

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Plover Bay Technologies Limited

珩灣科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1523)

**CONNECTED TRANSACTIONS IN RELATION TO
TENANCY AGREEMENT**

TENANCY AGREEMENT

The Board is pleased to announce that on 12 April 2022 (after trading hours), Pegatrack, an indirect wholly-owned subsidiary of the Company as tenant, has entered into a Tenancy Agreement with Winning Castle as landlord, for the lease of the Premise Spinners for a term of around one year and nine months commencing from 12 April 2022 and expiring on 31 December 2023 (both days inclusive). The uses of the Premise Spinners are for office, warehouse and product development purposes.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Winning Castle is beneficially owned by Mr. Chan, an executive Director, the Chairman and a controlling shareholder of the Company, through Huge Castle, a company wholly owned by Mr. Chan. Therefore, Winning Castle is an associate of Mr. Chan and a connected person of the Company and the transaction contemplated under the Tenancy Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As disclosed in the Company's announcement on 30 December 2021, Pegatrack, as tenant, has entered into the Disclosed Tenancy Agreements with other companies that are wholly owned by Mr. Chan, as landlord. Pursuant to Rule 14A.81 of the Listing Rules, the Disclosed Tenancy Agreements and the Tenancy Agreement should be aggregated for the purpose of calculating the percentage ratios.

The right-of-use asset acquired under the Tenancy Agreement will be recognized by the Group in its consolidated statement of financial position in accordance with the HKFRS 16 Leases. Accordingly, the entering into of the Tenancy Agreement and the transaction contemplated thereunder will be deemed as acquisition of right-of-use asset by the Group. The total value of

the right-of-use assets, after aggregating with the Disclosed Tenancy Agreements, is estimated to be approximately HK\$18,349,000 (equivalent to approximately US\$2,368,000), which is calculated with reference to the present value of the aggregated lease payments to be made under the Disclosed Tenancy Agreements and the Tenancy Agreement. As the highest applicable percentage ratio of the estimated value of the right-of-use assets to be recognized by the Group under the Tenancy Agreement, after aggregating with the Disclosed Tenancy Agreements, is more than 0.1% but less than 5%, the entering of the Tenancy Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 12 April 2022, Pegatrack, an indirect wholly-owned subsidiary of the Company, has entered into a Tenancy Agreement with Winning Castle in relation to the lease of the Premise Spinners, the principal terms of which are set out below.

TENANCY AGREEMENT

- Date** : 12 April 2022
- Parties** : (1) Pegatrack, as tenant
(2) Winning Castle, as landlord
- Location** : Unit B on the 5th floor of Hong Kong Spinners Industrial Building, Phase 6, 481 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong
- Term** : Around one year and nine months commencing from 12 April 2022 to 31 December 2023, both days inclusive
- Gross Floor Area** : Approximately 7,206 square feet
- Use** : For office, warehouse and product development purposes
- Rental Deposit** : HK\$410,742 payable upon signing of the Tenancy Agreement
- Rental** : The rental is exclusive of management fee, government rent and rates, details of which are as follows:
- HK\$136,914 per month for the period from 12 April 2022 to 31 December 2022; and
- HK\$141,238 per month for the period from 1 January 2023 to 31 December 2023.

The monthly rental shall be payable by Pegatrack to Winning Castle on the first day of each and every calendar month in advance.

The monthly rental is determined after arm's length negotiations with reference to monthly rental of other similar premises in the Hong Kong market.

Annual Rental payable : Based on the monthly rental payable under the Tenancy Agreement, the annual rental payable for the transaction contemplated under the Tenancy Agreement for the years ending 31 December 2022 and 31 December 2023 are HK\$1,182,024 and HK\$1,694,856 respectively.

THE RIGHT-OF-USE ASSET

The value of the right-of-use asset to be recognized by the Group under the Tenancy Agreement, after aggregating with the Disclosed Tenancy Agreements, is estimated to be approximately HK\$18,349,000 (equivalent to US\$2,368,000), which is calculated with reference to the present value of the aggregated lease payments to be made under the Disclosed Tenancy Agreements and the Tenancy Agreement in accordance with HKFRS 16 Leases.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT

Reference is made to the announcement of the Company dated 30 December 2021 in respect of the Disclosed Tenancy Agreements which will expire on 31 December 2023. Due to business growth of the Group, more warehouse facilities and office space are also required. The Tenancy Agreement will ensure sufficient space for immediate business expansion and avoid any interruption to the Group's operations incurred in the case of a relocation. The monthly rent per square feet of the Tenancy Agreement is more or less the same as compared to the Disclosed Tenancy Agreements, and the tenor of the Tenancy Agreement is less than two years to allow for more flexibility for the Group. The Board therefore considers that the Tenancy Agreement would be beneficial to the Group as a whole.

