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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)**

### **CONNECTED TRANSACTION**

#### **PROPOSED PARTICIPATION OF THE SUBSCRIBER IN RIGHTS ISSUE OF JOSAB**

The Board is pleased to announce the proposed participation of the Subscriber in the Rights Issue of Josab.

#### **BACKGROUND**

As at the date of this announcement, the Subscriber is interested in 3,184,443 Josab's Shares, representing approximately 5.6% of the total issued capital of Josab. On 28 February 2017 the board of directors of Josab resolved to offer Rights Shares to the existing shareholders via the Rights Issue, with a maximum nominal value of approximately SEK 22.2 million before issue expenses, representing a maximum of 10,335,350 Shares at a subscription price of SEK 2.15 per Rights Share.

The key terms of the Rights Issue are set out as follows:

Basis of Rights Issue:	2 Rights Shares for every 11 issued shares in Josab held on the Record Day
Subscription price:	SEK2.15 per Rights Share
Number of Rights Shares to be issued by Josab pursuant to the Rights Issue:	Not less than 10,335,350 Rights Shares (assuming no shares being issued and repurchased by the Josab on or before the Record Date) which represents 18.18% of the Josab's issued share capital of the Josab immediately before the Rights Issue and 15.38% of the Josab's issued share capital as enlarged by the issue of the Rights Shares

#### **Subscription price**

The subscription price of SEK2.15 per Rights Share, payable in full upon acceptance.

The subscription price represents:

- (i) a discount of approximately 28.3% to the closing price of SEK3.00 per Josab's Share as quoted on the AktieTorget on the last trading day;
- (ii) a discount of approximately 31.1% to the average closing price of approximately SEK3.12 per Josab's Share as quoted on the AktieTorget for the 5 consecutive trading days up to and including the last trading day;

### **Subscription period**

Subscription for Rights Shares will take place during the period from 29 March 2017 to 20 April 2017. Upon expiry of the aforesaid subscription period, unexercised subscription rights will expire and will then lose their value. Unexercised subscription rights will be deregistered from the respective shareholders' securities accounts without notification from Euroclear.

### **Trading in subscription rights**

Trading in subscription rights will be conducted at AktieTorget during the period commencing from 29 March 2017 to 18 April 2017 (both days inclusive).

### **Application for Excess Rights Shares**

In the event that not all Rights Shares are subscribed for under the Rights Issue, the board of directors of Josab will determine the allotment of Rights Shares in the following order:

- i) For those who subscribed for shares with subscription rights, regardless of whether or not they were shareholders on the record date, and in case of oversubscription, allotment shall be made pro rata in proportion to the number of subscription rights that the subscriber exercised for subscription of shares and to the extent that this is not possible, through the drawing of lots.
- ii) For those who subscribed for shares without subscription rights and in the event of oversubscription, allotment shall be made pro rata in relation to their subscription and to the extent this is not possible, through the drawing of lots.
- iii) For underwriters pro rata in proportion to such underwriting commitments.

### **Announcement of the outcome of the Rights Issue**

Josab will publish the outcome of the Rights Issue through a press release as soon as possible after the aforesaid subscription period.

### **Rights to dividends**

The Rights Shares will carry the right to dividend for the first time on the Record Date for distribution after the Rights Shares have been registered at Companies Registration Office. The Rights Shares carry the same right to dividend as the Josab's Shares.

### **Shareholders' rights**

Shareholders' rights to dividends, voting rights, preferential subscription rights of shares, etc., are governed both by Josab's articles of association, which is available on Josab's website, and by the Swedish Companies Act (2005: 551).

## Dilution

If the Rights Issue is fully subscribed, the number of shares of Josab will increase from 56,844,427 shares to 67,179,777 shares, corresponding to a dilutive effect for those shareholders who choose not to participate in the Rights Issue of approximately 15.4 per cent (calculated as the number of new shares resulting from the rights issue divided by the total number of shares in Josab after a fully subscribed rights issue).

## Letter of intent

As at the date of this announcement, the Subscriber is interested in 3,184,443 Josab's Shares, representing approximately 5.6% of the total issued capital of Josab. The Subscriber indicated in a letter of intent dated 28 February 2017 that the Subscriber will under the subscription for the Josab's Shares pursuant to the Rights Issue, additionally subscribe for not more than 3,200,000 Josab's shares which other shareholder(s) are eligible to subscribe but forfeit their rights to do so under the Rights Issue, subject to strict compliance of the Listing Rules.

## Consideration

The aggregate value of Consideration (taking into account of the letter of intent) to be paid by the Subscriber will not be more than approximately SEK8,200,000 (equivalent to approximately HK\$7,050,000).

Upon completion of the Rights Issue and taking into account of the letter of intent, the Subscriber will own 6,963,432 Josab's Shares, representing approximately 10.37% of the enlarged issued share capital of Josab.

## INFORMATION ON JOSAB

Josab is a company listed on the AktieTorget, a stock exchange in Sweden, and is engaged in the business of the development and manufacture of water treatment solutions systems.

