



Press Release

[For immediate release]

New Concepts Acquires the First Company in the World Deploying MD Technology on Commercial-Scale

Vigorously Expanding ZLD Industrial Wastewater Treatment Services

(3 March 2017, Hong Kong) **New Concepts Holdings Limited** (“New Concepts” or the “Company”, together with its subsidiaries known as the “Group”; Stock Code: 2221.HK) is pleased to announce that following the acquisition of all tangible and intangible assets of Germany’s memsys Group in October last year, the Company has entered into a conditional agreement with independent third parties for the acquisition of 100% stake in Beijing China Science Resources and Environmental Technology Co., Ltd. (the “Target Company”) at total consideration of RMB25 million. The Target Company is a pioneer in the world to deploy commercial applications of membrane distillation (“MD”) technology developed by memsys, which specializes in research and development of MD technology and module production. These acquisitions will enable the Group to capture tremendous opportunities brought about by the government’s environmental policies and to reinforce its technological leadership, thereby laying a solid foundation for its expansion of environmental operations.

New Concepts focuses on the development of fast-growing environmental operations, with a mission to become a leader in the niche market of environmental services sector. Equipped with advanced technologies and superior projects, the Company vigorously expands kitchen waste and zero liquid discharge (ZLD) industrial wastewater treatment services both in China and overseas. The aforementioned acquisitions play a crucial role in the expansion of its ZLD industrial wastewater treatment services.

While China is suffering from severe water shortage problems, water pollution challenges intensify as a result of rapid growth of its industrial sector and the society, which in turn aggravate water scarcity in the country. In order to rectify the situation and promote the sustainable development of the society, the government issued the "Action Plans for Prevention and Control of Water Pollution" (abbreviated as "Ten Water Plans") in 2015, calling for stricter regulation and supervision of wastewater discharges. Currently, China’s



industrial wastewater treatment rate hovers at low level and there is ample room for it to grow. Different types of industrial wastewater is produced in large volume across extensive areas. It is difficult to handle and the treatment costs involved are high. The income from industrial wastewater treatment sector alone is expected to reach approximately RMB200 billion every year, which is almost three times of urban wastewater treatment market. Due to the overwhelming water consumption by some heavy industries such as petrochemical and coal sectors, they are required to meet the ZLD wastewater treatment requirement.

The ZLD technology combines physical, chemical and biochemical processes, including membrane distillation, evaporation, crystallization and drying for wastewater treatment. Solid impurities in wastewater are condensed in very high density distillates and water recovery will be maximized. Meanwhile, a small amount of water staying in solid waste will be handled according to the specific requirements of individual industries.

Despite great difficulties in its application, ZLD technology has gained increasing recognition in the world with a number of successful cases in Europe, the U.S. and Australia. In the 1970s, the U.S. government enforced the first ZLD laws in the world due to severe river pollution by industrial wastewater and obliged domestic industrial sector to comply with them. Meanwhile, the first ZLD industrial wastewater treatment project in Australia emerged because of the legal requirements. It follows that the development of ZLD projects are driven by the government's policies. ZLD is expected to become the standards for industrial wastewater treatment in China.

The Company completed the acquisition of all assets and related intellectual properties of memsys in October 2016. memsys is a high-technology enterprise headquartered in Germany. Its products incorporate membrane and thermal technology and have significant advantages over traditional metal evaporators and crystallizers because of their low investments, corrosion-resistant plastic materials, recovery of waste heat and superior cost efficiency. They are widely used in different water and industrial sectors, such as the ZLD of highly-concentrated wastewater and alkaline wastewater, as well as desalination projects of different scale. memsys is the leader in MD technology research and module production. Its business partners include Siemens, GE and Bosch, etc.



The Target Company is an integrated industrial wastewater treatment services provider which specializes in the research and development of ZLD technology and the promotion of commercial applications of memsys' MD technology. It provides brine, acids and alkaline water ZLD treatment services in China. Its professional research team has successfully completed a number of pilot tests in different industries and achieved positive results in alkaline water ZLD treatment. Being the first company in the world which successfully deployed the commercial application of memsys' MD technology for industrial wastewater treatment, the Target Company leverages the core technologies of memsys to drive their commercial applications. The acquisition of the Target Company and memsys will enable the Group to implement commercial-scale deployment of memsys's ZLD technology in China and overseas.

Mr. Cai Jianwen, Managing Director of New Concepts, commented, "The Group has been actively expanding kitchen waste and industrial wastewater treatment services in China over the years. We strive to become the leader in the niche market of China's environmental services sector. The acquisition of memsys and the Target Company is crucial for the achievement of our strategic goals. We would like to leverage their technological strengths to reinforce our leading edges in the niche market of environmental services sector and to develop the environmental operations as our new profit driver in the future, thereby creating considerable returns to our shareholders."

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About New Concepts Holdings Limited

New Concepts Holdings Limited was listed on the main board of Hong Kong Stock Exchange on 19 September 2014. The main businesses for the Group are foundation project, civil engineering project and general building project.

For more information, please visit the corporate website on:

<http://www.primeworld-china.com/> .

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