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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 SHARES UNDER GENERAL MANDATE

SUBSCRIPTION AGREEMENTS

The Board hereby announces that on 24 March 2021 (after trading hours), the Company entered into 3 Subscription Agreements with each of the Subscribers, respectively, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for an aggregate of 20,000,000 Subscription Shares at the Subscription Price of HK\$0.20 per Subscription Share.

The 20,000,000 Subscription Shares represent approximately 2.97% of the existing issued share capital of the Company of 673,590,134 Shares as at the date of this announcement, and approximately 2.88% of the issued share capital of 693,590,134 Shares 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.

Subject to completion of the Subscription, the gross proceeds from the Subscription will be HK\$4.0 million. The net proceeds, after deducting all relevant costs and expenses is expected to be approximately HK\$3.98 million, is intended to be used for the general working capital.

The Subscription Shares will be allotted and issued pursuant to the General Mandate.

GENERAL

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

SUBSCRIPTION AGREEMENTS

The Board hereby announces that on 24 March 2021 (after trading hours), the Company entered into 3 Subscription Agreements with each of the Subscribers, respectively. Save for the number of Subscription Shares to be subscribed and the identity of the Subscribers, the terms and conditions of all Subscription Agreements are identical in all material respects. The signing of the Subscription Agreements are not inter-conditional to each other. The principal terms of the Subscription Agreements are set out as follows:

Date: 24 March 2021 (after trading hours)

Parties: The Company (as issuer); and
the relevant Subscriber

Pursuant to the Subscription Agreements, the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for an aggregate of 20,000,000 Subscription Shares at the aggregate Subscription Price of HK\$4,000,000 to be paid by cash on the completion date of the Subscription Agreements, the breakdown of which is as follows:

	Number of Subscription Shares to be subscribed	Amount of Subscription Price payable <i>HK\$'000</i>
Subscriber A	6,000,000	1,200
Subscriber B	6,000,000	1,200
Subscriber C	8,000,000	1,600
	<u>20,000,000</u>	<u>4,000</u>

Number of Subscription Shares

The 20,000,000 Subscription Shares under the Subscription represent approximately 2.97% of the existing issued share capital of the Company of 673,590,134 Shares as at the date of this announcement, and approximately 2.88% of the issued share capital of 693,590,134 Shares 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 aggregate nominal value of the Subscription Shares under the Subscription is HK\$2,000,000.

Ranking of 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.

Subscription Price

The Subscription Price of HK\$0.20 per Subscription Share represents:

- (i) a premium of approximately 2.5% to the closing price of HK\$0.195 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements; and
- (ii) equivalent to the average closing price of approximately HK\$0.20 per Share as quoted on the Stock Exchange for the last 5 trading days prior to the date of the Subscription Agreements.

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 respective Subscribers.

General Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued under the General Mandate. Accordingly, the allotment and issue of the Subscription Shares will not be subject to approval of the Shareholders. Under the General Mandate, the Company is authorised to allot and issue up to 134,718,026 Shares. The Subscription will utilise approximately 14.85% of the General Mandate. As set out in the Company's announcement dated 14 December 2020, 50,000,000 Shares will be allotted and issued upon full conversion of the convertible bonds issued by the Company pursuant to the subscription agreement entered into between the Company and Mr. Xu Hejiao on 14 December 2020 under the General Mandate. Assuming the convertible bonds are fully converted, an aggregate of approximately 51.96% of General Mandate will be utilised upon completion of the Conversion and the Subscription.

Condition precedent of the Subscription Agreements

Completion of the Subscription is conditional upon 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 (whether such grant is conditional or not).

If the condition as set out in the above is not fulfilled on or before 19 April 2021, the obligations and liabilities of the Subscribers and the Company under the respective Subscription Agreements shall cease and terminate, and the Subscribers and the Company shall be released from all rights and obligations save for any antecedent breach thereof.

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.

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 Agreements may agree in writing) after the condition precedent is satisfied.

INFORMATION OF THE SUBSCRIBERS

Subscriber A is Ms. Ng Hoi Kai, a Hong Kong citizen and a merchant.

Subscriber B is Mr. Fang Guohong, a PRC citizen and a merchant.

Subscriber C is Mr. Fang Weikang, a PRC citizen and a merchant.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save that Subscriber B is the father of Subscriber C, each of the Subscribers is independent of and not a connected person of the Company and the other Subscribers.

