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## **COMPUTIME GROUP LIMITED**

**金寶通集團有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 320)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE RENEWAL OF THE LEASE AGREEMENT**

#### **RENEWAL OF THE LEASE AGREEMENT**

Reference is made to the announcement of the Company dated 29 October 2019 regarding to the entering into the Lease Agreement.

The Board announces that on 7 December 2022 (after trading hours), Computime Electronics (Shenzhen) Co., Ltd. (金寶通電子(深圳)有限公司), an indirect wholly-owned subsidiary of the Company, as Tenant entered into the 2022 Lease Agreement with the Landlord in respect of the renewal of the Lease Agreement for a term of three years commencing from 1 January 2023 to 31 December 2025 for use as factory, office and dormitory of the Group.

#### **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to HKFRS 16, the Group needs to recognise the right-of-use asset in connection with the lease in the consolidated financial statements of the Company when entering into a lease transaction as a lessee. The entering into the 2022 Lease Agreement by the Group as Tenant will be regarded as an acquisition of asset under the definition of transaction as set out in Rule 14.04(1)(a) of the Listing Rules.

As one or more applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) calculated based on the value of the right-of-use asset recognised by the Company for the transaction contemplated under the 2022 Lease Agreement is more than 5% but less than 25%, such transaction constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## INTRODUCTION

The Board announces that on 7 December 2022 (after trading hours), Computime Electronics (Shenzhen) Co., Ltd. (金寶通電子(深圳)有限公司), an indirect wholly-owned subsidiary of the Company, as Tenant entered into the 2022 Lease Agreement with the Landlord in respect of the renewal of the Lease Agreement for a term of three years commencing from 1 January 2023 to 31 December 2025 for use as factory, office and dormitory of the Group.

## 2022 LEASE AGREEMENT

**Date:** 7 December 2022

**The Landlord:** Shenzhen Guangken Yulian Industrial Co., Ltd.\* (深圳市廣壘宇聯實業有限公司), ultimately and indirectly wholly-owned by Guangdong Agribusiness Group Corporation\* (廣東省農壘總局).

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Landlord and its ultimate beneficial owners are Independent Third Parties.

**The Tenant:** Computime Electronics (Shenzhen) Co., Ltd. (金寶通電子(深圳)有限公司), an indirect wholly-owned subsidiary of the Company.

**The Premises:** An area of 59,726.05 square meters located at Yulian Industrial Park (宇聯工業區), No. 88, Danzhutou Community, Nanwan Street, Longgang District, Shenzhen City, Guangdong Province, PRC.

The users of the Premises will be the Tenant, CCDM and CCTSZ. The area of 37,969.42 square meters of the Premises will be used by the Tenant, the area of 21,706.63 square meters of the Premises will be used by CCDM, and the area of 50.00 square meters of the Premises will be used by CCTSZ.

**Terms:** Three years commencing from 1 January 2023 to 31 December 2025.

**The aggregate value of consideration payable:** The aggregate value of consideration payable under the 2022 Lease Agreement by the Tenant is RMB75,200,220 (equivalent to approximately HK\$82,248,955), which will be satisfied by internal resources of the Group.

The rent under the 2022 Lease Agreement is determined after arm's length negotiations between the Landlord and the Tenant, after taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises.

**Payable term:** The monthly rental and monthly Management Fees shall be payable monthly in advance on the day which is five days prior to the first day of each calendar month.

If the Tenant fails to pay the rent or the Management Fees due to exceptional circumstances, the Tenant shall explain to the Landlord in writing and pay the rent or the Management Fees within 10 days from the due date. If the Tenant fails to pay the rent within the 10 days grace period, the Landlord is entitled to charge the Tenant 0.1% on the overdue payment on a daily basis and is entitled to take further actions such as water supply stoppage and control the entry and exit of goods of the Group. The Tenant shall bear all losses suffered by the Landlord as a result. If the Tenant fails to pay the rent or the Management Fees for more than 30 days from the due date, the Landlord is entitled to terminate the 2022 Lease Agreement, forfeit the security deposit, and claim damages from the Tenant.

**Security Deposit:** On the date of signing of the 2022 Lease Agreement, the Tenant shall pay an amount of RMB6,450,414 (equivalent to approximately HK\$7,055,030) as required under the 2022 Lease Agreement as security deposit.

