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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**

**ACQUISITION OF RIGHT-OF-USE ASSET  
IN RELATION TO A TENANCY AGREEMENT**

The Board announces that on 20 October 2023, Shenzhen Topwise (an indirect wholly-owned subsidiary of the Company), as tenant, entered into the Lease Agreement with the Landlord which will give Shenzhen Topwise the right to use the Premises for two (2) years with effect from 1 November 2023 at a fixed monthly rent of approximately HK\$158,050.

Mr. Mai Wei Ping and his 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 HKFRS 16, the Company needs to recognize the acquisition of the right to use the Premises as an acquisition of asset and as the applicable percentage ratios in respect of the rental payable under the Lease Agreement are more than 5% but below 25%, the entering into of the Lease Agreement constitutes a disclosable 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 20 October 2023, Shenzhen Topwise (an indirect wholly-owned subsidiary of the Company), as tenant, entered into the Lease Agreement with the Landlord. Pursuant to the Lease Agreement, Shenzhen Topwise will be given the right to use the Premises as administration offices, production plants as well as staff dormitory, with more details as set out below.

## THE RIGHT OF USE AGREEMENT

- Parties: (1) Mr. Mai Wei Ping, an Independent Third Party, as the landlord; and  
(2) Shenzhen Topwise, an indirect wholly-owned subsidiary of the Company, as the tenant.
- Premises: The fifth factory building and the seventh dormitory building, the sixth industrial zone, Ma Shan Tou Community, Ma Tian Street, Guang Ming District, Shenzhen (深圳市光明區馬田街道馬山頭社區第六工業區第五棟廠房和第七棟宿舍).
- Use of Premises: Among the Premises, approximately 3,454 square metres will be used as administration offices and production plants and approximately 1,000 square metres will be used as staff dormitory.
- Gross floor area: Approximately 4,454 square metres.
- Rental: The Tenant is required to pay to the Landlord a fixed monthly rent of approximately HK\$158,050, payable on or before the fifth day of each calendar month.
- Deposit: The Tenant is required to place with the Landlord a security deposit of approximately HK\$573,720.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Landlord and his respective associates 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:

	<b>Amount</b> <i>HK\$'000</i>
Lease Agreement	3,409

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 4.75% currently used by the Group for all its other right-of-use assets.

## **REASON AND BENEFIT FOR ENTERING INTO THE LEASE AGREEMENT**

The existing lease agreement of factory premises of Shenzhen Topwise will expire on early 2024 and may not be renewable. The Company considers it beneficial to enter into the Lease Agreement in view of the prime location of the Premises as well as providing room for further expansion.

The rental terms under the Lease 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 Lease Agreement is in the ordinary and usual course of business of the Group, the terms of the Lease 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 Company**

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 Tenant**

Shenzhen Topwise is a limited company incorporated in the PRC and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement. Shenzhen Topwise principally engages in the manufacturing and sales of smart cards and is the production arm of the Group's smart card business.

### **Information of the Landlord**

Mr. Mai Wei Ping, a Chinese national, and his 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 the applicable percentage ratios in respect of the rental payable under the Lease Agreement are more than 5% but below 25%, the entering into of the Lease Agreement constitutes a disclosable 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:

<b>“associate”</b>	has the meaning as ascribed thereto in the GEM Listing Rules
<b>“Board”</b>	the board of Directors of the Company
<b>“Company”</b>	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
<b>“Directors”</b>	the directors of the Company
<b>“GEM”</b>	GEM of the Stock Exchange
<b>“GEM Listing Rules”</b>	the Rules Governing the Listing of Securities on GEM
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“HKFRS”</b>	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
<b>“Independent Third Party”</b>	a third party which is independent of the Company and its connected persons (as defined in the GEM Listing Rules)
<b>“Landlord”</b>	Mr. Mai Wei Ping, a Chinese national, as the landlord under the Lease Agreement
<b>“PRC” or “China”</b>	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
<b>“Premises”</b>	the property situated at the fifth factory building and the seventh dormitory building, the sixth industrial zone, Ma Shan Tou Community, Ma Tian Street, Guang Ming District, Shenzhen (深圳市光明區馬田街道馬山頭社區第六工業區第五棟廠房和第七棟宿舍), with a total area of approximately 4,454 sq.m.
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC

“Lease Agreement”	the lease agreement dated 20 October 2023 entered into between the Tenant and the Landlord, pursuant to which, the Landlord agreed to lease the Premises to the Tenant for a term of two (2) years commencing from 1 November 2023 to 31 October 2025
“Tenant” or “Shenzhen Topwise”	Topwise Technology (Shenzhen) Limited(拓匯斯科技(深圳)有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

*For the purpose of this announcement, unless the context otherwise requires, conversion of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 to HK\$1.0753. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in RMB or HK\$ have been, could have been or may be converted at such or any other rate or at all.*

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

Hong Kong, 31 October 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](http://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](http://www.phoenitron.com).*