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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 TRANSACTION:  
2024 BUSINESS SERVICES AGREEMENT;  
AND  
MAJOR AND  
CONTINUING CONNECTED TRANSACTION:  
2024 FINANCIAL SERVICES AGREEMENT**

The Board announces that on 16 April 2024 (after trading hours):

- (i) the Company entered into the 2024 Business Services Agreement with CEC, pursuant to which the CEC Group will provide technology development, processing, testing and assembling services to the Group and purchase products such as integrated circuit chips, modules, cards and technological licenses from the Group, the Group will purchase raw materials, integrated circuit modules, softwares, equipments and intellectual properties from the CEC Group and provide technology development services to the CEC Group, on a non-exclusive basis, for a term of three years commencing from 1 July 2024 and ending on 30 June 2027; and
- (ii) the Company entered into the 2024 Financial Services Agreement with CEC Finance, pursuant to which CEC Finance will provide a range of financial services to the Group and the Group will utilise such financial services on a non-exclusive basis for a term of three years commencing from 1 July 2024 and ending on 30 June 2027.

The transactions contemplated under each of the 2024 Business Services Agreement and the 2024 Financial Services Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The provision of the deposit services by CEC Finance to the Group will constitute a major transaction of the Company under Chapter 14 of the Listing Rules. The entering into of the 2024 Business Services Agreement and the 2024 Financial Services Agreement and the transactions contemplated thereunder are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under the Listing Rules.

The SGM will be convened to consider and, if thought fit, to approve the 2024 Business Services Agreement and the 2024 Financial Services Agreement and their respective proposed caps of the transactions contemplated thereunder. The votes of the Independent Shareholders at the SGM shall be taken by poll and CEC and its associates shall abstain from voting in respect of such resolutions.

A circular containing, among others, details of the 2024 Business Services Agreement and the 2024 Financial Services Agreement and their respective proposed caps of the transactions contemplated thereunder, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, the recommendation from the Independent Board Committee, together with the notice of the SGM will be despatched to the Shareholders on or before 13 June 2024.

Reference is made to the announcements of the Company dated 13 April 2021 and 9 September 2022 and the circulars of the Company dated 4 June 2021 and 30 September 2022 in relation to, among others, certain continuing connected transactions contemplated under the 2021 Business Services Agreement (supplemented by the First Supplemental 2021 Business Services Agreement) and the 2021 Financial Services Agreement (collectively, the “2021 Agreements”). The 2021 Agreements will expire on 30 June 2024. 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 16 April 2024 (after trading hours):

- (i) the Company entered into the 2024 Business Services Agreement with CEC, pursuant to which the CEC Group will provide technology development, processing, testing and assembling services to the Group and purchase products such as integrated circuit chips, modules, cards and technological licenses from the Group, the Group will purchase raw materials, integrated circuit modules, softwares, equipments and intellectual properties from the CEC Group and provide technology development services to the CEC Group, on a non-exclusive basis, for a term of three years commencing from 1 July 2024 and ending on 30 June 2027; and
- (ii) the Company entered into the 2024 Financial Services Agreement with CEC Finance, pursuant to which CEC Finance will provide a range of financial services to the Group and the Group will utilise such financial services on a non-exclusive basis for a term of three years commencing from 1 July 2024 and ending on 30 June 2027.

**2024 BUSINESS SERVICES AGREEMENT**

**Date:** 16 April 2024 (after trading hours)

**Parties:** CEC and the Company

**Term:** 1 July 2024 to 30 June 2027

**Transaction nature**

Details of the transactions contemplated under the 2024 Business Services Agreement are as follows:

**(a) Provision of technology development, processing, testing and assembling services by the CEC Group, and purchase of raw materials, integrated circuit modules, softwares, equipments and intellectual properties from the CEC Group**

The CEC Group will provide technology development, processing, testing and assembling services to the Group for the production of products such as integrated circuit chips, modules and cards on a non-exclusive basis.

