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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)

**EARLY TERMINATION OF CONNECTED TRANSACTIONS
IN RELATION TO
THE LEASE AGREEMENTS**

Reference is made to the announcement of the Company dated 1 April 2021 (the “**Announcement**”) in respect of the lease agreements between Yee Hop Engineering Company Limited (a wholly-owned subsidiary of the Company) and Asia Time Development Limited, Hilton Development Limited and Land Treasure Development Limited respectively in respect of certain land lots in the New Territories, Hong Kong. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

On 30 September 2022, YH Engineering, as lessee, entered into (i) a surrender deed (“**Surrender Deed (Asia Time)**”) with Asia Time, as lessor of Premises (Asia Time); (ii) a surrender deed (“**Surrender Deed (Hilton)**”) with Hilton, as lessor of Premises (Hilton); and (iii) a surrender deed (“**Surrender Deed (Land Treasure)**”), together with Surrender Deed (Asia Time) and Surrender Deed (Hilton) referred to “**Surrender Deeds**”) with Land Treasure, as lessor of Premises (Land Treasure), to early terminate and end the remaining lease term of the Lease Agreement (Asia Time), Lease Agreement (Hilton) and Lease Agreement (Land Treasure) (collectively referred to “**Lease Agreements**”) respectively.

SURRENDER DEED (ASIA TIME)

On 30 September 2022, YH Engineering (as lessee), a wholly-owned subsidiary of the Company, entered into Surrender Deed (Asia Time) with Asia Time to early terminate Lease Agreement (Asia Time).

The principal terms of the Surrender Deed (Asia Time) are set out as follows:

- Date : 30 September 2022 (after trading hours)
- Parties : (i) Asia Time, as lessor; and
(ii) YH Engineering, as lessee
- Premises : Premises (Asia Time)
- Date of surrender : 30 September 2022
- Other terms : YH Engineering shall deliver vacant possession of the Premises (Asia Time) on the date.

Asia Time shall refund the relevant rental deposit to YH Engineering on the date of surrender in accordance with the terms of the Lease Agreement (Asia Time).

Each of YH Engineering (as lessee) and Asia Time (as lessor) shall have no claim or demand whatsoever against the other party in respect of the Lease Agreement (Asia Time).

SURRENDER DEED (HILTON)

On 30 September 2022, YH Engineering (as lessee) entered into Surrender Deed (Hilton) with Hilton to early terminate Lease Agreement (Hilton).

The principal terms of the Surrender Deed (Hilton) are set out as follows:

- Date : 30 September 2022 (after trading hours)
- Parties : (i) Hilton, as lessor; and
(ii) YH Engineering, as lessee
- Premises : Premises (Hilton)
- Date of surrender : 30 September 2022

Other terms : YH Engineering shall deliver vacant possession of the Premises (Hilton) on the date of surrender.

Hilton shall refund the relevant rental deposit to YH Engineering on the date of surrender in accordance with the terms of the Lease Agreement (Hilton).

Each of YH Engineering and Hilton shall have no claim or demand whatsoever against the other party in respect of the Lease Agreement (Hilton).

SURRENDER DEED (LAND TREASURE)

On 30 September 2022, YH Engineering (as lessee) entered into Surrender Deed (Land Treasure) with Land Treasure to early terminate Lease Agreement (Land Treasure).

The principal terms of the Surrender Deed (Land Treasure) are set out as follows:

Date : 30 September 2022 (after trading hours)

Parties : (i) Land Treasure, as lessor; and
(ii) YH Engineering, as lessee

Premises : Premises (Land Treasure)

Date of surrender : 30 September 2022

Other terms : YH Engineering shall deliver vacant possession of the Premises (Land Treasure) on the date of surrender set out in Surrender Deed (Land Treasure).

Land Treasure shall refund the relevant rental deposit to YH Engineering on the date of surrender in accordance with the terms of the Lease Agreement (Land Treasure).

Each of YH Engineering and Land Treasure shall have no claim or demand whatsoever against the other party in respect of the Lease Agreement (Land Treasure).

REASONS FOR THE EARLY TERMINATION OF THE LEASE AGREEMENTS

Reference is made to the section “Information of the Parties” of the Announcement regarding the information of YH Engineering and the Lessors.

The Group had been using the Premises for its machinery and equipment storage use. In view of the completion of certain construction projects, there is no longer need for using the Premises as machinery and equipment storage. The Company had reallocated the machinery and equipment to another storage site. The Directors consider that the early termination of the Lease Agreements will enhance the overall business efficiency and reduce operational costs of the Group.

Having reviewed the terms of the Surrender Deeds, the Directors (including the independent non-executive Directors) are of the view that the terms of the Surrender Deeds are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms or better to the Company, and that the entering into of the Surrender Deeds is in the interests of the Company and the Shareholders as a whole. The Directors believe that the entering into of the Surrender Deeds will not have any adverse impact on the operation, business and financial position of the Group.

As of the date of this announcement, each of the Lessors is owned as to 50% by Mr. Jim, an executive Director, the chairman of the Board and a Controlling Shareholder and 50% by Mr. Chui, an executive Director, the vice-chairman of the Board and a Controlling Shareholder. Except Mr. Jim and Mr. Chui, none of the Directors has any material interest in the Lease Agreements and the transactions contemplated thereunder and is prohibited from forming part of the quorum and voting in the meeting on the Board resolutions approving the Surrender Deeds and the transactions contemplated thereunder. Due to their interest in the said transactions, Mr. Jim and Mr. Chui have abstained from voting on the Board resolutions approving the Surrender Deeds and the transactions contemplated thereunder.

LISTING RULES IMPLICATION

In accordance with HKFRS 16, entering into the Surrender Deeds will result in a decrease of approximately HK\$3.40 million in the amount of right-of-use assets recognised by the Group. Therefore, entering into the Surrender Deeds and the transactions contemplated thereunder will be considered as a disposal of assets by the Group. Under Rule 14.22 and 14.23 of the Listing Rules, as the Surrender Deeds were all entered into within a 12-month period and between the Group and the same group of connected persons, the transactions contemplated under the Surrender Deeds are required to be aggregated. As all relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Surrender Deeds on an aggregated basis are less than 5%, the transactions under the Surrender Deeds do not constitute notifiable transactions under Chapter 14 of the Listing Rules.

Further, due to Mr. Jim's and Mr. Chui's shareholding in the Lessors as disclosed above, each of the Lessors is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Surrender Deeds constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Under Rule 14A.81 and 14A.82 of the Listing Rules, as the Surrender Deeds were all entered into within a 12-month period and between the Group and the same group of connected persons, the connected transactions contemplated under the Surrender Deeds are required to be aggregated. As one or more of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Surrender Deeds on an aggregated basis exceeds 0.1% but all are less than 5%, all of the Surrender Deeds and the transactions contemplated thereunder are subject to the announcement and reporting requirements but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules. The Surrender Deeds also constitute a subsequent termination of the connected transactions arising from the Lease Agreements under Rule 14A.35 of the Listing Rules.

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

Hong Kong, 30 September 2022

As at the date of this announcement, the executive Directors are Mr. Jim Yin Kwan Jackin, Mr. Chui Mo Ming, Mr. Yan Chi Tat and Mr. Leung Hung Kwong Derrick; the 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.