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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)

(1) ANNOUNCEMENT ON LEGAL PROCEEDINGS (2) PROFIT ALERT-REDUCTION IN LOSS

This announcement is made by China HK Power Smart Energy Group Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

LEGAL PROCEEDINGS

The board (the “**Board**”) of directors (“**Directors**”) of the Company wishes to announce that on 9 May 2024, the Company received a “**Civil Ruling**” dated 25 April 2024 issued by the Tianjin Maritime Court of PRC (the “**Court**”) regarding claims brought by an independent creditor. Pursuant to the Civil Ruling, Great Trend Investment Management (Shanghai) Company Limited*, an indirect wholly-owned subsidiary of the Company, was liable to pay the creditor the outstanding balance, along with a penalty charge and overdue interest. The additional charge was amounting to approximately RMB36 million. Both the Company and its wholly-owned subsidiary, China LNG Limited, act as guarantors for the outstanding balance and the additional charge.

In respect of the Civil Ruling, an application for re-trial was submitted by the Group on 20 May 2024, which is currently awaiting notice from the Court for further judicial proceedings.

For prudent purposes based on legal advice, the Board has made a full provision for penalty expenses in the amount of approximately RMB36 million during the year ended 31 March 2024.

Further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules

PROFIT ALERT

The board wishes to inform the shareholders and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 March 2024 (the “FY2024”) and the information currently available to the Board, the Group expects a loss attributable to owners of the Company in the range between HK\$110 million to HK\$150 million for the FY2024 as compared to a loss attributable to owners of the Company of approximately HK\$167 million for the year ended 31 March 2023 (the “FY2023”).

The board believes that the anticipated improvement in lesser loss is primarily due to: (i) gross profit of approximately HK\$63 million was generated in FY2024 compared to gross loss of approximately HK\$16 million in FY2023; (ii) non-recurring loss of disposal of construction in progress approximately HK\$18 million was recognised in FY2024 and (iii) one-off provision of penalty expenses approximately HK\$39 million was made in FY2024 in view of the legal proceedings mentioned above.

The Company is still in the process of finalising the annual results of the Group for the FY2024. Information contained in this announcement is only based on the Board’s preliminary assessment of unaudited consolidated management accounts of the Group with reference to the information currently available to the Board which maybe subject to the further finalisation and other potential adjustments, if any, and have not been reviewed by the Company’s auditor or the audit committee of the Board. Details of the Group’s results for the FY2024 shall be provided in the annual results announcement of the Company which is expected to be published around the end of June 2024.

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

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

Hong Kong, 14 June 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 Directors, namely Mr. Simon Murray; and three independent non-executive Directors, namely Mr. Li Siu Yui, Mr. Chow Ching Ning and Mr. Lam Lum Lee.

* *For identification purposes only*