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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 TRANSACTION TENANCY AGREEMENT

TENANCY AGREEMENT

Reference is made to the announcement of the Company dated 2 December 2019 in relation to, among others, the Previous Tenancy Agreement entered into between New Style (as landlord) and a wholly-owned subsidiary of the Company, NC Foundation (as tenant) regarding the lease of Premises by New Style to the Group. As the Previous Tenancy Agreement will expire on 30 November 2020, the parties agreed to renew the Previous Tenancy Agreement and entered into the Tenancy Agreement on 30 November 2020 to renew the lease of the Premises for a term of one year commencing from 1 December 2020 to 30 November 2021.

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 11.35% of the issued share capital in the Company and a director of NC Foundation. As New Style is a connected person of the Company since it is an associate of Mr. Chu, the Tenancy Agreement constituted connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios calculated with reference to the Aggregate Rent exceed 0.1% but all are less than 5%, the Tenancy Agreement is subject to the reporting, announcement and annual review requirements, but exempted from the circular and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 2 December 2019 in relation to, among others, the Previous Tenancy Agreement entered into between New Style (as landlord) and a wholly-owned subsidiary of the Company, NC Foundation (as tenant), regarding the lease of Premises by New Style to the Group. As the Previous Tenancy Agreement will expire on 30 November 2020, the parties agreed to enter into the Tenancy Agreement, the principal terms of which are set out below.

TENANCY AGREEMENT

Date of Agreement: 30 November 2020 (after trading hours)

Landlord: New Style

Tenant: NC Foundation

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

Term: 1 year from 1 December 2020 to 30 November 2021. 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

AGGREGATE RENT UNDER TENANCY AGREEMENT

Based on the terms of the Tenancy Agreement, the Aggregate Rent payable by NC Foundation throughout the entire term thereunder shall be HK\$3,084,000. The Aggregate Rent will be financed by internal resources of the Group.

The Aggregate Rent under the Tenancy Agreement was reached on arm's length basis and determined with reference to the below factors:

- (i) the rent chargeable by New Style against its independent third parties for similar premises in the same building;
- (ii) the prevailing market conditions;

- (iii) the Company has considered that the rent for the coming year is reasonable and fair and are set based on reasonable assumptions; and
- (iv) the historical rent of HK\$257,000 per month paid by the Group under the Previous Tenancy Agreement.

REASONS AND BENEFITS FOR THE TENANCY AGREEMENT

The Group has been using the Premises for its construction business in Hong Kong since December 2016. The Board considers that it would be beneficial for renewing the tenancy for the Premises so as to save for any relocation and relevant administrative burden and related costs.

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

The terms of the Tenancy Agreement are arrived at after arm's length negotiation and are on normal commercial terms. The rental of the Tenancy Agreement 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.

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

INFORMATION OF THE COMPANY, NC FOUNDATION AND NEW STYLE

The Group is principally engaged in the construction works in Hong Kong and environmental protections.

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.

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 Hong Kong citizen, a substantial shareholder of the Company and a director of NC Foundation.

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 11.35% equity interest in the Company and a director of each of NC Foundation. As New Style is a connected person of the Company since it is an associate of Mr. Chu, the Tenancy Agreement constitutes connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios calculated with reference to the Aggregate Rent exceed 0.1% but all are less than 5%, the Tenancy Agreement is subject to the reporting, announcement and annual review requirements, but exempted from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

“Aggregate Rent”	the aggregate amount of rent payable by NC Foundation under the Tenancy Agreement throughout the entire term 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)
“Director(s)”	directors of the Company
“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 11.35% of the issued share capital of the Company and a director of NC Foundation 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
“New Style”	New Style Limited, a company incorporated in Hong Kong with limited liability and directly owned as to 75% by Mr. Chu

“Premises”	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
“Previous Tenancy Agreement”	the tenancy agreement dated 2 December 2019 entered into between New Style (as landlord) and NC Foundation (as tenant), in relation to the lease of the Premises 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”	the tenancy agreement entered into between New Style and NC Foundation on 30 November 2020 in relation to the lease of Premises

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

Hong Kong, 30 November 2020

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.