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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)

ISSUE OF CONVERTIBLE BOND UNDER GENERAL MANDATE

SUBSCRIPTION AGREEMENTS

On 15 April 2021 (after trading hours), the Company entered into 2 Subscription Agreements with the each of Subscribers, pursuant to which the Company has conditionally agreed to issue, and the Subscribers have conditionally agreed to subscribe for the Convertible Bonds with an aggregate principal amount of approximately HK\$16,826,000.

The Conversion Price of HK\$0.260 per Conversion Share is equivalent to the benchmark price of the Shares, which is the higher of (i) the closing price of HK\$0.260 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements; and (ii) the average closing price of HK\$0.235 per Share as quoted on the Stock Exchange for the last 5 trading days prior to the date of the Subscription Agreements.

Subject to completion of the Subscription, the gross proceeds from the Subscription will be approximately HK\$16,826,000. The net proceeds, after deducting all relevant costs and expenses, will be approximately HK\$15,985,000, which is intended to be used for the Company's general working capital.

The Conversion Shares will be allotted and issued pursuant to the General Mandate. The Conversion Shares to be issued upon full conversion of the Convertible Bonds shall rank *pari passu* and carry the same rights and privileges in all respects as any other Shares. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

GENERAL

Completion of the Subscription is subject to the satisfaction of the conditions precedent to the Subscription Agreements. As such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

SUBSCRIPTION AGREEMENTS

On 15 April 2021 (after trading hours), the Company entered into 2 Subscription Agreements with the each of Subscribers. Save for the principal amount of the Convertible Bonds to be subscribed and the identity of the Subscribers, the terms and conditions of both Subscription Agreements are identical in all material respects. The signing of the Subscription Agreements are not inter-conditional to each other. The principal terms of the Subscription Agreements are set out as follows:

Date: 15 April 2021 (after trading hours)

Parties: The Company (as issuer); and

The relevant Subscriber

Subscription

Subject to the fulfilment (or waiver if applicable) of the conditions precedent to the Subscription Agreements, the Company agreed to issue, and the relevant Subscriber agreed to subscribe for the Convertible Bonds in the aggregate principal amount of approximately HK\$16,826,000, among which Subscriber A should subscribe the Convertible Bonds in the principal amount of HK\$11,700,000 and Subscriber B should subscribe the Convertible Bonds in the principal amount of HK\$5,126,000.

The Subscription will be taken in 3 tranches as follows (or such other date the parties agreed in writing):

- (i) First tranche of Convertible Bonds with a principal of HK\$4,680,000 for Subscriber A and approximately HK\$2,050,000 for Subscriber B will be issued on the fifth (5th) Business Day following fulfilment (or waiver if applicable) of all the conditions precedent (“First Tranche”);

- (ii) Second tranche of Convertible Bonds with principal of HK\$3,510,000 for Subscriber A and approximately HK\$1,538,000 for Subscriber B will be issued upon fulfilment (or waiver if applicable) of all the conditions precedent and within 90 days after the date of the Subscription Agreement (“Second Tranche”); and
- (iii) Third tranche of Convertible Bonds with principal of HK\$3,510,000 for Subscriber A and approximately HK\$1,538,000 for Subscriber B will be issued upon fulfilment (or waiver if applicable) of all the conditions precedent and within 180 days after the Subscription Agreement (“Third Tranche”).

Payment of Subscription Money

The subscription money shall be settled by each of the Subscribers in cash in the following time and manner:

- (i) Within 5 days from the date of the Subscription Agreements, Subscriber A and Subscriber B should pay the Company HK\$5,382,000 and approximately HK\$2,357,000, being the sum of the principal of First Tranche and a non-refundable deposit of HK\$702,000 and HK\$307,000, respectively.
- (ii) The subscription money HK\$3,042,000 and approximately HK\$1,334,000 for the Second Tranche shall be paid by Subscriber A and Subscriber B, respectively within 5 calendar days before the completion Date of the Second Tranche, and two-third of the non-refundable deposit (i.e. HK\$468,000 and HK\$204,000) shall be set-off against the subscription money, respectively.
- (iii) The subscription money HK\$3,276,000 and approximately HK\$1,435,000 for the Third Tranche shall be paid by Subscriber A and Subscriber B, respectively within 5 calendar days before the completion Date of the Third Tranche, and one-third of the non-refundable deposit (i.e. HK\$234,000 and HK\$103,000) shall be set-off against the subscription money, respectively.

