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Yee Hop Holdings Limited

義合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1662)

(I) DISCLOSEABLE TRANSACTION – THE COOPERATION AGREEMENT; AND (II) DISCLOSEABLE AND CONNECTED TRANSACTIONS – REIMBURSEMENT AGREEMENTS

DISCLOSEABLE TRANSACTION – THE COOPERATION AGREEMENT

The Board is pleased to announce that on 31 March 2021, Qingchuang Lixiang (an indirect non wholly-owned subsidiary of the Company) and Shen Meng Investment entered into the Cooperation Agreement in respect of the Premises for a term of 9 years and 4 months.

DISCLOSEABLE AND CONNECTED TRANSACTION – REIMBURSEMENT AGREEMENTS

On 31 March 2021, Qingchuangshe (the former tenant of the Premises) and Qingchuang Lixiang entered into the Deposits Reimbursement Agreement pursuant to which Qingchuang Lixiang agreed to pay to Qingchuangshe RMB6 million, being the Deposits which Qingchuangshe previously paid to Shen Meng Investment pursuant to the Former Cooperation Agreement. Shen Meng Investment shall return the Deposits to Qingchuang Lixiang after the expiry of the Cooperation Agreement.

On 31 March 2021, Qingchuangshe and Qingchuang Lixiang entered into the Expense Reimbursement Agreement pursuant to which Qingchuang Lixiang agreed to pay to Qingchuangshe approximately RMB2.3 million, being the sum of the rental from January 2021 to March 2021 and the renovation costs which Qingchuangshe previously incurred pursuant to the Former Cooperation Agreement.

LISTING RULES IMPLICATIONS

Discloseable transaction – the Cooperation Agreement

The Cooperation Agreement is, in essence, a lease agreement involving the acquisition of right-of-use assets. Pursuant to HKFRS 16, the Group, if entering into a lease transaction as a lessee, should recognise the right-of-use assets on the consolidated statement of financial position of the Group according to HKFRS 16. Under the Listing Rules, the entering into a lease transaction by the Group as a lessee will be regarded as an acquisition of an asset under the definition of transaction in Rule 14.04(1)(a) of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the lease transaction contemplated under the Cooperation Agreement exceed 5% but are less than 25%, such transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Discloseable and connected transaction – Reimbursement Agreements

As of the date of this announcement, Qingchuangshe is indirectly owned as to 70% by HKQCH, whereas HKQCH is owned as to 80% by Mr. Jim, an executive Director, the chairman of the Board and a Controlling Shareholder and 5% by Mr. Yan, an executive Director and the chief executive officer of the Company. Further, Mr. Jim is a director of each of Qingchuangshe and HKQCH. Therefore, Qingchuangshe is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Reimbursement Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the relevant percentage ratios (as defined under 14.07 of the Listing Rules) in respect of the transactions contemplated under the Reimbursement Agreements on aggregate basis exceed 0.1% but all are less than 5%, the transactions contemplated under the Reimbursement Agreements are subject to reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.

DISCLOSEABLE TRANSACTION – THE COOPERATION AGREEMENT

On 25 September 2020, Qingchuangshe and Shen Meng Investment entered into the Former Cooperation Agreement pursuant to which Qingchuangshe leased the Premises from Shen Meng Investment for a term of 9 years and 10 months. On 31 March 2021, Qingchuangshe and Shen Meng Investment entered into the termination agreement in respect of the Former Cooperation Agreement which was conditional upon entering into of the Cooperation Agreement between Qingchuang Lixiang and Shen Meng Investment. On 31 March 2021,

Qingchuang Lixiang and Shen Meng Investment entered into the preliminary cooperation agreement pursuant to which Shen Meng Investment agreed to terminate the Former Cooperation Agreement with Qingchuangshe which was conditional upon Qingchuang Lixiang having entered into the Cooperation Agreement on the same terms and conditions as the Former Cooperation Agreement.

On 31 March 2021, Qingchuang Lixiang (an indirect non wholly-owned subsidiary of the Company) and Shen Meng Investment entered into the Cooperation Agreement in respect of the Premises for a term of 9 years and 4 months.

