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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)

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS UNDER THE 2025 FRAMEWORK LEASE AGREEMENT

THE 2025 FRAMEWORK LEASE AGREEMENT

Reference is made to the announcement of the Company dated 15 December 2022 in relation to the Existing Framework Lease Agreement.

As the Existing Framework Lease Agreement will expire on 31 December 2024 and the parties intend to continue the continuing connected transactions contemplated thereunder after the said expiry, the Board is pleased to announce that on 18 December 2024, the Company, on behalf of its associates as the Tenants, and Mr. YEUNG, Ms. WONG and Peiport Scientific as the Landlords, entered into the 2025 Framework Lease Agreement in respect of the Relevant Properties. The 2025 Framework Lease Agreement shall be effective on 1 January 2025 and be valid for a term of three years.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. YEUNG and Ms. WONG are the Controlling Shareholders and executive Directors, while Peiport Scientific is owned as to 70% and 30% by Mr. YEUNG and Ms. WONG, respectively and is hence 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 the highest applicable percentage ratio in respect of the Annual Caps for the continuing connected transactions under the 2025 Framework Lease Agreement exceeds 0.1% but is less than 5%, the transactions under the 2025 Framework Lease Agreement are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 15 December 2022 in relation to the Existing Framework Lease Agreement.

As the Existing Framework Lease Agreement will expire on 31 December 2024 and the parties intend to continue the continuing connected transactions contemplated thereunder after the said expiry, the Board is pleased to announce that on 18 December 2024, the Company, on behalf of its associates as the Tenants, and Mr. YEUNG, Ms. WONG and Peiport Scientific as the Landlords, entered into the 2025 Framework Lease Agreement in respect of the Relevant Properties. The 2025 Framework Lease Agreement shall be effective on 1 January 2025 and be valid for a term of three years.

THE 2025 FRAMEWORK LEASE AGREEMENT

The principal terms of the 2025 Framework Lease Agreement are set out below:

Date:	18 December 2024
Parties:	The Company (on behalf of its associates) and the Landlords
Landlords:	1) Ms. WONG, the owner of Properties A to D; 2) Mr. YEUNG, the owner of Property E; and 3) Peiport Scientific, the owner of Properties F to J
Tenants:	1) Peiport Beijing, the tenant of Properties A to B; 2) Peiport Guangzhou, the tenant of Properties C to E; 3) Peiport Aero, the tenant of Properties F to H; and 4) Peiport Industries, the tenant of Properties I to J
Relevant Properties:	Properties A to J As at the date of this announcement, the total leased gross floor area of the Relevant Properties was approximately 1,463.09 square meters. The Tenants may, according to their future needs, increase, decrease or adjust the leased area of the Relevant Properties during the term of the 2025 Framework Lease Agreement.

Term:	Three years from 1 January 2025 Upon expiry, the 2025 Framework Lease Agreement may, subject to compliance with the relevant requirements under the Listing Rules and agreement of the parties, be renewed for a further term of three years.
Rentals, property management fees and other fees:	The rentals, property management fees and other fees of the Relevant Properties being various sundry charges actually incurred (including but not limited to parking space rentals, car-park management fees, parking fees, water, electricity and gas charges, telephone tariffs, overtime air-conditioning fees, maintenance and catering fees, etc., where applicable) shall be set out in the relevant Leases and shall be paid by the relevant Tenants according to the provisions of the relevant Leases.

Pricing Basis

The rentals, property management fees and other fees of the Relevant Properties shall be determined through arm's length negotiations between the Group and the Landlords based on the prevailing market rates and on normal commercial terms in the ordinary and usual course of business. When determining the prevailing market rates, the Group shall make reference to (i) the historical fees paid by the lessees for the Relevant Properties; (ii) the rentals, property management fees and other fees of comparable properties with similar specifications, size and nature in the vicinity of the Relevant Properties; and (iii) the terms offered by other independent third parties to the Group.

