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## **ADDCHANCE HOLDINGS LIMITED**

**互益集團有限公司**

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

**(Stock Code: 3344)**

### **CONTINUING CONNECTED TRANSACTION TENANCY AGREEMENT**

On 13 December 2013, the Tenant, an indirect wholly-owned subsidiary of the Company, and the Landlord entered into a tenancy agreement in respect of certain office premises at Sung's Tower, Nos. 15-19 Lam Tin Street, Kwai Chung, New Territories, Hong Kong for a term of three years commencing from 19 November 2013 to 18 November 2016 (both days inclusive) (the "Tenancy Agreement").

As the Tenant is an indirect wholly-owned subsidiary of the Company and the Landlord is a company owned as to 60% by Dr. Sung, the controlling shareholder and former executive director of the Company and as to 40% by Mr. Sung Kim Ping, an executive director of the Company and the son of Dr. Sung, the Tenancy Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

Since the total amount of rents payable by the Group under the Tenancy Agreement and the Other Lease calculated on an aggregate basis (in accordance with Rule 14A.25 of the Listing Rules and as more particularly described hereinbelow) represents more than 0.1% but less than 5% of the applicable percentage ratios and the Landlord is a connected person of the Company, the entering into of the Tenancy Agreement constitutes a continuing connected transaction of the Company and is subject only to the reporting, annual review and announcement requirements as set out in Rules 14A.37 to 14A.41 and Rules 14A.45 to 14A.47 of the Listing Rules but is exempted from the independent shareholders' approval requirement.

This announcement is made by the Board pursuant to Rule 14A.47 of the Listing Rules.

# **THE PRINCIPAL TERMS OF THE TENANCY AGREEMENT DATED 13 DECEMBER 2013**

## **Parties**

Landlord: Addchance Dyeing Factory Limited (the “Landlord”), a company owned as to 60% by Dr. Sung Chung Kwun (“Dr. Sung”), the controlling shareholder and a former executive director of the Company and as to 40% by Mr. Sung Kim Ping, an executive director of the Company and the son of Dr. Sung

Tenant: Addchance Limited, an indirect wholly-owned subsidiary of the Company (the “Tenant”)

## **Asset to be leased to the Group under the Tenancy Agreement**

1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th, 9th Floors, Roof and Factory Unit on the Ground Floor of Sung’s Tower, Nos. 15-19 Lam Tin Street, Kwai Chung, New Territories, Hong Kong (collectively, the “Premises”).

## **Term of the Tenancy Agreement**

Three (3) years commencing from 19 November 2013 to 18 November 2016

## **Consideration**

The monthly rent payable under the Tenancy Agreement shall be HK\$470,000, exclusive of rates, management fees and air-conditioning charges. There shall be a rent free period from 19 November 2013 to 31 December 2013. During the term of the Tenancy Agreement, the Landlord and the Tenant may negotiate to review the rent for each of the years ending 18 November 2015 and 18 November 2016 with reference to the prevailing market rent at the material time. In the event that the parties wish to revise the rent, they shall jointly appoint an independent valuer to assess the prevailing market rent of the Premises at the material time, provided that the monthly rent for the years ending 18 November 2015 and 18 November 2016 shall not in any event be more than HK\$510,000 and HK\$560,000 respectively.

The rent payable under the Tenancy Agreement was arrived at based on arm's length negotiations with reference to the market rent which is defined as "the estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion", as at 30 November 2013 as assessed by Vigers Appraisal & Consulting Limited, an independent valuer, as set out in its valuation report dated 13 December 2013.

The rents payable under the Tenancy Agreement will be settled by the internal resources of the Company and its subsidiaries (the "Group").

### **Rental deposit**

The Tenant shall pay a sum of HK\$600,000 (the "Rental Deposit") to the Landlord as security for payment of rent and other charges under the Tenancy Agreement.

The Landlord shall refund the Rental Deposit to the Tenant without interest within 45 days of the expiration or sooner determination of the Tenancy Agreement and after the settlement of all arrears of rent and other outstanding charges payable under the Tenancy Agreement by the Tenant.

### **User**

The Tenant will use the Premises for office purpose.

