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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)

DISCLOSEABLE TRANSACTION IN RELATION TO LEASE RENEWAL

THE OFFER

The Board is pleased to announce that on 27 September 2022 (after trading hours), the Tenant, an indirect wholly-owned subsidiary of the Company, signed the Offer pursuant to which the Tenant offered to rent from the Landlords the Premises for a term of three years commencing from 16 December 2022 to 15 December 2025 for use as office.

The Offer is subject to execution by the Agent as agent of the Landlords. Upon execution by the Agent, the Offer shall become legally binding on the Landlords and the Company.

IMPLICATIONS UNDER THE GEM LISTING RULES

Pursuant to HKFRS 16, the Company shall recognise the right to use the Premises as a right-of-use asset on its consolidated statement of financial position. Therefore, the transaction contemplated under the Offer will be regarded as an acquisition of asset by the Group under Chapter 19 of the GEM Listing Rules.

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the transaction contemplated under the Offer is more than 5% but is less than 25%, the transaction contemplated under the Offer constitutes a discloseable transaction for the Company under the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

BACKGROUND

The Board is pleased to announce that on 27 September 2022 (after trading hours), the Tenant, an indirect wholly-owned subsidiary of the Company, signed the Offer pursuant to which the Tenant offered to rent from the Landlords the Premises for a term of three years commencing from 16 December 2022 to 15 December 2025 for the use as office.

The Offer is subject to execution by the Agent as agent of the Landlords. Upon execution by the Agent, the Offer shall become legally binding on the Landlords and the Company.

THE OFFER

Details of the Offer are set out below:

Date: 27 September 2022

Parties: (i) The Agent, as agent of the Landlords; and
(ii) The Tenant

Premises: Units 1606B, 1607 & 1608 of 16th Floor, Tower A, Manulife Financial Centre, No. 223–231 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong

Term: three years, commencing from 16 December 2022 to 15 December 2025

Total value of consideration: HK\$7,066,240 in aggregate (exclusive of government rates/provisional rates and service charges)

Rent: HK\$220,820 per month (exclusive of government rates/provisional rates and service charges)

The Tenant shall be responsible for service charges and government rates/provisional rates during the term. The Landlords shall be responsible for Government rent during the term.

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

Payment terms: The monthly rent, exclusive of government rates/provisional rates and service charges, shall be payable in advance on the first day of each calendar month.

Rent free period: (i) From 1 January 2023 to 28 February 2023
(ii) From 1 January 2024 to 31 January 2024
(iii) From 1 January 2025 to 31 January 2025

Rental deposit:	HK\$850,610.70, being equivalent to three months' rent, three months' service charges and three months' government/provisional rates
Stamp duty:	The stamp duty shall be borne equally by the Landlords and the Tenant.

The rental fee, rental deposit and stamp duty are expected to be funded by internal resources of the Group.

RIGHT-OF-USE ASSET

Pursuant to HKFRS 16, the tenancy of the Premises is recognised as a right-of-use asset for an amount of approximately HK\$7,066,240, which is calculated with reference to the present value of the aggregated lease payments to be made under the Offer.

INFORMATION ABOUT THE GROUP

The Company is incorporated in the Cayman Islands and is an investment holding company. The Group is principally engaged in the provision of freight forwarding, logistics and E-Commerce services. The Tenant is an indirect wholly-owned subsidiary of the Company.

INFORMATION ABOUT THE AGENT AND THE LANDLORDS

The Agent is a company incorporated in Hong Kong with limited liability which is primarily engaged in management and agency services. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, the Agent is indirectly wholly-owned by Henderson Land.

The Landlords include the following:

- (i) Easewin Development Limited, a company incorporated in Hong Kong with limited liability. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, Easewin Development Limited is primarily engaged in property investment and is indirectly wholly-owned by Henderson Land;
- (ii) Morison Limited, a company incorporated in the British Virgin Islands with limited liability. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Morison Limited is primarily engaged in property investment and is indirectly wholly-owned by Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 86); and
- (iii) Profit System Development Limited, a company incorporated in Hong Kong with limited liability. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, Profit System Development Limited is primarily engaged in property development and is indirectly wholly-owned by Henderson Land.

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

REASONS FOR AND BENEFITS OF ENTERING INTO THE OFFER

The Tenant has been leasing and occupying the Premises as the headquarter and principal place of business of the Group prior to the listing of its Shares on GEM, with the current lease pursuant to the offer to lease (renewal) issued by the Company on 14 August 2019 (the "2019 Offer") and executed by the Agent on 21 August 2019 which was due to expire.

In evaluating the options of renewal of the existing tenancy or leasing a new office, the Directors consider that the Premises are located in the commercial zone in Kwun Tong, Hong Kong, which is easily accessible by various transportation and continue renting the Premises would have saved the renovation cost and the expenditure on relocation. As such, the Directors (including the independent non-executive Directors) are of the view that the Offer is in favour of the Group's future development.

