# 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)**

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2025

The board (the "**Board**") of directors (the "**Directors**") of China HK Power Smart Energy Group Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2025 (the "**Current Year**").

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
*For the year ended 31 March 2025*

| | *Notes* | **2025** *HK$'000* | 2024 *HK$'000* |
|---|---|---|---|
| REVENUE | *3* | **713,440** | 454,491 |
| Cost of sales | | **(596,793)** | (390,844) |
| Gross profit | | **116,647** | 63,647 |
| Other income and other gains and losses, net | | **(16,854)** | (18,631) |
| Selling and distribution expenses | | **(24,428)** | (11,934) |
| Administrative expenses | | **(137,793)** | (100,340) |
| Impairment under expected credit losses model, net | | **(10,331)** | (4,091) |
| Finance costs | | **(31,710)** | (34,695) |
| Provision of penalty charge on legal proceedings | | **(13,268)** | (39,221) |
| Share of results of joint ventures | | **(223)** | 2,460 |
| LOSS BEFORE TAX | | **(117,960)** | (142,805) |
| Income tax expense | *4* | **(3,928)** | (3,962) |
| LOSS FOR THE YEAR | | **(121,888)** | (146,767) |

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)**
*For the year ended 31 March 2025*

| | Notes | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|---|
| LOSS FOR THE YEAR | | **(121,888)** | (146,767) |
| OTHER COMPREHENSIVE INCOME AFTER TAX | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences arising on translation of foreign operations of: | | | |
| – subsidiaries | | **(16,260)** | (34,945) |
| – joint ventures | | **(1,338)** | (2,625) |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX | | **(17,598)** | (37,570) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | **(139,486)** | (184,337) |
| Loss for the year attributable to: | | | |
| Owners of the Company | | **(106,014)** | (139,297) |
| Non-controlling interests | | **(15,874)** | (7,470) |
| | | **(121,888)** | (146,767) |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | **(124,711)** | (177,353) |
| Non-controlling interests | | **(14,775)** | (6,984) |
| | | **(139,486)** | (184,337) |
| LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY | *6* | | |
| – Basic | | **(HK$1.60 cents)** | (HK2.43 cents) |
| – Diluted | | **(HK$1.60 cents)** | (HK2.43 cents) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 March 2025*

| | Notes | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **447,524** | 432,294 |
| Other intangible assets | | **3,502** | 4,625 |
| Right-of-use assets | | **108,984** | 108,039 |
| Goodwill | | **82,308** | 82,308 |
| Interests in joint ventures | 7 | **81,782** | 76,383 |
| Interests in associates | | **–** | – |
| Deposits for acquisition of plant and equipment | | **136,340** | 137,913 |
| Deposits for acquisition of land use rights | | **31,331** | 31,892 |
| Other assets | | **283,090** | 288,164 |
| Statutory deposits | | **93** | 100 |
| Total non-current assets | | **1,174,954** | 1,161,718 |
| **CURRENT ASSETS** | | | |
| Inventories | | **38,317** | 43,927 |
| LNG finance lease receivables | | **7,743** | 8,855 |
| Loan and reimbursement receivables | 8 | **112,787** | 112,787 |
| Accounts and other receivables, prepayments and deposits | 9 | **332,328** | 189,388 |
| Financial assets at fair value through profit or loss | | **1** | 475 |
| Cash and cash equivalents | | **37,269** | 43,629 |
| Total current assets | | **528,445** | 399,061 |
| **CURRENT LIABILITIES** | | | |
| Accounts payables | 10 | **158,449** | 135,313 |
| Other payables and accruals | | **627,740** | 566,139 |
| Interest-bearing bank borrowings | 11 | **139,226** | 120,582 |
| Lease liabilities | | **5,216** | 4,847 |
| Tax payable | | **4,873** | 6,861 |
| Total current liabilities | | **935,504** | 833,742 |
| **NET CURRENT LIABILITIES** | | **(407,059)** | (434,681) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **767,895** | 727,037 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

*At 31 March 2025*

| | *Notes* | **2025** *HK$'000* | 2024 *HK$'000* |
|---|---|---|---|
| **NON-CURRENT LIABILITIES** | | | |
| Loans from a shareholder | | **432,722** | 631,307 |
| Interest-bearing bank borrowings | *11* | **75,480** | 22,104 |
| Lease liabilities | | **12,770** | 8,367 |
| Deferred tax liabilities | | **8,530** | 5,735 |
| Total non-current liabilities | | **529,502** | 667,513 |
| **NET ASSETS** | | **238,393** | 59,524 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | | **133,481** | 119,527 |
| Reserves | | **91,993** | (82,360) |
| Equity attributable to owners of the Company | | **225,474** | 37,167 |
| Non-controlling interests | | **12,919** | 22,357 |
| **TOTAL EQUITY** | | **238,393** | 59,524 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE AND GROUP INFORMATION

China HK Power Smart Energy Group Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1– 1111, Cayman Islands. The principal place of business of the Company in Hong Kong is located at 8th Floor, St. John's Building, 33 Garden Road, Central, Hong Kong.

The Company is an investment holding company, its subsidiaries are principally engaged in (i) the sales and distribution of natural gas ("**NG**") in the People's Republic of China ("**PRC**"), including wholesale of liquefied natural gas ("**LNG**") and pipeline natural gas ("**PNG**") the point-to-point supply of LNG through industrial gasification stations, dewar bottle filling stations and automobile gas stations, the regional gas pipeline networks that provide pipeline natural gas for rural industrial, commercial and civilian, the supplement supply to the national natural gas pipeline networks, and the distribution of LNG (logistic) services; (ii) the development and production of new energy technology products and integrated solutions in PRC, including promotes modern energy system construction based on several proprietary patents and self-developed core platform technologies, such as "IDH Smart Heating" and "ICE Smart Integrated Energy." The advanced energy utilization technologies include household thermal balance, efficient energy storage, and various other solutions. The business distribution encompasses comprehensive smart energy supply for industrial parks (including but not limited to cooling, heating, and steam supply), smart cooling and heating for building complexes, smart heating for northern residential communities, smart management of building energy efficiency, energy storage, industrial power, electricity operation, and carbon trading, among nine major energy service businesses; (iii) the financial services business, including the provision of finance leasing services for LNG vehicles and equipment as approved by Chinese Ministry of Foreign Trade and Economic Cooperation; (iv) Type 9 (asset management) regulated activities with the licences under the Securities and Futures Ordinance ("**SFO**") issued by the Securities and Future Commission ("**SFC**") in Hong Kong; and (v) money lending business through a valid money lenders licence under the Money Lenders Ordinance in Hong Kong.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all individual Hong Kong Financial Reporting Standards ("**HKFRSs**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of securities on The Stock Exchange of Hong Kong Limited. These consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments that are remeasured at fair value at end of each reporting period, as explained in the accounting policies set out blow. These consolidated financial statements are presented in Hong Kong dollar ("**HK$**") and all values are rounded to the nearest thousand unless otherwise stated.

