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INTRON TECHNOLOGY HOLDINGS LIMITED

英恒科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1760)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the section headed “Connected Transaction” of the prospectus of Intron Technology Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 29 June 2018 (the “**Prospectus**”) in relation to the continuing connected transactions under the framework supply agreement entered into between the Company and United Trinity Electronics Company Limited (無錫盛邦電子有限公司) (“**UTE**”) on 6 June 2018 (the “**2018 Framework Supply Agreement**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby announces that as the term of the 2018 Framework Supply Agreement as well as the annual caps for the continuing connected transactions thereunder will expire on 31 December 2020, on 26 November 2020, the Company and UTE entered into the 2020 framework supply agreement (the “**2020 Framework Supply Agreement**”) to renew the 2018 Framework Supply Agreement for a further term of three years from 1 January 2021 to 31 December 2023.

The Company estimates that the annual caps for the continuing connected transactions contemplated under the 2020 Framework Supply Agreement for the three years ending 31 December 2023 will amount to RMB60,000,000, RMB70,000,000 and RMB80,000,000, respectively.

UTE is owned by United Trinity Holdings Limited (“**United Trinity**”) and an independent third party as to 90% and 10%, respectively. United Trinity is in turn ultimately owned by Mr. Luk Wing Ming (“**Mr. Luk**”) and Mr. Chan Cheung Ngai (“**Mr. Chan**”), each being a controlling shareholder and executive Director of the Company, in equal shares. UTE is therefore an associate of Mr. Luk and Mr. Chan and a connected person of the Company, and the transactions between the Company and UTE constitute continuing connected transactions for the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the proposed annual caps for the continuing connected transactions contemplated under the 2020 Framework Supply Agreement exceed 0.1% but are all less than 5%, such continuing connected transactions are only subject to reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

I. BACKGROUND

Reference is made to the section headed "Connected Transaction" of the Prospectus in relation to the continuing connected transactions under the 2018 Framework Supply Agreement.

As the term of the 2018 Framework Supply Agreement as well as the annual caps for the continuing connected transactions thereunder will expire on 31 December 2020, on 26 November 2020, the Company and UTE renewed the 2018 Framework Supply Agreement for a further term of three years from 1 January 2021 to 31 December 2023.

II. RENEWAL OF THE 2018 FRAMEWORK SUPPLY AGREEMENT

As the term of the 2018 Framework Supply Agreement will expire on 31 December 2020, the Company and UTE entered into the 2020 Framework Supply Agreement to renew such agreement on 26 November 2020 for a further term of three years from 1 January 2021 to 31 December 2023.

1. 2020 Framework Supply Agreement

The principal terms of the 2020 Framework Supply Agreement are set out below:

| | | |
|----------------|---|---|
| Date | : | 26 November 2020 |
| Parties | : | UTE and the Company |
| Term | : | The period commencing from 1 January 2021 to 31 December 2023 |
| Subject matter | : | The Group will offer UTE automotive electronics solutions covering design, development, testing and sourcing of semiconductors as well as smart pressure-detecting wafers to facilitate its manufacturing and/or processing of certain automobile components such as electronic motor lubricant pressure sensors and engine torque control units. |

Pricing basis : The purchase price payable by UTE to the Group will be determined after arm's length negotiations with reference to the published prices and conditions offered to the Group's major customers.

The fee of the automotive electronics solutions to be provided by the Group will be determined on an arm's length basis in accordance with the market price of the relevant automotive electronics solutions at the time when then individual purchase order is placed. The market price will be determined in accordance with (i) the price and terms quoted by the Group to no less than two independent third parties for similar automotive electronics solutions services on normal commercial terms; or (ii) in the event that (i) is inapplicable, the price will be determined by both parties to the 2020 Framework Supply Agreement on an arm's length basis and on normal commercial terms.

2. Proposed Annual Caps for the Three Years Ending 31 December 2023

Historical transaction amount between the Company and UTE under the 2018 Framework Supply Agreement is as follows:

| | Year ended 31 December 2018 (RMB) | Year ended 31 December 2019 (RMB) | Nine months ended 30 September 2020 (RMB) |
|-------------------------------|--|--|--|
| Historical Transaction Amount | 42,411,000 | 44,259,000 | 35,527,000 |

The annual caps for the transactions contemplated under the 2018 Framework Supply Agreement for the three years ending 31 December 2020 are set out below:

| | Year ended 31 December 2018 (RMB) | Year ended 31 December 2019 (RMB) | Year ending 31 December 2020 (RMB) |
|------------------------|--|--|---|
| Historical Annual Caps | 72,822,000 | 82,892,000 | 93,834,000 |

The Directors have been monitoring the transaction amounts of the continuing connected transactions under the 2018 Framework Supply Agreement. As at the date of this announcement, the annual cap for the continuing connected transactions thereunder for the year ending 31 December 2020 has not been exceeded.

