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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 TRANSACTION FORMATION OF JOINT VENTURE

The Board hereby announces that on 11 July 2023 (after trading hours), Shenzhen Huamingsheng (a non wholly-owned subsidiary of the Company) entered into the Joint Venture Agreement in relation to the formation of the JV Company with the Investor.

JOINT VENTURE AGREEMENT

The principal terms of the Joint Venture Agreement are as follows:

Date: 11 July 2023 (after trading hours)

Parties: Shenzhen Huamingsheng; and
The Investor.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Investor and its ultimate beneficial owner is a third party independent of the Company and its connected persons.

Subject matter: Shenzhen Huamingsheng and the Investor agreed to establish the JV Company with a registered capital of RMB350.0 million (equivalent to approximately HK\$381.3 million).

Upon establishment of the JV Company, it will be owned as to 30% and 70% by Shenzhen Huamingsheng and the Investor, respectively. The JV Company will be an associate of the Company, and will not be consolidated as a subsidiary into the accounts of the Company.

The Investor shall make its capital contribution to the JV Company of RMB245.0 million in cash within 30 days upon the signing of the Joint Venture Agreement. Shenzhen Huamingsheng shall make its capital contribution to the JV Company of RMB105.0 million (equivalent to approximately HK\$114.4 million) either in cash or by transfer of the Patented Technologies (as defined below) to the JV Company at its sole discretion.

Should Shenzhen Huamingsheng make its capital contribution by cash, the JV Company will negotiate with Shenzhen Huamingsheng on its possible acquisition of the Patented Technologies from Shenzhen Huamingsheng at an estimated consideration of RMB105.0 million. The carrying out of the acquisition and the actual consideration will be subject to further negotiation and agreement between the parties.

The Company will make further announcement and comply with relevant Listing Rules requirements (if applicable) if Shenzhen Huamingsheng determines to contribute its capital by transferring the Patented Technologies to the JV Company.

The Patented Technologies (the “**Patented Technologies**”) are currently owned by the 49% shareholder of Shenzhen Huamingsheng, Shanghai Bakusi Superconducting New Materials Co., Ltd.* (上海巴庫斯超導新材料有限公司) (“**Shanghai Bakusi**”), which include but not limited to worldwide patents, know-how, know-how, production rights, etc. of modified graphite-based anode materials and related anode materials. Pursuant to the joint venture agreement dated 22 November 2022, Shanghai Bakusi agreed to transfer the Patent Technologies to Shenzhen Huamingsheng and details of which are set out in the Company’s announcement dated 22 November 2022.

The amount of capital contribution has been determined after arm’s length negotiations between the parties with reference to the business nature and prospect of the JV Company, its current working capital requirement and future development plans.

- Principal Business: The principal business of the JV Company will be production and sale of graphite-based related anode materials in the PRC.
- Project plan and possible future financial commitment: It is expected that the total investment required for the whole project to be carried out by the JV Company will be approximately RMB600 million (subject to adjustment upon discussion between the parties in accordance with the then actual circumstances). Planned production capacity will be 20,000 tons per annum, in which 10,000 tons each will be produced in Xi'an and Alxa League.
- In the event the JV Company requires further capital for its operation, expansion or research, it is agreed that the Investor shall be responsible for providing additional fundings to the JV Company by way of shareholder's loan at an annual interest rate of not exceeding 6%.
- Board composition: The board of directors of the JV Company shall comprise 5 members. Each of Shenzhen Huamingsheng and the Investor may nominate 2 members and 3 members, respectively.
- Right of first refusal: In case any shareholder intends to transfer or pledge all or part of its equity interests in the JV Company to any third party, the selling/pledging shareholder shall offer the other shareholder to acquire such equity interests on the same conditions. The selling/pledging shareholder may proceed to sell or pledge its equity interests to the third party after the other shareholder rejects the offer.
- Undertakings: Shenzhen Huamingsheng undertook to the Investor that:
- (i) the JV Company shall have the exclusive priority for the use of the research and development results and know-how independently developed by Shenzhen Huamingsheng prior to and during the existence of the JV Company;