### (b) Application of new and amendments to HKFRS Accounting Standards

In the current year, the Group has adopted the following amendments to HKFRS Accounting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2024 as mentioned below.

| | |
|---|---|
| Amendments to HKFRS 16 | *Lease Liability in a Sale and Leaseback* |
| Amendments to HKAS 1 | *Classification of Liabilities as Current or Non-current* |
| Amendments to HKAS 1 | *Non-current Liabilities with Covenants* |
| Amendments to HKAS 7 and HKFRS 7 | *Supplier Finance Arrangements* |
| Hong Kong Interpretation 5 (Revised) | *Presentation of financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* |

The application of the new and amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current year and prior year and/or on the disclosures set out in the consolidated financial statements.

**(c) Adoption of the going concern basis**

The Group incurred a loss of approximately HK$121,888,000 during the year ended 31 March 2025. As at 31 March 2025, the Group had net current liabilities of HK$407,059,000 and bank and cash balances of approximately HK$37,269,000, while the outstanding bank borrowings amounted to approximately HK$214,706,000, of which approximately HK$139,226,000 were originally due within one year.

These events and conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, the directors of the Company had adopted the going concern basis in the preparation of these consolidated financial statements of the Group based on the measures including but not limited to the following:

(1) Dr. Kan Che Kin, Billy Albert ("**Dr. Kan**"), being the beneficial owner and controlling shareholder of the Company, has committed to providing continuing financial support to the Group until 30 June 2026;

(2) The Company has entered into loan facility agreements with Dr. Kan, which included standby facilities of HK$800,000,000. As at 31 March 2025, the Group had unutilised facilities of approximately HK$344,738,000;

(3) On 17 April 2025, the Company and Dr. Kan entered into a loan capitalisation agreement (the "**Loan Capitalisation Agreement**"), pursuant to which a shareholder loan of HK$140,000,000 was capitalised by allotting capitalisation shares to Dr. Kan. Considering this capitalisation, as at the date of the completion of transaction, the unutilised facilities of the loan facility will be increased to approximately HK$484,738,000;

(4) The Group is taking measures to tighten controls over various costs and actively enhance its market position in the NG industry by expanding its customer base with the aim to attain profitable and positive cash flow operations in the coming financial year;

(5) The Company commenced the new energy business in the second half of the Previous Year, which had successfully turned a gross loss in 2023 to gross profit in the Previous Year. And the contribution from the new energy business continue to grow in the Current Year, the overall gross profit of the Company increased significantly from HK$63.6 million in the Previous Year to HK$116.6 million in the Current Year. The continuous improvement of profitability of the Company is foreseeable in the future under the situation that few new projects will be commenced to contribute revenue and profit in next fiscal year; and

(6) The Group is actively negotiating with several banks in the Mainland China to obtain a new credit line to finance the Group's operations.

After taking into consideration of the above factors and funds expected to be generated internally based on the directors' estimation on the future cash flow, which cover a period of not less than twelve months from 31 March 2025, of the Group, the directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the consolidated financial statements to be prepared on a going concern basis.

## 3. REVENUE AND SEGMENT INFORMATION

An analysis of revenue is as follows:

| | **2025** | 2024 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Revenue from contracts with customers within the scope of HKFRS 15** | | |
| Sales and distribution of NG | **529,699** | 313,145 |
| Provision of LNG logistic services | **50,276** | 55,634 |
| Sales and distribution of new energy products | **50,304** | 8,752 |
| Development of new energy integrated solution | **81,276** | 74,812 |
| | **711,555** | 452,343 |
| **Revenue from other source** | | |
| Interest income from loan financing | **1,885** | 2,148 |
| | **713,440** | 454,491 |

The segment information reported externally was analysed on the basis of their products and services provided by the Group's operating divisions which is consistent with the internal information that is regularly reviewed by the executive directors of the Company, the chief operating decision makers ("**CODM**"), for the purposes of resource allocation and assessment of performance. Segment results represents the profit earned/loss incurred by each segment without allocation of corporate and other unallocated expenses, share of results of joint ventures, other income, other gains and losses and finance costs. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group around differences in products and services.

During the current year, the Group's principal activities of the operating and reportable segments are grouped as follows:

(a) Sales and distribution of NG including wholesale of LNG and PNG, point-to-point supply of LNG, automobile gas stations, LNG pipeline network and provision of LNG logistic services in the PRC ("**NG business**");

(b) The development and production of new energy technology products and integrated solutions in PRC ("**New energy business**"); and

(c) financial services business, including the provision of finance leasing services for LNG vehicles and equipment in the PRC, the provision of asset management services and money lending business in Hong Kong ("**Financial services**").

For management purposes, the Group is organised into business units based on their products and services and has three reporting segments as follows:

| **2025** | **New energy business** *HK$'000* | **NG business** *HK$'000* | **Financial services** *HK$'000* | **Consolidated** *HK$'000* |
|---|---|---|---|---|
| Segment revenue | **135,599** | **678,028** | **1,885** | **815,512** |
| Inter-company sales | **(4,019)** | **(98,053)** | **–** | **(102,072)** |
| Revenue from external customers | **131,580** | **579,975** | **1,885** | **713,440** |
| Segment results before depreciation and amortisation | **32,834** | **(24,586)** | **(22,206)** | **(13,958)** |
| Depreciation and amortisation | **(4,931)** | **(41,302)** | **(2,496)** | **(48,729)** |
| Segment results | **27,903** | **(65,888)** | **(24,702)** | **(62,687)** |

| 2024 | New energy business *HK$'000* | NG business *HK$'000* | Financial services *HK$'000* | Consolidated *HK$'000* |
|---|---|---|---|---|
| Segment revenue | 83,564 | 477,153 | 2,148 | 562,865 |
| Intersegment sales | – | (108,374) | – | (108,374) |
| Revenue from external customers | 83,564 | 368,779 | 2,148 | 454,491 |
| Segment results before depreciation and amortisation | 30,541 | (57,420) | (11,731) | (38,610) |
| Depreciation and amortisation | (621) | (42,042) | (2,873) | (45,536) |
| Segment results | 29,920 | (99,462) | (14,604) | (84,146) |

## 4. INCOME TAX EXPENSE

| | **2025** *HK$'000* | 2024 *HK$'000* |
|---|---|---|
| **Income tax expense comprises:** | | |
| Current income tax | | |
| – The PRC Enterprise Income Tax | **(1,133)** | (27) |
| Deferred taxation | **(2,795)** | (3,935) |
| Total tax expense | **(3,928)** | (3,962) |

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for both years.

