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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)

INSIDE INFORMATION

This announcement is made by New Concepts Holdings Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 29 April 2020 (the “**Announcement**”) in relation to enforcement of a pledge over all the issued shares of Vimab Holding AB (“**Vimab**”), a wholly-owned subsidiary of the Company. Unless the context requires otherwise, capitalised terms used herein shall bear the same meanings as defined in the Announcement.

SUPPLEMENTAL INFORMATION IN RELATION TO ENFORCEMENT OF A PLEDGE OVER THE SHARES IN A SUBSIDIARY

As disclosed in the Announcement, Vimab is indebted to the Fund pursuant to the Loan Agreement and the Company noticed the Fund had enforced the Pledge under the Loan Agreement and transferred all the Pledged Shares (i.e. all the issued shares of Vimab) to a company designated by it (a company incorporated in Sweden which is owned by the ultimate beneficial owners of the Fund) (the “**Designated Company**”) on or around 7 April 2020 without any instrument entered by the direct holding company of Vimab and the Company.

The Company would like to provide further information in respect of the aforesaid enforcement of the Pledge as follows:

The Loan Agreement

Prior to the Group's acquisition of Vimab pursuant to the share purchase agreement dated 3 May 2018 (details of which are set out in the Company's announcement of even date), the Fund had provided Vimab a loan with a principal of SEK125,000,000 (the "**Previous Loan**") for acquisition of the subsidiaries of Vimab and as general capital. Vimab (as borrower) and the Fund (as Lender) entered into the current Loan Agreement on 1 February 2019 in replacement of the Previous Loan for granting of additional SEK6,000,000, and the total outstanding principal was increased to SEK131,000,000.

The interest rate of the Loan is 11.5% per annum. Pursuant to the Loan Agreement, Vimab should repay the principal amount of the Loan in an one-off manner on 16 April 2021 and pay the interest of the Loan on quarterly basis during the term of the Loan Agreement. As security to the Loan, the Company, Vimab and Steambox AB (a wholly-owned subsidiary of Vimab) (collectively the "**Pledgors**") pledged all the issued shares in each of Vimab and its subsidiaries to the Fund.

Pursuant to the Loan Agreement, the Fund can terminate the Loan Agreement and demand immediate full repayment of the Loan if any of the following events occurs:

- (i) Vimab is in delay with payment of interest or other payment for more than two weeks;
- (ii) any pledge/collateral pledged for the Loan is significantly deteriorated, and after 30 days from the notification by the Fund, the Fund does not consider that an acceptable explanation and plan of action have been corrected or presented by Vimab;
- (iii) it is clear that Vimab will not be able to pay the remainder of the entire Loan together with interest and default interest; and/or
- (iv) any of the terms of the Loan Agreement have not been complied with, and after 30 days from the notification by the Fund, the Fund considers the matter has not been remedied.

Pursuant to the Loan Agreement, if Vimab fails to fulfill its obligations thereunder and being alerted of the same, the Fund is entitled, without prior notice to Vimab, to enforce the pledge and sell the Pledged Shares in the manner and under the terms that the Fund deems appropriate and which are most economically efficient to cover its costs and outstanding indebtedness under the Loan Agreement. The Fund shall keep Vimab and the Pledgors informed on how the enforcement of the Pledge is planned to be realized and also give the Pledgors an opportunity to repurchase the Pledge Shares subject to negotiations with the Fund. However, the Fund has no obligation to await the position of

or an offer from the pledgors or Vimab where the Fund is thus always entitled to act in the way that the Fund finds most appropriate to find coverage for its claims under the Loan Agreement.

Throughout the period from the commencement of the Loan Agreement up to the date of the Announcement, Vimab has complied with its obligation to pay the quarterly interest according to the terms of the Loan Agreement.

Development

Around January 2020, an independent third party of the Company (the “**Potential Purchaser**”) was in negotiation with the Group its intention to purchase the entire equity interests of certain subsidiaries wholly-owned by Vimab (the “**Proposed Buy-out**”). Therefore, the Group started negotiation with the Fund on the proposed partial settlement on the Loan Agreement for the release of the shares of those subsidiaries to be bought-out.

Whilst in the course of the negotiation of the Proposed Buy-out, the Fund, nevertheless, expressed concern on the liquidity of Vimab in late March 2020 and requested the Company to: (i) complete the Proposed Buy-out and make partial repayment of the Loan after the disposal; or (ii) finance Vimab within a short period of time. Despite the Company attempted to negotiate with the Fund to resolve the aforesaid concerns and sought for extension of time, the Fund served a termination notice of the Loan Agreement to Vimab and demanded for immediate full repayment of the outstanding indebtedness thereunder on 3 April 2020.

Nonetheless, on 7 April 2020, the Company was notified by Vimab that the Fund informed Vimab that the Fund requested to transfer the Pledged Shares to the Designated Company and requested Vimab to update its register of shareholder. Vimab updated its register of shareholder pursuant to the Fund’s request on 9 April 2020. On 15 April 2020, Vimab forwarded the Company of the Fund’s notice to Vimab’s management about its enforcement of the Pledged Shares. The Company has started to seek for legal advices and assistance.

Based on the Company’s understanding, the Fund deemed Vimab was in default since the Fund considered it was evident that Vimab would not be capable of discharging the full amount of the outstanding indebtedness under the Loan Agreement. The Company is now in the course of requesting the Fund to provide a detailed account of the grounds for immediate termination of the Loan and how the share ledger of Vimab could have been changed at the time.

No agreement was entered by the Group with the Fund and/or the Potential Purchaser in respect of the Proposed Buy-out up to the date of this announcement.

Actions taken and to be taken by the Company

The enforcement of the Pledge was carried out without any instrument executed by the direct holding company of Vimab and the Company, and based on the preliminary assessment, such enforcement may not tally with Vimab's constitutional documents. The Company is in the course of seeking legal advice as to whether the Fund is entitled enforce the Pledge in the aforesaid manner under the Loan Agreement, and the legitimacy of the transfer of the Pledged Shares.

Despite the Fund's entitlement to terminate the Loan Agreement, the Company has expressed its objection to the Fund, among others, on the manner of enforcing of the Pledged Shares and, and requested the Fund to provide a detailed account of the grounds for immediate termination of the Loan Agreement, the actions it has taken and how the shareholder register of Vimab could have been changed at the time.

The Company will evaluate the subject matter determine on the further actions to be taken after having received further response or information from the Fund and considered the legal advice of its Swedish legal advisor.

Estimated Impact on the Group

With reference to the unaudited financial information of Vimab for the year ended 31 March 2020, it is expected that the enforcement of the Pledge, if confirmed to be valid, would result in an unaudited loss of: (i) SEK2,705,000 (approximately HK\$2,214,000) being the loss of estimated net asset values (other than goodwill) for nil consideration; and (ii) non-cash impairment loss of approximately SEK 169,322,000 (approximately HK\$138,590,000) recognised for goodwill arising from the loss of relevant cash-generating units, to the Group's consolidated net loss (before taxation) for the year ended 31 March 2020. Nonetheless, the enforcement of the Pledge is expected will not deteriorate the financial position or liquidity of the Group.

The Company will issue announcement on the further development on the aforesaid matters as and when required in accordance with the Listing Rules.

Shareholders and/or investors are advised to exercise caution when dealing in the Company's securities.

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

Hong Kong, 26 May 2020

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.