Conditions precedent to the Subscription Agreements

Completion of the Subscription under the respective Subscription Agreement is conditional upon the fulfilment or waiver (save for conditions (a) to (c) which cannot be waived) of the following conditions:

- (a) the Listing Committee of the Stock Exchange having granted its approval for the listing of, and permission to deal in, the Conversion Shares;
- (b) the Company and the relevant Subscriber having complied, satisfied or obtained all relevant statutory and regulatory requirements, approvals and consents in relation to the issue of the Convertible Bonds (if any);

- (c) the Company having obtained all necessary consents and approvals from its Shareholders as may be required (where applicable) for the issue of the Convertible Bonds;
- (d) the relevant Subscriber having completed or receipt the due diligence, legal documentation and legal opinions on the Group and all of which are up to the reasonable satisfaction of the relevant Subscriber; and
- (e) Warranties under the respective Subscription Agreements remaining true and accurate in all respects.

If the conditions as set out in the above are not fulfilled (or waived if applicable) within 30 calendar days following the date of the Subscription Agreements (or such other date as may be agreed among the parties in writing), the obligations and liabilities of the parties under the Subscription Agreements shall lapse and none of the parties shall have any claim against the other for costs, damages, compensation or otherwise, save for any antecedent breaches of the terms and conditions thereof, provided that the Company shall return the subscription money for the First Tranche (if any) to the Subscribers.

Completion of the Subscription

Completion of the relevant tranche of the Convertible Bonds under the respective Subscription Agreement shall take place on the following dates (or such other date agreed by the parties in writing):

- (i) Completion of the First Tranche shall take place on the fifth (5th) Business Day following the date of fulfilment (or waiver if applicable) of all the conditions precedent;
- (ii) Completion of the Second Tranche shall take place within 90 days from the date of the relevant Subscription Agreement; and
- (iii) Completion of the Third Tranche shall take place within 180 days from the date of the relevant Subscription Agreement.

THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds to be issued under both Subscription Agreements are identical in all material respects, details of which are set out as follows:

Principal amount: HK\$16,826,000 in aggregate (among which Subscriber A agreed to subscribe Convertible Bonds in the principal amount of HK\$11,700,000 and Subscriber B agreed to subscribe Convertible Bonds in the principal amount of approximately HK\$5,126,000)

Issue Price: 100% of the principal amount of the Convertible Bonds

Form and denomination of the Convertible Bond: The Convertible Bonds will be issued only in fully registered form in the denomination of HK\$.

Interest: 6% per annum payable annually on 31 December every year starting from 31 December 2021 (or the preceding Business Day if such day is a public holiday)

Conversion Shares: 64,716,000 Shares will be allotted and issued upon full conversion of the Convertible Bonds based on the initial Conversion Price of HK\$0.260 per Conversion Share, representing approximately 9.07% of the entire issued share capital of the Company as at the date of this announcement and approximately 8.31% of the entire issued share capital as enlarged by the issue of the Conversion Shares.

Maturity Date: the date falling three (3) years after the completion date of the relevant tranche of the Convertible Bonds

Unless previously converted or cancelled, the Convertible Bonds will be redeemed at 100% of the principal amount outstanding on the Maturity Date

Conversion period: any time on or after the issue date of the relevant tranche of the Convertible Bonds until 7 days prior to the Maturity Date of the relevant tranche of the Convertible Bonds

The number of Conversion Shares converted each time shall not be less than 4,000,000 Conversion Shares, and of a multiple of 200,000 Conversion Shares if more than 4,000,000 Conversion Shares.

Conversion Price

The initial Conversion Price of HK\$0.260 per Conversion Share represents:

- (i) the closing price of HK\$0.260 per Share quoted on the Stock Exchange on the date of the Subscription Agreements; and
- (ii) a premium of approximately 10.64% to the average closing price of HK\$0.235 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Subscription Agreements.

The net Conversion Price, after deduction of relevant costs and expenses, is approximately HK\$0.247 per Conversion Share.

The Conversion Price was determined by the Company and the relevant Subscriber, respectively, with reference to the recent market price performance of the Shares.

Adjustment to the Conversion Price

The initial Conversion Price shall be subject to full ratchet anti-dilution adjustments in the event that the Company issues additional equity securities, other than the shares reserved for employee shares as share option scheme, i.e. if the per Share price of the newly issued Shares is lower than the then Conversion Price, Conversion Price shall be downward adjusted to the same as the price of the newly issues Shares. Such adjustment events include (a) Shares consolidation or sub-division or reclassification; and (b) capitalisation of profits or reserves.

