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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

Reference is made to the Company's announcement dated 20 October 2022 (the "Announcement") in relation to the JV Intention Agreement entered into among the Company and the Investor on 20 October 2022 in respect of the proposed formation of the JV Company.

The Board hereby announces that on 22 November 2022 (after trading hours), Tianjin Yisheng (an indirect 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: 22 November 2022 (after trading hours)

Parties: Tianjin Yisheng; 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.

Subject matter: Tianjin Yisheng and the Investor agreed to establish the JV Company with a registered capital of RMB68.6 million (equivalent to approximately HK\$75.64 million) which shall be contributed by the parties in cash as follows:

| | Capital Contribution (RMB'000) | Percentage of shareholding in the JV Company (%) |
|-------------|---|---|
| The Company | 34,986 | 51 |
| Investor | 33,614 | 49 |
| Total: | 68,600 | 100.0 |

Upon establishment of the JV Company, it will be owned as to 51% and 49% by Tianjin Yisheng and Investor, respectively. The JV Company will be a non wholly-owned subsidiary of the Company.

Both Tianjin Yisheng and Investor shall contribute its relevant capital in full within 18 months upon the completion of the business registration of the JV Company.

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

Principal Business: The principal activities of the JV Company will be production of graphite-based related anode materials.

Board composition: The board of directors of the JV Company shall comprise 5 members. Each of the Company and Investor may nominate 3 members and 2 members, respectively.

Right of first refusal: In case any shareholder intends to transfer of all or part of its equity interests in the JV Company to any third party, the selling shareholder shall offer the other shareholder to acquire such equity interest on the same conditions. The selling shareholder may proceed to sell its equity interests to the third party after the other shareholder reject the offer.

- Undertakings: The Investor undertook that:
- (i) the JV Company shall have the exclusive priority right of use for the technical achievements researched and developed by the Investor independently prior to the formation of the JV Company and/or during the existence of the JV Company which are not transferred to the JV Company but can be used by the JV Company;
 - (ii) Within 6 months after the establishment of the JV Company and Yisheng's contribution of its registered capital, the Investor shall ensure that the JV Company's first production line for lithium battery anode materials will be completed and commence production;
 - (iii) Within 12 months after the first production line is put into operation, the output of the JV Company shall reach 1,000 tons, the relevant production and sales ratio shall reach the average level in the industry, and the sales shall reach an estimated of RMB50 million, while the gross profit will not be lower than the average level in the industry.

Yisheng undertook that if the JV Company reaches the output target, sales target and gross profit target as stated in the Investor's undertaking (iii) above, the parties may further invest in the JV Company or introduce external investor(s) into the JV Company within 3 years according to the actual circumstances with a view to procure the JV Company to expand its production capacity to an annual output of 300,000 tons of modified graphite anode materials.

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.

Non-competition: During the existence of the JV Company, neither party can cooperate with, or conduct negotiations and negotiations on possible cooperation with any third party on the any project in relation to graphite-modified anode materials without written consent of the other party.

After the establishment of the JV Company, the principal technician and management appointed by the parties therein must enter into employment contract with a term of not less than 5 years with the JV Company, and the said employees shall not engage in industries that may compete with the JV company within 3 years after resignation.

Acquisition of the Investor's Patented Technologies: Within 18 months after completion of the business registration of the establishment of the JV Company and after the JV Company having completed valuation (which the result is up to its satisfaction) on the patented technologies (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 Patented Technologies include but not limited to worldwide patents, know-how, know-how, production rights, etc. of modified graphite-based anode materials and related anode materials.

INFORMATION OF THE GROUP

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

INFORMATION OF THE INVESTOR

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 Ye Lunliang, a citizen of the PRC and a merchant.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JOINT VENTURE AGREEMENT

For the past few years, the PRC central government has been promoting the application of new energy and related materials. The Investor's core focus is on the graphene technology to produce modified graphite anode materials, mainly for new energy power batteries, energy storage batteries, etc. As such, the Company considers the formation of the JV Company would be also an alternative and excellent opportunity for the Group to expand its environmental protection business portfolio.

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” | Shanghai Bakusi Superconducting New Materials Co., Ltd.* 上海巴庫斯超導新材料有限公司, a company registered in the PRC with limited liability |
| “Joint Venture Agreement” | the joint venture agreement entered into among Tianjin Yisheng and the Investor on 22 November 2022 in relation to the establishment of the JV Company |
| “JV Company” | Shenzhen Huamingsheng Technology Co., Ltd.* 深圳華明勝科技有限公司. the joint venture company proposed to be established pursuant to the Joint Venture Agreement |
| “JV Intention Agreement” | the joint venture intention agreement dated 20 October 2022 entered into between the Company and the Investor in relation to the proposed formation of the JV Company |
| “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 |
| “Tianjin Yisheng” | Yisheng (Tianjin) Environmental Technology Co., Ltd.* 宜升(天津)環境技術有限公司, a non wholly-owned subsidiary of the Company incorporated 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, 22 November 2022

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.