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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**

#### **ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE**

On 19 January 2023 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber. Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 136,800,000 Subscription Shares at the Subscription Price of HK\$0.380 per Subscription Share.

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 Agreement. As such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If in doubt, Shareholders and potential investors are recommended to consult their professional adviser(s).**

## **USE OF PROCEEDS**

The gross proceeds from the Subscription will be HK\$51,984,000. The net proceeds from the Subscription will be approximately HK\$51,784,000. The net Subscription Price per Subscription Share after deducting the relevant fees and expenses is approximately HK\$0.379 per Share. The funds to be raised under the Subscription are intended to be applied as to (i) approximately HK\$45,200,000 for developing the graphene technology related business of the Group; and (ii) approximately HK\$6,584,000 as the Group's general working capital.

## **GENERAL**

The Subscription is subject to the Shareholders' approval. All Subscription Shares will be allotted and issued under the Specific Mandate which is also 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 resolution and the grant of the requisite Specific Mandate at the EGM.

A circular containing (i) further details of the Subscription and the Subscription Agreement; and (ii) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 14 February 2023.

## **THE SUBSCRIPTION AGREEMENT**

The Board hereby announces that on 19 January 2023, the Company entered into the Subscription Agreement with the Subscriber.

The principal terms of the Subscription Agreement are set out as follows:

**Date** : 19 January 2023

**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 136,800,000 Subscription Shares at the Subscription Price of HK\$0.380 per Subscription Share to be paid by cash on or before the completion date of the Subscription Agreement.

## **The Subscription Shares**

The 136,800,000 Subscription Shares under the Subscription represent (i) approximately 10.00% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.09% 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 HK\$13,680,000 and market value of HK\$60,192,000 based on the closing price of HK\$0.440 per Share as quoted on the Stock Exchange on the date of this announcement.

## **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\$0.380 per Subscription Share represents:

- (i) a discount of approximately 13.64% to the closing price of HK\$0.440 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (ii) a discount of approximately 11.01% to the average closing price of approximately HK\$0.427 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement.

The Subscription Price was determined with reference to the prevailing market price and liquidity of the Shares and was negotiated on an arm's length basis between the Company and the 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 27 March 2023 (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.

### **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 conditions precedent are 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.

### **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 OF THE SUBSCRIBER**

The Subscriber is a company incorporated in Hong Kong with limited liability which is primarily engaged in investment holding. The Subscriber is wholly and directly owned by Mr. Lin Jiakuang (林家匡先生), a PRC citizen who, to the best knowledge and information of the Directors, is a merchant.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are third parties independent of, and not connected with 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**

Reference is made to the announcement of the Company dated 22 November 2022 with regard to the formation of a joint venture (the “**JV Company**”) engaging in the production of graphite-based related anode materials. The JV Company was established in November 2022. Since its establishment, the JV Company has been actively commencing its business and operation, including but not limited to setting up production line(s) and procuring various raw materials to satisfy its upcoming production needs.

In addition, the Group has been discussing with potential business partner(s) on future business opportunities in relation to possible application of graphite-based related anode materials in graphene technology. Certain feasibility studies and exchange of products have been commenced; as such, it is expected that the Group shall be required to devote more resources on the relevant business development.

The gross proceeds from the Subscription will be HK\$51,984,000. The net proceeds from the Subscription will be approximately HK\$51,784,000. The net Subscription Price per Subscription Share after deducting the relevant fees and expenses is approximately HK\$0.379 per Share. The funds to be raised under the Subscription are intended to be applied as to (i) approximately HK\$45,200,000 for developing the graphene technology related business of the Group; and (ii) approximately HK\$6,584,000 as the Group’s general working capital.

The Company has considered other equity fund raising exercises such as rights issue and open offer. As these two fund raising exercises will involve the issue of listing documents and other application and administrative procedures which would require additional administrative costs, both of them were not chosen. Moreover, taking into account (i) the Group’s financial performance as referenced in the interim report of the Company for the six months ended 30 September 2022; and (ii) the global interest rate surge, the Directors expect that any new bank borrowings would likely to be subject to lengthy negotiations with the lenders, not to mention the relatively high interest rates which will further increase the interest burden of the Group.

