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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



PLACING OF NEW SHARES UNDER THE GENERAL MANDATE

The Board announced that on 10 June 2020, after trading hours, the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Placing Shares. Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed to place up to 57,290,113 new Shares, to not less than six independent Places, at a price of HK\$0.202 per Placing Share.

The 57,290,113 Placing Shares under the Placing represents 10% of the existing issued share capital of the Company of 572,900,134 Shares as at the date of this announcement and approximately 9.09% of the issued share capital of 630,238,147 Shares as enlarged by the Placing Shares.

The Placing Price of HK\$0.202 represents (i) a discount of approximately 17.89% to the closing price of the Shares of HK\$0.246 quoted on the Stock Exchange on 10 June 2020, being the date of the Placing Agreement and (ii) a discount of approximately 19.9% to the average closing price of the Shares of approximately HK\$0.252 quoted on the Stock Exchange for the last five consecutive trading days immediately preceding to 10 June 2020.

The gross proceeds and net proceeds from the Placing will be approximately HK\$11.57 million and HK\$10.98 million respectively, which will be used for general working capital of the Group.

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

The Placing Shares are to be issued and allotted under the General Mandate.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement.

As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

On 10 June 2020 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with CNI Securities, the principal terms of which are set out below:

Date: 10 June 2020

Parties: (i) the Company; and
(ii) CNI Securities

The Placing

CNI Securities has agreed to act as a non-exclusive placing agent for the Company, on best effort basis, to procure not less than six places for the Placing of not more than 57,290,013 Placing Shares at the Placing Price.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, neither CNI Securities nor its ultimate beneficial owner(s) is a connected person of the Company.

Placing Price

The Placing Price of HK\$0.202 per Placing Share represents:

- (i) a discount of approximately 17.89% to the closing price of HK\$0.246 per Share as quoted on the Stock Exchange on the date of the Placing Agreement); and
- (ii) a discount of approximately 19.8% to the average closing price of approximately HK\$0.252 per Share as quoted on the Stock Exchange for the last 5 trading days prior to the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiation between the Company and CNI Securities with reference to the market price of the Shares.

Placing Shares

The maximum number of 57,290,013 Placing Shares under the Placing represents (i) 10% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement and up to the completion of the Placing and the Placing Shares are placed in full). The aggregate nominal value of the Placing Shares under the Placing will be HK\$5,729,001.3.

The Placing Shares, when allotted and issued, will be free from all encumbrances and rank pari passu in all respects with the existing Shares in issue as at the date of the Placing Agreement.

Placee(s)

Pursuant to the Placing Agreement, CNI Securities will procure the Placing Shares to be placed to not less than six placees, who/which shall be individual(s), corporate(s), institutional investor(s) or other investors procured by or on behalf of CNI Securities on a best effort basis.

CNI Securities will base on its best knowledge, information and belief and after due and careful enquiries, ensure the placees and their respective ultimate beneficial owner(s) will be third party independent of the Company, its connected person or any parties acting in concert with such connected person, and ensure none of the placees will become a substantial shareholder of the Company immediately upon completion of the Placing.

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 Placing Shares.

Conditions of the Placing Agreement

Completion is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares.

The Company and the Placing Agent shall use their respective best endeavours to procure the fulfilment of the conditions and in particular, shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may reasonably be required by each other and/or the Stock Exchange and/or the SFC in connection with the fulfilment of the conditions.

If the conditions are not fulfilled on or prior to 2 July 2020 or such later date to be agreed between the Company and the Placing Agent in writing, the Placing Agreement and all the obligations thereunder will cease and terminate and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

Placing Commission

The Company will pay a placing commission of 5% of the amount equal to the Placing Price multiplied by the number of Placing Shares actually placed by CNI Securities.

The Placing commission was negotiated on an arm's length basis between the Company and CNI Securities.

Termination of the Placing

During the period from the date of the Placing Agreement up to 8:00 a.m. on the completion date of the Placing Agreement:

- (A) CNI Securities may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company if:
- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of CNI Securities would be materially adverse in the consummation of the Placing; or
 - (2) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by CNI Securities on reasonable grounds to be material in the context of the Placing; or
 - (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of CNI Securities would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
 - (4) any statement contained in the announcements, circulars, interim and annual reports published by the Company after the publication of its annual result announcement for the year ended 31 March 2019 has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of CNI Securities would be materially adverse in the consummation of the Placing; or

(B) The Company may, in its reasonable opinion, after consultation with CNI Securities, terminate the Placing Agreement by notice in writing to CNI Securities if there is a breach of the warranties, representations and undertakings given by CNI Securities in the Placing Agreement and such breach is considered by the Company on reasonable grounds to be material.

Upon termination of the Placing Agreement, all liabilities of the parties shall cease and determine and no party shall have any claim against each other save for any antecedent breach.

