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Microwave Group Limited

美高域集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1985)

CONNECTED TRANSACTION IN RELATION TO OFFICE TENANCY AGREEMENT

RENEWAL OF THE EXISTING TENANCY AGREEMENT

Reference is made to the announcement of the Company dated 20 March 2023 in relation to, among others, the Existing Tenancy Agreement.

As the Existing Tenancy Agreement will expire on 31 March 2024, the Board announces that, on 27 March 2024, Microwave HK, an indirect wholly-owned subsidiary of the Company, as tenant entered into the Office Tenancy Agreement with Microwave Properties as landlord in respect of the leasing of the Office Premises for a term of one year commencing on 1 April 2024 and expiring on 31 March 2025.

LISTING RULES IMPLICATIONS

Mr. Yang Peter Tsing, former executive Director who resigned with effect from 5 December 2023, and being one of the substantial shareholders of the Company as at the date of this announcement. Microwave Properties is a wholly-owned subsidiary of Microwave International, which is in turn wholly-owned by Mr. Yang. Accordingly, each of Mr. Yang and Microwave Properties is connected person of the Company. The entering into of the Office Tenancy Agreement constitutes a lease modification under HKFRS 16 and therefore the Group, as tenant, shall recognise the lease under the Office Tenancy Agreement 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 Office Tenancy Agreement is regarded as an acquisition of assets under the Listing Rules and thus the transaction contemplated under the Office Tenancy Agreement is connected transaction of the Company under Chapter 14A of the Listing Rules.

The value of right-of-use assets recognised under the Office Tenancy Agreement shall be approximately HK\$8,225,280, respectively. Since each of the applicable percentage ratios (other than the profits ratio) for the Office Tenancy Agreement on an aggregated basis is expected to be more than 0.1% but less than 5%, the transaction contemplated under the Office Tenancy Agreement 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 announcement of the Company dated 20 March 2023 in relation to, among others, the Existing Tenancy Agreement.

As the Existing Tenancy Agreement will expire on 31 March 2024, the Board announces that, on 27 March 2024, Microware HK, an indirect wholly-owned subsidiary of the Company, as tenant entered into 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 2024 and expiring on 31 March 2025. The major terms of the Office Tenancy Agreement, respectively, are set out below:

THE OFFICE TENANCY AGREEMENT

Date:	27 March 2024
Landlord:	Microware Properties
Tenant:	Microware HK
Premises:	the Office Premises
Usage:	for use as office, operation and warehouse by the Group
Rent:	HK\$685,440 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 2024 and ending on 31 March 2025 (both days inclusive)

THE RIGHT-OF-USE ASSETS

In accordance with HKFRS 16, the Group is required to recognise the Office Tenancy Agreement as right-of-use-assets, and, as a result, the entering into of the Office Tenancy Agreement and the transaction 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 Office Tenancy Agreement is estimated to be approximately HK\$8,225,280, respectively, being the present value of the aggregate rent under the Office Tenancy Agreement 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 OFFICE TENANCY AGREEMENT

The Office Tenancy Agreement was entered into in the ordinary and usual course of business of the Group. The Office Premises is used as the head office of the Group. The terms (including the monthly rents) of the Office Tenancy Agreement 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 Office Tenancy Agreement are fair and reasonable, and that the Office Tenancy Agreement has 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.

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 Peter Tsing, former executive Director who resigned with effect from 5 December 2023, and being one of the substantial shareholders of the Company as at the date of this announcement.

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 Peter Tsing, former executive Director who resigned with effect from 5 December 2023, and being one of the substantial shareholders of the Company as at the date of this announcement. Accordingly, each of Mr. Yang and Microware Properties is connected person of the Company. The entering into of the Office Tenancy Agreement constitutes a lease modification under HKFRS 16 and therefore the Group, as tenant, shall recognise the lease under the Office Tenancy Agreement 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 Office Tenancy Agreement is regarded as an acquisition of assets under the Listing Rules and thus the transaction contemplated under the Office Tenancy Agreement is connected transaction of the Company under Chapter 14A of the Listing Rules.

The value of right-of-use assets recognised under the Office Tenancy Agreement shall be approximately HK\$8,225,280. Since each of the applicable percentage ratios (other than the profits ratio) for the Office Tenancy Agreement is expected to be more than 0.1% but less than 5%, the transaction contemplated under the Office Tenancy Agreement is 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.

DEFINITIONS

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“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
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the Director(s) of the Company
“Existing Tenancy Agreement”	the tenancy agreement dated 23 March 2023 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 2023 and ending on 31 March 2024 (both days inclusive), details of which are set out in the announcement of the Company dated 20 March 2023.
“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. Yang”	Mr. Yang Peter Tsing, former executive Director who resigned with effect from 5 December 2023, and being one of the substantial shareholders of the Company as at the date of this announcement
“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 27 March 2024 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
“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

“%” per cent

By Order of the Board
Microware Group Limited
Wang Guangbo
Chairman and executive Director

Hong Kong, 27 March 2024

As at the date of this announcement, the executive Directors are Mr. Wang Guangbo, Mr. Huang Tianlei and Mr. Zhang Ting, the non-executive Director is Mr. Wang Zhi and the independent non-executive Directors are Mr. Dai Bin, Mr. Xu Jianwen, Mr. Lu Junbo and Ms. Lan Jia.