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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)

**(1) CONNECTED TRANSACTION
IN RELATION TO THE ADMISSION AS A LIMITED PARTNER TO
CHINA ENVIRONMENT FUND V, L.P.
AND
(2) CONTINUING CONNECTED TRANSACTION
IN RELATION TO THE MANAGEMENT FEE PAYABLE UNDER
THE LIMITED PARTNERSHIP AGREEMENT**

THE LIMITED PARTNERSHIP AGREEMENT

The Board is pleased to announce that on 30 June 2017 (after trading hours), UPL, an indirect wholly-owned subsidiary of the Company, entered into the Limited Partnership Agreement with the General Partner, the Initial LP and the Management Company. Pursuant to the Limited Partnership Agreement, UPL has committed to contribute the Capital Commitment to the Partnership.

LISTING RULES APPLICATIONS

As at the date of this announcement, CEF IV together with its subsidiaries hold approximately 10.85% of the total issued share capital of the Company and is therefore a connected person of the Company, under Chapter 14A of the Listing Rules. The Management Company acts as the management company of the Partnership and CEF IV, and Dr. Zhang being the non-executive Director controls or shares the control of the Management Company. Accordingly, the Admission by UPL constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Admission are more than 0.1% but less than 5%, the Admission is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Annual Cap amount in connection with the management fee payable from the Initial Contribution Date to the 5th anniversary of the Initial Contribution Date under the Limited Partnership Agreement are more than 0.1% but are less than 5%, such management fee is only subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 30 June 2017 (after trading hours), UPL, an indirect wholly-owned subsidiary of the Company, entered into the Limited Partnership Agreement with the General Partner, the Initial LP and the Management Company. Pursuant to the Limited Partnership Agreement, UPL has committed to contribute the Capital Commitment to the Partnership.

THE LIMITED PARTNERSHIP AGREEMENT

The salient terms of the Limited Partnership Agreement are set out as follows:

Date

30 June 2017

Parties

- (1) UPL;
- (2) General Partner;
- (3) Initial LP; and
- (4) Management Company.

Name of the Partnership

The affairs of the Partnership shall be conducted under the name China Environment Fund V, L.P. or such other name as the General Partner may determine from time to time.

Purpose of the Fund

The primary purpose of the Fund is to make venture capital investments, including investing in and holding equity and equity-oriented securities of companies with a nexus to PRC and focus on clean-tech related sectors.

Commencement and Term of the Partnership

Under the Limited Partnership Agreement, the Initial LP has withdrawn as a limited partner while UPL has been admitted as a limited partner on the date of this announcement.

The Term of the Partnership commenced on 11 November 2016. Subject to extension, winding up or dissolution of the Partnership pursuant to the Limited Partnership Agreement, the Partnership shall continue until the 10th anniversary of the Initial Contribution Date. Such term may be extended by up to two additional one-year periods by the General Partner after obtaining the consent of two-thirds in interest of all the limited partners of the Partnership.

Capital commitments

The Capital Commitment of UPL under the Limited Partnership Agreement is US\$5 million (equivalent to approximately HK\$39,000,000), which shall be payable upon receiving 10 days written notice from the General Partner from time to time. The management fee (as defined below) and UPL's share of the Fund's expenses are included in the amount of the Capital Commitment.

The Capital Commitment was determined after arm's length negotiations between the parties in respect of the Limited Partnership Agreement based on the investment objective and strategies of the Fund, the business prospects of the Fund and the financial resources (including the facilities) available to the Group for investment purposes. The Capital Commitment will be funded from the existing internal resources and working capital of the Group.

Should any subsequent capital commitments exceed the exemption threshold under Rule 14A.76 of the Listing Rules in the future, the Group will re-comply with the applicable connected transaction regulatory requirements under Chapter 14A of the Listing Rules.

Management of the Partnership

The General Partner shall have the sole and exclusive right to manage, control and conduct affairs of the Partnership and to do any and all acts on behalf of the Partnership that are necessary, advisable or convenient to the discharge of its duties under the Limited Partnership Agreement and to the management of the affairs of the Partnership. No limited partner shall take part in the control or management of the affairs of the Partnership or have any authority to act for or on behalf of the Partnership.

Management Fee

In consideration of the management of the Fund and other related services to be performed by the General Partner or the Management Company, management fee shall be paid by UPL to the Partnership in an amount:

- (a) from the Initial Contribution Date to the 5th anniversary of the Initial Contribution Date, 0.5% of Capital Commitment, each quarter; and
- (b) thereafter, generally, 2% of the product of the sum of cost basis of all Portfolio Securities held by the Partnership on the first day of each quarter and amounts reasonably reserved for follow on investments in existing Portfolio Companies, each year.

The management fee payable by UPL during the Term of the Partnership have been included in the amount of the Capital Commitment.

In determining the management fee for the Fund, the Company has made reference to market standards and industry practices, including the price of similar transactions with independent third parties, and the fee structures and fee rates for the alternative investment funds with underlying investments similar to those under the Limited Partnership Agreement.

