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**CHINA ELECTRONICS HUADA TECHNOLOGY COMPANY LIMITED**

**中國電子華大科技有限公司**

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

**(Stock Code: 00085)**

**CONTINUING CONNECTED TRANSACTIONS:  
2024 MASTER PROPERTY MANAGEMENT SERVICES AGREEMENT,  
2024 FIRST MASTER LEASE AGREEMENT AND  
2024 SECOND MASTER LEASE AGREEMENT**

The Board announces that on 20 December 2023 (after trading hours):

- (i) the Company and CEC entered into the 2024 Master Property Management Services Agreement, pursuant to which the CEC Group shall from time to time provide property management services to the Group for a term of three years commencing from 1 January 2024 and ending on 31 December 2026 (both dates inclusive);
- (ii) the Company and CEC entered into the 2024 First Master Lease Agreement, pursuant to which the Group shall from time to time lease out properties located within the PRC and owned by the Group to the CEC Group for a term of three years commencing from 1 January 2024 and ending on 31 December 2026 (both dates inclusive); and
- (iii) the Company and CEC entered into the 2024 Second Master Lease Agreement, pursuant to which the Group shall from time to time lease properties located within the PRC and owned by the CEC Group from the CEC Group for a term of three years commencing from 1 January 2024 and ending on 31 December 2026 (both dates inclusive).

As at the date of this announcement, CEC is the ultimate controlling shareholder of the Company indirectly holding 59.42% of the issued share capital of the Company. CEC is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under each of the 2024 Master Property Management Services Agreement, the 2024 First Master Lease Agreement and the 2024 Second Master Lease Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the annual caps of the transactions contemplated under each of the 2024 Master Property Management Services Agreement, the 2024 First Master Lease Agreement and the 2024 Second Master Lease Agreement exceed 0.1% but all of which are less than 5%, the entering into of the 2024 Master Property Management Services Agreement, the 2024 First Master Lease Agreement and the 2024 Second Master Lease Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under the Listing Rules.

Reference is made to the announcement of the Company dated 30 December 2020 in relation to certain continuing connected transactions contemplated under the 2021 Master Property Management Services Agreement, the 2021 First Master Lease Agreement and the 2021 Second Master Lease Agreement (collectively, the "2021 Agreements"). The 2021 Agreements will expire on 31 December 2023. In light of the Group's intention to continue entering into transactions of a similar nature from time to time after such expiry date, the Board announces that on 20 December 2023 (after trading hours):

- (i) the Company and CEC entered into the 2024 Master Property Management Services Agreement, pursuant to which the CEC Group shall from time to time provide property management services to the Group for a term of three years commencing from 1 January 2024 and ending on 31 December 2026 (both dates inclusive);
- (ii) the Company and CEC entered into the 2024 First Master Lease Agreement, pursuant to which the Group shall from time to time lease out properties located within the PRC and owned by the Group to the CEC Group for a term of three years commencing from 1 January 2024 and ending on 31 December 2026 (both dates inclusive); and
- (iii) the Company and CEC entered into the 2024 Second Master Lease Agreement, pursuant to which the Group shall from time to time lease properties located within the PRC and owned by the CEC Group from the CEC Group for a term of three years commencing from 1 January 2024 and ending on 31 December 2026 (both dates inclusive).

**2024 MASTER PROPERTY MANAGEMENT SERVICES AGREEMENT**

The principal terms of the 2024 Master Property Management Services Agreement are as follows:

- Date:** 20 December 2023 (after trading hours)
  
- Parties:** (1) the Company  
(2) CEC
  
- Term:** 1 January 2024 to 31 December 2026 (both dates inclusive)

**Transaction nature**

Pursuant to the 2024 Master Property Management Services Agreement, the CEC Group shall from time to time provide property management services for properties used or owned by the Group in the PRC (the “Designated Properties”) during the term of the 2024 Master Property Management Services Agreement. The scope of services provided under the 2024 Master Property Management Services Agreement includes:

- (1) formulation of property management plan and annual work plan;
  
- (2) day-to-day maintenance and management of the public areas of the Designated Properties;
  
- (3) maintenance and management of the common facilities of the Designated Properties and the public areas of the Designated Properties;
  
- (4) cleaning and hygiene maintenance of the Designated Properties and the public areas of the Designated Properties;
  
- (5) maintenance of public order of the Designated Properties and the public areas of the Designated Properties; and
  
- (6) conducting safety inspection of the Designated Properties, the public areas and the common facilities of the Designated Properties.

