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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 ENFORCEMENT OF PLEDGE OVER THE SHARES OF A SUBSIDIARY

This announcement is made by New Concepts Holdings Limited (the “**Company**”) pursuant to Rule 13.09(2)(a) 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 announcements of the Company dated 29 April 2020 and 26 May 2020 (the “**Announcements**”) in relation to enforcement of a pledge over all the issued shares (the “**Pledged 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 Announcements.

BACKGROUND

As set out in the Announcements, Vimab was indebted to the Fund in the principal amount of SEK131,000,000 pursuant to the Loan Agreement entered on 1 February 2019, and the Company noticed the Fund had, prior to the repayment date of the Loan Agreement, enforced the Pledge under the Loan Agreement and transferred all the Shares pledged under the Loan Agreement to Riddargatan Förvaltning AB, a company incorporated in Sweden which is an affiliated entity 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.

DISCHARGE AGREEMENT

On 27 July 2020, the parties have compromised on settling all disputes and claims between them relating to the Loan agreement and/or the enforcement of the pledge over the pledged Shares and entered into a discharge agreement (the “**Discharge Agreement**”) detailed below.

Date: 27 July 2020 (after trading hours of the Stock Exchange)

Parties: (i) the Fund;

(ii) the Designated Company;

(iii) the Company;

(iv) First Bravo Development Limited (together with the Company, the “**Pledgors**”); and

(v) Vimab.

Pursuant to the Discharge Agreement, the Pledgors undertook that, among others, not to make any claims on the Designated Company’s ownership of the Pledged Shares, and/or the enforcement of the pledge of the Pledged Shares. On the other hand the Fund undertook and confirmed that the obligations and/or liabilities of the Pledgors in connection with or in relation to the Loan Agreement and any letter of comfort will cease and terminate. The Discharge Agreement will not exempt, waive or relieve the Fund from its obligation to repay any surplus from the enforcement of the pledge of Pledged Shares to First Bravo Development Limited, as the original pledgor of the Shares.

FINANCIAL IMPACT ON THE GROUP

Due to the enforcement of the Pledge Shares, an aggregate amount of approximately HK\$139.9 million of impairment was recognised for goodwill, intangible assets, property plant and equipment in the unaudited annual results for the year ended 31 March 2020. Such impairment is one-off and non-cash in nature and therefore will not deteriorate the financial position or liquidity of the Group.

Based on unaudited annual results for the year ended 31 March 2020, the Group’s revenue and loss (excluding the above impairment recognised) for the year would reduce HK\$188.6 million and HK\$42.6 million, or 22.5% and 13.6%, respectively should the entire Vimab and its subsidiaries, representing the entire industrial fluids systems segment was excluded, and the Group will no longer have any industrial fluids systems segment for the year ending 31 March 2021.

REASONS FOR AND BENEFITS OF THE DISCHARGE AGREEMENT

Subsequent to the publication of the Announcements, the Fund has invited the Company to consider and repurchase the Pledged Shares with an aim to settle the subject matter. The Company proposed two non-legally binding counter-proposals, of which the key terms include, among others, the restructuring of the Loan Agreement consisting of hair-cut on the outstanding indebtedness, extension of repayment period and adjustments on interest rates, etc. The Fund denied such counter-proposals and determine to process for an auction on the Pledged Shares.

According to the Company's Swedish legal counsel, 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 (being one of the event of default under the Loan Agreement). The Fund was entitled to terminate the Loan Agreement and enforce the pledge over the Pledge Shares pursuant to the Loan Agreement. The actions taken by the Fund during the course of enforcement of the Pledge, whether strictly in compliance with the provision of the Loan Agreement or not, would not impair or invalidate its right of enforcement under the Loan Agreement due to the continuing event of default.

In light of the above, the Directors (including all independent non-executive Directors) consider that the terms of the Discharge Agreement are fair and reasonable, the transaction thereunder is on normal commercial terms 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, 27 July 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 Directors are 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.