Early Redemption

The Company may at any time during the period from 6 months after the issue date of the relevant tranche and prior to the maturity date of such tranche, having given not less than 30 days' irrevocable notice to the Subscribers, redeem all but not part of the principal amount of the Convertible Bond plus the interest accrued.

The Company will, at the option of the Subscribers, redeem all the principal amount of the Convertible Bond plus the interest accrued in the following situations:

- (i) in the event that the Shares ceased to be listed on the Stock Exchange; and
- (ii) when there is an event of default by the Company.

Event of Default

Occurrence of any of the following event shall constitute an event of default of the Company under the Convertible Bonds:

- (i) other than as a result of, or in circumstances where, an offer made to holders of Shares to acquire all or any proportion of the Shares becoming unconditional, the listing of the Shares (as a class) on the Stock Exchange ceases;
- (ii) the Company defaults in performance or observance or compliance with any of its obligations contained in the terms and conditions of the Convertible Bonds (other than those related to payment of the principal and interest) and such default continues for a period of 14 Business Days next following after service of notice by the Subscriber; or
- (iii) the Company fails to pay the principal or the interest when due unless non-payment of such interest is due solely to administrative or technical error and payment is made within five (5) Business Days of the due date thereof or the Company fails to issue the Conversion Shares; or

- (iv) the occurrence of any event or any action taken or omission made by the Company so as to render unlawful the performance or observance or compliance by the Company with of any of its material obligations contained in the terms and conditions, or would otherwise result in any material terms under the terms and conditions be or becoming unenforceable, or would otherwise render the Convertible Bond inadmissible as evidence in court; or
- (v) an order is made or an effective resolution passed for winding-up of the Company or any of its major subsidiaries, except in the case of winding up of such subsidiaries in the course of reorganisation that has been approved by the Subscriber(s).

Transferability

The Convertible Bonds are not transferrable.

Ranking of the Conversion Shares

The Conversion Shares, when allotted, issued and fully paid, will rank, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Conversion Shares.

General Mandate to issue the Conversion Shares

The Conversion Shares will be allotted and issued under the General Mandate granted under the 2020 AGM. Accordingly, the allotment and issue of the Conversion Shares will not be subject to approval of the Shareholders. Under the General Mandate, the Company is authorised to allot and issue up to 134,718,026 Shares. The Subscription will utilise approximately 48.04% of the General Mandate. As set out in the Company's announcements dated 14 December 2020 and 24 March 2021, the Company issued convertible bonds in the principal amount of HK\$10,000,000 on 14 December 2020 and issued 20,000,000 new Shares on 24 March 2021 which utilised approximately 51.96% of the General Mandate in total. Accordingly, an aggregate of approximately 99.99% of General Mandate will be utilised upon completion of the subject Subscription.

INFORMATION ON THE GROUP AND THE SUBSCRIBERS

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

Subscriber A is Ms. Shen Ding, a citizen of the People's Republic of China and a merchant.

Subscriber B is Mr. Yuan Long, a citizen of the People's Republic of China and a merchant.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, other than Subscriber B is the project manager of the Group's environmental projection business, each of the Subscribers are independent of each other and is not a connected person of the Company.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

With reference to the 2020 annual report and unaudited interim results announcement dated 23 November 2020, the Directors have been taking various measures in the short to medium run to meet its financial needs. The Board considers such Subscription is an appropriate means of raising capital for the Company since the capital base of the Company can be broadened at a relatively low cost compared to other borrowings or issue of debt securities.

Subject to completion of the Subscription, the gross proceeds from the Subscription will be approximately HK\$16,826,000. The net proceeds, after deducting all relevant costs and expenses will be approximately HK\$15,985,000, which is intended to be used for the general working capital.

The Directors consider that the Subscription Agreements and transactions contemplated thereunder are on normal commercial terms determined after arm's length negotiations among the parties, fair and reasonable and in the interests of the Company and the Shareholders as whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

During the past 12 months from the date of this announcement, the Company has the following equity fund raising activities:

Date of announcement	Fund raising activities	Net Proceeds	Intend use of net proceeds	Actual use of proceeds as at date of this announcement
10 June 2020	Placing of not more than 57,290,013 new Shares at HK\$0.202 per Share	Approximately HK\$10.98 million	General working capital	Fully applied as intended
15 June 2020	Issue of 49,768,000 new Shares at HK\$0.221 per Share	Approximately HK\$10.97 million	General working capital	Fully applied as intended
14 December 2020	Issue of convertible bond with an aggregate principal amount of HK\$10,000,000 in 3 tranches. As at the date of this announcement, the first tranche with the principal amount of HK\$4,000,000 was issued.	Approximately HK\$4,600,000, representing the net proceeds from the first tranche and non-refundable deposits of the convertible bonds	General working capital	Fully applied as intended
24 March 2021	Issue of 20,000,000 new Shares at HK\$0.20 per share	Approximately HK\$3.9 million	General working capital	Fully applied as intended

Save for the aforesaid, the Company did not raise funds on any issue of equity securities raising activities during the past twelve months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

The table below sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of all 64,716,000 Conversion Shares upon exercise of the conversion rights in full at the initial Conversion Price under the Convertible Bonds.