Under the Law of The PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of The PRC subsidiaries of NG business is 25% for both years.

The PRC subsidiaries of new energy business are recognised as New and Technology Enterprise which are entitled to a preferential PRC Enterprise Income Tax rate of 15%.

## 5. DIVIDENDS

No dividends was proposed or paid for ordinary shareholders of the Company during the year ended 31 March 2025 and 2024, nor has any dividend been propose since the end of the reporting period.

## 6. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 6,612,863,673 (2024: 5,731,832,419) in issue during the year.

The diluted loss per share for the years ended 31 March 2025 and 2024 is equal to the basic loss per share.

The computation of diluted loss per share does not assume the exercise of the outstanding share options since the assumed conversion would result in decrease in loss per share for the years ended 31 March 2025 and 2024.

The calculations of basic and diluted loss per share is based on:

| | **2025** | 2024 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loss attributable to owners of the Company, used in the basic and diluted loss per share calculation | **(106,014)** | (139,297) |

| | **Number of shares** | |
|---|---|---|
| | **2025** | 2024 |
| Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation | **6,612,863,673** | 5,731,832,419 |

## 7. INTERESTS IN JOINT VENTURES

| | **2025** | 2024 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Share of net assets | **81,782** | 76,383 |

Particulars of the Group's principal held joint venture are as follows:

| Name | Particulars of registered capital | Place of establishment and business | Percentage of Ownership interest | Percentage of Voting power | Percentage of Profit sharing | Principal activities |
|---|---|---|---|---|---|---|
| 港海能源(珠海)有限公司 (Formerly known as 港海能源(上海)有限公司) | Registered capital of RMB25,500,000 (2024: RMB25,500,000) | PRC | 51 (2024: 51) | (Note) | 51 (2024: 51) | Sales and distribution of LNG |
| 石家莊盛冉燃氣貿易有限公司 | Registered capital of RMB80,000,000 (2024: RMB80,000,000) | PRC | 50 (2024: 50) | 50 (2024: 50) | 50 (2024: 50) | Trading of natural gas and transportation |
| 港能智慧能源(湛江)有限公司 | Registered capital of RMB100,000,000 (2024: N/A) | PRC | 51 (2024: N/A) | (Note) | 51 (2024: N/A) | Providing of centralized heat and electricity supply distribution |

*Note:* The joint venture is jointly controlled by the Group and other shareholder by virtue of contractual arrangements among shareholders which require simple majority of directors' approval for major business decisions. The Group and the other shareholder each can appoint 2 directors out of total 5 directors of this joint venture, whereas the remaining 1 director is jointly appointed by both the Group and the other shareholder. Therefore, it is classified as a joint venture of the Group.

The joint ventures are accounted for using the equity method.

## 8. LOAN AND REIMBURSEMENT RECEIVABLES

| | **2025** | 2024 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loan receivables | **136,953** | 135,068 |
| Less: Allowance for credit losses | **(136,953)** | (135,068) |
| | **–** | – |
| Reimbursement receivables | **112,787** | 112,787 |
| | **112,787** | 112,787 |

Loan receivables relate to 2 (2024: 2) customers in money lending business. The Group seeks to maintain strict control over its outstanding loan receivables so as to minimise credit risk. Loan receivables are charged at the effective interest rates mutually agreed with contracting parties at fixed rates of 1% to 4.6% (2024: 1% to 4.6%) per annum. The loan receivables are secured.

The Group holds collateral or other credit enhancement over its loan and reimbursement receivables balance of HK$136,953,000 (2024: HK$135,068,000).

Included in the loan receivables are loans of HK$112,787,000 (2024: HK$112,787,000) to a former non-controlling shareholder of Key Fit Group Limited, a 60.4%-owned subsidiary of the Company, the loans are collateralised with shares of Key Fit Group Limited and the Company. Dr. Kan provided personal undertaking to purchase the aforementioned loans as at 31 March 2025 and 2024, should the loans are not recovered in full by the Group, accordingly the Group recognises reimbursement receivable of HK$112,787,000 (2024: HK$112,787,000) as it is virtually certain that Dr. Kan will reimburse the Group for the loss that the Group might incur if the borrower fails to pay the loans.

## 9. ACCOUNTS AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

| | Notes | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|---|
| Accounts receivables arising from securities brokerage business, net of allowance for credit losses | (a) | | |
| Cash clients | | – | – |
| Margin clients | | – | – |
| Accounts receivables arising from NG business and new energy business, net of allowance for credit losses | (b) | **167,307** | 79,978 |
| Total accounts receivables | | **167,307** | 79,978 |
| Prepayments | | **85,584** | 54,504 |
| Deposits and other receivables | | **55,165** | 39,787 |
| Loans to third parties | | **1,906** | 1,940 |
| Value-added tax recoverable | | **22,366** | 13,179 |
| | | **332,328** | 189,388 |

*Notes:*

(a) The Group ceased to carry on the securities brokerage business, and had returned client assets during the year ended 31 March 2024.

(b) The aging analysis of accounts receivables arising from NG business and new energy business presented based on the invoice date and net of loss allowance is as follows:

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| Within 3 months | **109,785** | 55,991 |
| 4 to 6 months | **23,102** | 18,513 |
| 7 to 9 months | **4,922** | 1,942 |
| 10 to 12 months | **7,838** | 162 |
| Over 12 months | **21,660** | 3,370 |
| | **167,307** | 79,978 |

## 10. ACCOUNTS PAYABLES

| | **2025** | 2024 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Accounts payables arising from NG business and New Energy business | **158,449** | 135,313 |

An aging analysis of the accounts payables as at the end of the reporting period, based on the invoice date, is as follows:

| | **2025** | 2024 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within 3 months | **31,106** | 19,010 |
| 4 to 6 months | **37,403** | 26,012 |
| Over 6 months | **89,940** | 90,291 |
| | **158,449** | 135,313 |

The accounts payables are non-interest-bearing and are normally settled on 30 to 90 days terms.

