

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Microware Group Limited

美高域集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1985)

**CONNECTED TRANSACTIONS
IN RELATION TO TENANCY AGREEMENTS**

RENEWAL OF THE EXISTING TENANCY AGREEMENTS

Reference is made to the announcements of the Company dated 29 March 2021 in relation to the Existing Tenancy Agreements.

As the Existing Tenancy Agreements will expire on 31 March 2022, the Board announces that, on 23 March 2022, Microware HK, an indirect wholly-owned subsidiary of the Company, as tenant entered into (i) the Residential Tenancy Agreement with Mr. Yang and Mrs. Yang as landlords, in respect of the leasing of the Residential Premises and the Car Parking Space for a term of one year commencing on 1 April 2022 and expiring on 31 March 2023; and (ii) the Office Tenancy Agreement with Microware Properties as landlord in respect of the leasing of the Office Premises for a term of one year commencing on 1 April 2022 and expiring on 31 March 2023.

LISTING RULES IMPLICATIONS

Mr. Yang is an executive Director and a controlling shareholder of the Company. Mrs. Yang is the spouse and thus an associate of Mr. Yang. Microware Properties is a wholly-owned subsidiary of Microware International, which is in turn wholly-owned by Mr. Yang. Accordingly, each of Mr. Yang, Mrs. Yang and Microware Properties is a connected person of the Company. The entering into of the Tenancy Agreements constitutes a lease modification under HKFRS 16 and therefore the Group, as tenant, shall recognise the leases under the Tenancy Agreements as right-of-use assets and lease liabilities in the consolidated statement of the financial position of the Group. Accordingly, the entering into of Tenancy Agreements is regarded as an acquisition of assets under the Listing Rules and thus the transactions contemplated under the Tenancy Agreements are connected transactions of the Company under Chapter 14A of the Listing Rules.

The value of right-of-use assets recognised under the Residential Tenancy Agreement and the Office Tenancy Agreement shall be approximately HK\$960,000 and HK\$6,427,080, respectively. Since each of the applicable percentage ratios (other than the profits ratio) for the Tenancy Agreements on an aggregated basis is expected to be more than 0.1% but less than 5%, the transactions contemplated under the Tenancy Agreements on an aggregated basis are subject to the reporting, annual review and announcement requirements but exempt from the independent Shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

INTRODUCTION

Reference is made to the announcements of the Company dated 29 March 2021 in relation to the Existing Tenancy Agreements.

As the Existing Tenancy Agreements will expire on 31 March 2022, the Board announces that, on 23 March 2022, Microware HK, an indirect wholly-owned subsidiary of the Company, as tenant entered into (i) the Residential Tenancy Agreement with Mr. Yang and Mrs. Yang as landlords, in respect of the leasing of the Residential Premises and the Car Parking Space for a term of one year commencing on 1 April 2022 and expiring on 31 March 2023; and (ii) the Office Tenancy Agreement with Microware Properties as landlord in respect of the leasing of the Office Premises for a term of one year commencing on 1 April 2022 and expiring on 31 March 2023. The major terms of the Residential Tenancy Agreement and the Office Tenancy Agreement, respectively, are set out below:

THE RESIDENTIAL TENANCY AGREEMENT

Date: 23 March 2022

Landlords: (a) Mr. Yang; and
(b) Mrs. Yang.

Tenant: Microware HK

Premises: the Residential Premises and the Car Parking Space

Usage: the Residential Premises as residence for, and the Car Parking Space is used for car-parking by, Mr. Chu, as director's quarter as part of his director's emoluments provided by the Group

Rent: HK\$80,000 per month (exclusive of utilities, telephone charges and other similar charges). The rental payable was negotiated on an arm's length basis with reference to (i) the historical rent paid by Microware HK as tenant to Mr. Yang and Mrs. Yang as landlords; and (ii) the prevailing market conditions and prevailing market rent for similar properties in the vicinity at the relevant time.