KEY TERMS OF THE COOPERATION AGREEMENT

Date:	31 March 2021
Parties:	(i) Shen Meng Investment; and (ii) Qingchuang Lixiang (an indirect non wholly-owned subsidiary of the Company).
Subject matter:	Qingchuang Lixiang shall lease the Premises from Shen Meng Investment for subleasing and Qingchuang Lixiang shall be responsible for managing the subleasing matter.
Premises	No. 4, Zhenxing Street, South Gongye Avenue, Haizhu District, Guangzhou, PRC* (中國廣州市海珠區工業大道南路振興大街4號) (with a gross floor area of approximately 4,600 square meters)
Lease term:	9 years 4 months
Monthly Rent:	The monthly rent payable by Qingchuang Lixiang to Shen Meng Investment shall be RMB600,000 with a yearly increment of 3% and a fixed monthly discount of RMB75,000. The rent under the Cooperation Agreement was determined after arm's length negotiations between Qingchuang Lixiang and Shen Meng Investment and with reference to the prevailing market rent of comparable properties and the expected profit in subleasing of the Premises.

Deposits: Pursuant to the Former Cooperation Agreement, Qingchuangshe had paid RMB6 million, being the Deposits, to Shen Meng Investment. Qingchuang Lixiang shall reimburse Qingchuangshe for the Deposits and Shen Meng Investment shall return the Deposits to Qingchuang Lixiang after the expiry of the Cooperation Agreement. Please refer to the paragraph headed “Discloseable and connected transactions – Reimbursement Agreements” below for details.

Total consideration payable: The total consideration payable by Qingchuang Lixiang under the Cooperation Agreement is approximately RMB70.7 million during the lease term.

Manner of payment: The monthly rent is payable by Qingchuang Lixiang to Shen Meng Investment five days in advance of each month.

Renovation: Pursuant to the Cooperation Agreement, Qingchuang Lixiang agreed to invest not less than RMB15 million in renovation of the Premises, of which approximately RMB0.6 million had already been invested by Qingchuangshe under the Former Cooperation Agreement and will be reimbursed by Qingchuang Lixiang under the Expense Reimbursement Agreement. Please refer to the paragraph headed “Discloseable and connected transactions – Reimbursement Agreements” below for details.

If Qingchuang Lixiang fails to invest the required amount within 20 months from the date of the Cooperation Agreement, Shen Meng Investment shall be entitled to forfeit the Renovation Deposit and terminate the Cooperation Agreement.

The monthly rent and other relevant expenses were paid/will be paid through the Group’s internal source of funding.

RIGHT-OF-USE ASSETS

The value of the right-of-use asset to be recognised by the Company under the Cooperation Agreement is estimated to be approximately RMB55.2 million (unaudited), being the present value of the aggregate lease payments using the rate applicable at the commencement date of the Cooperation Agreement in accordance with HKFRS 16. The discount rate of approximately 5.22% is applied to compute the present value of the aggregate lease payments under the Cooperation Agreement.

DISCLOSEABLE AND CONNECTED TRANSACTIONS – REIMBURSEMENT AGREEMENTS

On 31 March 2021, Qingchuangshe (the former tenant of the Premises) and Qingchuang Lixiang entered into the Deposits Reimbursement Agreement pursuant to which Qingchuang Lixiang agreed to pay to Qingchuangshe RMB6 million, being the Deposits which Qingchuangshe previously paid to Shen Meng Investment pursuant to the Former Cooperation Agreement. Shen Meng Investment shall return the Deposits to Qingchuang Lixiang after the expiry of the Cooperation Agreement.

On 31 March 2021, Qingchuangshe and Qingchuang Lixiang entered into the Expense Reimbursement Agreement pursuant to which Qingchuang Lixiang agreed to pay to Qingchuangshe approximately RMB2.3 million, being the sum of the rental from January 2021 to March 2021 and the renovation costs which Qingchuangshe previously incurred pursuant to the Former Cooperation Agreement.

