

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**KIN YAT HOLDINGS LIMITED**  
**建溢集團有限公司**

website: <http://www.kinyat.com.hk>

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 638)**

**CONNECTED TRANSACTION**  
**RENEWAL TENANCY AGREEMENT**

Reference is made to the announcement of the Company dated 21 January 2020 in relation to the Existing Tenancy Agreement entered into between KYI (an indirect wholly-owned subsidiary of the Company), as tenant, and Unicon, as landlord, in respect of the leasing of the Property for a term of three years from 1 April 2020 to 31 March 2023.

Upon the expiry of the Existing Tenancy Agreement, KYI, as tenant, on 31 March 2023, entered into the Renewal Tenancy Agreement with Unicon, as landlord, to renew the Existing Tenancy Agreement in respect of the leasing of the Property for the ensuing three (3) years.

As Unicon is wholly-owned by Mr. Cheng, who is an executive Director, the chairman and chief executive officer of the Company and the controlling shareholder of the Company. Thus, each of Mr. Cheng and Unicon is a connected person in the Company. Accordingly, the entering into the Renewal Tenancy Agreement and the transactions contemplated thereunder constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the right-of-use assets to be recognised under the Renewal Tenancy Agreement exceed 0.1% but are less than 5%, the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent Shareholders' approval requirement under Rule 14A of the Listing Rules.

## **RENEWAL TENANCY AGREEMENT**

Reference is made to the announcement of the Company dated 21 January 2020 in relation to the Existing Tenancy Agreement entered into between KYI (an indirect wholly-owned subsidiary of the Company), as tenant, and Unicon, as landlord, in respect of the leasing of the Property for a term of three years from 1 April 2020 to 31 March 2023.

Upon the expiry of the Existing Tenancy Agreement, KYI, as tenant, on 31 March 2023, entered into the Renewal Tenancy Agreement with Unicon, as landlord, to renew the Existing Tenancy Agreement in respect of the leasing of the Property for the ensuing three (3) years.

The principal terms of the Renewal Tenancy Agreement are set out below:

Date:	31 March 2023
Parties:	(i) Tenant, KYI, an indirect wholly-owned subsidiary of the Company; and  (ii) Landlord, Unicon, a company wholly-owned by Mr. Cheng.
Property leased:	the premises located at Block A and Block B, 7th floor, Galaxy Factory Building, 25-27 Luk Hop Street, San Po Kong, Kowloon, Hong Kong with a gross floor area of approximately 10,400 square feet.
Lease term:	Three-year term commencing from 1 April 2023 to 31 March 2026 (both days inclusive).
Monthly rental:	HK\$124,800 (inclusive of government rent, rates and management fees) per calendar month payable in advance on the first day of each calendar month (which is the same amount as the monthly rental in the Existing Tenancy Agreement before renewal).

## **VALUE OF THE RIGHTS-OF-USE ASSETS**

In accordance with HKFRS 16, the Group is required to recognise the Renewal Tenancy Agreement as right-of-use assets, and, as a result, the entering into of the Renewal Tenancy Agreement and the transactions contemplated thereunder will be regarded as an acquisition of assets by the Group. The value of the right-of-use assets to be recognised by the Group under the Renewal Tenancy Agreement is approximately HK\$4,201,084 (unaudited), being the present value of the rental payments under the Renewal Tenancy Agreement in accordance with HKFRS 16.

## **REASONS FOR AND BENEFITS OF ENTERING INTO OF THE RENEWAL TENANCY AGREEMENT**

The Company has occupied the Property as the headquarters of the Group since 1995. The Directors consider it to be in the interests of the Company and the Shareholders as a whole for the Company to continue to lease the Property from Unicon as long as the leasing terms are on normal commercial terms so as to avoid relocation and refurbishment costs which otherwise the Group will have to incur.

The terms of the Renewal Tenancy Agreement, including the monthly rental, are arrived at after arm's length negotiations between the parties with reference to the prevailing market rental of comparable properties in the same building of the Property and in the vicinity of the Property and the rental valuation on the Property made by an independent property valuers dated 31 March 2023.

