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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)

SHARE TRANSACTION

ACQUISITION OF 100% EQUITY INTEREST IN THE TARGET COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

THE ACQUISITION

The Board is pleased to announce that on 2 March 2017 (after trading hours of the Stock Exchange), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendors, pursuant to which the Purchaser conditionally agreed to acquire and the Vendors conditionally agreed to sell, the Equity Interest. The Consideration is RMB25,000,000 (equivalent to approximately HK\$28,205,000) (subject to adjustment) which will be satisfied (i) as to RMB20,000,000 (equivalent to approximately HK\$22,564,000) in cash; and (ii) as to RMB5,000,000 (equivalent to approximately HK\$5,641,000) by the allotment and issue of Consideration Shares by the Company. The Consideration is subject to adjustments as set out in the section headed “THE ACQUISITION AGREEMENT — 4. Consideration and payment terms — (c) Payment terms — (ii) Adjustment”.

The Consideration Shares, represent (i) approximately 0.34% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 0.34% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares. The Consideration Shares shall be allotted and issued under the General Mandate and shall rank *pari passu* with the Shares in issue.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As all the applicable percentage ratios for the Acquisition, calculated under Rule 14.07 of the Listing Rules, are less than 5%, the Acquisition constitutes a share transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

INTRODUCTION

The Board is pleased to announce that on 2 March 2017 (after trading hours of the Stock Exchange), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendors, pursuant to which the Purchaser conditionally agreed to acquire and the Vendors conditionally agreed to sell, the Equity Interest.

THE ACQUISITION AGREEMENT

The principal terms of the Acquisition Agreement are set out as follows:

- 1. Date:** 2 March 2017 (after trading hours of the Stock Exchange)
- 2. Parties:**
 - (i) Great Rich (China) Limited, as the Purchaser
 - (ii) Mr. Li Xinyi
Mr. Shi Zhiwei
Mr. Li Cong
Mr. Yang Yang
Ms. Yang Xingjuan; and
Mr. Zhang Hongchao
collectively, as the Vendors

As at the date of this announcement, the Vendors collectively own the Equity Interest. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendors is an Independent Third Party.

3. Assets to be acquired

Subject to the terms and conditions of the Acquisition Agreement, the Purchaser conditionally agreed to acquire and the Vendors conditionally agreed to sell the Equity Interest. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

4. Consideration and payment terms

(a) The Consideration

The Consideration is RMB25,000,000 (equivalent to approximately HK\$28,205,000) which will be satisfied (i) as to RMB20,000,000 (equivalent to approximately HK\$22,564,000) in cash; and (ii) as to RMB5,000,000 (equivalent to approximately HK\$5,641,000) by the allotment and issue of Consideration Shares by the Company.

The Consideration is subject to adjustments as set out in the section headed “THE ACQUISITION AGREEMENT — 4. Consideration and payment terms — (c) Payment terms — (ii) Adjustment”.

(b) Basis of determination of the Consideration

The Consideration was determined after arm’s length negotiations between the parties and was determined with reference to the value of the Equity Interest as at 31 December 2016 of RMB26.3 million as set out in a valuation report (the “**Valuation Report**”) prepared by Appraisal and Consultancy (Asia) Limited (the “**Valuer**”), an independent valuer.

Given that the valuation of the Target Company has adopted the use of the income approach, which involves the discounted cash flow method, such valuation is regarded as a profit forecast under Rule 14.61 of the Listing Rules. The followings were prepared and published in compliance with Rule 14.62 of the Listing Rules.

