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**Peiport Holdings Ltd.**

**彼岸控股有限公司**

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

**(Stock Code: 2885)**

**CONNECTED TRANSACTIONS  
IN RELATION TO  
RENEWAL OF EXPIRING LEASE AGREEMENTS; AND  
FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO RENEWAL OF ANNUAL CAPS OF  
EXISTING LEASE AGREEMENTS**

Reference is made to the prospectus of the Company dated 31 December 2018 in relation to certain connected transactions on leasing of properties entered into by the Group with certain connected persons.

**RENEWAL OF EXPIRING LEASE AGREEMENTS**

Upon the expiration of the term of Previous Lease Agreements (A) and (B), Renewed Lease Agreements (A) and (B) were entered into on 1 November 2019 and 5 January 2020 between Peiport Guangzhou (as tenant), and Ms. WONG (as landlord) to renew the leases of properties for a further term of two years.

On 15 December 2020, as the Expiring Lease Agreements (C) to (G) will expire on 31 December 2020, Peiport Aero and Peiport Guangzhou, indirect wholly-owned subsidiaries of the Company, as tenants, entered into the Renewed Lease Agreements (C) to (G) with the Landlords to renew the leases of properties for a further term of two years.

**RENEWAL OF ANNUAL CAPS OF EXISTING LEASE AGREEMENTS**

As the Existing Lease Agreements will expire on 11 March 2022 and annual caps in relation to Existing Lease Agreements will expire on 31 December 2020, the Company will renew the annual caps for the Existing Lease Agreements for the year ending 31 December 2021 and the three months ending 31 March 2022.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Mr. YEUNG and Ms. WONG are the Controlling Shareholders and executive Directors of the Company, while Peiport Scientific is owned as to 70% and 30% by Mr. YEUNG and Ms. WONG, respectively and is an associate of the Controlling Shareholders. Accordingly, each of Mr. YEUNG, Ms. WONG and Peiport Scientific is a connected person of the Company under the Listing Rules. As such, entering into the Renewed Lease Agreements (A) to (G) constitutes connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of the estimated value of the right-of-use assets to be recognised by the Group under each of the Renewed Lease Agreements (A) and (B) pursuant to HKFRS 16 is less than 5% and less than HK\$3,000,000, each of the transactions contemplated under the Renewed Lease Agreements (A) and (B) are fully exempted from the reporting, annual review, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Given that the Landlords under the Renewed Lease Agreements (A) to (G) are connected persons, the Company has aggregated such transactions under the Renewed Lease Agreements (A) to (G). As one or more of the applicable percentage ratios in respect of the estimated aggregate value of the right-of-use assets to be recognised by the Group under the Renewed Lease Agreements (A) to (G) are more than 0.1% and less than 5%, the transactions contemplated under the Renewed Lease Agreements (A) to (G) 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.

Since the Existing Lease Agreements are entered into by the Group before the adoption of HKFRS 16, the Existing Lease Agreements have been classified as continuing connected transactions under Chapter 14A of the Listing Rules.

As the highest percentage ratios of the annual caps under the Existing Lease Agreements are less than 5% and less than HK\$3,000,000, such annual caps are fully exempted from the reporting, annual review, announcement and independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules. The Company would like to make this voluntary disclosure of the renewal of the annual caps of the Existing Lease Agreements.

## **BACKGROUND**

Reference is made to the prospectus of the Company dated 31 December 2018 in relation to certain connected transactions on leasing of properties entered into by the Group with certain connected persons.

## Renewed Lease Agreements

Upon the expiration of the term of Previous Lease Agreements (A) and (B), Renewed Lease Agreements (A) and (B) have been entered into on 1 November 2019 and 5 January 2020 between Peiport Guangzhou (as tenant), and Ms. WONG (as landlord) to renew the leases of properties for a further term of two years.

As the Expiring Lease Agreements (C) to (G) will expire on 31 December 2020, Peiport Aero and Peiport Guangzhou, indirect wholly-owned subsidiaries of the Company, as tenants, entered into the Renewed Lease Agreements (C) to (G) with the Landlords to renew the leases of properties for a further term of two years.

