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**Hang Chi Holdings Limited**  
**恒智控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8405)**

**CONTINUING CONNECTED TRANSACTIONS**  
**RENEWAL OF TENANCY AGREEMENTS**

**THE TENANCY AGREEMENTS**

The Board announces that on 30 June 2019 (after trading hours), Shui Jun (Yau Tong), a wholly-owned subsidiary of the Company, as tenant, entered into the New Tenancy Agreements with Ever Premier and Roymark, as landlords, respectively, in respect of renewal of the lease of the Properties.

**IMPLICATIONS UNDER THE GEM LISTING RULES**

As Mr. Yik, an executive Director and a controlling shareholder of the Company, is a director and one of the ultimate shareholders of both Ever Premier and Roymark, Ever Premier and Roymark are the associates of connected person of the Company under the GEM Listing Rules. Accordingly, the New Tenancy Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

All the applicable percentage ratios other than the profit ratios (as defined in the GEM Listing Rules) of the aggregate annual rental amount payable by the Group in connection with the New Tenancy Agreements is below 25% and the aggregate annual rental amount is less than HK\$10,000,000. Pursuant to Rule 20.74 of the GEM Listing Rules, the Company is required to comply with the reporting, annual review and disclosure requirements, but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements.

Pursuant to Rule 20.33 of the GEM Listing Rules, a listed issuer must announce the connected transaction as soon as practicable after its terms have been agreed. The Company failed to comply with the aforesaid requirement due to its inadvertence, which constituted a breach of Rule 20.33 of the GEM Listing Rules.

## **INTRODUCTION**

References are made to the announcements of the Company dated 9 October 2017 and 13 November 2017 in respect of, among others, the Original Tenancy Agreements. The Original Tenancy Agreements expired on 30 June 2019.

The Board announces that on 30 June 2019 (after trading hours), Shui Jun (Yau Tong), a wholly-owned subsidiary of the Company, as tenant, entered into the New Tenancy Agreements with Ever Premier and Roymark, as landlords, respectively, to renew the Original Tenancy Agreements for a further term of two years. The principal terms of the New Tenancy Agreements are set out below.

## **THE NEW TENANCY AGREEMENTS**

### **(A) First Tenancy Agreement**

Date: 30 June 2019

Parties: (1) Ever Premier (as landlord)  
(2) Shui Jun (Yau Tong) (as tenant)

As at the date of this announcement, Ever Premier is wholly-owned by Roymark, the landlord of the Second Tenancy Agreement.

Property: Shop 101–105, 127–142 and 158–165, 1<sup>st</sup> Floor, Ka Kwai Arcade, Yau Tong Centre, Nos. 2–6 Ka Wing Street, Yau Tong, Kowloon, Hong Kong

Term: From 1 July 2019 to 30 June 2021 (both dates inclusive), with an option on the tenant to renew for a further term of two years at the then market rent

Rent: HK\$150,000 per month (inclusive of rates and management fees)

Usage: Operation of elderly residential care home

## (B) Second Tenancy Agreement

Date: 30 June 2019

Parties: (1) Roymark (as landlord)  
(2) Shui Jun (Yau Tong) (as tenant)

As at the date of this announcement, Roymark owns the entire issued share capital of Ever Premier, the landlord of the First Tenancy Agreement.

Property: Shop 67 on Ground Floor and Shop B on 1<sup>st</sup> Floor, Ka Fat Arcade, Yau Tong Centre, Nos. 2–6 Ka Wing Street, Yau Tong, Kowloon, Hong Kong

Term: From 1 July 2019 to 30 June 2021 (both dates inclusive), with an option on the tenant to renew for a further term of two years at the then market rent

Rent: HK\$620,000 per month (inclusive of rates and management fees)

Usage: Operation of elderly residential care home

### ANNUAL CAPS

For the financial years ended 31 December 2017 and 2018 and the six months ended 30 June 2019, the aggregate amount paid by Shui Jun (Yau Tong) to Ever Premier and Roymark under the Original Tenancy Agreements were HK\$9,240,000, HK\$9,240,000 and HK\$4,620,000, respectively.

The annual caps under the New Tenancy Agreements are as follows:

	<b>From 1 July 2019 to 31 December 2019</b>	<b>For the year ending 31 December 2020</b>	<b>For the six months ending 30 June 2021</b>
First Tenancy Agreement	HK\$900,000	HK\$1,800,000	HK\$900,000
Second Tenancy Agreement	HK\$3,720,000	HK\$7,440,000	HK\$3,720,000
<b>TOTAL</b>	<b>HK\$4,620,000</b>	<b>HK\$9,240,000</b>	<b>HK\$4,620,000</b>

Each of the rents under the First Tenancy Agreement and the Second Tenancy Agreement was determined after arm's length negotiation between the parties having taken into account the terms of the New Tenancy Agreements and the Original Tenancy Agreements, the location, the floor area of the Properties and with reference to the then market rent and conditions, assuming that the market rent of the comparable properties will not have drastic changes during the remaining terms of the agreement.

The annual caps for the aggregate amount payable by Shui Jun (Yau Tong) to Ever Premier and Roymark were determined with reference to the rental amounts under the New Tenancy Agreements. Based on the above, the Directors (including the independent non-executive Directors) consider the annual caps to be fair and reasonable.

### **Reasons for and Benefits of the Continuing Connected Transactions**

Ever Premier is a company incorporated in Hong Kong and is principally engaged in investment in properties in Hong Kong. As at the date of this announcement, Ever Premier is wholly-owned by Roymark.

