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## **VPOWER GROUP INTERNATIONAL HOLDINGS LIMITED**

**偉能集團國際控股有限公司**

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

(Stock Code: 1608)

### **CONTINUING CONNECTED TRANSACTIONS**

The Board is pleased to announce that, on 23 May 2024 (after trading hours), VH (a wholly owned subsidiary of the Company) entered into the Framework Agreement with CNTIC (the controlling Shareholder) in relation to the supply of the Gen-sets by VH to CNTIC for a period of one year commencing from the effective date of the Framework Agreement.

As at the date of this announcement, CNTIC is the controlling Shareholder. Accordingly, CNTIC is a connected person of the Company and the Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules in respect of the annual cap for the transactions contemplated under the Framework Agreement exceed 0.1% but are less than 5%, the Framework Agreement, the transactions contemplated thereunder and the Annual Cap are only subject to reporting, announcement and annual review requirements but are exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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### **THE FRAMEWORK AGREEMENT**

The principal terms of the Framework Agreement are as follows:

- Date:** 23 May 2024 (after trading hours)
- Parties:**
- (i) VH (a wholly owned subsidiary of the Company); and
  - (ii) CNTIC (the controlling Shareholder)

- Term:** A period of one year commencing from the effective date of the Framework Agreement.
- Subject matter:** VH (as supplier) and CNTIC (as purchaser) will enter into transactions relating to the sale and purchase of the Gen-sets from time to time on normal commercial terms and subject to and upon the terms and conditions to be agreed between VH and CNTIC, setting out, among other things, the Gen-sets to be supplied, specifications, quantity, price, delivery method and payment arrangement.
- Pricing basis:** Subject to the Annual Cap, the prices to be charged by VH in respect of the supply of the Gen-sets are and will be negotiated on arm's length basis and determined with reference to the VH's selling price of gen-sets with specifications comparable to the Gen-sets to its independent customers and shall not be more favourable than those offered by VH to independent customers in similar transactions.
- Payment terms:** CNTIC shall pay to VH the total price for each purchase order in the currency specified in the invoice issued by VH by electronic transfer or by irrevocable letter of credit after a letter issued by CNTIC to acknowledge the receipt of the relevant goods.

#### **ANNUAL CAP FOR THE FRAMEWORK AGREEMENT**

The annual cap for the transactions contemplated under the Framework Agreement for the twelve months ending 22 May 2025 is US\$9,000,000 (approximately HK\$70,200,000).

In determining the Annual Cap, the Directors have considered (i) the selling price of power gen-sets with specifications comparable to the Gen-sets that the Group sells to independent customers; and (ii) CNTIC's demand for the Gen-sets during the term of the Framework Agreement.

#### **INTERNAL CONTROL AND PRICING POLICY**

In order to ensure that the terms of the Framework Agreement and the transactions contemplated thereunder are on normal commercial terms and not more favourable than those offered to independent customers in similar transactions, as well as the selling price of the Gen-sets to be sold by VH to CNTIC will be in accordance with the Framework Agreement, as internal control, the Group has adopted the following measures:

1. the price to be charged by VH in respect of the supply of the Gen-sets to CNTIC are and will be negotiated on arm's length basis and determined with reference to the market price of the Gen-sets;
2. the Group will (i) supervise the continuing connected transactions through relevant personnel from the sales department of the Group; and (ii) conduct regular checks to review and assess whether the transactions between VH and CNTIC are conducted in accordance with the terms of the Framework Agreement;

3. the Group has an internal system to trace, monitor and evaluate the transaction amounts under the Framework Agreement regularly to ensure that the Annual Cap will not be exceeded; and
4. the Group will comply with the annual review requirements in respect of the transactions contemplated under the Framework Agreement in accordance with Chapter 14A of the Listing Rules.

By implementing the above measures, the Directors (including the independent non-executive Directors) consider that the Company has sufficient internal control and procedures in place to ensure that the pricing basis of the Gen-sets to be supplied by VH to CNTIC will be in accordance with the terms under the Framework Agreement, on normal commercial terms, and fair and reasonable to the Company and Shareholders as a whole.

## **INFORMATION ABOUT THE PARTIES**

The Company is an investment holding company. The Group is a gen-set system integration provider and an engine-based distributed power generation station owner and operator. The Group's principal businesses include (i) system integration (i.e. designing, integrating and selling gen-sets and power generation systems); and (ii) investment, building and operating business (i.e. designing, investing in, building and operating distributed power stations for off-takers).

