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## **WANT WANT CHINA HOLDINGS LIMITED**

### **中國旺旺控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 0151)**

## **CONTINUING CONNECTED TRANSACTION**

### **Tenancy Agreement**

On 21 January 2020, Shanghai Want Want, as tenant, entered into the Tenancy Agreement with Shanghai Want Qi, as landlord, in respect of the lease of the Property in Shanghai for a term of one year from 1 January 2020 to 31 December 2020 (both dates inclusive).

In view of the short leasing term of the Tenancy Agreement which is equal to or less than 12 months, the Company is of the view that the accounting requirement under HKFRS 16 “Leases” to require the lessee to recognise a lease as a right-of-use asset and a lease liability in the consolidated balance sheet does not apply to the Tenancy Agreement and therefore, would account for the lease as a short-term lease and recognize the related rental payments on a straight line basis as an expense in profit or loss.

Mr. Tsai, the chairman, chief executive officer, an executive Director and the ultimate controlling shareholder of the Company, is also the ultimate controlling shareholder of Shanghai Want Qi. As such, Shanghai Want Qi is an associate of Mr. Tsai and a connected person of the Company within the meaning of the Listing Rules and the lease transaction contemplated under the Tenancy Agreement constitutes a continuing connected transaction of the Company.

Reference is made to the announcement of the Company dated 28 December 2018 in relation to, among other things, the Renewed San Want Framework Property Lease Agreement and the Renewed CTV Framework Property Lease Agreement. Pursuant to Rule 14A.81 of the Listing Rules, the lease transactions contemplated under the Renewed San Want Framework Property Lease Agreement, the Renewed CTV Framework Property Lease Agreement and the Tenancy Agreement should be aggregated for the purpose of computing the relevant percentage ratios. As the highest of the applicable percentage ratios on an aggregated basis is more than 0.1% but less than 5%, the lease transaction contemplated under the Tenancy Agreement is subject to the reporting and announcement requirements but is exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

## TENANCY AGREEMENT

The Board announces that on 21 January 2020, Shanghai Want Want, as tenant, entered into the Tenancy Agreement with Shanghai Want Qi, as landlord, in respect of the lease of the Property in Shanghai for a term of one year from 1 January 2020 to 31 December 2020 (both dates inclusive).

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

<b>Date of agreement</b>	:	21 January 2020
<b>Landlord</b>	:	Shanghai Want Qi
<b>Tenant</b>	:	Shanghai Want Want
<b>Property</b>	:	Block 53 located at No. 488 Hong Xu Road, Minhang District, Shanghai, PRC
<b>Gross rental area</b>	:	Approximately 3,205 square meters
<b>Usage</b>	:	As offices
<b>Term</b>	:	One (1) year from 1 January 2020 to 31 December 2020 (both dates inclusive)
<b>Monthly rent</b>	:	The monthly rent (exclusive of water, electricity, cable television, gas, heating, sanitary, telecommunication, property related fees and other charges and outgoings) during the lease term is RMB377,869.50 per month
<b>Payment term</b>	:	The monthly rent (except for the rent for the first month) shall be payable in advance by the Tenant to the Landlord 5 days before the commencement of each calendar month. The rent for the first month shall be payable upon signing of the Tenancy Agreement
<b>Rental deposit</b>	:	A rental deposit in the sum of RMB377,869.50, representing one month's rental, shall be payable upon signing of the Tenancy Agreement and shall be refundable (without interest) to the Tenant at the end of the lease after the Tenant shall have delivered up to the Landlord vacant possession of the Property

## REASONS AND BENEFITS FOR THE TENANCY AGREEMENT

To cope with the needs and development of the Group, the Group intends to lease the Property for use by its modern distribution channel business unit as offices. The Property is located in very close proximity to the Group's Shanghai New Office Building and Shanghai Old Office Building and is expected to facilitate smooth communication and coordination between different departments.

The proposed annual cap of the rental amount payable by the Group under the Tenancy Agreement for the year ending 31 December 2020 is RMB4,534,434. Such annual cap was determined based on the expected floor areas to be leased and the rental rates with reference to

the market rental rates for the Property as at 25 November 2019 and expected market rental rate for the year 2020, as recommended by an independent professional valuer in a valuation report dated 9 December 2019.

The Board, including the independent non-executive Directors, considers that the terms of the Tenancy Agreement have been negotiated and arrived at on arm's length basis and on normal commercial terms, and that such terms are fair and reasonable and are in the interests of the Company and its Shareholders as a whole and that the Tenancy Agreement was entered into in the ordinary and usual course of the Company's business, and the proposed annual cap is fair and reasonable.

## **LISTING RULES IMPLICATIONS**

In view of the short leasing term of the Tenancy Agreement which is equal to or less than 12 months, the Company is of the view that the accounting requirement under HKFRS 16 "Leases" to require the lessee to recognise a lease as a right-of-use asset and a lease liability in the consolidated balance sheet does not apply to the Tenancy Agreement and therefore, would account for the lease as a short-term lease and recognize the related rental payments on a straight line basis as an expense in profit or loss.

Mr. Tsai, the chairman, chief executive officer, an executive Director and the ultimate controlling shareholder of the Company, is also the ultimate controlling shareholder of Shanghai Want Qi. As such, Shanghai Want Qi is an associate of Mr. Tsai and a connected person of the Company within the meaning of the Listing Rules and the lease transaction contemplated under the Tenancy Agreement constitutes a continuing connected transaction of the Company.