The Group will also purchase raw materials, integrated circuit modules, softwares, equipments and intellectual properties for research and development purposes from the CEC Group on a non-exclusive basis.

**(b) Sale of products and provision of technology development services to the CEC Group**

The Group will sell products such as integrated circuit chips, modules, cards and technological licenses, and provide technology development services to the CEC Group on a non-exclusive basis.

Members of the CEC Group shall enter into separate agreement with members of the Group, which shall set out specific terms and conditions pursuant to the principles and conditions provided in the 2024 Business Services Agreement.

**Pricing basis**

Pursuant to the 2024 Business Services Agreement, the consideration payable and receivable by the Group shall be subject to the provisions of the 2024 Business Services Agreement and the price as set out in the separate agreements to be entered into between members of the Group and members of the CEC Group, which shall be based on normal commercial terms and on terms that are fair and reasonable. The consideration payable and receivable by the Group shall be determined by a pricing mechanism with reference to the market price at the time of entering into of the separate agreements for same or similar products or services. The aforesaid “market price” represents the price at which same or similar product or service provided or received by independent third parties in the same or nearby areas in the ordinary and usual course of business.

The consideration payable and receivable by the Group under the 2024 Business Services Agreement will be settled in cash and in accordance with the specific terms of the separate agreements to be entered into between members of the Group and members of the CEC Group.

### Historical transaction amounts

| Type of transaction  | Year ended 31 December |                   |
|--|------------------------|-------------------|
|  | 2022<br>(RMB'000)      | 2023<br>(RMB'000) |
| <b>Provision of technology development, processing, testing and assembling services and purchase of raw materials, integrated circuit modules, softwares, equipments and intellectual properties</b> |                        |                   |
| – consideration payable by the Group   | 145,115                | 94,675            |
| <b>Sale of products and provision of technology development services</b>   |                        |                   |
| – consideration receivable by the Group  | 155,750                | 270,340           |

### Proposed caps

It is expected that for the six months ending 31 December 2024, each of the years ending 31 December 2025 and 2026 and the six months ending 30 June 2027, the maximum consideration payable by the Group to the CEC Group and the maximum consideration receivable by the Group from the CEC Group will not exceed the following respective amounts and such amounts have been set as the proposed caps for the relevant continuing connected transactions contemplated under the 2024 Business Services Agreement.

| Type of transaction  | Six months ending             | Year ending 31 December |                   | Six months ending         |
|--|-------------------------------|-------------------------|-------------------|---------------------------|
|  | 31 December 2024<br>(RMB'000) | 2025<br>(RMB'000)       | 2026<br>(RMB'000) | 30 June 2027<br>(RMB'000) |
| <b>Provision of technology development, processing, testing and assembling services and purchase of raw materials, integrated circuit modules, softwares, equipments and intellectual properties</b> |                               |                         |                   |                           |
| – consideration payable by the Group   | 107,000                       | 239,000                 | 269,000           | 155,000                   |
| <b>Sale of products and provision of technology development services</b>   |                               |                         |                   |                           |
| – consideration receivable by the Group  | 168,000                       | 402,000                 | 478,000           | 264,000                   |

The above caps for the consideration payable by the Group for the provision of technology development, processing, testing and assembling services by the CEC Group, and the purchase of raw materials, integrated circuit modules, softwares, equipments and intellectual properties from the CEC Group is determined based on (i) the historical transaction amounts; (ii) the expected demand of the Group for the provision of technology development, processing, testing and assembling services by the CEC Group in the forthcoming years; (iii) the expected demand of the Group for the raw materials, integrated circuit modules, softwares, equipments and intellectual properties from the CEC Group in the forthcoming years; (iv) the expected market rate for such technology development, processing, testing and assembling services in the forthcoming years; (v) the expected market price for such raw materials, integrated circuit modules, softwares, equipments and intellectual properties in the forthcoming years; and (vi) the expectation on the Group's overall business development.

