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## **Plover Bay Technologies Limited**

**珩灣科技有限公司**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 1523)**

### **CONTINUING CONNECTED TRANSACTIONS TENANCY AGREEMENTS**

#### **TENANCY AGREEMENTS**

The Board is pleased to announce that on 1 August 2016, Pegatrack, an indirect wholly-owned subsidiary of the Company, as tenant, has entered into (i) the Dragon Tenancy Agreement with Rise Gold, as landlord, to lease the Premises Dragon, and (ii) the Spinners Tenancy Agreement with Real Energy, as landlord, to lease the Premises Spinners, each for a term of two years and five months commencing from 1 August 2016 to 31 December 2018 (both days inclusive).

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, each of Rise Gold and Real Energy is wholly owned by Mr. Chan, an executive Director and a controlling shareholder of the Company. Therefore, each of Rise Gold and Real Energy is an associate of Mr. Chan and a connected person of the Company and the transaction contemplated under each of the Dragon Tenancy Agreement and the Spinners Tenancy Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As disclosed in the Prospectus, Pegatrack, as tenant, has entered into the Disclosed Tenancy Agreements with other companies that are wholly owned by Mr. Chan, as landlord, each for a term commencing from 1 February 2016 to 31 December 2018. Pursuant to Rule 14A.81 of the Listing Rules, the Disclosed Tenancy Agreements and the Tenancy Agreements should be aggregated for the purpose of calculating the percentage ratios.

As the highest applicable percentage ratio in respect of the annual caps for the Tenancy Agreements, after aggregating with the Disclosed Tenancy Agreements, is, on an annual basis, more than 0.1% but less than 5%, the Tenancy Agreements are subject to the reporting, annual review and announcement requirements but are exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## INTRODUCTION

The Board is pleased to announce that on 1 August 2016, Pegatrack, an indirect wholly-owned subsidiary of the Company, has entered into the Tenancy Agreements with Rise Gold and Real Energy in relation to the lease of the Premises Dragon and the Premises Spinners respectively, the principal terms of which are set out below.

### DRAGON TENANCY AGREEMENT

- Date** : 1 August 2016
- Parties** : (1) Pegatrack, as tenant  
(2) Rise Gold, as landlord
- Location of Premises Dragon** : Unit A on the 5th Floor of Dragon Industrial Building, 93 King Lam Street, Cheung Sha Wan, Kowloon, Hong Kong
- Term** : Two years and five months commencing from 1 August 2016 to 31 December 2018, both days inclusive
- Gross Floor Area** : Approximately 7,012 square feet
- Use** : For office and warehouse purpose
- Rental Deposit** : HK\$235,500 payable upon signing of the Dragon Tenancy Agreement
- Rent** : The rental for the Premises Dragon are exclusive of management fee, government rent and rates, details of which are as follows:  
  
HK\$78,500 per month for the period from 1 August 2016 to 31 December 2016;  
  
HK\$86,400 per month for the period from 1 January 2017 to 31 December 2017; and  
  
HK\$95,000 per month for the period from 1 January 2018 to 31 December 2018.  
  
The monthly rents shall be payable by Pegatrack to Rise Gold on the first day of each and every calendar month in advance.  
  
The monthly rents are determined after arm's length negotiations with reference to monthly rental of other similar premises in the Hong Kong market.
- Annual Caps** : Based on the monthly rental payable under the Dragon Tenancy Agreement, the annual caps for the transaction contemplated under the Dragon Tenancy Agreement for the years ending 31 December 2016, 31 December 2017 and 31 December 2018 are HK\$392,500, HK\$1,036,800 and HK\$1,140,000, respectively.

## **SPINNERS TENANCY AGREEMENT**

- Date** : 1 August 2016
- Parties** : (1) Pegatrack, as tenant  
(2) Real Energy, as landlord
- Location of Premises Spinners** : Unit A1 on the 5th Floor of Hong Kong Spinners Industrial Building Phase 6, 481 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong
- Term** : Two years and five months commencing from 1 August 2016 to 31 December 2018, both days inclusive
- Gross Floor Area** : Approximately 1,077 square feet
- Use** : For office purpose
- Rental Deposit** : HK\$48,000 payable upon signing of the Spinners Tenancy Agreement
- Rent** : The rental for the Premises Spinners are exclusive of management fee, government rent and rates, details of which are as follows:  
  
HK\$16,000 per month for the period from 1 August 2016 to 31 December 2016;  
  
HK\$17,600 per month for the period from 1 January 2017 to 31 December 2017; and  
  
HK\$19,360 per month for the period from 1 January 2018 to 31 December 2018.  
  
