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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 ON STRATEGIC COOPERATION FRAMEWORK AGREEMENT**

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.

The board of directors (the “**Directors**”) of the Company (the “**Board**”) is pleased to announce that the Company has entered into a Strategic Cooperation Framework Agreement (the “**Framework Agreement**”) with the Management Committee of Yixing Economic and Technological Development Zone (the “**Committee**”) under the Yixing Municipal Government to jointly establish a limited liability company (the “**Joint Venture Company**”).

The Joint Venture Company will set up China HK Power Smart Energy’s headquarters production base and R&D center (the “**Project**”) in the Yixing Economic and Technological Development Zone, focusing on the development of green and low-carbon energy transformation and smart energy system construction, with the goal of becoming a leading and globally influential smart low-carbon energy industry base and R&D center in China. The Project itself will also be constructed as a zero-carbon demonstration project.

### **Key details of the Framework Agreement are as follows:**

1. The Committee will provide the land approximately 60 mu in size within the Yixing Economic and Technological Development Zone for the Project site and auction the land at the market price. The Joint Venture Company will proceed to bid the land if the Group consider the land location and price of the land are suitable. The other terms of the framework agreement will only come to effect once the above process is completed.
2. The registered capital of the Joint Venture Company is RMB120 million. The Group will contribute RMB90 million, and a state-owned enterprise (the “**SOE**”) designated by the Committee will contribute RMB30 million, with a shareholding ratio of 75% for the Group and 25% for the SOE. Both parties will complete the initial investment through paid-in capital.
3. If the Joint Venture Company requires additional investment in the future, it will be negotiated between the two parties at that time.

The Framework Agreement establishes the initial terms and conditions for the cooperation between the parties. The specific details regarding the establishment of the Joint Venture Company and the acquisition of land will be outlined in separate agreements – the joint venture agreement and the sale and purchase of state-owned land use right agreement, respectively.

### **Reasons and Benefits of Entering into the Framework Agreement**

The Group is mainly engaged in the natural gas business and new energy business. The Group's wholly-owned subsidiary, Oasetech Energy Technology (Wuxi) Co., Ltd.<sup>#</sup>, is engaged in innovative energy technology products in the Yixing area, providing energy comprehensive utilization solutions to target enterprises through its IDH smart distributed heating platform and ICE smart integrated energy system, thereby helping target enterprises to save energy.

The Group currently operates a factory occupying approximately 20 mu of land in Yixing, which is leased from the municipal government. The Board of Directors believes that the existing factory space is insufficient to accommodate the Group's long-term development in Yixing. Therefore, through entering the Framework Agreement, the Yixing Municipal Government will help the Group to seek a larger factory site for future expansion. Upon the completion of the new factory, both the existing and new factories will be utilized simultaneously.

The Board believes that through the newly established Joint Venture Company, the Group can introduce different capital and new customer networks, accelerate the development of the Group's new energy business in Yixing, thereby expanding the business scale and maximizing the Group's profitability.

Furthermore, according to the policy document (2023) No. 5 issued by the Yixing Municipal Government on "Opinions on Promoting the Construction of Major Industrial Projects"<sup>#</sup> to support the development of the energy-saving and environmental protection industry, the Joint Venture Company can receive up to 10% of the total investment amount in equipment construction as an incentive from the municipal government, which will greatly reduce the Group's capital expenditure and strengthen the Group's profitability.

The Board considers that the terms of the Framework Agreement have been negotiated fairly between the parties on normal commercial terms, and the terms of the Framework Agreement are fair and reasonable and in the overall interests of the Company and its shareholders.

The Company will conduct its business activities in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and will make further announcements on the project progress as appropriate.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

<sup>#</sup> the English translation of Chinese names or words in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

For and on behalf of  
**China HK Power Smart Energy Group Limited**  
**Kan Che Kin, Billy Albert**  
*Chairman*

Hong Kong, 7 August 2024

*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 one non-executive Director, namely Mr. Simon Murray; and three independent non-executive Directors, namely Mr. Li Siu Yui, Mr. Chow Ching Ning and Mr. Lam Lum Lee.*