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**Wasion Holdings Limited**  
**威勝控股有限公司**

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

**(Stock Code: 3393)**

## **CONTINUING CONNECTED TRANSACTIONS**

On 25 June 2021, the Company and Zhuhai Duochuang entered into the Master Agreement in respect of the continuing connected transactions between members of the Group and Zhuhai Duochuang.

Zhuhai Duochuang is a company which is indirectly owned as to 52.37% by Mr. Liang Kenan and his son. Mr. Liang Kenan is the brother of Mr. Ji Wei, the Chairman of the Board, an executive Director and controlling shareholder of the Company, and the uncle of Mr. Kat Chit, a non-executive Director. Zhuhai Duochuang is hence an associate of a connected person of the Company and the transactions contemplated under the Master Agreement constitute continuing connected transactions for the Company.

As the annual caps in respect of the continuing connected transactions under the Master Agreement is expected to be more than 0.1% but less than 5%, the Master Agreement is subject to the reporting, announcement and annual review requirements and exempted from the requirement of approval from the Independent Shareholders under Chapter 14A of the Listing Rules.

## **THE MASTER AGREEMENT**

### **Date**

25 June 2021

### **Parties**

(A) The Company; and

(B) Zhuhai Duochuang

## **Subject matter**

Pursuant to the terms of the Master Agreement, members of the Group will purchase electronic parts and components, primarily magnetic sensor chips, platform topology modules, transformers, sensors, relays and other electronic components and technical services from Zhuhai Duochuang for the production of the Group's products.

## **Pricing terms**

The purchase price of the products purchased by the Group from Zhuhai Duochuang will be based on the following principles:

- (1) for products which are purchased from Zhuhai Duochuang and other suppliers, the purchase price will be based on prevailing market price of the products; and
- (2) for products which are supplied by Zhuhai Duochuang on a proprietary basis, the purchase price will be based on a cost plus basis, taking into reference the market prices and gross profit margins of similar products supplied by other suppliers on a proprietary basis.

The market price of the relevant product will be determined by reference to (a) the prevailing market price of similar products as publicly announced on public websites, which contains pricing information in relation to the current and historical market price of the relevant products; or (b) the pricing terms of products of comparable quality, specifications, quantities and required time of delivery offered by the independent suppliers to the Group, which should include quotations from at least three independent suppliers on the Group's approved suppliers' list.

## **Term of the Master Agreement**

The Master Agreement has a term of three years ending on 31 December 2023.

## **Payment terms**

The payment terms of the products supplied from Zhuhai Duochuang is based on monthly account, which is in line with the payment terms of the Group for purchases from independent third parties.

## **Cap Amount**

The transaction amount under the Master Agreement during its term will not exceed the following annual cap:

<i>RMB'000</i>	<b>For the year ending 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
Purchases from Zhuhai Duochuang	10,800	14,500	15,000

The annual caps under the Master Agreement were determined based on the historical transactional amounts between the Group and Zhuhai Duochuang, and the expected production requirements of the Group. The historical amount of purchases by the Group from Zhuhai Duochuang for the three financial years ended 31 December 2020 are as follows:

<i>RMB'000</i>	<b>For the year ended 31 December</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
Purchases from Zhuhai Duochuang	Nil	Nil	823

## **REASONS FOR THE MASTER AGREEMENT**

Zhuhai Duochuang is an innovative technology company of MEMS magnetoelectric materials, sensors, application specific integrated circuits and solutions, in particular in the core design of micro-nano magnetoelectric devices, process integration technology, and circuit design, and is capable of supplying the Group with its requirements of microchips for the products of the Group.

Given that the purpose of the Master Agreement is to secure a stable source of chip supplies to the Group, and that the Master Agreement was being entered into in the ordinary course of business of the Group, and the terms have been agreed upon after arm's length negotiations and on normal commercial terms, the Directors consider that the transactions between the Company and Zhuhai Duochuang and the proposed annual caps of the Master Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INTERNAL CONTROL FOR CONTINUING CONNECTED TRANSACTIONS**

In order to ensure that the prices of the products supplied are fair and reasonable, and are in line with prevailing market prices, the Group adopts the following internal control methods and procedures:

- (a) The relevant personnel of the business department of the Company will conduct regular checks to review and assess whether the transactions contemplated under the relevant continuing connected transactions are conducted in accordance with the terms of its respective agreement and will also regularly update the market price for the purpose of considering if the price charged by Zhuhai Duochuang for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy:
  - (i) both the sales team and the marketing team will from time to time (on a regular bi-weekly basis and/or prior to price negotiation) gather market intelligence by way of research and investigation to ascertain the quality of the products supplied are comparable to similar products in the market and the reference price of each type of the products in the market;
  - (ii) the operations team will regularly on a bi-weekly basis review, monitor and benchmark with the average industry gross profit margin in respect of the products procured;

