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BOER POWER HOLDINGS LIMITED

博耳電力控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1685)

CONTINUING CONNECTED TRANSACTIONS

(i) PURCHASE FRAMEWORK AGREEMENT

AND

(ii) PROCESSING SUBCONTRACTING FRAMEWORK AGREEMENT

THE PURCHASE FRAMEWORK AGREEMENT

On 6 August 2020, Temper Energy, a wholly-owned subsidiary of the Company, entered into the Purchase Framework Agreement with Boer Smart pursuant to which Temper Energy may purchase the Products from Boer Smart from 6 August 2020 to 31 December 2022 in accordance with the terms and conditions of the Purchase Framework Agreement.

THE PROCESSING SUBCONTRACTING FRAMEWORK AGREEMENT

On 6 August 2020, Boer Wuxi, Boer Yixing and Boer Tezhong, which are wholly-owned subsidiaries of the Company, entered into the Processing Subcontracting Framework Agreement with Boer Smart pursuant to which Boer Wuxi, Boer Yixing and Boer Tezhong may provide Assembly and Processing Services to Boer Smart from 6 August 2020 to 31 December 2022 in accordance with the terms and conditions of the Processing Subcontracting Framework Agreement.

LISTING RULES IMPLICATIONS

Boer Smart is wholly-owned by Boer Smart (HK), a company owned as to 87% by Clover Bay, which is owned as to 50% by Mr. Qian Yixiang and 50% by Ms. Jia Lingxia, and owned as to 13% by Boer Investment (Singapore) Pte. Ltd., which is owned as to 80% by Ms. Jia Lingxia. Mr. Qian Yixiang is an executive Director, the chairman of the Board, the chief executive officer of the Company, one of the Controlling Shareholders of the Company and the husband of Ms. Jia Lingxia. Ms. Jia Lingxia is an executive Director, the chief operating officer of the Company, one of the Controlling Shareholders of the Company and the wife of Mr. Qian Yixiang. Accordingly, Boer Smart is an associate and a connected person of the Company as defined in the Listing Rules and the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the respective applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Purchase Framework Agreement and the Processing Subcontracting Framework Agreement are more than 0.1% but less than 5%, the Transactions are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

PRINCIPAL TERMS OF THE PURCHASE FRAMEWORK AGREEMENT

Date: 6 August 2020

Parties: (i) Temper Energy, as purchaser;
(ii) Boer Smart, as vendor

Subject matter: Temper Energy may, during the period from 6 August 2020 to 31 December 2022, purchase the Products from Boer Smart. The order amount, the terms of delivery and price of the Products in each order shall be separately negotiated, entered into, and be performed under separate purchase order to be entered into between Boer Smart and Temper Energy with such requirements and specifications to be mutually agreed in writing in accordance with the terms of the Purchase Framework Agreement.

Price: The price of the Products in each order shall be separately negotiated, entered into, and be performed under separate purchase orders to be entered into between Boer Smart and Temper Energy with such requirements and specifications to be mutually agreed in writing in accordance with the terms of the Purchase Framework Agreement.

Annual caps:	From 6 August 2020 to 31 December 2020	From 1 January 2021 to 31 December 2021	From 1 January 2022 to 31 December 2022
	EUR530,000	EUR1,250,000	EUR1,250,000

The above annual caps are determined by the parties taking into account of (i) the forecasted demand of the Products by Temper Energy in the three financial years during the term of the Purchase Framework Agreement; and (ii) the forecasted price of the Products.

Settlement: Temper Energy is able to make purchases of the Products on credit terms to be agreed between Boer Smart and Temper Energy.

GENERAL PRICING POLICY FOR THE PURCHASE FRAMEWORK AGREEMENT

For pricing of the Products, the price will be priced on normal commercial terms in the ordinary course of business of Temper Energy with reference to the prevailing market price of the same or similar products offered by Independent Third Parties in the vicinity areas. The Group will obtain quotes from at least two independent sellers which offer the same or similar products for comparison. The Group will, to the extent comparable, compare the prices and other service terms such as delivery policy with respect to the price of the Products offered by Boer Smart with those for similar products quoted by two Independent Third Parties in the vicinity areas.

PRINCIPAL TERMS OF THE PROCESSING SUBCONTRACTING FRAMEWORK AGREEMENT

Date: 6 August 2020

Parties:

- (i) Boer Smart, as principal;
- (ii) Boer Wuxi, as subcontractor;
- (iii) Boer Yixing, as subcontractor; and
- (iv) Boer Tezhong, as subcontractor

Subject matter: Boer Wuxi, Boer Yixing and Boer Tezhong may, during the period from 6 August 2020 to 31 December 2022, provide the Assembly and Processing Services to Boer Smart. The service fees of the Assembly and Processing Services in each order shall be separately negotiated, entered into, and be performed under separate subcontracting order to be entered into among Boer Smart, Boer Wuxi, Boer Yixing and Boer Tezhong with such requirements and specifications to be mutually agreed in writing in accordance with the terms of the Processing Subcontracting Framework Agreement.

