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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)

Financial adviser to the Company

 **KINGSTON CORPORATE FINANCE**

SUBSCRIPTION AND ISSUE OF SHARES UNDER GENERAL MANDATE

SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 25 July 2016 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscribers pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for an aggregate of 80,000,000 Subscription Shares at the Subscription Price of HK\$2.1 per Subscription Share.

The Subscription Price of HK\$2.1 represents a discount of approximately 18.16% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$2.52 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and (ii) the average closing price of HK\$2.566 per Share as quoted on the Stock Exchange for the last 5 trading days prior to the date of the Subscription Agreement.

An aggregate of 80,000,000 Subscription Shares under the Subscription represent 20% of the existing issued share capital of the Company of 400,000,000 Shares as at the date of this announcement and approximately 16.67% of the then issued share capital of 480,000,000 Shares as enlarged by the allotment and issue of the Subscription Shares.

Subject to completion of the Subscription, the gross proceeds from the Subscription will be HK\$168 million. The net proceeds, after deducting all relevant costs and expenses, will be HK\$166.9 million, which is intended to be used for the general working capital for the operation and development of the kitchen waste treatment business of the Group and the possible acquisition of the water treatment business by the Group.

The Subscription Shares will be allotted and issued pursuant to the General Mandate.

GENERAL

Completion of the Subscription is subject to the satisfaction of the conditions precedent to the Subscription Agreement. As such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 25 July 2016 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscribers pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for an aggregate of 80,000,000 Subscription Shares at the Subscription Price of HK\$2.1 per Subscription Share. The principal terms of the Subscription Agreement are set out as follows:

Date: 25 July 2016

Issuer: The Company

Subscribers: CEF Concept
Go Million

Number of Subscription Shares

An aggregate of 80,000,000 Subscription Shares under the Subscription represent 20% of the existing issued share capital of the Company of 400,000,000 Shares as at the date of this announcement and approximately 16.67% of the then issued share capital of 480,000,000 Shares as enlarged by the allotment and issue of the Subscription Shares. The aggregate nominal value of the Subscription Shares under the Subscription is HK\$8,000,000. Pursuant to the Subscription Agreement, 55,400,000 Subscription Shares and 24,600,000 Subscription Shares will be allotted and issued to CEF Concept and Go Million, respectively. Immediately after the completion of the Subscription, CEF Concept will become a Substantial Shareholder.

Based on the Subscription Price of HK\$2.1, the aggregate consideration for the Subscription Shares is HK\$168 million, which shall be payable in cash and in HK\$ by the Subscribers to the Company on the Completion Date.

Ranking of Subscription Shares

The Subscription Shares, when allotted, issued and fully paid, will rank, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Subscription Price

The Subscription Price of HK\$2.1 represents a discount of approximately 18.16% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$2.52 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and (ii) the average closing price of HK\$2.566 per Share as quoted on the Stock Exchange for the last 5 trading days prior to the date of the Subscription Agreement.

The net Subscription Price, after deduction of relevant expenses, is estimated to be approximately HK\$2.086 per Subscription Share.

The Subscription Price was determined with reference to the prevailing market price and liquidity of the Share and was negotiated on an arm's length basis between the Company and the Subscribers. The Directors consider that the terms of the Subscription Agreement and the Subscription Price are fair and reasonable based on the current market conditions and in the best interests of the Company and the Shareholders as a whole.

General Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued under the General Mandate. Accordingly, the allotment and issue of the Subscription Shares will not be subject to approval of the Shareholders. Under the General Mandate, the Company is authorised to allot and issue up to 80,000,000 Shares. Up to the date of this announcement, no Share has been allotted and issued under the General Mandate. The General Mandate will be fully utilised after allotment and issue of the Subscription Shares.

