

Independent non-executive Directors:

Mr. Li Siu Yui
Mr. Chow Ching Ning
Mr. Mr. Lam Lum Lee

22 May 2025

To the Independent Shareholders

Dear Sirs or Madams,

**(1) CONNECTED TRANSACTION
LOAN CAPITALISATION INVOLVING ISSUE OF
NEW SHARES UNDER SPECIFIC MANDATE
AND
(2) NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

We refer to the circular dated 22 May 2025 issued by the Company (the “**Circular**”) to the Shareholders of which this letter forms part. The capitalised terms defined in this letter shall have the same meanings as those defined in the Circular unless specified otherwise.

We have been appointed as the members of the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Loan Capitalisation Agreement and the transactions contemplated thereunder are: (i) fair and reasonable; (ii) on normal commercial terms or better; and (iii) in the interests of the Company and its Shareholders as a whole; and (iv) to advise the Independent Shareholders how to vote at the EGM.

Optima Capital Limited has been appointed to act as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Loan Capitalisation Agreement and the transactions contemplated thereunder. The letter of advice from Optima Capital Limited containing their recommendation and the principal factors they have taken into account in arriving at their recommendation is set out on pages 17 to 39 of the Circular.

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 14 of the Circular and the text of a letter of advice from the Independent Financial Adviser, as set out on pages 17 to 39 of the Circular, both of which provide details of the terms of the Loan Capitalisation Agreement and the transactions contemplated thereunder. After taking into account the factors and reasons considered by the Independent Financial Adviser and its conclusion and advice, we concur with its views and consider that although the entering into of the Loan Capitalisation Agreement is not conducted in the ordinary and usual course of business of the Group, the terms of the Loan Capitalisation Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the Loan Capitalisation is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

Yours faithfully
For and on behalf of
the Independent Board Committee of
China HK Power Smart Energy Group Limited

Mr. Li Siu Yui
Independent
non-executive Director

Mr. Chow Ching Ning
Independent
non-executive Director

Mr. Lam Lum Lee
Independent
non-executive Director