Profit Forecast in relation to the Valuation Report

The Valuation Report has been prepared based on the following major assumptions:

1. The projected financial performance of the Target Company could be achieved with the effort of the company management;
2. The Target Company will have adequate financing for their operations;
3. No material change in the existing political, legal, technological, fiscal or economic condition which may adversely affect the Target Company;
4. No major changes in the current taxation laws in the PRC and the regions related to the operation of the Target Company, and the rates of tax payable remain unchanged;
5. No significant change in the management of the Target Company in the foreseeable future that may adversely affect the Target Company;
6. The operating licenses and incorporating documents related to the Target Company are reliable and legitimate;
7. Operational and contractual terms bound by the contracts and agreements related to the Target Company will be honored;
8. The Target Company will keep ahead of the technologies required to sustain its ongoing operation;
9. Competitive advantages and disadvantages of the Target Company do not change significantly during the period under consideration.

A report from the Company’s auditor, Wellink CPA Limited (“**Wellink**”), confirming that it has reviewed the calculation method of the income approach used in the Valuation Report is set out in Appendix I to this announcement. A letter from the Board confirming that the Directors are satisfied that the valuation of the Target Company has been made after due and careful enquiry is set out in Appendix II to this announcement for the purpose of Rule 14.60A and 14.62 of the Listing Rules.

The Company has submitted the aforesaid report from Wellink and letter from the Board to the Stock Exchange in compliance with Rule 14.62(2) and (3) of the Listing Rules.

The followings are the qualifications of the experts who have given their opinions in this announcement:

Name	Qualification
Appraisal and Consultancy (Asia) Limited	Professional valuer
Wellink CPA Limited	Certified Public Accountants

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the Valuer and Wellink is an Independent Third Party. As at the date of this announcement, neither the Valuer nor Wellink has any shareholding in any member of the Group directly or indirectly, or any rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the Valuer and Wellink has given and has not withdrawn its respective written consent to the publication of this announcement with inclusion of its opinion and advice and all references to its name in the form and context in which it appears in this announcement.

(c) Payment terms

(i) Consideration in cash

The cash portion of the Consideration of RMB20,000,000 (equivalent to approximately HK\$22,564,000) shall be settled in the following manner:

- (a) a refundable deposit of RMB2,500,000 (which could be refunded after the Purchaser rendering the Third Cash Payment) shall be paid within 2 business days after the date of execution of the Acquisition Agreement;
- (b) RMB5,000,000 shall be paid within 10 business days after the date of execution of the Acquisition Agreement;
- (c) RMB5,000,000 (the “**Third Cash Payment**”) shall be paid within 15 business days after all the conditions are fulfilled, or where applicable are waived (or any other dates as agreed by the parties to the Acquisition Agreement); and
- (d) RMB10,000,000 (the “**Last Cash Payment**”) shall be paid before 10 May 2018 if evidence tendered by the Vendors before 30 April 2018 is able to show to the discretionary absolute satisfaction of the Purchaser that the Target Company has met all the performance targets as set out in the section headed “THE ACQUISITION AGREEMENT — 8. Performance Targets”. For otherwise, the Last Cash Payment will be adjusted according to the adjustments as set out in the section headed “THE ACQUISITION AGREEMENT — 4. Consideration and payment terms — (c) Payment terms — (ii) Adjustments” and has to be paid before 10 May 2018.

(ii) *Adjustments*

If either the performance target of Performance Undertaking Period 1 or the performance target of Performance Undertaking Period 2 could not be met, the amount of the Last Cash Payment payable shall be calculated in accordance with the following:

$$A/\text{RMB}3,000,000 \times \text{RMB}5,000,000 + B/\text{RMB}20,000,000 \times \text{RMB}5,000,000$$

For the purpose of the foregoing formula, the following definitions shall apply:

(i) A shall mean the actual audited net profits after tax and extraordinary items of the Target Company for the period of the Performance Undertaking Period 1; and (ii) B shall mean the actual unrealised amount of sales in respect of all sales agreements entered into by the Target Company for the period of the Performance Undertaking Period 2.

