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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 SUPPLEMENTAL AGREEMENT TO THE JOINT VENTURE AGREEMENT

Reference is made to the announcement of New Concepts Holdings Limited (the “**Company**”) dated 22 November 2022 (the “**Announcement**”) in relation to the Joint Venture Agreement entered into between Tianjin Yisheng (an indirect wholly-owned subsidiary of the Company) and the Investor on 22 November 2022, pursuant to which the parties agreed to establish a joint venture company, i.e. Shenzhen Huamingsheng Technology Limited* 深圳市華明勝科技有限公司 (the “**JV Company**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless stated otherwise.

BACKGROUND

Pursuant to the Joint Venture Agreement, the JV Company should have a registered capital of RMB68.6 million to be contributed by the parties in cash, among which Tianjin Yisheng should contribute RMB34.986 million and the Investor should contribute RMB33.614 million within 18 months upon the completion of the business registration of the establishment of the JV Company.

Furthermore, it is also agreed that within 18 months after completion of the business registration of the establishment of the JV Company and completion of the valuation (the “**Valuation**”) on the Patented Technologies owned by the Investor, the JV Company shall acquire the Patented Technologies from the Investor at a price not exceeding RMB33.614 million.

The business registration of the establishment of the JV Company was completed in November 2022. The JV Company is currently owned as to 51% by Tianjin Yisheng and 49% by the Investor, and is a non wholly-owned subsidiary of the Company. As at the date of this announcement, Tianjin Yisheng has contributed its share of capital contribution to the JV Company in full while the Investor has not made its contribution to the JV Company.

As set out in the section headed “Reasons for and Benefits of Entering into the Supplemental Agreement” herein below, Tianjin Yisheng and the Investor entered into a supplemental agreement (the “**Supplemental Agreement**”) to the Joint Venture Agreement on 30 November 2023, the principal terms of which are set out as follows:

SUPPLEMENTAL AGREEMENT

Date: 30 November 2023 (after trading hours of the Stock Exchange)

Parties: (i) the Investor
(ii) Tianjin Yisheng

Pursuant to the Supplemental Agreement, the Joint Venture Agreement shall be amended as follows:

The capital contribution of RMB33.614 million to be made by the Investor is no longer be required to be contributed in cash. The Investor shall contribute its capital by injecting the Patented Technologies into the JV Company, subject to completion of the Valuation.

It is agreed that:

- (i) if the result of the Valuation exceeds RMB33.614 million, the Investor shall not claim Tianjin Yisheng or the JV Company for the exceeding amount; and
- (ii) if the result of the Valuation falls short of RMB33.614 million, the Investor shall pay the outstanding amount to the JV Company in cash (as part of the Investor’s capital contribution therein) within 10 business days after the date of Valuation.

The Investor shall fulfill its capital contribution in full within 3 months after signing of the Supplemental Agreement. Upon the Investor having injected the Patented Technologies to the JV Company, the Investor shall no longer use the Patented Technologies for any purposes, including but not limited to production and sales, nor can it transfer the Patented Technologies to any other parties. On the other hand, the JV Company may license the Patented Technologies to other companies subject to the written consent of Tianjin Yisheng.

Save for the aforesaid amendments, other terms of the Joint Venture Agreement remain unchanged.

THE PATENTED TECHNOLOGIES

The Patented Technologies include 16 patents which include but are not limited to patents, know-how, production rights, etc. of modified graphite-based anode materials and related anode materials.

VALUATION OF THE PATENTED TECHNOLOGIES

According to the valuation report (the “**Valuation Report**”) dated 30 November 2023 issued by Royson Valuation Advisory Limited (the “**Valuer**”), an independent valuer commissioned by the Company, the value of the Patented Technologies as at 30 September 2023 was approximately RMB34,107,000.

Given the Valuation has adopted the income approach, which constitutes a profit forecast under Rule 14.61 of the Listing Rules. The followings were prepared and published in compliance with Rule 14.62 of the Listing Rules.

The Valuation Report has been prepared based on the following major assumptions:

(I) General assumptions:

1. There will be no major changes in the existing political, legal, fiscal and economic conditions in which the Patented Technologies production carries on its business;
2. There will be no major changes in the current taxation law in the country where the Patented Technologies production operates, that the rates of tax payable will remain unchanged and that all applicable laws and regulations will be complied with;
3. The Patented Technologies are utilised and operated for production as an on-going basis and management operating in a rational way in maximising the sales and profit values for the products using the Patented Technologies.