## **THE RIGHT-OF-USE ASSET**

The value of the right-of-use asset recognised by the Company under the 2022 Lease Agreement amounted to approximately RMB70,393,882 (equivalent to approximately HK\$76,992,105), which is the present value of aggregated lease payments less incentives (if any), plus initial direct costs and estimated reinstatement cost with the lease in accordance with HKFRS 16. Discount rate of 4.3% is applied to compute the present value of aggregate lease payments less incentives (if any) under the 2022 Lease Agreement.

## **INFORMATION OF THE COMPANY, THE GROUP, THE LANDLORD, THE TENANT, CCDM AND CCTSZ**

The Company is a company incorporated under the laws of the Cayman Islands with limited liability and is principally engaged in investment holding. The Group is principally engaged in research and development, design, manufacture and trading of electronic control products.

The Landlord is a company incorporated under the laws of the PRC with limited liability and is principally engaged in investment holding and leasing of property.

The Tenant is a company incorporated under the laws of the PRC with limited liability and is principally engaged in manufacturing. The Tenant is an indirect wholly-owned subsidiary of the Company.

CCDM is a company incorporated under the laws of the PRC with limited liability and is principally engaged in manufacturing. CCDM is an indirect wholly-owned subsidiary of the Company.

CCTSZ is a company incorporated under the laws of the PRC with limited liability and is principally engaged in trading and brand distribution. CCTSZ is an indirect wholly-owned subsidiary of the Company.

## **REASONS FOR ENTERING INTO THE 2022 LEASE AGREEMENT**

The Tenant has been currently leasing the Premises as factory, office and dormitory since 1 June 2003, and the leasing term of the existing Lease Agreement will be expired on 31 December 2022. The entering into the 2022 Lease Agreement for the renewal of the lease of the Premises is necessary for the continuing of the business operation of the Group. The Premises will be used as factory, office and dormitory of the Group.

On the basis of the foregoing, the Board considers that the terms of the 2022 Lease Agreement are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to HKFRS 16, the Group needs to recognise the right-of-use asset in connection with the lease in the consolidated financial statements of the Company when entering into a lease transaction as a lessee. The entering into the 2022 Lease Agreement by the Group as Tenant will be regarded as an acquisition of asset under the definition of transaction as set out in Rule 14.04(1)(a) of the Listing Rules.

As one or more applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) calculated based on the value of the right-of-use asset recognised by the Company for the transaction contemplated under the 2022 Lease Agreement is more than 5% but less than 25%, such transaction constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITION**

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“2022 Lease Agreement”	the lease agreement dated 7 December 2022 entered into between the Tenant and the Landlord in relation to the renewal of the Lease Agreement
“Board”	board of Directors
“Company”	Computime Group Limited (stock code: 320), a 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 to it in the Listing Rules
“CCDM”	Computime Control Devices Manufacturing (Shenzhen) Co. Ltd. (金寶通智能製造(深圳)有限公司)
“CCTSZ”	Computime Trading (Shenzhen) Co. Ltd. (金寶通商貿(深圳)有限公司)
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a party independent of and not connected with the Company and its connected persons
“Landlord”	the landlord as more particularly set out under the sub-heading “The Landlord” in the section headed “2022 Lease Agreement” in this announcement
“Lease Agreement”	the lease agreement dated 29 October 2019 entered into between the Tenant and the Landlord in relation to the renewal of the lease of the Premises
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Fees”	the property service fee and the expenses related to the ancillary facilities including garbage clearance fee, sewage treatment fee, fire protection system maintenance fee, elevator maintenance fee, water supply fee and related sewage discharge fee, garbage disposal fee
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Premises”	the premises as more particularly set out under the sub-heading “The Premises” in the section headed “2022 Lease Agreement” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Tenant” the tenant as more particularly set out under the sub-heading “The Tenant” in the section headed “2022 Lease Agreement” in this announcement

“%” per cent

*For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of HK\$1.00 to RMB0.9143. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.*

By Order of the Board  
**Computime Group Limited**  
**WONG Samuel Wan Kay**  
*Company Secretary*

Hong Kong, 7 December 2022

As at the date of this announcement, the directors of the Company are:

*Executive Directors:*

Mr. AU YANG Pak Hong Bernard (*Chairman and Chief Executive Officer*)

Mr. WONG Wah Shun

*Non-executive Directors:*

Mr. KAM Chi Chiu, Anthony

Mr. WONG Chun Kong

*Independent Non-executive Directors:*

Mr. LUK Koon Hoo

Mr. Patrick Thomas SIEWERT

Mr. HO Pak Chuen Patrick

Mr. Roy KUAN

\* *For identification purposes only*