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## **TRANSTECH OPTELECOM SCIENCE HOLDINGS LIMITED**

**高科橋光導科技股份有限公司**

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

**(Stock Code: 9963)**

### **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF LICENSING THE PREMISES FROM FUTONG GROUP INTERNATIONAL LIMITED**

Reference is made to the announcement of Transtech Optelecom Science Holdings Limited (the “**Company**”) dated 7 July 2021 (“**CCT Announcement**”) in relation to the renewal of premises licence agreement with Futong Group International Limited. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the CCT Announcement.

This announcement is to provide supplemental information on the (i) change of the Licence Period on the Renewed Premises Licence Agreement; (ii) effect of HKFRS 16 “Lease”; and (iii) pricing policy under the Renewed Premises Licence Agreement.

#### **(A) THE RENEWED PREMISES LICENCE AGREEMENT**

In order to obtain the latest market data to fix the licence fee each year, both the licensee and licensor agreed to change the term of the Renewed Premises Licence Agreement from three years ending 30 June 2024 as disclosed in the CCT Announcement to one year, ending 30 June 2022. Therefore, the following terms are revised to have the meanings below:

“Annual Caps”	the annual maximum aggregate values for the transactions contemplated under the Renewed Premises Licence Agreement for one year ending 31 December 2022
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“Licence Period”	the effective period of the Renewed Premises Licence Agreement from 1 July 2021 to 30 June 2022
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#### **(B) EFFECT OF HKFRS 16 “LEASE”, HISTORICAL TRANSACTION AMOUNTS AND THE ANNUAL CAPS**

Since the Licence Period does not exceed one year, the Company will not recognize any right-of-use asset under HKFRS 16. The Licence Fee payments to be made by Transtech to Futong Group International under the Renewed Premises Licence Agreement are recognised as expenses whenever it is incurred.

The following table sets out the historical expenditures in relation to the Licence Fee payments made by Transtech to Futong Group International for the five years ended 31 December 2020 and the Annual Caps for the transactions under the Renewed Premises Licence Agreement to be recognised in the consolidated financial statements of the Group for each of the two years ending 31 December 2022.

	Aggregate amount for the year ended 31 December (in HK\$ million)					Annual Cap for the year ending 31 December (in HK\$ million)	
	2016 (audited)	2017 (audited)	2018 (audited)	2019 (audited)	2020 (audited)	2021 (forecast)	2022 (forecast)
Licence Fee	10.8	10.8	11.9	11.9	8.9	11.9	11.4

### MARKET PRICE FIXING PRINCIPLE

As disclosed in the CCT Announcement, the price charged by Futong Group International Limited shall be fair and reasonable and shall be based on normal commercial terms and on an arm's length basis, having regards to the quality and conditions of the Premises. Under no circumstances shall Futong Group International Limited expect or receive from Transtech conditions that are more favourable than those available to independent third parties for the Licence Fee of same/similar premises.

The Group generally adopts a market pricing model which takes into account a range of factors such as the supply of offers, the quality of the building and the location of the premises. Pursuant to Licence Agreement, Transtech occupies around 15,050 square meters area (around 161,997 square feet) in the Premises. The Licence Fee is set at the rental rates of HK\$5.56 per sq. ft. per month during the Licence Period with reference to the rates of similar property in the local market.

As retrieved from the management accounts of the Group, the transaction amount between Transtech and Futong Group International Limited were approximately HK\$11.9 million, HK\$11.9 million and HK\$8.9 million\* for each of the three years ended 31 December of 2018, 2019 and 2020 respectively. All the annual licence fee in these three years were lower than the annual cap of HK\$13.5 million during the Licence Period.

\* *Futong Group International Limited waived licence fee from January to March in 2020 to relieve the impact of COVID-19*

The additional information disclosed herein does not affect any other information contained in the CCT Announcement.

By order of the Board  
**Transtech Optelecom Science Holdings Limited**  
**Mr. Hu Guoqiang**  
*Chairman*

Hong Kong, 16 July 2021

*As at the date of this announcement, the executive Directors of the Company are Mr. Hu Guoqiang, Mr. He Xingfu, Mr. Pan Jinhua, Ms. Sun Jing and Mr. Ren Guodong and the independent non-executive Directors of the Company are Mr. Li Wei, Mr. Leong Chew Kuan, and Mr. Lau Siu Hang.*