Pricing: The service fees of the Assembly and Processing Services in each order shall be separately negotiated, entered into, and be performed under separate subcontracting orders to be entered into among Boer Smart, Boer Wuxi, Boer Yixing, and Boer Tezhong with such requirements and specifications to be mutually agreed in writing in accordance with the terms of the Processing Subcontracting Framework Agreement.

Annual caps:	From 6 August 2020 to 31 December 2020	From 1 January 2021 to 31 December 2021	From 1 January 2022 to 31 December 2022
	RMB4,200,000	RMB10,000,000	RMB10,000,000

The above annual caps are determined by the parties taking into account of (i) the forecasted demand of the Assembly and Processing Services by Boer Smart in the three financial years during the term of the Processing Subcontracting Framework Agreement; and (ii) the forecasted service fees of the Assembly and Processing Services.

Settlement: Boer Smart is able to make order of the Assembly and Processing Services and pay the service fees on credit terms to be agreed between Boer Wuxi, Boer Yixing, Boer Tezhong and Boer Smart.

GENERAL PRICING POLICY FOR THE PROCESSING SUBCONTRACTING FRAMEWORK AGREEMENT

Pursuant to the Processing Subcontracting Framework Agreement, the Assembly and Processing Services to be provided to Boer Smart shall be conducted fairly in line with the market practice, and such terms offered to Boer Smart shall not be less favourable than those offered to any Independent Third Parties by Boer Wuxi, Boer Yixing, and Boer Tezhong.

INTERNAL CONTROL MEASURES

The finance department of the Company shall obtain and monitor the purchase orders and subcontracting orders to ensure the agreed price and terms of the Transactions are no less favourable to the Group than those available from Independent Third Parties. The finance department of the Company shall monitor and ensure that the Transactions are and will be conducted in accordance with the terms of the Purchase Framework Agreement or the Processing Subcontracting Framework Agreement, and the annual caps are not exceeded.

INFORMATION ON THE GROUP, TEMPER ENERGY AND BOER SMART AND REASONS AND BENEFITS OF THE PURCHASE FRAMEWORK AGREEMENT

The Group is principally engaged in design, manufacture and sale of electrical distribution equipment and provision of electrical distribution systems solution services.

Temper Energy is a limited liability company established in Spain and is principally engaged in the wholesale of electrical appliances and equipment in Europe, Africa, Central and South America.

Boer Smart is a limited liability company established in the PRC and is principally engaged in the provision and customisation of intelligent household equipment solutions.

Temper Energy is a well-established brand name in its industry and has developed an extensive wholesales network in Europe, Africa, Central and South America. The Products purchased from Boer Smart can diversify the product mix of Temper Energy and enhance its capability of supplying products to its customers. It can develop the Group's business in Europe, Africa, Central and South America and boost up the revenue of the Group.

The Directors, including the independent non-executive Directors, are of the view that the continuing connected transactions contemplated under the Purchase Framework Agreement have been conducted on normal commercial terms, were entered into in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and its shareholders as a whole, and that the annual caps for the continuing connected transactions contemplated under the Purchase Framework Agreement are fair and reasonable.

INFORMATION ON BOER WUXI, BOER YIXING AND BOER TEZHONG AND REASONS AND BENEFITS OF THE PROCESSING SUBCONTRACTING FRAMEWORK AGREEMENT

Boer Wuxi is a limited liability company established in the PRC and is principally engaged in the design, manufacture and sale of electrical distribution equipment.

Boer Yixing is a limited liability company established in the PRC and is principally engaged in the design, manufacture and sale of electrical distribution equipment.

Boer Tezhong is a limited liability company established in the PRC and is principally engaged in the design, manufacture and sale of capacitors.

Boer Wuxi, Boer Yixing and Boer Tezhong have the necessary qualifications, capabilities and technological skills to provide the Assembly and Processing Services to Boer Smart. The provision of Assembly and Processing Services to Boer Smart will generate additional revenue to the Group.

The Directors, including the independent non-executive Directors, are of the view that the continuing connected transactions contemplated under the Processing Subcontracting Framework Agreement have been conducted on normal commercial terms, were entered into in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and its shareholders as a whole, and that the annual caps for the continuing connected transactions contemplated under the Processing Subcontracting Framework Agreement are fair and reasonable.

LISTING RULES IMPLICATIONS

Boer Smart is wholly-owned by Boer Smart (HK), a company owned as to 87% by Clover Bay, which is owned as to 50% by Mr. Qian Yixiang and 50% by Ms. Jia Lingxia, and owned as to 13% by Boer Investment (Singapore) Pte. Ltd., which is owned as to 80% by Ms. Jia Lingxia. Mr. Qian Yixiang is an executive Director, the chairman of the Board, the chief executive officer of the Company, one of the Controlling Shareholders of the Company and the husband of Ms. Jia Lingxia. Ms. Jia Lingxia is an executive Director, the chief operating officer of the Company, one of the Controlling Shareholders of the Company and the wife of Mr. Qian Yixiang. Accordingly, Boer Smart is an associate and a connected person of the Company as defined in the Listing Rules and the Transaction constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest of the respective applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Purchase Framework Agreement and the Processing Subcontracting Framework Agreement are more than 0.1% but less than 5%, the Transactions are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board has approved the Purchase Framework Agreement, the Processing Subcontracting Framework Agreement and the Transactions by a board resolution. Each of Mr. Qian Yixiang, Ms. Jia Lingxia and Mr. Qian Zhongming, being father of Mr. Qian Yixiang and father-in-law of Ms. Jia Lingxia, has abstained from voting on the board resolutions approving the Purchase Framework Agreement, the Processing Subcontracting Framework Agreement and the Transactions. Saved as disclosed above, none of the Directors has a material interest in or is required to abstain from voting on the Purchase Framework Agreement, the Processing Subcontracting Framework Agreement and the Transactions.