The monthly rents shall be payable by Pegatrack to Real Energy on the first day of each and every calendar month in advance.  
  
The monthly rents are determined after arm's length negotiations with reference to monthly rental of other similar premises in the Hong Kong market.
- Annual Caps** : Based on the monthly rental payable under the Spinners Tenancy Agreement, the annual caps for the transaction contemplated under the Spinners Tenancy Agreement for the years ending 31 December 2016, 31 December 2017 and 31 December 2018 are HK\$80,000, HK\$211,200 and HK\$232,320, respectively.

## **AGGREGATE ANNUAL CAPS FOR THE TENANCY AGREEMENTS AND THE DISCLOSED TENANCY AGREEMENTS**

Based on the monthly rental payable under each of the Tenancy Agreements, the respective and aggregate annual caps for the Tenancy Agreements and the Disclosed Tenancy Agreements for the financial years ending 31 December 2016, 2017 and 2018 are as follows:

| <b>Annual Cap</b>            | <b>Year ending 31 December</b> |                             |                             |
|------------------------------|--------------------------------|-----------------------------|-----------------------------|
|                              | <b>2016</b>                    | <b>2017</b>                 | <b>2018</b>                 |
| Tenancy Agreements           | HK\$472,500                    | HK\$1,248,000               | HK\$1,372,320               |
| — Dragon Tenancy Agreement   | HK\$392,500                    | HK\$1,036,800               | HK\$1,140,000               |
| — Spinners Tenancy Agreement | HK\$80,000                     | HK\$211,200                 | HK\$232,320                 |
| Disclosed Tenancy Agreements | <u>HK\$2,937,000</u>           | <u>HK\$3,524,400</u>        | <u>HK\$3,876,840</u>        |
| <b>Total</b>                 | <u><u>HK\$3,409,500</u></u>    | <u><u>HK\$4,772,400</u></u> | <u><u>HK\$5,249,160</u></u> |

The Group intends to use its internal resources to fund the rentals payable under the Tenancy Agreements.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENTS**

The Board has considered the business needs of the Company and is of the view that additional office and warehouse spaces are required for the operation and growth of the Group and that the Tenancy Agreements would generate benefits to the Group as a whole in terms of saving relocation and administration costs when expanding in the existing premises.

The terms (including the monthly rents) of each of the Tenancy Agreements were negotiated on arm's length negotiations with reference to the prevailing market rent for comparable premises in the vicinity. The Directors (including the independent non-executive Directors) are of the view that: (i) the terms of each of the Tenancy Agreements are on normal commercial terms that are fair and reasonable; (ii) the proposed annual caps for the Tenancy Agreements are fair and reasonable; and (iii) the continuing connected transactions contemplated under each of the Tenancy Agreements are and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION RELATING TO THE GROUP, PEGATRACK, RISE GOLD AND REAL ENERGY AND CONNECTED RELATIONSHIP BETWEEN THE PARTIES**

The Group is principally engaged in the designing, development and marketing of SD-WAN routers and provision of software licences and warranty and support services.

Pegatrack is an indirect wholly owned subsidiary of the Company and is principally engaged in investment holding, including entering into the tenancy agreements for our office premises in Hong Kong.

Rise Gold is principally engaged in investment holding company.

Real Energy is principally engaged in investment holding company.

## **CONNECTED RELATIONSHIP BETWEEN THE PARTIES AND LISTING RULES IMPLICATIONS**

As at the date of this announcement, each of Rise Gold and Real Energy is wholly owned by Mr. Chan, an executive Director and a controlling shareholder of the Company. Therefore, each of Rise Gold and Real Energy is an associate of Mr. Chan and a connected person of the Company and the transaction contemplated under each of the Dragon Tenancy Agreement and the Spinners Tenancy Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As disclosed in the Prospectus, Pegatrack, as tenant, has entered into the Disclosed Tenancy Agreements with other companies that are wholly owned by Mr. Chan, as landlord, each for a term commencing from 1 February 2016 to 31 December 2018. Pursuant to Rule 14A.81 of the Listing Rules, the Disclosed Tenancy Agreements and the Tenancy Agreements should be aggregated for the purpose of calculating the percentage ratios.