(iii) *The Consideration Shares*

Under the Acquisition Agreement, the Consideration will be satisfied as to RMB5,000,000 (equivalent to approximately HK\$5,641,000) by the allotment and issue of 1,709,370 Consideration Shares within 30 days upon the fulfilment or waiver (as the case may be) of the Conditions (or such other date as agreed by the parties to the Acquisition Agreement). The issue price of the Consideration Shares of HK\$3.30 represents:

- (1) a discount of approximately 1.49% to the closing price of HK\$3.35 per Share as stated in the Stock Exchange's daily quotation sheet on the date of this announcement; and
- (2) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five consecutive trading days immediately prior to the date of the Acquisition Agreement.

The 1,709,370 Consideration Shares, represent (i) approximately 0.34% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 0.34% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, shall be allotted and issued under the General Mandate and shall rank *pari passu* with the Shares in issue.

The Consideration Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 80,000,000 Shares. As at the date of this announcement, 18,982,992 Shares have been issued under the General Mandate. Accordingly, the General Mandate remains sufficient for the allotment and issue of the Consideration Shares and therefore no Shareholders' approval is required under the Listing Rules.

If the Purchaser fails to pay any of the cash portion of the Consideration to the Vendors on the due date stipulated in the Acquisition Agreement (or on such other dates as approved by the Vendors), and such default on payment is solely caused by the Purchaser, the Purchaser must pay an amount of 1% of the Consideration per day commencing from the day after the due date until full payment of the Consideration or the Consideration as adjusted according to the adjustments stated in the section headed “THE ACQUISITION AGREEMENT — 4. Consideration and payment terms — (c) Payment terms” is rendered.

5. Conditions

Completion of the Acquisition Agreement is conditional upon, among others, the fulfilment or waiver (as the case may be) of the following Conditions on or before the Long Stop Date:

- (a) the representations and warranties provided by the Vendors and the Target Company in the Acquisition Agreement are true, accurate and complete in all material respects;
- (b) the Target Company has completed all necessary internal procedures on the transfer of the Equity Interest, including but not limited to passing the shareholder’s resolution and directors’ resolution to approve the transfer of the Equity Interest; the Purchaser and the Company have obtained all necessary internal consents on the Acquisition Agreement and the transactions contemplated thereunder, as well as all consents and approvals required by the Listing Rules and all applicable laws and regulations;
- (c) the Vendors or the Target Company having completed, including but not limited to, the following registrations and/or approvals in connection with the Acquisition:
 - (i) all necessary registrations and approvals required by the local Administration of Industry and Commerce;
 - (ii) all necessary registrations and approvals required by the local branch of the State Administration of Foreign Exchanges; and
 - (iii) all necessary registrations and approvals by the local Municipal Development and Reform Commission.
- (d) the Vendors or the Target Company having obtained, including but not limited to, the following documents:
 - (i) documents showing that all taxes had been duly paid as required by necessary regulations;
 - (ii) renewed business registration, tax registration and social insurance registration documents; and
 - (iii) all other documents showing the continuing legal establishment and validity of the Target Company and its businesses.
- (e) the Purchaser has completed its due diligence review of the financial, legal, commercial, trade, asset, corporate, tax, operational and other aspects of the Target Company to its discretionary absolute satisfaction;

- (f) there is no material adverse change to the Target Company which may affect the transactions contemplated under the Acquisition Agreement;
- (g) no judicial, arbitrary, governmental or regulatory authorities or laws and regulations restrict or prohibit the transactions contemplated under the Acquisition Agreement; and any transactions contemplated under the Acquisition Agreement would not result in any material penalties or legal consequences borne by the Target Company, the Vendors and/or the Purchaser, or restrict the operation of the Target Company resulting in material adverse change according to the laws and regulations;
- (h) there does not exist any proceeding, arbitration, administrative proceeding which would result in a ruling against the Target Company, the Vendors and/or the Purchaser, and such ruling would result in material adverse effect on the performance of the obligations under the Acquisition Agreement or other related transaction documents, or would result in actual negative effects on the transactions contemplated under the Acquisition Agreement; and
- (i) unless otherwise agreed by the Purchaser, the Vendors guarantee that each of the core management officers of the Target Company, as listed in the Acquisition Agreement, will not terminate his/her employment with the Target Company and perform his or her duties appropriately within the period from 1 April 2017 to 30 April 2018.

