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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 NEW SHARES UNDER SPECIFIC MANDATE AND RESUMPTION OF TRADING

Financial adviser to the Company



ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE

On 10 May 2021, the Company entered into 9 Subscription Agreements with each of the Subscribers. Pursuant to the Subscription Agreements, the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for an aggregate of 169,472,000 Subscription Shares at the Subscription Price of HK\$0.295.

Completion of the Subscription under each of the Subscription Agreements is not inter-conditional with each other.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares. The Subscription Shares will be allotted and issued under the Specific Mandate.

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.

USE OF PROCEEDS

The gross proceeds from the Subscription will be approximately HK\$50.0 million. The net proceeds from the Subscription will be approximately HK\$49.5 million. The net Subscription Price per Subscription Share after deducting the relevant fees and expenses is approximately HK\$0.292 per Share. The funds to be raised under the Subscription are intended to be applied as to (i) approximately HK\$25.0 million as the initial investment cost for the kitchen waste treatment project in Xuancheng (宣城) of Anhui province, the PRC that the Group has recently been awarded (for details, please refer to the announcement of the Company dated 9 March 2021); (ii) approximately HK\$14.2 million for repayment of debts and the interests accrued; and (iii) approximately HK\$10.3 million as general working capital for the Group.

GENERAL

The Subscription is subject to the Shareholders' approval. All Subscription Shares will be allotted and issued under the Specific Mandate which is subject to the Shareholders' approval.

The EGM will be convened for the purpose of considering, and if thought fit, approving the Subscription, the grant of the Specific Mandate and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors, no Shareholder has a material interest in the Subscription, and will be required to abstain from voting on the relevant resolutions and the grant of the requisite Specific Mandate at the EGM.

The circular containing (i) further details of the Subscription and the Subscription Agreements; and (ii) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 1 June 2021.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:40 a.m. on 10 May 2021, pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 11 May 2021.

THE SUBSCRIPTION AGREEMENTS

The Board hereby announces that on 10 May 2021, the Company entered into 9 Subscription Agreements with each of the Subscribers.

Save for the number of Subscription Shares to be subscribed for and the identity of the Subscribers, the terms and conditions the Subscription Agreements are identical in all material respects. The principal terms of the Subscription Agreements are set out as follows:

Date

10 May 2021

Parties

The Company (as issuer); and

The relevant Subscriber.

The Subscription

Pursuant to the Subscription Agreements, the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for an aggregate of 169,472,000 Subscription Shares at the Subscription Price of HK\$0.295 to be paid by cash or cashier order on the completion date of the Subscription Agreements, the breakdown of which is as follows:

Subscriber	Number of Subscription Shares ('000)	Total subscription price payable (approximately) (HK\$'000)
Subscriber A	13,556	4,000
Subscriber B	11,864	3,500
Subscriber C	27,116	8,000
Subscriber D	8,472	2,500
Subscriber E	5,084	1,500
Subscriber F	33,896	10,000
Subscriber G	25,420	7,500
Subscriber H	10,168	3,000
Subscriber I	33,896	10,000
Total	<u>169,472</u>	<u>50,000</u>

The Subscription Shares

The 169,472,000 Subscription Shares under the Subscription represent (i) approximately 23.49% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 19.02% of the issued share capital as enlarged by the allotment and issue of the Subscription Shares, assuming that there will be no further change in the number of issued Shares from the date of this announcement up to the completion of the Subscription. The Subscription Shares have an aggregate nominal value of approximately HK\$16,947,000 and market value of approximately HK\$89,820,000 based on the closing price of HK\$0.530 per Share as quoted on the Stock Exchange on the Last Trading Day.

Ranking of the Subscription Shares

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

The Subscription Price

The Subscription Price of HK\$0.295 per Subscription Share represents:

- (i) a discount of approximately 44.34% to the closing price of HK\$0.530 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 17.37% to the average closing price of approximately HK\$0.357 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreements.

