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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 ACQUISITION OF 40% EQUITY INTEREST IN HEFEI FEIFAN BIO TECHNOLOGY CO., LTD*

On 21 February 2022, the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendors and the Target Company entered into the Agreement, the principal terms and conditions of the Agreement are summarised below:

THE AGREEMENT

Date: 21 February 2022 (after trading hours of the Stock Exchange)

Parties: (a) Vendor A and Vendor B;

(b) the Purchaser; and

(c) the Target Company

Subject Matter:

As at the date of this announcement, the Target Company is owned as to 60%, approximately 6.67% and 33.33% by the Purchaser, Vendor A and Vendor B, respectively. Pursuant to the Agreement, the Vendors agreed to sell their aggregate 40% equity interest in the Target Company to the Purchaser.

Consideration:

The consideration for the 40% equity interest in the Target Company is RMB38,500,000 (equivalent to approximately HK\$47,370,000), which shall be paid by the Purchaser in cash to Vendor B (as agreed by Vendor A to receive Vendor A's consideration on its behalf) in following manner:

- (i) within 3 business days from the effective date of the Agreement, the Purchaser shall pay RMB6,500,000;
- (ii) within 10 days from the Completion Date, the Purchaser shall pay RMB6,000,000;
- (iii) within 120 days from the Completion Date, the Purchaser shall pay RMB6,000,000;
- (iv) within 240 days from the Completion Date, the Purchaser shall pay RMB10,000,000; and
- (v) within 360 days from the Completion Date, the Purchaser shall pay RMB10,000,000.

The consideration was determined after arm's length negotiations between the Vendors and the Purchaser and with reference to net asset values of the Target Company.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the original acquisition costs of the approximately 6.67% and 33.33% equity interest in the Target Company owned by Vendor A and Vendor B are US\$10,000,000 and US\$10,000,000, respectively.

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

Completion:

The Vendors shall assist the Purchaser to complete the relevant application procedures regarding the business registration of the Acquisition within 5 business days. 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 VENDORS

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 Hong Kong with limited liability.

Vendor A is a company incorporated in Samoa with limited liability which principally engages in investment holding. Vendor B is a company registered in the PRC with limited liability which principally engages in processing and manufacture of mold and hardware, environmental safety technology. The ultimate beneficial owner of both Vendor A and Vendor B are Ho Chih Shuo and Huang Hung Ho, both being Taiwan citizens.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, Vendor A, Vendor B and their ultimate beneficial owner are connected persons at subsidiary level of the Company for the reasons that the Vendors collectively own 40% equity interest in the Target Company, which is a non wholly-owned subsidiary as at the date of this announcement. Save for the aforesaid, each of Vendor A, Vendor B and their ultimate beneficial owner is independent of the Company.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited company incorporated in the PRC which is principally engaged in the kitchen waste treatment business in Hefei, the PRC.

The financial information of the Target Company based on its unaudited management accounts prepared in accordance with the accounting principles generally accepted in the PRC is as follows:

	For the year ended	
	31 March	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Loss before taxation	(20,398)	(16,514)
Loss after taxation	<u>(20,398)</u>	<u>(16,439)</u>

The net asset value of the Target Company based on its unaudited management accounts as at 30 September 2021 was approximately RMB113,676,000 (approximately HK\$139,866,000).

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Board considers that the Acquisition will allow the Group to have full control of the operations of the Target Company so as to further strengthen the efficiency of Target Company.

The Directors (including all independent non-executive Directors) are of the view that the terms of the Agreement and the Acquisition contemplated thereunder are on normal commercial terms and in the ordinary course of business of the Company and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

None of the Directors has or is deemed to have a material interest in the Agreement and the Acquisition contemplated thereunder, and no Director is required to abstain from voting on the relevant board resolutions approving the Agreement and the Acquisition contemplated thereunder.

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 Vendors, collectively hold 40% equity interest in the Target Company, a non wholly-owned subsidiary of the Company. Therefore, the Vendors are connected persons 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 Agreement and the Acquisition contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, the Acquisition is only subject to the announcement and reporting requirements but is exempt from the circular, and independent Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

DEFINITION

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

“Acquisition”	acquisition of 40% equity interest in the Target Company by the Purchaser from the Vendors pursuant to the Agreement
“Agreement”	the agreement dated 21 February 2022 and entered into among the Purchaser, Vendors, 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
“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
“PRC”	the People’s Republic of China
“Purchaser”	Fancy Ascent Limited (宜昇有限公司), a company incorporated in Hong Kong with limited liability, which is 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”	Hefei Feifan Bio Technology Co., Ltd* (合肥非凡生物科技有限公司), a company incorporated in the PRC with limited liability
“Vendor A”	Fu Li Biotechnology Corporation (阜利生物科技股份有限公司), a company incorporated in Samoa with limited liability
“Vendor B”	Chieng Hsin Machinery (Kunshan) Co., Ltd (堅新紡織機械(昆山)有限公司), a company registered in the PRC with limited liability

By Order of the Board
New Concepts Holdings Limited
Zhu Yongjun
Chairman and Executive Director

Hong Kong, 21 February 2022

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, Mr. Pan Yimin and Mr. Lee Tsi Fun Nicholas; the non-executive Directors are Mr. Sui Guangyi, 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.