Details of the Renewed Lease Agreements are set out below:

Tenancy Agreement	Date of lease agreement	Landlord	Tenant	Location of property	Area of property	Term	Annual rent payable
(A)	1 November 2019	Ms. WONG	Peiport Guangzhou	Unit 1102, Block C, Hesheng Jingguang Centre, No. 11 Tangyan Road, Xi'an Hi-tech Industries Development Zone, Yantat District, Xi'an, Shaanxi Province, the PRC	192 sq.m.	Period of two years commencing from 1 November 2019	RMB172,800
(B)	5 January 2020	Ms. WONG	Peiport Guangzhou	Unit 2301, Office Block 1, Jinniu Wanda Plaza, No. 118 Renmin North Road, 2nd Section, Jinniu District, Chengdu, Sichuan Province, the PRC	276.64 sq.m.	Period of two years commencing from 19 January 2020	RMB215,784
(C)	15 December 2020	Peiport Scientific	Peiport Aero	Room 1301, Westlands Centre, 20 Westlands Road, Taikoo Place, Hong Kong	156.12 sq.m.	Period of two years commencing from 1 January 2021	HK\$600,000
(D)	15 December 2020	Peiport Scientific	Peiport Aero	Room 1302, Westlands Centre, 20 Westlands Road, Taikoo Place, Hong Kong	159.23 sq.m.	Period of two years commencing from 1 January 2021	HK\$600,000
(E)	15 December 2020	Peiport Scientific	Peiport Aero	Room 1307, Westlands Centre, 20 Westlands Road, Taikoo Place, Hong Kong	158.29 sq.m.	Period of two years commencing from 1 January 2021	HK\$600,000
(F)	15 December 2020	Peiport Scientific	Peiport Aero	Car Parking Space, No. P18 on 1st Floor, Westlands Centre, 20 Westlands Road, Taikoo Place, Hong Kong	11.76 sq.m.	Period of two years commencing from 1 January 2021	HK\$50,400
(G)	15 December 2020	Mr. YEUNG	Peiport Guangzhou	Unit 2523, Wuyang Xincheng Plaza, No.111 Siyou New Road, Yuexiu District, Guangzhou, Guangdong Province, the PRC	139.55 sq.m.	Period of two years commencing from 1 January 2021	RMB167,460

## Renewal of annual caps of Existing Lease Agreements

As disclosed in the prospectus of the Company dated 31 December 2018, Peiport Beijing (as tenant), an indirect wholly-owned subsidiary also entered into two lease agreements with Ms. WONG (as landlord) all dated 9 March 2017 in respect of two properties located in Beijing, the PRC for a term of five years commencing from 12 March 2017 which will expire on 11 March 2022 with details as follow:

Date of lease agreement	Landlord	Tenant	Location of property	Area of property	Term	Annual rent payable
9 March 2017	Ms. WONG	Peiport Beijing	Flat 2-7 on level 121, Block 1, Yuetan Mansion, No. 2 Yuetan North Street, Xicheng District, Beijing, the PRC	235.45 sq.m.	Period of five years commencing from 12 March 2017	RMB360,000
9 March 2017	Ms. WONG	Peiport Beijing	Flat 2-8 on level 121, Block 1, Yuetan Mansion, No. 2 Yuetan North Street, Xicheng District, Beijing, the PRC	123.56 sq.m.	Period of five years commencing from 12 March 2017	RMB357,600

The historical annual rent paid to the Landlords by the Group in respect of the Existing Lease Agreements for the years ended 31 December 2018, 2019 and the year ending 31 December 2020 is RMB717,600, RMB717,600 and RMB717,600, respectively.

Since the Existing Lease Agreements are entered into by the Group before the adoption of HKFRS 16, the Existing Lease Agreements have been classified as continuing connected transactions under Chapter 14A of the Listing Rules.

The annual cap for the year ending 31 December 2021 and the three months ending 31 March 2022 under the Existing Lease Agreement is the maximum amount of rent payable by the Group during the respective period, which is RMB717,600 and RMB179,400, respectively.

## INFORMATION OF THE GROUP AND THE LANDLORDS

### The Group

The Company is an investment holding company and the Group is principally engaged in the provision of (i) thermal imaging products and services; (ii) self-stabilised imaging products and services; and (iii) general aviation products and services.

### The Landlords

Mr. YEUNG is the founder of the Group, a Controlling Shareholder and an executive Director of the Company. Mr. YEUNG is the spouse of Ms. WONG.