The Subscription Price was determined with reference to the prevailing market prices of the Shares over a period of time and was negotiated on an arm's length basis between the Company and the respective Subscriber.

Conditions precedent

Completion of the Subscription is conditional upon:

- (i) the listing of and permission to deal in the Subscription Shares on the Main Board of the Stock Exchange being granted by the Stock Exchange; and
- (ii) the passing of a resolution by the Shareholders' approving the Subscription Agreement and the grant of the Specific Mandate to the Directors to allot, issue and deal in the relevant Subscription Shares.

None of the conditions precedent above are waivable. If the above conditions are not fulfilled on or before 9 July 2021 (or such other date as the parties to the Subscription Agreements may agree in writing), the obligations and liabilities of the relevant Subscriber and the Company under the Subscription Agreements shall cease and terminate, and the relevant Subscriber and the Company shall be released from all rights and obligations save for any antecedent breach thereof.

Completion of the Subscription

Completion of the Subscription shall take place on the 3rd business day (or such other date as the parties to the Subscription Agreements may agree in writing) after the conditions precedent are satisfied.

Completion of the Subscription under each of the Subscription Agreements is not inter-conditional with each other.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

The Specific Mandate

The Subscription Shares will be allotted and issued under the Specific Mandate to be approved by way of ordinary resolution by the Shareholders at the EGM.

INFORMATION ON THE SUBSCRIBERS

The Subscribers are either citizens of Hong Kong or the PRC, or limited liability companies incorporated in Hong Kong.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Subscribers and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons; and the Subscribers are not connected with each other.

INFORMATION ON THE GROUP

The Group is principally engaged in (i) construction works in Hong Kong; and (ii) environmental protection.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

Taking into account the financing need of the Group in the short to medium run, the Board has been aiming to strengthen the Group's financial and cash flow position by (i) disposal of part of the assets/projects of the Group in a way that also aligns with its future business development strategy; and (ii) other equity and debt financing alternatives. The Directors consider the Subscription to be an appropriate means of fund raising for the Company given that (i) the capital and shareholders bases of the Company can be broadened; and (ii) the Subscription is relatively less time consuming and can be conducted at relatively low cost.

The gross proceeds from the Subscription will be approximately HK\$50.0 million. The net proceeds from the Subscription will be approximately HK\$49.5 million. The net Subscription Price per Subscription Share after deducting the relevant fees and expenses is approximately HK\$0.292 per Share. The funds to be raised under the Subscription are intended to be applied as to (i) approximately HK\$25.0 million as the initial investment cost for the kitchen waste treatment project in Xuancheng (宣城) of Anhui province, the PRC that the Group has recently been awarded (for details, please refer to the announcement of the Company dated 9 March 2021); (ii) approximately HK\$14.2 million for repayment of debts and the interests accrued; and (iii) approximately HK\$10.3 million as general working capital for the Group.

The Directors consider that the terms of each of the Subscription Agreements are fair and reasonable and are on normal commercial terms, and the Subscription is in the interests of the Company and the Shareholders as a whole.

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.

CHANGES TO THE COMPANY'S SHAREHOLDING STRUCTURE UPON COMPLETION OF THE SUBSCRIPTION

The table below sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Subscription:

Shareholders	As at the date of this announcement		Immediately after completion of the Subscription	
	Number of Shares	% of shareholding	Number of Shares	% of shareholding
Jumbo Grand Enterprise Development Limited (Note 1)	77,000,000	10.67	77,000,000	8.64
Prosper Power Group Limited (Note 2)	76,500,000	10.60	76,500,000	8.59
Simple Gain International Limited (Note 3)	40,000,000	5.55	40,000,000	4.49
CEF Concept Holdings Limited (Note 4)	55,400,000	7.68	55,400,000	6.22
Mr. Zhu Yongjun (Note 5)	4,900,000	0.68	4,900,000	0.55
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	0.08
Dr. Tong Ka Kok (Note 5)	480,000	0.07	480,000	0.05
The Subscribers (Note 6)	—	—	169,472,000	19.02
Other public Shareholders	<u>466,398,134</u>	<u>64.64</u>	<u>466,398,134</u>	<u>52.35</u>
Total	<u>721,474,134</u>	<u>100.00</u>	<u>890,946,134</u>	<u>100.00</u>