Reference is made to the announcement of the Company dated 28 December 2018 in relation to, among other things, the Renewed San Want Framework Property Lease Agreement and the Renewed CTV Framework Property Lease Agreement. Pursuant to Rule 14A.81 of the Listing Rules, the lease transactions contemplated under the Renewed San Want Framework Property Lease Agreement, the Renewed CTV Framework Property Lease Agreement and the Tenancy Agreement should be aggregated for the purpose of percentage ratio calculations. As the highest of the applicable percentage ratios on an aggregated basis is more than 0.1% but less than 5%, the lease transaction contemplated under the Tenancy Agreement is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Pursuant to the relevant requirements under the Listing Rules and the articles of association of the Company, Mr. Tsai, Mr. Tsai Shao-Chung, Mr. Tsai Wang-Chia, Mr. Huang Yung-Sung, Mr. Chu Chi-Wen, Mr. Maki Haruo and Mr. Cheng Wen-Hsien are considered to have an interest in the transaction contemplated under the Tenancy Agreement. For this reason, each of them did not attend the relevant Board meeting and accordingly did not vote on the Board resolutions approving the transaction.

## **GENERAL**

The Company is an investment holding company. The Group is principally engaged in the manufacturing, distribution and sale of rice crackers, dairy products and beverages, snack foods and other products.

Shanghai Want Want is a limited liability company incorporated in the PRC and a subsidiary of

the Company that indirectly owned as to 99.99% by the Company. Its principal business activities are provision of services to other members of the Group, including investment decision-making, marketing services, treasury operation and financial management, technical support and research and development, information services, staff training and management, software development and other services.

Shanghai Want Qi is a limited liability company incorporated in the PRC and whose principal business activities are provision of consulting services (including corporate management consulting, business information consulting, investment consulting (except brokers)), conference services, parking lot management, property management and leasing services for properties located at No. 488 Hong Xu Road, Shanghai, PRC. Shanghai Want Qi is a subsidiary of San Want and Mr. Tsai is the ultimate controlling shareholder of Shanghai Want Qi.

## **DEFINITIONS**

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

“Board”	the board of Directors of the Company
“Company”	Want Want China Holdings Limited, a company incorporated as an exempt company with limited liability under the law of the Cayman Islands, whose principal activity is investment holding and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tsai”	Mr. TSAI Eng-Meng, the chairman, chief executive officer, an executive Director and the ultimate controlling shareholder of the Company
“percentage ratio(s)”	has the meaning ascribed thereto under the Listing Rules
“PRC”	the People’s Republic of China
“Property”	Block 53 located at No. 488 Hong Xu Road, Minhang District, Shanghai, PRC
“Renewed CTV Framework”	the renewed framework property lease agreement dated

Property Lease Agreement”	28 December 2018 entered into between the Company and China Television Company in relation to the lease of the premises located at 1/F and 7/F, No. 120 Chung-Yang Road, Nangang District, Taipei, Taiwan by the Group (for use as the Group’s office) and the Parking Spaces
“Renewed San Want Framework Property Lease Agreement”	the renewed framework property lease agreement dated 28 December 2018 entered into between the Company and San Want in relation to the lease of the Shanghai New Office Building and Shanghai Old Office Building by the Group for use as the Group’s offices
“RMB”	Renminbi yuan, the lawful currency of the PRC
“San Want”	San Want Holdings Limited, a company incorporated in Barbados with limited liability, and whose principal business activities are the operation of hospital, hotel and property businesses and other investments
“Shanghai New Office Building”	property located at No. 1088 East Hong Song Road, Shanghai, PRC
“Shanghai Old Office Building”	property located at No. 558 Hong Xu Road, Shanghai, PRC
“Shanghai Want Qi”	Shanghai Want Qi Corporate Management Co., Ltd. * (上海旺氣企業管理有限公司), a limited liability company incorporated in the PRC
“Shanghai Want Want”	Shanghai Want Want Foods Group Co., Ltd. (上海旺旺食品集團有限公司), a limited liability company incorporated in the PRC and a subsidiary of the Company that indirectly owned as to 99.99% by the Company
“Share(s)”	ordinary share(s) with nominal value of US\$0.02 each in the issued share capital of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 21 January 2020 entered into between Shanghai Want Want as tenant and Shanghai Want Qi as landlord in relation to the lease of Property for use as the Group’s offices for a term of one year from 1 January 2020 to 31 December 2020 (both dates inclusive)

\* *For identification purposes only*

By order of the Board  
**Want Want China Holdings Limited**  
**TSAI Eng-Meng**  
*Chairman*

Hong Kong, 21 January 2020

*As at the date of this announcement, the executive Directors are Mr. TSAI Eng-Meng, Mr. TSAI Shao-Chung, Mr. TSAI Wang-Chia, Mr. HUANG Yung-Sung, Mr. CHU Chi-Wen, Mr. TSAI Ming-Hui and Ms. LAI Hong Yee; the non-executive Directors are Mr. LIAO Ching-Tsun, Mr. MAKI Haruo and Mr. CHENG Wen-Hsien; and the independent non-executive Directors are Mr. TOH David Ka Hock, Dr. PEI Kerwei, Mr. HSIEH Tien-Jen, Mr. LEE Kwok Ming and Mr. PAN Chih-Chiang.*