## 11. INTEREST-BEARING BANK BORROWINGS

The Group's bank borrowings are repayable as follows:

| | **2025** | 2024 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within one year | **139,226** | 120,582 |
| In the second to fifth year inclusive | **71,752** | 14,648 |
| After five years | **3,728** | 7,456 |
| Less: Amount due for settlement | **214,706** | 142,686 |
| Within 12 months (shown under current liabilities) | **(139,226)** | (120,582) |
| Amount due for settlement after 12 months | **75,480** | 22,104 |

At 31 March 2025, the bank borrowings are supported by corporate guarantee provided by certain of the Company's wholly-owned subsidiaries, personal guarantee provided by certain non-controlling shareholders of subsidiaries, and land use rights with carrying amount of approximately HK$66,756,000 (2024: approximately HK$69,829,000), and property, plant and equipment with carrying amount of approximately HK$15,224,000 (2024: approximately HK$16,102,000).

All the Group's bank borrowings are denominated in Renminbi.

## 12. EVENT AFTER REPORTING PERIOD

On 17 April 2025, the Company and Dr. Kan entered into the Loan Capitalisation Agreement, pursuant to which the parties conditionally agreed that Dr. Kan shall subscribe for, and the Company shall allot and issue, a total of 717,948,718 Capitalisation Shares at the Capitalisation Price of HK$0.195 per Capitalisation Share. The aggregate Capitalisation Price of all Capitalisation Shares payable by Dr. Kan shall be satisfied by capitalising and setting off against the Repayment Amount of HK$140,000,000 upon completion of the transaction.

Please refer to the announcement of the Company dated 17 April 2025 and 30 April 2025 and circular dated 22 May 2025 for details.

## MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY OVERVIEW

During the year end 31 March 2025, the international landscape remained complex and volatile. The global economy continued its overall trend of moderate recovery, albeit with somewhat moderated growth momentum. Instability in geopolitical situations and uncertainty in the market environment persisted. Domestic economic development faced pressures, creating uncertainties for corporate operations. Against this macro backdrop, China resolutely advanced its strategies of high-quality development and high-level opening-up. Economic performance exhibited a trend of "overall stability with steady progress," continuing to play the role of a "stabilizing anchor" and "growth engine" for the world economy. China steadfastly continued to advance its "dual carbon" strategy. Despite facing the dual challenges of slowing external demand and global supply chain restructuring, the sustained and steady growth of new quality productive forces accelerated the deep integration process of artificial intelligence ("**AI**") technology across various industries. Particularly in the new energy and advanced manufacturing sectors, the pace of digital-intelligent and green transformation accelerated unprecedentedly, demonstrating remarkable innovation strength and immense industrial upgrading potential.

The new Mainland China Natural Gas Utilization Management Measures, implemented from August 2024, guided the development of China's natural gas industry from policy-driven to market-driven, providing greater development space for natural gas power generation, LNG vehicles/vessels, and natural gas-new energy collaboration. In 2024, China's natural gas consumption maintained growth, with apparent consumption reaching 426.05 billion cubic meters, an increase of 8% compared to the year ended 31 March 2024 (the "**Previous Year**").

At the end of May 2024, the State Council of China issued the 2024-2025 Action Plan for Energy Conservation and Carbon Reduction ([2024] No. 12), requiring strengthened carbon emission management, the implementation of special actions for energy conservation and carbon reduction, and the promotion of key tasks across ten areas encompassing twenty-seven items. These include optimizing energy utilization structures, improving process technologies, implementing energy-saving and carbon-reduction retrofits, and updating energy equipment. The plan aims to achieve annual energy savings of approximately 50 million tonnes of standard coal equivalent and reduce carbon emissions by about 130 million tonnes.

In late July 2024, the Central Committee of the Communist Party of China and the State Council issued the Opinions on Accelerating the Comprehensive Green Transformation of Economic and Social Development. This document represented the first systematic national-level deployment for comprehensive green transformation, proposing quantitative targets for sectors including energy, such as scaling the energy conservation and environmental protection industry to around RMB 15 trillion by 2030.

In late October 2024, six departments including the National Development and Reform Commission (NDRC), the Ministry of Industry and Information Technology (MIIT), the Ministry of Housing and Urban-Rural Development (MOHURD), and the National Energy Administration (NEA) issued the Guiding Opinions on Vigorously Implementing the Renewable Energy Substitution Action (FGNY [2024] No. 1537). The Opinions require national renewable energy consumption to reach over 1.5 billion tonnes of standard coal equivalent by 2030. ln the industrial sector, it calls for the coordinated advancement of green and low-carbon transformation in industrial energy use, promoting the integrated development of data centers, supercomputing centers, etc., with heat pumps, energy storage, photovoltaics (PV), etc. It supports the development of green power direct supply and integrated "source-grid-load-storage" projects for new infrastructure, vigorously develops integrated energy services capable of supporting efficient supply-demand coordination, and accelerates the implementation of new business models such as electricity-carbon asset management.

On January 1, 2025, China's first fundamental law in the energy sector, the Energy Law, came into effect. This law aims to promote the high-quality development of the energy industry, ensure national energy security, and lay the legal foundation for achieving the carbon peak and carbon neutrality goals. Among its provisions on energy development and utilization policies, it encourages the development of biomass clean heating based on local conditions.

Benefiting from the nation's firm commitment to environmental protection and the 3060 dual carbon goals, the continuous implementation of systematic green transformation measures, and the powerful impetus injected into high-quality development by new quality productive forces across industries, particularly the increasing demand for green and clean energy, the Group stands to gain. Concurrently, a series of national-level policies promoting innovation in energy businesses, covering energy conservation and carbon reduction, biomass energy, new energy storage, and distributed photovoltaics, have been introduced. Furthermore, the Central Economic Work Conference in 2024 proposed measures to "establish a number of zero-carbon industrial parks and promote the construction of the national carbon market," and the Government Work Report in March 2025 reiterated the measure to "establish a number of zero-carbon industrial parks and zero-carbon factories." These initiatives present more development opportunities and broad prospects for the Group's new energy business.

Looking forward, complex international geopolitical situations and the global economic landscape, particularly the global tariff war initiated by the US in April 2025, exacerbate uncertainties in economic development. However, the Chinese government's resolute actions to advance the dual carbon goals, coupled with favorable energy policies at the national level, will contribute to the healthy development of the domestic natural gas and new energy businesses. In 2025, the Group will actively align with national policies, calmly confront various challenges, persistently reduce costs and enhance efficiency, strictly control risks, improve management effectiveness, and optimize cash flow. Simultaneously, the Group will actively embrace technology, strive for innovation and transformation, vigorously promote the application of new energy solutions incorporating Al intelligent technology, and provide customers with high-quality integrated energy services. By leveraging advanced technology and digital-intelligent management, the Group aims to enhance energy-saving and carbon-reduction outcomes, bolster its development resilience, and contribute more wisdom and strength to the nation's achievement of its dual carbon goals. Concurrently, the Group will actively develop biomass new energy projects and zero-carbon industrial parks.