As at the date of this announcement, the Subscriber owns 5.6% of the issued share capital of the Josab.

As of 30 September 2016, Josab had a net asset value of approximately SEK44,133,000. Based on the audited accounts of Josab for each of the two financial years ended 31 December 2015, the audited financial information of Josab are as follows:

	<b>For the year ended</b>	
	<b>31 December 2014</b>	<b>31 December 2015</b>
	<i>SEK'000</i>	<i>SEK'000</i>
Turnover	11,802	1,866
Net loss before tax for the year	(3,651)	(16,931)
Net loss after tax for the year	<u>(3,651)</u>	<u>(16,931)</u>

Mr. Zhu Yongjin and Mr. Cai Jianwen, being the chairman of the Board and an executive Director respectively, are also the directors of Josab. Mr. Zhu Yongjun who is the beneficial owner of the entire issued share capital of Jumbo Grand Enterprise Development Limited, a substantial Shareholder of the Company, is the chairman of the board of directors of the Josab. Each of Mr. Zhu Yongjun and Mr. Cai Jianwen is a connected person of the Company under the Listing Rules.

## **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, general building works and environmental protection.

The Subscriber is an indirect wholly-owned subsidiary of the Company.

As set out in the Company's announcement dated 22 February 2016, a sale and purchase agreement in respect of the acquisition of warrants and conversion for Josab's Shares was previously entered into by Prime World Limited. As a securities custodian account in Sweden is required for the holding of Josab's Shares, the Subscriber was thus nominated by Prime World Limited as a trustee for holding the Josab's Shares in favour of Prime World Limited.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

The proceeds from the Rights Issue will be applied to strengthen Josab's presence in India, the PRC and Indonesia with additional sales and project management capacity. In particular, Josab is becoming a strong centre for the design of customised water purification solutions in India, and this investment is necessary in order to increase the pace of sales while also managing the projects. Josab will also accelerate its market penetration in the PRC and Indonesia, such as by extending its technological and commercial partnerships with local companies.

In the PRC, with the increased emphasis on the development on environmental protection and related industries, 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. The Directors believe that Josab's technology and relevant application of water treatment solutions systems could facilitate the Group's exposure to the water treatment industries in the PRC rural areas and other Asian growing market. In particular, over the past decade in Indonesia, the development of the country's water and wastewater services had been insufficient. According to the World Health Organisation and the United Nations Children's Fund, over 40 million people lack access to an improved water source and more than 110 million of the country's 240 million population has no access to improved sanitation in 2013. This has been compounded by a rapidly increasing urban population, and a lack of investment in water and wastewater infrastructure. The government of Indonesia has planned projects for the next decade to improve the water supply in Indonesia, and capital expenditure on water and wastewater is set to increase. The Directors are optimistic about the future prospect of Josab in Asia.

The Directors (including independent non-executive Directors) consider that the terms of the Rights Issue and the letter of intent are on normal commercial terms and are fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Mr. Zhu Yongjun and Mr. Cai Jianwen abstained from voting on the relevant board resolution of the Company in view of their directorship in Josab. Save for Mr. Zhu Yongjun and Mr. Cai Jianwen, there is no other Director who is required to abstain from voting on the board resolution for approval of the proposed participation in the Rights Issue and the letter of intent contemplated thereunder.

## LISTING RULES IMPLICATIONS

As Mr. Cai Jianwen and Mr. Zhu Yongjun together control the board of directors of Josab, as such Josab is their associate and connected person of the Company under the Listing Rules.

As Josab is a connected person of the Company under the Listing Rules, the proposed participation in the Rights Issue and the letter of intent contemplated constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the proposed participation in the Rights Issue and the letter of intent are more than 0.1% but less than 5%, the proposed participation in the Rights Issue and the letter of intent is subject to the reporting and announcement requirements, but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITION

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

“Board”	the board of Directors
“Business Day”	any day (other than a Saturday and public holiday or a day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong) on which banks are generally open for normal business in Hong Kong
“Company”	New Concepts Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Euroclear”	Euroclear Sweden AB, the account operator maintaining the share register of Josab
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Josab”	Josab International AB, a company incorporated under the laws of Sweden, the shares of which are listed on AktieTorget, a stock exchange in Sweden
“Josab’s Share(s)”	The issued share(s) of Josab
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

“Prime World Limited”	Prime World Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary
“Record Date”	23 March 2017
“Rights Issue”	the proposed rights issue of 2 Rights Shares for every 11 existing Shares in Josab held on the record date
“Rights Shares”	the new share(s) in Josab to be issued pursuant to the Rights Issue
“SEK”	Swedish Krona, the lawful currency of Sweden
“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
“Subscriber”	PW Hong Kong AB, a company with limited liability incorporated under the laws of Sweden and an indirect wholly-owned subsidiary of the Company

*In this announcement, amounts in SEK are translated into HK\$ on the basis of SEK1 = HK\$0.85865. The conversion rate is for illustration purpose only and should not be taken as a representation that SEK could actually be converted into HK\$ at such rate or at all.*

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

Hong Kong, 1 March 2017

*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.*