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WINOX

WINOX HOLDINGS LIMITED

盈利時控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6838)

CONNECTED TRANSACTION LEASE AGREEMENT

Reference is made to the announcement of the Company dated 31 March 2021 in relation to the connected transaction on the Existing Lease Agreement entered into between Fengtai Co as the lessor and the PRC Subsidiary (an indirect wholly-owned subsidiary of the Company) as the lessee for the lease of the Existing Premises for a term of two years from 1 April 2021 to 31 March 2023 (both days inclusive).

As the Existing Lease Agreement will expire on 31 March 2023, the Board announces that on 31 March 2023, Fengtai Co as the lessor and the PRC Subsidiary as the lessee entered into the New Lease Agreement for the lease of the Premises (part of the Existing Premises) for a term of two years from 1 April 2023 to 31 March 2025 (both days inclusive).

Fengtai Co is indirectly wholly-owned by Field Gain which is in turn held as to (i) 50% by Mr. Yiu Hon Ming, the Chairman of the Board and an executive Director, and (ii) 50% by Mr. Yiu Tat Sing, the Deputy Chairman of the Board and an executive Director. Therefore, Fengtai Co is an associate of Mr. Yiu Hon Ming and Mr. Yiu Tat Sing, and constitutes a connected person of the Company under Rule 14A.07(4) of the Listing Rules. Furthermore, under the application of HKFRS 16, with respect to the lease of the Premises under the Lease Agreement, such transaction will be recognised by the Group as an acquisition of right-of-use assets. Accordingly, the transaction contemplated under the New Lease Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio stipulated under Rule 14.07 of the Listing Rules in respect of the New Lease Agreement on the basis of the estimated value of right-of-use assets in the amount of approximately RMB5.147 million (equivalent to approximately HK\$5.879 million) exceeds 0.1% but does not exceed 5%, the transaction contemplated under the New Lease Agreement is subject to the reporting and announcement requirements, but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

I. INTRODUCTION

Reference is made to the announcement of the Company dated 31 March 2021 in relation to the connected transaction on the Existing Lease Agreement entered into between Fengtai Co as the lessor and the PRC Subsidiary (an indirect wholly-owned subsidiary of the Company) as the lessee for the lease of the Existing Premises for a term of two years from 1 April 2021 to 31 March 2023.

As the Existing Lease Agreement will expire on 31 March 2023, the Board announces that on 31 March 2023, Fengtai Co as the lessor and the PRC Subsidiary as the lessee entered into the New Lease Agreement for the lease of the Premises (part of the Existing Premises) for a term of two years.

II. NEW LEASE AGREEMENT

A summary of the salient terms of the New Lease Agreement is set out below.

Date:	31 March 2023
Parties:	1. Fengtai Co, as the lessor 2. PRC Subsidiary, as the lessee
Premises:	Levels one and two of Block V of the factory building situated at 60 Lianying Road, Xin Malian Village, Dalang Town, Dongguan City, Guangdong Province, the PRC (廣東省東莞市大朗鎮新馬蓮村蓮盈路60號之V幢廠房一樓及二樓) with an aggregate gross floor area of 10,350 square meters (the “Premises”).
Usage:	For industrial and factory use.
Lease term:	The term of the lease of two years shall commence on 1 April 2023 and expire on 31 March 2025.
Rental:	The monthly rent is RMB207,000 (equivalent to approximately HK\$236,461), exclusive of value added tax, management service fees and utility charges and expenses, which will be borne by the PRC Subsidiary. Accordingly, the total rent payable by the PRC Subsidiary to Fengtai Co during the term under the New Lease Agreement is approximately RMB4.968 million (equivalent to approximately HK\$5.675 million).

The amount of rent was determined based on arm’s length negotiations between Fengtai Co and the PRC Subsidiary with reference to the monthly market rental value of the Premises in the amount of RMB207,000 as at 17 March 2023 as appraised by an independent valuer based on the direct comparison method.

Payment terms: On or before the 10th day of each month, Fengtai Co shall issue an invoice on the monthly fees payable by the PRC Subsidiary, and such fees shall be paid in cash by the PRC Subsidiary to Fengtai Co within two weeks of receiving such invoice.

Security deposit: On the date of the New Lease Agreement, the PRC Subsidiary shall pay Fengtai Co a security deposit of RMB621,000, which is equivalent to three month's rent of the Premises.

Such deposit shall be refunded by Fengtai Co to the PRC Subsidiary within three days after the return of the Premises to Fengtai Co at the end of the term of the New Lease Agreement.

III. REASONS FOR ENTERING INTO THE NEW LEASE AGREEMENT

The Existing Premises which is in the proximity of the Group's existing production facilities is used by the Group to carry out its production of smart wearable cases and parts. As the Existing Lease Agreement for the leasing of the Existing Premises will expire on 31 March 2023, on 31 March 2023, Fengtai Co as the lessor and the PRC Subsidiary as the lessee entered into the New Lease Agreement for the lease of the Premises (part of the Existing Premises) for a term of two years from 1 April 2023 to 31 March 2025 (both days inclusive) for the continuation of the Group's production of smart wearable cases and parts.

In determining the rent under the New Lease Agreement, the Group also made reference to market prices of leases of comparable properties in nearby locations, in particular, the valuation prepared by an independent valuer as disclosed in the section headed "II. New Lease Agreement – Rental" above.

