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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)

SUPPLEMENTAL AGREEMENT IN RELATION TO THE VERY SUBSTANTIAL DISPOSAL OF A SUBSIDIARY

SUPPLEMENTAL DISPOSAL AGREEMENT

On 30 June 2021, the parties to the Disposal Agreement entered into the Supplemental Disposal Agreement to extend the Long Stop Date and re-arrange the payment manner of the 2nd Instalment Consideration.

LISTING RULES IMPLICATIONS

As the arrangement under the Supplemental Disposal Agreement does not constitute material change to the terms of the Disposal Agreement, the Company is not required to re-comply with the relevant requirements of a very substantial disposal pursuant to Chapter 14 of the Listing Rules which are applicable to the Disposal Agreement.

Reference is made to the Company's announcement dated 8 February 2021 and the circular (the "**Circular**") dated 8 April 2021 in relation to the Disposal Agreement entered into among the Vendor, the Company, Mr. Zhu Yongjun, the Purchaser, BELG and the Disposal Company on 8 February 2021. Pursuant to the Disposal Agreement, the Vendor (an indirect wholly-owned subsidiary of the Company) conditionally agreed to dispose of 100% equity interest in the Disposal Company to the Purchaser and continue to provide the pre-existed financial assistance to the Disposal Company after Completion. Capitalised terms used herein shall have the same meanings as those defined in the Circular unless the context requires otherwise.

SUPPLEMENTAL DISPOSAL AGREEMENT

On 30 June 2021, the parties to the Disposal Agreement entered into the Supplemental Disposal Agreement, pursuant to which the payment manner of the 2nd Instalment Consideration of RMB81,600,000 was originally agreed to be released to the Vendor within 10 days from the Completion Date, while the same shall be deposited by the Purchaser within 3 Business Days after the joint bank account was opened by the Purchaser and the Vendor within 3 Business Days from the fulfilment date of all conditions precedent, shall be amended as follows:

- (a) within 3 days from the date of the Supplemental Disposal Agreement, the parties shall prepare the registration documents for the equity transfer. Within 3 days after the said registration documents are pre-approved by the business registration authority and passed to the Purchaser, the Purchaser shall pay RMB40,800,000, being 50% of the 2nd Instalment Consideration, to the bank account designated by the Vendor, and the Vendor shall, within 3 days upon receipt of the said payment, transfer its management power in the Disposal Company to the Purchaser (including the transfer of books and company seals, change or appoint directors or management of the Disposal Company with personnel designated by the Purchaser) and arrange the relevant business registration of such change in management. No profit distribution shall be conducted by the Disposal Company after the transfer of the management power and prior to completion of the equity transfer in respect of the Disposal;
- (b) upon the transfer of management power as set out in (a) above, the parties shall continue to fulfill the outstanding conditions precedent under the Disposal Agreement, namely obtaining of the written approval from the Taiyuan Urban and Rural Management Bureau* (太原市城鄉管理局) and the written consent from CITIC Financial Leasing Company Limited* (中信金融租賃有限公司) (“CITIC”) (a major creditor of the Disposal Company). To facilitate the obtaining of the written consent from CITIC, BELG shall provide guarantee for the indebtedness owed by the Disposal Company to CITIC and undertake to fully repay such indebtedness within 3 months upon completion of the equity transfer in respect of the Disposal; and
- (c) within 3 Business Days from the fulfillment date of all conditions precedent under the Disposal Agreement, the parties shall arrange to proceed with the business registration of the equity transfer in respect of the Disposal, and the Purchaser shall pay RMB40,800,000, being remaining 50% of the 2nd Instalment Consideration, to the bank account designated by the Vendor within 3 days upon completion of the business registration.

The parties also agreed to extend the long stop date for fulfillment of the conditions precedent under the Disposal Agreement from 120 days after the date of the Disposal Agreement to 210 days after the date of the Disposal Agreement (i.e. 6 September 2021) (or such later date as may be agreed by the parties thereto in writing).

REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL DISPOSAL AGREEMENT

The Board has been aiming to strengthen the Group's financial and cash flow position by (i) disposal of part of the assets/projects of the Group in a way that also aligns with its future business development strategy; and (ii) other equity and debt financing alternatives. The Supplemental Disposal Agreement enables the Group to speed up receipt of the 2nd Instalment Consideration and enjoy more flexibility to deploy its resources for partial repayment of the interest-bearing liabilities and other working capital purpose.

In light of the above, the Board considers the arrangement under the Supplemental Disposal Agreement will not have any material adverse impact on the financial position of the Group, and the terms therein are fair and reasonable, on normal commercial terms, and the in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the arrangement under the Supplemental Disposal Agreement does not constitute material change to the terms of the Disposal Agreement, the Company is not required to re-comply with the relevant requirements of a very substantial disposal pursuant to Chapter 14 of the Listing Rules which are applicable to the Disposal Agreement.

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

Hong Kong, 30 June 2021

As at the date of this announcement, the executive Directors are Mr. Zhu Yongjun 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.

** In this announcement, translated English names of Chinese entities for which no official English translation exists are unofficial translations for identification purposes only, and in the event of any inconsistency between the Chinese names and their English translation, the Chinese names shall prevail.*