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WANJIA GROUP HOLDINGS LIMITED

萬嘉集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 401)

DISCLOSEABLE TRANSACTION IN RELATION TO THE LETTER OF OFFER FOR LEASING OFFICE PREMISES

The Board is pleased to announce that on 21 January 2020, the Company as lessee and the Landlord as lessor entered into the legally-binding Letter of Offer in respect of the lease of the Premises commencing from 10 February 2020 to 9 February 2023.

Upon implementation of HKFRS 16 effective from 1 January 2019, the Group if entering into lease transaction as a lessee should recognise the right-of-use asset in the consolidated financial statements of the Company according to HKFRS 16.

Under the Listing Rules, the entering into lease transaction by the Group as lessee effective from 1 January 2019 will be regarded as an acquisition of asset under the definition of transaction set out in Rule 14.04(1)(a) of the Listing Rules, and will constitute a notifiable transaction for the Company under the Listing Rules depending on the size of the lease transaction.

As the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) for the transaction contemplated under the Letter of Offer exceed 5% but are below 25%, such transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 21 January 2020, the Company as leasee and the Landlord as lessor entered into the legally-binding Letter of Offer in respect of the lease of the Premises commencing from 10 February 2020 to 9 February 2023.

THE LETTER OF OFFER

Set out below is a summary of the principal terms of the Letter of Offer:

Date 21 January 2020

Parties (a) the Company as leasee; and
(b) the Landlord, as lessor

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Landlord and its ultimate beneficial owners are Independent Third Parties.

Premises Suite 1801, 18th Floor, Tower 1, The Gateway, Harbour City, Kowloon, Hong Kong.

Use of the Premises For commercial offices use only.

Term Three years commencing from 10 February 2020 and expiring on 9 February 2023 (both days inclusive).

Rental payment The monthly rent payable by the Company to the Landlord under the Letter of Offer shall be approximately HK\$95,000 exclusive of rates, management fee, air-conditioning charge, service charge and other outgoings.

Deposit The deposit payable by the Company is HK\$347,121.45, which is equivalent to approximately the sum of three months rent, management fee and air-conditioning charge and has already been paid.

The rent under the Letter of Offer was determined after arm's length negotiations between the Landlord and the Company, after taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises.

The Company and the Landlord will enter into a formal tenancy agreement which will reflect all the above principal terms in the Letter of Offer.

CONSIDERATION AND RIGHT-OF-USE ASSET RECORDED FOLLOWING THE SIGNING OF THIS LETTER OF OFFER

Pursuant to the HKFRS 16 “Leases”, the total consideration under the Letter of Offer represents the aggregate amount of rental payments to be made over the Term of the Letter of Offer measured at present value basis, which amounts to approximately HK\$3.17 million as of the date of the Letter of Offer. The amount of rental payments over the Term will be settled out of the internal financial resources of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LETTER OF OFFER

The lease of existing office premises of the Group located in North Point, Hong Kong will expire on 10 April 2020. In view of the poor conditions of the existing office premises which requires a large-scale renovation in order to cater for the continuous use of the Group, the Directors consider to move the headquarters of the Group to an office premises which located in the commercial zone in Tsim Sha Tsui, an area which is easily accessible by various modes of transportation in Hong Kong and will facilitate the future expansion and growth of the businesses of the Group.

The terms of the Letter of Offer, including the rental charge, were determined after arm’s length negotiations between the parties. The entering into of the Letter of Offer is necessary for the operation of the business in the ordinary and usual course of business of the Group. Therefore, the Board considers that the terms of the Letter of Offer are fair and reasonable and entering into the Letter of Offer is in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Company is an investment holding company. The Group is principally engaged in pharmaceutical wholesale and distribution business and hemodialysis treatment and consultancy service business in the PRC.

The Landlord is a company limited by shares incorporated under the laws of Hong Kong and is principally engaged in investment and operations of residential and commercial properties in Hong Kong. The Landlord and its ultimate beneficial owners are Independent Third Parties.

IMPLICATIONS UNDER THE LISTING RULES

Upon implementation of HKFRS 16 effective from 1 January 2019, the Group if entering into lease transaction as a leasee should recognise the right-of-use asset in the consolidated financial statements of the Company according to HKFRS 16. Under the Listing Rules, the entering into lease transaction by the Group as leasee effective from 1 January 2019 will be regarded as an acquisition of asset under the definition of transaction set out in Rule 14.04(1) (a) of the Listing Rules, and will constitute a notifiable transaction for the Company under the Listing Rules depending on the size of the lease transaction.

As the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) for the transaction contemplated under the Letter of Offer exceed 5% but are below 25%, such transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Wanjia Group Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards

“Independent Third Party(ies)”	to the best of the directors’ knowledge, information and belief having made all reasonable enquiry, the Landlord and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Landlord”	Harbour City Estates Limited
“Letter of Offer”	the legally-binding letter of offer for office premises dated 21 January 2020 entered into between the Landlord as lessor and the Company as lessee in relation to the lease of the Premises
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Premises”	Suite 1801, 18th Floor, Tower 1, The Gateway, Harbour City, Kowloon, Hong Kong
“Shareholder(s)”	holder(s) of shares of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Wanjia Group Holdings Limited
Wang Jia Jun
Executive Director

Hong Kong, 21 January 2020

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Chen Jinshan, Mr. Wang Jia Jun and Ms. Yung Ka Lai and three independent non-executive Directors, namely Mr. Wong Hon Kit, Dr. Liu Yongping and Mr. Ho Man.