Ms. WONG is a Controlling Shareholder and an executive Director of the Company. Ms. WONG is the spouse of Mr. YEUNG.

Peiport Scientific is principally engaged in property holding and investments and is owned as to 70% and 30% by Mr. YEUNG and Ms. WONG, respectively.

## **REASON FOR RENEWAL OF RENEWED LEASE AGREEMENTS AND ANNUAL CAPS OF EXISTING LEASE AGREEMENTS**

The properties leased under the Renewed Lease Agreements (A) to (G) have been used as office for the Group's operations in Shaanxi, Sichuan and Guangdong provinces of the PRC, and warehouse, system integration and service centre and private car parking spaces in Hong Kong over the past nine years. As the Previous Lease Agreements (A) and (B) have expired on 31 October 2019 and 18 January 2020, respectively, and the Expiring Lease Agreements (C) to (G) will expire on 31 December 2020, the Group renewed the leasing of these properties for a term of 2 years commencing in accordance with the respective Renewed Lease Agreements with a view to continue the Group's present usage purpose of these properties.

The Landlords offered to renew the leases of properties under the Renewed Lease Agreements at the existing rental or market rates. The Group had referred to prevailing market rental of other comparable properties in nearby location, as published/quoted by the property or estate agencies, and therefore decided to accept and enter into the Renewed Lease Agreements.

The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Renewed Lease Agreements were negotiated by the parties on arm's length basis, made on normal commercial terms or better and are fair and reasonable. They also believe that the Renewed Lease Agreements are entered into in the ordinary and usual course of business and in the interests of the Company and its shareholders as a whole. The executive Directors, Mr. YEUNG and Ms. WONG, abstained from voting on the board resolution approving the Renewed Lease Agreements in view of their conflict of interests or potential interests in the Renewed Lease Agreements. Mr. YEUNG Chun Tai, an executive Director, being the son of Mr. YEUNG and Ms. WONG and therefore an associate of each of Mr. YEUNG and Ms. WONG under the Listing Rules, has also abstained from voting on the relevant board resolution. Save as aforesaid, none of the Directors has any material interest in the above-mentioned transactions nor any of them is required to abstain from voting on the relevant board resolution.

## **AGGREGATED VALUE OF RIGHT-OF-USE ASSETS**

According to HKFRS 16 "*Leases*" which has come into effect on 1 January 2019, the Group is required to recognise the value of the right-of-use assets on its statement of financial position in connection with the Renewed Lease Agreements, these transactions will be regarded as acquisition of assets by the Group pursuant to the Listing Rules. The aggregate values of the right-of-use assets to be recognised by the Group under the Renewed Lease Agreements were estimated to be approximately HK\$4,685,800, being the present value of the aggregate lease payments using the rate applicable at the commencement date of the Renewed Lease Agreements in accordance with HKFRS 16 as discounted using a discount rate which is equivalent to the incremental borrowing rate. Right-of-use assets are depreciated on a straight-line basis over the lease terms. The above figure is unaudited and may be subject to adjustment in the future.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. YEUNG and Ms. WONG are the Controlling Shareholders and executive Directors of the Company, while Peiport Scientific is owned as to 70% and 30% by Mr. YEUNG and Ms. WONG, respectively and is an associate of the Controlling Shareholders. Accordingly, each of Mr. YEUNG, Ms. WONG and Peiport Scientific is a connected person of the Company under the Listing Rules. As such, entering into the Renewed Lease Agreements (A) to (G) constitutes connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of the estimated value of the right-of-use assets to be recognised by the Group under each of the Renewed Lease Agreements (A) and (B) pursuant to HKFRS 16 is less than 5% and less than HK\$3,000,000, each of the transactions contemplated under the Renewed Lease Agreements (A) and (B) are fully exempted from the reporting, annual review, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Given that the Landlords under the Renewed Lease Agreements (A) to (G) are connected persons, the Company has aggregated such transactions under the Renewed Lease Agreements (A) to (G). As one or more of the applicable percentage ratios in respect of the estimated aggregate value of the right-of-use assets to be recognised by the Group under the Renewed Lease Agreements (A) to (G) are more than 0.1% and less than 5%, the transactions contemplated under the Renewed Lease Agreements (A) to (G) 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.