The management fee will be funded from the existing internal resources and working capital of the Group.

Transfer of interests

A limited partner may transfer all or part of its interest in the Partnership only with the consent of the General Partner and in compliance with the conditions set forth in the Limited Partnership Agreement and applicable laws.

INFORMATION ON THE PARTIES TO THE LIMITED PARTNERSHIP AGREEMENT

The Company and UPL

The Group including the Company and UPL is principally engaged in the business of construction works and environmental protection.

General Partner

The General Partner is an exempted limited partnership formed and registered in the Cayman Islands. The principal activity of the General Partner is the management of the Partnership and related entities.

Management Company

The Management Company is an entity associated with a venture capital firm established in 2001 that primarily focuses on investments in cleantech. Associated venture funds have portfolio companies across the PRC covering areas of new energy, energy efficiency, environmental protection, cleaner production, sustainable transportation, new materials and sustainable agriculture.

ANNUAL CAPS AND BASIS OF DETERMINATION

The Annual Caps for the management fee under the Limited Partnership Agreement are as follows:

	Initial Contribution Date to 31.3.2018 HK\$'000 (note)	1.4.2018 to 31.3.2019 HK\$'000	1.4.2019 to 31.3.2020 HK\$'000	1.4.2020 to 31.3.2021 HK\$'000	1.4.2021 to 5 years from Initial Contribution Date HK\$'000
Management fee	<u>750</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,250</u>

Note: On pro-rata basis, as if the Initial Contribution Date commences on the date of this announcement.

The Company confirms that there are no historical transactions for the management fee with the Management Company. The Annual Caps are determined by the Board after due and careful consideration, having considered the investment objective and strategies of the Fund, the business prospects of the Fund and the financial resources (including the facilities) available to the Group for investment purposes.

As the management fee could not be ascertained as at the date of this announcement for the remaining term of the Partnership commencing from the following day of the 5th anniversary of the Initial Contribution Date, the Company will comply with the relevant requirements of the Listing Rules if necessary and further announcement(s) in relation to the management fee will be made in compliance with the Listing Rules and other relevant requirements as and when appropriate.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LIMITED PARTNERSHIP AGREEMENT

The Admission as a limited partner in the Partnership was made for treasury management purpose to maximise the return on the certain funds of the Company after taking into account, among others, the level of risk, return on investment and the term to maturity. Prior to making such Admission, the Company has also ensured that there remains sufficient working capital for the Group's business needs, operating activities and capital expenditures even after the Admission. Although the Admission may not be considered as principal protected nor with pre-determined or guaranteed return, the proposed underlying investments in cleantech were considered to be in line with the Group's development strategy and investment policies. With reference to the past records of funds managed by the General Partner and the Management Company, the Company considered that the Admission would enable the Group to earn an attractive rate of return in the long run. In addition, the Admission could also enhance the Group's exposures to widen the clean tech and environmental-related business opportunities.

The Directors (including the independent non-executive Directors) are of the view that the Admission is on normal commercial terms and in the ordinary course of business of the Group, and that the terms of the Limited Partnership Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

ADVICE FROM INDEPENDENT FINANCIAL ADVISER

As it is contemplated that the management fee payable under the Limited Partnership Agreement will continue for more than three years, VBG Capital Limited ("VBG") has been appointed as the independent financial adviser to advise the Company on the Term of the Partnership.

VBG has taken into account the following principal factors:

- (i) The primary purpose of the Partnership is to make venture capital investments, including investing in and holding equity and equity-oriented securities of companies with a nexus to PRC with a focus on clean tech related sectors;
- (ii) The Management Company is an entity associated with a venture capital firm that primarily focuses on investments in clean tech. Associated venture funds have portfolio companies across the PRC in areas of new energy, energy efficiency, environmental protection, cleaner production, sustainable transportation, new materials and sustainable agriculture; and

(iii) According to the Directors, the Admission as a limited partner in the Partnership was made for treasury management purpose to maximise the return on certain funds of the Company. Although the Admission may not be considered as principal protected nor with predetermined or guaranteed return, the proposed underlying investments in clean tech were considered to be in line with the Group's development strategy and investment policies. With reference to the past records of funds managed by the General Partner and the Management Company, the Company considered that the Admission would enable the Group to earn an attractive rate of return in long run. It is also expected that the Admission could enhance the Group's exposure to widen the clean tech and environmental related business opportunities.

VBG also noted, development of clean tech is expanding as it is an effective way to tackle climate change and other environmental issues and enterprises around the globe participating in this sector are exploring its full potential and evaluating the possible financial returns from such investments. For this reason, VBG observed that related funds investments are likely to be of medium to long term to generate sustainable positive return. VBG believed that the Partnership tenure of ten years is therefore logical and beneficial in practical terms. In addition, based on VBG's research on current market practice, it is not uncommon to have investment funds in partnership forms with tenure of ten years or longer. Thus, VBG confirms that the ten-year term of the Limited Partnership Agreement is necessary and it is normal business practice for agreements of this type to be of such duration.

