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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)

DISCLOSEABLE TRANSACTION FINANCE LEASES

The Board hereby announces that the Lessee, a subsidiary of the Company, entered into the 2022 Finance Leases and the 2024 Finance Lease with the Lessor on 8 October 2022 and 18 July 2024, respectively.

THE FINANCE LEASES

A summary of the principal terms of the 2022 Finance Leases and the 2024 Finance Lease is set out as follows:

(I) 2022 Finance Leases

Date : 8 October 2022

Parties : Lessor;
Lessee; and
the Guarantors and the Pledgor.

Transfer of the 2022 Assets and consideration : The Lessor was transferred the unencumbered ownership of the 2022 Assets from the Lessee on an “as-is” basis at the consideration of RMB35,000,000 and RMB15,000,000 in cash pursuant to the 2022 Finance Lease A and the 2022 Finance Lease B, respectively, which were paid within 12 months from the date of the 2022 Finance Leases. The transfer agreements were entered into between the Lessor and the Lessee on the date of the 2022 Finance Leases, effecting the terms of the 2022 Finance Leases in relation to the transfer of the 2022 Assets from the Lessee to the Lessor.

Such consideration amounts were determined following arm’s length negotiations by the parties with reference to the respective original cost of 2022 Assets A and 2022 Assets B of approximately RMB46,332,000 and RMB27,184,000, and their states including serviceable conditions and depreciable lives.

Lease Period : The Lessor leased back the 2022 Assets to the Lessee for its use and possession for a term of 5 years commencing from the day the consideration for the 2022 Assets transfer was paid by the Lessor.

Payments under the 2022 Finance Leases : In respect of the 2022 Finance Lease A, the total amount of payment was approximately RMB41,978,000, comprising (a) the lease principal payment of RMB35,000,000 and (b) the aggregate lease interest and other fees and expenses under the relevant 2022 Incidental Documentation of approximately RMB6,978,000. Both the lease principal and interest would be paid monthly over the lease period.

In respect of the 2022 Finance Lease B, the total amount of payment was approximately RMB17,976,000, comprising (a) the lease principal payment of RMB15,000,000 and (b) the aggregate lease interest and other fees and expenses under the relevant 2022 Incidental Documentation of approximately RMB2,976,000. Both the lease principal and interest would be paid monthly over the lease period.

The terms of the 2022 Finance Leases, including the lease principal and interest, were determined after arm's length negotiations between the parties with reference to the lending and interest rate environment including the prime lending rate published by the National Interbank Funding Center from time to time (for reference purpose, the prevailing prime lending rate was 3.65% as at the date of the 2022 Finance Leases).

- Termination and transfer of the 2022 Assets to the Lessee : The Lessee may terminate the 2022 Finance Leases provided that all outstanding amounts due thereunder and a compensation equivalent to 20% of the total outstanding lease interest amount as at the time of early termination have been settled. At the end of the lease period or in the event of an early termination of the 2022 Finance Leases, subject to the settlement of all outstanding amounts due, the Lessee had agreed to purchase the ownership of the 2022 Assets at a nominal purchase price of RMB1,000 each.
- Guarantee deposit : The Lessee had paid interest-free deposits of RMB1,750,000 and RMB750,000 to the Lessor on the same day the consideration for the 2022 Assets transfer was paid by the Lessor to secure its payment obligations under the 2022 Finance Lease A and 2022 Finance Lease B, respectively.
- Guarantees : The Guarantors had executed a guarantee on the date of the 2022 Finance Leases guaranteeing the Lessor, effectively on a joint and several basis, the due and punctual settlement of any and all amount payable by the Lessee under the 2022 Finance Leases.
- Pledges : Pursuant to the asset pledge agreements entered between the Lessor and the Lessee on the date of the 2022 Finance Leases, although the ownership of the 2022 Assets should be transferred to the Lessor as part of the 2022 Finance Leases, the 2022 Assets were treated as security of payment obligations of the Lessee under the 2022 Finance Leases and the Lessee might continue to utilise the 2022 Assets during the lease term.

The Lessee had executed a receivables pledge agreement in favour of the Lessor, pledging its rights in receivables under its service concession arrangement in relation to the kitchen waste treatment and their supplemental agreements as security of the Lessee's payment obligations under the 2022 Finance Leases.

Additionally, the Pledgor had executed a share pledge agreement, pledging its entire shareholding interests in the Lessee, in favour of the Lessor for a term of 7 years, as security of the Lessee's payment obligations under the 2022 Finance Leases.

(II) 2024 Finance Lease

Date : 18 July 2024

Parties : Lessor;

Lessee; and

the Guarantors and the Pledgor.

Transfer of the 2024 Assets and consideration : The Lessor will be transferred the unencumbered ownership of the 2024 Assets from the Lessee on an "as-is" basis at the consideration of RMB15,000,000 in cash, payable within 12 months from the date of the 2024 Finance Lease. The transfer agreement was entered into between the Lessor and the Lessee on the date of the 2024 Finance Lease, effecting the terms of the 2024 Finance Lease in relation to the transfer of the 2024 Assets from the Lessee to the Lessor.