Roymark is a company incorporated in Hong Kong and is principally engaged in investment in properties in Hong Kong. As at the date of this announcement, Roymark is beneficially owned as to 40% by Mr. Yik (through Hang Chi Development & Investment Limited), 25% by Ms. Yik Wai Hang and 35% by two other Independent Third Parties.

The Properties under the CCT Agreements are rented by Shui Jun (Yau Tong) for the operation of an elderly residential care home as its ordinary course of business. The Directors consider that renewal of the Original Tenancy Agreements will save considerable expenses resulting from relocation of the elderly residential care home.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the New Tenancy Agreements and the transactions respectively contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, the terms of the New Tenancy Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **IMPLICATIONS UNDER THE GEM LISTING RULES**

As Mr. Yik, an executive Director and a controlling shareholder of the Company, is a director and one of the ultimate shareholders of both Ever Premier and Roymark, Ever Premier and Roymark are the associates of connected person of the Company under the GEM Listing Rules. Accordingly, the New Tenancy Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

Mr. Lui, the chief executive officer of the Company and an executive Director, is a director of Roymark. By virtue of the relationships amongst of Mr. Yik, Mr. Lui, Ever Premier and Roymark, both of Mr. Yik and Mr. Lui are considered to have a material interest in the transactions contemplated under the New Tenancy Agreements, and they have abstained from voting on the resolutions of the Board approving the New Tenancy Agreements and the transactions contemplated thereunder.

All the applicable percentage ratios other than the profit ratios (as defined in the GEM Listing Rules) of the aggregate annual rental amount payable by the Group in connection with the New Tenancy Agreements is below 25% and the aggregate annual rental amount is less than HK\$10,000,000. Pursuant to Rule 20.74 of the GEM Listing Rules, the Company is required to comply with the reporting, annual review and disclosure requirements, but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements.

Pursuant to Rule 20.33 of the GEM Listing Rules, a listed issuer must announce the connected transaction as soon as practicable after its terms have been agreed. At the time of entering into of the New Tenancy Agreements, the staff responsible for compliance matters of the Company misconceived the disclosure requirement for renewal of the Original Tenancy Agreements due to inadvertence, thereby failing to comply with the requirement under Rule 20.33 of the GEM Listing Rules. Such non-compliance was discovered by the executive Directors in the course of preparing the interim results of the Company.

In order to prevent recurrence of similar incident, the Company will adopt the following measures: (i) the Directors will review the existing internal control system of the Company to identify any weakness, and take appropriate actions to rectify such weakness; and (ii) the finance department of the Group will closely monitor the terms of existing contracts and report the compliance status of which to the executive Directors on a more frequent basis.

## **DEFINITIONS**

Unless otherwise specified, the following terms have the following meanings in this announcement:

“associate”	has the same meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Company”	Hang Chi Holdings Limited (恒智控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on GEM of the Stock Exchange (stock code: 8405)
“controlling shareholder”	has the same meaning ascribed to it under the GEM Listing Rules

“Director(s)”	the director(s) of the Company
“Ever Premier”	Ever Premier Limited (永平有限公司), a company incorporated in Hong Kong with limited liability, which is wholly-owned by Roymark
“First Tenancy Agreement”	the tenancy agreement dated 30 June 2019 entered into between Shui Jun (Yau Tong) as tenant and Ever Premier as landlord
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Mr. Lui”	Mr. Lui Chi Tat (雷志達), the chief executive officer of the Company and an executive Director
“Mr. Yik”	Mr. Yik Tak Chi (易德智), an executive Director and a controlling shareholder of the Company
“New Tenancy Agreements”	collectively, the First Tenancy Agreement and the Second Tenancy Agreement
“Original Tenancy Agreements”	collectively, the tenancy agreements dated 30 June 2016 entered into between Shui Jun (Yau Tong) as tenant and each of Ever Premier and Roymark as landlords in relation to the Properties
“Properties”	collectively, the properties located at (i) Shop 101–105, 127–142 and 158–165, 1st Floor, Ka Kwai Arcade, Yau Tong Centre, Nos. 2–6 Ka Wing Street, Yau Tong, Kowloon, Hong Kong; and (ii) Shop 67 on Ground Floor and Shop B on 1st Floor, Ka Fat Arcade, Yau Tong Centre, Nos. 2–6 Ka Wing Street, Yau Tong, Kowloon, Hong Kong
“Roymark”	Roymark Limited (匯馬有限公司), a company incorporated in Hong Kong with limited liability

“Second Tenancy Agreement”	the tenancy agreement dated 30 June 2019 entered into between Shui Jun (Yau Tong) as tenant and Roymark as landlord
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Shui Jun (Yau Tong)”	Shui Jun Nursing Centre (Yau Tong) Company Limited (瑞臻護老中心 (油塘) 有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board  
**Hang Chi Holdings Limited**  
**Yik Tak Chi**  
*Chairman and Executive Director*

Hong Kong, 29 July 2019

*As at the date of this announcement, the executive Directors are Mr. YIK Tak Chi, Mr. LUI Chi Tat, Mr. CHUNG Kin Man and Ms. CHUNG Wai Man, the non-executive Director is Mr. LAU Joseph Wan Pui and the independent non-executive Directors are Mr. WONG Wai Ho, Mr. LAU Tai Chim and Mr. KWOK Chi Shing.*

*This announcement, for which all the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting and will also be published on the Company’s website at [www.shuionnc.com](http://www.shuionnc.com).*