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BaWang International (Group) Holding Limited

霸王國際（集團）控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01338)

DISCLOSEABLE TRANSACTIONS ENGINEERING, PROCUREMENT AND CONSTRUCTION CONTRACTS RELATING TO DISTRIBUTED PHOTOVOLTAIC POWER GENERATION PROJECTS

THE EPC CONTRACTS

On 10 May 2024, Bawang Guangzhou, a wholly-owned subsidiary of the Company, as the principal, entered into the Huashan Phase I Project EPC Contract with Zhensen Electric Energy, as the Contractor, pursuant to which the Contractor will provide the EPC services to Bawang Guangzhou for the construction of the Huashan Phase I Project with a contract price of RMB5,210,000 (tax inclusive).

Subsequently, on 6 September 2024, Bawang Guangzhou, as the principal, entered into the Huashan Phase II Project EPC Contract with Zhensen Electric Energy, as the Contractor, pursuant to which the Contractor will provide EPC services to Bawang Guangzhou for the construction of the Huashan Phase II Project with a contract price of RMB9,700,000 (tax inclusive).

The entering into of the EPC Contracts will make use of the rooftops of several buildings to set up the distributed photovoltaic power generation systems, with a planned installed capacity of approximately 1.82 MW for the Huashan Phase I Project and 3.42 MW for the Huashan Phase II Project.

LISTING RULES IMPLICATIONS

As each of the EPC Contracts was entered into by the Group with the same party (i.e., the Contractor) and is of a similar nature, they have been aggregated for the purpose of computing the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules. After the entering into of the Huashan Phase II Project EPC Contract, one or more of the applicable percentage ratios of the Contract Price I and Contract Price II after aggregation exceed 5% but all of them are less than 25%, the entering into of the EPC Contracts together constitute discloseable transactions of the Company and is subject to the reporting and announcement requirements but exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

1. INTRODUCTION

On 10 May 2024, Bawang Guangzhou, a wholly-owned subsidiary of the Company, as the principal, entered into the Huashan Phase I Project EPC Contract with Zhensen Electric Energy, as the Contractor, pursuant to which the Contractor will provide the EPC services to Bawang Guangzhou for the construction of the Huashan Phase I Project with a contract price of RMB5,210,000 (tax inclusive).

Subsequently, on 6 September 2024, Bawang Guangzhou, as the principal, entered into the Huashan Phase II Project EPC Contract with Zhensen Electric Energy, as the Contractor, pursuant to which the Contractor will provide EPC services to Bawang Guangzhou for the construction of the Huashan Phase II Project with a contract price of RMB9,700,000 (tax inclusive).

2. HUASHAN PHASE I PROJECT EPC CONTRACT

The principal terms of the Huashan Phase I Project EPC Contract are set out below:

Date : 10 May 2024

Parties : (i) Bawang Guangzhou (as the principal); and
(ii) Zhensen Electric Energy (as the Contractor)

Subject Matter : Pursuant to the Huashan Phase I Project EPC Contract, the Contractor shall provide Bawang Guangzhou with the EPC services in relation to the Huashan Phase I Project, including but not limited to, the survey, design, procurement of equipment and materials, construction, installation, testing and acceptance works within the scope of the Huashan Phase I Project.

The Contractor shall be responsible for all the relevant expenses incurred for the construction of the Huashan Phase I Project.

Construction Period : The construction of the Huashan Phase I Project is expected to commence in September 2024, and is expected to complete on or before the third quarter of 2025.

Contract Price and Payment Terms : The contract price under the Huashan Phase I Project EPC Contract (the “**Contract Price I**”) shall be subject to the actual installed capacity, but in any event shall not exceed RMB5,210,000 (tax inclusive).

The Contract Price I has been determined by the parties after a vendor selection process carried out by the Group and arm’s length negotiation after taking into consideration of factors including but not limited to (a) the expected power capacity of the Huashan Phase I Project; and (b) the prevailing market price of the provision of similar EPC services.

The Contract Price I shall be payable by Bawang Guangzhou to the Contractor by bank transfer in the following installments:

(i) Advance Payment

20% of the Contract Price I shall be paid within five working days upon the completion of the approval and filing with the NDRC and its issuance of the filing certificate.

(ii) Equipment Payment

- (a) 25% of the Contract Price I shall be paid within five working days upon the completion of the bracket installation and the arrival of all cable bridges and lightning protection flat iron at the project site; and
- (b) 25% of the Contract Price I shall be paid within five working days upon the arrival of all inverters at the project site.

(iii) Installation Payment

15% of the Contract Price I shall be paid within five working days upon the completion of the module installation.