KEY TERMS OF THE DEPOSITS REIMBURSEMENT AGREEMENT

Date:	31 March 2021
Parties:	(i) Qingchuangshe; and (ii) Qingchuang Lixiang (an indirect non wholly-owned subsidiary of the Company).
Subject matter:	Qingchuang Lixiang agreed to reimburse Qingchuangshe (i) RMB 3 million, being the Rental Deposit; and (ii) RMB 3 million, being the Renovation Deposit which Qingchuangshe previously paid to Shen Meng Investment pursuant to the Former Cooperation Agreement. Shen Meng Investment shall return the Deposits to Qingchuang Lixiang after the expiry of the Cooperation Agreement.
The Deposits:	The amount payable under the Deposits Reimbursement Agreement was RMB6 million, which was determined after arm's length negotiations between Qingchuangshe and Qingchuang Lixiang based on the actual amount of the Deposits which was paid by Qingchuangshe to Shen Meng Investment. The Deposits will be paid through the Group's internal source of funding.
Manner of payment:	The Deposits are payable by Qingchuang Lixiang to Qingchuangshe within 10 days from the date of the Deposits Reimbursement Agreement.

KEY TERMS OF THE EXPENSE REIMBURSEMENT AGREEMENT

- Date: 31 March 2021
- Parties: (i) Qingchuangshe; and
(ii) Qingchuang Lixiang (an indirect non wholly-owned subsidiary of the Company).
- Subject matter: Qingchuang Lixiang agreed to reimburse Qingchuangshe (i) approximately RMB 1.7 million, being the rental from January 2021 to March 2021; and (ii) approximately RMB0.6 million, being the renovation costs which Qingchuangshe previously incurred pursuant to the Former Cooperation Agreement.
- The expenses: The amount payable under the Expense Reimbursement Agreement was approximately RMB2.3 million, which was determined after arm's length negotiations between Qingchuangshe and Qingchuang Lixiang based on the actual amount of expenses (including rentals and renovation costs) which was paid or incurred by Qingchuangshe.
- The expenses will be paid through the Group's internal source of funding.
- Manner of payment: The expenses are payable by Qingchuang Lixiang to Qingchuangshe within 10 days from the date of the Expense Reimbursement Agreement.

Save for the Reimbursement Agreements, no other fees and considerations are payable by the Group to Qingchuangshe.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE COOPERATION AGREEMENT AND THE REIMBURSEMENT AGREEMENTS

As disclosed in the 2019/20 annual report of the Company, the Group has been diversifying the business of the Group and will continue its strategic strategy to diversify the business spectrum and to broaden the revenue base of the Group. As disclosed in the announcement of the Company dated 19 September 2017, the Group entered into the subscription agreement to participate in the investment and development of a property situate at Windmill Street, Birmingham, the United Kingdom. Further, on 25 March 2021, the Group entered into a cooperation agreement in respect of subleasing business of certain properties in Guangzhou. Leveraging on the previous experience of the Group in property investment and development,

the Directors consider that the Cooperation Agreement provides the Group with an opportunity to further diversify and participate in the properties related business in the PRC and broaden its assets and earning base. The Group intends to further develop the sub-leasing business by entering into the Cooperation Agreement which the Premises are situated in Guangzhou, a first-tier city in the PRC, with stable lease market and lower business risk. To maintain the stability of the sub-leasing business and attract long-term tenants, Qingchuang Lixiang and Shen Meng Investment agreed to a lease term of at least 9 years.

Further, the Directors note that the terms of the cooperation between Qingchuangshe and Shen Meng Investment in respect of the Premises represented a good business opportunity. Based on the information provided by Shen Meng Investment and Qingchuangshe, Shen Meng Investment offered rent-free renovation period to Qingchuangshe during the period from the commencement of the Former Cooperation Agreement to 29 December 2020. As at the date of this announcement, the Premises are still under renovation stage. Leveraging on the Group's experience in properties related business and the Group's wider business connections, Qingchuangshe is of the view that the Group will be able to locate more sub-tenants and better develop the subleasing business in respect of the Premises while Qingchuangshe may allocate its resources which are originally reserved for the subleasing business of the Premises to other business opportunities. In view of the above, Qingchuangshe agreed to terminate the Former Cooperation Agreement with Shen Meng Investment such that Qingchuang Lixiang can engage in subleasing business in respect of the Premises and Qingchuang Lixiang agreed to enter into the Reimbursement Agreements.

Based on the aforesaid, the Directors (including the independent non-executive Directors) considers that the terms of the Cooperation Agreement, the Reimbursement Agreements and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group, are fair and reasonable, on normal commercial terms or better, and are in the interests of the Company and the Shareholders as a whole.