The 2024 Master Property Management Services Agreement is not exclusive and would not create any obligation on the part of the Group to utilise any property management services of the CEC Group. Members of the CEC Group shall enter into separate agreement(s) with members of the Group, which shall set out specific terms and conditions pursuant to the principles and conditions provided in the 2024 Master Property Management Services Agreement.

### **Pricing basis**

Pursuant to the 2024 Master Property Management Services Agreement, the property management fee payable by the Group and chargeable by the CEC Group shall be subject to the provisions of the 2024 Master Property Management Services Agreement and the rate as set out in the separate agreement(s) to be entered into between members of the Group and members of the CEC Group, which shall be on normal commercial terms, fair and reasonable, and no less favourable than those available from independent third parties. The property management fee payable by the Group shall be determined by a pricing mechanism with reference to the market rate at the time of entering into of the separate agreement(s) for similar property management services for premises of comparable in location, area and permitted uses, or relevant market comparable obtained from independent valuer (if necessary).

### **Historical transaction amounts**

The property management fee paid by the Group to the CEC Group for each of the years ended 31 December 2021 and 2022 and the six months ended 30 June 2023 were RMB3,044,000, RMB3,071,000 and RMB1,542,000 respectively.

### **Annual caps**

It is expected that for each of the years ending 31 December 2024, 2025 and 2026, the maximum annual aggregate property management fee payable by the Group will not exceed the following respective amounts and such amounts have been set as the annual caps for the continuing connected transactions contemplated under the 2024 Master Property Management Services Agreement.

	<b>Annual cap for the year ending 31 December</b>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Property management fee payable by the Group to the CEC Group	5,100	5,300	5,600

The annual cap for each of the years ending 31 December 2024, 2025 and 2026 is determined based on (i) the historical property management fee paid by the Group to the CEC Group; (ii) the expected demand of the Group for property management services to be provided by the CEC Group in the forthcoming years; and (iii) the expected market rate for similar property management services for premises of comparable in location, area and permitted uses in the forthcoming years. Under the 2024 Master Property Management Services Agreement, property management fees shall be payable in cash and in accordance with the specific terms of the separate agreement(s) to be entered into between members of the Group and members of the CEC Group.

## **2024 FIRST MASTER LEASE AGREEMENT**

The principal terms of the 2024 First Master Lease Agreement are as follows:

**Date:** 20 December 2023 (after trading hours)

**Parties:** (1) the Company

(2) CEC

**Term:** 1 January 2024 to 31 December 2026 (both dates inclusive)

### **Transaction nature**

Pursuant to the 2024 First Master Lease Agreement, the Group shall from time to time lease out properties located within the PRC and owned by the Group to the CEC Group during the term of the 2024 First Master Lease Agreement.

The 2024 First Master Lease Agreement is not exclusive and the Group shall have the absolute discretion to determine whether to lease out the relevant properties to the CEC Group or not and the 2024 First Master Lease Agreement shall not restrict or limit the Group to lease out the relevant properties to any third parties. Members of the CEC Group shall enter into separate agreement(s) with members of the Group, which shall set out specific terms and conditions pursuant to the principles and conditions provided in the 2024 First Master Lease Agreement.

### **Pricing basis**

Pursuant to the 2024 First Master Lease Agreement, the rental chargeable by the Group and payable by the CEC Group shall be subject to the provisions of the 2024 First Master Lease Agreement and the rental rate as set out in the separate agreement(s) to be entered into between members of the Group and members of the CEC Group, which shall be on normal commercial terms, fair and reasonable, and no more favourable than those available to independent third parties. The rental payable by the CEC Group shall be determined by a pricing mechanism with reference to the market rental rate at the time of entering into of the separate agreement(s) for premises of comparable in location, area and permitted uses, or relevant market comparable obtained from independent valuer (if necessary).

### **Historical transaction amounts**

The rental received by the Group from the CEC Group for each of the years ended 31 December 2021 and 2022 and the six months ended 30 June 2023 were RMB2,161,000, RMB2,161,000 and RMB1,098,000 respectively.

## Annual caps

It is expected that for each of the years ending 31 December 2024, 2025 and 2026, the maximum annual aggregate rental receivable by the Group from the CEC Group will not exceed the following respective amounts and such amounts have been set as the annual caps for the continuing connected transactions contemplated under the 2024 First Master Lease Agreement.

