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## **TAI SANG LAND DEVELOPEMENT LIMITED**

### **大生地產發展有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 89)**

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

On 11 April 2019, the Company as tenant entered into the Tenancy Agreement with Tai Sang Bank as landlord, in respect of the leasing of the Premises from 15 April 2019 to 14 April 2020. Since Tai Sang Bank is a connected person of the Company, the Tenancy Agreement constitutes a continuing connected transaction of the Company for the purpose of the Listing Rules.

As the Annual Cap Amount payable by the Company to Tai Sang Bank under the Previous Tenancy Agreement and the Tenancy Agreement for the year ending 31 December 2019 is more than HK\$3,000,000 and some of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules are more than 0.1% but all applicable percentage ratios are less than 5%, the Tenancy Agreement is only subject to the reporting, announcement and annual review requirements under the Listing Rules but is exempt from the independent shareholders' approval requirement under the Listing Rules. Particulars of the Tenancy Agreement will be disclosed in the annual reports and financial statements of the Company in accordance with the requirements of the Listing Rules.

#### **THE TENANCY AGREEMENT**

On 11 April 2019, the Company as tenant entered into the Tenancy Agreement with Tai Sang Bank as landlord, in respect of the leasing of the Premises. The principal terms of the Tenancy Agreement are as follows:

Parties	: Tai Sang Bank as landlord and the Company as tenant
Premises being leased	: 2nd Floor, 9th Floor, 10th Floor, 11th Floor and 14th Floor of the Building
Tenancy term	: 15 April 2019 to 14 April 2020, both days inclusive
Rental	: HK\$320,000 per month, exclusive of rates, maintenance and management charges

- Maintenance and management charges : HK\$44,000 per month, which is subject to adjustments at Tai Sang Bank's discretion by giving to the Company one calendar month's written notice. Additional charges are payable for the supply of air-conditioning outside normal office hours.
- Deposit : HK\$1,092,000, being three months' rental and maintenance and management charges
- Early termination : The Company is entitled to terminate the Tenancy by serving two months' prior written notice or by paying an amount equal to two months' rental and maintenance and management charges in lieu of notice to Tai Sang Bank provided that such Tenancy may not be terminated before the expiration of six months from the commencement of the tenancy term.

If Tai Sang Bank enters into a contract for the sale of the Premises or the Building or any part thereof to a purchaser or if Tai Sang Bank shall resolve to demolish, rebuild or refurbish the Building or any part thereof, it shall have the right to terminate the Tenancy Agreement by giving 6 calendar months' written notice to the Company.

The Company will fund the payment of rental and maintenance and management charges under the Tenancy Agreement by its internal resources.

The aggregate gross floor area of the Premises is approximately 10,000 sq. ft. The stamp duty payable in respect of the Tenancy Agreement shall be borne by Tai Sang Bank and the Company in equal shares.

Tai Sang Bank will refund to the Company the sum of HK\$30,000 being the deposit paid under the Previous Tenancy Agreement less the deposit payable under the Tenancy Agreement within 14 days after the signing of the Tenancy Agreement.

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

The Company as tenant had entered into the Previous Tenancy Agreement with Tai Sang Bank as landlord in relation to the leasing of the Premises for a term of two years from 15 April 2017 to 14 April 2019 for use as its office. As the Previous Tenancy Agreement shall expire on 14 April 2019, the Tenancy Agreement is entered into for the purpose of renewing the existing tenancy in respect of the Premises. Such renewal of tenancy will enable the Company to save on relocation and the relevant administration costs and also agency fees.

The terms of the Tenancy Agreement were negotiated on an arm's length basis and the rental chargeable under the Tenancy Agreement was determined after taking into account the valuation of an independent valuer on 29 March 2019 in connection with the market rental chargeable in respect of the Premises on the existing use basis as well as the monthly rental per sq. ft. which Tai Sang Bank currently charges other tenants of the Building. The

Directors (including the independent non-executive Directors) consider that the Tenancy Agreement is entered into in the ordinary and usual course of business of the Company, and its terms are on normal commercial terms and are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

## **CONTINUING CONNECTED TRANSACTION**

Kam Chan & Co is a company in which the executive Directors together with their family members and companies controlled by them can exercise or control the exercise of more than 50% of the voting power at its general meetings and is therefore a connected person of the Company. It is also a connected person of the Company by virtue that it is a substantial shareholder directly or indirectly interested in more than 30% of the total number of issued shares of the Company. As more than 30% of the total number of the issued shares of Tai Sang Bank is held by a wholly-owned subsidiary of Kam Chan & Co, Tai Sang Bank is an associate of Kam Chan & Co and therefore a connected person of the Company. Further, Tai Sang Bank is also a deemed connected person of the Company by virtue that the executive Directors together with their relatives and companies controlled by them can exercise or control the exercise of more than 50% of the voting power at general meetings of Tai Sang Bank. Accordingly, the Tenancy Agreement constitutes a continuing connected transaction of the Company for the purpose of the Listing Rules. In light of the executive Directors' interests in Kam Chan & Co and Tai Sang Bank as set out above, all the executive Directors have abstained from voting on the resolution of the Board to approve the same.

