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RENTIAN TECHNOLOGY HOLDINGS LIMITED

仁天科技控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 00885)

CONTINUING CONNECTED TRANSACTIONS

MASTER AGREEMENT

The Board announces that on 21 July 2020 (after trading hours), the Company and Fujian Start entered into the Master Agreement, in relation to (1) the leasing of the Office Premises; and (2) the purchase of the Products and the Services by the Group from the Fujian Start Group, for a term of one year commencing from 1 January 2020 up to and including 31 December 2020.

The Annual Caps for the transactions contemplated under the Master Agreement for the year ending 31 December 2020 is expected not to exceed RMB6,750,000 (equivalent to approximately HK\$7,452,000).

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Mr. King is interested in 4,536,700,000 Shares, representing approximately 41.16% of the issued share capital of the Company, and interested in approximately 38.92% of the equity interest in Fujian Start. As such, the Fujian Start Group is an associate of Mr. King, and therefore a connected person of the Company. Accordingly, the transactions contemplated under the Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Master Agreement exceeds 5% but is less than 25% and the Annual Caps is less than HK\$10,000,000, the transactions contemplated under the Master Agreement is subject to the reporting, annual review and announcement requirements but are exempted from the circular (including independent financial advice) and the independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

INTRODUCTION

The Board announces that on 21 July 2020 (after trading hours), the Company and Fujian Start entered into the Master Agreement, in relation to (1) the leasing of the Office Premises; and (2) the purchase of the Products and the Services by the Group from the Fujian Start Group, for a term of one year commencing from 1 January 2020 up to and including 31 December 2020.

MASTER AGREEMENT

The principal terms of the Master Agreement are set out below:

- Date : 21 July 2020
- Parties : (1) Fujian Start; and
(2) the Company.
- Subject Matters : ***(1) Lease of the Office Premises***

Fujian Start agrees to procure the Fujian Start Group and the Company agrees to procure the Group (including Fijian Start Computer Equipment Company Limited* and Jiangsu Start Dima Data Processing Company Limited*) to enter into the tenancy agreements for the leasing of the Office Premises for commercial purposes.

The contracting parties, term (which shall not more than one year), properties details (including, but not limited to, the location and the gross floor area), rental and payment terms shall be set out in the tenancy agreements to be entered into between the members of the Fujian Start Group and the Group.

(2) Purchase of the Products and the Services

Fujian Start agrees to procure the Fujian Start Group to sell and the Company agrees to procure the Group to purchase the Products and the Services non-exclusively.

The purchase orders shall be provided by the members of the Group to the members of the Fujian Start Group setting out the quantity and specifications of the Products, delivery method, quality, acceptance criteria and method, purchase price and payment terms, and shall be mutually agreed and signed by the contracting parties.

The services agreements shall set out the contracting parties, term (which shall not more than one year), details of the Services, service fee and payment terms, and shall be entered into by the contracting parties.

Term : One year, commencing from 1 January 2020 and ending on 31 December 2020 (both days inclusive).

Pricing : ***(1) Lease of the Office Premises***

The annual rental for the Office Premises, in aggregate, shall not exceed RMB3,750,000 (equivalent to approximately HK\$4,140,000).

The rental shall be determined after arm's length negotiations between the parties with reference to the prevailing market rental charged for comparable and adjacent properties and the historical transaction amounts.

(2) Purchase of the Products and the Services

The total sum paid / payable to the Fujian Start Group for the Products and the Services, in aggregate, shall not exceed RMB3,000,000 (equivalent to approximately HK\$3,312,000).

The purchase price and service fee are / will be determined after arm's length negotiations between the parties with reference to the prevailing market price of similar products and services offered by the Fujian Start Group to the independent third parties of the Fujian Start Group.

HISTORICAL TRANSACTION AMOUNTS

The historical transaction amounts paid under the master agreement dated 29 January 2019 entered into between the Company and Fujian Start for the leasing of the Office Premises was approximately RMB3,747,000 (equivalent to approximately HK\$4,253,000) for the year ended 31 December 2019.

The historical transaction amounts paid under the master agreement dated 29 January 2019 entered into between the Company and Fujian Start for the purchase of the Products and the Services by the Group from the Fujian Start Group for the year ended 31 December 2019 was approximately RMB1,741,000 (equivalent to approximately HK\$1,976,000).