	<b>Annual cap for the year ending 31 December</b>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Rental receivable by the Group from the CEC Group	2,900	3,100	3,200

The annual cap for each of the years ending 31 December 2024, 2025 and 2026 is determined based on (i) the historical rental received by the Group from the CEC Group; (ii) the expected demand of the CEC Group for properties owned by the Group for leasing purpose in the forthcoming years; and (iii) the expected market rental rate for premises of comparable in location, area and permitted uses in the forthcoming years. Under the 2024 First Master Lease Agreement, rentals shall be payable in cash and in accordance with the specific terms of the separate agreement(s) to be entered into between members of the Group and members of the CEC Group.

## 2024 SECOND MASTER LEASE AGREEMENT

The principal terms of the 2024 Second Master Lease Agreement are as follows:

- Date:** 20 December 2023 (after trading hours)
- Parties:** (1) the Company  
(2) CEC
- Term:** 1 January 2024 to 31 December 2026 (both dates inclusive)

### Transaction nature

Pursuant to the 2024 Second Master Lease Agreement, the Group shall from time to time lease properties located within the PRC and owned by the CEC Group from the CEC Group during the term of the 2024 Second Master Lease Agreement.

The 2024 Second Master Lease Agreement is not exclusive and would not create any obligation on the part of the Group to lease the relevant properties from the CEC Group. Members of the CEC Group shall enter into separate agreement(s) with members of the Group, which shall set out specific terms and conditions pursuant to the principles and conditions provided in the 2024 Second Master Lease Agreement.

### **Pricing basis**

Pursuant to the 2024 Second Master Lease Agreement, the rental payable by the Group and chargeable by the CEC Group shall be subject to the provisions of the 2024 Second Master Lease Agreement and the rental rate as set out in the separate agreement(s) to be entered into between members of the Group and members of the CEC Group, which shall be on normal commercial terms, fair and reasonable, and no less favourable than those available from independent third parties. The rental payable by the Group shall be determined by a pricing mechanism with reference to the market rental rate at the time of entering into of the separate agreement(s) for premises of comparable in location, area and permitted uses, or relevant market comparable obtained from independent valuer (if necessary).

### **Historical transaction amounts**

The value of right-of-use assets for each of the years ended 31 December 2021 and 2022 and the six months ended 30 June 2023 were RMB10,941,000, RMB1,540,000 and RMB395,000 respectively.

### **Annual caps**

It is expected that for each of the years ending 31 December 2024, 2025 and 2026, the maximum annual aggregate value of right-of-use assets relating to the separate agreement(s) to be entered into by members of the Group and members of the CEC Group under the 2024 Second Master Lease Agreement will not exceed the following respective amounts and such amounts have been set as the annual caps for the continuing connected transactions contemplated under the 2024 Second Master Lease Agreement.

	<b>Annual cap for the year ending 31 December</b>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Value of right-of-use assets	60,000	18,000	18,000

Pursuant to Hong Kong Financial Reporting Standard 16 “Leases”, the entering into of the separate agreement(s) pursuant to the 2024 Second Master Lease Agreement as a lessee will require the Group to recognise right-of-use asset(s) representing its right to use the underlying leased asset(s) in its consolidated financial statements. The value of right-of-use assets to be recognised by the Group in its consolidated financial statements is calculated based on the present value of the estimated rental payable under these separate agreements, discounted using the Group’s incremental borrowing rate.

The annual cap for each of the years ending 31 December 2024, 2025 and 2026 is determined based on (i) the historical rental paid by the Group to the CEC Group; (ii) the expected demand of the Group for properties owned by the CEC Group in the forthcoming years; and (iii) the expected market rental rate for premises of comparable in location, area and permitted uses in the forthcoming years. Under the 2024 Second Master Lease Agreement, rentals shall be payable in cash and in accordance with the specific terms of the separate agreement(s) to be entered into between members of the Group and members of the CEC Group.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE 2024 MASTER PROPERTY MANAGEMENT SERVICES AGREEMENT, THE 2024 FIRST MASTER LEASE AGREEMENT AND THE 2024 SECOND MASTER LEASE AGREEMENT**

Certain members of the CEC Group are principally engaged in the business of provision of property management services in the PRC and have received various recognitions in the field. The Board is of the view that the property management services provided by the CEC Group have been efficient, of high quality and at competitive prices. As such, the Board considers the CEC Group as a quality property management services provider of the Group and it is in the interests of the Group to enter into the 2024 Master Property Management Services Agreement with CEC, which will enable the Group to continue to engage the CEC Group to provide property management services for the Group.

The Group has been leasing out properties located within the PRC and owned by the Group to the CEC Group. The Board is of the view that, it is in the interests of the Group to enter into the 2024 First Master Lease Agreement with CEC, which will allow the Group to have greater flexibility to lease out its properties and bring a stable revenue stream to the Group.

