

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.



WAI CHI HOLDINGS COMPANY LIMITED

偉志控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1305)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE RENEWAL OF TENANCY
OF THE PROPERTY**

The Board announces that on 10 September 2019, Wai Chi Opto Shenzhen as tenant entered into the Renewal Agreement with Shenzhen Lianfa as landlord in relation to the renewal of the tenancy of the Property pursuant to the exercise of the Renewal Option.

In accordance with HKFRS 16 “Leases”, the Group will recognize the aggregated Right-of-use Asset Value on its consolidated statement of financial position in connection with the leasing of the Property under the Renewal Agreement. Accordingly, the Leasing Transaction under the Renewal Agreement will be regarded as acquisition of assets by the Tenant for the purpose of the Listing Rules.

Given that the Agreed Rental is taken to be the total rental for the Term, as one or more of the applicable percentage ratios (as defined in the Listing Rules) calculated under Rule 14.07 of the Listing Rules in respect of the aggregated Right-of-use Asset Value of the Property under the Renewal Agreement exceed 5% but all of them are less than 25%, the Leasing Transaction contemplated thereunder constitutes a discloseable transaction of the Company and is subject to the announcement requirement but exempt from Shareholders’ approval requirement of the Company under Chapter 14 of the Listing Rules.

The Board announces that on 10 September 2019, Wai Chi Opto Shenzhen as tenant entered into the Renewal Agreement with Shenzhen Lianfa as landlord in relation to the renewal of the tenancy of the Property pursuant to the exercise of the Renewal Option.

PRINCIPAL TERMS OF THE RENEWAL AGREEMENT

The principal terms of the Renewal Agreement are set out as follows:

Date:	10 September 2019
Landlord:	Shenzhen Lianfa
Tenant:	Wai Chi Opto Shenzhen
The Leasing Transaction:	the tenancy of the Property is renewed for the Term pursuant to the Renewal Option in accordance with the terms of the Renewal Agreement
Property:	B1 workshop and B2 dormitory, Lianfa Industrial Park, Sanwei Community, Hangcheng Street, Bao'an District, Shenzhen City
Term:	the total period of 6 years commencing from 1 October 2019 to 30 September 2025 (both days inclusive), which consists of the First Rental Period and the Second Rental Period
Agreed Rental (payable to the Landlord):	RMB145,858.59 per month for the First Rental Period and RMB163,361.62 per month for the Second Rental Period (exclusive of water charges, electricity charges, tax, communication charges, maintenance fees, management fees, any debts incurred during the Tenant's operation, any expenses arising from any labour disputes)
Rental deposit (payable to the Landlord):	RMB291,717.18 (equivalent to the total amount of two months' rental of the First Rental Period, being refundable to the Tenant at the expiry of the Term in accordance with the relevant terms of the Renewal Agreement)
Usage of the Property by the Tenant:	for production, business operation and accommodation purposes

INFORMATION OF THE COMPANY AND SHENZHEN LIANFA

The Company is an investment holding company and its operating subsidiaries are principally engaged in the procurement, manufacturing and sales of LED backlight and lighting products.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Shenzhen Lianfa is a joint stock company incorporated in Shenzhen and is principally engaged in property management and leasing. Shenzhen Lianfa and its ultimate beneficial owner are Independent Third Parties.

REASONS AND BENEFITS OF THE LEASING TRANSACTION

The Leasing Transaction ensures continuity and stability in the Company's production and business operation.

The terms of the Renewal Agreement including the Agreed Rental are arrived at after arm's length negotiation between the parties with reference to the prevailing market rental of similar property in the nearby locations. The amount of monthly rental (i.e. RMB 163,361.62 per month) for the Second Rental Period is adjusted with a 12% increase over the amount of monthly rental (i.e. RMB 145,858.59 per month) for the First Rental Period on the basis of an estimate of the percentage rise in the relevant rental of similar property in the adjacent vicinity during the First Rental Period. The Directors believe that the terms and conditions of the Renewal Agreement are fair and reasonable and on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

In accordance with HKFRS 16 "Leases", the Group will recognize the aggregated Right-of-use Asset Value on its consolidated statement of financial position in connection with the leasing of the Property under the Renewal Agreement. Accordingly, the Leasing Transaction under the Renewal Agreement will be regarded as acquisition of assets by the Tenant for the purpose of the Listing Rules.