Each of the Directors (including the independent non-executive Directors) is of the view that the Renewal Tenancy Agreement has been entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and that the terms of the Renewal Tenancy Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE GROUP AND UNICON**

The Company is principally engaged in two main business streams; namely manufacturing businesses and non-manufacturing business segments. In the manufacturing arena, it is engaged in the research-and-development-based production of electrical and electronic products business, micro electric motors business, and related business activities. The non-manufacturing segment of the Group currently comprises mainly real estate development business in Guizhou Province, the PRC. KYI, being a wholly-owned subsidiary of the Company, is principally engaged in the trading of toys, electronic products, and sourcing of materials.

The principal activity of Unicon is property holding for the sole purpose of holding Property and the ultimate beneficial owner is Mr. Cheng, who is the executive Director, the chairman and chief executive officer of the Company and the controlling shareholder of the Company.

Furthermore, Mr. Cheng and Mr. Cheng Tsz To, the Directors, are the members of the board of directors of Unicon.

## **LISTING RULES IMPLICATIONS**

As Unicon is wholly-owned by Mr. Cheng who is an executive Director, the chairman and chief executive officer of the Company and the controlling shareholder of the Company. Thus, each of Mr. Cheng and Unicon is a connected person in the Company. Accordingly, the entering into the Renewal Tenancy Agreement and the transactions contemplated thereunder constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the right-of-use assets to be recognised under the Renewal Tenancy Agreement exceed more than 0.1% but are less than 5%, the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent Shareholders' approval requirement under Rule 14A of the Listing Rules.

## **GENERAL**

Given that Mr. Cheng has a material interest in the lease of Property, and both Mr. Cheng and Mr. Cheng Tsz To are members of the board of directors of Unicon, both of them have abstained from voting on the relevant Board resolutions in relation to the Renewal Tenancy Agreement.

## **DEFINITIONS**

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

“associate(s), “connected person(s)”, “controlling shareholder”	each has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Kin Yat Holdings Limited, a company incorporated in Bermuda with limited liabilities, the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 638)
“Director(s)”	the director(s) of the Company
“Existing Tenancy Agreement”	The tenancy agreement dated 1 April 2020 entered into between KYI and Unicon in respect of the leasing of the Property by KYI as tenant from Unicon as landlord for a term of three (3) years commencing from 1 April 2020 to 31 March 2023 (both days inclusive) for a monthly rental amount of HK\$124,800 (inclusive of government rent, rates and management fee)

“Group”	the Company and its subsidiaries
“HKFRS”	The Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent Shareholders”	Shareholders other than Mr. Cheng and his associates
“KYI”	Kin Yat Industrial Company Limited, an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Cheng”	Mr. Cheng Chor Kit, an executive Director, the chairman and chief executive officer of the Company and the controlling shareholder of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Property”	Block A and Block B, 7th floor, Galaxy Factory Building, 25-27 Luk Hop Street, San Po Kong, Kowloon, Hong Kong with a gross floor area of approximately 10,400 square feet
“Renewal Tenancy Agreement”	the tenancy agreement dated 31 March 2023 entered into between KYI as tenant and Unicon as landlord in respect of the Property
“Shareholders”	holders of the Shares
“Shares”	the ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Unicon”	Unicon Investments Limited, a company incorporated in Hong Kong with limited liabilities, wholly-owned by Mr. Cheng
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“%”

per cent

By order of the Board  
**Kin Yat Holdings Limited**  
**Cheng Chor Kit**  
*Chairman and Chief Executive Officer*

Hong Kong, 31 March 2023

*As at the date hereof, the Board comprises (a) four executive Directors, namely Mr. CHENG Chor Kit, Mr. LIU Tat Luen, Mr. CHENG Tsz To and Mr. CHENG Tsz Hang; (b) one non-executive Director, Dr. FUNG Wah Cheong, Vincent; and (c) three independent non-executive Directors, namely Mr. WONG Chi Wai, Dr. SUN Kwai Yu, Vivian and Mr. CHEUNG Wang Ip.*