Conditions precedent of the Subscription Agreement

Completion of the Subscription is conditional upon the fulfilment of the following conditions:

- (1) the listing division of the Stock Exchange granting listing of and permission to deal in the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares);
- (2) all applicable laws and regulations relevant to the Subscription (including the Listing Rules and the Codes on Takeovers and Mergers and Share Buy-Backs) having been complied with by each parties to the Subscription Agreement, and the Group having obtained all approval and consent for the conducting of transactions contemplated under the Subscription Agreement), and having performed all necessary legal procedures;
- (3) no judicial, governmental or regulatory authorities making, issuing or ordering any order, judgement, limitations or decision to restrict or prohibit the transactions contemplated under the Subscription Agreement;
- (4) no third party having applied to any court or governmental authorities of competent jurisdictions claiming or threatening to claim for material compensation, to restrict or prohibit the transactions contemplated under the Subscription Agreement, or to declare the transactions contemplated under the Subscription Agreement illegal;
- (5) all necessary consents and approvals as may be required to be obtained in respect of the Subscription and the completion of transactions contemplated under the Subscription Agreement having been obtained; and
- (6) the representations, warranties and undertakings given by the Company under the Subscription Agreement remain true and accurate, and not misleading, in all material respects since the date of the Subscription Agreement and up to the Completion Date.

The Subscribers may jointly at any time by notice in writing to the Company waive conditions (5) and/or (6) above. The other conditions above are incapable of being waived.

Notwithstanding the fulfilment of the conditions above, neither CEF Concept nor Go Million is obliged to proceed to completion of the Subscription unless both CEF Concept and Go Million simultaneously proceed to completion of the Subscription.

If the conditions as set out in the above are not fulfilled or waived (in accordance with the terms of the Subscription Agreement) on or before 4 August 2016 (or such other date as may be agreed among the parties to the Subscription Agreement in writing), the obligations and liabilities of the parties under the Subscription Agreement shall be null and void and none of the parties to the Subscription Agreement shall have any claim against the other for costs, damages, compensation or otherwise, save for any antecedent breaches of the terms and conditions thereof, provided that the Company shall return the consideration for the Subscription Shares (if any) to the Subscribers respectively, and shall reimburse the Subscribers any reasonable legal fees and out-of-pocket expenses which CEF Concept and/or Go Million shall be obliged to pay respectively in connection with the transactions contemplated under the Subscription Agreement.

Termination

Notwithstanding anything contained in the Subscription Agreement, if at any time prior to 4:00 p.m. (Hong Kong time) on the Completion Date, there develops, occurs or comes into force:

- (i) any new law or regulation or any change or development involving a prospective change in existing laws or regulations in any relevant jurisdiction which in the absolute opinion of CEF Concept or Go Million has or is likely to have a material adverse effect on the financial position of the Company and/or of the Group as a whole; or
- (ii) any significant change (whether or not permanent) in local, national or international monetary, economic, financial, political or military conditions which in the absolute opinion of CEF Concept or Go Million is or would be materially adverse to the success of the Subscription; or
- (iii) any significant change (whether or not permanent) in local, national or international securities market conditions or currency exchange rates or foreign exchange rates or foreign exchange controls which in the sole judgement of CEF Concept or Go Million is or would be materially adverse to the success of the Subscription; or makes it impracticable or inadvisable or inexpedient to proceed therewith; or
- (iv) a general moratorium on commercial banking activities in Hong Kong declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong; or
- (v) a change or development involving a prospective change in Taxation which constitutes a material adverse effect on the Group as a whole or the Subscription Shares or the issue and allotment thereof; or
- (vi) any outbreak or escalation of hostilities or act of terrorism involving Hong Kong or the People's Republic of China or the declaration by Hong Kong or the People's Republic of China of a national emergency or war; or
- (vii) any suspension of dealings in the Shares for any period whatsoever; or

(viii) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to the Completion Date;

the effect of which events or circumstances referred to (i) to (viii) above, individually, or in the aggregate, in the absolute opinion of CEF Concept or Go Million (a) is or will likely be materially adverse to the Group (taken as a whole), or materially and prejudicially affects or would materially and prejudicially affect, the Group (taken as a whole) or the Subscription, (b) makes or will likely make it inadvisable or inexpedient to proceed with the Subscription, or (c) is likely to make or will make the Subscription Agreement (including the Subscription) incapable of performance in accordance with its terms;