The Purchaser is entitled to waive any of the Conditions in writing.

If the Conditions as set out in the above are not fulfilled or waived (as the case may be) on or before the Long Stop Date, the Acquisition Agreement shall automatically terminate and the obligations and responsibilities of the parties to the Acquisition Agreement under the Acquisition Agreement shall cease and determine, save for those obligations which shall survive after termination as stipulated under the Acquisition Agreement and those obligations which have arisen before the termination of the Acquisition Agreement.

6. Non-Competition

The Vendors irrevocably undertake and will procure the associated persons of the Vendors to irrevocably undertake that during their respective employment with the Target Company, after termination of their respective employment with the Target Company and within 10 years from Completion, any of them shall not (i) engage in any business that competes in any way with the Target Company and the Memsys-related companies; and (ii) engage in any business that involves the application and usage in any way the LEMON and/or Memsys' technologies, including but not limited to the Group, the Target Company and its subsidiaries.

If any of the Vendors or their associated persons breaches the non-competition undertaking, the defaulting party shall pay the Purchaser an amount of HK\$50,000,000 without prejudice to any damages under laws of the PRC.

7. Lock-up Period of the Consideration Shares

The Consideration Shares is subject to a lock-up period (the "**Lock-up Period**"), which commences from the date of issue of the Consideration Shares and ends upon the 4th day following the first anniversary of the date of issue of the Consideration Shares (both days inclusive). During the Lock-up Period, the Vendors shall not by any means (whether

conditional or unconditional, direct or indirect or in other natures) transfer, deal with or divest of any of the Consideration Shares, or create any Encumbrances on the Consideration Shares.

8. Performance Targets

The Vendors undertake that the Target Company shall achieve the performance target in the performance undertaking period as follows:

Performance Undertaking Period	Performance Target
Performance Undertaking Period 1	audited net profits after tax and extraordinary items of the Target Company shall not be lower than RMB3,000,000
Performance Undertaking Period 2	total amount of unrealised sales of the sales agreements entered into by the Target Company shall not be lower than RMB20,000,000

9. Liabilities of the Target Company

Pursuant to the Acquisition Agreement, the Vendors shall assume certain liabilities and debts of the Target Company which have arisen before Completion as agreed by the parties to the Acquisition Agreement.

10. Completion

Completion shall take place within fifteen (15) business days upon fulfillment or waiver (as the case may be) of the Conditions, or upon such other date as agreed by the parties to the Acquisition Agreement.

Upon Completion, Target Company will become an indirect wholly-owned subsidiary of the Company and the Company will consolidate the assets and liabilities and financial results of Target Company.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the existing shareholding structure of the Company as at the date of this announcement and the effect on the shareholding structure of the Company upon the allotment and issue of the Consideration Shares (assuming there is no other change in the shareholding structure of the Company before the allotment and issue of the Consideration Shares) is set out as follows:

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Consideration Shares	
	Number of shares	% of shareholdings (Approximately)	Number of shares	% of shareholdings (Approximately)
Jumbo Grand Enterprise Development Limited (<i>Note 1</i>)	77,000,000	15.43	77,000,000	15.38
Prosper Power Group Limited (<i>Note 2</i>)	76,500,000	15.33	76,500,000	15.28
Simple Gain International Limited (<i>Note 3</i>)	40,000,000	8.01	40,000,000	7.99
CEF Concept Holdings Limited (<i>Note 4</i>)	55,400,000	11.10	55,400,000	11.06
Go Million International Limited (<i>Note 5</i>)	24,600,000	4.93	24,600,000	4.91
Dr. Zhang Lihui (<i>Note 6</i>)	48,000	0.01	48,000	0.01
The Vendors	—	—	1,709,370	0.34
Other public Shareholders	<u>225,434,992</u>	<u>45.19</u>	<u>225,434,992</u>	<u>45.03</u>
Total	<u>498,982,992</u>	<u>100.00</u>	<u>500,692,362</u>	<u>100.00</u>