During the period from 1 January 2020 to the date of this announcement, the rental paid / payable by the Group to the Fujian Start Group amounted to approximately RMB2,143,000 (equivalent to approximately HK\$2,366,000) and the total sum for the purchase of the Products and the Services amounted to approximately RMB350,000 (equivalent to approximately HK\$386,000). The Board confirmed that, as at the date of this announcement, the actual amount paid / payable by the Group to the Fujian Start Group under the Master Agreement was fall under the de minimis threshold for exemption as stipulated under the Listing Rules.

THE ANNUAL CAPS

The aggregate amount of rental paid / payable to the Fujian Start Group under the Master Agreement and relevant tenancy agreements is expected not to exceed RMB3,750,000 (equivalent to approximately HK\$4,140,000).

The aggregate amount paid / payable to the Fujian Start Group for the Products and the Services under the Master Agreement shall not exceed RMB3,000,000 (equivalent to approximately HK\$3,312,000).

The aggregate Annual Caps on the amount paid / payable by the Group to the Fujian Start Group for the year ending 31 December 2020 shall not exceed RMB6,750,000 (equivalent to approximately HK\$7,452,000).

INFORMATION OF THE GROUP AND THE FUJIAN START GROUP

The Company is an investment holding company, and through its subsidiaries, is principally engaged in (i) the provision of Integrated Smart Internet of Things (IoT) solutions; (ii) Human-machine Interactive Devices (HMID); (iii) intelligent documentation service; and (iv) securities and other investment.

Fujian Start is a company established under the laws of the PRC, the shares of which are listed on the Shanghai Stock Exchange in the PRC (stock code: 600734.SH). The Fujian Start Group is principally engaged in (i) mobile intelligent terminal business including, but not limited to, R&D, production and sales of the mobile intelligent terminals; (ii) mobile intelligent terminal supporting battery power business including, but not limited to, R&D, design, production and sales of battery power; and (iii) the internet-of-things (IoT) security business including, but not limited to, anti-intrusion system, video surveillance, personnel tracking and security software/hardware product development, production, sales and the technical services in relation to networking applications.

Fujian Start is owned as to approximately 38.92% by Mr. King, the controlling shareholder of the Company. Hence, Fujian Start Group is an associate of Mr. King and a connected person of the Company.

REASONS FOR AND THE BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

(1) Lease of the Office Premises

The Office Premises owned by the Fujian Start Group are situated in Fuzhou, the PRC. Having considered the rental paid / payable for the lease of the Office Premises, the Board is of the view that it is favorable for the Group to retain the existing office premises to avoid unnecessary moving cost and business interruption. Concurrently, the management of the Group has been exploring other office premises in the market. To allow flexibility, the term of the Master Agreement in relation to the lease of Office Premises is only for one year.

(2) Purchase of the Products and the Services

The Board considers that the Products and the Services offered by the Fujian Start Group meet the technical specifications required by the internal standard of the Group, and are offered at competitive prices.

The Directors (including all independent non-executive Directors) consider that the purchase of the Products and the Services as contemplated under the Master Agreement are for the benefit of the Group, as the Group would be able to (i) purchase quality products at a timely and reliable manner; and (ii) leverage on the R&D expertise of the Fujian Start Group for valuable Integrated Smart Internet of Things (IoT) related products, thereby minimizing management and operational costs of the Group. The prices paid / to be paid by the Group in respect of the purchase of the Products and the Services were / will be determined on arm's length basis with reference to the prevailing market prices and are / will be no less favorable than the prices of similar products and services offered by Independent Third Parties.

The terms and conditions of the Master Agreement were negotiated between the parties on an arm's length basis. Based on the above, the Directors (including all independent non-executive Directors) are of the view that the Master Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and the terms of the Master Agreement of which, including the Annual Caps, are fair and reasonable and the transactions contemplated under the Master Agreement are in the interests of the Company and the Shareholders as a whole.

None of the Directors have a material interest in the transactions contemplated under the Master Agreement. As such, no Directors are required to abstain from voting on the Board resolution approving the transactions contemplated under the Master Agreement.