## BUSINESS REVIEW

In the Current Year, under the guidance of the Chinese government's 14th Five-Year Plan and the 3060 dual carbon goals, while continuously and actively developing the natural gas market, the Group consistently adopted a systemic approach to construct its operational management ecosystem within the wave of the energy industry's green transformation. It steadfastly pursued a path of green, low-carbon, and high-quality development. Tailoring its approach to different regions and diverse energy consumption needs and characteristics, the Group aimed for "Iow-carbon, clean, efficient, and economical" outcomes. It continued to increase resource investment in core business areas of the new energy industry, including smart heating, integrated energy efficiency management, energy-saving and emission-reduction equipment manufacturing, and integrated energy service management for industrial parks. The Group fully utilized digital-intelligent technologies such as the IDH Smart Distributed Heating Platform and the ICE Smart Integrated Energy Solution to implement digital energy intelligent operation management services, thereby enhancing energy-saving and carbon-reduction effects and contributing to the national dual carbon goals.

In the Current Year, in addition to securing new projects in Dongguan (Guangdong), Zhanjiang(Guangdong), Xi'an (Shaanxi), Renhuai (Guizhou), and Xiangyang (Hubei), the Group also actively expanded its project pipeline in Dengzhou City, Nanyang (Henan), Chishui City(Guizhou), Yixing City(Jiangsu), and other locations, striving to broaden its market coverage and further enhance overall competitiveness.

In the Current Year, the Company operated primarily within three business segments: Natural Gas Business, New Energy Business, and Financial Services Business.

## NATURAL GAS BUSINESS

### Point-to-point Supply of LNG (retail)

The point-to-point supply of LNG (retail) transmits LNG from energy centers to end-users including residential users, industrial and commercial enterprises and automobile drivers by way of gas stations, pipeline networks and dewar bottles to meet their regular energy needs.

As of 31 March 2025, the Company recorded a LNG retail volume of 21,567 tons (2024: 21,610 tons), the income generated from point-to-point supply of LNG (retail) business amounted approximately HK$163,071,000 (2024: HK$138,837,000), contribute 22.9% to the total revenue of the Company for the Current Year.

### Wholesale of LNG and PNG (trade)

As of 31 March 2025, the Company recorded an NG trade volume of 82,400 tons (2024: 35,229 tons), with wholesale LNG and PNG (trade) revenue of approximately HK$366,629,000 (2024: HK$174,308,000), contributing 51.4% to our total revenue for the Current Year. Within the Current Year's LNG and PNG trading business, LNG trading recorded a sales volume of 10,218 tons (2024: 19,911 tons), accounting for 12.4% of the total NG trading volume. LNG trading revenue was approximately HK$56,451,000 (2024: HK$94,525,000), representing 15.4% of the total NG trading revenue. PNG trading recorded a sales volume of 72,182 tons (2024: 15,318 tons), accounting for 87.6% of the total NG trading volume. PNG trading revenue was approximately HK$310,178,000 (2024: HK$79,783,000), representing 84.6% of the total NG trading revenue.

**Distribution of LNG (logistics)**

Equipped with a great number of natural gas transportation trucks and LNG mobile storage containers that are specially made for the distribution of LNG, the delivery fleets of the Company provide road freight transportation services for external clients and for the Group companies. The distribution delivery fleets enable the Company to distribute LNG from upstream suppliers to external customers and energy centers in a safe and fast way at low costs.

As of 31 March 2025, the delivery fleets transmitted a total of 61,295,000 ton-kilometers (2024: 74,995,000 ton-kilometers) among which 78.9% were delivered for external customers, the income generated from distribution of LNG (logistics) business amounted approximately HK$50,275,000 (2024: HK$55,634,000), contribute 7.0% to the total revenue of the Company for the Current Year.

**LNG Pipeline Network**

The Company undertakes LNG pipeline engineering projects, constructing pressure pipelines, gate stations, and pressure regulating stations to connect the retail and end-user markets. Through comprehensive gas transmission facilities, we aim to expand our downstream user base.

As of 31 March 2025, the Company held 34 (2024: 34) effective LNG township franchise rights granted by the PRC local governments in Hubei, Jiangxi and Anhui provinces, the franchise rights allow the Company to be the sole operator in the franchised zone in the supply of LNG. The Company has received 9,718 (2024: 9,119) applications from household users for LNG pipeline connection in Yangzhai, Changling, Chenxiang, Yudian, Caihe and Haodian in Guangshui City of Hubei province, managed possess to connect 7,413 (2024: 7,176) household users. Income generated from the supply of LNG to residential users has been included in the point-to-point supply of LNG (retail) income for the Current Year.

**Infrastructure Projects**

In the Current Year, the Company adhered to the philosophy of focusing primarily on centralized energy development, supplemented by distributed management. The Company strategically invested in key locations such as Hubei Huanggang, Hubei Guangshui, Anhui Lu'an, and Jiangxi Jingdezhen, actively promoting resources around large-scale LNG bases integrated with energy storage and energy management.

As at 31 March 2025, the Company owned two automotive gas refueling stations, which operate in collaboration with a wholly-owned subsidiary of China National Offshore Oil Corporation ("**CNOOC**"). By leveraging the unique advantages of CNOOC's procurement platform, the Company's automotive gas refueling stations effectively reduced LNG procurement costs, thereby promoting sales growth through more competitive pricing. CNOOC, as the sole LNG supplier responsible for the daily operations of the refueling stations, shares the operational performance based on the agreed terms and conditions.

## NEW ENERGY BUSINESS

In the Current Year, the Company continued to actively engage in the field of smart heating, comprehensive energy efficiency management, and energy-saving and emission-reduction equipment manufacturing. The Company utilized cutting-edge technologies such as cloud data, the Internet of Things, and Al intelligence. By using unique big data Al algorithm models, efficient energy Building Information Modeling ("**BIM**") architecture, and the Intelligent Distributed Heating ("**IDH**") platform, the Company created an intelligent energy management system. Leveraging these core digital intelligence platforms, the Company provided comprehensive energy management solutions equipped with Al intelligence technology in fields like smart heating management and comprehensive energy efficiency management. These solutions significantly reduced energy consumption and operational costs for customers' energy projects, creating a win-win situation for both the government and users.

During the Current Year, the Company's heating project in Xi'an Shaanxi, used the Intelligent Comprehensive Energy ("**ICE**") solution. The ICE system, with its automatic temperature tracking and balance adjustment functions, intelligently adjusted heat source parameters and household valve openings based on weather forecasts for the next three hours and users' real-time indoor temperatures. This on-demand heating significantly improved energy utilization efficiency while greatly enhancing user satisfaction.

