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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 NEW SHARES UNDER GENERAL MANDATE

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On 28 March 2022, the Company entered into 6 Subscription Agreements with each of the Subscribers. 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 185,748,000 Subscription Shares at the Subscription Price of HK\$0.40.

Completion of the Subscription under each of the Subscription Agreements is not inter-conditional with each other.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares. The Subscription Shares will be allotted and issued under the General Mandate.

USE OF PROCEEDS

The gross proceeds from the Subscription will be approximately HK\$74.3 million. The net proceeds from the Subscription will be approximately HK\$74.2 million. The net Subscription Price per Subscription Share after deducting the relevant fees and expenses is approximately HK\$0.399 per Share. The funds to be raised under the Subscription are intended to be applied as to (i) approximately HK\$32.92 million as the initial investment cost for the kitchen waste treatment project in Dunhua that the Group has recently been awarded; (ii) approximately HK\$39.0 million as for initial investment cost for potential kitchen waste treatment and other environmental protection related projects; and (iii) approximately HK\$2.28 million as general working capital for the Group.

GENERAL

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

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.

THE SUBSCRIPTION AGREEMENTS

The Board hereby announces that on 28 March 2022, the Company entered into 6 Subscription Agreements with each of the Subscribers.

Save for the number of Subscription Shares to be subscribed for and the identity of the Subscribers, the terms and conditions the Subscription Agreements are identical in all material respects. The principal terms of the Subscription Agreements are set out as follows:

Date: 28 March 2022 (after trading hours)

Parties The Company (as issuer); and
The relevant Subscriber.

The Subscription

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 185,748,000 Subscription Shares at the Subscription Price of HK\$0.40 to be paid by cash or cashier order on the completion date of the Subscription Agreements, the breakdown of which is as follows:

Subscriber	Number of Subscription Shares <i>('000)</i>	Total subscription price payable <i>(approximately)</i> <i>(HK\$'000)</i>
Subscriber A	25,748	10,299
Subscriber B	27,000	10,800
Subscriber C	43,000	17,200
Subscriber D	20,000	8,000
Subscriber E	30,000	12,000
Subscriber F	40,000	16,000
Total	<u>185,748</u>	<u>74,299</u>

The Subscription Shares

The 185,748,000 Subscription Shares under the Subscription represent (i) approximately 19.47% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.30% of the issued share capital 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 Subscription Shares have an aggregate nominal value of approximately HK\$18.57 million and market value of approximately HK\$91.02 million based on the closing price of HK\$0.49 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements.

Ranking of the 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.

The Subscription Price

The Subscription Price of HK\$0.40 per Subscription Share represents:

- (i) a discount of approximately 18.36% to the closing price of HK\$0.49 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements; and
- (ii) a discount of approximately 17.53% to the average closing price of approximately HK\$0.485 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreements.

The Subscription Price was determined with reference to the prevailing market prices of the Shares over a period of time and was negotiated on an arm's length basis between the Company and the respective Subscriber.

Condition precedent

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.

If the above conditions is not fulfilled on or before 26 April 2022 (or such other date as the parties to the Subscription Agreements may agree in writing), the obligations and liabilities of the relevant Subscriber and the Company under the Subscription Agreements shall cease and terminate, and the relevant Subscriber and the Company shall be released from all rights and obligations save for any antecedent breach thereof.

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 185,751,626 Shares. As at the date of this announcement, the General Mandate has not been utilised. The Subscription will utilise approximately 99.99% of the General Mandate.

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 conditions precedent are satisfied.

Completion of the Subscription under each of the Subscription Agreements is not inter-conditional with each other.

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.

INFORMATION ON THE SUBSCRIBERS

All of the Subscribers are citizens of the PRC.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Subscribers is a third party independent of the Company and its connected persons; and the Subscribers are not connected with each other.

INFORMATION ON THE GROUP

The Group is principally engaged in (i) construction works in Hong Kong; and (ii) environmental protection.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

Reference is made to the announcements of the Company dated 10 August 2022 and 24 February 2022 in relation to successful tender and award of kitchen waste projects in Dunhua, Jilin province and Guoyang County of Anhui province, respectively.