The above caps for the consideration receivable by the Group for the sale of products and provision of technology development services to the CEC Group is determined based on (i) the historical transaction amounts and their increasing trend; (ii) the expected demand of the Group's products and technology development services by the CEC Group in the forthcoming years; (iii) the expected market price or rate for such products and technology development services in the forthcoming years; and (iv) the expectation on the Group's overall business development.

#### **INTERNAL CONTROL MEASURES FOR DETERMINING THE PRICE AND TERMS OF THE TRANSACTIONS CONTEMPLATED UNDER THE 2024 BUSINESS SERVICES AGREEMENT**

To ensure that the transactions contemplated under the 2024 Business Services Agreement are conducted on normal commercial terms and on terms that are fair and reasonable, in addition to the annual review by the independent non-executive Directors pursuant to Chapter 14A of the Listing Rules and the annual review by the independent auditor (the "Auditor") of the Company, the Group has adopted the following measures to determine the price and terms of these transactions.

Before confirming the price of provision of technology development, processing, testing and assembling services by the CEC Group, and purchase of raw materials, integrated circuit modules, softwares, equipments and intellectual properties from the CEC Group, the purchase department will refer to contemporaneous transactions in similar quantities with two independent third parties of comparable size to determine if the price and terms offered by the CEC Group are on normal commercial terms and fair and reasonable.

Before confirming the price of sale of products and provision of technology development services to the CEC Group, the sales center will refer to transactions with independent third parties in respect of similar product and similar quantities within the previous 3 months, any market information available, and the general market price of such product in the current quarter to determine if the price and terms offered to the CEC Group are on normal commercial terms and fair and reasonable.

Given the above, the Board considers that there are appropriate internal controls measures in place to ensure that the transactions contemplated under the 2024 Business Services Agreement will be conducted on normal commercial terms and are not prejudicial to the interests of the Company and the Shareholders as a whole.

**2024 FINANCIAL SERVICES AGREEMENT**

**Date:** 16 April 2024 (after trading hours)

**Parties:** CEC Finance and the Company

**Term:** 1 July 2024 to 30 June 2027

**Transaction nature**

Pursuant to the 2024 Financial Services Agreement, the financial services to be provided by CEC Finance to the Group include:

- (a) financial assistances, including but not limited to, loans, non-financing letter of guarantee, acceptance and discounting of commercial bills of exchange and factoring of account receivables;
- (b) deposit services, including but not limited to, time deposits, call deposits and negotiable deposits; and
- (c) fee-based or commission-based financial services, including but not limited to, fund management, agency services and financial consultancy services.

The 2024 Financial Services Agreement does not create any obligation on the part of the Group to utilise any particular services of CEC Finance. The Group may obtain financial services available from any other financial institutions in addition to, or instead of, CEC Finance, as it deems fit. Other than time deposits which have specified deposit terms, the Group may at any time withdraw the funds deposited with CEC Finance without incurring any penalty.

CEC Finance shall enter into separate agreements with members of the Group, which shall set out specific terms and conditions pursuant to the principles and conditions provided in the 2024 Financial Services Agreement.

## Pricing basis

Pursuant to the 2024 Financial Services Agreement, the interest payable and receivable by the Group and the consideration payable by the Group for the fee-based or commission-based financial services shall be subject to the provisions of the 2024 Financial Services Agreement and the rate, fee or commission as set out in the separate agreements to be entered into between members of the Group and CEC Finance, which shall be based on normal commercial terms and on terms that are fair and reasonable, and shall be subject to compliance with the relevant rules and regulations of the People's Bank of China and the National Financial Regulatory Administration.

- (i) the interest rate for the financial assistance provided by CEC Finance to the Group will be determined by reference to, and shall not be higher than, the rate offered to the Group by other domestic commercial banks for same type of financial assistance;
- (ii) the interest rate for the deposit placed by the Group with CEC Finance will be determined by reference to, and shall not be less than, the rate offered to the Group by other domestic commercial banks for same type of deposit; and
- (iii) the fee or commission for the fee-based or commission-based financial service provided by CEC Finance to the Group will be determined by reference to, and shall not be higher than, the fee or commission charged by other domestic commercial banks or financial institutions for the same type of financial service.