- (iii) the Company also conducts regular bi-weekly basis reviews of the purchase of the products and ensures the transactions are within the annual cap;
  - (iv) the Group would also work closely with other suppliers with a view to obtaining information on the demand and inventory situation of the suppliers. The Company would then adjust or negotiate the prices of the products as and when necessary to ensure price fairness.
- (b) The Company will conduct periodic half-yearly audit reviews of the continuing connected transactions of the Company, to consider (i) effective implementation of the pricing policies and the payment methods, evaluation of balances of annual caps; and (ii) identification of management weaknesses, and recommendation of improvement measures to ensure that the internal control measures in respect of the continuing connected transactions remain complete and effective and where any weaknesses are identified, the Company will take measures to address them as soon as practicable.
- (c) The independent non-executive directors of the Company will review the transactions contemplated under the continuing connected transactions of the Company pursuant to Listing Rule 14A.55, and confirm in the annual report whether the transactions have been entered in the ordinary and usual course of business of the listed issuer's group; on normal commercial terms or better; and according to the agreement governing the transactions on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.
- (d) The independent auditor of the Group will also conduct an annual review on the pricing terms and annual caps thereof.

## **INFORMATION ON THE PARTIES**

### **The Company**

The Group is the leading total solution provider of advanced metering, advanced distribution and energy efficiency management in the PRC.

### **Zhuhai Dunchuang**

Zhuhai Dunchuang is a technology company based in Zhuhai. It is owned as to 52.37% by Zhuhai Ketao Technology Co., Ltd. (珠海克韜科技有限公司), a company which is principally engaged in the research and development of integrated circuits and is wholly owned by Mr. Liang Kenan (梁克難) and his son, Mr. Liang Xiao (梁瀟). Mr. Liang Kenan is the brother of Mr. Ji Wei, the Chairman of the Board, an executive Director and controlling shareholder of the Company, and the uncle of Mr. Kat Chit, a non-executive Director.

## LISTING RULES IMPLICATIONS

Zhuhai Duochuang is a company which is indirectly owned as to 52.37% by Mr. Liang Kenan and his son. Mr. Liang Kenan is the brother of Mr. Ji Wei, the Chairman of the Board, an executive Director and controlling shareholder of the Company, and the uncle of Mr. Kat Chit, a non-executive Director. Zhuhai Douchuang is hence an associate of a connected person of the Company and the transactions contemplated under the Master Agreement constitute continuing connected transactions for the Company.

As the annual caps in respect of the continuing connected transactions under the Master Agreement is expected to be more than 0.1% but less than 5%, the Master Agreement is subject to the reporting, announcement and annual review requirements and exempted from the requirement of approval from the Independent Shareholders under Chapter 14A of the Listing Rules.

Mr. Ji Wei, an executive Director who is the brother of Mr. Liang Kenan, and Mr. Kat Chit, a non-executive Director who is the son of Mr. Ji Wei, are considered to be interested in the Master Agreement and have abstained from voting for the approval of the Master Agreement at the Board meeting held to approve such agreement.

The Company will comply with the relevant provisions under Chapter 14A of the Listing Rules governing connected transactions in the event that the annual caps in respect of the above agreement are exceeded or that there is any material amendment to the terms of the Master Agreement.

## DEFINITION

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

“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;
“Company”	Wasion 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;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries from time to time;
“HKD” or “HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;

“Hong Kong”	the Hong Kong Special administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Master Agreement”	the master agreement dated 25 June 2021 entered into between the Company and Zhuhai Duochuang;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	holders of the Shares of the Company;
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Zhuhai Duochuang”	珠海多創科技有限公司 (Zhuhai Duochuang Technology Co., Ltd.), a company established in the PRC; and
“%”	per cent.

By order of the Board of  
**Wasion Holdings Limited**  
**Ji Wei**  
*Chairman*

25 June 2021

*As at the date of this announcement, the Board comprises Mr. Ji Wei, Ms. Cao Zhao Hui, Ms. Li Hong, Ms. Zheng Xiao Ping and Mr. Tian Zhongping as executive Directors, Mr. Kat Chit as non-executive Director, and Mr. Chan Cheong Tat, Mr. Luan Wenpeng, Mr. Cheng Shi Jie and Mr. Wang Yaonan as independent non-executive Directors.*