The gross proceeds from the Subscription will be approximately HK\$74.3 million. The net proceeds from the Subscription will be approximately HK\$74.2 million. The net Subscription Price per Subscription Share after deducting the relevant fees and expenses is approximately HK\$0.399 per Share. The funds to be raised under the Subscription are intended to be applied as to (i) approximately HK\$32.92 million as the initial investment cost for the kitchen waste treatment project in Dunhua that the Group has recently been awarded; (ii) approximately HK\$39.0 million as for initial investment cost for potential kitchen waste treatment and other environmental protection related projects; and (iii) approximately HK\$2.28 million as general working capital for the Group.

The Directors consider that the terms of each of the Subscription Agreements are fair and reasonable and are on normal commercial terms, fair and reasonable, and the Subscription is in the interests of the Company and the Shareholders as a whole.

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 completion of the Subscription	
	Number of Shares	% of shareholding	Number of Shares	% of shareholding
Jumbo Grand Enterprise Development Limited (<i>Note 1</i>)	77,000,000	8.07	77,000,000	6.75
Prosper Power Group Limited (<i>Note 2</i>)	76,500,000	8.01	76,500,000	6.71
Mr. Zhu Yongjun (<i>Note 3</i>)	4,900,000	0.51	4,900,000	0.43
Mr. Sui Guangyi (<i>Note 3</i>)	16,204,000	1.69	16,204,000	1.42
Dr. Zhang Lihui (<i>Note 3</i>)	96,000	0.01	96,000	0.01
Mr. Choy Wai Shek, Raymond, <i>MH. JP</i> (<i>Note 3</i>)	700,000	0.07	700,000	0.06
Dr. Tong Ka Kok (<i>Note 3</i>)	480,000	0.05	480,000	0.04
The Subscribers (<i>Note 4</i>)	79,484,000	7.22	265,232,000	23.27
Other public Shareholders	<u>698,658,134</u>	<u>74.37</u>	<u>698,658,134</u>	<u>61.31</u>
Total	<u>954,022,134</u>	<u>100.00</u>	<u>1,139,770,134</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).
2. Prosper Power Group Limited is owned as to 75% by Mr. Chu Shu Cheong.
3. Directors of the Company.
4. None of the Subscriber holds more than 5% shareholding at the date of this announcement and after the completion of the Subscription.
5. The percentage figures included in this table are subject to rounding adjustment.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Save as disclosed below, the Company has not conducted any fund raising activities involving the issue of equity securities during the past 12 months from the date of this announcement:

Date of announcement	Fund raising activities	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
15 April 2021	Issue of convertible bonds with an aggregate principal amount of approximately HK\$16,826,000 at the conversion price of HK\$0.260 per conversion share in 3 tranches to Ms. Shen Ding and Mr. Yuan Long. As at date of this announcement, the 1st tranche and 2nd tranche with principals amount of approximately HK\$6,730,000 and HK\$5,048,000, respectively, were issued.	Approximately HK\$11.78 million (i.e. net price of HK\$0.26 per convertible bond), representing the net proceeds from the 1st tranche, 2nd tranche and the non-refundable deposits of the convertible bonds amounting to approximately HK\$336,000	General working capital	Fully applied as intended
10 May 2021	Issue of 169,472,000 new Shares to 9 subscribers at HK\$0.295 per Share.	Approximately HK\$49.83 million	(i) approximately HK\$25.0 million as investment cost for kitchen waste treatment project in Xuancheng (ii) approximately HK\$14.2 million as repayment of bank and other borrowings, possible settlement of claim under the writ (iii) approximately HK\$10.3 million as 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.

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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.

DEFINITIONS

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

“Board”	the board of Directors
“business day”	a day (other than a Saturday or Sunday or public holiday) on which banks are open in Hong Kong for general commercial business
“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 in the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate to allot, issue and deal with not more than 185,751,626 new Shares granted to the Directors by resolution of the Shareholders passed at the annual general meeting of the Company held on 16 August 2021
“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” or “China”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC

“Share(s)”	ordinary share(s) of HK\$0.10 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
“Subscriber(s)”	the subscriber(s) under the Subscription Agreements
“Subscription”	subscription of the Subscription Shares by the Subscribers at the Subscription Price
“Subscription Agreements”	the subscription agreements dated 28 March 2022 entered into between the Company and each of the Subscribers in respect of the Subscription
“Subscription Price”	HK\$0.40 per Subscription Share
“Subscription Shares”	an aggregate of 185,748,000 new Shares to be allotted and issued by the Company to the Subscribers
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“%”	per cent.

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

Hong Kong, 28 March 2022

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 Mr. Sui Guangyi, 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.