The interest payable on the financial assistances, the interest receivable on the deposits, and the fees and commissions payable for the fee-based or commission-based financial services under the 2024 Financial Services Agreement will be settled in cash and in accordance with the specific terms of the separate agreements to be entered into between members of the Group and CEC Finance.

## Historical transaction amounts

| Type of transaction   | Year ended 31 December |                   |
|---|------------------------|-------------------|
|   | 2022<br>(RMB'000)      | 2023<br>(RMB'000) |
| <b>Financial assistances</b>  |                        |                   |
| – maximum daily balance of financial assistances provided to the Group                            | 97,364                 | 114,655           |
| <b>Deposit services</b>   |                        |                   |
| – maximum daily balance of deposits (together with interests accrued thereon) placed by the Group | 696,501                | 690,135           |
| <b>Fee-based or commission-based financial services</b>   |                        |                   |
| – consideration payable by the Group  | 137                    | 122               |



## Proposed caps

It is expected that for the six months ending 31 December 2024, each of the years ending 31 December 2025 and 2026 and the six months ending 30 June 2027, the maximum daily balance of the financial assistances and the deposits, and the maximum consideration payable by the Group for the fee-based or commission-based financial services will not exceed the following respective amounts and such amounts have been set as the proposed caps for the relevant continuing connected transactions contemplated under the 2024 Financial Services Agreement.

| Type of transaction   | Six months<br>ending<br>31 December<br>2024 | Year ending 31 December |                   | Six months<br>ending<br>30 June<br>2027 |
|---|---|-------------------------|-------------------|---|
|   | (RMB'000)                                   | 2025<br>(RMB'000)       | 2026<br>(RMB'000) | (RMB'000)                               |
| <b>Financial assistances</b>  |   |                         |                   |   |
| – maximum daily balance of financial assistances provided to the Group                            | 700,000                                     | 700,000                 | 700,000           | 700,000                                 |
| <b>Deposit services</b>   |   |                         |                   |   |
| – maximum daily balance of deposits (together with interests accrued thereon) placed by the Group | 700,000                                     | 700,000                 | 700,000           | 700,000                                 |
| <b>Fee-based or commission-based financial services</b>   |   |                         |                   |   |
| – consideration payable by the Group  | 1,500                                       | 2,500                   | 2,500             | 1,500                                   |

As part of its treasury policy, CEC is prepared to provide financial assistances of the above amounts to the Group through CEC Finance. The proposed caps for the provision of financial assistances by CEC Finance have been determined with reference to the estimated capital and operational needs of the Group, which the Company understands to be the limit proposed by CEC Finance based on its internal assessment on the maximum amount of financial assistances which it may provide to the Group. In return for the financial assistances provided by CEC Finance, the proposed caps for the deposits placed by the Group with CEC Finance are set at a level which is the same as the limit of the financial assistances that could be provided.

The above caps for the consideration payable by the Group for the provision of fee-based or commission-based financial services by CEC Finance is determined based on (i) the expected demand of the Group for the fee-based or commission-based financial services to be provided by CEC Finance in the forthcoming years; and (ii) the expected market rate for such fee-based or commission-based financial services in the forthcoming years.



## **INTERNAL CONTROL MEASURES FOR DETERMINING THE PRICE AND TERMS OF TRANSACTIONS CONTEMPLATED UNDER THE 2024 FINANCIAL SERVICES AGREEMENT**

To ensure that the transactions contemplated under the 2024 Financial Services Agreement are conducted on normal commercial terms and on terms that are fair and reasonable, in addition to the annual review by the independent non-executive Directors pursuant to Chapter 14A of the Listing Rules and the annual review by the Auditor, the Group has adopted the following measures to determine the price and terms of these transactions.

