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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)**

**SUPPLEMENTAL ANNOUNCEMENT FOR  
THE CONTINUING CONNECTED TRANSACTIONS RELATING TO  
RENEWAL OF TENANCY AGREEMENTS**

Reference is made to the announcement of Hang Chi Holdings Limited (the “**Company**”) dated 29 July 2019 in relation to renewal of tenancy agreements (the “**Announcement**”). Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

As the International Financial Reporting Standard 16 (IFRS 16) “Leases” became effective for annual periods beginning on or after 1 January 2019, the Company has consulted its auditors (the “**Auditors**”) about the effect of IFRS 16 “Leases” in connection with the lease of the Properties under the New Tenancy Agreements. Under IFRS 16 “Leases”, the Company is required to recognise a right-of-use asset on its balance sheet in connection with the lease of the Properties under the New Tenancy Agreements with a term of more than 12 months (the “**Requirement**”).

The Company confirms that it has no intention to recognise the value of the right-of-use assets in its statement of financial position in connection with the lease of the Properties under the New Tenancy Agreements, as it is likely to create unnecessary administrative and financial burden on the Company.

Accordingly, on 9 August 2019 (after trading hours), Shui Jun (Yau Tong), as tenant, entered into a supplemental agreement with each of Ever Premier and Roymark, as landlords, pursuant to which (i) the term of the respective New Tenancy Agreements is reduced from two years to one year, and (ii) the term of the tenancy under the option for Shui Jun (Yau Tong) to apply for renewal of the relevant New Tenancy Agreements is reduced from two years to one year. As such, both of the New Tenancy Agreements will expire on 30 June 2020. Save and except for the aforesaid amendment, all other terms and conditions of the New Tenancy Agreements shall remain unchanged and the New Tenancy Agreements shall remain in full force and effect.

As confirmed with the Auditors, given that the term of the New Tenancy Agreements is reduced to one year, which are short-term leases, the Group as lessee applies the recognition exemption for short-term leases and therefore it is allowed not to apply the Requirement in connection with the lease of the Properties under IFRS 16 “Leases”.

Based on the aforesaid, 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) 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.

By order of the Board  
**Hang Chi Holdings Limited**  
**恒智控股有限公司**  
**Yik Tak Chi**  
*Chairman and Executive Director*

Hong Kong, 9 August 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).*