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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)

DISCLOSEABLE TRANSACTION – THE TENANCY AGREEMENT

DISCLOSEABLE TRANSACTION – THE TENANCY AGREEMENT

The Board is pleased to announce that on 23 September 2021, the Tenant, being an indirect non wholly-owned subsidiary of the Company, as tenant and the Landlord as landlord entered into the Tenancy Agreement in respect of the Premises for a term of ten years commencing from 1 March 2022 to 29 February 2032 (both dates inclusive).

Pursuant to HKFRS 16, the Company recognises the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease of the Premises under the Tenancy Agreement. Therefore, the entering into of the Tenancy Agreement and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group under the Listing Rules. The unaudited value of right-of-use asset recognised by the Company under the Tenancy Agreement amounted to approximately RMB75,370,000 (equivalent to HK\$90,444,000) in aggregate.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the lease transaction contemplated under the Tenancy 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.

INTRODUCTION

The Board announces that on 23 September 2021, the Tenant, being an indirect non wholly-owned subsidiary of the Company, as tenant and the Landlord as landlord entered into the Tenancy Agreement in respect of the Premises for a term of ten years commencing from 1 March 2022 to 29 February 2032 (both dates inclusive).

THE TENANCY AGREEMENT

The principal terms of the Tenancy Agreement are set out as follows:

Date:	23 September 2021
Parties:	<ol style="list-style-type: none">1 Guangdong Minda Investment Group Co. Ltd.* (廣東民大投資集團有限公司), as landlord; and2 Guangzhou Yihe Qingchuang Commercial Operation Co. Ltd.* (廣州義合青創商業運營有限公司), an indirect non wholly-owned subsidiary of the Company, as tenant.
Premises:	No. 38, Quantang Road, Haizhu District, Guangzhou* (廣州市海珠區泉塘路38號)
Term:	Ten years commencing from 1 March 2022 to 29 February 2032 (both dates inclusive)
Rent:	<p>The total rent payable under the Tenancy Agreement with respect of the Premises is approximately RMB110,621,000 (equivalent to approximately HK\$132,745,000).</p> <p>The monthly rent payable by the Tenant to the Landlord shall be RMB427,800 (equivalent to approximately HK\$513,000) for the first year of the tenancy, RMB855,600 (equivalent to approximately HK\$1,027,000) for the second year of the tenancy, and subject to an increment of 6% every two years for the remaining term of the Tenancy Agreement. The rent under the Tenancy Agreement was determined after arm's length negotiations between the Tenant and the Landlord and with reference to the prevailing market rent of comparable properties and the expected profit in subleasing of the Premises.</p>
Rental deposit:	Approximately RMB2,567,000 (equivalent to approximately HK\$3,080,400)
Area:	Gross floor area of 14,260 square meters

- Manner of payment: Within 10 days after the signing of the Tenancy Agreement, the Tenant shall pay the rents for the first two quarters of the tenancy and before 10 December 2022, the Tenant shall pay the rentals for the subsequent two quarters of the tenancy. The rent incurred commencing from the second year of tenancy shall be paid in arrears by the Tenant to the Landlord quarterly in advance of each quarter.
- Use of the Premises: The Group intends to use the Premises for subleasing.
- Conditions precedent: The Tenancy Agreement shall be conditional upon the following conditions precedent:
- (a) the Tenant having complied with the requirements under the Listing Rules in respect of the transactions contemplated under the Tenancy Agreement; and
 - (b) the Tenant having completed the due diligence exercise on the Premises.

The payment of the monthly rent, the rental deposit and other relevant expenses will be funded by the internal resources of the Group.

THE RIGHT-OF-USE ASSET

The unaudited value of the right-of-use asset recognised by the Company amounted to approximately RMB75,370,000 (equivalent to HK\$90,444,000) in aggregate which is calculated with reference to the present value of the aggregate lease payment under the Tenancy Agreement. The discount rate of approximately 7.04% is applied to compute the present value of the aggregate lease payments under the Tenancy Agreement.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE TENANCY AGREEMENT

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. On 31 March 2021, the Group also entered into another 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 Tenancy 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 Tenancy Agreement in relation to the Premises which 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, the Tenant and Landlord agreed to a lease term of ten years.

Further, the Directors note that the terms of the tenancy arrangement between the Tenant and Landlord in respect of the Premises represented a good business opportunity. Based on the information provided the Tenant and Landlord, the Landlord offered a concessionary monthly rent, which is only half of the monthly rent during the second year of the tenancy, to the Tenant during the first year from the commencement of the tenancy, i.e. from 1 March 2022 to 28 February 2023 (both days inclusive). Leveraging on the Group's experience in properties related business and the Group's wider business connections, the Board 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.

Based on the aforesaid, the Directors (including the independent non-executive Directors) considers that the terms of the Tenancy Agreement 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.

INFORMATION ON 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, (ii) research and development and breeding, sales and trading of aquatic products in the PRC, and (iii) sub-leasing business 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..

The Tenant

The Tenant is a company established in the PRC on 25 February 2021 with limited liability which is principally engaged in inter alia, administration services, various construction and development activities and design of construction projects. As at the date of this announcement, it is an indirect non wholly-owned subsidiary of the Company and is owned indirectly as to 70% by the Company and 30% by HKS. HKS is an investment holding company which is wholly owned by Mr. Yeung Ka Sing 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 owner are all third parties independent of the Company and its connected persons.

The Landlord

Based on publicly available information, the Landlord is a company established in the PRC on 23 November 2001 with a registered capital of RMB55 million. The business scope of the Landlord covers inter alia property management. As at the date of this announcement, the Landlord is owned as to 80% by Huang Guiyou* (黄桂有) and 20% by Wu Meiyong* (吴梅英). To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Landlord and its ultimate beneficial owner(s) are Independent Third Parties.

LISTING RULES IMPLICATIONS

Pursuant to HKFRS 16, the Company recognises the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease of the Premises under the Tenancy Agreement. Therefore, the entering into of the Tenancy Agreement and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group under the Listing Rules. The unaudited value of right-of-use asset recognised by the Company under the Tenancy Agreement amounted to approximately RMB75,370,000 (equivalent to HK\$90,444,000) million in aggregate.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the lease transaction contemplated under the Tenancy 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.

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
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS 16”	Hong Kong Financial Reporting Standard 16
“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
“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
“Landlord”	Guangdong Minda Investment Group Co. Ltd.* (廣東民大投資集團有限公司), a company established in the PRC with limited liability and engages in property management
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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. 38, Quantang Road, Haizhu District, Guangzhou* (廣州市海珠區泉塘路38號) (<i>with a gross floor area of approximately 14,260 square meters</i>)
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) in the Company
“Shareholder(s)”	holders of the Shares from time to time
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

“Tenancy Agreement”	means the tenancy agreement dated 23 September 2021 entered into between the Landlord and the Tenant in respect of the Premises
“Tenant”	Guangzhou Yihe Qingchuang Commercial Operation Co. Ltd.* (廣州義合青創商業運營有限公司), a company established in the PRC with limited liability and an indirect owned subsidiary of the Company
“%”	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, 23 September 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; non-executive Director is Mr. Wang Jian; and the independent non-executive Directors are Mr. Lee Luk Shiu, Mr. Yu Hon Kwan and Mr. Wong Chi Keung Johnny.

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.

For the purpose of this announcement, conversion of RMB to HK\$ is based on the exchange rate of RMB1 to HK\$1.2. No representation is made that such amounts were or could be exchanged at this rate.