As of the date of this announcement, Qingchuangshe is indirectly owned as to 70% by HKQCH and 30% by HKS, whereas HKQCH is owned as to 80% by Mr. Jim, an executive Director, the chairman of the Board and a Controlling Shareholder and 5% by Mr. Yan, an executive Director and the chief executive officer of the Company. Further, Mr. Jim is a director of each of Qingchuangshe and HKQCH. Except Mr. Jim and Mr. Yan, none of the Directors have any material interest in the Reimbursement Agreements and the transactions contemplated thereunder and are prohibited from forming part of the quorum and voting in the meeting on the Board resolutions approving the Reimbursement Agreements and the transactions contemplated thereunder. Due to their interest in the transactions, Mr. Jim and Mr. Yan abstained from voting on the Board resolutions approving the Reimbursement Agreements and the transactions contemplated thereunder.

INFORMATION OF THE PARTIES

The Company

The Company is incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in (i) the provision of foundation (including the construction of mini-piles, rock-socketed steel H-piles and driven steel H piles) and other civil works (including site formation works, and road and pavement works) and tunneling works (including pipe jacking, hand dig tunnel and cut-and-cover tunnel works) in Hong Kong and overseas, and (ii) research and development and breeding, sales and trading of aquatic products in the PRC. The Company also intends to use genetic modification for biosynthetic exploration to provide new solutions to tackle the bottleneck of drug sources, expend resources on research and development of marine functional products and marine innovative drugs through its non-wholly owned subsidiary, Shenzhen BGI Fisheries Sci & Tech Co., Ltd.

Qingchuang Lixiang

Qingchuang Lixiang is a company established in the PRC with limited liability which is principally engaged in business servicing including leasing of properties and provision of property management service. It is an indirect non wholly-owned subsidiary of the Company and is owned indirectly as to 30% by HKS and 70% by the Company. HKS is an investment holding company which is 35% owned by Mr. Yeung Ka Sing, 35% by Mr. Wei Ao Ting and remaining 30% by three individuals, and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, HKS and its ultimate beneficial owners are all third parties independent of the Company and its connected persons.

Shen Meng Investment

Based on publicly available information, Shen Meng Investment is a company established in the PRC on 1 July 2019 with a registered capital of RMB200 million. The business scope of Shen Meng Investment covers property management. As at the date of this announcement, Shen Meng Investment is owned as to 90% by Shen Mengcheng and 10% by Ms. Shi YueXue (時月雪). Shen Mengcheng is a company established in the PRC with limited liability which is principally engaged in real estate and property management and is owned as to 99.5% by Mr. Li Ye (李曄) and 0.5% by Ms. Shi YueXue (時月雪). To the best of the Directors' knowledge, information and belief having made all reasonable enquires, Shen Meng Investment and its ultimate beneficial owner(s) are Independent Third Parties.

Qingchuangshe

Qingchuangshe is a company established in the PRC with limited liability and is principally engaged in business servicing including leasing of properties and provision of property

management service. As at the date of this announcement, to the knowledge of the Directors, Qingchuangshe is 70% owned by HKQCH and 30% owned by HKS. HKQCH is an investment holding company and is 80% owned by Mr. Jim, 5% by Mr. Yan, 10% by Mr. Wu Tai Cheung and 5% by Ms. Chow Fung Yee. HKS is an investment holding company which is 35% owned by Mr. Yeung Ka Sing, 35% by Mr. Wei Ao Ting and remaining 30% by three individuals, and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, HKS and its ultimate beneficial owners are all third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

Discloseable transaction – the Cooperation Agreement

The Cooperation Agreement is, in essence, a lease agreement involving the acquisition of right-of-use assets. Pursuant to HKFRS 16, the Group, if entering into a lease transaction as a lessee, should recognise the right-of-use assets on the consolidated statement of financial position of the Group according to HKFRS 16. Under the Listing Rules, the entering into a lease transaction by the Group as a lessee will be regarded as an acquisition of an asset under the definition of transaction in Rule 14.04(1)(a) of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the lease transaction contemplated under the Cooperation Agreement exceed 5% but are less than 25%, such transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Discloseable and connected transactions – Reimbursement Agreements