The terms of the Offer were determined after arm's length negotiations between the parties thereto, taking into account the prevailing market price of comparable premises in the vicinity of the Premises and the major terms of the 2019 Offer. The Directors considered that the entering into of the Offer is necessary for continuing the business operation of the Group and the transaction contemplated under the Offer is in the ordinary and usual course of business of the Group. Based on the above reasons and having considered all relevant factors, the Directors (including the independent non-executive Directors) are of the view that the terms of the Offer are entered into on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

Pursuant to HKFRS 16, the Company shall recognise the right to use the Premises as a right-of-use asset on its consolidated statement of financial position. Therefore, the transaction contemplated under the Offer will be regarded as an acquisition of asset by the Group under Chapter 19 of the GEM Listing Rules.

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the transaction contemplated under the Offer is more than 5% but is less than 25%, the transaction contemplated under the Offer constitutes a discloseable transaction for the Company under the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Since the Offer is subject to execution by the Agent as agent for the Landlords and there may also be a time gap before the receipt of the Offer duly signed by the Agent, should there be any material change in relation to the Offer, the Company shall publish an announcement as and when appropriate in accordance with the GEM Listing Rules.

As at the date of this announcement, based on the review of the previous transaction in respect of the Premises, the Company noted that, subsequent to the amendment to HKFRS 16, which was effective for annual accounting periods beginning on or after 1 January 2019, the transaction contemplated under the 2019 Offer should also have been regarded as an

acquisition of asset by the Group under Chapter 19 of the GEM Listing Rules. As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the transaction contemplated under the 2019 Offer was more than 5% but was less than 25%, the transaction contemplated under the 2019 Offer constituted a discloseable transaction for the Company under the GEM Listing Rules and was therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Subsequent to the entering into of the 2019 Offer, the Company has not fulfilled the reporting and announcement requirements under the GEM Listing Rules as required due to its inadvertent oversight. The failure to make timely disclosure was due to misunderstanding of the application of the HKFRS 16 in relation to leases which became effective since 1 January 2019 and the corresponding implications under the GEM Listing Rules. The Directors reiterated that they have no intention for such inadvertence and the inadvertence was solely due to the reasons as stated above. Given that the 2019 Offer was entered into in the ordinary and usual course of business of the Group and on normal commercial terms, the Directors are of the view that the terms of the 2019 Offer were fair and reasonable and were in the interest of the Company and the Shareholders as a whole.

REMEDIAL ACTIONS

The Company acknowledges its inadvertence oversight with the GEM Listing Rules in relation to the adoption of HKFRS 16. To prevent similar incident in relation to the adoption of HKFRS 16 from occurring in the future, the Company will take the following measures and actions: (i) the Company's responsible management with assistance from external accounting professionals and legal advisers of the Company shall continue to oversee and monitor the Company's on-going compliance with the GEM Listing Rules in relation to the Group's lease arrangements; (ii) the Company should conduct trainings to staff in connection with the implications of the GEM Listing Rules in relation to HKFRS 16 and the reporting procedures for notifiable transactions under the GEM Listing Rules in respect of lease arrangements prior to execution; and (iii) the Company should, as and when appropriate and necessary, seek external legal, accounting or other professional advice as to any action required to be taken in relation to any proposed lease transactions in the future. Going forward, the Company will make disclosure in a timely manner to ensure compliance with the GEM Listing Rules in this regard.

DEFINITIONS

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

“Agent”	Henderson Leasing Agency Limited, a company incorporated in Hong Kong with limited liability and is indirectly wholly-owned by Henderson Land
“Board”	the board of Directors
“Company”	Janco Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM (stock code: 8035)
“Director(s)”	the director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	collectively, the Company and its subsidiaries
“Henderson Land”	Henderson Land Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 12)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	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 People’s Republic of China
“Independent Third Party(ies)”	person(s) who or company(ies) which is/are third party(ies) independent of the Company and its connected persons
“Landlords”	collectively, (i) Easewin Development Limited, a company incorporated in Hong Kong with limited liability and is indirectly wholly-owned by Henderson Land; (ii) Morison Limited, a company incorporated in the British Virgin Islands with limited liability and is indirectly wholly-owned by Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 86); and (iii) Profit System Development Limited, a company incorporated in Hong Kong with limited liability and is indirectly wholly-owned by Henderson Land

“Offer”	the offer to lease (renewal) issued by the Company as tenant on 27 September 2022 to the Agent as agent of the Landlords in respect of the lease of the Premises
“Premises”	Units 1606B, 1607 & 1608 of 16th Floor, Tower A, Manulife Financial Centre, No. 223–231 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant”	Janco Global Logistics Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

By order of the Board
Janco Holdings Limited
駿高控股有限公司
Ng Chin Hung
Executive Director and Chief Executive Officer

Hong Kong, 27 September 2022

As at the date of this announcement, the executive Directors are Mr Ng Chin Hung (Chief Executive Officer) and Mr Cheng Tak Yuen, the non-executive Director is Mr Chan Kin Chung (Chairman) and the independent non-executive Directors are Mr Lee Kwong Chak Bonnio, Mr Kwan Chi Hong and Mr Chan William.

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 the 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 Company’s website at www.jancofreight.com.