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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)**

### **CONTINUING CONNECTED TRANSACTIONS TENANCY AGREEMENTS**

#### **THE TRANSACTION**

The Board announces that on 13 December 2016, New Style as landlord, entered into the Tenancy Agreements with NC Foundation and NC Trading, 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 three years commencing from 1 December 2016 to 30 November 2019.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, New Style is directly owned as to 75% by Mr. Chu, who is a substantial shareholder of the Company and as to 25% by Mr. Kwan who is an executive Director of the Company. As such, New Style is a connected person of the Company and the Tenancy Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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 Annual Caps 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.

On 13 December 2016, New Style as landlord, entered into Tenancy Agreement 1 and Tenancy Agreement 2 with NC Foundation and NC Trading, 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: 13 December 2016

Landlord: New Style

Tenant: NC Foundation

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

Term: 3 years from 1 December 2016 to 30 November 2019. NC Foundation is entitled to terminate the tenancy at any time by giving not less than three (3) calendar months' prior written notice or three (3) months' rent in lieu of notice to New Style.

Rent: HK\$245,890 per month (exclusive of rate, Government rent and management charges)

Usage: For office purpose

## **TENANCY AGREEMENT 2**

Date of Agreement: 13 December 2016

Landlord: New Style

Tenant: NC Trading

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

Term: 3 years from 1 December 2016 to 30 November 2019. NC Trading is entitled to terminate the tenancy any time by giving not less than three (3) calendar months' prior written notice or three (3) months' rent in lieu of notice to New Style.

Rent: HK\$66,296.50 per month (exclusive of rate, Government rent and management charges)

Usage: For office purpose

## ANNUAL CAPS FOR TENANCY AGREEMENTS

Based on the monthly rents payable under each of the Tenancy Agreements, the respective Annual Caps for the financial years ending 31 March 2017, 2018 and 2019 are as follows:

	For the year ending 31 March		
	2017 (HK\$)	2018 (HK\$)	2019 (HK\$)
Tenancy Agreement 1	983,560	2,950,680	2,950,680
Tenancy Agreement 2	<u>265,186</u>	<u>795,558</u>	<u>795,558</u>
Total	<u>1,248,746</u>	<u>3,746,238</u>	<u>3,746,238</u>
(Rounded-up)	<u>1,250,000</u>	<u>3,750,000</u>	<u>3,750,000</u>

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

- (i) the rent chargeable by the Landlord for similar premises in the same building;
- (ii) the prevailing market conditions; and
- (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.

## 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 (including the Annual Caps) 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, NEW CONCEPTS FOUNDATION, NC TRADING AND NEW STYLE

The Company is an investment holding company and its subsidiaries are principally engaged in the business of construction works and environmental protection.

Both NC Foundation and NC Trading are indirect wholly-owned subsidiaries of the Company.

New Style is principally engaged in the business of investment holdings. 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 as to 25% by Mr. Kwan (the executive Director of the Company). As such, New Style is a connected person of the Company and the Tenancy Agreements constitute a continuing connected transaction for the Company under the Chapter 14A of the Listing Rules.

Mr. Kwan, in view of his shareholding in New Style, is considered as having material interest in the Tenancy Agreements and accordingly has abstained from voting on the resolutions of the Board approving the Tenancy Agreements and the transactions contemplated thereunder.

Save as Mr. Kwan, none of the Directors has any material interest in the Tenancy Agreements and no Directors were required to abstain from voting on the resolutions of the Board approving the Tenancy Agreements and the transactions contemplated thereunder.

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 Annual Caps 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**

“Annual Caps”	The maximum amount of monthly rents by the Company under the Tenancy Agreements for each of the years ending 31 March 2017, 2018 and 2019 based on the total monthly rents payable 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
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange Hong Kong
“Mr. Chu”	Mr. Chu Shu Cheong, a substantial shareholder holding approximately 15.94% of the issued share capital of the Company as at the date of this announcement
“Mr. Kwan”	Mr. Kwan Man Hay, an executive Director 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
“NC Foundation”	New Concepts Foundation Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

“NC Trading”	New Concepts Trading Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“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
“Shareholders”	Holder(s) of the ordinary shares of HK\$0.10 each in the capital of the Company
“Tenancy Agreements”	The Tenancy Agreement 1 and the Tenancy Agreement 2
“Tenancy Agreement 1”	The tenancy agreement entered into between New Style and New Concepts Foundation on 13 December 2016
“Tenancy Agreement 2”	The tenancy agreement entered into between New Style and NC Trading on 13 December 2016

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

Hong Kong, 13 December 2016

*As at the date of this announcement, the executive Directors are Mr. Zhu Yongjun, Mr. Kwan Man Hay, Ms. Qin Shulan and Mr. Cai Jianwen; the non-executive Directors are Dr. Zhang Lihui and Mr. Chu Kingston Chun Ho; and the independent non-executive Directors are Mr. Lo Chun Chiu, Adrian, Dr. Tong Ka Lok and Mr. Choy Wai Shek, Raymond, MH, JP.*