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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 IN RELATION TO PROVISION OF CORPORATE GUARANTEE TO CITIC FINANCIAL LEASING CO., LTD

PROVISION OF CORPORATE GUARANTEE

On 14 July 2017 (after trading hours), the Company entered into the Guarantee Agreement with CITIC Financial Leasing, pursuant to which, the Company has agreed to provide the Corporate Guarantee for the due performance of the repayment obligations of the Debtor to CITIC Financial Leasing up to an aggregate amount of RMB153,986,000 (equivalent to approximately HK\$177,430,000) in respect of the Guaranteed Debts under the Principal Agreements.

COUNTER-GUARANTEE

On the same date (after trading hours), in consideration of the Corporate Guarantee provided by the Company, the Counter-Guarantor entered into the Counter-Guarantee Agreement with the Company, pursuant to which, the Counter-Guarantor has agreed to provide to the Company the Guarantee Fee and the Counter-Guarantee in respect of the Corporate Guarantee.

LISTING RULES IMPLICATIONS

As the aggregate amount of the Corporate Guarantee exceeds 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules, the provision of the Corporate Guarantee is subject to general disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the provision of the Corporate Guarantee under the Guarantee Agreement is more than 5% but less than 25%, it constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 14 July 2017 (after trading hours), the Company entered into the Guarantee Agreement with CITIC Financial Leasing, pursuant to which, the Company has agreed to provide the Corporate Guarantee for the due performance of the repayment obligations of the Debtor to CITIC Financial Leasing up to an aggregate amount of approximately RMB153,986,000 (equivalent to approximately HK\$177,430,000) in respect of the Guaranteed Debts under the Principal Agreements.

THE GUARANTEE AGREEMENT

Date

14 July 2017 (after trading hours)

Parties

- (1) the Company, as the guarantor; and
- (2) CITIC Financial Leasing, as the guarantee.

Term

The term of the Corporate Guarantee will commence on 14 July 2017 and terminate at the end of two years after the repayment period of the final installment of the Guaranteed Debts, or such other date which has been agreed among the Debtor, CITIC Financial Leasing and the Company.

Subject matter

The Company will provide an irrevocable corporate guarantee for the due repayment of the Guaranteed Debts by the Debtor to CITIC Financial Leasing under the Principal Agreements up to an aggregate amount of RMB153,986,000 (equivalent to approximately HK\$177,430,000).

Variation of the Principal Agreements

The obligations of the Company in respect of the Corporate Guarantee will only be limited to those stipulated under the Guarantee Agreement, despite any subsequent variation on the term of the Principal Agreement and the amount of debts owed by the Debtor therein, unless the consent of the Company is obtained.

Transfer of the debts under the Principal Agreements

During the term of the Guarantee Agreement, if CITIC Financial Leasing assigns any of the Guaranteed Debts to any other third party(ies), the Company will continue to provide the Corporate Guarantee to such third party(ies) in respect of the relevant portion of the Guaranteed Debts.

Interest and repayment term

Under the Principal Agreements, the Debtor shall repay all the debts and outstanding payments in 20 instalments with an interest rate of 5.7% per annum, over a period of five years.

Triggering events

During the term of the Corporate Guarantee, CITIC Financial Leasing will be entitled to request the Company to unconditionally fulfill its obligation in respect of the Corporate Guarantee, in the event of one of the following situations:

- (1) the Debtor fails to repay the Guaranteed Debt in full amount and in time, in accordance to the Principal Agreements;
- (2) the Debtor breaches any of its obligations under the Principal Agreements and CITIC Financial Leasing decides to early terminate the Principal Agreements;
- (3) the Debtor ceases its business operation, applies for bankruptcy, is declared bankrupt, becomes unlicensed, is involved in any litigation, arbitration, criminal, civil, administrative or commercial or other kinds of disputes that will affect its ability to repay the Guaranteed Debts;
- (4) the Debtor incurs significant financial or assets loss or incurs financial loss or risk due to the counter-guarantee to be provided by the Debtor; and
- (5) the controlling shareholders of the Debtor and its associated companies encounter operational or financial crisis which affect the business operation of the Debtor.

THE COUNTER-GUARANTEE

On the same date (after trading hours), in consideration of the Corporate Guarantee provided by the Company, the Counter-Guarantor entered into the Counter-Guarantee Agreement with the Company, pursuant to which, the Counter-Guarantor has agreed to provide to the Company the Guarantee Fee and the Counter-Guarantee in respect of the Corporate Guarantee.

The Guarantee Fee

The Counter-Guarantor will pay the Guarantee Fee to the Company quarterly, during the term of the Corporate Guarantee.

The Counter-Guarantee

The Counter-Guarantee covers both the Guaranteed Debts and any payments paid by the Company on behalf the Debtor to CITIC Financial Leasing due to the performance of its obligations as the guarantor under the Guarantee Agreement.

Term of the Counter-Guarantee

The term of the Counter-Guarantee will commence on 14 July 2017 and terminate at the end of two years after the repayment period of the final installment of the Guaranteed Debts.