In the Current Year, the Company's new energy business recorded revenue of approximately HK$131,580,000 (2024: HK$83,564,000), accounting for 18.4% (2024: 18.4%) of the Company's total revenue for the year.

### Development of New Energy Integrated Solution

As of 31 March 2025, the development and application of comprehensive new energy solutions recorded revenue of approximately HK$81,276,000 (2024: HK$74,812,000). In the field of comprehensive new energy solutions, the smart heating business expanded its service area by approximately 500,000 square meters, recording revenue of approximately HK$74,839,000 (2024: HK$72,757,000). The comprehensive energy efficiency management business recorded revenue of approximately HK$6,437,000 (2024: HK$2,055,000).

### Sales and Distribution of New Energy Products

As of 31 March 2025, the sales and distribution of new energy products recorded revenue of approximately HK$50,304,000 (2024: HK$8,752,000).

### Financial Services Business

The financial services businesses of the Company including: (i) the provision of finance leasing services typically for LNG vehicles and equipment that has been approved by the Chinese Ministry of Foreign Trade and Economic Cooperation; (ii) the provision of discretionary investment management and fund management services in Hong Kong through an indirect subsidiary of the Company namely China Hong Kong Capital Asset Management Company Limited ("**CHK CAM**"), which is licensed by the SFC to conduct Type 9 (asset management) regulated activities; and (iii) money lending business through an indirect subsidiary holding a valid money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws) of Hong Kong. Given the unpromising economic outlook, the Company's management has adopted a cautious attitude towards increasing investment in the financial services business.

## FINANCIAL REVIEW

### Revenue

In the Current Year, the Company recorded the revenue from operations in an amount of approximately HK$713.4 million, compared to that of approximately HK$454.5 million for the previous year, representing a significant increase of 57.0%. This growth was primarily driven by the NG business, with revenue increasing by approximately HK$211.2 million or 57.3%. Additionally, the new energy business contributed approximately HK$131.6 million to the total revenue in the Current Year.

Income from the point-to-point supply of LNG (retail) business was approximately HK$163.1 million for the Current Year, compare to that of approximately HK$138.8 million for the Previous Year, representing a increase of 17.5%.

Income generated from the wholesale of LNG and PNG (trade) business was approximately HK$366.6 million for the Current Year, compared to that of approximately HK$174.3 million for the Previous Year, representing a increase of 110.3%. The increase in trade income was mainly due to rebound in domestic NG consumption and the expansion of distribution channels.

Income generated from the distribution of LNG (logistics) business was approximately HK$50.3 million for the Current Year, compared to that of approximately HK$55.6 million for the Previous Year, representing a slightly decrease of 9.5%. The decrease in logistics income was mainly due to the market competition and decreased in demand from our customers.

Income generated from the sales and distribution of new energy products and the development of new energy integrated solution was approximately HK$50.3 million and 81.3 million for the Current Year, representing a growth of 471.6% and 8.6% compared to that Previous Year respectively.

Income from the financial services business was HK$1.9 million for the Current Year, compare to that of HK$2.1 million for the Previous Year. Financial services income primarily relates to interest income from money lending business.

### Gross Profit and Gross Profit Margin

The overall gross profit of the Company for the Current Year was approximately HK$116.6 million compared to gross profit of approximately HK$63.6 million for the Previous Year. The increase of gross profit for Current Year was mainly due to (i) an increase in gross profit from the LNG supply business, driven by favorable LNG procurement prices obtained through the Company's cooperation with CNOOC; (ii) cost-saving measures implemented in the LNG logistics business by restructuring loss-making business units to minimize the impact of direct costs; (iii) a decline in national LNG prices, which reduced the LNG consumption costs in the logistics business; and (iv) significant gross profit contributions from the newly developed new energy business. The gross profit margin was 16.3% in Current Year as compared to gross profit margin of 14.0% for the Previous Year, indicating a favorable improvement as a result of the contribution of the new energy business and cost reduction and operation efficiency improvements in the NG business.

## Other Income and Other Gains and Losses, Net

Other income and other gains and losses of the Company mainly comprised loss on disposal of property, plant and equipment, impairment of loan receivable and gain on deregistration of subsidiaries. Other income and other gains and losses amounted to the net losses approximately HK$16.9 million for the Current Year, as compared to the net losses of approximately HK$18.6 million for the Previous Year, the decrease of net losses was mainly due to the combined effect of gain on deregistration of subsidiaries and impairment of loans receivables for the Current Year.

## Selling and Distribution Expenses

Selling and distribution expenses of the Company mainly comprised staff costs and marketing expenses incurred by sales department. The selling and distribution expenses amounted approximately HK$24.4 million for the Current Year, representing a increase of 105.0% as compared to approximately HK$11.9 million for the Previous Year.

This increase was mainly driven by two factors: (i) Higher marketing costs from expanding the customer base in the NG business; (ii) Significantly increased marketing expenses from the operations of new energy companies established in the Current Year and the newly acquired Oasetech Limited in the second half of Previous Year.

## Administrative Expenses

Administrative expenses of the Company mainly comprised employee and office expenses, legal and professional fees, amortisation on intangible assets, depreciation on right-of-use assets and on property, plant and equipment. Administrative expenses amounted approximately HK$137.8 million for the Current Year, representing a increase of 37.4% as compared with approximately HK$100.3 million for the Previous Year. Significantly increased operating expenses from the operations of new energy companies established in the Current Year and the newly acquired Oasetech Limited in the second half of Previous year.

## Finance Costs

Finance costs of the Company mainly comprised interest on lease liabilities, interest on loans from a shareholder and interest on bank and other borrowings. Finance costs amounted to approximately HK$31.7 million for the Current Year, representing a decrease of 8.6% as compared to approximately HK$34.7 million for the Previous Year, the decrease was primarily attributed to interest savings on loan from a shareholder resulting from capitalisation of loan from a shareholder amounting HK$300 million during the Current Year.

## Impairment Assessment, Net

### *Impairment Losses Under Expected Credit Loss Model, net of reversal*

As at 31 March 2025, the Company engaged an independent qualified valuer to determine the expected credit loss of the Company in respect of finance lease receivables, accounts, and other receivables. During the Current Year, an impairment of approximately HK$10.3 million (2024: HK$4.1 million) was recognized.

*Impairment Loss on Non-Financial Assets*

The impairment test is performed on the Company's NG business segment (the "**CGU**") using cash flow projections approved by the management covering a period of ten years, impairment loss occurs when the recoverable amount is below the carrying value. The major revenue streams of the CGU included in the cash flow projections comprising point-to-point supply of LNG (retail) and distribution of LNG (logistics) businesses.

