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INTERNATIONAL GENIUS COMPANY

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 33)

DISCLOSEABLE TRANSACTION IN RELATION TO THE TENANCY AGREEMENT

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On 12 April 2023, Guangzhou Zero Zero Three Three Trading Co., Ltd.* (“廣州零零叁叁貿易有限公司”) (a subsidiary of International Genius Company (the “**Company**”)) as tenant and China Resources Shenzhen Bay Development Co., Ltd.* (“華潤深圳灣發展有限公司”) as the landlord entered into the tenancy agreement (“**Tenancy Agreement**”) in respect of Room 01–08, 42/F, China Resources Tower, No. 2666 Kewannan Road, Yuekaijiedao, Nanshan District, Shenzhen, Guangdong, the PRC (the “**Office Premise**”) for a term of 3 years from 1 May 2023 to 30 April 2026 (both days inclusive).

IMPLICATIONS UNDER THE LISTING RULES

In accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) 16 “Leases”, the Company recognises the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease of the Office Premise under the Tenancy Agreement with effect from the beginning of its accounting period on 1 January 2019. Accordingly, the lease transaction under the Tenancy Agreement is regarded as acquisitions of assets by the tenant (i.e. lessee) for the purpose of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the value of the right-of-use of the Office Premise under the Tenancy Agreement exceed 5% but are less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction and is subject to the announcement requirement under Chapter 14 of the Listing Rules but exempt from shareholders of the Company’s (the “**Shareholders**”) approval requirement under the Listing Rules.

DISCLOSEABLE TRANSACTION IN RELATION TO THE TENANCY AGREEMENT

On 12 April 2023, Guangzhou Zero Zero Three Three Trading Co., Ltd.* (“廣州零零叁叁貿易有限公司”) (a subsidiary of the Company) as tenant and China Resources Shenzhen Bay Development Co., Ltd.* (“華潤深圳灣發展有限公司”) as the landlord entered into the Tenancy Agreement in respect of the Office Premise for a term of 3 years from 1 May 2023 to 30 April 2026 (both days inclusive).

Key terms of the Tenancy Agreement

Date : 12 April 2023

Parties : (i) Guangzhou Zero Zero Three Three Trading Co., Ltd.* (“廣州零零叁叁貿易有限公司”) (a subsidiary of the Company)
(ii) China Resources Shenzhen Bay Development Co., Ltd.* (“華潤深圳灣發展有限公司”), a property developer in the PRC.

To the best of the directors of the Company (the “**Directors**”)’s knowledge, information and belief, and having made all reasonable enquiries, the landlord and its respective ultimate beneficial owner(s) are independent third parties.

Office Premise : Room 01–08, 42/F, China Resources Tower, No. 2666 Kewannan Road, Yuekaijiedao, Nanshan District, Shenzhen, Guangdong, the PRC

Floor area : 3,597.58 square meter

Term : 3 years from 1 May 2023 to 30 April 2026

Total aggregate value of consideration payable : Approximately RMB44,743,616.28 (equivalent to approximately HK\$50,996,089) in aggregate for the term of 3 years (inclusive of the rent free period) pursuant to the terms and conditions of the Tenancy Agreement (including management fee of approximately RMB7,123,208.4 in aggregate but exclusive of value-added taxes)

The value (unaudited) of the right-of-use asset recognised by the Company under the Tenancy Agreement amounted to approximately RMB29,296,000 (equivalent to approximately HK\$33,390,000), which is the present value of the total consideration payable at the inception of the lease term under the Tenancy Agreement in accordance with HKFRS 16. Discount rate of 4.75% is applied to compute the present value of total consideration payable under the Tenancy Agreement.

REASONS AND BENEFITS FOR THE TENANCY AGREEMENT

The Office Premise would be used by the Company as its office in the PRC for the business operation of the Company in Shenzhen. The terms of the Tenancy Agreement were arrived at arm’s length negotiation and the rental was determined with reference to the prevailing market rental of similar comparable properties in the nearby areas. The Directors considered that the terms of the Tenancy Agreement were entered into on normal commercial terms.

IMPLICATIONS UNDER THE LISTING RULES

In accordance with HKFRS 16 “Leases”, the Company recognises the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease of the Office Premise under the Tenancy Agreement with effect from the beginning of its accounting period on 1 January 2019. Accordingly, the lease transaction under the Tenancy Agreement is regarded as acquisitions of assets by the tenant (i.e. lessee) for the purpose of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the value of the right-of-use of the Office Premise under the Tenancy Agreement exceed 5% but are less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction and is subject to the announcement requirement under Chapter 14 of the Listing Rules but exempt from Shareholders’ approval requirement under the Listing Rules.

REMEDIAL ACTIONS

The Company acknowledges its inadvertent late compliance with the Listing Rules in relation to the disclosure requirement in respect of the Tenancy Agreement. To prevent similar non-compliance from occurring in the future, the Company has taken the following measures and actions: (i) the Company’s responsible management with assistance from external accounting professionals and legal advisers of the Company shall continue to oversee and monitor the Company’s on-going compliance with the Listing Rules in relation to the Group’s lease arrangements; (ii) the Company should provide internal training materials to all responsible personnel to explain the implications of the Listing Rules in relation to HKFRS 16 and the reporting procedures for notifiable transactions under the Listing Rules in respect of lease arrangements prior to execution; and (iii) the Company should, as and when appropriate and necessary, seek its external legal, accounting or other, professional advice as to any action required to be taken in relation to any proposed lease transactions or events in the future. Going forward, the Company will make disclosure in a timely manner to ensure compliance with the Listing Rules in this regard.

Translations of quoted currency values are made on an approximate basis and at the rate of RMB1 = HK\$1.13974. Percentages and figures expressed have been rounded.

* for identification purpose only

By Order of the Board
International Genius Company
Mr. Cheung Ka Fai
Company Secretary

Hong Kong, 7 August 2023

As at the date of this announcement, (i) the executive Director of the Company is Dr. Lin Feng; (ii) the non-executive Directors of the Company are Ms. Sun Qiuzhen and Mr. Dai Chengyan; and (iii) the independent non-executive Directors of the Company are Mr. Lo Hang Fong, Mr. Wang Jun Sheng and Mr. Yip Tze Wai Albert.