The amount payable by the Group under the 2025 Framework Lease Agreement will be funded by internal resources of the Group.

Historical Amounts

The historical amounts relating to the leasing of the Relevant Properties from the Landlords to the Group are as follows:

	For the year ending 31 December 2023		**For the year ending 31 December 2024**
	Annual cap	**Historical amount**	**Annual cap**
	(HK$'000)	*Approx. (HK$'000)*	*(HK$'000)*
Right-of-use assets in respect of leases of Properties A to J	2,500	1,664	6,000

Annual Caps

Pursuant to HKFRS 16, the Leases to be entered into by the Group as lessee under the 2025 Framework Lease Agreement will be recognised as right-of-use assets. The Annual Caps set on the total value of the right-of-use assets relating to the Leases to be entered into by the Group for the three years ending 31 December 2027 are as follows:

	For the year ending 31 December 2025 *(HK$'000)*	**For the year ending 31 December 2026** *(HK$'000)*	**For the year ended 31 December 2027** *(HK$'000)*
Annual Caps	3,000	6,000	2,500

The Annual Caps are calculated by applying an average incremental borrowing rate of 5.36% and 4.47% to compute the present value of the right-of-use assets recognized by the Company for the Relevant Properties in Hong Kong and the PRC, respectively.

The Directors have taken into account the following factors in determining the Annual Caps:

(i) the Leases in relation to Properties A to D will be entered into in 2025;

(ii) the Leases in relation to Properties A to B and Properties E to J will be entered into in 2026;

(iii) the Leases in relation to Properties A to C will be entered into in 2027;

(iv) the anticipated market rental of the Relevant Properties for each of the three years ending 31 December 2027, subject to the potential fluctuation in the general property market in the vicinity of the Relevant Properties;

(v) the anticipated adjustment on the number, area and size of the Relevant Properties for the three years ending 31 December 2027;

(vi) the potential fluctuation in the exchange rate of RMB and other foreign currencies against HK$; and

(vii) a buffer for the possible demand of the Group for new Leases for its business and operations.

INTERNAL CONTROL MEASURES

In order to ensure that the pricing policies as contained in the 2025 Framework Lease Agreement and the Annual Caps are complied with, the Company shall adopt the following internal control measures:

(i) the finance department of the Group shall keep track of the market rental, property management fees and other fees and leasing terms of comparable properties with similar specifications, size and nature in the vicinity of the Relevant Properties, to ensure that the prices and terms of the Leases will be based on prevailing market terms and be no less favourable than terms offered by independent third parties to the Group;

(ii) the accounting department of the Group shall monitor and supervise the implementation of the Leases to ensure they are entered into (a) in accordance with the terms of the 2025 Framework Lease Agreement; (b) in the ordinary and usual course of business of the Group; (c) on normal commercial terms or better; (d) no less favourable than terms offered by independent third parties to the Group and that (e) the transaction amounts have not exceeded and will not exceed the Annual Caps;

(iii) the accounting department of the Group shall promptly report any irregularities related to the transactions under the 2025 Framework Lease Agreement to the senior management of the Group;

(iv) the independent non-executive Directors shall be provided with details of the transactions under the 2025 Framework Lease Agreement to conduct an annual review to ensure that transactions thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and

(v) the external auditor of the Company shall review the transactions under the 2025 Framework Lease Agreement annually to check and confirm, among others, (a) whether the pricing policies are adhered to; (b) whether the transactions are conducted in accordance with the terms of the 2025 Framework Lease Agreement and (c) whether the Annual Caps have been exceeded.

REASONS FOR AND BENEFITS OF THE 2025 FRAMEWORK LEASE AGREEMENT

The Relevant Properties under the 2025 Framework Lease Agreement will be 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 car parking spaces in Hong Kong. Hence, the Group is of the view that the 2025 Framework Lease Agreement is necessary for the daily operation of the Group, and by consolidating the Leases into one framework agreement can streamline and optimize the regulation and control of the leasing relationship with the Landlords.