(ix) any breach of any of the representations, warranties and undertakings by the Company set out in the Subscription Agreement comes to the knowledge of CEF Concept or Go Million or any event occurs or any matter arises on or after the date of the Subscription Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the Subscription Agreement would have rendered any of such representations, warranties and undertakings untrue or incorrect in any material respect and any such breach or failure is material or (in the absolute opinion of CEF Concept or Go Million) is or would materially and adversely affect the financial position or business of the Company and/or of the Group as a whole or is or would be materially adverse to the success of the transactions contemplated by the Subscription Agreement, or there has been a breach of, or failure to perform, any other provision of the Subscription Agreement on the part of the Company; or

(x) there is any such adverse change, or development involving a prospective adverse change in the general affairs, condition, results of operations or prospects, management, business, stockholders' equity or in the financial or trading position of the Company and/or of the Group as a whole which in the absolute opinion of CEF Concept or Go Million is adverse to the success of the Subscription,

then and in any such case, any of the Subscribers at its absolute discretion may terminate the Subscription Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time prior to 4:00 p.m. (Hong Kong time) on the Completion Date.

In the event that CEF Concept or Go Million terminates the Subscription Agreement in accordance with the above, all obligations of each of the parties under the Subscription Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Subscription Agreement, except for any antecedent breach of any obligation under the Subscription Agreement and the liabilities of the Company in relation to the payment of costs, charges and expenses incurred by each of the Subscribers and the indemnity given by the Company in accordance with the terms of the Subscription Agreement.

Completion of the Subscription

Completion of the Subscription shall take place on the Completion Date, being 8 August 2016 (or such other date as the parties to the Subscription Agreement may agree in writing) after all conditions pursuant to the Subscription Agreement to be satisfied shall have been so satisfied or waived (as the case may be).

Nomination of a non-executive Director by each of CEF Concept and Go Million

Subject always to the Listing Rules and the rotation requirements set forth in the articles of association of the Company, on or after completion of the Subscription Agreement and during the period when each of CEF Concept and/or Go Million, together with each of their respective Associates, holds 5% or more of the entire issued share capital of the Company, each of CEF Concept and/or Go Million shall have a right to nominate a non-executive Director subject to the final approval of the nomination committee of the Board.

Restrictions on further issue of Shares

- (1) Pursuant to the Subscription Agreement, the Company undertakes to each of CEF Concept and Go Million that during the period from the date of the Subscription Agreement and to the date on which the shareholding of each of CEF Concept and/or Go Million, together with each of their respective Associates is below 5% of the total number of Shares in issue, the Company will not take any of the following actions without prior unanimous approval from all members of the Board:
 - (a) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Share(s) or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to Shares or interest in Shares; or
 - (b) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (a) above; or
 - (c) announce any intention to enter into or effect any such transaction described in (a) or (b) above.
- (2) Further, the Company undertakes to CEF Concept and Go Million that from the date of the Subscription Agreement and up to six months after the Completion Date, the Company will not take any of the following action without prior written consent by CEF Concept and Go Million:
 - (a) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Share(s) or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to Shares or interest in Shares; or
 - (b) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (a) above; or
 - (c) announce any intention to enter into or effect any such transaction described in (a) or (b) above.

The restrictions as set out in (1) and (2) above shall not be applicable to the following transactions:

- (i) issue and allotment of Shares pursuant to a general mandate duly granted by the Shareholders to the Directors at annual general meeting of the Company pursuant to Rule 13.36(2)(b) of the Listing Rules;

- (ii) issue and allotment of Shares pursuant to the terms of any employee share option scheme adopted by the Company from time to time; or
- (iii) any bonus issue or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company to the Shareholders on a pro rata basis.