LISTING RULES IMPLICATIONS

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As all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Admission are more than 0.1% but are less than 5%, the Admission is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Annual Caps amount in connection with the management fee payable from the Initial Contribution Date to the 5th anniversary of the Initial Contribution Date under the Limited Partnership Agreement are more than 0.1% but are less than 5%, such management fee is only subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

As Dr. Zhang controls or shares control of the Management Company, he has abstained from voting on the resolutions of the Board approving the Admission and the Limited Partnership Agreement. Save as disclosed above, no other Director is regarded as having a material interest in the Admission and the Limited Partnership Agreement and hence no other Director is required under the Listing Rules to abstain from voting on the resolutions approving the Admission and the Limited Partnership Agreement at the meeting of the Board.

DEFINITIONS

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

“Admission”	the admission as a limited partner to the Partnership;
“Annual Caps”	the annual caps for the annual amounts payable by UPL in the relevant financial periods for the management fees under the Limited Partnership Agreement for the period from the Initial Contribution Date to the 5 th anniversary of the Initial Contribution Date;
“Board”	the board of Directors of the Company;
“Capital Commitment”	US\$5 million (equivalent to approximately HK\$39,000,000) which shall be payable upon receiving 10 days written notice from the General Partner from time to time;
“CEF IV”	CEF IV Holdings Limited, an investment fund incorporated in the Cayman Islands, the management company of which is Tsing Capital (HK) Limited;
“cleantech/clean-tech”	Clean Technology
“Company”	New Concepts Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 2221) and indirectly held as to approximately 10.85% by CEF IV and its subsidiaries as at the date of this announcement;
“Director(s)”	director(s) of the Company;
“Dr. Zhang”	Dr. Zhang Lihui, a non-executive Director of the Company;
“General Partner”	CEF V Management, L.P., a Cayman Islands exempted limited partnership;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Initial Contribution Date”	the date when the first payment of the capital contribution becomes due
“Initial LP”	Mr. Donald C. Ye;
“limited partner(s)”	limited partner(s) of the Partnership;
“Limited Partnership Agreement”	the limited partnership agreement entered into among UPL and other limited partners, the General Partner, the Initial LP, the Management Company;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Management Company”	Tsing Capital (HK) Limited, the management company of the Partnership, being an entity associated with a venture capital firm established in 2001 that primarily focuses on investments in cleantech. Associated venture funds have portfolio companies across the PRC in areas of new energy, energy efficiency, environmental protection, cleaner production, sustainable transportation, new materials and sustainable agriculture;
“Money Market Investments”	government securities, banker’s acceptances, certificates and accounts of savings and loan associations, commercial paper, certificates of deposit, treasury bills, other money market investments with maturities of less than 12 months and other similarly liquid securities providing for appropriate safety of principal;
“Partnership” or “Fund”	China Environment Fund V, L.P., a Cayman Islands exempted limited partnership, registered pursuant to the Cayman Islands exempted limited partnership law (as amended and revised from time to time);
“Portfolio Companies”	issuers of a Security purchased by the Partnership as part of its portfolio, excluding the issuers of Money Market Investments;
“Portfolio Securities”	all Securities held by the Partnership from time to time, excluding Money Market Investments;
“PRC”	the People’s Republic of China;
“Security(ies)”	securities of every kind and nature and rights and options and warrants with respect thereto, including stock, notes, bonds, debentures, evidences of indebtedness, and other business interests of every type, including interests in partnerships, joint ventures, proprietorships and other business entities;
“Shares”	the issued shares of the Company;
“shareholders”	holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Term of the Partnership”	subject to extension, winding up or dissolution of the Partnership pursuant to the Limited Partnership Agreement, the Partnership shall continue until the 10 th anniversary of the Initial Contribution Date. Such term may be extended by up to two additional one-year periods by the General Partner after obtaining consent of two-thirds in the interest of all the limited partners of the Partnership;
“UPL”	Ultra Premier Limited, a company incorporated in the British Virgin Islands with limited liability, which is an indirect wholly-owned subsidiary of the Company;
“US\$”	US dollar(s), the lawful currency of the United States;

“US” or “United States” the United States of America;

“%” per cent.

The figures in US\$ are converted into HK\$ at the rate of US\$1: HK\$7.80 throughout this announcement for indicative purpose only.

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

Hong Kong, 30 June 2017

As at the date of this announcement, the executive Directors are Mr. Zhu Yongjun, Ms. Qin Shulan and Mr. Cai Jianwen; the non-executive Directors are Dr. Zhang Lihui and Mr. Chu Kingston Chun Ho; and the independent non-executive Directors are Mr. Lo Chun Chiu, Adrian, Dr. Tong Ka Lok and Mr. Choy Wai Shek, Raymond, MH, JP.