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king fook holdings limited 景福集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 280)

CONNECTED TRANSACTIONS RELATING TO TENANCIES AND LICENCE

On 6 August 2024, the Group and the Landlord (a wholly owned subsidiary of YCS, the controlling shareholder of the Company) entered into two tenancy agreements relating to premises in King Fook Building, Hong Kong and use of telephone sets thereat, and a licence relating to the use of the fittings, furniture and appliances at 3rd Floor of King Fook Building. The Agreements constitute connected transactions of the Company exempt from Shareholders' approval requirement under Rule 14A.76(2)(a) of the Listing Rules.

TWO TENANCY AGREEMENTS BOTH DATED 6 AUGUST 2024

Parties

Landlord : Stanwick Properties Limited

Tenants : the Company and KF Jewellery (a wholly owned subsidiary of the Company)

The transactions

The parties entered into the Agreements in respect of tenancies relating to the Basement, Ground Floor, Mezzanine Floor, and 3rd (including a flat roof), 5th, 7th, 8th, 9th and 10th Floors of King Fook Building, 30-32 Des Voeux Road Central, Hong Kong and use of a total of 80 telephone sets/sockets thereat, and a licence relating to the use of the fittings, furniture and appliances at 3rd Floor thereof. Each of the Agreements is for a term of one year from 16 August 2024 to 15 August 2025 (both days inclusive). The total monthly rent for the Properties is \$818,600, exclusive of management fees and air-conditioning charges and Government rates, while the monthly licensing charge for the use of the fittings, furniture and appliances at 3rd Floor of King Fook Building (which is used by the Group as conference room) is \$25,480. Telephone set charges per month payable to the Landlord is \$27,200 (80 sets for \$340 each per month).

The Properties have a total lettable floor area of about 11,620 square feet and a flat roof of about 560 square feet. The total current management fees and air-conditioning charges is \$91,350 per month.

The management fees and air-conditioning charges are payable to the Landlord and may be revised by the Landlord from time to time. The Company has been informed by the Landlord that the rates of the management fees and air-conditioning charges are determined with reference to the prevailing costs and market rates of comparable buildings from time to time.

The market rent of the Properties was valued at \$830,100 per month as at 30 April 2024 by the Valuer, a professional property valuer. The Valuer and its ultimate beneficial owner are independent of and not connected with (i) the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates; or (ii) the Landlord or its associates.

The terms of the Agreements were arrived at after arm's length negotiations between the Tenants and the Landlord. The rents of the Properties were determined with reference to the market rent of the Properties as valued by the Valuer mentioned above, while the licence charge and telephone set charges are the same as those in the Existing Agreements.

REASONS FOR THE AGREEMENTS

The Properties are used as the key retail outlet and the headquarters of the Group under the Existing Agreements, both of which will expire on 15 August 2024. The Group entered into the Agreements in order to continue the use of the Properties and the telephone sets thereat, as well as the fittings, furniture and appliances at 3rd Floor of King Fook Building for its operations. In view of the current uncertain and volatile economic conditions, the Company considers that the one year term of the Agreements will provide more flexibility to the Group.

The Directors (including the independent non-executive directors) consider that the Agreements are on normal commercial terms and in the ordinary and usual course of business of the Group, and that the terms of the Agreements are fair and reasonable and in the interests of the Shareholders as a whole. No Director is required to abstain from voting on the board resolution approving the Agreements.

CONNECTION BETWEEN THE PARTIES

The Landlord is a wholly owned subsidiary of YCS, the controlling shareholder of the Company holding about 64.47% of the issued share capital of the Company. None of the Directors has any interest in the share capital of YCS.

LISTING RULES REQUIREMENTS

The unaudited total value of the right-of-use assets recognised by the Group under the Agreements amounted to approximately \$10,232,420, which is the present value of the total consideration payable under the terms of the Agreements in accordance with HKFRS 16.

The Agreements constitute connected transactions of the Company exempt from Shareholders' approval requirement under Rule 14A.76(2)(a) of the Listing Rules as all the applicable percentage ratios (as defined in Rule 14.04(9) of the Listing Rules) based on the above total value of the right-of-use assets under the Agreements are less than 5%.

INFORMATION FOR SHAREHOLDERS

The Group is principally engaged in retailing of gold ornaments, jewellery, watches and gifts, trading of bullion and wholesaling of diamond.

The Landlord is principally engaged in property investment.

Terms used in this announcement

“Agreements”	Two tenancy agreements both dated 6 August 2024 between the Tenants and the Landlord respectively in respect of tenancies relating to the Properties and use of telephone sets thereat, and a licence relating to the use of fittings, furniture and appliances at 3rd floor of King Fook Building
“Company”	King Fook Holdings Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited
“Directors”	directors of the Company
“Existing Agreements”	two agreements both dated 24 March 2023 between the Tenants and the Landlord respectively in respect of tenancies relating to the Properties and use of telephone sets thereat, and a licence relating to the use of fittings, furniture and appliances at 3rd floor of King Fook Building
“Group”	the Company and its subsidiaries
“KF Jewellery”	King Fook Jewellery Group Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company
“Landlord”	Stanwick Properties Limited, a wholly owned subsidiary of YCS
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Properties”	Basement, Ground Floor, Mezzanine Floor, and 3rd (including a flat roof), 5th, 7th, 8th, 9th and 10th Floors of King Fook Building, 30-32 Des Voeux Road Central, Hong Kong
“Shareholders”	shareholders of the Company
“Tenants”	the Company and KF Jewellery
“Valuer”	BMI Appraisals Limited
“YCS”	Yeung Chi Shing Estates Limited
“\$”	Hong Kong dollar(s)

By Order of the Board
Tang Yat Sun, Richard
Chairman

Hong Kong, 6 August 2024

As at the date of this announcement, the executive directors of the Company are Mr. Tang Yat Sun, Richard, Dr. Fung Yuk Bun, Patrick and Mr. Wong Wei Ping, Martin; the non-executive directors are Mr. Ho Hau Hay, Hamilton, Ms. Veronica Ho and Mr. Kung Lin Cheng Leo; and the independent non-executive directors are Mr. Cheng Kar Shing, Peter, Mr. Sin Nga Yan, Benedict, Mr. Cheng Kwok Shing, Anthony and Ms. Hou Tan Tan Danielle.