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RENTIAN TECHNOLOGY HOLDINGS LIMITED

仁天科技控股有限公司*

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 00885)

CONTINUING CONNECTED TRANSACTIONS

MASTER AGREEMENT

The Board announces that on 29 January 2019 (after trading hours), the Company and Fujian Start, entered into the Master Agreement, in relation to (1) the lease of the Office Premises; and (2) the purchase of products and services by the Group from the Fujian Start Group; and (3) the supply of products and services by the Group to the Fujian Start Group, with effect from 1 January 2019 to 31 December 2019.

The maximum aggregate Annual Caps for the transactions contemplated under the Master Agreement for the year ending 31 December 2019 will be RMB9,150,000 (equivalent to approximately HK\$10,642,000).

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Mr. King is indirectly interested in 6,733,523,350 Shares, representing approximately 61.09% of the issued share capital of the Company, and indirectly interested in approximately 39.89% of the equity interest in Fujian Start. As such, the Fujian Start Group is an associate of Mr. King, and therefore a connected person of the Company. Accordingly, the transactions contemplated under the Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all applicable percentage ratios of the Annual Caps are less than 5%, the entering into of the Master Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements, but are exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

* *For identification purposes only*

MASTER AGREEMENT

The Board announces that on 29 January 2019 (after trading hours), the Company and Fujian Start, entered into the Master Agreement, in relation to (1) the lease of the Office Premises; and (2) the purchase of products and services by the Group from the Fujian Start Group; and (3) the supply of products and services by the Group to the Fujian Start Group, with effect from 1 January 2019 to 31 December 2019.

The salient terms of the Master Agreement are set out below:

(1) Lease of the Office Premises

Parties	:	(1) Landlord:	The Fujian Start Group
		(2) Tenant:	The Group
Term	:	One year, commencing from 1 January 2019 and ending on 31 December 2019 (both days inclusive).	
Monthly rent	:	Approximately RMB312,500 (equivalent to approximately HK\$364,000)	
Total gross floor area	:	Approximately 5,371 square meters	

The Office Premises, which are situated in Fuzhou, the PRC, are owned by the Fujian Start Group. The total rental payment for the year ending 31 December 2019 will be approximately RMB3,750,000 (equivalent to approximately HK\$4,362,000).

The rents are determined after arm's length negotiations between the parties to the Master Agreement with reference to the historical transaction amounts (details as set out in the paragraph headed "HISTORICAL TRANSACTION AMOUNTS" below) and the prevailing market price. The Directors (including the independent non-executive Directors, but excluding Mr. Kwok who has abstained from voting in the Board meeting given that he is also a director of Fujian Start) are of the view that the rents are fair and reasonable, on normal commercial terms and in the interests of the Group and the Shareholders as a whole.

(2) Purchase of products and services

Parties	:	(1) Supplier:	The Fujian Start Group
		(2) Purchaser:	The Group
Term	:	One year commencing from 1 January 2019 and ending on 31 December 2019 (both days inclusive).	

Product and services : The Group may from time to time during the term of the Master Agreement place purchase orders to purchase products from the Fujian Start Group, including but not limited to, mobile communications equipment, intelligent terminal equipment (such as smart POS machines, two-dimensional code display terminals) and accessories.

The Group may also from time to time during the term of the Master Agreement engage the Fujian Start Group to provide services, including but not limited to, research and development (“R&D”) and design of mobile communications products and intelligent terminal products.

Price : The price of the products and services will be determined with reference to the prevailing market price of similar products and services offered by Independent Third Parties.

(3) Supply of products and services

Parties : (1) Supplier: The Group

(2) Purchaser: The Fujian Start Group

Term : One year commencing from 1 January 2019 and ending on 31 December 2019 (both days inclusive).

Product and services : The Fujian Start Group may from time to time during the term of the Master Agreement place purchase orders to purchase products from the Group, including but not limited to, the All-in-One Thin Client Computer (一體化瘦客戶機), printing machines, POS machines and related products.

The Fujian Start Group may also from time to time during the term of the Master Agreement engage the Group to provide services, including but not limited to, R&D and design of the All-in-One Thin Client Computer, printing machines, POS machines and related products.

