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Janco Holdings Limited

駿高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8035)

MAJOR TRANSACTION IN RELATION TO LEASE AGREEMENT

The Board is pleased to announce that on 6 October 2020 (after trading hours), the Lease Agreement was entered into between 35plus Limited, an indirect wholly-owned subsidiary of the Company, as lessee and the Lessor as lessor in respect of the Premises for a term of three years commencing from 1 January 2021 to 31 December 2023 (both dates inclusive), with an option to renew for a further term of three years commencing from 1 January 2024 to 31 December 2026 (both dates inclusive).

GEM LISTING RULES IMPLICATIONS

Pursuant to HKFRS 16, the Group entering into of the Lease Agreement as lessee requires the Group to recognise the Premises as right-of-use asset. Therefore, the entering into of the Lease Agreement will be regarded as acquisition of asset by the Group under the GEM Listing Rules. The estimated value of right-of-use asset recognised by the Company under the Lease Agreement amount to approximately HK\$48.2 million.

As the highest applicable percentage ratio as defined under the GEM Listing Rules in respect of the acquisition of right-of-use asset recognised by the Group pursuant to HKFRS 16 based on the consideration under the Lease Agreement is more than 25% but less than 100%, the entering into of the Lease Agreement constitutes a major transaction of the Company and is subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

Pursuant to Rule 19.44 of the GEM Listing Rules, written Shareholders' approval may be accepted in lieu of holding a general meeting if (i) no Shareholder will be required to abstain from voting at a general meeting of the Company for approving the Lease Agreement and the transaction contemplated thereunder; and (ii) the written shareholders' approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% of the voting rights at that general meeting to approve the Lease Agreement and the transaction contemplated thereunder.

To the best of the knowledge of the Directors, no Shareholder will be required to abstain from voting at a general meeting of the Company for approving the Lease Agreement and the transaction contemplated thereunder, and Million Venture, which holds 450,000,000 shares of the Company (representing 75% of the total issued share capital of the Company as at the date of this announcement), has provided written shareholders' approval for the Lease Agreement and the transaction contemplated thereunder. As such, the Company is exempt from convening a general meeting to approve the Lease Agreement and the transaction contemplated thereunder.

A circular of the Company containing, among other things, further information on the Lease Agreement and the transaction contemplated thereunder is expected to be dispatched to the Shareholders for information purposes in accordance with the GEM Listing Rules on or before 28 October 2020.

INTRODUCTION

The Board is pleased to announce that on 6 October 2020, the Lease Agreement was entered into between 35plus Limited as lessee and the Lessor as lessor in respect of the Premises.

THE LEASE AGREEMENT

Details of the principal terms of the Lease Agreement are set out below:

- Parties : (1) Harvest Hill (Hong Kong) Limited (溢峰(香港)有限公司), an Independent Third Party, as lessor; and
(2) 35plus Limited, as lessee
- Premises : 1st Floor and 2nd Floor of a warehouse situated at D.D. 107 Lot Nos. 475, 481 (part of), 482, 483 (part of) and the Remaining Portion of Lot No. 485, Fung Kat Heung, Yuen Long, New Territories, Hong Kong
- Term: : From 1 January 2021 to 31 December 2023 (both dates inclusive), with an option to renew for a further term of three years commencing from 1 January 2024 to 31 December 2026 (both dates inclusive)
- Usage : Logistics and storage
- Rent : The monthly rent is approximately HK\$1.4 million (inclusive of air-conditioning equipment fee and management fee). The aggregate rent for the three-year term (inclusive of air-conditioning equipment fee and management fee) payable under the Lease Agreement is approximately HK\$51.1 million, which will be satisfied by the internal resources of the Group

- Payment term : The rent (inclusive of air-conditioning equipment fee and management fee) shall be payable monthly in advance on the first day of each calendar month
- Deposit : The Deposit comprises:
- approximately HK\$1.4 million, representing one month of the rent (inclusive of air-conditioning equipment fee and management fee), which was payable upon signing of the Lease Agreement;
- approximately HK\$1.4 million, representing one month of rent (inclusive of air-conditioning equipment fee and management fee), which is payable on 1 December 2020; and
- The Company issuing a corporate guarantee in favour of the Lessor for a sum equal to one month of rent (inclusive of air-conditioning equipment fee and management fee) for the due and punctual performance of the Lease Agreement
- Option to renew : A further term of three years from 1 January 2024 to 31 December 2026, exercisable by serving written notice by the Lessee to the Lessor six months prior to the end of the initial term

INFORMATION OF THE PARTIES

The Group principally engages in the provision of air and ocean freight forwarding services and ancillary logistics services which include e-commerce and fulfillment services for cross border e-commerce traffic from overseas as well as outbound traffic from China to worldwide.

The Lessor principally engages in warehouse management.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Lessor and its ultimate beneficial owner(s) are Independent Third Parties.

THE RIGHT-OF-USE ASSET

The estimated value of the right-to-use asset recognised by the Company under the Lease Agreement amounted to approximately HK\$48.2 million, which is calculated with reference to the present value of the aggregated lease payments to be made under the Lease Agreement in accordance with HKFRS 16.