Completion of the Placing

Completion of the Placing shall take place within 4th business day following the date on which the condition precedent is satisfied (or such other date as the Company and Placing Agent may agree in writing).

CHANGES TO THE COMPANY'S SHAREHOLDING STRUCTURE AS A RESULT OF THE PLACING

The indicative shareholding structure of the Company (i) as at the date of the Placing Agreement and (ii) immediately after completion of the Placing (assuming there is no change in the issued share capital of the Company from the date of this announcement and up to the completion of the Placing and the Placing Shares are placed in full) are as follows:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing	
	Number of Shares	% of shareholding <i>(approximately)</i>	Number of Shares	% of shareholding <i>(approximately)</i>
Jumbo Grand Enterprise Development Limited <i>(Note 1)</i>	77,000,000	13.44%	77,000,000	12.22%
Prosper Power Group Limited <i>(Note 2)</i>	76,500,000	13.35%	76,500,000	12.14%
Simple Gain International Limited <i>(Note 3)</i>	40,000,000	6.98%	40,000,000	6.35%
CEF Concept Holdings Limited <i>(Note 4)</i>	55,400,000	9.67%	55,400,000	8.79%
Ms. Qin Shulan <i>(Note 5)</i>	4,084,000	0.71%	4,084,000	0.65%
Mr. Cai Jianwen <i>(Note 5)</i>	480,000	0.08%	480,000	0.08%
Dr. Zhang Lihui <i>(Note 5)</i>	96,000	0.02%	96,000	0.02%
Mr. Choy Wai Shek, Raymond, <i>MH. JP (Note 5)</i>	700,000	0.12%	700,000	0.11%
Dr. Tong Ka Kok <i>(Note 5)</i>	480,000	0.08%	480,000	0.08%
The Placee(s)	—	—	57,290,013	9.09%
Other public shareholders	318,160,134	55.54%	318,160,134	50.49%
	<u>572,900,134</u>	<u>100.00%</u>	<u>630,238,147</u>	<u>100.00%</u>

Notes:

1. Jumbo Grand Enterprise Development Limited is wholly-owned by Mr. Zhu Yongjun (chairman of the Board and an executive Director). Mr. Zhu is the brother-in-law of Mr. Allan Warburg, an ultimate beneficial owner of Simple Gain International Limited, a shareholder of the Company.
2. Prosper Power Group Limited is owned as to 75% by Mr. Chu Shu Cheong.
3. Simple Gain International Limited is wholly-owned by Allan Warburg Holdings Limited, which is in turn wholly-owned by Mr. Allan Warburg.
4. 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.
5. Directors of the Company.
6. The percentage figures included in this table are subject to rounding adjustment.

REASONS FOR AND BENEFITS OF THE PLACING

The Directors have considered various ways of raising additional funds for strengthening the Group's financial position and future use and they consider that the Placing is an appropriate means of raising additional capital for the Company since the capital base of the Company can be broadened at a relatively low cost compared to bank borrowings or issue of debt securities, and the cash position of the Group will be improved which then can help establishing and strengthening the existing and future business of the Group. The Board considers that the terms of the Placing Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) consider the terms of the Placing Agreement to be fair and reasonable under the current market conditions, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES DURING THE PAST 12 MONTHS

The Company had not carried out any equity fund-raising activities during the past 12 months.

INTENDED USE OF PROCEEDS

The gross proceeds from the Placing, assuming all the Placing Shares are fully placed, will be approximately HK\$11.57 million. The net proceeds from the Placement will be approximately HK\$10.98 million. The net Placing Price per Placing Share after deducting placing commission, fee and expenses is approximately HK\$0.192 per Share. The funds to be raised under the Placing are intended to be used for general working capital.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

The Placing Shares will be issued under the General Mandate, under which the Directors have been authorised by the Shareholders to allot and issue up to 114,580,026 new Shares. The Directors have not exercised the power to allot and issue any new Shares pursuant to such mandate prior to the date of this announcement. The Placing will utilise 50% of the General Mandate upon Placing of the Placing Shares in full. The issue of the Placing Shares will not be subject to the approval of the Shareholders.

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

DEFINITION

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

“Board”	the Board of Directors
“CNI Securities”	CNI Securities Group Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities within the meaning of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“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 under the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate to allot, issue and deal with not more than 114,580,026 new Shares granted to the Directors by resolution of the Shareholders passed at the annual general meeting of the Company held on 16 August 2019
“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
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agreement”	the agreement dated 10 June 2020 entered into between the Company and CNI Securities in respect of the Placing;
“Placing Price”	HK\$0.202 per Placing Share
“Placing Shares”	not more than 57,290,013 new Shares to be placed by CNI Securities pursuant to the Placing Agreement
“Share(s)”	ordinary share(s) of HK\$0.1 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

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

Hong Kong, 10 June 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.