Taking into account the above, the Board (including the independent non-executive Directors) considers that the terms of the New Lease Agreement are fair and reasonable and entered into on normal commercial terms or better after arm's length negotiations between the relevant parties, in the ordinary and usual course of business of the Group, and in the interests of the Company and its Shareholders as a whole.

IV. IMPLICATIONS UNDER THE LISTING RULES

Fengtai Co is indirectly wholly-owned by Field Gain which is in turn held as to (i) 50% by Mr. Yiu Hon Ming, the Chairman of the Board and an executive Director, and (ii) 50% by Mr. Yiu Tat Sing, the Deputy Chairman of the Board and an executive Director. Therefore, Fengtai Co is an associate of Mr. Yiu Hon Ming and Mr. Yiu Tat Sing, and constitutes a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

Pursuant to HKFRS 16, the Premises leased under the New Lease Agreement will be recognised by the Group as right-of-use assets with the estimated value of approximately RMB5.147 million (equivalent to approximately HK\$5.879 million), and the transaction contemplated under the New Lease Agreement will be recognised as the acquisition of right-of-use assets which will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio stipulated under Rule 14.07 of the Listing Rules in respect of the New Lease Agreement on the basis of the estimated value of right-of-use assets in the amount of approximately RMB5.147 million (equivalent to approximately HK\$5.879 million) exceeds 0.1% but does not exceed 5%, the transaction contemplated under the New Lease Agreement is subject to the reporting and announcement requirements, but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

At the Board meeting held on 31 March 2023 approving, inter alia, the New Lease Agreement and the transactions contemplated thereunder, Mr. Yiu Hon Ming, Mr. Yiu Tat Sing, Ms. Law Wai Ping and Ms. Yiu Ho Ting have abstained from voting in respect of the resolution approving the same in view of their interest in Fengtai Co, their position in Fengtai Co and/or their relationship with the shareholders of Fengtai Co. Save as disclosed above, none of the Directors has a material interest in the transaction contemplated under the New Lease Agreement.

V. INFORMATION ON THE GROUP

The Group is principally engaged in the development and manufacturing of stainless steel products such as watch bracelets, mobile phone cases and parts, smart wearable cases and parts, and fashion accessories.

The PRC Subsidiary is an indirect wholly-owned subsidiary of the Company and is principally engaged in the manufacture and trading of stainless steel products.

VI. INFORMATION ON FENGTAI CO

Fengtai Co is indirectly wholly-owned by Field Gain which is in turn held as to (i) 50% by Mr. Yiu Hon Ming, the Chairman of the Board and an executive Director, and (ii) 50% by Mr. Yiu Tat Sing, the Deputy Chairman of the Board and an executive Director.

Fengtai Co is principally engaged in investment in industrial buildings.

VII. DEFINITIONS

In this announcement, unless otherwise defined, terms used herein shall have the following meanings:

“associate”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Winox Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 6838)
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Lease Agreement”	the lease agreement dated 31 March 2021 entered into between Fengtai Co and the PRC Subsidiary in respect of the lease of the Existing Premises for a term of two years
“Existing Premises”	Levels one, two and three of Block V of the factory building situated at 60 Lianying Road, Xin Malian Village, Dalang Town, Dongguan City, Guangdong Province, the PRC (廣東省東莞市大朗鎮新馬蓮村蓮盈路 60 號之 V 幢廠房一樓、二樓及三樓) with an aggregate gross floor area of 15,524 square meters
“Fengtai Co”	豐泰（東莞）科技發展服務有限公司 (Fengtai (Dongguan) Technology Development Service Company Limited*), a limited liability company established in the PRC and an associate of Mr. Yiu Hon Ming and Mr. Yiu Tat Sing
“Field Gain”	Field Gain Investments Limited (田發投資有限公司), a company incorporated in the British Virgin Islands, which is held as to 50% by Mr. Yiu Hon Ming and 50% by Mr. Yiu Tat Sing
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“HKFRS”	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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Lease Agreement”	the lease agreement dated 31 March 2023 entered into between Fengtai Co and the PRC Subsidiary in respect of the lease of the Premises for a term of two years
“PRC”	The People’s Republic of China
“PRC Subsidiary”	盈泰精密製造科技 (東莞) 有限公司 (Yingtai Precision Manufacturing Technology (Dongguan) Company Limited*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Premises”	has the meaning as ascribed to it under the section headed “II. New Lease Agreement” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holders of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

* The English translation is for identification purposes only.

By Order of the Board
Yiu Hon Ming
Chairman

Hong Kong • 31 March 2023

As at the date of this announcement, the Board comprises (a) six Executive Directors, namely, Mr. Yiu Hon Ming, Mr. Yiu Tat Sing, Mr. Li Chin Keung, Ms. Law Wai Ping, Mr. Chau Kam Wing Donald and Ms. Yiu Ho Ting; and (b) four Independent Non-executive Directors, namely, Mr. Au Wai Ming, Mr. Carson Wen, Professor Wong Lung Tak Patrick and Mr. Wu Ming Lam.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of HK\$1 = RMB0.87541 has been used, where applicable, for purpose of illustration only and it does not constitute any representation that any amount has been, could have been or may be exchanged at that rate or at any other rate.