Before making a deposit with, seeking financial assistance from or using fee-based or commission-based financial services from CEC Finance, the finance department will refer to the interest rates and/or fees/commissions (as appropriate) offered by one or two reputable domestic commercial banks or financial institutions which the Group has established business relationship, and the standard or reference rates and/or fees/commissions (as appropriate) promulgated by the People's Bank of China to determine if the price and terms offered by CEC Finance are on normal commercial terms and fair and reasonable.

Given the above, the Board considers that there are appropriate internal controls measures in place to ensure that the transactions contemplated under the 2024 Financial Services Agreement will be conducted on normal commercial terms and are not prejudicial to the interests of the Company and the Shareholders as a whole.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE 2024 BUSINESS SERVICES AGREEMENT AND THE 2024 FINANCIAL SERVICES AGREEMENT**

### **2024 Business Services Agreement**

The Group is principally engaged in the business of design and sale of integrated circuit chips. The Group's integrated circuits design operation comprises the design of smart card and secure element chips and the development of application system. The Group does not involve in the direct manufacturing of the integrated circuit chips itself. Currently, the Group's products are mainly used in sectors of identity authentication, financial payment, government utilities, telecommunications, Internet of Things and intelligent connected vehicles. The Group has been entering into various business services transactions of a similar nature with the CEC Group since 2008 under various business services agreements including the 2021 Business Services Agreement. Under the 2021 Business Services Agreement, the CEC Group has been providing technology development, processing, testing and assembling services for the production of the Group's products and supplying raw materials, integrated circuit modules, softwares, equipments and intellectual properties to the Group for research and development purposes, and the Group has also been selling products and providing technology development services to the CEC Group. The transactions contemplated under the 2024 Business Services Agreement are, therefore, vital and integral to the business operations of the Group and meet the requirements of the Group's business layout and overall

development. In view of past operational convenience and benefits brought to the Group, the Board considers it beneficial to maintain such friendly business cooperative relationship with the CEC Group, taking into consideration that CEC is one of the key state-owned nationwide electronics and information technology conglomerates focusing on communications, consumer electronics products, semi-conductor and software sectors in the PRC.

### **2024 Financial Services Agreement**

CEC Finance is a non-banking financial institution approved and regulated by the relevant PRC authorities. CEC Finance was established for the purpose of enhancing the centralised management of funds among CEC and its subsidiaries and associates and for improving the fund utilisation efficiency of CEC and its subsidiaries and associates as a whole. CEC Finance is permitted to provide various financial services such as loan services, deposit services and financial consultancy services to CEC and its subsidiaries and associates.

The main reasons and advantages for utilising the financial services provided by CEC Finance are as follows:

- (i) the interest rate on financial assistance and deposit offered by CEC Finance to the Group will be no less favourable than those offered by other domestic commercial banks. The fee or commission for the fee-based or commission-based financial service provided by CEC Finance will not be higher than those charged by other domestic commercial banks or financial institutions;
- (ii) CEC Finance is regulated by the People's Bank of China and the National Financial Regulatory Administration and provides its services in accordance and in compliance with the rules and operational requirements of these regulatory authorities;
- (iii) the Group expects to benefit from CEC Finance's better understanding of the operations of the Group which will allow expedient and efficient delivery of services. The Group also expects that as an intra-group service provider, CEC Finance will generally have a better and more efficient communication with the Group as compared with other domestic commercial banks or financial institutions; and
- (iv) the 2024 Financial Services Agreement will provide the Group with the right and flexibility, which it may choose from different kinds of financial assistances provided by CEC Finance and secure additional and stable financing for the Group's overall development.

In view of the above reasons and benefits, the Board (other than the independent non-executive Directors who will express their views after considering the advice of the independent financial adviser) considers that (1) the entering into of the 2024 Business Services Agreement and the 2024 Financial Services 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 Business Services Agreement and the 2024 Financial Services Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable, and (3) the proposed caps of the transactions contemplated under the 2024 Business Services Agreement and the 2024 Financial Services Agreement are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF THE PARTIES**

### **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.

### **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 is the ultimate controlling shareholder of the Company and is indirectly holding 59.42% of the issued share capital of the Company.

