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NEW CONCEPTS HOLDINGS LIMITED

創業集團（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2221)

INSIDE INFORMATION

FRAMEWORK AGREEMENT IN RELATION TO THE PROPOSED ACQUISITION

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

The Board is pleased to announce that on 27 April 2017 (after trading hours of the Stock Exchange), the Company as purchaser entered into the Framework Agreement with the Vendor in respect of the Proposed Acquisition, pursuant to which, the Company intended to acquire, and the Vendor intended to sell, 100% equity interest in Target Company which was pledged to the Creditor. Upon completion of the Proposed Acquisition (if materialised), the Target Company will become a wholly-owned subsidiary of the Group.

The Framework Agreement is not intended to be legally binding (save for provisions on the representations and warranties given by both the Company and the Vendor, taxation, confidentiality, effective date, termination or change of the Framework Agreement, force majeure clauses, breach of contract, exclusivity and dispute resolutions).

THE FRAMEWORK AGREEMENT

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

Date: 27 April 2017 (after trading hours of the Stock Exchange)

Parties: (i) the Company, as purchaser; and
(ii) the Vendor, as vendor

Upon completion of the Proposed Acquisition (if materialised), the Target Company will become a wholly-owned subsidiary of the Group.

Consideration

Subject to the entering into the Sale and Purchase Agreement and the satisfaction of the Company on the due diligence conducted on the Target Company, the Consideration is RMB650,000,000 (equivalent to approximately HK\$734,082,000).

The Consideration shall be settled by the Company in the following manner:

- (i) RMB26,000,000 (equivalent to approximately HK\$29,363,000) shall be satisfied by way of a non-refundable deposit paid by the Company to an account designated by the Vendor, within 10 business days from the Effective Date;
- (ii) RMB104,000,000 (equivalent to approximately HK\$117,453,000) shall be satisfied within 5 business days after obtaining all necessary approval(s) in connection with the Proposed Acquisition and subject to the execution of the Sale and Purchase Agreement and the satisfaction of the Company on the due diligence conducted on the Target Company;
- (iii) RMB195,000,000 (equivalent to approximately HK\$220,225,000) shall be satisfied by way of the allotment and issue of Consideration Shares to the Vendor or its designated entity, within 30 days from completion of the obligations stated in the paragraphs (i) and (ii) above (or such other date as agreed by the parties to the Framework Agreement in writing); and
- (iv) RMB325,000,000 (equivalent to approximately HK\$367,041,000) shall be satisfied by way of payment of cash or the allotment and issue of Consideration Shares to the Vendor, at the option of the Company, within 9 months from the execution of the Framework Agreement (or such other date as agreed by the parties to the Framework Agreement) and subject to the execution of the Sale and Purchase Agreement.

Indebtedness arrangements of the Target Company

Subject to the execution of the Sale and Purchase Agreement, the Company shall procure the Target Company's repayment of RMB18,000,000 (equivalent to approximately HK\$20,329,000) owed by it to an independent third party creditor within 10 days from the completion of the payment stated in paragraph (ii) under the sub-section headed "**Consideration**".

The repayment of an amount of RMB20,000,000 (equivalent to approximately HK\$22,588,000) owed by the Target Company to the Vendor shall be further negotiated after the execution of the Framework Agreement.

Termination of the Framework Agreement

The Framework Agreement will be terminated at the earlier of:

- (a) all the parties to the Framework Agreement failing to enter into the Sale and Purchase Agreement within the Exclusivity Period; or
- (b) the 7th day of the issuing of the written notice for termination of the Framework Agreement by the Company.

Exclusivity

Unless the Company otherwise consented in writing, the Vendor shall, within the Exclusivity Period or, such other period as agreed by the parties to the Framework Agreement (whichever occurs later):

- (a) ensure the Target Company not to, by itself or through an agent or associate, sell, transfer or otherwise dispose of any direct or indirect interest of the Target Group;
- (b) not directly or indirectly (i) discuss with any other third party the transfer of equity interest of the Target Company; (ii) sign any memorandum, memorandum of understanding, agreements or arrangements (whether legally binding or not) with any other third party; or (iii) continue or allow the continuing of such discussions or arrangements; and
- (c) not consider, seek, prepare or accept any offers made by any other third party.