Indemnity given by the Company

Pursuant to the Subscription Agreement, the Company undertakes to indemnify and hold harmless each of the Subscribers and each of their respective agents, subsidiaries, affiliated or associated companies, their respective directors, officers, employees and agents including, but not limited to, the directors, officers, employees and controlling persons, as the case may be, of each of CEF Concept and Go Million and each of their respective Associates (and shall include partners of such Associates) (the “**Indemnified Parties**”) against all or any costs, expenses (including legal fees as they are properly and reasonably incurred), fees, claims, actions, liabilities, demands, proceedings or judgments including, but not limited to, all such losses, costs, charges or expenses suffered or incurred in disputing or defending any costs, fees, claims, actions, liabilities, demands, proceedings or judgments (the “**Proceedings**”) and/or in establishing its rights to be indemnified in accordance with the terms of the Subscription Agreement and/or in seeking advice in relation to any Proceedings brought or established or threatened to be brought or established against any of the Indemnified Parties by any governmental agency, regulatory body or other person:

- (i) directly or indirectly arising out of or in connection with or based on any breach or alleged breach of any of the representations, warranties and undertakings provided by the Company contained in the Subscription Agreement;
- (ii) directly or indirectly arising out of or in connection with the Subscription;
- (iii) which are, directly or indirectly, occasioned by or resulting from or are attributable to the performance by CEF Concept and Go Million of their respective obligations under the Subscription Agreement and which do not in any such case arise from its own gross negligence or wilful default; or
- (iv) in respect of any breach or alleged breach of any applicable laws or regulations of any jurisdiction resulting from the Subscription which do not arise primarily from the fraudulent acts, gross negligence or wilful default of CEF Concept and Go Million or any person acting on their behalf as determined by final judgment of a court of competent jurisdiction.

The indemnity given by the Company shall remain in full force and effect notwithstanding completion of the Subscription in accordance with the terms of the Subscription Agreement, and shall be in addition to any liability which the Company may have and shall extend to include all costs, charges and expenses which CEF Concept, Go Million and/or any of the Indemnified Parties may reasonably incur or pay in disputing, settling or compromising any matter to which the indemnity might relate and in establishing the right to indemnification pursuant to the indemnity given by the Company in accordance with the terms of the Subscription Agreement.

THE INDEMNITY AND UNDERTAKINGS TO BE PROVIDED BY SUBSTANTIAL SHAREHOLDERS

In connection with the Subscription Agreement, each of Jumbo Grand and Simple Gain, both being Substantial Shareholders as at the date of this announcement, together with their respective ultimate beneficial owners shall execute the Jumbo Grand's Deed of Indemnity and Undertakings and the Simple Gain's Deed of Undertakings respectively at or before completion of the Subscription to provide certain indemnities and/or undertakings to the Subscribers. The principal terms of the Jumbo Grand's Deed of Indemnity and Undertakings and the Simple Gain's Deed of Undertakings are set out as follows:

Non-disposal undertakings

Pursuant to the Jumbo Grand's Deed of Indemnity and Undertakings, each of Jumbo Grand and Mr. Zhu Yongjun, jointly and severally, shall undertake to the Subscribers that from the date of the Jumbo Grand's Deed of Indemnity and Undertakings and subsequently after the Completion Date:

- (1) during the period when CEF Concept, together with each of its Associates, holds 5% or more of the entire issued share capital of the Company, Jumbo Grand, unless with the prior written consent of CEF Concept, will not and will procure that its ultimate beneficial owner will not:
 - (a) transfer or offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, directly or indirectly, or otherwise) or create any additional mortgage, charge, pledge, lien or assignment or any other encumbrance, priority or security interest or arrangement of whatsoever nature (collectively, the "**Encumbrances**") over any Shares or any interests therein beneficially owned or held by Jumbo Grand and Mr. Zhu Yongjun or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests; or
 - (b) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of Shares, whether any such transaction described in (1)(a) above or this (1)(b) is to be settled by delivery of Shares or such other securities, in cash or otherwise; and
- (2) during the period when Go Million, together with its Associates, holds 5% or more of the entire issued share capital of the Company, Jumbo Grand, unless with the prior written consent of Go Million, will not and will procure that its ultimate beneficial owner will not:
 - (a) transfer or offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, directly or indirectly, or otherwise) or create any Encumbrances over any Shares or any interests therein beneficially owned or held by Jumbo Grand and Mr. Zhu Yongjun or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests; or

- (b) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of Shares, whether any such transaction described in (2)(a) above or this (2)(b) is to be settled by delivery of Shares or such other securities, in cash or otherwise.

