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CHINA HK POWER SMART ENERGY GROUP LIMITED

中國港能智慧能源集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 931)

VOLUNTARY ANNOUNCEMENT 2024 ANNUAL PURCHASE AGREEMENT IN RELATION TO THE MASTER ODM COOPERATION AGREEMENT WITH QIWEITE SOLAR ENERGY GROUP

This is a voluntary announcement made by China HK Power Smart Energy Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), to provide shareholders of the Company and potential investors an update on the Group’s latest business development.

References are made to the announcements of the Company dated 20 October 2023 and 14 November 2023, among others, in relation to the ODM Cooperation Agreement with Qiweite Solar Energy Group (the “**Master ODM Cooperation Agreement**”).

THE MASTER ODM COOPERATION AGREEMENT

On 20 October 2023, the Group (as the purchaser) has conditionally entered into the Master ODM Cooperation Agreement with Qiweite Solar Energy Group (as the supplier), pursuant to which Qiweite Solar Energy Group will serve as the original design manufacturer and supply required equipment, parts and raw materials for the Group for five years with an aggregate minimum amount of RMB500 million which subject to conditions of the annual purchase agreements to be made between the parties. Any of the annual purchase agreements to be made between the parties in respect of the transactions will be subject to the terms of the Master ODM Cooperation Agreement

THE 2024 ANNUAL PURCHASE AGREEMENT

After the Master ODM Cooperation Agreement taking effect, the parties have entered into an annual purchase agreement to provide for more detailed terms in relation to the transactions for the period from 1 January 2024 to 31 December 2024 (the “**2024 Purchase Agreement**”). Pursuant to which, Qiweite Solar Energy Group shall supply and deliver the ODM orders to and the Group shall purchase and take delivery at the designated location in accordance with terms and conditions therein contained. The Group is obliged to purchase a minimum amount of RMB100 million ODM equipment and materials from Qiweite Solar Energy Group under the 2024 Purchase Agreement, the price for supplying ODM equipment and materials shall be set based on prevailing commercial terms and with reference to the relevant prevailing market prices.

There is no historical transaction of the supply of ODM equipment and materials by Qiweite Solar Energy Group to the Group.

INTERNAL CONTROL

As part of the Group's internal control systems, the Company has implemented the following measures to ensure the terms and conditions of the Master ODM Cooperation Agreement, the annual purchase agreements to be entered into by the Group and the transactions contemplated thereunder are fair and reasonable and the compliance to the relevant disclosure requirements:

- (a) The Group will conduct annual review of the transactions to ensure the transactions are conducted in compliance with the Master ODM Cooperation Agreement and annual purchase agreement, monitor the aggregate purchase amount under the Master ODM Cooperation Agreement to ensure compliance with the requirements under Chapter 14 of the Listing Rules;
- (b) the Company's external auditor will conduct annual review on the pricing, the transactions and the level of aggregate transaction amounts for each year according to the Chapter 14 of the Listing Rules; and
- (c) the Board will conduct annual review to ensure that the transactions under the Master ODM Cooperation Agreement and the annual purchase agreements to be entered into by the Group have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the shareholders of the Company as a whole.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Group has been proactively promoting the low-carbon smart energy business, developing downstream new energy customer markets by replacing traditional boilers with heat pumps for clean energy and providing smart and efficient comprehensive energy service with stable and continuous new energy consumption, providing downstream customers with strong energy supply guarantee capability and cost competitiveness, so as to achieve the new energy business and obtain comprehensive energy profits.

By cooperating with Qiweite Solar Energy Group, who has been engaging in the business of supply ODM products to other parties, it would enable the Group to strengthen its position in its new energy business in the PRC to achieve a sustainable growth. Purchasing equipment and materials on a larger scale from the supplier by the Group would allow the Group to further enhance the control of its sale costs and operation costs.

The Directors are of the view that the Master ODM Cooperation Agreement and the 2024 Purchase Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole. The Company will make a further announcement(s) as and when appropriate in accordance with the applicable disclosure requirements if the aggregate transaction amounts of the purchase of equipment exceed the respective disclosure requirements of Chapter 14 of the Listing Rules.

By order of the Board
China HK Power Smart Energy Group Limited
Kan Che Kin, Billy Albert
Chairman

Hong Kong, 27 December 2023

As at the date of this announcement, the Board comprises three executive Directors, namely Dr. Kan Che Kin, Billy Albert (Chairman), Mr. Deng Yaobo (chief executive officer) and Mr. Li Kai Yien, Arthur Albert; and two non-executive Directors, namely Dr. Lam, Lee G. and Mr. Simon Murray; and three independent non-executive Directors, namely Mr. Li Siu Yui, Mr. Chow Ching Ning and Mr. Lam Lum Lee.