As of the date of this announcement, Qingchuangshe is indirectly owned as to 70% by HKQCH, whereas HKQCH is owned as to 80% by Mr. Jim, an executive Director, the chairman of the Board and a Controlling Shareholder and 5% by Mr. Yan, an executive Director and the chief executive officer of the Company. Further, Mr. Jim is a director of each of Qingchuangshe and HKQCH. Therefore, Qingchuangshe is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Reimbursement Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the relevant percentage ratios (as defined under 14.07 of the Listing Rules) in respect of the transactions contemplated under the Reimbursement Agreements on aggregate basis exceed 0.1% but all are less than 5%, the transactions contemplated under the Reimbursement Agreements are subject to reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“Company”	Yee Hop Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Cooperation Agreement”	the cooperation agreement dated 31 March 2021 entered into between Qingchuang Lixiang and Shen Meng Investment
“Deposits”	collectively, the Rental Deposit and Renovation Deposit paid under the Former Cooperation Agreement or the Cooperation Agreement (as the case may be)
“Deposits Reimbursement Agreement”	the deposits reimbursement agreement dated 31 March 2021 entered into between Qingchuang Lixiang and Qingchuangshe
“Director(s)”	the directors of the Company
“Expense Reimbursement Agreement”	the expense reimbursement agreement dated 31 March 2021 entered into between Qingchuang Lixiang and Qingchuangshe
“Former Cooperation Agreement”	the cooperation agreement dated 25 September 2020 entered into between Qingchuangshe and Shen Meng Investment
“Group”	the Company and its subsidiaries
“HKFRS 16”	Hong Kong Financial Reporting Standard 16
“HKQCH”	Hong Kong Qing Chuang Holdings Limited, a company incorporated in Hong Kong with limited liability

“HKS”	HKS International Limited, a company incorporated in the British Virgin Islands with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Independent Third Party(ies)”	any person(s) or companies and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are third party(ies) independent of the Company and connected persons (as defined under the Listing Rules) of the Company
“Main Board”	the main board of the Stock Exchange
“Mr. Jim”	Mr. Jim Yin Kwan Jackin, an executive Director, the chairman of the Board and a Controlling Shareholder of the Company
“Mr. Yan”	Mr. Yan Chi Tat, an executive Director and the chief executive officer of the Company
“PRC”	the People’s Republic of China, which shall, for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Premises”	No. 4, Zhenxing Street, South Gongye Avenue, Haizhu District, Guangzhou, PRC* (中國廣州市海珠區工業大道南路振興大街4號) (with a gross floor area of approximately 4,600 square meters)
“Qingchuang Lixiang”	Guangzhou Qingchuang Lixiang Commercial Operation Management Co., Ltd. * (廣州青創理想商業運營管理有限公司), a company established in the PRC with limited liability
“Qingchuangshe”	Guangzhou Qingchuangshe Shangye Operation Management Co., Ltd.* (廣州青創社商業運營管理有限公司), a company established in the PRC with limited liability

“Reimbursement Agreements”	collectively referred to the Deposit Reimbursement Agreement and the Expense Reimbursement Agreement
“Renovation Deposit”	the renovation deposit paid under the Former Cooperation Agreement or the Cooperation Agreement (as the case may be)
“Rental Deposit”	the rental deposit paid under the Former Cooperation Agreement or the Cooperation Agreement (as the case may be)
“RMB”	Renminbi, the lawful currency of the PRC
“Shen Meng Investment”	Shenzhen Shen Meng Investment Group Co., Ltd.* (深圳市深夢投資集團有限公司), a company established in the PRC with limited liability
“Shen Mengcheng”	Shenzhen Shen Mengcheng Real Estate Co., Ltd.* (深圳市深夢城置地有限公司), a company established in the PRC with limited liability
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

In this announcement, the English names of the PRC entities marked with “” are translations of their Chinese names, and are included herein for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.*

By order of the Board
Yee Hop Holdings Limited
Jim Yin Kwan Jackin
*Chairman and Executive
Director*

Hong Kong, 31 March 2021

As at the date of this announcement, the executive Directors are Mr. Jim Yin Kwan Jackin, Mr. Chui Mo Ming, Mr. Yan Chi Tat, Mr. Leung Hung Kwong Derrick and Mr. Xu JunMin; and the independent non-executive Directors are Mr. Lee Luk Shiu, Mr. Yu Hon Kwan and Mr. Wong Chi Keung Johnny.