(iv) Completion and Acceptance Payment

13% of the Contract Price I shall be paid within five working days upon the full completion of the construction of the Huashan Phase I Project with the fulfillment of the acceptance condition for grid connection from the relevant power supply bureau and the commencement of the grid-connected power generation of the Huashan Phase I Project.

(v) Project Quality Assurance Fund

2% of the Contract Price I shall be retained by Bawang Guangzhou as quality assurance fund, and shall be paid to the Contractor without interest within 5 working days after 360 calendar days from the commencement of the grid-connected power transmission from the relevant power supply bureau to the Huashan Phase I Project.

The Contract Price I will be funded by internal resources of the Group.

Warranty Period : Two years commencing from the date of the grid connection of the Huashan Phase I Project and the project completion acceptance confirmation by Bawang Guangzhou. During the warranty period, the Contractor shall be responsible for the maintenance work and handling quality problems of the construction works in a timely manner and in accordance with the terms and conditions of the Huashan Phase I Project EPC Contract.

3. HUASHAN PHASE II PROJECT EPC CONTRACT

The principal terms of the Huashan Phase II Project EPC Contract are set out as below:

Date : 6 September 2024

Parties : (i) Bawang Guangzhou (as the principal); and
(ii) Zhensen Electric Energy (as the Contractor)

Subject Matter : Pursuant to the Huashan Phase II Project EPC Contract, the Contractor shall provide Bawang Guangzhou with the EPC services in relation to the Huashan Phase II Project, including but not limited to, the survey, design, procurement of equipment and materials, construction, installation, testing and acceptance works within the scope of the Huashan Phase II Project.

The Contractor shall be responsible for all the relevant expenses incurred for the construction of the Huashan Phase II Project.

Construction Period : The construction of the Huashan Phase II Project is expected to commence in September 2024, and shall be expected to complete on or before the third quarter of 2025.

Contract Price and Payment Terms : The contract price under the Huashan Phase II Project EPC Contract (the “**Contract Price II**”) shall be subject to the actual installed capacity, but in any event shall not exceed RMB9,700,000 (tax inclusive).

The Contract Price II has been determined by the parties after a vendor selection process carried out by the Group and arm’s length negotiation after taking into consideration of factors including but not limited to (a) the expected power capacity of the Huashan Phase II Project; and (b) the prevailing market price of the provision of similar EPC services.

The Contract Price II shall be payable by Bawang Guangzhou to the Contractor by bank transfer in the following installments:

(i) Advance Payment

20% of the Contract Price II shall be paid within five working days upon the completion of the approval and filing with the NDRC and its issuance of the filing certificate.

(ii) Equipment Payment

(c) 25% of the Contract Price II shall be paid within 5 working days upon the completion of the bracket installation and the arrival of all cable bridges and lightning protection flat iron of the Huashan Phase II Project at the project site; and

(d) 25% of the Contract Price II shall be paid within 5 working days upon the arrival of all inverters of the Huashan Phase II Project at the project site.

(iii) Installation Payment

15% of the Contract Price II shall be paid within 5 working days upon the completion of the module installation.

(iv) Completion and Acceptance Payment

13% of the Contract Price II shall be paid within 5 working days upon the full completion of the construction of the Huashan Phase II Project with the fulfillment of the acceptance condition for grid connection from the relevant power supply bureau and the commencement of the grid-connected power generation of the Huashan Phase II Project.

(v) Project Quality Assurance Fund

2% of the Contract Price II shall be retained by Bawang Guangzhou as quality assurance fund, and shall be paid to the Contractor without interest within 5 working days after 360 calendar days from the commencement of the grid-connected power transmission from the relevant power supply bureau to the Huashan Phase II Project.

The Contract Price II will be funded by internal resources of the Group.

Warranty Period : Two years commencing from the date of the grid connection of the Huashan Phase II Project and the project completion acceptance confirmation by Bawang Guangzhou. During the warranty period, the Contractor shall be responsible for the maintenance work and handling quality problems of the construction works in a timely manner and in accordance with the terms and conditions of the Huashan Phase II Project EPC Contract.

4. REASONS FOR AND BENEFITS OF ENTERING INTO THE EPC CONTRACTS

To the best of the Directors' knowledge, the Contractor is a well-established company with substantial experience in the construction and development of photovoltaic power generation projects in the PRC. The entering into of the EPC Contracts will make use of the rooftops of several buildings to set up the distributed photovoltaic power generation systems, with a planned installed capacity of approximately 1.82 MW for the Huashan Phase I Project and 3.42 MW for the Huashan Phase II Project. The electricity generated will be sold by Bawang Guangzhou to the occupants within the buildings where the projects are located, and where there is surplus electricity, such electricity will be sold to the grid company at the prevailing purchase price of the grid company. The grid company has recently given its approval of Bawang Guangzhou's proposal to connect the Huashan Phase I Project and the Huashan Phase II Project to the grid, and the grid company has also specified the technical requirements for these projects to be accepted for connection to the grid.