Based on the impairment test, the recoverable amount of the CGU is excess its carrying value, as such, no impairment loss was recognised for the Current Year.

*Impairment Loss on Goodwill*

Goodwill acquired in a business combination is allocated to CGUs that are expected to benefit from that business combination. The CGUs are principally engaged in the new energy business.

The impairment test is performed on the Oasetech Limited's new energy business (the "**CGUs**") using cash flow projections approved by the management covering a period of ten years, impairment loss occurs when the recoverable amount is below the carrying value. The major revenue streams of the CGUs included in the cash flow projections comprising new energy business operated by Oasetech Limited.

Based on the impairment test, the recoverable amount of the CGUs is excess its carrying value, as such, no impairment loss was recognised for the Current Year.

**Income Tax Expense**

Income tax expense mainly comprise current income tax and deferred income tax, the PRC subsidiaries of the Company are subject to the Enterprise Income Tax as determined under PRC tax laws and accounting standards.

Income tax expense of the Company for the Current Year amounted to approximately HK$3.9 million as compared to the income tax expense of HK$4.0 million for the Previous Year.

**Loss for The Year**

As a combined result of the factors discussed above, the Company's net loss for the Current Year was approximately HK$121.9 million as compared to a net loss of approximately HK$146.8 million for the Previous Year.

**Final Dividend**

The Board does not recommend the payment of a final dividend for the year ended 31 March 2025 (2024: Nil).

### Property, Plant and Equipment

As at 31 March 2025, the property, plant and equipment of the Group amounted to approximately HK$447.5 million mainly consisting approximately HK$236.0 million equipment and machinery, approximately HK$54.1 million motor vehicles, approximately HK$80.7 million building and approximately HK$76.7 million construction in progress and other assets.

### Loan and Reimbursement Receivables

As at 31 March 2025, the loan and reimbursement receivables of the Company amounted to approximately HK$112.8 million (2024: HK$112.8 million), are due from two borrowers made in the ordinary course of the Company's money lending business some years ago, which are secured by legal charges over the borrowers' assets.

The loan and reimbursement receivables comprise outstanding loan principal amount and accrued interest. Dr. Kan, the substantial shareholder of the Company, has undertaken with the Company that the Company reserves the right to execute a reimbursement receivable on the aforementioned loan principal and interest if the borrowers fail to repay. Senior management of the Company has always been monitoring closely the recovery of the loans under the previous adverse condition.

### Accounts and Other Receivables

As at 31 March 2025, the accounts and other receivables of the Company amounted to approximately HK$332.3 million (2024: HK$189.4 million), comprises accounts receivable, value-added tax recoverable, prepayments, deposits and other receivables. The increase in the accounts and other receivables was mainly due to increase in account receivables resulting from newly added new energy business.

## LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31 March 2025, the cash and cash equivalents of the Company amounted to approximately HK$37.3 million (2024: HK$43.6 million), mainly denominated in Hong Kong Dollar and Renminbi.

As at 31 March 2025, total interest-bearing bank and other borrowings of the Company amounted to approximately HK$647.4 million (2024: HK$774.0 million), mainly comprises the loans due to a substantial shareholder of the Company and bank borrowings. The interest-bearing bank and other borrowings were mainly used to finance working capital and infrastructure projects of the Company. The maturity profile was spread over a period, with approximately HK$139.2 million repayable within one year and approximately HK$508.2 million repayable after one year.

During the Current Year, the Company financed its operations and investment activities through a combination of operating cashflows and interest-bearing borrowings. As at 31 March 2025, equity attributable to owners of the Company amounted to approximately HK$225.5 million (2024: HK$37.2 million).

## GEARING RATIO

The Company monitors capital on the basis of the gearing ratio. Gearing ratio is calculated by dividing the interest-bearing debts by total equity at the year end date and expressed as a percentage, the net debts are defined as interest-bearing borrowings that exclude payables and accruals incurred in the ordinary course of business. As the result of the capitalization of shareholder loans, the gearing ratio as at 31 March 2025 was decreased to 271.6% (2024: 1300.3%).

## PLEDGE OF ASSETS

As at 31 March 2025, the Company's land use rights, certain construction in progress and equipment and machinery with an aggregate carrying amount of approximately HK$82.0 million (2024: HK$85.9 million) were pledged to secure certain loans and banking facilities granted to the Company.

## CAPITAL MANAGEMENT

The objective of the Company's capital management is to ensure adequate return and to uphold the assets of the Company to continue as going concern. The Company actively and regularly reviews and adjust capital structure to cope with changes in economic conditions.

## CAPITAL COMMITMENT

As at 31 March 2025, the total capital commitments by the Company amounted to approximately HK$133.1 million (2024: HK$143.6 million), which were mainly contracted commitments in respect of project construction and purchase of machinery and equipment.

## CONTINGENT LIABILITIES

The Company had no significant contingent liabilities as at 31 March 2025 (2024: Nil).

## RISK MANAGEMENT AND INTERNAL CONTROL

The Company established a risk management framework during the Current Year to identify risks, set risk appetites, and develop risk response plans. To prevent and identify risks, the Company set up an internal audit department and a safety supervision department during the Current Year, and has commenced risk identification and management work. Management plans to review this framework periodically to determine the effectiveness of the risk management procedures. Management also discusses risk response measures based on the risk issues reported by the internal audit department and the safety supervision department. The Company engaged an external consultant to perform annual review on the assessment of the internal control system and to make recommendations for improving and strengthening the system for the Current Year, no significant area of concern that may affect the financial, operational, compliance, control and risk management of the Company has been identified. The Board considered the Company's internal control system to be effective and adequate.

The Company has various financial assets and financial liabilities arising from business operations, we intend to achieve an appropriate balance between these risks and the investment returns so as to minimise the potential adverse impact on the business and financial condition. The NG business, new energy business and and financial services business of the Company faces a variety of risks in its operations, including credit risk, liquidity risk, interest rate risk, operational risk, and legal and compliance risk. The Company recognises the importance of effective risk management for identifying and mitigating these risks. The Company manages the risks through comprehensive due diligence on customers, information review and multi-level approval process to the characteristics of its business operations. The Company will continue to monitor and review the operation and performance of the risk management and improve from time to time to adapt to the changes in market conditions and the regulatory environment.

**Macroeconomic Fluctuation and Industry Cyclicality Risks**

The Company is engaged in the NG industry, the market demand for NG is closely related to the development of the national economy, infrastructure investment and construction and environmental protection policies etc. Affected by global macroeconomic fluctuations, the degree of industry prosperity and other factors, the industry in which the Company operates is cyclical to a certain extent. Any future adverse changes in the macro environment, market demand and the environment of competition in the future, which will adversely affect the business growth, NG sales or cost of the Company, will lead to a decline in the results of operations of the Company and adversely affect its sustainable profitability.

