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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 MEMORANDUM OF UNDERSTANDING IN RELATION TO THE POSSIBLE ACQUISITION

This announcement is made 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

POSSIBLE ACQUISITION

The Board is pleased to announce that on 14 April 2020 (after trading hours of the Stock Exchange), the Company entered into the MOU with the Vendors in relation to the Possible Acquisition. The principal terms of the MOU are set out as follows:

Date: 14 April 2020 (after trading hours of the Stock Exchange)

Parties: (i) the Company, as the Purchaser;
(ii) the Vendors.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Vendors is an independent third party of the Company and its connected persons (as defined under the Listing Rules).

Possible Acquisition:

Pursuant to the MOU, the Company (or through its designated subsidiary) intended to acquire, and the Vendors intended to sell, not less than 51% equity interest in the Target Company.

As at the date of this announcement, the Target Company and its subsidiaries are principally engaged in the distribution, manufacture, service and research and development on industrial fluids system products including valves, pipelines etc. in the PRC.

Pursuant to the MOU, the parties agreed to proceed with further negotiation in good faith and use their best endeavours to enter into the Formal Sale and Purchase Agreement and other transaction documents (if any) in respect of the Possible Acquisition.

Subject to the materialisation of the Possible Acquisition, the portion of the equity interest to be acquired by the Company, the amount and payment manner of the consideration for the Possible Acquisition shall be determined by the parties with reference to, among others, the results of the due diligence review of the Target Company.

Exclusivity:

The Vendors agreed that during the effective period of the MOU, they will not directly or indirectly, initiate or response to negotiations other third parties in relation to disposal of all or part of the equity interest in, or subscription or capital injection of the Target Company.

Effective Period:

The MOU shall be effective for a period of 6 months from the signing date of the MOU.

Non-legally Binding:

The MOU is not legally binding save for the provisions on confidentiality, due diligence cost, exclusivity and governing law. The Possible Acquisition therefore may or may not materialise.

In the event that the Possible Acquisition is materialised and the Formal Sale and Purchase Agreement is entered into, the Possible Acquisition may constitute a notifiable transaction of the Company under the Listing Rules. Further announcement(s) will be made by the Company in accordance with all applicable requirements of the Listing Rules as and when appropriate.

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION

The Group is principally engaged in (i) provision of foundation works, civil engineering contractual service and general building works; (ii) sales of construction materials; (iii) environmental protection projects including kitchen waste treatment, industrial water treatment and strategic investments in environmental protection related projects; and (iv) industrial fluids system services.

In May 2018, the Group acquired Vimab, a company incorporated in Sweden, and together with its operating subsidiaries (the “Vimab Group”) in which they are engaged in provision of on-site industrial fluids service including valves and pipelines services and maintenance, tank cleaning and relevant equipment manufacture. The Possible Acquisition, if materialised, enables Vimab bringing their intensive expertise into the PRC market, and creating synergy values so as to establish as an integrated one-stop solution provider for industrial fluid systems.

Shareholders and/or investors should note that the Possible Acquisition may or may not materialise as no formally binding documentation has been executed between the parties and negotiations are still in progress. Shareholders and/or investors are advised to exercise caution when dealing in the Company’s securities.

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)
“Director(s)”	director(s) of the Company
“Formal Sale and Purchase Agreement”	the formal sale and purchase agreement relating to the Possible Acquisition which may or may not be entered into among the parties to the MOU
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 14 April 2020 entered into among the Vendors and the Company in relation to the Possible Acquisition
“Possible Acquisition”	the possible acquisition by the Company (or through its designated subsidiary) of not less than 51% equity interest in the Target Company from the Vendors pursuant to the MOU

“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Beijing Haoli Valve Group Limited* 北京好利閥業集團有限公司, a company incorporated in the PRC which is principally engaged in kitchen waste treatment business and is wholly-owned by the Vendors as at the date of this announcement
“Vendors”	Two PRC citizens, who together directly own 100% equity interest in the Target Company as at the date of this announcement

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

Hong Kong, 14 April 2020

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

* *For identification purposes only*