Such consideration or financing amount was determined following arm's length negotiations by the parties with reference to the original cost of the 2024 Assets of approximately RMB15,535,000, and their states including serviceable condition and depreciable lives.

Lease Period : The Lessor will lease back the 2024 Assets to the Lessee for its use and possession for a term of 5 years commencing from the day the consideration for the 2024 Assets transfer has been paid by the Lessor.

Payments under the 2024 Finance Lease : The total amount of payments for the 2024 Finance Lease is approximately RMB18,031,000, comprising (a) the lease principal payment of RMB15,000,000 and (b) the aggregate lease interest and other fees and expenses under the 2024 Incidental Documentation of approximately RMB3,031,000. Both the lease principal and interest will be paid monthly over the lease period.

The terms of the 2024 Finance Lease, including the lease principal and interest, were determined after arm's length negotiations between the parties with reference to the lending and interest rate environment including the loan prime rate published by the National Interbank Funding Center from time to time (for reference purpose, the prevailing loan prime rate was 3.45% as at the date of the 2024 Finance Lease).

Termination and transfer of the 2024 Assets to the Lessee : The Lessee may terminate the 2024 Finance Lease provided that all outstanding amounts due thereunder and a compensation equivalent to 20% of the total outstanding lease interest amount as at the time of early termination have been settled. At the end of the lease period or in the event of an early termination of the 2024 Finance Lease, subject to the settlement of all outstanding amounts due, the Lessee had agreed to purchase the 2024 Assets at a nominal purchase price of RMB100.

Guarantee deposit : The Lessee will pay an interest-free deposit of RMB600,000 to the Lessor on the same day the consideration for the 2024 Assets transfer has been paid by the Lessor to secure its payment obligations under the 2024 Finance Lease.

Guarantees : The Guarantors had executed guarantees on the date of the 2024 Finance Lease guaranteeing the Lessor, effectively on a joint and several basis, the due and punctual settlement of any and all amount payable by the Lessee under the 2024 Finance Lease.

Pledges : Pursuant to the asset pledge agreement entered into between the Lessor and the Lessee on the date of the 2024 Finance Lease, although the ownership of the 2024 Assets shall be transferred to the Lessor as lessor as part of the 2024 Finance Lease, the 2024 Assets are treated as security of payment obligations of the Lessee under the 2024 Finance Lease and the Lessee may continue to utilise the 2024 Assets during the lease term.

The Lessee had executed a receivables pledge agreement in favour of the Lessor, pledging its rights in receivables under service concession arrangement in relation to kitchen waste treatment agreement and sales of used cooking oil as security of its payment obligations under the 2024 Finance Lease and the 2022 Finance Leases.

The Lessee had also executed a pledge agreement in favour of the Lessor, pledging 100% interests of its two bank accounts for a term of 6 years, as security of its payment obligations under the 2024 Finance Lease and the 2022 Finance Leases.

Additionally, the Pledgor had executed an equity pledge agreement in favour of the Lessor, pledging its entire shareholding interests in the Lessee for a term of 6 years, as security of the Lessee's payment obligations under the 2024 Finance Lease and the 2022 Finance Leases.

INFORMATION OF THE ASSETS

2022 Assets

The 2022 Assets comprised 2022 Assets A and 2022 Assets B.

2022 Assets A comprised certain designated equipment of a kitchen waste treatment plant situated in Hefei, Anhui Province, the PRC.

2022 Assets B comprised other designated equipment of a kitchen waste treatment plant situated in Hefei, Anhui Province, the PRC.

The maintenance, taxation and other costs and levies associated with the 2022 Assets, if any, should be bore by the Lessee.

2024 Assets

The 2024 Assets comprise certain designated kitchen waste treatment equipment and facilities of the Lessee situated in Hefei, Anhui Province, the PRC.

The Lessee will bear any maintenance, taxation and other costs and levies associated with the 2024 Assets.

INFORMATION OF THE PARTIES

Lessor

The Lessor is a company established in the PRC with limited liability which is principally engaged in the provision of finance, including through finance leasing, with a focus on environmental protection projects in the PRC. The Lessor is a subsidiary of Hing Yip Holdings Limited, being a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 132).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Lessor and its ultimate beneficial owner are parties independent of the Company and its connected persons.

Lessee

The Lessee is a limited liability company established in the PRC. It is principally engaged in kitchen waste treatment.

Guarantors

Guarantor 1 is a limited liability company established in the PRC and a subsidiary of the Company. It is principally engaged in provision of environmental improvement solutions and investment holding.

Guarantor 2 is the chairman and an executive Director of the Board. The guarantees provided by Guarantor 2 under each of the 2022 Finance Leases and the 2024 Finance Lease are on normal commercial terms or better terms to the Company and not secured by the assets of the Group. Therefore, the guarantees provided by Guarantor 2 are exempt from all requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.90 of the Listing Rules.

