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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)**

## **AMENDMENTS TO THE SHARE PURCHASE AGREEMENT AND TERMINATION OF SUBSCRIPTION AGREEMENTS**

Reference is made to the announcements of New Concepts Holdings Limited (the “**Company**”) dated 3 May 2018, 23 May 2018, 31 May 2018, 21 June 2018, 23 August 2018 and 2 October 2018 (the “**Announcements**”) in relation to, among others, (i) the proposed issue of 5,380,000 Subscription Shares under the General Mandate pursuant to the Share Purchase Agreement entered into among the Purchaser, the Vendors and the Guarantors on 3 May 2018 and the 13 Subscription Agreements entered into between the Company and the Subscribers (being 13 key employees (or their beneficial companies) of the Vimab Holding AB, its subsidiaries and associated companies) on 31 May 2018; (ii) failure of payment of the aggregate subscription price of HK\$18,830,000 under all 13 Subscription Agreements by the Subscribers and Guarantor A; and (iii) the Settlement Deed in relation to the proposed arrangement on the settlement of the Claim against Vendor A and Guarantor A. Capitalised terms used herein shall have the same meanings as those defined in the Announcements unless otherwise stated.

As disclosed in the Announcements, one of the conditions precedent to the completion of the Share Purchase Agreement was that all the Subscribers having entered into the Subscription Agreements with the Company (the “**Employees’ Subscription Condition**”), and the Vendors should be liable for the Subscribers’ payment obligations under the Subscription Agreements (the “**Subscription Payment Guarantee**”).

Pursuant to the Settlement Deed dated 22 August 2018, Vendor A and Guarantor A agreed to settle the Claim with the proceeds of the 21,068,571 Shares owned by Vendor A and pledged to the Company (the “**Pledged Shares**”) on or before the Final Settlement Date (i.e. 14 June 2019, being 4 (four) months after the suspension of the Shares on the Stock Exchange has been lifted). As the price of the Company’s Shares decreased

significantly after the Shares has resumed trading on 15 February 2019, Vendor A and Guarantor A were unable to sell the Pledged Shares at a price on or above the price floor of HK\$2.45 per Share as agreed under the Settlement Deed. Therefore, the parties to the Share Purchase Agreement and the Subscribers had further negotiated on the settlement proposal of the Claim. The Subscribers and the Guarantor A subsequently entered into, *inter alia*, (i) a Promissory Note and (ii) Satisfaction and Discharge Claims (together with the Promissory Note, the “**Settlement Documents**”) regarding the subscription monies. Through discussions among the parties to the Share Purchase Agreement, they entered into a supplemental agreement (the “**Supplemental Agreement**”) on 3 December 2019 to implement certain amendments to the Share Purchase Agreement. Moreover, the Company and the relevant Subscribers also entered into the termination deeds to the Subscriptions Agreements (the “**Termination Deeds**”) on 3 December 2019.

## **SUPPLEMENTAL AGREEMENT**

Pursuant to the Supplemental Agreement, always subject to all necessary consents, authorisations or approvals (including but not limited to consent or approval from The Stock Exchange of Hong Kong Limited, if applicable) in relation to the consummation of the transactions under this Supplemental Agreement, the parties to the Share Purchase Agreement agreed that, the provisions in relation to the Employees’ Subscription Condition and the Subscription Payment Guarantee shall be deleted from the Share Purchase Agreement with immediate effect.

In the event the necessary consents (as the case(s) may be) are not obtained, this Supplemental Agreement shall be terminated and ceased to have any effect, and the above two clauses of the Share Purchase Agreement shall remain unchanged and in full force and effect.