Notes:

- Jumbo Grand Enterprise Development Limited is wholly-owned by Mr. Zhu Yongjun. Mr. Zhu Yongjun is the brother-in-law of Mr. Allan Warburg, the ultimate beneficial owner of Simple Gain International Limited, a Shareholder.
- Prosper Power Group Limited is owned as to 75% by Mr. Chu Shu Cheong.
- Simple Gain International Limited is wholly-owned by Allan Warburg Holdings Limited, which is in turn wholly-owned by Mr. Allan Warburg.
- 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.
- Upon completion of the Subscription, none of the Subscribers nor their respective associates will become a substantial shareholder of the Company.

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

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Save as disclosed below, the Company has not conducted any fund raising activities involving the issue of equity securities during the past 12 months from the date of this announcement:

Date of announcement	Fund raising activities	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the 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 bonds with an aggregate principal amount of HK\$10,000,000 at the conversion price of HK\$0.20 per conversion share in three tranches. As at the date of this announcement, the first tranche with principal amount of HK\$4,000,000 was issued.	Approximately HK\$4.6 million, representing the net proceeds from the first tranche and the 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\$3.98 million	General working capital	Fully applied as intended
15 April 2021	Issue of convertible bonds with an aggregate principal amount of approximately HK\$16,826,000 at the conversion price of HK\$0.260 per conversion share in three tranches. As at the date of this announcement, the first tranche with principal amount of approximately HK\$6,730,000 was issued.	Approximately HK\$7.74 million, representing the net proceeds from the first tranche and the non-refundable deposits of the convertible bonds	General working capital	Fully applied as intended

GENERAL

The Subscription is subject to the Shareholders' approval. All Subscription Shares will be allotted and issued under the Specific Mandate which is subject to the Shareholders' approval.

The EGM will be convened for the purpose of considering, and if thought fit, approving the Subscription, the grant of the Specific Mandate and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors, no Shareholder has a material interest in the Subscription, and will be required to abstain from voting on the relevant resolutions and the grant of the requisite Specific Mandate at the EGM.

The circular containing (i) further details of the Subscription and the Subscription Agreements; and (ii) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 1 June 2021.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:40 a.m. on 10 May 2021, pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 11 May 2021.

DEFINITIONS

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

“Board”	the board of Directors
“business day”	a day (other than a Saturday or Sunday or public holiday) on which banks are open in Hong Kong for general commercial business
“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 in the Listing Rules
“Director(s)”	director(s) of the Company

“EGM”	an extraordinary general meeting of the Company to be convened and held for the purpose of considering, and if thought fit, approving the Subscription, the grant of the Specific Mandate and the transactions contemplated thereunder
“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
“Last Trading Day”	10 May 2021, being the last trading day for the Shares on the Main Board of the Stock Exchange immediately before the date of the Subscription Agreements
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be granted to the Directors by the Shareholders at the EGM to allot, issue and deal in the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber(s)”	the subscriber(s) under the Subscription Agreements
“Subscription”	subscription of the Subscription Shares by the Subscribers at the Subscription Price
“Subscription Agreements”	the subscription agreements dated 10 May 2021 entered into between the Company and each of the Subscribers in respect of the Subscription
“Subscription Price”	HK\$0.295 per Subscription Share

“Subscription Shares”	an aggregate of 169,472,000 new Shares to be allotted and issued by the Company to the Subscribers
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“%”	per cent.

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

Hong Kong, 10 May 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.