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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 GENERAL MANDATE

THE SUBSCRIPTION AGREEMENT

The Board hereby announces that on 19 October 2022, the Company entered into the Subscription Agreement with the Subscriber. The principal terms of the Subscription Agreement are set out as follows:

Date: 19 October 2022 (after trading hours)

Parties: The Company (as issuer); and
The Subscriber.

The Subscription

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 129,624,000 Subscription Shares at the Subscription Price of approximately HK\$34.99 million to be paid by cashier order on the completion date of the Subscription Agreement.

The Subscription Shares

The 129,624,000 Subscription Shares under the Subscription represent (i) approximately 11.37% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 10.21% 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\$12.962 million and market value of approximately HK\$36.94 million based on the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement.

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\$0.27 per Subscription Share represents: (i) a discount of approximately 5.26% to the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and (ii) a discount of approximately 5.59% to the average closing price of approximately HK\$0.286 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately prior to the date of the Subscription Agreement.

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 Subscriber.

Condition precedent

Completion of the Subscription is conditional upon 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. If the above condition is not fulfilled on or before 16 November 2022 (or such other date as the parties to the Subscription Agreement may agree in writing), the obligations and liabilities of the Subscriber and the Company under the Subscription Agreement shall cease and terminate, and the Subscriber and the Company shall be released from all rights and obligations save for any antecedent breach thereof.

General Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued under the General Mandate. Accordingly, the allotment and issue of the Subscription Shares will not be subject to approval of the Shareholders. Under the General Mandate, the Company is authorised to allot and issue up to 227,954,026 Shares. As at the date of this announcement, the General Mandate has not been utilised. The Subscription will utilise approximately 56.86% of the General Mandate.

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 Agreement may agree in writing) after the condition precedent is satisfied.

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.

INFORMATION ON THE SUBSCRIBER

The Subscriber is Hong Kong Toprich Investment Limited, a company incorporated in Hong Kong with limited liability and engaged in securities investment. Its ultimate beneficial owner is China Investment Fund Company Limited (“CIF”), a company incorporated in the Cayman Islands with limited liability with its shares listed on the Stock Exchange (Stock code: 612). CIF is an investment company under Chapter 21 of the Listing Rules and it is principally engaged in investment in listed and unlisted securities.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, apart from the facts that (i) the Subscriber holds 27,116,000 Shares of the Company and (ii) CIF has a substantial shareholder, Mr. Sui Guangyi, who holds approximately 10.53% of the issued share capital in CIF and is deemed to be interested in another 13.94% of the issued share capital in CIF, and who is also the Honorary Chairman and a non-executive Director of the Company, the Subscriber and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

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

The gross and net proceeds from the Subscription will be approximately HK\$34.99 million per Share. The funds to be raised under the Subscription are intended to be applied as to (i) approximately HK\$25.0 million for repayment of the interest-bearing liabilities of the Group; and (ii) approximately HK\$9.99 million as general working capital for the Group. The Directors are of the view that it would be desirable for the Group to raise and reserve sufficient cash for the repayment of part of the current debts of the Group in a timely manner with view to strengthening the financial position of the Group and for its general working capital so as to accommodate the operating cashflow needs. Therefore, the Directors considered that the Subscription represents a good opportunity for the Group to achieve the aforesaid purposes.

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

Mr. Sui Guangyi abstained from voting on the relevant Board resolution for approval of the Subscription in view of his interest in CIF. Save for Mr. Sui Guangyi, there is no other Director who is required to abstain from voting on the Board resolution for approval of the Subscription.

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:

	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 (<i>Note 1</i>)	77,000,000	6.76	77,000,000	6.07
Prosper Power Group Limited (<i>Note 2</i>)	76,500,000	6.71	76,500,000	6.03
Mr. Zhu Yongjun (<i>Note 3</i>)	4,900,000	0.43	4,900,000	0.39
Mr. Sui Guangyi (<i>Note 3</i>)	16,204,000	1.42	16,204,000	1.28
Dr. Zhang Lihui (<i>Note 3</i>)	96,000	0.01	96,000	0.01
Mr. Choy Wai Shek, Raymond, <i>MH. JP</i> (<i>Note 3</i>)	700,000	0.06	700,000	0.06
Dr. Tong Ka Kok (<i>Note 3</i>)	480,000	0.04	480,000	0.04
The Subscriber	27,116,000	2.38	156,740,000	12.35
Other public Shareholders	<u>936,774,134</u>	<u>82.19</u>	<u>936,774,134</u>	<u>73.77</u>
	<u><u>1,139,770,134</u></u>	<u><u>100.00</u></u>	<u><u>1,269,394,134</u></u>	<u><u>100.00</u></u>

Notes:

1. Jumbo Grand Enterprise Development Limited is wholly-owned by Mr. Zhu Yongjun (Chairman of the Board and an executive Director).
2. Prosper Power Group Limited is owned as to 75% by Mr. Chu Shu Cheong, the founder of the Group and the director of the Company's major subsidiary, New Concepts Foundation Limited.
3. Directors of the Company.
4. 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
28 March 2022	Issue of 185,748,000 new shares to 6 subscribers at HK\$0.40 per share. The closing price of the Company's share on 28 March 2022, being the date of the subscription agreements, was HK\$0.49. Such issue of shares was completed in April 2022.	Approximately HK\$74.3 million	(i) approximately HK\$32.92 million as the initial investment cost for the kitchen waste treatment project in Dunhua; (ii) approximately HK\$39.0 million as for initial investment cost for potential kitchen waste treatment and other environmental protection related projects; and (iii) approximately HK\$2.28 million as general working capital.	(i) The proposed initial investment cost of HK\$32.92 million is yet to apply up to the date of this announcement. It is expected to be applied during the year ending 31 March 2023. (ii) approximately HK\$39.0 million has been fully applied as for initial registered capital for production and research and development base project in Yixing, details of which are set out in the Company's announcement dated 12 April 2022 (iii) approximately HK\$2.28 million as general working capital fully applied

GENERAL

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

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
“General Mandate”	the general mandate to allot, issue and deal with not more than 227,954,026 new Shares granted to the Directors by resolution of the Shareholders passed at the annual general meeting of the Company held on 16 August 2022
“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
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong and the Macau Special Administrative Region of the PRC
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Hong Kong Toprich Investment Limited
“Subscription”	subscription of the Subscription Shares by the Subscriber at the Subscription Price pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 19 October 2022 entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Price”	HK\$0.27 per Subscription Share
“Subscription Shares”	an aggregate of 129,624,000 new Shares to be allotted and issued by the Company to the Subscriber

“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, 19 October 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.