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PHOENITRON

PHOENITRON HOLDINGS LIMITED

品創控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 08066)

**DISCLOSEABLE TRANSACTION –
RENEWAL OF RIGHT OF USE AGREEMENT**

The Board announces that on 7 September 2023, the Company, as tenant, entered into the Right of Use Agreement which will give the Company the right to use the Premises for 3 years with effect from 14 February 2024 at a fixed monthly rent of HK\$74,412.

Wharf Realty Limited, its ultimate beneficial owners and its respective associates are Independent Third Parties to the Group and its connected persons as defined under the GEM Listing Rules to the best of the Directors' knowledge.

Pursuant to HKFRS16, the Company needs to recognize the acquisition of the right to use the Premises as an acquisition of asset and as one of the applicable percentage ratios in respect of the rental payable under the Right of Use Agreement is more than 5% but below 25%, the entering into of the Right of Use Agreement constitutes a discloseable transaction for the Company under the GEM Listing Rules. Hence, it is subject to the notification and announcement requirements but exempt from Shareholders' approval requirement pursuant to Chapter 19 of the GEM Listing Rules.

The Board announces that on 7 September 2023, the Company, as tenant, entered into the Right of Use Agreement which will give the Company the right to use the Premises as head office and principal place of business in Hong Kong, with more details as set out below.

THE RIGHT OF USE AGREEMENT

- Parties: (1) Wharf Realty, an Independent Third Party, as the landlord; and
(2) the Company, as the tenant.
- Premises: Suite 710, 7th Floor, North Tower, World Finance Centre, Harbour City, Tsimshatsui, Kowloon, Hong Kong.
- Term: A period of 3 years with effect from 14 February 2024.
- Gross floor area: Approximately 1,908 square feet.
- Rental: The Tenant is required to pay to the Landlord a fixed monthly rent of HK\$74,412, payable on the first day of each calendar month.
- Deposit: The Tenant is required to place with the Landlord a security deposit of HK\$280,203.12.

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

RIGHT-OF-USE ASSETS

Pursuant to HKFRS16, the Company needs to recognize the acquisition of the right to use the Premises as an acquisition of asset as follows:

	Amount <i>HK\$'000</i>
Right of Use Agreement	2,516

The above amount is calculated with reference to the present value of the aggregate right of use payments and based on a discount rate of approximately 4.125% currently used by the Group for all its other right-of-use assets.

REASON AND BENEFIT FOR ENTERING INTO THE RIGHT OF USE AGREEMENT

The Group's head office and principal place of business in Hong Kong is situated at the Premises for the past few years. Given its accessibility and taking into account the costs for relocation, the Company plans to continue to rent the Premises as its principal place of business in Hong Kong for another 3 years.

The rental terms under the Right of Use Agreement were determined after arm's length negotiation between the parties and with reference to the prevailing market rent of similar properties in the nearby area. The Directors considered that the transaction contemplated under the Right of Use Agreement is in the ordinary and usual course of business of the Group, the terms of the Right of Use Agreement are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE COMPANY, THE TENANT AND THE LANDLORD

Information of the Tenant

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on GEM of the Stock Exchange. The principal activities of the Company and its subsidiaries are manufacturing and sales of smart cards, provision of customized smart card application systems, provision of financial and management consultancy services, sales and trading of scrap metals and media and entertainment.

Information of the Landlord

Being a limited liability company by shares incorporated under the laws of Hong Kong, Wharf Realty is an indirect wholly-owned subsidiary of Wharf Real Estate Investment Company Limited (a publicly listed company on The Hong Kong Stock Exchange, Stock Code 1997) and with diversified business in Hong Kong. To the best of the Directors' knowledge, Wharf Realty, its ultimate beneficial owners and its respective associates are Independent Third Parties to the Group and its connected persons as defined under the GEM Listing Rules.

GEM LISTING RULES IMPLICATIONS

Pursuant to HKFRS16, the Company needs to recognize the acquisition of the right to use the Premises as an acquisition of asset and as one of the applicable percentage ratios in respect of the rental payable under the Right of Use Agreement is more than 5% but below 25%, the entering into of the Right of Use Agreement constitutes a discloseable transaction for the Company under the GEM Listing Rules. Hence, it is subject to the notification and announcement requirements but exempt from Shareholders' approval requirement pursuant to Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company” or “Tenant”	Phoenitron Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM of the Stock Exchange, as the tenant under the Right of Use Agreement
“Directors”	the directors of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Independent Third Party”	a third party which is independent of the Company and its connected persons (as defined in the GEM Listing Rules)
“Premises”	Suite 710, 7th Floor, North Tower, World Finance Centre, Harbour City, Tsimshatsui, Kowloon, Hong Kong
“Right of Use Agreement”	the right of use agreement signed by the Tenant on 7 September 2023

“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wharf Realty” or “Landlord”	Wharf Realty Limited, a company incorporated in Hong Kong, as the landlord under the Right of Use Agreement

By Order of the Board
Phoenitron Holdings Limited
Chang Wei Wen
Executive Director

Hong Kong, 13 September 2023

As at the date of this announcement, the Board comprises three executive Directors, Ms. Lily Wu (Chairman and Chief Executive Officer), Mr. Chang Wei Wen and Mr. Yang Meng Hsiu, and three independent non-executive Directors, Ms. Wong Ka Wai, Jeanne, Mr. Yeung Man Chit, Daniel and Mr. Chan Siu Wing, Raymond.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange 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 in this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the date of its publication and on the website of the Company at www.phoenitron.com.