### **CEC Finance**

CEC Finance is a non-banking financial institution approved and regulated by the People's Bank of China and the National Financial Regulatory Administration. CEC Finance was established for the purpose of enhancing the centralised management of funds among CEC and its subsidiaries and associates and for improving the fund utilisation efficiency of CEC and its subsidiaries and associates as a whole. CEC Finance is a subsidiary of CEC.

## **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. CEC Finance is a subsidiary of CEC and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under each of the 2024 Business Services Agreement and the 2024 Financial Services 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 proposed caps of the transactions contemplated under each of the 2024 Business Services Agreement and the 2024 Financial Services Agreement exceed 5%, the entering into of the 2024 Business Services Agreement and the 2024 Financial Services Agreement and the transactions contemplated thereunder are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the proposed caps of the deposit services contemplated under the 2024 Financial Services Agreement exceed 25%, the provision of the deposit services by CEC Finance to the Group will constitute a major transaction of the Company under Chapter 14 of the Listing Rules.

None of the Directors have a material interest in the 2024 Business Services Agreement and/or the 2024 Financial Services 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.

**SGM**

The SGM will be convened to consider and, if thought fit, to approve the 2024 Business Services Agreement and the 2024 Financial Services Agreement and their respective proposed caps of the transactions contemplated thereunder. The votes of the Independent Shareholders at the SGM shall be taken by poll and CEC and its associates shall abstain from voting in respect of such resolutions.

**DESPATCH OF CIRCULAR**

A circular containing, among other information, details of the 2024 Business Services Agreement and the 2024 Financial Services Agreement and their respective proposed caps of the transactions contemplated thereunder, the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, the recommendation from the Independent Board Committee, together with the notice of the SGM will be despatched to the Shareholders. As additional time is required for preparing and finalising the circular, the Company proposes to despatch the circular on or before 13 June 2024.

**DEFINITIONS**

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

|                                    |  |
|------------------------------------|--|
| “2021 Business Services Agreement” | the business services agreement dated 13 April 2021 and entered into between CEC and the Company (supplemented by the First Supplemental 2021 Business Services Agreement) |
|------------------------------------|--|

|   |  |
|---|--|
| “2021 Financial Services Agreement”                   | the financial services agreement dated 13 April 2021 and entered into between CEC Finance and the Company  |
| “2024 Business Services Agreement”                    | the business services agreement dated 16 April 2024 and entered into between CEC and the Company   |
| “2024 Financial Services Agreement”                   | the financial services agreement dated 16 April 2024 and entered into between CEC Finance and the Company  |
| “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 Finance”   | China Electronics Financial Co., Ltd (中國電子財務有限責任公司), a company established under the laws of the PRC and a subsidiary of CEC   |
| “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   |
| “First Supplemental 2021 Business Services Agreement” | the supplemental agreement to the 2021 Business Services Agreement dated 9 September 2022 and entered into between CEC and the Company   |

|                               |   |
|-------------------------------|---|
| “Group”                       | the Company and its subsidiaries  |
| “Independent Board Committee” | a committee of Directors consisting of only independent non-executive Directors formed to advise the Independent Shareholders on the terms of the 2024 Business Services Agreement and the 2024 Financial Services Agreement and their respective proposed caps of the transactions contemplated thereunder |
| “Independent Shareholders”    | Shareholders other than CEC and its associates  |
| “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  |
| “SGM”                         | the special general meeting of the Company to be convened to consider and, if thought fit, to approve the 2024 Business Services Agreement and the 2024 Financial Services Agreement and their respective proposed caps of the transactions contemplated thereunder   |
| “Shareholders”                | shareholders of the Company   |
| “%”                           | per cent  |

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

Hong Kong, 16 April 2024

*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 Mr. Wang Jian, and three Independent Non-executive Directors, namely Mr. Chan Kay Cheung, Mr. Qiu Hongsheng and Mr. Chow Chan Lum.*