(II) Quantitative inputs:

1. The useful life of the Patent Technologies is assumed as 10 years;
2. Production scale reaches 12,000 tons per annum in the 3rd year, with planned capital expenditure of approximately RMB350.0 million;
3. Revenue in the 1st year is forecasted as approximately RMB44.6 million, and approximately RMB123.6 million and approximately RMB326.0 million in the 2nd and the 3rd year, respectively. Revenue is then assumed to remain constant till the end of the projection period;

4. Gross profit margin ranging from 28% to 35%, and gradually decrease to 32% at end of the projection period, compared to gross profit margin of 30% with reference to last 2-year average gross profit margin of the key market players of anode materials in the PRC;
5. Post-tax discount rate of 16.30% is applied. These are based on 7 comparable companies which are: (i) principally operate in the PRC; (ii) produce anode and/or cathode materials which are the key electrodes of lithium batteries; (iii) more than 50% revenue is generated from the production of anode materials and/or cathode materials for the last financial year; and (iv) listed on a recognisable exchange for over 2 years.

(III) Sensitivity

Sensitivity on the fair value of the Patented Technologies changes in response to change discount rate is as follows:

	Fair Value <i>RMB'000</i>
Discount rate increases by 2.0% to 16.6%	33,630
Discount rate decreases by 2.0% to 15.9%	<u>34,593</u>

Confirmations

In accordance with Rule 14.62(2) of the Listing Rules, the Company has engaged its reporting accountants, BDO Limited (“BDO”), to report on the calculations of the discounted future cash flows used in the Valuation. BDO has reported to the Directors that so far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation. The reporting accountants’ work does not constitute any valuation of the Patent Technologies or an expression of an audit or review opinion on the valuation of the Patent Technologies.

A letter from BDO is set out in Appendix I to this announcement.

In accordance with Rule 14.62(3) of the Listing Rules, the Board has reviewed the Valuation and confirms that the Valuation in the Valuation Report has been made by the Board after due and careful enquiry. A letter from the Board confirming that the Directors are satisfied that the Valuation has been made after due and careful enquiry is set out in Appendix II to this announcement.

The Company has submitted the aforesaid letter from BDO and the letter from the Board to the Stock Exchange in compliance with Rules 14.62(2) and (3) of the Listing Rules.

Experts and Consents

The followings are the qualifications of the experts who have given their opinions in this announcement:

Name	Qualification
Royson Valuation Advisory Limited	Independent valuer
BDO Limited	Certified Public Accountants

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the Valuer and BDO is an independent third party of the Company and its connected persons.

As at the date of this announcement, neither the Valuer nor BDO has any shareholding in any member of the Group directly or indirectly, or any rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the date of this announcement, neither the Valuer nor BDO has any direct or indirect interest in any assets which have been, since 31 March 2023 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of the Valuer and BDO has given and has not withdrawn its respective written consent to the publication of this announcement with inclusion of its opinion and advice and all references to its name in the form and context in which it appears in this announcement.

INFORMATION OF THE PARTIES TO THE SUPPLEMENTAL AGREEMENT

The Group is principally engaged in (i) construction business in Hong Kong; and (ii) environmental protection projects including kitchen waste treatment related business, development and management of environmental protection industrial park and new energy materials. Tianjin Yisheng is an indirect wholly-owned subsidiary of the Company registered in the PRC.

The Investor is a limited liability company established in the PRC and it is principally engaged in research and development, and sales of new energy application and materials. Its ultimate beneficial owner is Mr. Ye Lunliang, a citizen of the PRC and a merchant.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT

The principal activities of the JV Company will be production of graphite-based related anode materials. On top of the establishment of the JV Company, one of the key purposes of the Joint Venture Agreement is to procure the Patented Technologies, which are highly essential for the principal businesses of the JV Company, to be purchased by the JV Company from the Investor at a consideration of not exceeding RMB33.614 million. The Supplemental Agreement is in line with such key purpose and on the other hand also speeds up the fulfillment of the JV Company and the Investor's obligations in relation to the transfer of the Patented Technologies under the Joint Venture Agreement.