Notes:

- As at the date of this announcement, Jumbo Grand Enterprise Development Limited 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 International Limited, a shareholder of the Company.
- As at the date of this announcement, Prosper Power Group Limited is owned as to 75% by Mr. Chu Shu Cheong and 25% by Mr. Kwan Man Hay.
- As at the date of this announcement, Simple Gain International Limited is wholly owned by Allan Warburg Holdings Limited, which is in turn wholly owned by Mr. Allan Warburg.
- As at the date of this announcement, CEF Concept Holdings Limited is wholly owned by CEF IV Holdings Ltd., which is in turn owned as to 92.55% by China Environment Fund IV, L.P., an investment fund incorporated in the Cayman Islands.
- As at the date of this announcement, Go Million International Limited is wholly owned by Mr. Chu Kingston Chun Ho (a non-executive Director).
- Dr. Zhang Lihui is a non-executive Director.
- The percentage figures included in this table are subject to rounding adjustment.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the PRC with limited liability and is principally engaged in the business of trading, EPC of water treatment and provision for other environmental improvement solutions systems.

The financial information of the Target Company based on the unaudited management accounts in accordance with the relevant applicable accounting standards for the two years ended 31 December 2015 and 2016 is set out as follows:

	For the year ended	
	31 December	
	2015	2016
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Revenue	171	2,395
Profit before taxation and profit after taxation	<u>21</u>	<u>102</u>

As at 31 December 2016, the unaudited net asset value of the Target Company was RMB3,762,000.

INFORMATION ON THE VENDORS

As at the date of this announcement, the respective equity interest in the Target Company held by each of the Vendors is set out as follows:

Vendor A:	60%
Vendor B:	32%
Vendor C:	2%
Vendor D:	2%
Vendor E:	2%
Vendor F:	2%

All of the Vendors are citizens of the PRC. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendors is an Independent Third Party.

INFORMATION ON THE GROUP

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

REASONS FOR AND BENEFITS OF THE ACQUISITION

There is rising concern of water pollution globally, especially in the PRC where strong governance does exist in the water treatment industry. In the 'Water Pollution Prevention and Control Action Plan' (or known as the "Water Ten Plan") which is issued by the State Council, Chinese government imposes strong regulation and supervision of pollutant control. Due to the scarcity of water resource while huge water usage in heavy industry, zero-liquid discharge is now required in various heavy industry segments such as petrochemical and coal industry.

The Group acquired all the intellectual rights, equipment and inventories of Memsys, which specialised in research and modules production of membrane distillation technology. Non-corrosive plastic structure of Memsys products leads to a wide variety of applications in water and industrial area, such as zero-liquid discharge of highly concentrated waste water and alkali waste, and desalination plant projects in different scales.

The Target Company has succeed to begin the application and commercialisation of Memsys' membrane distillation technology. The Target Company focuses in the research, application and commercialisation of zero-liquid discharge technology, and it is one of the few technology providers for brine, acids and alkaline water treatment in the PRC. The Target Company also completed numbers of pilot test in different industries and the first zero-liquid discharge project on concentration of alkaline waste water in the PRC, which lead to a breakthrough in the field of acidic and alkaline waste water treatment.

As such, the Target Company can bring Memsys' technology into the PRC and start wide-scale commercialisation, and open a new market of membrane distillation technology for Memsys globally.

The success of acquisition in Memsys and Target Company will enable the Group to ride on the potential opportunities as driven by the nationwide environmental protection policies in the PRC, widen its technological edge against other competitors, improve the degree of internationalization of enterprises, and enhance its corporate reputation.

