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CECEP COSTIN NEW MATERIALS GROUP LIMITED

中國節能海東青新材料集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2228)

CONTINUING CONNECTED TRANSACTIONS – RENTAL AGREEMENTS

On 22 December 2014, Xinhua Co., as the tenant, entered into the First Rental Agreement to lease from Hua Xin Weaving the First Property with effect from 1 January 2015 for a term of three years. On the same date, Xinhua Co., as the tenant, entered into the Second Rental Agreement and the Third Rental Agreement to renew the leases from Hua Xin Plastic for the Second Properties and the Third Property, respectively, with effect from 1 January 2015 for a term of three years.

Since Hua Xin Weaving is ultimately owned by Sze Kam Kam as to 50% and Chim Ching Ching as to 50%. Sze Kam Kam is the spouse of Chim Wai Kong, an executive Director and a substantial shareholder of the Company and Chim Ching Ching is the daughter of Chim Wai Kong, and Hua Xin Plastic is wholly-owned by Chim Wai Kong, an executive Director and a substantial shareholder of the Company, Hua Xin Weaving and Hua Xin Plastic are connected persons of the Company under Chapter 14A of the Listing Rules and therefore the First Rental Agreement, the Second Rental Agreement and the Third Rental Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Since the applicable percentages ratios (as defined in the Listing Rules) for the First Rental Agreement, the Second Rental Agreement and the Third Rental Agreement (in aggregate) on an annual basis are more than 0.1% and less than 5%, the First Rental Agreement, the Second Rental Agreement and the Third Rental Agreement are only subject to the annual review, annual reporting and announcement requirements of the Listing Rules and are exempt from the circular and shareholders' approval requirements under the Listing Rules.

RENTAL AGREEMENTS ENTERED INTO WITH CONNECTED PERSONS WHERE THE GROUP IS A TENANT

Major terms of the Rental Agreements

On 22 December 2014, Xinhua Co., as tenant, entered into the First Rental Agreement, the Second Rental Agreement and the Third Rental Agreement. Details of the Rental Agreements are set out as below:

The rental agreement	Date	Landlord	Tenant	Properties	Term	Monthly rental	Payment term	Other terms
The First Rental Agreement	22 December 2014	Hua Xin Weaving	Xinhua Co.	The First Property comprises one building with a floor area of approximately 2,882.96 sq.m.	36 months commencing from 1 January 2015	RMB28,829.60 (exclusive of water and electricity charges), payable in cash	The monthly rental is to be paid by Xinhua Co. to Hua Xin Weaving within seven days in arrears on a quarterly basis	Any party may terminate the First Rental Agreement by two months' notice in advance
The Second Rental Agreement	22 December 2014	Hua Xin Plastic	Xinhua Co.	The Second Properties comprise two buildings with an aggregate floor area of approximately 3,374.16 sq.m.	36 months commencing from 1 January 2015	RMB33,741.60 (exclusive of water and electricity charges), payable in cash	The monthly rental is to be paid by Xinhua Co. to Hua Xin Plastic within seven days in arrears on a quarterly basis	Any party may terminate the Second Rental Agreement by two months' notice in advance.
The Third Rental Agreement	22 December 2014	Hua Xin Plastic	Xinhua Co.	The Third Property comprises one building with a floor area of approximately 7,700.58 sq.m.	3 years commencing from 1 January 2015	RMB70,000.00, payable in cash	The monthly rental is to be paid by Xinhua Co. to Hua Xin Plastic within seven days in arrears on a quarterly basis	Any party may terminate the Third Rental Agreement by two months' notice in advance. The Third Property is to be used for the purpose of staff quarter.

The monthly rental payable by Xinhua Co. under each of the Rental Agreements was determined on normal commercial terms with reference to the prevailing market rent. Such rents under the Rental Agreements will be financed by the internal resources of the Group.

The annual caps

Based on the monthly rentals payable by Xinhua Co. under the First Rental Agreement, the Second Rental Agreement and the Third Rental Agreement, the Directors expect the total annual rentals payable by Xinhua Co. under each of the First Rental Agreement, the Second Rental Agreement and the Third Rental Agreement for the three years ending 31 December 2017 will not exceed the respective maximum annual caps as set out below:

For each of the three years ending 31 December 2015, 2016 and 2017

Estimated maximum annual cap for the First Rental Agreement	RMB345,955.20 (exclusive of water and electricity charges)
Estimated maximum annual cap for the Second Rental Agreement	RMB404,899.20 (exclusive of water and electricity charges)
Estimated maximum annual cap for the Third Rental Agreement	RMB840,000.00

The Listing Rules implications

Xinhua Co. is a company established in the PRC and is a wholly-owned subsidiary of the Company.

Hua Xin Weaving is ultimately owned by Sze Kam Kam as to 50% and Chim Ching Ching as to 50%. Sze Kam Kam is the spouse of Chim Wai Kong, an executive Director and a substantial shareholder of the Company and Chim Ching Ching is the daughter of Chim Wai Kong. Hua Xin Plastic is ultimately wholly-owned by Chim Wai Kong, an executive Director and a substantial shareholder of the Company. Therefore, Hua Xin Weaving and Hua Xin Plastic are connected persons of the Company within the meaning of Rules 14A.07 and 14A.12 of the Listing Rules. Accordingly, the First Rental Agreement, the Second Rental Agreement and the Third Rental Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Since the applicable percentages ratios (as defined in the Listing Rules) in respect of the transactions contemplated under the First Rental Agreement, the Second Rental Agreement and the Third Rental Agreement (in aggregate) on an annual basis are more than 0.1% but less than 5%, the First Rental Agreement, the Second Rental Agreement and the Third Rental Agreement are only subject to the annual review, annual reporting and announcement requirements as set out in Rules 14A.35, 14A.49 and 14A.55 to 14A.59 of the Listing Rules and are exempt from the circular and shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules. Details of the First Rental Agreement, the Second Rental Agreement and the Third Rental Agreement will be included in the annual report and accounts of the Company in accordance with Rule 14A.49 of the Listing Rules.