Pledgor

The Pledgor is a limited liability company established in Hong Kong and a subsidiary of the Company. It is principally engaged in investment holding.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASES

The Group is principally engaged in (i) provision of foundation works, civil engineering contractual service and general building works; and (ii) environmental protection projects including kitchen waste treatment related business, development and management of environmental protection industrial park and new energy materials in Mainland China. The Directors are of the view that under the arrangements of the 2022 and 2024 Finance Leases, the Group would obtain financial resources and gain access to certain equipment as required for its operations. The terms under the 2022 and 2024 Finance Leases were agreed after arm's length negotiation among the relevant parties. The Directors considered that the terms of each of the 2022 and 2024 Finance Leases, including the purchase price and the lease consideration, are on normal commercial terms, fair and reasonable and are in the best interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under the 2022 Finance Leases and the 2022 Incidental Documentation is more than 5% but all are less than 25%, the transaction under the 2022 Finance Leases and the 2022 Incidental Documentation constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios under the 2024 Finance Leases and the 2024 Incidental Documentation is more than 5% but all are less than 25%, the transaction under the 2024 Finance Leases and the 2024 Incidental Documentation constitute a discloseable transaction of the Company and is thus subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Company should have complied with the relevant notification and announcement requirements under Rule 14.34 of the Listing Rules in respect of each of the 2022 Finance Leases and the 2024 Finance Lease as and when such obligations arose. The Company regrettably acknowledges that it has failed to timely comply with the Listing Rules since the Company treated the transactions under the 2022 and 2024 Finance Leases as financial assistance received from the Lessor and not subject to the applicable disclosure requirements under chapter 14 of the Listing Rules.

REMEDIAL ACTIONS

The Company deeply regrets its non-compliance with the Listing Rules but it would like to stress that such non-compliance was inadvertent and unintentional. The Company has no intention to withhold any information relating to the 2022 Finance Leases and the 2024 Finance Lease from disclosure to the public. To prevent similar cases from occurring in the future, the Company has implemented the following remedial actions:

1. the Company will strengthen the training provided to its Directors, senior management and related staff and reinforce their existing knowledge relating to notifiable and connected transactions; and
2. the Company will emphasise the importance of compliance with the Listing Rules and maintain closer cooperation with the professional advisers of the Company in relation to regulatory compliance.

Going forward, the Company will continue to enhance its internal control management and strictly control the audit regarding compliance and risk control matters of its businesses, thereby avoiding the re-occurrence of similar incidents.

DEFINITIONS

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

“2022 Assets A”	shall have the meaning as disclosed in the section headed “Information of the Assets” in this announcement
“2022 Assets B”	shall have the meaning as disclosed in the section headed “Information of the Assets” in this announcement
“2022 Finance Lease A”	The finance lease agreement and relevant incidental documentation dated 8 October 2022 entered into between the Lessor and the Lessee in relation to the transfer of ownership and lease back of the 2022 Assets A
“2022 Finance Lease B”	The finance lease agreement and relevant incidental documentation dated 8 October 2022 entered into between the Lessor and the Lessee in relation to the transfer of ownership and lease back of the 2022 Assets B
“2022 Finance Leases”	2022 Finance Lease A and 2022 Finance Lease B

“2022 Incidental Documentation”	the agreements incidental to the 2022 Finance Leases, including the transfer agreements, the consultancy agreements, the guarantee, the asset pledge agreements, the share pledge agreement and the receivables pledge agreement
“2024 Assets”	shall have the meaning as disclosed in the section headed “Information of the Assets” in this announcement
“2024 Finance Lease”	the finance lease agreement dated 18 July 2024 entered into between the Lessor and the Lessee in relation to the transfer of ownership and lease back of the 2024 Assets
“2024 Incidental Documentation”	the agreements incidental to the 2024 Finance Lease, including the transfer agreement, the consultancy agreement, the guarantees, the asset pledge agreement, the receivables pledge agreement, the equity pledge agreement and the pledge agreement
“Board”	the board of Directors
“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
“Group”	the Company and its subsidiaries
“Guarantor 1”	Yisheng (Tianjin) Environmental Technology Co., Ltd.* (宜升(天津)環境技術有限公司), a limited liability company registered in the PRC and an indirect wholly-owned subsidiary of the Company
“Guarantor 2”	Mr. Zhu Yongjun, the chairman and an executive Director of the Board
“Guarantors”	Guarantor 1 and Guarantor 2
“Hing Yip”	Hing Yip Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00132)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lessee”	Hefei Feifan Biological Technology Co., Ltd.* (合肥非凡生物科技有限公司), a limited liability company registered in the PRC. An indirect 60%-owned subsidiary of the Company as at the date of the 2022 Finance Leases, and became an indirect wholly-owned subsidiary of the Company upon completion of the remaining 40% equity interests in August 2023
“Lessor”	Canton Greengold Financial Leasing Ltd.* (廣東綠金融租賃有限公司), a company registered in the PRC with limited liability and a subsidiary of Hing Yip
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pledgor”	Fancy Ascent Limited, a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“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
“%”	per cent

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

Hong Kong, 8 August 2024

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. Lin Jiakuang and Dr. Ge Xiaolin; and the independent non-executive Directors are Ms. Du Yun, Mr. Lo Chun Chiu, Adrian, Dr. Tong Ka Lok and Mr. Choy Wai Shek, Raymond, MH, JP.

* For identification purpose only