The Directors (including independent non-executive Directors) consider that the terms of the Acquisition Agreement were determined after arm's length negotiation between the parties thereto and are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As all the applicable percentage ratios for the Acquisition calculated under Rule 14.07 of the Listing Rules are less than 5%, the Acquisition constitutes a share transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD BE AWARE THAT THE ACQUISITION AGREEMENT IS SUBJECT TO THE SATISFACTION OF A NUMBER OF CONDITIONS, AND MAY OR MAY NOT PROCEED. ACCORDINGLY, SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES OF THE COMPANY.

DEFINITION

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

“associated person(s)”	in respect of an individual shall mean parent(s), spouse, child, close relative(s), trustee(s) or any person(s) acting in their capacity as trustee(s) of any trust of which the individual or his/her parent(s), spouse, child or close relative(s) is a beneficiary; and in respect of a corporation shall mean any persons (directly or indirectly through one or more agent(s)) controlled by the individual or jointly controlled by the individual and other third part(ies)
“Acquisition”	the acquisition of Equity Interest pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the formal acquisition agreement dated 2 March 2017 and entered into among the Vendors and the Purchaser in relation to the Acquisition
“Board”	the Board of Directors
“business day(s)”	a day (other than Saturday and Sunday) when normal banks in Hong Kong or the PRC are open for banking business
“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 Agreement
“Conditions”	the condition(s) precedent as set out in the Acquisition Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration in the sum of RMB25,000,000 (approximately HK\$28,205,000), which shall be satisfied (i) as to RMB20,000,000 (approximately HK\$22,564,000) in cash; and (ii) as to RMB5,000,000 (approximately HK\$5,641,000) by issue of the Consideration Shares by the Company
“Consideration Shares”	the new Shares to be issued by the Company to settle part of the Consideration, being in aggregate 1,709,370 new Shares
“Director(s)”	director(s) of the Company
“Encumbrance”	mortgage, charge, pledge, option, warrant, limitation, priority, right of pre-emption, claim, equitable right, encumbrance, third party right and claim, retention of title, right of transfer or right of whatsoever nature, security right or interest of any kind and includes any agreement of the same
“Equity Interest”	100% equity interest in the Target Company

“General Mandate”	the ordinary resolution passed in the annual general meeting held on 15 August 2016, in respect of granting a general and unconditional mandate to the Directors to allot, issue and otherwise deal with additional Shares not exceeding 20% of the total number of Shares in issue (i.e. 80,000,000 Shares) as at the date of such resolution
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	third party(ies) independent of and not connected with the Company and any of its connected persons (having the meaning ascribed to it under the Listing Rules)
“LEMON”	a system integration technology with distillation membrane module as its core
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2017 or such later date as the parties to the Acquisition Agreement may agree in writing
“Memsys”	parented technology related to multi-effect membrane distillation technology
“Performance Undertaking Period 1”	the period from 1 April 2017 to 31 March 2018
“Performance Undertaking Period 2”	the period from the date of the establishment of the Target Company to 30 April 2018
“PRC”	the People’s Republic of China
“Purchaser”	Great Rich (China) Limited, a company incorporated in Hong Kong with limited liability which is 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)
“State Council”	The State Council of the PRC (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Beijing China Science Resources & Environmental Technology Co., Ltd.* (北京中科瑞升資源環境技術有限公司), a company established in the PRC with limited liability
“Vendor A”	Mr. Li Xinyi (李心儀), a PRC citizen who owns 60% equity interest in the Target Company as at the date of this announcement
“Vendor B”	Mr. Shi Zhiwei (史志偉), a PRC citizen who owns 32% equity interest in the Target Company as at the date of this announcement
“Vendor C”	Mr. Li Cong (李聰), a PRC citizen who owns 2% equity interest in the Target Company as at the date of this announcement
“Vendor D”	Mr. Yang Yang (楊陽), a PRC citizen who owns 2% equity interest in the Target Company as at the date of this announcement
“Vendor E”	Ms. Yang Xingjuan (楊興娟), a PRC citizen who owns 2% equity interest in the Target Company as at the date of this announcement
“Vendor F”	Mr. Zhang Hongchao (張宏超), a PRC citizen who owns 2% equity interest in the Target Company as at the date of this announcement
“Vendors”	Vendor A, Vendor B, Vendor C, Vendor D, Vendor E and Vendor F
“%”	per cent.