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 the Subscription	
	Number of shares (Approximately)	% of shareholdings	Number of shares (Approximately)	% of shareholdings
Jumbo Grand Enterprise Development Limited (Note 1)	77,000,000	11.43	77,000,000	11.10
Prosper Power Group Limited (Note 2)	76,500,000	11.35	76,500,000	11.03
Simple Gain International Limited (Note 3)	40,000,000	5.93	40,000,000	5.77
CEF Concept Holdings Limited (Note 4)	55,400,000	8.22	55,400,000	7.99
Mr. Zhu Yongun (Note 5)	2,416,000	0.35	2,416,000	0.35
Dr. Zhang Lihui (Note 5)	48,000	0.01	48,000	0.01
Mr. Choy Wai Shek, Raymond, MH. JP (Note 5)	700,000	0.10	700,000	0.10
Dr. Tong Ka Kok (Note 5)	480,000	0.07	480,000	0.07
Subscriber A	—	—	6,000,000	0.87
Subscriber B	—	—	6,000,000	0.87
Subscriber C	—	—	8,000,000	1.15
Other public Shareholders	<u>421,046,134</u>	<u>62.51</u>	<u>421,046,134</u>	<u>60.71</u>
Total	<u>673,590,134</u>	<u>100.00</u>	<u>693,590,134</u>	<u>100.00</u>

Notes:

- 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.
- Prosper Power Group Limited is owned as to 75% by Mr. Chu Shu Cheong.
- Simple Gain International Limited is wholly-owned by Allan Warburg Holdings Limited, which is in turn wholly-owned by Mr. Allan Warburg.
- 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.
- Directors of the Company.
- The percentage figures included in this table are subject to rounding adjustment.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

With reference to the 2020 annual report and unaudited interim results announcement dated 23 November 2020, in addition to the issue of convertible bond in December 2020 and potential disposal of a subsidiary as set out in the announcement dated 8 February 2021, the Directors have been taking various measures in the short to medium run to meet its financial needs, and the Board considers the Subscription 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.

The Directors (including independent non-executive Directors) consider that the Subscription Agreements and the Subscription contemplated thereunder are on normal commercial terms determined after arm's length negotiations among the parties, fair and reasonable and in the interests of the Company and the Shareholders as whole.

INTENDED USE OF PROCEEDS

The gross proceeds from the Subscription will be HK\$4.0 million. The net proceeds from the Subscription will be approximately HK\$3.98 million. The net Subscription Price per Subscription Share after deducting relevant fee and expenses is approximately HK\$0.199 per Share. The funds to be raised under the Subscription are intended to be used for general working capital.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

During the past 12 months from the date of this announcement, the Company has the following equity fund raising activities:

Date of announcement	Fund raising activities	Net Proceeds	Intend use of net proceeds	Actual use of proceeds as at date of this announcement
10 June 2020	Placing of 50,922,000 new Shares at HK\$0.202 per Share	Approximately HK\$9.70 million	General working capital	Fully applied as intended
15 June 2020	Issue of 49,768,000 new Shares at HK\$0.221 per Share	Approximately HK\$10.97 million	General working capital	Fully applied as intended

Date of announcement	Fund raising activities	Net Proceeds	Intend use of net proceeds	Actual use of proceeds as at date of this announcement
14 December 2020	Issue of convertible bond with an aggregate principal amount of HK\$10,000,000 in 3 tranches. As at the date of this announcement, the first tranche with the principal amount of HK\$4,000,000 was issued	Approximately HK\$4,600,000, representing the net proceeds from the first tranche and non-refundable deposits of the convertible bonds	General working capital	Fully applied as intended

Save for the aforesaid, the Company did not raise funds on any issue of equity securities raising activities during the past twelve months immediately preceding the date of this announcement.

Completion of the Subscription is subject to the satisfaction of the condition precedent to the Subscription Agreements. As such, the Subscription 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:

“Associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday or Sunday or public holiday in Hong Kong or days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9 a.m. and 5 p.m.) on which banks are generally open for business in 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 134,718,026 new Shares granted to the Directors by resolution of the Shareholders passed at the annual general meeting of the Company held on 25 September 2020
“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”	the People’s Republic of China
“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
“Subscribers”	collectively, Subscriber A, Subscriber B and Subscriber C
“Subscription”	the subscription of the Subscription Shares under the General Mandate by the Subscribers pursuant to the Subscription Agreements
“Subscription Agreements”	the 3 subscription agreements relating to the Subscription of the Subscription Shares entered into between the Company and each of the Subscribers on 24 March 2021
“Subscription Price”	the subscription price of HK\$0.20 per Subscription Share
“Subscription Shares”	an aggregate of 20,000,000 new ordinary Shares to be allotted and issued by the Company to the Subscribers pursuant to the Subscription Agreements

“Substantial has the meaning ascribed to it under the Listing Rules
Shareholder”

“%” per cent

* *For identification purpose only*

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

Hong Kong, 24 March 2021

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 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.