Price : The price of the All-in-One Thin Client Computer products, printing machines, POS machines related products and services will be determined with reference to the prevailing market price of similar products and services offered by Independent Third Parties.

HISTORICAL TRANSACTION AMOUNTS

The historical transaction amount paid under the Previous Master Agreement for the year ended 31 December 2018 for the lease by the Group of five levels of a commercial building situated in Fuzhou, the PRC, which are owned by the Fujian Start Group, was approximately RMB3,508,000 (equivalent to approximately HK\$4,161,000).

The historical transaction amount paid under the Previous Master Agreement for the purchase of products and services by the Group from the Fujian Start Group for the year ended 31 December 2018 was approximately RMB2,611,000 (equivalent to approximately HK\$3,097,000). The Group did not fully utilize the annual cap for the year ended 31 December 2018 was mainly due to the fact that the Group did not pursue certain project as previously anticipated.

The historical transaction amount received under the Previous Supply Agreement for the supply of products and services by the Group to the Fujian Start Group for the year ended 31 December 2018 was nil. The annual cap for the year ended 31 December 2018 was not fully utilized was mainly due to the fact that the Fujian Start Group delayed certain projects previously anticipated.

THE ANNUAL CAPS

Taking into account the historical annual rental payments, the Company has set the annual cap for the rents payable by the Group to the Fujian Start Group for the year ending 31 December 2019 to be RMB3,750,000 (equivalent to approximately HK\$4,362,000).

Taking into account (i) the ongoing negotiations between the Group and various potential customers; (ii) the estimated amount of products to be purchased by the Group; (iii) the estimated amount of services required by the Group; and (iv) the historical market price of the products and services offered by the Fujian Start Group, the Company has set the annual cap for the purchase of products and services payable by the Group to the Fujian Start Group for the year ending 31 December 2019 to be RMB5,000,000 (equivalent to approximately HK\$5,815,000).

Taking into account (i) the ongoing negotiations between the Group and Fujian Start Group; (ii) the estimated amount of products to be sold by the Group; (iii) the estimated amount of services to be provided by the Group; and (iv) the historical market price of the All-in-One Thin Client Computer, printing machines, POS machines related products and services offered by the Group, the Company has set the annual cap for the supply of products and services to the Fujian Start Group for the year ending 31 December 2019 to be RMB400,000 (equivalent to approximately HK\$465,000).

Therefore, the maximum aggregate Annual Caps for the transactions contemplated under the Master Agreement for the year ending 31 December 2019 will be RMB9,150,000 (equivalent to approximately HK\$10,642,000).

INFORMATION OF THE FUJIAN START GROUP

Fujian Start is a company established under the laws of the PRC, the shares of which are listed on the Shanghai Stock Exchange in the PRC (stock code: 600734.SH). The Fujian Start Group is principally engaged in (i) mobile intelligent terminal business, including but not limited to, R&D, production and sales of the mobile intelligent terminals; and (ii) the internet-of-things (“IoT”) security business, including but not limited to, anti-intrusion system, video surveillance, personnel tracking and security software/hardware product development, production, sales and the technical services in relation to networking applications.

Fujian Start is owned as to approximately 39.89% by Mr. King, the controlling shareholder of the Company. Hence, Fujian Start is an associate of Mr. King and a connected person of the Company.

REASONS FOR AND THE BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Company is an investment holding company, and through its subsidiaries, is principally engaged in (i) the provision of integrated smart IoT solutions to enterprise customers; (ii) Human-machine Interactive Devices business; (iii) intelligent documentation service business; (iv) securities investment; and (v) money lending business.

(1) Lease of the Office Premises

The Office Premises owned by the Fujian Start Group are situated in Fuzhou, the PRC. Considering the rent payable for the lease of the Office Premises, the Board is of the view that it is most favourable for the Group to retain the existing office premises to avoid unnecessary moving cost and business interruption, and the Group agrees to renew the lease of the Office Premises with the Fujian Start Group. Concurrently, the management of the Group has been exploring other office premises in the market. To allow flexibility, the term of the Master Agreement in relation to the lease of Office Premises is only for one year.