The terms in the Tenancy Agreement were negotiated on arm's length negotiation with reference to the prevailing market rent for comparable premises in the vicinity. The Directors, including the independent non-executive Directors, but excluding Mr. Chan who has material interest or conflict of role in the Tenancy Agreement, are of the opinion that (i) the terms of the Tenancy Agreement are agreed on normal commercial terms which are fair and reasonable; (ii) the proposed annual rental payable for the Tenancy Agreement are fair and reasonable; and (iii) the connected transaction contemplated under the Tenancy Agreement is 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, WINNING CASTLE AND CONNECTED RELATIONSHIP BETWEEN THE PARTIES

The Group

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

Pegatrack is an indirect wholly-owned subsidiary of the Company and is principally engaged in the provision of management services to companies of the Group, including entering into the tenancy agreements for the Group's office premises in Hong Kong.

Winning Castle

Winning Castle is beneficially owned by Mr. Chan and is principally engaged in property holding.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Winning Castle is beneficially owned by Mr. Chan, an executive Director, the Chairman and a controlling shareholder of the Company, through Huge Castle, a company wholly owned by Mr. Chan. Therefore, Winning Castle is an associate of Mr. Chan and a connected person of the Company and the transaction contemplated under the Tenancy Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

In accordance with HKFRS 16 Leases, the Group if entering into lease transactions as lessee will recognise an additional asset representing its right to use the premises in the total amount of approximately HK\$18,349,000 calculated with reference to the present value of the aggregated lease payments to be made under the Disclosed Tenancy Agreements and the Tenancy Agreement. As such, the transaction contemplated under the Tenancy Agreement will be recognised as acquisition of right-of-use asset which will constitute one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that (i) Mr. Chan and his associates are connected persons of the Company; (ii) the Tenancy Agreement will be conducted on normal commercial terms; and (iii) the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Tenancy Agreement, after aggregating with the Disclosed Tenancy Agreements, is more than 0.1% but less than 5%, the entering of the Tenancy Agreement and the transaction contemplated thereunder are subject to the reporting and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Chan, an executive Director, the Chairman and a controlling shareholder of the Company, is the beneficial owner of Winning Castle and therefore considered as having a material interest in the Tenancy Agreement and accordingly abstained from voting on the resolutions of the Board for the approval of the Tenancy Agreement.

Save as disclosed above, none of the Directors has any material interest in the Tenancy Agreement and no Directors are required to abstain from voting on the resolutions of the Board approving the transaction contemplated thereunder.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Chairman”	the Chairman of the Board
“Company”	Plover Bay Technologies Limited 珩灣科技有限公司, a company incorporated in Cayman Islands with limited liability and whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disclosed Tenancy Agreements”	the 13 tenancy agreements entered into between Pegatrack and certain associates of Mr. Chan, details of which were disclosed in the announcement on 30 December 2021
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS 16 Leases”	Hong Kong Financial Reporting Standards 16 “Leases” which includes standards and interpretations promulgated by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huge Castle”	Huge Castle Limited, a company incorporated in Hong Kong with limited liability, and is wholly owned by Mr. Chan
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Chan”	Mr. Chan Wing Hong Alex(陳永康先生), an executive Director, the Chairman 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
“Premise Spinners”	Unit B on the 5th floor of Hong Kong Spinners Industrial Building, Phase 6, 481 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong

“SD-WAN”	software defined wide area network
“Tenancy Agreement”	the tenancy agreement for the Premise Spinners entered into between Winning Castle as landlord and Pegatrack as tenant on 12 April 2022 for a term of around one year and nine months commencing from 12 April 2022 to 31 December 2023 (both days inclusive)
“Winning Castle”	Winning Castle Limited, a company incorporated in Hong Kong with limited liability, and is beneficially owned by Mr. Chan, through Huge Castle, a company wholly owned by Mr. Chan

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

Hong Kong, 12 April 2022

As at the date of this announcement, the Board consists of Mr. Chan Wing Hong Alex, Mr. Chau Kit Wai, 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.