### **Reasons for entering into the Tenancy Agreement**

The Group has been using the Premises for office purpose by leasing the same from an independent third party since 14 January 2009. The independent third party has disposed of the Premises to the Landlord on 19 November 2010. The Group entered into a tenancy agreement with the Landlord on 1 December 2010 to lease the Premises for a term of three years commencing from 19 November 2010 to 18 November 2013 for office purpose, which also constituted a continuing connected transaction of the Company. Details of the said tenancy agreement have been disclosed in the announcement of the Company dated 1 December 2010.

It is the Group's intention to continue to use the Premises for office purpose.

## LISTING RULES IMPLICATIONS

The Tenant is an indirect wholly-owned subsidiary of the Company. The Landlord is a company owned as to 60% by Dr. Sung, the controlling shareholder and a former executive director of the Company and as to 40% by Mr. Sung Kim Ping, an executive director of the Company and the son of Dr. Sung. Dr. Sung retired as an executive director of the Company at the annual general meeting of the Company held on 31 May 2013. Accordingly, the Landlord is an associate of Dr. Sung and Mr. Sung Kim Ping and is thus a connected person of the Company. Therefore, the entering into of the Tenancy Agreement constitutes a continuing connected transaction of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

There shall be a rent free period from 19 November 2013 to 31 December 2013. The annual caps of the aggregate amount of rents payable to the Landlord by the Tenant under the Tenancy Agreement during the period from 1 January 2014 to 31 December 2016 are set out below:–

<b>Period</b>	<b>Annual Caps (HK\$)</b>
Year ending 31 December 2014	5.64 million
Year ending 31 December 2015	6.12 million
Year ending 31 December 2016	6.72 million

The directors of the Company (the “Directors”) (including the independent non-executive Directors) consider that the Tenancy Agreement has been entered into in the ordinary and usual course of business of the Company, on normal commercial terms, and is fair and reasonable and in the interests of the shareholders of the Company as a whole. Save for Mr. Sung Kim Ping who is one of the beneficial owners of the Landlord, none of the Directors has any material interest in the Tenancy Agreement. Mr. Sung Kim Ping has abstained from voting at the board meeting of the Company approving the Tenancy Agreement.

According to Rule 14A.25 of the Listing Rules, The Stock Exchange of Hong Kong Limited will aggregate a series of connected transactions and treat them as if they were one transaction if they are all completed within a 12-month period or are otherwise related. Dr. Sung has leased certain lands of a total area of approximately 300,000 square metres and situated at various locations in Cambodia to Chinakey (Hong Kong) Limited, an indirect wholly-owned subsidiary of the Company at a monthly rent of US\$9,500 (the “Other Lease”).

Save for the aforesaid, the Group has not entered into any other prior transaction with Dr. Sung, Mr. Sung Kim Ping and/or any of their respective associates that is required to be aggregated with the Tenancy Agreement pursuant to Rule 14A.25 of the Listing Rules.

Since the total amount of rents payable by the Group under the Tenancy Agreement and the Other Lease calculated on an aggregate basis represents more than 0.1% but less than 5% of the applicable percentage ratios and the Landlord is a connected person of the Company, the entering into of the Tenancy Agreement constitutes a continuing connected transaction of the Company subject only to the reporting, annual review and announcement requirements as set out in Rules 14A.37 to 14A.41 and Rules 14A.45 to 14A.47 of the Listing Rules but is exempted from the independent shareholders’ approval requirement.

## **GENERAL**

The Group is principally engaged in the production and sale of dyed yarns, knitted sweaters and cotton yarns, the provision of dyeing services and knitting services, and the trading of cotton and yarns, whilst the principal activity of the Landlord is property holding.

By Order of the Board  
**Addchance Holdings Limited**  
**Sung Kit Ching**  
*Executive Director*

Hong Kong, 13 December 2013

*As at the date of this announcement, (i) the executive Directors are Mr. Sung Kim Wa (Chairman), Mr. Sung Kim Ping, Mr. Wong Chiu Hong, Ms. Sung Kit Ching, Mr. Ip Siu Lam and Mr. Tsang Fai; and (ii) the independent non-executive Directors are Mr. Chan Tsz Fu, Jacky, Mr. Zhuang Zhongxi and Ms. Huang Yunjie.*