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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 CONTRACTING AGREEMENT**

#### **INTRODUCTION**

The Board hereby announces that on 31 August 2021 (after trading hours), Xuancheng Company (an indirect wholly-owned subsidiary of the Company) entered into the Contracting Agreement with the Contractor, pursuant to which the Contractor agreed to contract the construction work at Xuancheng Plant at the Consideration, subject to adjustments (if any) as set out below.

#### **THE CONTRACTING AGREEMENT**

The principal terms of the Contracting Agreement are set out below:

Date: 31 August 2021 (after trading hours)

Parties: (i) Xuancheng Company; and  
(ii) the Contractor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Contractor and its ultimate beneficial owner is independent of the Company and its connected persons.

Subject Matter: The Contractor is appointed as the contractor responsible for the construction and engineering works of the kitchen waste treatment plant, and ancillary facilities located at the Xuancheng Plant.

The construction and engineering work includes but not limited to site cleaning; civil engineering construction; equipment procurement, installation, commissioning, testing and inspection; and perform all necessary work and services related to its guarantee obligations during the 1-year warranty period upon completion of the construction and engineering work; and provision of all necessary labour, materials, machinery, equipment, tools, consumables, transportation services and other related services.

Construction Period: The construction period is expected to be 240 days, upon Xuancheng Plant is ready to commence construction work and Xuancheng Company having served to the Contractor a commencement notice.

Consideration: Since the construction plans are still under designed and may subject to change during the construction period, the parties are yet to finalise the consideration (the "Consideration") payable by Xuancheng Company to the Contractor as at the date of the Contracting Agreement.

It is agreed that the parties shall adjust and determine the final Consideration upon completion based on the final construction plans, the fixed comprehensive unit price and other factors such as any price fluctuation in the costs of labour, materials, machinery and equipment, and any delay of the construction work or change of designs caused by Xuancheng Company.

Nonetheless, it is agreed that the final Consideration payable by Xuancheng Company to the Contractor pursuant to the Contracting Agreement shall not exceed RMB110,000,000 (equivalent to approximately HK\$132,419,000).

Basis of  
determination of  
Consideration:

The Consideration was determined based on the expected scope and complexity of the construction to be performed, the expected cost of the project and the prevailing market price for carrying out a the construction and civil engineering works of similar scale and complexity. The estimated breakdown for the Consideration payable for each part of works are as follow:

- building structure work: RMB45 million; and
- procurement and installation of equipment: RMB65 million;

The Board is of the view that the Consideration offered by the Contractor is fair and reasonable after having evaluated the experience and capability of the Contractor.

Payment Terms:

Within thirty (30) business days from the date of the Contracting Agreement, Xuancheng Company shall pay RMB3,500,000 (equivalent to approximately HK\$4,214,000), as deposits. Such deposits will be released to the Contractor as the consideration payable for the building structure work in 2 monthly installments after the building structure work has completed up to 70%.

Xuancheng Company shall make monthly progress payments amounts to 80% of the construction and engineering work completed for that month, except that no progress payment is required for initial 3 months.

Xuancheng Company shall pay up to 60% of the procurement price of the equipment and machinery after the same has been delivered to the plant, and it shall pay up to 95% of the procurement price after same has been installed, inspected and tested.

At the time when inspection of the construction and engineering work of Xuancheng Project is completed, Xuancheng Company should have paid up to 85% of the Consideration to the Contractor, and up to 97% of the Consideration when the Xuancheng Project has completed. Xuancheng Company shall retain 3% of the Consideration, i.e. RMB3,300,000 (equivalent to approximately HK\$3,973,000), as security money during the warranty period and shall release the same to the Contractor 1 year after the completion of the Xuancheng Plant.

## **INFORMATION OF THE GROUP AND XUANCHENG COMPANY**

The Group is principally engaged in the business of construction works and environmental protection.

Xuancheng Company is a limited company incorporated in the PRC which principally engages in kitchen waste treatment business, through Xuancheng Plant, in Xuancheng, Anhui province, the PRC and has not commenced construction and operation. Xuancheng Plant planned capacity is 300 tons per day. As at the date of this announcement, Xuancheng Company entered into a service concession agreement with Xuancheng Urban Management and Law Enforcement\* 宣城市城市管理綜合執法局 for a period of 30 years under Build-Operate-Transfer (“BOT”) model.

## **INFORMATION OF THE CONTRACTOR**

The Contractor is a limited company incorporated in the PRC which principally engages in housing construction, municipal infrastructure projects related contracting construction services. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, its ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the State Council of the People’s Republic of China (國務院國有資產監督管理委員會).

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTRACTING AGREEMENT**

Reference is made to the Company’s announcement dated 9 March 2021 in relation to the award of BOT kitchen waste project in Xuancheng. Following such award, the Group has been proceeding for formal signing of service concession agreement and relevant preparation for construction of Xuancheng Plant.

Xuancheng Company awarded the Contracting Agreement to the Contractor after thorough evaluation of considering factors including but not limited to the Contractor’s experience and capability background, credentials, and the expected scope of work of the construction project. Xuancheng Company considers that the Contractor should be able to deliver standard construction services for Xuancheng Plant.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Contracting Agreement are fair and reasonable, on normal commercial terms; and the transaction contemplated thereunder is in the interests of the Company and its shareholders as a whole.

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Contracting Agreement exceeds 5% but all are less than 25%, the transaction contemplated under the Contracting Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## DEFINITION

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

“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
“Contracting Agreement”	the contracting agreement dated 31 August 2021 entered into between Xuancheng Company and the Contractor in respect of the construction of Xuancheng Plant
“Contractor”	中化學交通建設集團第二工程有限公司, a limited liability company established in the PRC
“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
“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

“Xuancheng Company”	宣城市西冲生物科技有限公司, a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Xuancheng Plant”	the kitchen waste treatment plant to be developed and operated by Xuancheng Company in Xuancheng, Anhui Province, the PRC
“%”	per cent

\* *For identification purpose only*

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

Hong Kong, 31 August 2021

*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 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.*