The Directors expect the annual caps for the continuing connected transactions contemplated under the 2020 Framework Supply Agreements for the three years ending 31 December 2023 as follows:

| | Year ending 31 December 2021 (RMB) | Year ending 31 December 2022 (RMB) | Year ending 31 December 2023 (RMB) |
|----------------------|---|---|---|
| Expected Annual Caps | 60,000,000 | 70,000,000 | 80,000,000 |

The above expected annual caps were determined with reference to the (i) historical transaction figures as listed above; (ii) possible adjustments to costs of labour and materials with reference to the prevailing economic conditions; and (iii) forecast on the unit price and quantity of end-products to be manufactured and/or processed by UTE to meet the market demand estimated for the three years ending 31 December 2023.

3. Reasons for and Benefit of Renewal of the Framework Supply Agreement

UTE has been engaging the Group as the suppliers of automotive electronics solution since 2005 for the purpose of its automobile parts manufacturing operations. The Group's business relationship with UTE had been longstanding, and the Directors consider that it is in the interest of the Group to continue with the fulfilment of purchase orders placed by UTE.

Mr. Luk and Mr. Chan, the executive Directors of the Company, are the controlling shareholders of UTE, and are therefore deemed to have material interest in the transactions contemplated under the 2020 Framework Supply Agreement. Each of them has abstained from voting in the relevant resolutions at the Board meeting. Save as mentioned above, none of the other Directors has a material interest in such transactions and is required to abstain from voting on the relevant resolutions at the Board meeting.

The Directors (including the independent non-executive Directors) are of the view that the 2020 Framework Supply Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms and conditions therein as well as the annual caps for the continuing connected transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its shareholders as a whole.

III. MEASURES OF INTERNAL CONTROL

The Company has established various internal control measures to monitor the transactions contemplated under the 2020 Framework Supply Agreement, including:

- (i) prior to confirming the pricing under the 2020 Framework Supply Agreement, the sales department shall obtain the prevailing market price of the relevant services for reference. In addition, the sales department shall check the recent transactions engaged by the Group with independent third parties to ensure that the pricing for transactions with UTE shall not be less favorable than that to be engaged with independent third parties;
- (ii) the Company has a designated employee, who is familiar with the finance and business operations of the Group, to monitor the aggregate amount of the transactions contemplated under the 2020 Framework Supply Agreement and assesses on a monthly basis whether any of the annual caps thereunder may be exceeded;
- (iii) the independent non-executive Directors will conduct annual reviews with respect to the transactions contemplated under the 2020 Framework Supply Agreement and confirm in the annual report, pursuant to the requirements under the Listing Rules, whether such continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms, and in accordance with the 2020 Framework Supply Agreement on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole; and
- (iv) the Company's external auditors will conduct annual reviews of the 2020 Framework Supply Agreement and the transactions contemplated thereunder in accordance to the Listing Rules.

IV. GENERAL INFORMATION OF THE PARTIES

(i) **The Company**

The Company, together with its subsidiaries, is a fast-growing automotive electronics solutions provider in China. The Company focuses on providing solutions targeting critical automotive electronic components applied in new energy, body control, safety and powertrain systems.

(ii) **UTE**

UTE is a limited company incorporated in China and primarily engages in the business of, among other aspects, manufacturing of automobile composite meters, sensors, centralized control devices, automobile components and accessories and pressure sensors in China.

V. LISTING RULES IMPLICATIONS

UTE is owned by United Trinity and an independent third party as to 90% and 10%, respectively. United Trinity is in turn ultimately owned by Mr. Luk and Mr. Chan, each being a controlling shareholder and executive Director of the Company, in equal shares. UTE is therefore an associate of Mr. Luk and Mr. Chan and a connected person of the Company, and the transactions between the Company and UTE constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the proposed annual caps for the continuing connected transactions contemplated under the 2020 Framework Supply Agreement exceed 0.1% but are all less than 5%, such continuing connected transactions are only subject to reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

By order of the Board
INTRON TECHNOLOGY HOLDINGS LIMITED
LUK WING MING
Chairman and executive Director

Hong Kong, 26 November 2020

As at the date of this announcement, the executive Directors of the Company are Mr. Luk Wing Ming, Mr. Chan Cheung Ngai, Mr. Chan Ming and Mr. Ng Ming Chee; and the independent non-executive Directors of the Company are Mr. Jiang Yongwei, Mr. Yu Hong and Mr. Tsui Yung Kwok.