The Directors (including the independent non-executive Directors, but excluding Mr. Kwok who has abstained from voting in the Board meeting given that he is also a director of Fujian Start) consider that the terms of the lease of the Office Premises contemplated under the Master Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(2) Purchase of products and services

The Board considers that the abovementioned IoT related products offered by the Fujian Start Group for sale meet the technical specifications required by the internal standard of the Group, and are offered at competitive prices.

The Directors (including the independent non-executive Directors, but excluding Mr. Kwok who has abstained from voting in the Board meeting given that he is also a director of Fujian Start) consider that the purchase of products and services as contemplated under the Master Agreement are for the benefit of the Group, as the Group would be able to (i) purchase quality products at a timely and reliable manner; and (ii) leverage on the R&D expertise of the Fujian Start Group for valuable IoT related products, thereby minimising management and operational costs of the Group. The price to be paid by the Group in respect of the purchase of goods and services will be determined on arm's length basis with reference to the prevailing market prices and will be no less favourable than the prices of similar products and services offered by Independent Third Parties.

Based on the above, the Directors (including the independent non-executive Directors, but excluding Mr. Kwok who has abstained from voting in the Board meeting given that he is also a director of Fujian Start) consider that the purchase of products and services by the Group from the Fujian Start Group as contemplated under the Master Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(3) Supply of products and services

The Directors (including the independent non-executive Directors, but excluding Mr. Kwok who has abstained from voting in the Board meeting given that he is also a director of Fujian Start) consider that the supply of products and services as contemplated under the Master Agreement are for the benefit of the Group, as the Group would be able to (i) secure constant stream of revenue from the sale of the All-in-One Thin Client Computer, printing machines, POS machines related products and services at competitive prices, which contributes to the stable operation of the business of the Group; and (ii) enable the Group to take advantage of the distribution channels of the Fujian Start Group. The price to be charged by the Group in respect of the supply of goods and services will be determined on arm's length basis with reference to the prevailing market prices, and will be no less favourable than the selling prices of similar products and services to Independent Third Parties.

Based on the above, the Directors (including the independent non-executive Directors, but excluding Mr. Kwok who has abstained from voting in the Board meeting given that he is also a director of Fujian Start) consider that the supply of products and services by the Group to the Fujian Start contemplated under the Master Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL FOR THE GROUP'S CONTINUING CONNECTED TRANSACTIONS

The Group adopted the following internal control procedures to ensure that the transactions with the Fujian Start Group will be conducted on normal commercial terms going forward:

- (i) the Group shall regularly collect market information on the prevailing market price of similar products offered, and the contract price of similar services provided, by one or two Independent Third Parties in the market at least semi-annually;
- (ii) the Group will compare the quoted prices for a particular product or service offered by the Fujian Start Group to that offered by one or two Independent Third Parties in the market;
- (iii) the Group will then use the above information to negotiate with the Fujian Start Group on the price to ensure that it will not be less favourable than that offered by the Independent Third Parties in the market;
- (iv) the relevant personnel of the Group will be responsible for conducting regular checks to review and assess whether all transactions contemplated under the Master Agreement are conducted in accordance with the relevant terms; and will also regularly review whether the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy;
- (v) the implementation of the Master Agreement will also be monitored by internal audit department of the Group on a regular basis which will report regularly to senior management of the Group;
- (vi) the Director(s) with interest in the relevant transaction(s) shall abstain from voting on the relevant resolution(s);
- (vii) the independent non-executive Directors will review the transactions contemplated under the Master Agreement;
- (viii) the auditors of the Group will also conduct an annual review on the pricing terms and annual caps thereof; and
- (ix) the Group will duly disclose in the annual reports and accounts the transactions with the Fujian Start Group as contemplated under Master Agreement for the year ending 31 December 2019, together with the conclusions drawn by the independent non-executive Directors as to whether the transactions are conducted in the Company's ordinary and usual course of business, on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors (including the independent non-executive Directors, but excluding Mr. Kwok who has abstained from voting in the Board meeting given that he is also a director of Fujian Start) consider that the internal control mechanism of the Company is effective to ensure that the transactions contemplated under the Master Agreement have been and will be conducted on normal commercial terms and in accordance with the pricing policy of the Group and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Mr. King is indirectly interested in 6,733,523,350 Shares, representing approximately 61.09% of the issued share capital of the Company, and indirectly interested in approximately 39.89% of the equity interest in Fujian Start. As such, the Fujian Start Group is an associate of Mr. King, and therefore a connected person of the Company. Accordingly, the transactions contemplated under the Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all applicable percentage ratios of the Annual Caps are less than 5%, the entering into of the Master Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements, but are exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

Save for Mr. Kwok, who has abstained from voting on the relevant resolution(s) to approve the Master Agreement, none of the Directors have a material interest in the Master Agreement. Save as disclosed, no Director is required to abstain from voting on the resolution(s) approving the Master Agreement and the transactions contemplated thereunder at the meeting of the Board.