Triggering Events

During the term of the Counter-Guarantee Agreement, the Company is entitled to request the Counter-Guarantor to perform its obligation in respect of the Counter-Guarantee, in the event of one of the following situations:

- (1) the Company has performed its obligation in respect of the Corporate Guarantee under the Guarantee Agreement; and
- (2) CITIC Financial Leasing is entitled to request the Company to perform the latter's obligation in respect of the Corporate Guarantee under the Guarantee Agreement.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As set out in the Company's announcement dated 27 April 2017, the Company entered into a framework agreement in respect of the proposed acquisition of 100% equity interest in Counter-Guarantor.

The Debtor procured a water-treatment service agreement of approximately RMB180 million and proposed to finance its construction and operation through the Principal Agreements with CITIC Financial Leasing. The Directors believe that the execution and fulfilment of such Debtor's water-treatment service agreement, if materialised, could facilitate the business prospect of the Counter-Guarantor and its subsidiaries which may create additional values to the Company upon the completion of acquisition of the Counter-Guarantor. The Company is still in the process of conducting its due diligence on the Counter-Guarantor and the acquisition has not yet completed up to the date of the said announcement.

Mr. Zhu Yongjun entered into a separate guarantee agreement with CITIC Financing Leasing and provided personal guarantee for the same due performance of the repayment obligation of the Debtor to CITIC Financing Leasing and up to an aggregate amount of RMB153,986,000 (equivalent to approximately HK\$177,430,000), where the Counter-Guarantor also provided the counter-guarantee to Mr. Zhu Yongjun under the same terms of the Counter-Guarantee Agreement. As such, Mr. Zhu Yongjun has abstained from voting on the resolutions of the Board approving the entering of Guarantee Agreement and Counter-Guarantee Agreement. Save as disclosed above, no other Director is required to abstain from voting on the resolutions approving the entering of Guarantee Agreement and Counter-Guarantee Agreement.

The Directors (including independent non-executive Directors) consider that the terms of the Guarantee Agreement and Counter-Guarantee Agreement are on normal commercial terms and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE GROUP, THE COUNTER-GUARANTOR, THE DEBTOR AND CITIC FINANCIAL LEASING

The Group

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

The Counter-Guarantor

The Counter-Guarantor is a company incorporated in the PRC with limited liability and is principally engaged in the business of the development and manufacture of water treatment solutions system in the PRC.

The Debtor

The Debtor is a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of the Counter-Guarantor. It is principally engaged in the provision of water-treatment solution.

CITIC Financial Leasing

CITIC Financial Leasing is a company incorporated in the PRC with limited liability and it is principally engaged in finance lease and other leasing business.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, apart from the fact that the elder brother of Mr. Zhu Yongjun (who is the chairman and executive Director of the Company) acts as the chairman of the board of directors of the Counter-Guarantor, each of CITIC Financial Leasing, the Counter-Guarantor, the Debtor and their respective ultimate beneficial owner(s) are Independent Third Parties.

LISTING RULES IMPLICATIONS

As the aggregate amount of the Corporate Guarantee exceeds 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules, the provision of the Corporate Guarantee is subject to general disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect to the provision of the Corporate Guarantee under the Guarantee Agreement, is more than 5% but less than 25%, it constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“CITIC Financial Leasing”	CITIC Financial Leasing Co., Ltd., a company incorporated in the PRC with limited liability
“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)
“Corporate Guarantee”	the provision of guarantee by the Company in favour of CITIC Financial Leasing pursuant to the terms of the Guarantee Agreement

“Counter-Guarantee”	the provision of counter-guarantee by the Counter-Guarantor in favour of the Company pursuant to the terms of the Counter-Guarantee Agreement
“Counter-Guarantee Agreement”	the counter-guarantee agreement dated 14 July 2017 entered into between the Company and the Counter-Guarantor
“Counter-Guarantor”	Beijing TDR Environ-Tech Co., Ltd.* (北京天地人環保科技有限公司), a company incorporated in the PRC with limited liability and the holding company of the Debtor
“Debtor”	Khorgos Tianchuan Houyuan Environ-Tech Co., Ltd* (霍爾果斯天川厚遠環保科技有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Counter-Guarantor
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Guarantee Agreement”	the guarantee agreement dated 14 July 2017 entered between the Company and CITIC Financial Leasing in respect of the Corporate Guarantee
“Guarantee Fee”	1.5% per annum on the aggregate amount of the Guaranteed Debts, payable by the Counter-Guarantor to the Company during the period from 14 July 2017 until the end of two years after the repayment period of the final installment of the Guaranteed Debts
“Guaranteed Debts”	all the debts payable and payments owed by the Debtor to CITIC Financial Leasing under the Principal Agreements
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third party(ies) independent of the Company and are not connected persons (as defined under the Listing Rules) of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Principal Agreements”	the agreements dated 14 July 2017 entered into between the Debtor and CITIC Financial Leasing, pursuant to which, CITIC Financial Leasing has agreed to provide to the Debtor loan facilities at an aggregate amount of RMB153,986,000 (equivalent to approximately HK177,430,000) for a period of five years
“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
“%”	per cent.

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

Hong Kong, 14 July 2017

In this announcement, translation of RMB into HK\$ is based on the exchange rate of HK\$1: RMB0.86787. No representation is made that any amounts in RMB and HK\$ can be or could have been converted at the above exchange rate or any other rates.

In this announcement, translated English names of Chinese entities for which no official English translation exists are unofficial translations for identification purposes only, and in the event of any inconsistency between the Chinese names and their English translation, the Chinese names shall prevail.

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.