Discharge of the pledge on the equity interest of the Target Company

Within 5 business days after completion of payment stated in paragraph (ii) under the sub-section headed “**Consideration**” above, the Vendor shall procure itself and the Creditor to discharge the pledge on the 20% equity interest of the Target Company.

Within 5 business days after the registration of the Consideration Shares stated in paragraph (iii) under the sub-section headed “**Consideration**” above with the share registrar, the Vendor shall procure itself and the Creditor to discharge the pledge on the remaining 80% equity interest of the Target Company.

Due Diligence

Following the signing of the Framework Agreement, the Company will conduct due diligence on the Target Company. The Vendor shall provide all documents and information necessary in connection therewith to the Company and cooperate with the Company and its professionals in the due diligence process.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in PRC with limited liability and is principally engaged in the business of the development and manufacture of water treatment solutions system in the PRC.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, apart from the fact that the elder brother of Mr. Zhu Yongjun (who is the Chairman and executive Director of the Company) acts as a chairman of the board of directors of the Target Company, the Vendor, the Creditor and their ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

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 PROPOSED 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 Directors believe that the Target Company’s technology and relevant application of water treatment solutions systems could facilitate the Group’s exposure to the in heavy industry, zero-liquid discharge water treatment industries in the PRC.

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

GENERAL

The Framework Agreement is not intended to be legally binding (save for provisions on the representations and warranties given by both the Company and the Vendor, taxation, confidentiality, effective date, termination or change of the Framework Agreement, force majeure clauses, breach of contract, exclusivity and dispute resolutions).

The Board wishes to emphasise that the Proposed Acquisition may or may not proceed. If the Proposed Acquisition is materialised, it may constitute a notifiable transaction on the part of the Company pursuant to the Listing Rules. Shareholders and investors of the Company are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Proposed Acquisition will be made by the Company as and when appropriate in compliance with 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
“Company”	New Concepts Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 2221)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	The total consideration payable by the Company to the Vendor for the Proposed Acquisition, being RMB650,000,000 (equivalent to approximately HK\$734,082,000)
“Consideration Shares”	the new Shares to be issued by the Company to settle part of the Consideration

“Creditor”	Heilongjiang Interchina Water Treatment Co., Ltd. (“黑龍江國中水務股份有限公司”), a company established in the PRC with limited liability with its shares are listed on the Shanghai Stock Exchange (stock code: 600187)
“Director(s)”	director(s) of the Company
“Effective Date”	The date of the later of (i) the Framework Agreement having been signed and sealed; or (ii) the Creditor having given written confirmation confirming its non-objection to the Framework Agreement and its cooperation in discharging the pledge in respect of the 100% equity interest of the Target Company
“Exclusivity Period”	the period of 180 days from the signing of the Framework Agreement
“Framework Agreement”	the framework agreement dated 27 April 2017 entered into among the Vendor and the Company in respect of the Proposed Acquisition
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Proposed Acquisition”	the proposed acquisition in respect of the 100% equity interest of the Target Company, which was pledged to the Creditor, pursuant to the terms and conditions of the Framework Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the formal sale and purchase agreement in respect of the Proposed Acquisition(s) to be entered into by, amongst others, the Company and the Vendor
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Beijing TDR Environ-Tech Co., Ltd.* (北京天地人環保科技有限公司) a company incorporated in the PRC with limited liability
“Target Group”	the Target Company, its subsidiaries and associated companies

“Vendor” Shanghai Fuji Investment Co., Ltd* (上海福激投资有限公司), a company incorporated in the PRC with limited liability

“%” per cent

* For identification purpose only

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

Hong Kong, 27 April 2017

In this announcement, translation of RMB into HK\$ is based on the exchange rate of HK\$1: RMB0.88546. 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.

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 three independent non-executive Directors are Mr. Lo Chun Chiu, Adrian, Dr. Tong Ka Lok and Mr. Choy Wai Shek, Raymond, MH, JP.

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.