As the highest applicable percentage ratio in respect of the annual caps for the Tenancy Agreements, after aggregating with the Disclosed Tenancy Agreements, is, on an annual basis, more than 0.1% but less than 5%, the Tenancy Agreements are subject to the reporting, annual review and announcement requirements but are exempted from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Chan, in view of his shareholding in each of Rise Gold and Real Energy, is considered as having a material interest in the Tenancy Agreements and accordingly has abstained from voting on the resolutions of the Board approving the Tenancy Agreements and the transactions contemplated thereunder.

Save as Mr. Chan, none of the Directors has any material interest in the Tenancy Agreements and no Directors were required to abstain from voting on the resolutions of the Board approving the Tenancy Agreements and the transactions contemplated thereunder.

## **DEFINITIONS**

|                           |   |
|---------------------------|---|
| “associate(s)”            | Has the meaning ascribed to it under the Listing Rules  |
| “Board”                   | The board of Directors  |
| “Company”                 | Plover Bay Technologies Limited, a company incorporated in Cayman Islands with limited liability whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited |
| “connected person(s)”     | 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  |

|                                |   |
|--------------------------------|---|
| “Disclosed Tenancy Agreements” | The 7 tenancy agreements entered into between Pegatrack and certain associates of Mr. Chan, details of which were disclosed in the section headed “Continuing Connected Transactions — Non-exempt Continuing Connected Transactions under Rule 14A.76(2) of the Listing Rules — Tenancy Agreements” of the Prospectus |
| “Dragon Tenancy Agreement”     | The tenancy agreement for the Premises Dragon entered into between Rise Gold as landlord and Pegatrack as tenant on 1 August 2016 for a term of two years and five months commencing from 1 August 2016 to 31 December 2018 (both days inclusive)   |
| “Group”                        | The Company and its subsidiaries  |
| “HK\$”                         | Hong Kong dollars, the lawful currency of Hong Kong   |
| “Hong Kong”                    | The Hong Kong Special Administrative Region of the People’s Republic of China   |
| “Listing Rules”                | The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited  |
| “Mr. Chan”                     | Mr. Chan Wing Hong Alex, the chairman and executive Director and a controlling shareholder of the Company   |
| “Pegatrack”                    | Pegatrack Limited, a company incorporated in Hong Kong with limited liability, and is an indirect wholly-owned subsidiary of the Company  |
| “percentage ratio(s)”          | Has the meaning ascribed to it under the Listing Rules  |
| “Premises Dragon”              | Unit A on the 5th Floor of Dragon Industrial Building, 93 King Lam Street, Cheung Sha Wan, Kowloon, Hong Kong   |
| “Premises Spinners”            | Unit A1 on the 5th Floor of Hong Kong Spinners Industrial Building Phase 6, 481 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong  |
| “Prospectus”                   | The prospectus of the Company dated 30 June 2016  |
| “Real Energy”                  | Real Energy Limited, a company incorporated in Hong Kong with limited liability, and is wholly owned by Mr. Chan  |
| “Rise Gold”                    | Rise Gold Limited, a company incorporated in Hong Kong with limited liability, and is wholly owned by Mr. Chan  |
| “SD-WAN”                       | Software defined wide area network  |
| “Shareholder(s)”               | Holder(s) of the ordinary shares of HK\$0.01 each in the capital of the Company   |

“Spinners Tenancy Agreement”      The tenancy agreement for the Premises Spinners entered into between Real Energy as landlord and Pegatrack as tenant on 1 August 2016 for a term of two years and five months commencing from 1 August 2016 to 31 December 2018 (both days inclusive)

“Tenancy Agreements”      The Dragon Tenancy Agreement and the Spinners Tenancy Agreement

By order of the Board  
**Plover Bay Technologies Limited**  
**Chan Wing Hong Alex**  
*Chairman and executive Director*

Hong Kong, 1 August 2016

*As at the date of this announcement, the Board consists of Mr. Chan Wing Hong Alex, Mr. Chau Kit Wai, Mr. Yip Kai Kut Kenneth, Mr. Chong Ming Pui and Mr. Yeung Yu as the executive Directors; and Dr. Yu Kin Tim, Mr. Ho Chi Lam and Mr. Wan Sze Chung as the independent non-executive Directors.*