Lease term: one year commencing from 1 April 2022 and ending on 31 March 2023 (both days inclusive)

THE OFFICE TENANCY AGREEMENT

Date: 23 March 2022

Landlord: Microware Properties

Tenant: Microware HK

Premises: the Office Premises

Usage: for use as office, operation and warehouse by the Group

Rent: HK\$535,590 per month (exclusive of management fees, rates and Government rent to be paid in advance without any deduction whatsoever on the 1st day of each and every month). The rental payable was negotiated on an arm's length basis with reference to (i) the historical rent paid by Microware HK as tenant to Microware Properties as landlord; and (ii) the prevailing market conditions and prevailing market rent for similar properties in the vicinity at the relevant time.

Lease term: one year commencing from 1 April 2022 and ending on 31 March 2023 (both days inclusive)

THE RIGHT-OF-USE ASSETS

In accordance with HKFRS 16, the Group is required to recognise the Tenancy Agreements as right-of-use-assets, and, as a result, the entering into of the Tenancy Agreements and the transactions contemplated thereunder will be regarded as acquisitions of assets by the Group pursuant to the Listing Rules. The value of the right-of-use assets to be recognised by the Group under the Residential Tenancy Agreement and the Office Tenancy Agreement is estimated to be approximately HK\$960,000 and HK\$6,427,080, respectively, being the present value of the aggregate rent under each of the Tenancy Agreements in accordance with HKFRS 16. Shareholders should note that the above figures are unaudited and may be subject to adjustment in the future.

REASONS FOR AND BENEFITS OF THE TENANCY AGREEMENTS

The Tenancy Agreements were entered into in the ordinary and usual course of business of the Group. The Residential Premises is used as residence for, and the Car Parking Space is used for car parking by, Mr. Chu, as director's quarter as part of his director's emoluments provided by the Group. The Office Premises is used as the head office of the Group. The terms (including the monthly rents) of each of the Tenancy Agreements were negotiated on arm's length negotiations with reference to the prevailing market conditions and prevailing market rent for comparable premises in the vicinity.

The Directors (including the independent non-executive Directors) consider that the terms of the Tenancy Agreements are fair and reasonable, and that the Tenancy Agreements have been entered into in the ordinary and usual course of the business of the Group, on normal commercial terms and in the interests of the Group and its Shareholders as a whole.

INFORMATION OF THE PARTIES

The Group is principally engaged in the provision of information technology (“IT”) infrastructure solutions services and IT managed services in Hong Kong. The Group provides an one-stop IT experience which begins with (i) consultation and advice; (ii) and/or software procurement; (iii) implementation; (iv) management and maintenance of the IT infrastructure solutions; and (v) provision of cyber securities training programs.

Microware HK is an indirect wholly-owned subsidiary of the Company and is principally engaged in sales of computers and related equipment in Hong Kong.

Mr. Yang is an executive Director and a controlling shareholder of the Company, and Mrs. Yang is the spouse of Mr. Yang.

Microware Properties is an investment holding company and a wholly-owned subsidiary of Microware International, an investment holding company wholly-owned by Mr. Yang.

LISTING RULES IMPLICATIONS

Mr. Yang is an executive Director and a controlling shareholder of the Company. Mrs. Yang is the spouse and thus an associate of Mr. Yang. Microware Properties is a wholly-owned subsidiary of Microware International, which is in turn wholly-owned by Mr. Yang. Accordingly, each of Mr. Yang, Mrs. Yang and Microware Properties is a connected person of the Company. The entering into of the Tenancy Agreements constitutes a lease modification under HKFRS 16 and therefore the Group, as tenant, shall recognise the leases under the Tenancy Agreements as right-of-use assets and lease liabilities in the consolidated statement of the financial position of the Group. Accordingly, the entering into of the Tenancy Agreements is regarded as an acquisition of assets under the Listing Rules and thus the transactions contemplated under the Tenancy Agreements are connected transactions of the Company under Chapter 14A of the Listing Rules.