INTERNAL CONTROL FOR THE GROUP'S CONTINUING CONNECTED TRANSACTIONS

The Group adopted the following internal control procedures to ensure that the transactions with the Fujian Start Group will be conducted on normal commercial terms going forward:

- (i) the Group shall regularly collect market information on the prevailing market price of similar products offered, and the contract price of similar services provided, by one or two Independent Third Parties in the market at least semi-annually;
- (ii) the Group will compare the quoted prices for a particular Product or Service offered by the Fujian Start Group to that offered by one or two Independent Third Parties in the market;
- (iii) the Group will then use the above information to negotiate with the Fujian Start Group on the price to ensure that it will not be less favorable than that offered by the Independent Third Parties in the market;
- (iv) the relevant personnel of the Group will be responsible for conducting regular checks to review and assess whether all transactions contemplated under the Master Agreement are conducted in accordance with the relevant terms; and will also regularly review whether the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy;
- (v) the implementation of the Master Agreement will also be monitored by internal audit department of the Group on a regular basis which will report regularly to senior management of the Group;
- (vi) the Director(s) with interest in the relevant transaction(s) shall abstain from voting on the relevant resolution(s), if any;
- (vii) the independent non-executive Directors will review the transactions contemplated under the Master Agreement;

- (viii) the auditor of the Group will also conduct an annual review on the pricing terms and Annual Caps thereof; and
- (ix) the Group will duly disclose in the annual reports and accounts the transactions with the Fujian Start Group as contemplated under Master Agreement for the year ending 31 December 2020, together with the conclusions drawn by the independent non-executive Directors as to whether the transactions are conducted in the Company's ordinary and usual course of business, on normal commercial terms or better, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors (including all independent non-executive Directors) consider that the internal control mechanism of the Company is effective to ensure that the transactions contemplated under the Master Agreement have been and will be conducted on normal commercial terms and in accordance with the pricing policy of the Group and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Mr. King is interested in 4,536,700,000 Shares, representing approximately 41.16% of the issued share capital of the Company, and interested in approximately 38.92% of the equity interest in Fujian Start. As such, the Fujian Start Group is an associate of Mr. King, and therefore a connected person of the Company. Accordingly, the transactions contemplated under the Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“Annual Caps”	collectively, (a) the annual cap for the rental paid / payable by the Group to the Fujian Start Group for the year ending 31 December 2020; and (b) the annual cap for the purchase of the Products and the Services paid / payable by the Group to the Fujian Start Group for the year ending 31 December 2020
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“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Rentian Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 00885)
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Fujian Start”	Fujian Start Group Company Limited* (福建實達集團股份有限公司), a company established under the laws of the PRC, the shares of which are listed on the Shanghai Stock Exchange in the PRC (stock code: 600734.SH)
“Fujian Start Group”	Fujian Start, its subsidiaries and associates
“Group”	the Company, its subsidiaries and associates (excludes Enterprise Development Holdings Limited, a non wholly-owned subsidiary of the Company, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1808), its subsidiaries and associates)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company or any of its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

“Master Agreement”	the master agreement dated 21 July 2020 entered into between the Company and Fujian Start, pursuant to which the Group has agreed to (1) lease the Office Premises; and (2) purchase the Products and the Services from the Fujian Start Group, for a term of one year commencing from 1 January 2020 and ending on 31 December 2020 (both days inclusive)
“Mr. King”	Mr. King Pak Fu, the controlling shareholder of the Company
“Office Premises”	six levels of a commercial building with an aggregate gross floor area of approximately 5,371 square meters situated in Fuzhou, the PRC, which are owned by the Fujian Start Group
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Products”	products and innovative products from time to time to be provided by the Fujian Start Group to the Group related to Integrated Smart Internet of Things (IoT) application and Human-machine Interactive Devices (HMID) including, but not limited to, mobile communications equipment, intelligent terminal equipment (such as smart Point-of-Sale (POS) machines and two-dimensional code display terminals) and accessories
“Services”	services to be provided by the Fujian Start Group to the Group including, but not limited to, research and development (R&D) and design of mobile communications products and intelligent terminal products
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By order of the Board
Rentian Technology Holdings Limited
Li Xiaoguang
Executive Director

Hong Kong, 21 July 2020

As at the date of this announcement, the Board comprises the following members:-

Executive Director
Mr. Li Xiaoguang

Independent Non-executive Directors
Mr. Chin Hon Siang
Mr. Chan Tsang Mo
Mr. Su Jiang

For the purposes of illustration only, for the paragraphs 1 and 2 headed “HISTORICAL TRANSACTION AMOUNTS”, amounts in RMB in such paragraphs have been translated into HK\$ at the rate of RMB1.00 = HK\$1.135. For the rest of this announcement, amounts denominated in RMB in this announcement have been translated into HK\$ at the rate of RMB1.00 = HK\$1.104. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at that rates or at any other rates or at all.

** For identification purpose only*