As the highest percentage ratios of the annual caps under the Existing Lease Agreements are less than 5%, and less than HK\$3,000,000, such annual caps are fully exempted from the reporting, annual review, announcement and independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules. The Company would like to make this voluntary disclosure of the renewal of the annual caps of the Existing Lease Agreements.

## DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Peiport Holdings Ltd. (彼岸控股有限公司) (stock code: 2885), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules

“Director”	the director(s) of the Company
“Existing Lease Agreements”	two lease agreements all dated 9 March 2017 entered into between Peiport Beijing and Ms. WONG, which term will expire on 11 March 2022
“Expiring Lease Agreements”	collectively, (i) the lease agreements (C), (D) and (E) all dated 18 December 2018 entered into between Peiport Scientific and Peiport Aero, which term will expire on 31 December 2020; (ii) the lease agreement (F) dated 23 June 2019 entered into between Peiport Scientific and Peiport Aero, which term will expire on 31 December 2020; and (iii) the lease agreement (G) dated 9 January 2018 entered into between Mr. YEUNG and Peiport Guangzhou, which term will expire on 31 December 2020, and each an “Expiring Lease Agreement”
“Group”	the Company and its subsidiaries
“HKFRS(s)”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Landlords”	collectively, Peiport Scientific, Mr. YEUNG and Ms. WONG, and each a “Landlord”
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange
“Mr. YEUNG”	Mr. YEUNG Lun Ching (楊倫楨), the spouse of Ms. WONG and the founder of the Group, the chairman of the Board and also one of the Controlling Shareholders and the executive Directors
“Ms. WONG”	Ms. WONG Kwan Lik (王群力), the spouse of Mr. YEUNG and the chief executive officer and also one of the Controlling Shareholders and the executive Directors
“Peiport Aero”	Peiport Scientific Aero Limited (彼岸科航有限公司), a company incorporated in Hong Kong with limited liability on 18 December 2017 and an indirect wholly-owned subsidiary of the Company
“Peiport Beijing”	Beijing Peiport Jingdu Technology Limited* (北京彼岸京都科技有限公司), a limited liability company established in the PRC on 26 March 2001 and an indirect wholly-owned subsidiary of the Company

“Peiport Guangzhou”	Guangzhou Peiport Sijing Optoelectronics System Limited* (廣州彼岸思精光電系統有限公司), a limited liability company established in the PRC on 19 November 2003 and an indirect wholly-owned subsidiary of the Company
“Peiport Scientific”	Peiport Scientific Limited (彼岸科儀有限公司), a company incorporated in Hong Kong with limited liability on 15 April 1998 and owned as to 70% and 30% by Mr. YEUNG and Ms. WONG respectively
“PRC”	the People’s Republic of China which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Previous Lease Agreements”	collectively, (i) the lease agreement (A) dated 1 November 2017 entered into between Ms. WONG and Peiport Guangzhou, which term has expired on 31 October 2019; and (ii) the lease agreement (B) dated 8 January 2018 entered into between Ms. WONG and Peiport Guangzhou, which term has expired on 18 January 2020, and each a “Previous Lease Agreement”
“Renewed Lease Agreements”	collectively, (i) the lease agreement (A) dated 1 November 2019 entered into between Ms. WONG and Peiport Guangzhou for two years commencing from 1 November 2019; (ii) the lease agreement (B) dated 5 January 2020 entered into between Ms. WONG and Peiport Guangzhou for two years commencing from 19 January 2020; (iii) the lease agreements (C), (D), (E) and (F) all dated 15 December 2020 entered into between Peiport Scientific and Peiport Aero for two years commencing from 1 January 2021; and (iv) the lease agreement (G) dated 15 December 2020 entered into between Mr. YEUNG and Peiport Guangzhou for two years commencing from 1 January 2021, and each a “Renewed Lease Agreement”
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square metre(s)



“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

\* *for identification purpose only*

By order of the Board  
**Peiport Holdings Ltd.**  
**YEUNG Lun Ching**  
*Chairman and Executive Director*

Hong Kong, 15 December 2020

*As at the date of this announcement, the executive Directors are Mr. YEUNG Lun Ching, Ms. WONG Kwan Lik and Mr. YEUNG Chun Tai; the independent non-executive Directors are Mr. NIU Zhongjie, Ms. YEUNG Hiu Fu Helen and Mr. HOU Min.*