The value of right-of-use assets recognised under the Residential Tenancy Agreement and the Office Tenancy Agreement shall be approximately HK\$960,000 and HK\$6,427,080, respectively. Since each of the applicable percentage ratios (other than the profits ratio) for the Tenancy Agreements on an aggregated basis is expected to be more than 0.1% but less than 5%, the transactions contemplated under the Tenancy Agreements on an aggregated basis are subject to the reporting, annual review and announcement requirements but exempt from the independent Shareholders’ approval requirement under Rule 14A.76(2) of the Listing Rules.

As Mr. Yang is an executive Director and a controlling shareholder of the Company, and Microware Properties is a wholly-owned subsidiary of Microware International, which is in turn wholly-owned by Mr. Yang, Mr. Yang is deemed to have material interests in the connected transactions in respect of the Tenancy Agreements and therefore has abstained from voting on the board resolutions of the Company for approval of the Tenancy Agreements. Since the Residential Premises and Car Parking Space are provided to Mr. Chu as the director's quarter as part of his director's emoluments, Mr. Chu is also deemed to have material interests in the Residential Tenancy Agreement and therefore has abstained from voting on the board resolutions of the Company for approval of the Residential Tenancy Agreement. Save as disclosed above, none of the other Directors has any material interests in the Tenancy Agreements.

DEFINITIONS

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Car Parking Space”	a car parking space in the same building as the Residential Premises
“Company”	Microware Group Limited, an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the Director(s) of the Company
“Existing Tenancy Agreements”	collectively, (a) the tenancy agreement dated 25 March 2021 entered into between Mr. Yang and Mrs. Yang as landlords and Microware HK as tenant in respect of the Residential Premises and Car Parking Space for a term commenced from 1 April 2021 and ending on 31 March 2022 (both days inclusive); and (b) the tenancy agreement dated 25 March 2021 entered into between Microware Properties as landlord and Microware HK as tenant in respect of the Office Premises for a term commenced from 1 April 2021 and ending on 31 March 2022 (both days inclusive), details of which are set out in the announcements of the Company dated 29 March 2021

“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Microware HK”	Microware Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Microware International”	Microware International Holdings Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly-owned by Mr. Yang
“Microware Properties”	Microware Properties Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Microware International
“Mr. Chu”	Mr. Chu Ming Ho, an executive Director, chairman and chief executive officer of the Company
“Mr. Yang”	Mr. Yang Peter Shun Tsing, an executive Director and one of the controlling shareholders of the Company
“Mrs. Yang”	Mrs. Yang Wong Rebecca Mi Kam, the spouse of Mr. Yang
“Office Premises”	the property situated at 1st Floor, Century Centre, 44 and 46 Hung To Road, Kwun Tong, Kowloon, Hong Kong with a total gross floor area of approximately 48,960 square feet
“Office Tenancy Agreement”	the tenancy agreement dated 23 March 2022 entered into between Microware Properties as landlord and Microware HK as tenant in respect of the Office Premises
“PRC”	the People’s Republic of China

“Residential Premises”	the property situated at Flat B, 8/F, Tower 3, One Mayfair, 1 Broadcast Drive, Kowloon Tong, Kowloon, Hong Kong with a total gross floor area of approximately 2,177 square feet
“Residential Tenancy Agreement”	the tenancy agreement dated 23 March 2022 entered into between Mr. Yang and Mrs. Yang as landlords and Microware HK as tenant in respect of the Residential Premises and Car Parking Space
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Tenancy Agreements”	collectively, the Residential Tenancy Agreement and the Office Tenancy Agreement
“%”	per cent

By Order of the Board
Microware Group Limited
Chu Ming Ho

Chairman, executive Director and Chief Executive Officer

Hong Kong, 23 March 2022

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Chu Ming Ho, Mr. Yang Peter Shun Tsing and Mr. Cheng Wing Fai, one non-executive Director, namely Mr. Wan Yiu Hon and three independent non-executive Directors, namely Mr. Cheng Tak Chung, Ms. Li Wai Man and Mr. Li Richard King Hang.