The Directors (including the independent non-executive Directors) are of the view that the terms of the 2025 Framework Lease Agreement are on normal commercial terms or better, and are in the ordinary and usual course of business of the Group, and hence consider the terms of the continuing connected transactions as contemplated under the 2025 Framework lease Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

The executive Directors, Mr. YEUNG and Ms. WONG, have abstained from voting on the board resolution approving the 2025 Framework Lease Agreement in view of their conflict of interests or potential interests in the 2025 Framework Lease Agreement. 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 and none of them is required to abstain from voting on the relevant board resolution.

INFORMATION ON THE PARTIES

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 in the PRC and Hong Kong.

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.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. YEUNG and Ms. WONG are the Controlling Shareholders and executive Directors, 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 the highest applicable percentage ratio in respect of the Annual Caps for the continuing connected transactions under the 2025 Framework Lease Agreement exceeds 0.1% but is less than 5%, the transactions under the 2025 Framework Lease Agreement are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

''2025 Framework Lease Agreement''	the framework lease agreement entered into by the Company (on behalf of its associates) and Landlords on 18 December 2024 in respect of the Relevant Properties
''Annual Caps''	the maximum aggregate right-of-use assets which may be recognized by the Group for the transactions for the relevant years under the 2025 Framework Lease Agreement
''associate(s)''	has the same 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 same meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	the controlling shareholder(s) of the Company
"Director(s)"	the director(s) of the Company
"Existing Framework Lease Agreement"	the framework lease agreement entered into by the Company (on behalf of its associates) and Landlords on 15 December 2022, details of which are stated in the announcement of the Company dated 15 December 2022
"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
"independent third party(ies)"	has the same meaning ascribed to it under the Listing Rules
"Landlords"	the landlords under the 2025 Framework Lease Agreement, namely Ms. WONG, Mr. YEUNG and Peiport Scientific
"Leases"	the leases which may be entered into by the Group with the Landlords under the 2025 Framework Lease Agreement from time to time
"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 Industries''	Peiport Industries Limited (彼岸實業有限公司), a company incorporated in Hong Kong with limited liability on 1 March 2006 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 and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
''Property A''	Flat 2–7 on level 121, Block 1, Yuetan Mansion, No. 2 Yuetan North Street, Xicheng District, Beijing, the PRC
''Property B''	Flat 2–8 on level 121, Block 1, Yuetan Mansion, No. 2 Yuetan North Street, Xicheng District, Beijing, the PRC
''Property C''	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
''Property D''	Unit 2301, Office Block 1, Jinniu Wanda Plaza, No. 118 Renmin North Road, 2nd Section, Jinniu District, Chengdu, Sichuan Province, the PRC
''Property E''	Unit 2523, Wuyang Xincheng Plaza, No.111 Siyou New Road, Yuexiu District, Guangzhou, Guangdong Province, the PRC
''Property F''	Room 1302, Westlands Centre, 20 Westlands Road, Taikoo Place, Hong Kong
''Property G''	Car Parking Space No. P18 on 1st Floor, Westlands Centre, 20 Westlands Road, Taikoo Place, Hong Kong
''Property H''	Car Parking Space No. 59 on the Ground Floor, Harbour View Gardens, Taikoo Shing, Hong Kong

"Property I"	Room 1301, Westlands Centre, 20 Westlands Road, Taikoo Place, Hong Kong
"Property J"	Room 1307, Westlands Centre, 20 Westlands Road, Taikoo Place, Hong Kong
"Relevant Properties"	the relevant properties under the 2025 Framework Lease Agreement, namely Properties A to J
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the same meaning ascribed to it under the Listing Rules
"Tenants"	the tenants under the 2025 Framework Lease Agreement, namely Peiport Beijing, Peiport Guangzhou, Peiport Aero and Peiport Industries

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

Hong Kong, 18 December 2024

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