Based on the monthly rental and maintenance and management charges payable under the Previous Tenancy Agreement and the Tenancy Agreement (including any future increment in the maintenance and management charges), it is expected that the aggregate maximum amount payable under the Previous Tenancy Agreement and the Tenancy Agreement for the year ending 31 December 2019 and under the Tenancy Agreement for the period from 1 January 2020 to 14 April 2020 should not exceed HK\$4,200,000 and HK\$1,400,000 respectively (collectively, the “**Annual Cap Amounts**”). The Directors (including the independent non-executive Directors) consider that the Annual Cap Amounts are fair and reasonable.

As the Annual Cap Amount payable by the Company to Tai Sang Bank under the Previous Tenancy Agreement and the Tenancy Agreement for the year ending 31 December 2019 is more than HK\$3,000,000 and some of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules are more than 0.1% but all applicable percentage ratios are less than 5%, the Tenancy Agreement is only subject to the reporting, announcement and annual review requirements under the Listing Rules but is exempt from the independent shareholders' approval requirement under the Listing Rules. Particulars of the Tenancy Agreement will be disclosed in the annual reports and financial statements of the Company in accordance with the requirements of the Listing Rules.

## **GENERAL**

The principal activities of the Company and its subsidiaries are property investment, property rental, property development, estate management and agency and hotel operation.

The principal activities of Tai Sang Bank and its subsidiaries are the provision of banking and related financial services, and property investment and management.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meaning:

“Annual Cap Amounts”	has the same meaning as ascribed thereto in the second paragraph of the section headed “Continuing Connected Transaction” of this announcement
“associate”	has the same meaning as ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Building”	Tai Sang Bank Building situated at 130-132 Des Voeux Road Central, Hong Kong
“Company”	Tai Sang Land Development Limited 大生地產發展有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 89)
“connected person”	has the same meaning as ascribed thereto in the Listing Rules
“deemed connected person”	has the same meaning as ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“family member(s)”	has the same meaning as ascribed thereto in the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Kam Chan & Co”	Kam Chan & Company, Limited 錦燦有限公司, a company incorporated in Hong Kong with limited liability, which is an associate of all the executive Directors and a substantial shareholder directly and indirectly interested in more than 30% of the total number of issued shares of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Premises”	2nd Floor, 9th Floor, 10th Floor, 11th Floor and 14th Floor of the Building, with a total gross floor area of approximately 10,000 sq. ft.

“Previous Tenancy Agreement”	the tenancy agreement dated 10 April 2017 entered into between Tai Sang Bank as landlord and the Company as tenant in relation to the leasing of the Premises, particulars of which are disclosed in the announcement of the Company dated 10 April 2017
“relative(s)”	has the meaning ascribed thereto in the Listing Rules
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning as ascribed thereto in the Listing Rules
“Tai Sang Bank”	Tai Sang Bank Limited 大生銀行有限公司, a company incorporated under the laws of Hong Kong with limited liability, which is an associate of Kam Chan & Co
“Tenancy”	the tenancy of the Premises pursuant to the Tenancy Agreement and the transactions contemplated thereunder
“Tenancy Agreement”	the tenancy agreement dated 11 April 2019 entered into between Tai Sang Bank as landlord and the Company as tenant in relation to the leasing of the Premises
“%”	per cent

By Order of the Board  
**Tai Sang Land Development Limited**  
**Katy Ma Ching Man**  
*Company Secretary*

Hong Kong, 11 April 2019

*As at the date of this announcement, the Board comprises nine directors, of which Mr. William Ma Ching Wai, Mr. Patrick Ma Ching Hang, Mr. Alfred Ma Ching Kuen, Ms. Amy Ma Ching Sau and Mr. Philip Ma Ching Yeung are executive Directors; Mr. Edward Cheung Wing Yui is a non-executive Director; and Mr. Kevin Chau Kwok Fun, Mr. Tan Soo Kiu and Mr. Yiu Kei Chung are independent non-executive Directors.*