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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)

DISCLOSEABLE AND CONNECTED TRANSACTION OF ACQUISITION OF 20% EQUITY INTEREST IN LOUDI FANGSHENG ENVIRONMENTAL TECHNOLOGY CO. LTD.

On 8 September 2020, the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendor and the Target Company entered into the Agreement pursuant to which the Vendor agreed to dispose of its 20% equity interest in the Target Company to the Purchaser at the consideration of RMB6,110,600.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under the Listing Rules in respect of the Acquisition are more than 5% and all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Vendor holds 20% equity interest in the Target Company, being a 80% owned subsidiary of the Company. Therefore, the Vendor is a connected person of the Company at subsidiary level and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Nonetheless, since the Board has approved the Acquisition and all the independent non-executive Directors) have confirmed that the terms of the Acquisition are fair and reasonable, and on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole. Pursuant to Rule 14A.101 of the Listing Rules, the Acquisition is only subject to the announcement and reporting requirements but is exempt from the circular, and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 8 September 2020, the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendor and the Target Company entered into the Agreement, the principal terms and conditions of the Agreement are summarised below:

THE AGREEMENT

Date: 8 September 2020 (after trading hours of the Stock Exchange)

Parties: (a) the Vendor,
(b) the Purchaser; and
(c) the Target Company

Other than holding 20% equity interest in the Target Company, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) is a third party independent of and not connected with the Company and its connected persons.

Subject Matter:

As at the date of this announcement, the Target Company is owned as to 80% and 20% by the Purchaser and the Vendor, respectively. Pursuant to the Agreement, the Vendor agreed to sell its 20% equity interest in the Target Company to the Purchaser.

Consideration:

The consideration for the 20% equity interest in the Target Company is RMB6,110,600, which shall be paid by the Purchaser in cash to the bank account designated by the Vendor within 5 Business Days from the date of the Agreement.

The consideration was determined after arm's length negotiations between the Vendor and the Purchaser and with reference to the Vendor's actual paid-up registered capital of approximately RMB6.1 million in the Target Company.

The consideration will be financed by internal resources of the Group.

Completion:

The Vendor shall assist the Purchaser to complete the relevant application procedures regarding the business registration of the Acquisition within 5 business days upon full payment of the consideration by the Purchaser.

Upon completion of the Acquisition, the Purchaser will hold 100% equity interest in the Target Company and the Target Company will become an indirect wholly-owned subsidiary of the Company.

INFORMATION ON THE PURCHASER AND THE VENDOR

The Group is principally engaged in the construction works in Hong Kong and environmental protections. The Purchaser is an indirect wholly-owned subsidiary of the Company incorporated in the PRC with limited liability.

The Vendor is a limited company incorporated in the PRC which principally engages in the provision of investment advisory and administration services. Its ultimate beneficial owner is The State-owned Assets Supervision and Administration Commission of the People's Government of Loudi Municipality.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited company incorporated in the PRC. As at the date of this announcement, it is owned as to 80% and 20% by the Purchaser and the Vendor, respectively, and is principally engaged in the kitchen waste treatment business in Loudi, the PRC. As at the date of this announcement, its kitchen waste treatment plant is still under construction and has not commenced business operation.

	For the year ended 31 March	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue*	2,265	17,030
(Loss) profit before taxation	(3,690)	4,212
(Loss) profit after taxation	<u>(3,382)</u>	<u>3,236</u>

The net asset value of the Target Company based on its management accounts as at 30 June 2020 was approximately RMB43,520,000.

* Included in the amounts of approximately RMB1,369,000 and RMB16,305,000 for years end 31 March 2020 and 2019, respectively represented the construction revenue recognised under “Build – Operate – Transfer” model.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors have been deploying more focus with an aim to strengthen the Group's financial position and liquidity by, among others, divesting part of its non-core assets/projects under development and/or construction stages as well as to integrate its business portfolio.

The Group has been considering and seeking potential parties for possible disposal of the Target Company. However, such proposed disposal may require additional time and efforts among the parties, in particular, the involvement of the Vendor as a 20% shareholder in the Target Company. As such, the Directors are in the view that the making the Target Company becoming a wholly-owned subsidiary through this Acquisition may be able to facilitate possible disposal of the Target Company. In particular, the Group is in negotiation with independent third parties for proposed disposal of the entire interest in the Target Company. As of the date of this announcement, no agreement has been reached for such proposed disposal. Such proposed disposal may or may not be contemplated and therefore the Acquisition and such disposal is not inter-conditional.

The Directors consider that the terms of the Agreement are entered on normal commercial terms and are fair and reasonable, and the Acquisition is in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the Acquisition or is required to abstain from voting from the Board resolutions for considering and approving the Acquisition.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under the Listing Rules in respect of the Acquisition are more than 5% and all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Vendor holds 20% equity interest in the Target Company, being a 80% owned subsidiary of the Company. Therefore, the Vendor is a connected person of the Company at subsidiary level and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Nonetheless, since the Board has approved the Acquisition and all the independent non-executive Directors) have confirmed that the terms of the Acquisition are fair and reasonable, and on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole. Pursuant to Rule 14A.101 of the Listing Rules, the Acquisition is only subject to the announcement and reporting requirements but is exempt from the circular, and independent Shareholders' approval requirements 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:

“Acquisition”	the acquisition of 20% equity interest in the Target Company from the Vendor pursuant to the terms and conditions of the Agreement
“Agreement”	the share transfer agreement dated 8 September 2020 and entered into among the Vendor, the Purchaser and the Target Company in relation to the Acquisition
“Board”	the Board of Directors
“business day(s)”	a day other than Saturday, Sunday or statutory holiday in Hong Kong and the PRC
“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
“Director(s)”	director(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	Beijing Yisheng Environmental Technology Limited* (北京宜升環保能源科技有限公司), a company established in the PRC with limited liability and 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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Loudi Fangsheng Environmental Technology Co. Ltd.* (婁底市方盛環保科技有限公司), a limited company incorporated in the PRC and an 80%-owned subsidiary of the Company as at the date of this announcement
“Vendor”	Hunan Qitai Venture Investment Co., Ltd. * (湖南啟泰創業投資有限公司), a company established in the PRC with limited liability

* For identification purpose only

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

Hong Kong, 8 September 2020

In this announcement, translation of RMB into HK\$ is based on the exchange rate of HK\$1: RMB0.88207. 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 and Mr. Cai Jianwen and Mr. Lee Tsi Fun Nicholas; the non-executive Directors are Dr. Ge Xiaolin and 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.