Given that the Agreed Rental is taken to be the total rental for the Term, as one or more of the applicable percentage ratios (as defined in the Listing Rules) calculated under Rule 14.07 of the Listing Rules in respect of the aggregated Right-of-use Asset Value of the Property under the Renewal Agreement exceed 5% but all of them are less than 25%, the Leasing Transaction contemplated thereunder constitutes a discloseable transaction of the Company and is subject to the announcement requirement but exempt from Shareholders' approval requirement of the Company under Chapter 14 of the Listing Rules.

TERMS USED IN THIS ANNOUNCEMENT

"Agreed Rental"	the total amount of rental for the Property in respect of the Term (consisting of the First Rental Period and the Second Rental Period) as agreed by Shenzhen Lianfa as landlord and Wai Chi Opto Shenzhen as tenant under the Renewal Agreement (exclusive of water charges, electricity charges, tax, communication charges, maintenance fees, management fees, any debts incurred during the Tenant's operation, any expenses arising from any labour disputes)
"Board"	the board of Directors
"Company"	Wai Chi Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange

“Directors”	the directors of the Company
First Rental Period”	the first rental period of 3 years from 1 October 2019 to 30 September 2022, being the first half of the Term
“Group”	the Company and its subsidiaries from time to time
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a third party or third parties independent of and not connected with the Company and its subsidiaries and their respective connected persons (as defined in the Listing Rules)
“Leasing Transaction”	the renewal of the tenancy of the Property for the Term pursuant to the Renewal Option in accordance with the terms of the Renewal Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Previous Tenancy Agreement”	the tenancy agreement dated 1 July 2017 entered into between Shenzhen Lianfa as landlord and Wai Chi Opto Shenzhen as tenant in relation to the tenancy of the Property for the period from 1 July 2017 to 30 September 2019, which is renewed by the Renewal Agreement for the Term
“Property”	B1 workshop and B2 dormitory, Lianfa Industrial Park, Sanwei Community, Hangcheng Street, Bao'an District, Shenzhen City
“Renewal Agreement”	the tenancy renewal Agreement dated 10 September 2019 entered into between Shenzhen Lianfa as landlord and Wai Chi Opto Shenzhen as tenant in relation to the renewal of the tenancy of the Property pursuant to the exercise of the Renewal Option under the Previous Tenancy Agreement
“Renewal Option”	the prior right of renewal granted to Wai Chi Opto Shenzhen as tenant by Shenzhen Lianfa as landlord to renew the tenancy of the Property pursuant to the relevant terms of the Previous Tenancy Agreement

“Right-of-use Asset Value”	an amount of approximately HKD\$10 million (exclusive of water charges, electricity charges, tax, communication charges, maintenance fees, management fees, any debts incurred during the Tenant’s operation, any expenses arising from any labour disputes)
“RMB”	Renminbi, the lawful currency of the PRC
“Second Rental Period”	the second rental period of 3 years from 1 October 2022 to 30 September 2025, being the second and last half of the Term
“Shareholders”	holders of the ordinary shares of the Company
“Shenzhen Lianfa”	Shenzhen Lianfa Holding Limited* (深圳市聯發股份合作公司), a joint stock company incorporated in the PRC, being an Independent Third Party
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term”	the total rental period of 6 years from 1 October 2019 to 30 September 2025 (both days inclusive), which consists of the First Rental Period and the Second Rental Period
“Wai Chi Opto Shenzhen” or “Tenant”	Wai Chi Opto Technology (Shenzhen) Limited* (偉志光電（深圳）有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent

* The English name is for identification purpose only

By order of the Board
Wai Chi Holdings Company
Limited
Yiu Chi To
Chairman

Hong Kong, 20 January 2020

As at the date of this announcement, the executive Directors of the Company are Mr. Yiu Chi To (Chairman), Mr. Chen Chung Po (Chief Executive Officer), Ms. Yiu Kwan Yu, Mr. Chen Wei Wu and Ms. Yong Jian Hui; and the independent non-executive Directors are Mr. Au Yeung Tin Wah, Mr. Chen Kwok Wang and Mr. Ho Chi Wai.