Pursuant to the Simple Gain's Deed of Undertakings, each of Simple Gain and Mr. Allan Warburg shall undertake to the Subscribers that from the date of the Simple Gain's Deed of Undertakings and subsequently after the Completion Date:

- (1) from the Completion Date up to the earlier of (i) the 2nd anniversary of the Completion Date; and (ii) the date on which CEF Concept, together with its Associates, cease to hold 5% or more of the entire issued share capital of the Company, Simple Gain, unless with the prior written consent of CEF Concept, will not and will procure its ultimate beneficial owner will not:
 - (a) transfer or offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, directly or indirectly, or otherwise) or create any Encumbrances over any Shares or any interests therein beneficially owned or held by Simple Gain and Mr. Allan Warburg or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests; or
 - (b) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of Shares, whether any such transaction described in (1)(a) above or this (1)(b) is to be settled by delivery of Shares or such other securities, in cash or otherwise; and
- (2) from the Completion Date up to the earlier of (i) the 2nd anniversary of the Completion Date; and (ii) the date on which Go Million, together with its Associates, cease to hold 5% or more of the entire issued share capital of the Company, Simple Gain, unless with the prior written consent of Go Million, will not and will procure its ultimate beneficial owner will not:
 - (a) transfer or offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, directly or indirectly, or otherwise) or create Encumbrances over any Shares or any interests therein beneficially owned or held by Simple Gain and Mr. Allan Warburg or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests; or
 - (b) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of Shares, whether any such transaction described in (2)(a) above or this (2)(b) is to be settled by delivery of Shares or such other securities, in cash or otherwise.

The total amount of the liability of Simple Gain and Mr. Allan Warburg in respect of all claims arising under or in respect of the above non-disposal undertaking is limited to the gross proceeds obtained from the transaction forbidden pursuant to (1) and (2) above. Each of CEF Concept and Go Million will share such damages paid by Simple Gain and Mr. Allan Warburg

corresponding to the proportion of Subscription Shares subscribed by each of them pursuant to the Subscription Agreement as it bears to the aggregate number of the Subscription Shares subscribed by both of them.

Undertaking in relation to appointment of non-executive Director

On or after the date of the Subscription Agreement and during the period when each of CEF Concept and/or Go Million, together with their respective Associates, holds 5% or more of the then entire issued share capital of the Company, each of Jumbo Grand and Simple Gain and their respective ultimate beneficial owners shall undertake to approve and to procure their Associates who are Shareholders to approve the appointment of the Director as nominated by each of CEF Concept and/or Go Million respectively to be appointed as a non-executive Director.

Undertaking in relation to the amendment of the constitutional document of the Company

Each of Jumbo Grand and Simple Gain and their respective ultimate beneficial owners shall undertake to, subject always to the Listing Rules, procure the Company to amend the constitution document of the Company to incorporate the provision in respect of the restrictions on further issue of Shares by the Company under the Subscription Agreement.

Indemnity to be given by Jumbo Grand and Mr. Zhu Yongjun

Pursuant to the Jumbo Grand's Deed of Indemnity and Undertakings, Jumbo Grand and Mr. Zhu Yongjun, its ultimate beneficial owner, shall provide certain indemnities to the Subscribers, details of which are set out as follows:

1. Jumbo Grand and Mr. Zhu Yongjun shall irrevocably covenant, agree and undertake to jointly and severally indemnify and hold harmless the Indemnified Parties against all or any costs, expenses (including legal fees as they are properly and reasonably incurred), fees, claims, actions, liabilities, demands, proceedings or judgments (including, but not limited to, all such losses, liabilities, costs, charges or expenses suffered or incurred in disputing or defending any Proceedings) and/or in establishing its rights to be indemnified pursuant to the Jumbo Grand's Deed of Indemnity and Undertakings and/or in seeking advice in relation to any Proceedings brought or established or threatened to be brought or established against any of the Indemnified Parties by any governmental agency, regulatory body or other person:
 - (a) directly or indirectly arising out of or in connection with or based on any breach or alleged breach of any of the representations, warranties and undertakings provided by Jumbo Grand and Mr. Zhu Yongjun in the Jumbo Grand's Deed of Indemnity and Undertakings;
 - (b) directly or indirectly arising out of or in connection with the Subscription Agreement and/or the Jumbo Grand's Deed of Indemnity and Undertakings; or
 - (c) which are, directly or indirectly, occasioned by or resulting from or are attributable to the performance by the Indemnified Parties of their obligations under the Subscription Agreement and/or the Jumbo Grand's Deed of Indemnity and Undertakings and which do not in any such case arise primarily from them and persons acting on their behalf their own fraud, gross negligence or willful default as determined by final judgment of a court of competent jurisdiction.

2. Conditional upon completion of the Subscription Agreement, each of Jumbo Grand and Mr. Zhu Yongjun shall acknowledge that (a) the Indemnified Parties will suffer loss, damage or liability (the “**Damage**”) in relation to claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature suffered or incurred by any member of the Group as a result of or in connection with any litigation, arbitrations, claims (including counter-claims), complaints, demands and/or legal proceedings instituted by or against any of member of the Group in relation to matter, event or incident occurred on or before the Completion Date; and (b) such Damage includes, but without limitation to, depletion in, loss or diminution in the value of the assets or Shares subscribed by CEF Concept and/or Go Million. As such, each of Jumbo Grand and Mr. Zhu Yongjun shall irrevocably covenant, agree and undertake to jointly and severally indemnify and hold harmless the Indemnified Parties against all or any Damage.

INFORMATION ON THE SUBSCRIBERS

CEF Concept is a company incorporated in the BVI with limited liability and a subsidiary of China Environment Fund IV, L.P., an investment fund incorporated in the Cayman Islands.

Go Million is a company incorporated in the BVI with limited liability which is wholly and beneficially owned by Mr. Chu Kingston Chun Ho (“**Mr. Chu**”). Mr. Chu is the executive director of Kingston Financial Group Limited (stock code: 1031), where the financial adviser to the Company is its wholly-owned subsidiary. He is also the executive director, vice chairman and managing director of Sincere Watch (Hong Kong) Limited (stock code: 444).

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of the Subscribers and its ultimate beneficial owners are independent of and not a connected person of the Company and another Subscriber.

INFORMATION ON THE GROUP

The Group is principally engaged in foundation works, civil engineering works, general building works and environmental protection.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in foundation works, civil engineering works, general building works and environmental protection. As set out in the Company’s announcements dated 2 June 2016 and 7 June 2016, the Group entered into series of memoranda of understanding in relation to the possible acquisitions of kitchen waste treatment and water treatment projects in the PRC respectively. The Group also entered into a sale and purchase agreement in relation to acquisition of kitchen waste treatment project in Shanxi, the PRC, details of which are set out in the Company’s announcement dated 28 June 2016.

Subject to completion of the Subscription, the gross proceeds from the Subscription will be HK\$168 million. The net proceeds, after deducting all relevant costs and expenses will be approximately HK\$166.9 million, which is intended to be used for the general working capital for the operation and development of the kitchen waste and water treatment business as mentioned above. The net proceeds raised per Subscription Share upon the completion of the Subscription will be approximately HK\$2.086 per Subscription Share.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not carried out any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company as at the date of this announcement and the shareholding structure of the Company immediately after completion of the Subscription (assuming there is no other changes in the shareholding structure of the Company before the completion of the Subscription) are as follows:

Shareholders	As at the date of this announcement		Immediate after completion of the Subscription	
	<i>Number of shares</i>	<i>% of shareholdings (Approximately)</i>	<i>Number of shares</i>	<i>% of shareholdings (Approximately)</i>
Prosper Power (<i>Note 1</i>)	124,000,000	31.00	124,000,000	25.83
Jumbo Grand (<i>Note 2</i>)	76,000,000	19.00	76,000,000	15.83
Simple Gain (<i>Note 3</i>)	40,000,000	10.00	40,000,000	8.33
CEF Concept	—	—	55,400,000	11.54
Go Million	—	—	24,600,000	5.13
Other public Shareholders	<u>160,000,000</u>	<u>40.00</u>	<u>160,000,000</u>	<u>33.34</u>
	<u>400,000,000</u>	<u>100.00</u>	<u>480,000,000</u>	<u>100.00</u>

Notes:

1. As at the date of this announcement, Prosper Power is owned as to 75% by Mr. Chu Shu Cheong (an executive Director and a Controlling Shareholder) and 25% by Mr. Kwan Man Hay (an executive Director).
2. As at the date of this announcement, Jumbo Grand is wholly-owned by Mr. Zhu Yongjun (chairman of the Board and an executive Director). Mr. Zhu is the brother-in-law of Mr. Allan Warburg, an ultimate beneficial owner of Simple Gain, a Substantial Shareholder.
3. As at the date of this announcement, Simple Gain is wholly-owned by Allan Warburg Holdings Limited, which is in turn wholly-owned by Mr. Allan Warburg.
4. The percentages are subject to rounding error.

GENERAL

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Subscription Shares.

Completion of the Subscription is subject to the satisfaction of the conditions precedent to the Subscription Agreement. As such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITION

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

“2015 AGM”	the annual general meeting of the Company held on 18 August 2015
“Associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday or Sunday or public holiday in Hong Kong or days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9 a.m. and 5 p.m.) on which banks are generally open for business in Hong Kong
“BVI”	British Virgin Islands
“CEF Concept”	CEF Concept Holdings Limited, a company incorporated in the BVI with limited liability and one of the Subscribers
“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”	8 August 2016 (or such other date as the parties to the Subscription Agreement may agree in writing) after all conditions to be satisfied pursuant to the Subscription Agreement have been satisfied or waived (as the case may be), being the date on which completion of the Subscription shall take place
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the 2015 AGM, pursuant to which a maximum of 80,000,000 new Shares may fall to be allotted and issued as at the date of this announcement
“Go Million”	Go Million International Limited, a company incorporated in the BVI with limited liability and one of the Subscribers
“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

“Jumbo Grand”	Jumbo Grand Enterprise Development Limited, a company incorporated in the BVI with limited liability and a substantial Shareholder as at the date of this announcement
“Jumbo Grand’s Deed of Indemnity and Undertakings”	the deed of indemnity and undertakings to be executed by Jumbo Grand and Mr. Zhu Yongjun in favour of the Subscribers at or before completion of the Subscription
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement excludes Hong Kong, Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Prosper Power”	Prosper Power Group Limited, a company incorporated in the BVI with limited liability and the Controlling Shareholder as at the date of this announcement
“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)
“Simple Gain”	Simple Gain International Limited, a company incorporated in the BVI with limited liability and a Substantial Shareholder as at the date of this announcement
“Simple Gain’s Deed of Undertakings”	the deed of undertakings to be executed by Simple Gain and Mr. Allan Warburg in favour of the Subscribers at or before completion of the Subscription
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	collectively, CEF Concept and Go Million
“Subscription”	the subscription of the Subscription Shares by the Subscribers pursuant to the Subscription Agreement under the General Mandate
“Subscription Agreement”	the subscription agreement relating to the Subscription of Shares to be entered into among the Company and the Subscribers
“Subscription Price”	the subscription price of HK\$2.1 per Subscription Share
“Subscription Shares”	80,000,000 new Shares to be allotted and issued by the Company to the Subscribers pursuant to the Subscription Agreement, of which 55,400,000 Shares and 24,600,000 Shares will be allotted and issued to CEF Concept and Go Million, respectively
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules

“Taxation” all forms of taxation whether of Hong Kong or elsewhere in the world whenever imposed and all statutory, governmental, state, provincial, local governmental or municipal impositions, duties and levies and all penalties, charges, costs and interests relating thereto

“%” per cent

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

Hong Kong, 25 July 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.