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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)

UPDATE ON DISCLOSEABLE TRANSACTION OF ACQUISITION OF 49% EQUITY INTEREST IN PT. DEMPO SUMBER ENERGI AND ACCEPTANCE OF OPTION

The Board announce that on 30 May 2016, the Purchaser, Vendor A, Target Company A and Mr. Muhammad Yamin Kahar, entered into a Supplemental Agreement in relation to the acquisition of 49% equity interest in Target Company A.

SUPPLEMENTAL AGREEMENT OF ACQUISITION OF TARGET COMPANY A

Reference is made to the Company's announcements (the "Announcements") dated 23 March 2016 and 6 April 2016 in relation to, among others, the acquisition of 49% equity interest in PT. Dempo Sumber Energi. Capitalised terms herein shall bear the same meanings as defined in the Announcements unless otherwise stated. The principal terms of the Supplemental Agreement are set out as follows:

1. Date: 30 May 2016
2. Parties:
 - (i) Stand Ascent Limited, as Purchaser
 - (ii) Mr. XU Peng, as Vendor A
 - (iii) PT. Dempo Sumber Energi, as Target Company A
 - (iv) Mr. Muhammad Yamin Kahar

Pursuant to the conditions precedent set out in the Acquisition Agreement, Target Company A has to sign the Power Purchase Agreements with PT Perusahaan Listrik Negara (Persero) ("PLN"), a stated-owned energy company in Indonesia, in form and substance satisfactory to the Purchaser, with evidence thereof furnished to the Purchaser to its absolute discretion.

As an effort to accelerate and promote the development of renewable energy, the Minister of Energy and Mineral Resources of Indonesia (“MEMR”) issued MEMR Regulation No. 19 of 2015 regarding Purchase of Electricity from Hydro Power Plants with Capacity up to 10 Megawatts by PLN (“MEMR 19/2015”). According to MEMR 19/2015, tariff varies depending on (i) the network voltage, whether medium voltage or low voltage; and (ii) the location of the plant within the territory of Indonesia in which the tariff will be multiplied by a prescribed factor. In addition, the tariff will be denominated in the United States dollars but the payments are to be paid in IDR.

Target Company A was informed by PLN to sign the final Power Purchase Agreements. As the execution of MEMR 19/2015 is yet to be confirmed, a clause is provided under the Power Purchase Agreements setting out that the tariff used shall be the tariff set out in the Power Purchase Agreements and will be adjusted upon the execution of MEMR 19/2015. Up to the date of this announcement, PLN and MEMR are still under discussion on how to execute MEMR 19/2015. As the tariff provided in the Power Purchase Agreements are lower than that under MEMR 19/2015 and denominated in IDR, Vendor A, Mr. Muhammad Yamin Kahar and the Purchaser entered into a Supplemental Agreement pursuant to which that Vendor A and Mr. Muhammad Yamin Kahar unconditionally, jointly and severally grant an option to the Purchaser at nil consideration to terminate the Acquisition Agreement anytime at the Purchaser’s sole discretion, if the tariff under MEMR 19/2015 cannot be executed within 60 days from the date of Power Purchase Agreements. The parties also agreed to defer the second payment of 30% of the Consideration which shall originally be paid upon the signing of Power Purchase Agreements for 60 days.

REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL AGREEMENT

The Directors consider that the change in tariff and denomination in IDR would result in significant uncertainty on the valuation, risk and return as well as exposure to foreign currency risk. Having an option to terminate the Acquisition Agreement at sole discretion and deferral of Consideration payment, in the view of the Directors, are of the best interests of the Company and shareholders.

As of the date of this announcement, the Group paid partial Consideration of US\$2,920,000 for the Acquisition of Target Company A. The Group also entered into MOUs in relation to the possible acquisition(s)/investment(s) of hydropower plants projects in Indonesia and paid an aggregate deposit of US\$2,200,000. The Directors are still evaluating the impact on these MOUs as a result of the delay of execution of MEMR 19/2015 and will continue to negotiate with the vendor(s)/shareholder(s) in the relevant MOUs so as to pursue the best interests of the Company and shareholders.

Shareholders and/or investors are advised to exercise caution when dealing in the Company’s securities.

DEFINITIONS

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

- “MOUs” the 12 non-legally binding memoranda of understanding dated 23 March 2016, and 1 non-legally binding memorandum of understanding dated 22 January 2016 entered into among the respective Vendor(s), the respective Target Companies and Progressive Merit in relation to, among other things, the Possible Acquisition(s)/Investment(s) (save as to certain provisions mentioned in this announcement)
- “Supplemental Agreement” the supplemental agreement dated 30 May 2016 and entered into between Vendor A, Target Company A, Muhammad Yamin Kahar and the Purchaser in relation to the Acquisition Agreement

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

Hong Kong, 30 May 2016

As at the date of this announcement, the executive Directors are Mr. Zhu Yongjun, Mr. Chu Shu Cheong, Mr. Kwan Man Hay, Ms. Qin Shulan and Mr. Cai Jianwen; the non-executive Director is Mr. Lam Kwei Mo; and the independent non-executive Directors are Mr. Lo Chun Chiu, Adrian, Dr. Tong Ka Lok and Mr. Choy Wai Shek, Raymond, MH, JP.