REASONS FOR ENTERING INTO THE LEASE AGREEMENT

The Group principally engages in logistics business and in its efforts to continue to expand its e-commerce and fulfillment business. In addition to the Group's core freight forwarding services, the Group strategically offers ancillary logistics services primarily at its warehouses in response to the rising demand from the Group's customers, which require customised value-added logistics services. The ancillary logistics services the Group offers include warehousing, repacking, labelling, palletising and local delivery within Hong Kong.

The Group integrates its ancillary logistics services into its core freight forwarding services to strategically create a distinct corporate identity among its shipper customers. As disclosed in the 2020 interim report of the Group, the Group seeks to expand its e-commerce and fulfillment business and opportunities to expand its logistics business in Asia by locating different warehouses.

As the Group considers Hong Kong as its base, the Premises is a prime location for providing value-added logistics services arising from cross-border e-commerce traffic from overseas as well as outbound traffic from China to worldwide. The utilisation of the Premises is expected to enhance the Group's logistics capability and strengthen its last mile delivery transit time.

In addition, the adjacent traffic of the Premises allows the Group's logistics fleet to easily gain access to and location of the Premises is well suited for warehouse and storage purpose and provision of value-added logistics services and the Premises will replace one of our existing warehouses, the term of which will be expired in December 2020.

The terms of the Lease Agreement, including the rent (inclusive of air-conditioning equipment fee and management fee), were determined after arm's length negotiations between the Parties and with reference to the open market rate of comparable properties. The entering into of the Lease Agreement is necessary for the operation of the businesses of the Group and is in the ordinary and usual course of business of the Group. Therefore, the Directors, including the independent non-executive Directors, consider that the terms of the Lease Agreement are on normal commercial terms and are fair and reasonable and the entering into of the Lease Agreement is in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

Acquisition of asset by the Company

Pursuant to HKFRS 16, the entering into of the Lease Agreement as lessee requires the Group to recognise the Premises as right-of-use asset in its consolidated financial statements. Such transaction will be regarded as acquisition of asset for the purpose of the GEM Listing Rules. The estimated value of right-of-use asset recognised by the Company under the Lease Agreement amount to approximately HK\$48.2 million.

Major transaction

As the highest applicable percentage ratio as defined under the GEM Listing Rules in respect of the acquisition of right-of-use asset recognised by the Group pursuant to HKFRS 16 based on the consideration under the Lease Agreement is more than 25% but less than 100%, the entering into of the Lease Agreement constitutes a major transaction of the Company and is subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

Pursuant to Rule 19.44 of the GEM Listing Rules, written Shareholders' approval may be accepted in lieu of holding a general meeting if (i) no Shareholder will be required to abstain from voting at a general meeting of the Company for approving the Lease Agreement and the transaction contemplated thereunder; and (ii) the written shareholders'

approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% of the voting rights at that general meeting to approve the Lease Agreement and the transaction contemplated thereunder.

To the best of the knowledge of the Directors, no Shareholder will be required to abstain from voting at a general meeting of the Company for approving the Lease Agreement and the transaction contemplated thereunder, and Million Venture, which holds 450,000,000 shares of the Company (representing 75% of the total issued share capital of the Company as at the date of this announcement), has provided written shareholders' approval for the Lease Agreement and the transaction contemplated thereunder. As such, the Company is exempt from convening a general meeting to approve the Lease Agreement and the transaction contemplated thereunder.

A circular of the Company containing, among other things, further information on the Lease Agreement and the transaction contemplated thereunder is expected to be dispatched to the Shareholders for information purposes in accordance with the GEM Listing Rules on or before 28 October 2020.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors;
“Company”	Janco Holdings Limited (駿高控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on The Stock Exchange of Hong Kong Limited (stock code: 8035);
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“Directors”	the director(s) of the Company;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited;
“Group”	the Company and its subsidiaries;
“Lease Agreement”	the lease agreement dated 6 October 2020 entered into between 35plus Limited and the Lessor;
“Lessee”	35plus Limited, an indirect wholly-owned subsidiary of the Company;
“Lessor”	Harvest Hill (Hong Kong) Limited (溢峰(香港)有限公司), a company incorporated in Hong Kong with limited liability, being the lessor of the Lease Agreement;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;

“HKFRS 16”	Hong Kong Financial Reporting Standards 16 “Leases” which include standards and interpretations promulgated by the Hong Kong Institute of Certified Public Accountants;
“Hong Kong”	the Hong Kong Special Administrative Region;
“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of the Company and its connected person(s);
“Million Venture”	Million Venture Holdings Limited, a company incorporated in the British Virgin Islands with limited liability;
“Premises”	1st Floor and 2nd Floor of a warehouse situated at D.D. 107 Lot Nos. 475, 481 (part of), 482, 483 (part of) and the Remaining Portion of Lot No. 485, Fung Kat Heung, Yuen Long, New Territories, Hong Kong;
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company;
“%”	per cent.

By order of the Board
Janco Holdings Limited
Ng Chin Hung
Chairman and Executive Director

Hong Kong, 6 October 2020

As at the date of this announcement, the executive Directors are Mr. Ng Chin Hung, Mr. Cheng Tak Yuen, Mr. Chan Chun Sing and Mr. Tai King Fung; and the independent non-executive Directors are Mr. Lee Kwong Chak Bonnio, Mr. Pang Chung Fai Benny and Mr. Chan Fei Fei.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on GEM’s website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at www.jancofreight.com.