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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)**

### **CONNECTED TRANSACTIONS TENANCY AGREEMENTS**

#### **TENANCY AGREEMENTS**

Reference is made to the announcements of the Company dated 13 December 2016 and 22 December 2016 in relation to the Previous Tenancy Agreements entered into between New Style (as landlord) and NC Foundation and New Concepts Trading Company Limited (a wholly-owned subsidiary of the Company), respectively, in relation to the lease of Premises 1 and Premises 2 by New Style to the Group. As the Previous Tenancy Agreements will expire on 1 December 2019, the Group and New Style agreed to renew the Previous Tenancy Agreements.

The Board announces that on 2 December 2019, New Style (as landlord) entered into the Tenancy Agreements with NC Foundation and NC Engineering Development, the wholly-owned subsidiaries of the Company, respectively, in respect of the lease of the Premises 1 and Premises 2, each for a term of one year commencing from 1 December 2019 to 30 November 2020.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, New Style is directly owned as to 75% by Mr. Chu, a substantial shareholder interested in approximately 13.35% equity interest in the Company and a director of each of NC Foundation and NC Engineering Development. As New Style is a connected person of the Company since it is an associate of Mr. Chu, the Tenancy Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The HKFRS applicable to the Group include HKFRS 16 “Leases” which has come into effect on 1 January 2019. In accordance with HKFRS 16 “Leases”, the Group is, except for certain exemptions, required to recognise the value of the Aggregate Rents under the Tenancy Agreements as the right-of-use of assets on its consolidated statement of financial position, and the transactions contemplated under the Tenancy Agreements may be regarded as an acquisition of asset by the Group.

Pursuant to Rule 14A.76 of the Listing Rules, as the applicable percentage ratios (as defined in Rule 14.07 in the Listing Rules) calculated with reference to the Aggregate Rents exceed 0.1% but less than 5%, the Tenancy Agreements are only subject to the reporting, announcement and annual review requirements, but are exempted from circular (including independent financial advice) and independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

Reference is made to the announcements of the Company dated 13 December 2016 and 22 December 2016 in relation to the Previous Tenancy Agreements entered into between New Style (as landlord) and NC Foundation and New Concepts Trading Company Limited (a wholly-owned subsidiary of the Company), respectively, in relation to the lease of Premises 1 and Premises 2 by New Style to the Group. As the Previous Tenancy Agreements will expire on 1 December 2019, the Group and New Style hereby agreed to enter into the Tenancy Agreements.

On 2 December 2019, New Style entered into Tenancy Agreement 1 and Tenancy Agreement 2 with NC Foundation and NC Engineering Development, the wholly-owned subsidiaries of the Company, respectively, in respect of the lease of the Premises 1 and Premises 2, the principal terms of which are set out below.

#### **TENANCY AGREEMENT 1**

Date of Agreement: 2 December 2019 (after trading hours)

Landlord: New Style

Tenant: NC Foundation

Premises: Premises 1 with a gross floor area of approximately 7,340 square feet

Term: 1 year from 1 December 2019 to 30 November 2020. NC Foundation is entitled to terminate the tenancy at any time by giving not less than three (3) calendar month’s prior written notice or three (3) month’s rent in lieu of notice to New Style.

Rent: HK\$257,000 per month (exclusive of rate, government rent and management charges), which shall be settled in cash on monthly basis

Usage: For office purpose

## **TENANCY AGREEMENT 2**

Date of Agreement: 2 December 2019 (after trading hours)

Landlord: New Style

Tenant: NC Engineering Development

Premises: Premises 2 with a gross floor area of approximately 1,979 square feet

Term: 1 year from 1 December 2019 to 30 November 2020. NC Engineering Development is entitled to terminate the tenancy any time by giving not less than three (3) calendar month's prior written notice or three (3) month's rent in lieu of notice to New Style.

Rent: HK\$70,000 per month (exclusive of rate, government rent and management charges), which shall be settled in cash on monthly basis

Usage: For office purpose

## **AGGREGATE RENTS UNDER TENANCY AGREEMENTS**

Based on the terms of the Tenancy Agreements, the Aggregate Rents payable by NC Foundation and NC Engineering Development throughout the entire terms thereunder shall be approximately HK\$3,924,000. The Aggregate Rents will be financed by internal resources of the Group.

The monthly rents under each of the Tenancy Agreements were reached on arm's length basis and determined with reference to the below factors:

- (i) the rent chargeable by New Style for similar premises in the same building;
- (ii) the prevailing market conditions;
- (iii) that the Company has considered that the total rents for the coming years are reasonable and fair its operation and are set based on reasonable assumptions; and
- (iv) the historical rental payable by the Group under the Previous Tenancy Agreement.

Pursuant to the Previous Tenancy Agreements, the monthly rent (exclusive of rate, Government rent and management charges) for each of Premises 1 and Premises 2 are approximately HK\$246,000 and HK\$67,000, respectively. Accordingly, the aggregate rents paid by the Group under the Previous Tenancy Agreements throughout the entire terms were HK\$11,300,000.