DEFINITIONS

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

“Annual Caps”	collectively, (a) the annual cap for the rents payable by the Group to the Fujian Start Group for the year ending 31 December 2019; (b) the annual cap for the purchase of products and services payable by the Group from the Fujian Start Group for the year ending 31 December 2019 and (c) the annual cap for the supply of products and services receivable by the Group to the Fujian Start Group for the year ending 31 December 2019
“Board”	the board of Directors

“Company”	Rentian Technology Holdings Limited, a company incorporated in Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 00885)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Eastaeon”	Shenzhen Eastaeon Technology Co., Ltd [#] (深圳市東方拓宇科技有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Fujian Start
“Equipment Company”	Fujian Start Computer Equipment Co. Limited [#] (福建實達電腦設備有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company
“Fujian Start”	Fujian Start Group Company Limited [#] (福建實達集團股份有限公司), a company established under the laws of the PRC, the shares of which are listed on the Shanghai Stock Exchange in the PRC (stock code: 600734.SH)
“Fujian Start Group”	Fujian Start and its subsidiaries
“Group”	the Company and its subsidiaries (excluding Enterprise Development Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 01808), and its subsidiaries)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and its ultimate beneficial owner(s) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Master Agreement”	the master agreement dated 29 January 2019 entered into between the Company and Fujian Start, pursuant to which the Group has agreed to (1) lease the Office Premises; (2) purchase products and services from the Fujian Start Group; and (3) sell products and services to the Fujian Start Group, for a term of one year with effect from 1 January 2019 and ending on 31 December 2019 (both days inclusive)
“Mr. King”	Mr. King Pak Fu, the controlling shareholder of the Company and Fujian Start respectively
“Mr. Kwok”	Mr. Kwok Kenneth Wai Lung, an executive Director and the chief executive officer of the Company, and a director of Fujian Start
“Office Premises”	six levels of a commercial building situated in Fuzhou, the PRC, which are owned by Fujian Start
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Supply Agreement”	the previous cooperation agreement dated 2 May 2018 entered into between the Equipment Company and Eastaeon, pursuant to which the Equipment Company agreed to supply the ALL-in-One Thin Client Computer products and related services to Eastaeon for a term with effect from the date of the Previous Supply Agreement to 31 December 2018
“Previous Master Agreement”	the previous master agreement dated 24 January 2018 entered into between the Company and Fujian Start, pursuant to which the Group agreed to (1) lease office premises owned by Fujian Start; and (2) purchase products and services from the Fujian Start Group for a term of one year commencing from 1 January 2018 and 31 December 2018 (both days inclusive)
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“RMB” Renminbi, the lawful currency of the PRC

“%” per cent.

By order of the Board
Rentian Technology Holdings Limited
Kwok Kenneth Wai Lung
Executive Director and Chief Executive Officer

Hong Kong, 29 January 2019

For the purposes of illustration only, for the paragraph headed “HISTORICAL TRANSACTION AMOUNTS”, amounts in RMB in such paragraph have been translated into HK\$ at the rate of RMB1.00 = HK\$1.186. For the rest of this announcement, amounts denominated in RMB in this announcement have been translated into HK\$ at the rate of RMB1.00 = HK\$1.163. Such translation should not be constructed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

[#] *The English translation of Chinese names or words in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names and words*

As at the date of this announcement, the Board comprises the following members:—

Executive Directors

Mr. Kwok Kenneth Wai Lung

(Chief Executive Officer)

Mr. Tsang To

Independent Non-executive Directors

Mr. Zhang Xiaoman

Mr. Chin Hon Siang

Mr. Huang Xin