DEFINITIONS

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

“Assembly and Processing Services”	assembly and processing services to be provided by Boer Wuxi, Boer Yixing and Boer Tezhong to Boer Smart for manufacture of intelligent household equipment under Processing Subcontracting Framework Agreement;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Boer Smart”	Boer Smart Technology (Wuxi) Co., Ltd.* (博耳智能科技(無錫)有限公司), a limited liability company established in the PRC on 16 October 2015, a wholly-owned subsidiary of Boer Smart (HK);
“Boer Smart (HK)”	Boer Smart (Hong Kong) Limited (博耳智能(香港)有限公司), a company incorporated in Hong Kong on 15 July 2015 and owned as to 87% by Clover Bay and 13% by Boer Investment (Singapore) Pte. Ltd., which is owned as to 80% by Ms. Jia Lingxia;
“Boer Tezhong”	Boer Wuxi Tezhong Electrical Capacitor Co., Ltd.* (博耳無錫特種電力電容器有限公司), a company incorporated in the PRC on 11 January 1990, a wholly-owned subsidiary of the Company;
“Boer Wuxi”	Boer (Wuxi) Power System Co., Ltd.* (博耳(無錫)電力成套有限公司), a company incorporated in the PRC on 11 July 2005, a wholly-owned subsidiary of the Company;

“Boer Yixing”	Boer (Yixing) Power System Co., Ltd.* (博耳(宜興)電力成套有限公司), a company incorporated in the PRC on 7 November 2005, a wholly-owned subsidiary of the Company;
“BVI”	the British Virgin Islands;
“Clover Bay”	Clover Bay Limited, a company incorporated in the Republic of Seychelles on 29 April 2015 and owned as to 50% by Mr. Qian Yixiang and 50% by Ms. Jia Lingxia, and is therefore an associate and a connected person of the Company as defined by the Listing Rules;
“Company”	Boer Power Holdings Limited (博耳電力控股有限公司), an exempted limited liability company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and, in the context of the Company for the purposes of this announcement, means Mr. Qian Yixiang, Ms. Jia Lingxia and King Able;
“Director(s)”	the director(s) of the Company;
“EUR”	the lawful currency of 19 out of the 27 member states of the European Union;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Parties”	a person(s) or company(ies) who or which is/are independent of and not connected (within the meaning of the Listing Rules) with any of the directors, chief executive, or substantial shareholders of the Company or its subsidiaries or any of their respective associates;
“King Able”	King Able Limited (興寶有限公司), a company incorporated in BVI on 5 January 2010 and owned as to 50% by Mr. Qian Yixiang and 50% by Ms. Jia Lingxia;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Qian Yixiang”	an executive Director, the chairman of the Board, the chief executive officer of the Company, one of the Controlling Shareholders of the Company and the husband of Ms. Jia Lingxia;

“Ms. Jia Lingxia”	an executive Director, the chief operating officer of the Company, one of the Controlling Shareholders of the Company and the wife of Mr. Qian Yixiang;
“PRC”	the People’s Republic of China;
“Products”	the intelligent household equipment to be purchased under the Purchase Framework Agreement;
“Processing Subcontracting Framework Agreement”	the agreement dated 6 August 2020 entered into between Boer Wuxi, Boer Yixing, Boer Tezhong and Boer Smart for the provision of Assembly and Processing Services by Boer Wuxi, Boer Yixing and Boer Tezhong to Boer Smart, details of which are set out in the section headed “Principal terms of the Processing Subcontracting Framework Agreement” of this announcement;
“Purchase Framework Agreement”	the agreement dated 6 August 2020 entered into between Temper Energy and Boer Smart and for the sale and purchase of the Products, details of which are set out in the section headed “Principal terms of the Purchase Framework Agreement” of this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Temper Energy”	Temper Energy International, S.L., a company incorporated in Spain on 28 May 2013, a wholly-owned subsidiary of the Company;
“Transactions”	the transactions contemplated under the Purchase Framework Agreement and the Processing Subcontracting Framework Agreement;
“%”	per cent.

By order of the Board
Boer Power Holdings Limited
Qian Yixiang
Chairman

Hong Kong, 6 August 2020

As at the date hereof, the Board comprises (i) four executive Directors: Mr. Qian Yixiang, Ms. Jia Lingxia, Mr. Zha Saibin and Mr. Qian Zhongming; and (ii) three independent non-executive Directors: Mr. Tang Jianrong, Mr. Qu Weimin and Mr. Lai Wai Leuk.

* For identification purposes only