* For identification purposes only

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

Hong Kong, 2 March 2017

In this announcement, translation of RMB into HK\$ is based on the exchange rate of HK\$1: RMB0.88638. No representation is made that any amounts in RMB and HK\$ can be or could have been converted at the above exchange rate or any other rates.

In this announcement, translated English names of Chinese entities for which no official English translation exists are unofficial translations for identification purposes only, and in the event of any inconsistency between the Chinese names and their English translation, the Chinese names shall prevail.

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

APPENDIX I — LETTER FROM THE REPORTING ACCOUNTANTS

The Board of Directors
New Concepts Holdings Limited
11/F, 8 Queen's Road Central
Hong Kong

Dear Sirs,

Share Transaction — Valuation of 100% equity interest of Beijing China Science Resources & Environmental Technology Co., Ltd. (the “Target Company”) in relation to the acquisition of 100% equity interest in the Target Company

We refer to the discounted future cash flows on which the valuation (the “Valuation”) dated 2 March 2017 prepared by Appraisal and Consultancy (Asia) Limited in respect of the valuation of 100% equity interest in the Target Company as at 31 December 2016 (the “Valuation”) is based. The Valuation based on the discounted future cash flows and is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

DIRECTORS’ RESPONSIBILITIES

The directors (the “Directors”) of New Concepts Holdings Limited (the “Company”) are responsible for the preparation of the discounted future cash flows of the Target Company in accordance with the bases and assumptions (the “Assumptions”) determined by the Directors and as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANTS’ RESPONSIBILITY

Our responsibility is to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future cash flows in the Valuation. The discounted future cash flows do not involve the adoption of accounting policies. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of the Target Company or an expression of an audit or review opinion on the Valuation. The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and

verified in the same way as past results and not all of which may remain valid throughout the period. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Review of Historical Financial Information” issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation. We performed procedures on the arithmetical calculations and the compilations of the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

OPINION

In our opinion, so far as the calculations are concerned, the discounted future cash flows has been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation.

Yours faithfully,

WELLINK CPA LIMITED

Certified Public Accountants

Chow For Chun

Practising Certificate number P06140

Hong Kong, 2 March 2017

APPENDIX II — LETTER FROM THE BOARD

2 March 2017

Listing Division
The Stock Exchange of Hong Kong Limited
11th Floor, One International Finance Centre
1 Harbour View Street Central, Hong Kong

Dear Sirs,

Share Transaction — Acquisition of 100% equity interest in Beijing China Science Resources & Environmental Technology Co., Ltd. (the “Target Company”) by Great Rich (China) Limited, an indirect wholly-owned subsidiary of New Concepts Holdings Limited (the “Company”)

We refer to the announcement of the Company dated 2 March 2017 of which this letter forms part (the “Announcement”). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We refer to the Valuation Report dated 2 March 2017 issued by the Valuer regarding the valuation (the “Valuation”) of 100% equity interest in the Target Company as at 31 December 2016, which constitutes a profit forecast under Rule 14.61 of the Listing Rules. We have discussed with the Valuer about different aspects including the bases and assumptions based upon which the Valuation has been prepared, and reviewed the Valuation for which the Valuer is responsible. We have also considered the report dated 2 March 2017 from Wellink regarding whether the Valuation, so far as the accounting policies and calculations are concerned, has properly complied with the bases and assumptions as set out in the Valuation Report. We have noted that the Valuation is mathematically accurate and is presented on a basis consistent in all material aspects with the accounting policies currently adopted by the Company. We hereby confirm that the Valuation has been made after due and careful enquiry of the Board.

Yours faithfully,
For and on behalf of the Board
New Concepts Holdings Limited
Cai Jianwen
Executive Director