Taking into account the terms of the EPC Contract as disclosed above and also financial benefits that the Group can derive from the Huashan Phase I Project and the Huashan Phase II Project, the Directors are of the view that the terms and conditions of the EPC Contracts are fair and reasonable and in the interests of

the Company and the Shareholders as a whole.

5. INFORMATION ABOUT THE PARTIES

Bawang Guangzhou

Bawang Guangzhou is a wholly-owned subsidiary of the Company. It is principally engaged in the manufacture and sale of household and personal care products.

The Company and the Group

The Company is an investment holding company. The Group is principally engaged in the design, manufacture and sale of Chinese herbal shampoo and hair-care products as well as other products such as skincare products, toothpaste, and shower gels.

The Contractor

The Contractor is principally engaged in, among others, mechanical and electrical equipment installation, power engineering design and construction, and contractual energy management. As at the date of this announcement, to the best information of the Directors, the Contractor is ultimately beneficially owned by Huang Baojiang (黃保江) as to approximately 41.68%, Wang Lei (王磊) as to approximately 22.47%, and the remaining approximately 35.85% equity interest in the Contractor being owned by 11 natural persons with none of them holding more than 15%.

As at the date of this announcement and to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Contractor and its ultimate beneficial owners are Independent Third Parties.

6. LISTING RULES IMPLICATIONS

As each of the EPC Contracts was entered into by the Group with the same party (i.e., the Contractor) and is of a similar nature, they have been aggregated for the purpose of computing the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules. After the entering into of the Huashan Phase II Project EPC Contract, one or more of the applicable percentage ratios of the Contract Price I and Contract Price II after aggregation exceed 5% but all of them are less than 25%, the entering into of the EPC Contracts together constitute discloseable transactions of the Company and is subject to the reporting and announcement requirements but exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Bawang Guangzhou”	霸王(廣州)有限公司(Bawang (Guangzhou) Co., Ltd.*), a wholly-owned subsidiary of the Company
“Board”	the board of Directors of the Company

“Company”	BaWang International (Group) Holding Limited, a company incorporated under the laws of the Cayman Islands with limited liability on 11 December 2007, the issued shares of which listed on the Stock Exchange
“Contractor” or “Zhensen Electric Energy”	振森電能有限公司(Zhensen Electric Energy Co., Ltd.*), a company established in the PRC with limited liability and an Independent Third Party
“Director(s)”	the director(s) of the Company
“EPC”	engineering, procurement and construction
“EPC contracts”	collectively, the Huashan Phase I Project EPC Contract and the Huashan Phase II Project EPC Contract
“Group”	the Company and its subsidiaries
“Huashan Phase I Project”	the distributed photovoltaic power generation project located at No. 6, Qiyuan Avenue, Huashan Town, Huadu District, Guangzhou, Guangdong Province, the PRC with a planned installed capacity of approximately 1.82 MW
“Huashan Phase I Project EPC Contract”	the EPC contract entered into between Bawang Guangzhou and the Contractor dated 10 May 2024 in relation to the construction of the Huashan Phase I Project
“Huashan Phase II Project”	the distributed photovoltaic power generation project located at No. 6, Qiyuan Avenue, Huashan Town, Huadu District, Guangzhou, Guangdong Province, the PRC with a planned installed capacity of approximately 3.42 MW
“Huashan Phase II Project EPC Contract”	the EPC contract entered into between Bawang Guangzhou and the Contractor dated 6 September 2024 in relation to the construction of the Huashan Phase II Project
“Independent Third Party(ies)”	person(s) who is(are) third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules)
“kWh”	kilowatt-hour, a measure of electricity delivered over one hour
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt(s), which equals 1,000,000 watts
“NDRC”	the National Development and Reform Commission of the PRC
“PRC” or “China”	the People’s Republic of China, and for the purpose of this announcement only, excludes The Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
BaWang International (Group) Holding Limited
CHEN Qiyuan
Chairman

Hong Kong, 6 September 2024

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. CHEN Qiyuan, Mr. CHEN Zheng He and Mr. WONG Sin Yung, and three independent non- executive Directors, namely Mr. CHEUNG Kin Wing, Dr. LIU Jing and Mr. CHU Tat Hoi.

**For identification purpose only.*