REASONS FOR ENTERING INTO THE RENTAL AGREEMENTS

The reason for the Group to lease the First Property, the Second Properties and the Third Property is that the relevant properties are physically located near the premises of the Group and it would be convenient for the Group to carry out its day-to-day operations.

The independent property valuer to the Group has reviewed the First Rental Agreement, the Second Rental Agreement and the Third Rental Agreement and confirmed that the rentals payable thereunder are fair and reasonable and consistent with the current market rents for similar premises in similar location. The Directors, including the independent non-executive Directors, consider that the First Rental Agreement, the Second Rental Agreement and the Third Rental Agreement were entered into in the ordinary course of business of the Group and on normal commercial terms, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

BUSINESS OF THE GROUP

The Group is principally engaged in the research and development, production and sales of non-woven materials, recycled chemical fibres and thermal resistant filtration materials.

BUSINESS OF HUA XIN WEAVING

The principal business of Hua Xin Weaving is manufacturing and trading of fashion garments and woven products.

BUSINESS OF HUA XIN PLASTIC

The principal business of Hua Xin Plastic is recollection of waste tyres.

APPROVAL BY THE BOARD

The Board approved the terms of the Rental Agreements, the continuing connected transactions contained therein and the associated annual caps on 22 December 2014. Chim Wai Kong, who has a material interest in the continuing connected transactions contemplated under the Rental Agreements, abstained from voting on the board resolutions approving the same. Chim Wai Shing Jackson, who is an associate of Chim Wai Kong, has also abstained from voting on the board resolutions approving the Rental Agreements.

DEFINITIONS

“associate(s)” has the meaning ascribed to it under the Listing Rules

“Board” the board of Directors

“Company”	CECEP COSTIN New Materials Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 2228)
“Director(s)”	the director(s) of the Company
“First Property”	one building with a floor area of approximately 2,882.96 sq.m. owned by Hua Xin Weaving and located at Xinhua Industrial Garden, Niancuopu, Longhu Town, Jinjiang City, Fujian Province, the PRC
“First Rental Agreement”	the rental agreement dated 22 December 2014 pursuant to which Hua Xin Weaving has agreed to lease the First Property to Xinhua Co. at a monthly rental of RMB28,829.60 (exclusive of water and electricity charges) for a term of 36 months commencing from 1 January 2015
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hua Xin Plastic”	晉江華鑫塑料橡膠製品有限公司 (Jinjiang Hua Xin Plastic & Rubber Products Co., Ltd. [#]), which is ultimately wholly-owned by Chim Wai Kong
“Hua Xin Weaving”	晉江市華鑫織造發展有限公司 (Huaxin Weaving Development Co., Ltd. Jinjiang [#]), which is ultimately owned as to 50% by Sze Kam Kam and 50% by Chim Ching Ching
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Rental Agreements”	the First Rental Agreement, the Second Rental Agreement and the Third Rental Agreement
“RMB”	Renminbi, the lawful currency of the PRC

“Second Properties”	two buildings with an aggregate floor area of approximately 3,374.16 sq.m. owned by Hua Xin Plastic and located at Xinhua Industrial Garden, Niancuopu, Longhu Town, Jinjiang City, Fujian Province, the PRC
“Second Rental Agreement”	the rental agreement dated 22 December 2014 pursuant to which Hua Xin Plastic has agreed to lease the Second Properties to Xinhua Co. at a monthly rental of RMB33,741.60 (exclusive of water and electricity charges) for a term of 36 months commencing from 1 January 2015
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Property”	one building with a floor area of approximately 7,700.58 sq.m. owned by Hua Xin Plastic and located at Xinhua Industrial Garden, Niancuopu, Longhu Town, Jinjiang City, Fujian Province, the PRC
“Third Rental Agreement”	the rental agreement dated 22 December 2014 pursuant to which Hua Xin Plastic has agreed to lease the Third Property to Xinhua Co. at a monthly rental of RMB70,000.00 for a term of 3 years commencing from 1 January 2015
“Xinhua Co.”	福建鑫華股份有限公司 (Xinhua Share Co., Ltd. Fujian [#]), a wholly-owned subsidiary of the Company
“%”	per cent.

[#] *The English name is translated for reference only.*

By order of the Board
CECEP COSTIN New Materials Group Limited
Chim Wai Shing Jackson
Executive Director

Hong Kong, 22 December 2014

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Yu Heping, Mr. Chim Wai Kong, Mr. Chim Wai Shing Jackson and Mr. Xue Mangmang; two non-executive Directors, namely Mr. Yang Yihua and Mr. Pan Tingxuan; and three independent non-executive Directors, namely Mr. Feng Xue Ben, Mr. Wong Siu Hong and Mr. Xu Qinghua.