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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 11 August 2021, the Group and the Landlord (a wholly owned subsidiary of YCS, a substantial shareholder of the Company) entered into two agreements in respect of tenancies 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 AGREEMENTS BOTH DATED 11 AUGUST 2021**

#### **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 telephone sets 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 two years from 16 August 2021 to 15 August 2023 (both days inclusive). The total monthly rent for the Properties is \$844,400, 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.

The Properties have a total lettable floor area of about 11,620 square feet and a flat roof of about 560 square feet. A breakdown of the rent, lettable area and current management fees and air-conditioning charges under the Agreements is as follows:

<b>Premises</b>	<b>Lettable area (sq.ft)</b>	<b>Rent per month (\$)</b>	<b>Current management fees and air-conditioning charges per month (\$)</b>
Basement	970	33,400	7,275
Ground Floor	1,835	440,000	13,763
Mezzanine Floor	1,255	47,600	9,412
3rd Floor	1,260	55,200	13,650
5th Floor	1,260	52,900	9,450
7th Floor	1,260	53,400	9,450
8th Floor	1,260	53,700	9,450
9th Floor	1,260	54,000	9,450
10th Floor	1,260	54,200	9,450
	<u>11,620</u>	<u>844,400</u>	<u>91,350</u>

The management fees and air-conditioning charges are payable to the Landlord and may be revised by the Landlord from time to time. Telephone sets charges per month payable to the Landlord is HK\$27,200 (80 sets for \$340 each per month), and additional telephone set/socket will be charged at HK\$340 per unit per month. 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 \$852,000 per month as at 5 May 2021 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 is the same as that in the Existing Licence Agreement.

## **REASONS FOR THE AGREEMENTS**

The Properties are used as the key retail outlet and the headquarters of the Group under the Existing Tenancy Agreements, all of which will expire on 15 August 2021. The Existing Licence Agreement will also expire on 15 August 2021. The Group entered into the Agreements in order to continue the use of the Properties, telephone sets thereat and the fittings, furniture and appliances at 3rd Floor of King Fook Building for its operations.

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, a substantial shareholder holding about 60.84% 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 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 total value of the right of use assets under the Agreements according to HKFRS 16 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 agreements both dated 11 August 2021 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 Licence Agreement”	a licence agreement dated 7 August 2019 between the Company and the Landlord in respect of the use of furniture and fixture at 3rd floor of King Fook Building
“Existing Tenancy Agreements”	seven tenancy agreements all dated 7 August 2019 between the Tenants and the Landlord respectively in respect of the Properties
“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, 11 August 2021

*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 director is Mr. Ng Ming Wah, Charles; and the independent non-executive directors are Mr. Cheng Kar Shing, Peter, Mr. Ho Hau Hay, Hamilton, Mr. Sin Nga Yan, Benedict and Mr. Cheng Kwok Shing, Anthony.*