Further, pursuant to the Supplemental Agreement, the parties also agreed that to amend the arrangement of the Lock-Up Shares (as set out in the section headed “Update on the Acquisition — Signing of the Share Purchase Agreement — Lock-up period of the Consideration Shares — Release of Lock-up” in the Company’s announcement dated 3 May 2018) to the effect that, for both 2018 and 2019 financial year end, in the event the Vendors are unable to unlock all or part of the Lock-Up Shares and are required to return the remaining Lock-Up Shares to the Group, instead of returning such Lock-Up Shares “(1) by cash in an amount equivalent to the issue price of such remaining Locked-Up Shares; (2) if (1) is not available and subject to the compliance of the relevant rules and requirement by the Company, by returning such remaining Locked-Up Shares to the Company for revocation and cancellation”; the Vendors shall return such Lock-Up Shares “(1) by cash in an amount equivalent to the issue price of such remaining Locked-Up Shares; (2) if (1) is not available and subject to the compliance of the relevant rules and requirement by the Company, by returning such remaining Locked-Up Shares to the Company for (at the sole discretion of the Company): (i) revocation and cancellation; or (ii) transfer to parties as designated by the Company”.

Save for the above amendments, the other provisions of the Share Purchase Agreement shall remain unchanged and in full force and effect.

## **TERMINATION OF SUBSCRIPTION AGREEMENTS**

On 3 December 2019, the Company and all Subscribers entered into 13 deeds of termination (the “**Termination Deeds**”), respectively, pursuant to which the parties agreed that the relevant Subscription Agreement shall be terminated and be of no further force and effect.

Upon termination of the relevant Subscription Agreement, all future obligations and liabilities of the parties thereunder shall be extinguished in the entirety.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT AND THE TERMINATION DEEDS**

As disclosed in the Company’s announcement dated 23 August 2018, the purpose of the Subscription Agreements was to provide incentive to the Subscribers, who are the key employees of the Target Group, to continue to work in the Target Group after completion of the acquisition of the Target Group pursuant to the Share Purchase Agreement (the “**Acquisition**”), while the Group will apply the proceeds therefrom for the Company’s investment in its kitchen waste and water treatment businesses and as general working capital.

However, having considered:

- (i) the initial primary purpose of the Subscription Agreements (i.e. to provide incentive to the Subscribers to continue work in the Target Group after completion of the Acquisition) has faded gradually since the Acquisition was completed on 31 May 2018 and the Subscribers have been working in the Target Group for more than a year. Taking into account the long duration of the subject matters, the Subscribers entered into Settlement Documents with the Guarantor A and to end the subject matter. As such, the Company believes terminating the Subscription Agreements as per the Subscribers’ preference may help to enlighten their motivation;
- (ii) the current share price of the Company is become lower than the Subscription Price of HK\$3.5 under the Subscription Agreements, and it may deter the Subscribers’ incentive to continue to work for the Target Group if the Group insists them to complete the Subscription Agreements. On the other hand, even if the Subscription Agreements were terminated, the Company may motivate the Subscribers through other means such as by way of granting share options to such Subscribers;
- (iii) the Group currently has not identified any kitchen waste or water treatment investment targets and therefore there is no immediate financing needs in funding such projects. Further, the net proceed from the Subscription Agreements is expected to be approximately HK\$18,830,000 only, which is relatively insignificant as

compare to the investment made by the Company in its previous projects, and the Company believes it is able fund its future projects by its own resources or obtain financing facility. Therefore the termination of the Subscription Agreements will not have any material adverse financial impact on the Group; and

- (iv) the amendments to the arrangement on the return of the Lock-Up Shares do not prejudice the Group's existing rights under the Share Purchase Agreement, but allowing it to have an additional option to transfer the Lock-Up Shares to other parties (subject to compliance of the Listing Rules). Such additional option enables the Company to avoid the burdensome procedures involved in the Shares' revocation and cancellation as well as preserving the Shares' values.

In light of the above, the Directors (including independent non-executive Directors) consider that the Supplemental Agreement and the Termination Deeds are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

Hong Kong, 3 December 2019

*As at the date of this announcement, the executive Directors are Mr. Zhu Yongjun, Ms. Qin Shulan, Mr. Cai Jianwen and Mr. Lee Tsi Fun Nicholas; the non-executive Director is 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.*