- (ii) within 8 months after the capital of the JV Company has been contributed by the Investor in full, Shenzhen Huamingsheng should ensure the JV Company to commence operation within 2 months after the Investor has delivered the factory premises (in Xi'an and Alxa League) to the JV Company, and the production capacity of the JV Company should reach 20,000 tons per annum, subject to the condition that the capital of the JV Company has been contributed in full and the Investor having delivered to the JV Company the factory premises in acceptable conditions within 6 months after the signing of the Joint Venture Agreement;
- (iii) The JV Company should reach the above-stated planned production capacity within 2 months after the formal commencement of operations, and the relevant production and sales ratio shall reach the average level in the industry, i.e. the annual sale amount shall be not less than RMB440 million, and the annual gross profit shall be not less than RMB130 million; and
- (iv) Shenzhen Huamingsheng may continue to negotiate and perform its 3 potential anode materials related technology and products related agreements. However, if the business under any of the said potential agreements do not commence within 6 months from the signing date of the Joint Venture Agreement, Shenzhen Huamingsheng shall cease to perform the relevant potential agreement. Further, the production of anode materials under the said 3 potential agreements shall not exceed 30,000 tons per annum. Apart from the above 3 potential agreements, Shenzhen Huamingsheng shall not cooperate with any third party on business in connection with anode material related products or technologies.

Profit or loss sharing: Each of the shareholders of the JV Company shall be entitled to or liable for the profit or loss of the JV Company proportional to their contributed registered capital.

INFORMATION OF THE GROUP

The Group is principally engaged in provision of foundation works in Hong Kong and environmental protection in the PRC.

Shenzhen Huamingsheng is a limited liability established in the PRC and owned as to 51% by the Company. It is principally engaged in the production of graphite-based related anode materials.

INFORMATION OF THE INVESTOR

The Investor is a limited liability company established in the PRC and it and its subsidiaries are principally engaged in coal mining, hydropower investment and graphene technology. Its ultimate beneficial owner is Zi Fenggao, a citizen of the PRC and a merchant.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JOINT VENTURE AGREEMENT

In light of the PRC central government's promotion of application of new energy and related materials, the Group further expanded its environmental protection business portfolio into graphene technology as well modified graphite anode materials (i.e. environmental friendly new energy materials application) through the establishment of Shenzhen Huamingsheng.

The Investor (though its indirect subsidiary) has its own layered crystalline graphite (鱗片晶質石墨) mines and production facilities in Alxa League, PRC. As such, the formation of JV Company facilitates a vertical integration which not only saving time and other setup costs for new sites construction and other ancillary costs, but also securing a steady sources of raw materials.

The Directors are of the view that the terms of the Joint Venture Agreement and the transaction contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As more than one of the applicable percentage ratios in respect of the formation of the JV Company as calculated under Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirement but exempt from Shareholders' approval requirements.

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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investor”	Shanxi Hantang Senyuan Development Group Co., Ltd.* 陝西漢唐森源實業發展集團有限責任公司, a company registered in the PRC with limited liability
“Joint Venture Agreement”	the joint venture agreement entered into among Shenzhen Huamingsheng and the Investor on 11 July 2023 in relation to the establishment of the JV Company
“JV Company”	Xi’an Hantang Mingsheng Technology Co., Ltd.* 西安漢唐明勝科技有限公司, the joint venture company proposed to be established pursuant to the Joint Venture Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“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

“Shenzhen
Huamingsheng” Shenzhen Huamingsheng Technology Co., Ltd.* 深圳市華明勝科
技有限公司, a non wholly-owned subsidiary of the Company
registered in the PRC

“%” per cent

* *For identification purpose only*

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

Hong Kong, 11 July 2023

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.