUITY INTERESTS IN TAIYUAN TIANRUN BIOENERGY CO., LTD*

The Board is pleased to announce that on 28 June 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 Target Company in relation to the acquisition of the Target Interest in the Target Company. The principal terms of the Acquisition Agreement are set out as follows:

- 1. Date:** 28 June 2016 (after trading hours of the Stock Exchange)
- 2. Parties:**
 - (i) Prime World Limited, as the Purchaser;
 - (ii) Taiyuan Runhe Environmental Protection Engineering Co., Ltd* 太原潤禾環衛工程設備有限公司, as the Vendor; and
 - (iii) Taiyuan Tianrun Bioenergy Co., Ltd.* 太原天潤生物能源有限公司, as the Target Company.

3. Interests to be acquired

Pursuant to the Acquisition Agreement, the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell the Target Interest, representing 100% equity interest in the Target Company which is legally and beneficially owned by the Vendor as at the date of this announcement.

4. Consideration and Payment Terms

The Consideration of the Acquisition is RMB43,447,500, which was determined after arm's length negotiations between the parties and with reference to the net asset value of Target Company.

The Consideration shall be satisfied in the following manner:

- (a) RMB6,000,000 to be paid within 5 business days upon signing of the Acquisition Agreement;
- (b) RMB24,000,000 to be paid upon receipt of the consent from Taiyuan Environment and Hygiene Bureau *太原市市容環境衛生管理局 and within 5 business days upon the approval from the board of directors of the Purchaser, and the Vendor shall complete the registration of the transfer of the Target Interest to the Purchaser within 10 business days upon full receipt of the consideration set out in (a) and this clause (b);
- (c) RMB5,447,500 to be paid within 20 business days upon completion of transfer of ownership of Target Company;
- (d) RMB5,000,000 to be paid within approval of feasibility studies, environmental assessment and preliminary review from relevant governmental departments related to the kitchen waste treatment plants as developed by Target Company; and
- (e) RMB3,000,000 to be paid within 5 days after the commencement of 1st stage operations and the approval on the finalised subsidy by the relevant PRC governmental authority on the kitchen waste treatment plants.

The Consideration for the Acquisition will be settled by cash and funded by the existing internal resources and working capital of the Group.

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 Target Interest is free and clear of Encumbrances, with evidence thereof furnished to the Purchaser to its absolute discretion;
- (b) the warranties made by the Vendor in the Acquisition Agreement were true and complete when made and was true and complete on and as of Completion; and
- (c) no material adverse change in the conditions (financial or otherwise), working capital, results of operations, assets, regulatory status, management team, or business of Target Company have occurred in the period from signing of the Acquisition Agreement to Completion.

6. Completion

Completion shall take place on such date as the parties to the Acquisition Agreement mutually agree in writing after fulfilment or waiver (as the case may be) of the above conditions precedent. Upon Completion, Target Company will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial results of Group.

If any of the conditions precedent have not been satisfied or waived, the Acquisition Agreement will terminate immediately and be of no further effect and all the rights, obligations and liabilities of the parties under the Acquisition Agreement will cease and determine.

INFORMATION ON TARGET COMPANY AND VENDOR

Target Company

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

As of 30 April 2016, the Target Company had an unaudited net asset value of approximately RMB36.4 million. Based on the management accounts of the Target Company for the two years ended 31 December 2015, the unaudited financial information of Target Company is as follows:

	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	—	—
Net loss before tax	(412)	(291)
Net loss after tax	<u>(412)</u>	<u>(291)</u>

The Vendor

The Vendor is a company incorporated in the PRC and is principally engaged in development, consultation and sales of garbage treatment equipment. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner(s) is an independent third party of the Company and its connected persons as at the date of this announcement.

INFORMATION ON THE GROUP

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.

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.

The “Thirteen Five-Year Plan” issued by the State Council of the PRC also reinforced on the ecosystem improvement and ecological development, including 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 Acquisition will enable the Group to ride on the potential opportunities as driven by the nationwide policies in the PRC and enhance its corporate reputation.

The Directors (including the independent non-executive Directors) consider 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% but 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.

DEFINITION

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

“Acquisition”	the acquisition of the Target Interest in the Target Company pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the equity interest acquisition agreement dated 28 June 2016 and entered into among the Purchaser, the Vendor and the Target Company in relation to the Acquisition
“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)
“Completion”	completion of the Acquisition pursuant to the terms and conditions of the Acquisition Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration for the Target Interest in the sum of RMB43,447,500 payable by the Purchaser to the Vendor pursuant to the Acquisition Agreement
“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
“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

“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Purchaser”	Prime World 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
“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”	Taiyuan Tianrun Bioenergy Co., Ltd* 太原天潤生物能源有限公司, a company established under the laws in the PRC
“Target Interest”	100% equity interest in Target Company which is legally and beneficially owned by the Vendor as at the date of this announcement
“Vendor”	Taiyuan Runhe Environmental Protection Engineering Co., Ltd* 太原潤禾環衛工程設備有限公司, a company established under the laws in the PRC

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

Hong Kong, 28 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.

* *For identification purposes only*