In light of the above, the Directors (including all independent non-executive Directors) consider that the transaction under the Joint Venture Agreement (as amended by the Supplemental Agreement) is fair and reasonable, on normal commercial terms 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 transaction under the Joint Venture Agreement (as amended by the Supplemental Agreement), and no Director is required to abstain from voting on the relevant board resolutions approving the Joint Venture Agreement (as amended by the Supplemental Agreement).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under the Listing Rules in respect of the transaction under the Joint Venture Agreement (as amended by the Supplemental Agreement) are more than 5% and all applicable percentage ratios are less than 25%, the transaction under the Joint Venture Agreement (as amended by the Supplemental Agreement) 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 Investor holds 49% equity interest in the JV Company, a non wholly-owned subsidiary of the Company. Therefore, the Investor is a connected person of the Company at subsidiary level and the transaction under the Joint Venture Agreement (as amended by the Supplemental Agreement) constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Nonetheless, since the Board has approved such transaction and all the independent non-executive Directors have confirmed that the terms of the Supplemental Agreement and the transaction 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 transaction contemplated 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.

* *For identification purpose only*

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

Hong Kong, 30 November 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, Mr. Lin Jiakuang and Dr. Ge Xiaolin; and the independent non-executive Directors are Ms. Du Yun, Mr. Lo Chun Chiu, Adrian, Dr. Tong Ka Lok and Mr. Choy Wai Shek, Raymond, MH, JP.

**APPENDIX I — INDEPENDENT ASSURANCE REPORT ON THE
CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN
CONNECTION WITH THE VALUATION OF THE PATENT TECHNOLOGIES
TO THE BOARD OF DIRECTORS OF NEW CONCEPTS HOLDINGS LIMITED**

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the valuation report dated 30 November 2023 prepared by Royson Valuation Advisory Limited in respect of the fair value of patented technologies (“**Patented Technologies**”) as at 30 September 2023 (the “**Valuation**”) is based. It is in connection with the supplemental agreement to the capital injection to a joint venture company, i.e. Shenzhen Huamingsheng Technology Limited* 深圳市華明勝科技有限公司 (the “**Announcement**”). The Valuation is prepared based on the discounted future estimated cash flows and is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ Responsibilities

The directors of the Company (the “**Directors**”) are responsible for the preparation of the discounted future estimated cash flows, including the bases and assumptions on which the discounted future estimated cash flows are based (the “**Bases and Assumptions**”). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements”, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future estimated cash flows, and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform our work to form the opinion.

This assurance engagement involved performing procedures to obtain sufficient appropriate evidence as to whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Bases and Assumptions. Within the scope of our work, we performed procedures on, amongst others, the arithmetical calculation and the compilation of the discounted future estimated cash flows in accordance with the Bases and Assumptions. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

The discounted future estimated cash flows do not involve the adoption of accounting policies. The discounted future estimated cash flows have been prepared using a set of bases and assumptions that include hypothetical assumptions about future events and management's actions which cannot be confirmed and verified in the same way as past results and which are not necessarily expected to occur. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the discounted future estimated cash flows since other anticipated events frequently do not occur as expected and the variation may be material. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of Patented Technologies or an expression of an audit or review opinion on the Valuation.

Opinion

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the Bases and Assumptions.

BDO Limited

Certified Public Accountants

Hong Kong, 30 November 2023

APPENDIX II — LETTER FROM THE BOARD

30 November 2023
Listing Division
Hong Kong Exchanges and Clearing Limited
8/F, Two Exchange Square
8 Connaught Place, Central
Hong Kong

Dear Sirs,

Discloseable and Connected Transaction — Supplemental Agreement to the Joint Venture Agreement

We refer to the announcement of New Concepts Holdings Limited (the “**Company**”) dated 30 November 2023 of which this letter forms part (the “**Announcement**”). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We refer to the Valuation Report dated 30 November 2023 issued by the Valuer regarding the valuation (the “**Valuation**”) of the Patented Technologies as at 30 September 2023, which constitutes a profit forecast under Rule 14.61 of the Listing Rules. We have discussed with the Valuer about different aspects including the bases and assumptions based upon which the Valuation has been prepared, and reviewed the Valuation for which the Valuer is responsible. We have also considered the letter dated 30 November 2023 from BDO regarding whether the Valuation, so far as the accounting policies and calculations are concerned, has properly complied with the bases and assumptions as set out in the Valuation Report. We have noted that the Valuation is presented on a basis consistent in all material aspects with the accounting policies currently adopted by the Company. We hereby confirm that the Valuation has been made after due and careful enquiry of the Board.

Yours faithfully,
For and on behalf of the Board
New Concepts Holdings Limited
Zhu Yongjun
Chairman and Executive Director