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 Directors also consider that the terms of the Subscription Agreement 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 Agreement. As such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If in doubt, Shareholders and potential investors are recommended to consult their professional adviser(s).**

## **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	
	<i>Number of Shares</i>	<i>% of shareholding</i>	<i>Number of Shares</i>	<i>% of shareholding</i>
Hong Kong Toprich Investment Limited ( <i>Note 1</i> )	156,740,000	11.46	156,740,000	10.42
Jumbo Grand Enterprise Development Limited ( <i>Note 2</i> )	77,000,000	5.63	77,000,000	5.12
Prosper Power Group Limited ( <i>Note 3</i> )	76,500,000	5.59	76,500,000	5.09
Mr. Zhu Yongjun ( <i>Note 4</i> )	4,900,000	0.36	4,900,000	0.32
Mr. Sui Guangyi ( <i>Note 4</i> )	16,204,000	1.18	16,204,000	1.07
Dr. Zhang Lihui ( <i>Note 4</i> )	96,000	0.01	96,000	0.01
Mr. Choy Wai Shek, Raymond, <i>MH. JP</i> ( <i>Note 4</i> )	700,000	0.05	700,000	0.05
Dr. Tong Ka Kok ( <i>Note 4</i> )	480,000	0.04	480,000	0.03
The Subscriber	—	—	136,800,000	9.09
Other public Shareholders	<u>1,034,974,134</u>	<u>75.68</u>	<u>1,034,974,134</u>	<u>68.80</u>
<b>Total</b>	<b><u>1,367,594,134</u></b>	<b><u>100.00</u></b>	<b><u>1,504,394,134</u></b>	<b><u>100.00</u></b>

*Notes:*

- Hong Kong Toprich Investment Limited (“**Toprich**”) is indirectly wholly-owned by China Investment Fund Company Limited, a company incorporated in the Cayman Islands with limited liability with its shares listed on the Stock Exchange (Stock code: 612).
- Jumbo Grand Enterprise Development Limited is wholly-owned by Mr. Zhu Yongjun (Chairman of the Board and an executive Director).
- 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.
- Directors of the Company.
- 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
16 November 2022 and 2 December 2022	Placing of 98,000,000 new Shares at HK\$0.385 per Share through placing agent which was completed on 2 December 2022	Approximately HK\$36.97 million	(i) approximately HK\$35.30 million as the initial investment cost for potential kitchen waste treatment and other environmental protection related projects; and  (ii) approximately HK\$1.67 million as general working capital of the Group	(i) Fully applied as intended  (ii) Yet to apply
19 October 2022 and 28 October 2022	Issue of 129,624,000 new Shares at HK\$0.27 per Share to Toprich. The subscription was completed on 28 October 2022	Approximately HK\$34.99 million	(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 of the Group	(i) Fully applied as intended  (ii) Approximately HK\$5.70 million was applied as intended

<b>Date of announcement</b>	<b>Fund raising activities</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this announcement</b>
28 March 2022 and 21 April 2022	Issue of 185,748,000 new Shares at HK\$0.40 per Share to 6 subscribers. The subscription was completed on 21 April 2022	Approximately HK\$74.30 million	<p>(i) approximately HK\$32.92 million as the initial investment cost for the kitchen waste treatment project in Dunhua;</p> <p>(ii) approximately HK\$39.0 million as the initial investment cost for potential kitchen waste treatment and other environmental protection related projects; and</p> <p>(iii) approximately HK\$2.28 million as general working capital of the Group</p>	Except for the proposed initial investment cost of HK\$25.46 million for the kitchen waste treatment project in Dunhua which is expected to be applied during the financial years ending 31 March 2023 and 2024, the rest of the net proceeds were 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 also 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 resolution and the grant of the requisite Specific Mandate at the EGM.

A circular containing (i) further details of the Subscription and the Subscription Agreement; and (ii) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 14 February 2023.



## 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
“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 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”	Yuan Heng Group International Co., Limited (元亨集團國際有限公司), a company incorporated in Hong Kong with limited liability and the subscriber under the Subscription Agreement
“Subscription”	subscription of the Subscription Shares by the Subscriber at the Subscription Price
“Subscription Agreement”	the subscription agreement dated 19 January 2023 entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Price”	HK\$0.380 per Subscription Share
“Subscription Shares”	136,800,000 new Shares to be allotted and issued by the Company to the Subscriber
“%”	per cent.

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

Hong Kong, 19 January 2023

*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.*