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Consideration Shares in full at the initial Conversion Price	
	Number of shares	% of shareholdings (Approximately)	Number of shares	% of shareholdings (Approximately)
Jumbo Grand Enterprise Development Limited (Note 1)	77,000,000	10.79	77,000,000	9.89
Prosper Power Group Limited (Note 2)	76,500,000	10.72	76,500,000	9.83
Simple Gain International Limited (Note 3)	40,000,000	5.61	40,000,000	5.14
CEF Concept Holdings Limited (Note 4)	55,400,000	7.76	55,400,000	7.12
Mr. Zhu Yongun (Note 5)	4,900,000	0.69	4,900,000	0.63
Dr. Zhang Lihui (Note 5)	96,000	0.01	96,000	0.01
Mr. Choy Wai Shek, Raymond, MH, JP (Note 5)	700,000	0.10	700,000	0.09
Dr. Tong Ka Kok (Note 5)	480,000	0.07	480,000	0.06
The Subscriber A	—	—	45,000,000	5.78
The Subscriber B	—	—	19,716,000	2.53
Other public Shareholders	<u>458,514,134</u>	<u>64.25</u>	<u>458,514,134</u>	<u>58.92</u>
Total	<u><u>713,590,134</u></u>	<u><u>100.00</u></u>	<u><u>778,306,134</u></u>	<u><u>100.00</u></u>

Notes:

- As at the date of this announcement, Jumbo Grand Enterprise Development Limited is wholly-owned by Mr. Zhu Yongjun (chairman of the Board and an executive Director). Mr. Zhu is the brother-in-law of Mr. Allan Warburg, an ultimate beneficial owner of Simple Gain International Limited, a shareholder of the Company.
- As at the date of this announcement, Prosper Power Group Limited is owned as to 75% by Mr. Chu Shu Cheong.
- As at the date of this announcement, Simple Gain International Limited is wholly-owned by Allan Warburg Holdings Limited, which is in turn wholly owned by Mr. Allan Warburg.
- As at the date of this announcement, CEF Concept Holdings Limited is wholly-owned by CEF IV Holdings Ltd., which is in turn owned as to 92.55% by China Environment Fund IV, L.P., an investment fund incorporated in the Cayman Islands.
- Directors of the Company.

6. The percentage figures included in this table are subject to rounding adjustment.

GENERAL

No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock or securities exchange. Application will be made by the Company to the Stock Exchange for the grant of the listing of, and permission to deal in, the Conversion Shares.

Completion of the Subscription is subject to the satisfaction of the conditions precedent to the Subscription Agreements. As such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITION

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

“2020 AGM”	the annual general meeting of the Company held on 25 September 2020
“Associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday or Sunday or public holiday in Hong Kong or days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9 a.m. and 5 p.m.) on which banks are generally open for business in Hong Kong
“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
“Conversion Price”	the initial conversion price of HK\$0.260 per Conversion Share, subject to adjustment
“Conversion Shares”	new Shares to be allotted and issued by the Company to the Subscriber pursuant to the Subscription Agreements upon conversion of the Convertible Bond(s) by the Subscribers

“Convertible Bond”	the 6% convertible bond in the aggregate principal amount of HK\$16,826,000 to be issued by the Company in 3 tranches with the benefit of and subject to the provisions of the terms and conditions set out under the Subscription Agreements
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the 2020 AGM, pursuant to which a maximum of 134,718,026 new Shares may be allotted and issued as at the date of this announcement
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Subscription”	the subscription of the Convertible Bonds by the Subscribers pursuant to the Subscription Agreements
“Subscription Agreements”	the subscription agreements relating to the Subscription of Convertible Bond entered into between the Company and each of the Subscribers on 15 April 2021

“HK\$” Hong Kong dollars, the lawful currency of the Hong Kong

“%” per cent

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

Hong Kong, 15 April 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 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.