## **REASONS AND BENEFITS FOR THE TENANCY AGREEMENTS**

To cope with the business expansion of our construction work business and the development of the Group, the Group entered into the Tenancy Agreements with a gross floor area of a total of 9,319 square feet.

The Premises 1 and Premises 2 are held by New Style as investment property for rental income and are being rented for office use.

The terms of the Tenancy Agreements are arrived at after arm's length negotiation and are on normal commercial terms. The rental of the Tenancy Agreements was determined with reference to the prevailing market rental of similar properties in the nearby locations. The Directors (including its independent non-executive Directors) considered that the transactions are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **INFORMATION RELATING THE COMPANY, NC FOUNDATION, NC ENGINEERING DEVELOPMENT AND NEW STYLE**

The Group is principally engaged in (i) provision of foundation works, civil engineering contractual service and general building works in Hong Kong; (ii) environmental protection projects including kitchen waste treatment, industrial water treatment and strategic investments in environmental protection related projects; and (iii) industrial fluids system services.

NC Foundation is a limited liability company incorporated in Hong Kong and is wholly-owned by the Company. It is principally engaged in provision of foundation works and general building works.

NC Engineering Development is a limited liability company incorporated in Hong Kong and is wholly-owned by the Company. It is principally engaged in provision of civil engineering works and general building works.

New Style is a limited liability company incorporated in Hong Kong and is principally engaged in the business of investment holding. As at the date of this announcement, New Style is directly owned as to 75% by Mr. Chu (a substantial shareholder of the Company and a director of NC Foundation and NC Engineering Development) and as to 25% by Mr. Kwan Man Hay (a director of NC Foundation and NC Engineering Development).

None of the Directors has any material interest in the Tenancy Agreements and was required to abstain from voting on the Board resolutions in relation to the Tenancy Agreements and the transactions contemplated thereunder.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, New Style is directly owned as to 75% by Mr. Chu, a substantial shareholder of the Company interested in approximately 13.35% equity interest in the Company and a director of each of NC Foundation and NC Engineering Development. As New Style is a connected person of the Company since it is an associate of Mr. Chu, the Tenancy Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The HKFRS applicable to the Group include HKFRS 16 “Leases” which has come into effect on 1 January 2019. In accordance with HKFRS 16 “Leases”, the Group is, except for certain exemptions, required to recognise the value of the Aggregate Rents under the Tenancy Agreements as the right-of-use of assets on its consolidated statement of financial position, and the transactions contemplated under the Tenancy Agreements may be regarded as an acquisition of asset by the Group.

Pursuant to Rules 14A.76 of the Listing Rules, as the applicable percentage ratios (as defined in Rule 14.07 in the Listing Rules) calculated with reference to the Aggregate Rents under exceeds 0.1% but less than 5%, the Tenancy Agreements are only subject to the reporting, announcement and annual review requirements, but are exempted from independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

“Aggregate Rents”	the aggregate amount of rents payable by NC Foundation and NC Engineering Development under the Tenancy Agreements throughout the entire terms thereunder
“Board”	The board of directors of the Company
“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 of Hong Kong (Stock Code: 2221)
“Group”	The Company together with its subsidiaries
“HK\$”	Hong Kong dollars
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants

“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange Hong Kong
“Mr. Chu”	Mr. Chu Shu Cheong, the substantial shareholder holding approximately 13.35% of the issued share capital of the Company and the director of NC Foundation and NC Engineering Development as at the date of this announcement
“NC Foundation”	New Concepts Foundation Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“NC Engineering Development”	New Concepts Engineering Development Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“New Style”	New Style Limited, a company incorporated in Hong Kong with limited liability and directly owned as to 75% by Mr. Chu and as to 25% by Mr. Kwan Man Hay
“Premises 1”	Office 1, 2, 3, 4, 5, 23 and 25 on the 8th Floor of Tower A, New Mandarin Plaza, No.14 Science Museum Road, Kowloon, Hong Kong
“Premises 2”	Office 10 and 11 on the 8th Floor of Tower A, New Mandarin Plaza, No.14 Science Museum Road, Kowloon, Hong Kong
“Previous Tenancy Agreements”	the tenancy agreements both dated 13 December 2016 entered into between New Style (as landlord) and NC Foundation and New Concepts Trading Company Limited (a wholly-owned subsidiary of the Company), respectively, in relation to the lease of Premises 1 and Premises 2 by New Style to the Group
“Shareholders”	Holder(s) of the ordinary shares of HK\$0.10 each in the capital of the Company
“Tenancy Agreement 1”	the tenancy agreement entered into between New Style and New Concepts Foundation on 2 December 2019 in relation to the lease of Premises 1

“Tenancy Agreement 2”                    the tenancy agreement entered into between New Style and NC Engineering Development on 2 December 2019 in relation to the lease of Premises 2

“Tenancy Agreements”                    the Tenancy Agreement 1 and the Tenancy Agreement 2

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

Hong Kong, 2 December 2019

*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.*