VH is a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company that is primarily engaged in investment holding, trading of engines and components, and sale and installation of power generation systems.

CNTIC is a company established under the laws of the PRC with limited liability and a wholly owned subsidiary of China General Technology (Group) Holding Co., Ltd. (中國通用技術(集團)控股有限責任公司) which is under the direct supervision of State-owned Assets Supervision and Administration Commission of the State Council of the PRC. Its principal business includes, among other things, import and export of technology, goods and technical services, foreign contract projects and contract energy management.

## **REASONS AND BENEFITS FOR ENTERING INTO THE AGREEMENT**

The Group is an experienced specialist of clean, fast-track, flexible and mobile distributed power. Under the Group's system-integration business, the Group designs, integrates and sells engine-based power generation units, and power generation systems. As mentioned in the annual report for the year ended 31 December 2023, the Group has been progressively implementing new projects, exploring new markets leveraging on the rich resources of the controlling Shareholder and its group companies, and optimising its business footprint to gradually restore the momentum of corporate endogenous growth. Over the years, the Group has relied on CNTIC for its engineering, procurement and construction services for the Group's distributed power generation stations. VH entered into the Framework Agreement to govern the supply of Gen-sets to CNTIC in its ordinary course of business on normal commercial terms while adhering to the requirements of the Listing Rules. Sale of Gen-sets to CNTIC pursuant to the Framework Agreement provides the Group with opportunities to manage inventory and generate income.

In view of the above, the Directors (including the independent non-executive Directors) consider that (i) the terms of the Framework Agreement are on normal commercial terms that are fair and reasonable, (ii) the Annual Cap is fair and reasonable, and (iii) the continuing connected transactions contemplated under the Framework Agreement are and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of Dr. Kang Hubiao, Mr. Lu Weijun and Mr. Li Haifeng, with their respective employments, has positions at CNTIC or other subsidiaries of China General Technology (Group) Holding Co., Ltd. (中國通用技術(集團)控股有限責任公司), and therefore they abstained from voting on the resolution of the Board approving the Framework Agreement and the Annual Cap.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CNTIC is the controlling Shareholder. Accordingly, CNTIC is a connected person of the Company and the Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules in respect of the annual cap for the transactions contemplated under the Framework Agreement exceed 0.1% but are less than 5%, the Framework Agreement, the transactions contemplated thereunder and the Annual Cap are only subject to reporting, announcement and annual review requirements but are exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Annual Cap”	the annual cap for the transactions contemplated under the Framework Agreement for the twelve months ending 22 May 2025
“Board”	the board of Directors
“CNTIC”	China National Technical Import & Export Corporation (中國技術進出口集團有限公司), a wholly owned subsidiary of China General Technology (Group) Holding Co., Ltd. (中國通用技術(集團)控股有限責任公司) which is under the direct supervision of State-owned Assets Supervision and Administration Commission of the State Council of the PRC

“Company”	VPower Group International Holdings Limited (偉能集團國際控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1608)
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“controlling shareholder”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	director(s) of the Company
“Framework Agreement”	the framework agreement dated 23 May 2024 entered into between VH and CNTIC in relation to the supply of the Gen-sets by VH to CNTIC
“Gen-sets”	gas-fired engine-based containerised power generating sets identified in the Framework Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), 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
“PRC”	The People’s Republic of China and for the sole purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States Dollar(s), the lawful currency of the United States of America
“VH”	VPower Holdings Limited (偉能集團有限公司), a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company
“%”	per cent.

*For illustration purpose, amounts in US\$ in this announcement have been translated into HK\$ at the rate of US\$1= HK\$7.8.*

By order of the Board  
**VPower Group International Holdings Limited**  
**Kang Hubiao**  
*Chairman*

Hong Kong, 23 May 2024

*As at the date hereof, the Board comprises Dr. Kang Hubiao, Mr. Lam Yee Chun, Mr. Lu Weijun, Mr. Li Haifeng and Mr. Jin Jiantang as executive Directors; Mr. Wong Kwok Yiu as a non-executive Director; and Mr. Suen Wai Yu, Dr. Wang Zheng and Dr. Lin Tun as independent non-executive Directors.*