The Group has been leasing properties located within the PRC and owned by the CEC Group from the CEC Group since the mid-2000s. The Board is of the view that, it is in the interests of the Group to enter into the 2024 Second Master Lease Agreement with CEC, which will ensure the stable development of the Group's business, and at the same time meet the requirements of the Group's business layout, and help reduce unnecessary additional administrative expenses to a certain extent.

In view of the above reasons and benefits, the Board (including the independent non-executive Directors) considers that (1) the entering into of the 2024 Master Property Management Services Agreement, the 2024 First Master Lease Agreement and the 2024 Second Master Lease Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole, (2) the terms of the 2024 Master Property Management Services Agreement, the 2024 First Master Lease Agreement and the 2024 Second Master Lease Agreement and the transactions contemplated thereunder are on

normal commercial terms and are fair and reasonable, and (3) the annual caps of the transactions contemplated under the 2024 Master Property Management Services Agreement, the 2024 First Master Lease Agreement and the 2024 Second Master Lease Agreement are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF THE PARTIES**

### **(a) The Company**

The Company is an investment holding company. The Group is principally engaged in the business of design and sale of integrated circuit chips.

### **(b) CEC**

CEC is a state-owned enterprise established under the laws of the PRC. Established in 1989 with the approval of the State Council of the PRC, CEC is a nationwide electronics and information technology conglomerate directly administered by the PRC government. CEC actively focuses on communications, consumer electronics products, semi-conductor and software sectors in the PRC. CEC indirectly holds 59.42% of the issued share capital of the Company.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CEC is the ultimate controlling shareholder of the Company indirectly holding 59.42% of the issued share capital of the Company. CEC is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under each of the 2024 Master Property Management Services Agreement, the 2024 First Master Lease Agreement and the 2024 Second Master Lease Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the annual caps of the transactions contemplated under each of the 2024 Master Property Management Services Agreement, the 2024 First Master Lease Agreement and the 2024 Second Master Lease Agreement exceed 0.1% but all of which are less than 5%, the entering into of the 2024 Master Property Management Services Agreement, the 2024 First Master Lease Agreement and the 2024 Second Master Lease Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under the Listing Rules.

None of the Directors have a material interest in the 2024 Master Property Management Services Agreement, the 2024 First Master Lease Agreement and the 2024 Second Master Lease Agreement and the transactions contemplated thereunder. Accordingly, no Director was required to abstain from voting on the Board resolutions for considering and approving the same.

## DEFINITIONS

Unless the context requires otherwise, the terms used in this announcement shall have the following meanings:

“2021 First Master Lease Agreement”	the agreement dated 30 December 2020 entered into between the Company and CEC in relation to the leasing arrangements between the Group as landlord and the CEC Group as tenant
“2021 Master Property Management Services Agreement”	the agreement dated 30 December 2020 entered into between the Company and CEC in relation to the provision of property management services by the CEC Group to the Group
“2021 Second Master Lease Agreement”	the agreement dated 30 December 2020 entered into between the Company and CEC in relation to the leasing arrangements between the Group as tenant and the CEC Group as landlord
“2024 First Master Lease Agreement”	the agreement dated 20 December 2023 entered into between the Company and CEC in relation to the leasing arrangements between the Group as landlord and the CEC Group as tenant
“2024 Master Property Management Services Agreement”	the agreement dated 20 December 2023 entered into between the Company and CEC in relation to the provision of property management services by the CEC Group to the Group
“2024 Second Master Lease Agreement”	the agreement dated 20 December 2023 entered into between the Company and CEC in relation to the leasing arrangements between the Group as tenant and the CEC Group as landlord
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“CEC”	China Electronics Corporation Limited (中國電子信息產業集團有限公司), a state-owned enterprise established under the laws of the PRC and the ultimate controlling shareholder of the Company

“CEC Group”	CEC and its subsidiaries and associates (other than the Group)
“Company”	China Electronics Huada Technology Company Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability
“connected person”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“%”	per cent

By order of the Board of  
**China Electronics Huada Technology Company Limited**  
**Xu Haidong**  
*Chairman*

Hong Kong, 20 December 2023

*As at the date of this announcement, the Board comprises two Non-executive Directors, namely Mr. Xu Haidong (Chairman) and Ms. Liu Jinmei, two Executive Directors, namely Mr. Chang Feng (Deputy Chairman and Deputy Managing Director) and Ms. Luo Wenjing, and three Independent Non-executive Directors, namely Mr. Chan Kay Cheung, Mr. Qiu Hongsheng and Mr. Chow Chan Lum.*