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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 19 November 2021 (after trading hours), Fancy Ascent Limited (“**Fancy Ascent**”) (an indirect wholly-owned subsidiary of the Company) entered into the Joint Venture Agreement in relation to the formation of the JV Company with Investor A and Investor B.

Joint Venture Agreement

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

Date: 19 November 2021 (after trading hours)

Parties: Fancy Ascent; Investor A and Investor B;

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of Investor A, Investor A’s ultimate beneficial owner and Investor B is a third party independent of the Company.

Subject matter:

Pursuant to the Joint Venture Agreement, Fancy Ascent, Investor A and Investor B agreed to establish the JV Company with a registered capital of US\$10.0 million (equivalent to approximately HK\$77.90 million) which shall be contributed by the parties in cash as follows:

	Capital Contribution <i>(US\$ '000)</i>	Percentage of shareholding in the JV Company <i>(%)</i>
Fancy Ascent	6,250	62.5
Investor A	2,500	25.0
Investor B	<u>1,250</u>	<u>12.5</u>
Total:	<u><u>10,000</u></u>	<u><u>100.0</u></u>

Upon establishment of the JV Company, it will be owned as to 62.5%, 25% and 12.5% by Fancy Ascent, Investor A and Investor B, respectively. The JV Company will be a non wholly-owned subsidiary of the Company.

The contribution of US\$6.25 million (equivalent to approximately HK\$48.69 million) to be made by Fancy Ascent will be funded by a shareholder's loan of US\$6.30 million from Mr. Zhu Yongjun (or through his wholly-owned company), the chairman of the Board and an executive Director. Such shareholder's loan bears an interest at 6% per annum and is repayable within 1 year from the drawdown date.

Since the shareholder's loan is not required to be secured by any assets of the Group, and as the Directors consider the shareholder's loan is on normal commercial terms or better, the shareholder's loan is fully-exempted from the shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 Listing Rules.

Basis of capital contribution:

The registered capital of the JV Company and the amount of capital contributions to be made by the parties under the Joint Venture Agreement were determined after arm's length negotiation among the parties

Principal Business: The principal activities of the JV Company include sales, manufacturing and research and development of environmental protection equipment, park management services.

To carry out the aforesaid business purpose, it is intended that the JV Company shall participate in the bidding of the Land Parcel located in the Xi'an National Hi-tech Industries Development Zone, of Xi'an, Shaanxi, the PRC, which shall be held in or around first quarter of 2022. It is intended that if the JV Company won in the bidding of the Land Parcel, the bidding price will be settled by its internal resources.

Board composition The board of directors of the JV Company shall comprise 3 members. each of Fancy Ascent, Investor A and Investor B may nominate one member, and the member nominated by Fancy Ascent shall be the chairman of the board.

Any resolution to be passed by the board must include the vote by the chairman (nominated by Fancy Ascent).

Call Option to Investor A and B Within 10 days after the successful bidding of the Land Parcel by the JV Company, each of Investor A and Investor B may elect to exercise the call option (the “**Call Option**”) to acquire 8.33% and 20.83% equity interests in the JV Company, respectively, from Fancy Ascent at the exercise price of US\$0.833 million and US\$2.083 million. The exercise price of the Call Option is determined with reference to the registered capital of the JV Company. The basis of such Call Option is considered fair and reasonable as the net asset value of the JV Company shall be the same prior to and upon successful bidding of the Land Parcel.

The Call Option can be exercised separately by either Investor A and/or Investor B at their sole discretion. No premium is required for the grant of the Call Option. The right to exercise the Call Option shall lapse automatically after 10 days from the successful bidding of the Land Parcel by the JV Company.

Should both Investor A and Investor B choose to exercise the Call Option, the equity interest held by Fancy Ascent in the JV Company will decrease, and the JV Company will be owned as to 33.34%, 33.33% and 33.33% by Fancy Ascent, Investor A and Investor B, respectively. Accordingly, the JV Company will cease to be a subsidiary of the Company upon completion of the exercise of the Call Option by both Investor A and Investor B (if such exercise takes place).

REASONS FOR AND BENEFITS OF ENTERING INTO THE JOINT VENTURE AGREEMENT

It is proposed that the JV Company will, subject to successful bidding, make use of the Land Parcel to develop an environmental protection industrial park. The Company and the management of JV Company have been negotiating with other potential business partners for possible development plans but yet to come to conclusion. The Company considers the formation of the JV Company provides an excellent opportunity for the Group to expand its environmental protection business portfolio, especially in Xi'an which is a top-tier city in northwestern part of mainland China.

The Directors (including the independent non-executive Directors) considered that the transaction contemplated under the Joint Venture Agreement, which has been entered into after arm's length negotiation between the parties, is on normal commercial terms, and the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP

The Group was principally engaged in provision of foundation works in Hong Kong and environmental protection.

Fancy Ascent is a limited liability company incorporated in Hong Kong which is indirect wholly-owned by the Company. It principally engages in investment holding.

INFORMATION OF THE INVESTORS

Investor A is a limited liability company established in the PRC and its principal activities include park management, storage rental services and property management. Its ultimate beneficial owner is Ms. Wei Yuan, a citizen of the PRC and a merchant.

Investor B is a citizen of the PRC and a merchant.

LISTING RULES IMPLICATIONS

As the exercise of the Call Option is at the discretion of Investor A and Investor B, the Call Option granted under the Joint Venture Agreement is deemed as if it is exercised on the date of the Joint Venture Agreement pursuant to Rule 14.74(1) of the Listing Rules.

As more than one of the applicable percentage ratios in respect of the formation of the JV Company and the grant of the Call Option 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 A”	西安景行未來科技產業有限公司, a limited liability company incorporated in the PRC
“Investor B”	Ms. Zhang Rui
“Joint Venture Agreement”	the joint venture agreement dated 19 November 2021 entered into among Fancy Ascent, Investor A and Investor B in relation to the formation of the JV Company
“JV Company”	宜升智滙科技產業發展(西安)有限公司, the joint venture company to be established pursuant to the Joint Venture Agreement
“Land Parcel”	a land parcel located in the Xi’an National Hi-tech Industries Development Zone, of Xi’an, Shaanxi, the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“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

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent

* *For identification purpose only*

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

Hong Kong, 19 November 2021

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.