In addition, the Company's results are significantly influenced by factors including changes in industry policies and the market demand and the increase in labor costs. In the future, in case of any adverse change including failure of the Company to effectively predict the change of market demand or grasp industry policies accurately, or flare-ups of the pandemic, the Company will be subject to risks of a slowdown in the growth of the global business market or even fluctuation of results of operations.

The Company is committed to promoting compliance in its diversified development, further building and improving the business arrangements around the nation, thus enriching the revenue structure of main businesses of the Company and maintaining the sustainable competitive advantage of the Company in the complex environment. Meanwhile, the Company has always monitored the regulatory trend in the places where it operates, adjusted its business strategies in a timely manner, thoroughly studied the industry standards in the places where it operates. The Company has continuously improved to ensure that the Company meets the conditions of its business licenses, so as to guarantee the sustainable and healthy development of its business.

**Risk of Exchange Rate Fluctuations**

The major operating units of the Company is in China and is exposed to foreign exchange risk that comes from future commercial transactions and holding assets and liabilities in Renminbi, as the reports of the Company is in Hong Kong Dollar, a strengthen of the Hong Kong Dollar against Renminbi will have a negative impact on the reported comprehensive income. The Company will remain subject to the risk of exchange loss, in case of significant fluctuations in the exchange rate of the reporting currency against any foreign currency in the future as a result of any changes in the domestic and foreign economic environment, political situation, monetary policies and other factors.

The Company manages its foreign exchange risk by regularly reviewing its net exposure to foreign exchange risk, the management of the Company continuously monitors factors that may affect exchange rate fluctuations, including but not limited to changes in the economic environment, policy changes, and geopolitical events and considers taking appropriate hedging measures when necessary.

### Shortage In the Supply of NG and Risk of Significant Increase In Prices

The Company's operation process depends on the timely and stable supply of NG, despite stable partnerships with the major supplier for sufficient supply and relatively stable prices, any sudden and significant changes in production and operation of the major supplier, the quality of natural gas supplied or the period of supply failing to meet the Company's requirements, any changes in the business relationship with the Company, or significant fluctuations of the supply prices and failure of the Company to adjust the selling prices proportionally in a timely manner may have adverse impacts on the operation of the Company.

The Company will actively use the price and scale advantage created by centralized purchase channels as well as effective control of supply platforms to reduce purchase costs and the impact of fluctuations in NG prices.

## LEGAL PROCEEDINGS

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 of NG segment. 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 penalty charge was amounting to approximately HK$39,221,000. Both the Company and its wholly-owned subsidiary, China LNG Limited, act as guarantors for the outstanding balance and the penalty charge.

For prudent purposes based on legal advice, a full provision for penalty expenses in the amount of approximately HK$39,221,000 was recognised during the year ended 31 March 2024.

Additionally, the Group will continue to incur overdue interest from 1 April 2024, until the outstanding balance are settled and the remaining LNG bank containers are returned. A full provision for overdue interest in the amount of approximately HK$13,268,000 was recognised during the year ended 31 March 2025.

## EMPLOYEES AND REMUNERATION POLICIES

As of 31 March 2025, the Company had 518 employees (2024: 478). The significant increase in staff numbers was mainly due to the development of our new energy business and the acquisition of Oasetech Limited during the year. Total employee costs (including directors' compensation) were approximately HK$94.6 million (2024: HK$59.7 million), representing a 58.5% increase. This increase occurred because several new energy companies established in the Current Year and the newly acquired Oasetech Limited incurred a full year's employee costs during this Current Year, whereas in the Previous Year, these costs were only accounted from the acquisition date of Oasetech Limited.

Employee compensation aligns with market trends and industry standards and is regularly reviewed based on individual performance. Besides basic salaries, our employees receive benefits including social security contributions, participation in an employee provident fund scheme, and eligibility for our company share option plan.

The emoluments of the Directors and senior management is determined by reference to their performance for the year, experience, qualification, duties and responsibilities in the Company and the prevailing market rate and will be subject to review by the remuneration committee and the Board from time to time.

Human resources are the most valuable asset to the Company, we always attaches great importance to the personal development of our employees, we believes the maintaining enthusiasm of employees is the key to continuous success, hence the Company emphasized the importance of talent cultivation and put resources in regular training courses to enhance employees' technical knowledge and safety awareness as well as management skills.

## MATERIAL ACQUISITIONS AND DISPOSALS

The Company has no material acquisitions and disposals of subsidiaries, associates or joint ventures during the Current Year.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 March 2023, a total of 20,999,040 shares of the Company (the "**Shares**") were transferred from the name of a borrower and a margin client (the "Clients") to the 60.42%-owned subsidiaries of the Company due to the foreclosure of relevant receivables from the money lending business and securities brokerage business in the ordinary course of business. Pursuant to the arrangement between the Clients, a total of 15,920,000 shares were sold during the Current Year, and a total of 5,079,040 shares were sold during the Previous Year, the difference between the sale proceeds and the carrying amount of the shares is recognised in share premium.

As at 31 March 2025, there were no treasury shares held by the company.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

### Zhanjiang Centralized Energy Supply and Distribution Base

Reference is made to the announcement of the Company date 9 December 2024, 港能智慧能源(湛江)有限公司, a joint venture of the Group, secured this project in Zhanjiang Port Industrial Zone, with construction starting on 6 December 2024. We plan to invest up to RMB800 million to build a biomass heating energy station with supporting facilities and distribution pipelines. After completion, we will receive unlimited exclusive operating rights to supply industrial steam services to the industrial zone.

The project has two phases: (i) Investment of RMB560 million, annual green steam capacity of 1.3 million tonnes, (ii) Investment of RMB240 million, annual green steam capacity of 1.0 million tonnes.

### Dongguan Songshan Lake Scipolis Centralized Energy Station Project

References is made to the announcement of the Company dated 11 July 2024 and 6 August 2024, in relation to, the Company received a notice from the government on 11 July 2024 that the Group has successfully won the bid (the "**Tender**") for a 20-year exclusive franchise for the centralized energy station project in the Songshan Lake Scipolis in Dongguan (the "**Centralized energy station**").

On 6 August 2024, Oasetech Energy, an indirect wholly owned subsidiary of the Company, entered into the Investment and Operation Agreement with Dongguan Huiheng, pursuant to which (i) Oasetech Energy agreed to invest in the Project with an amount of RMB107 million (equivalent to approximately HK$117 million); and responsible for the building of the integrated system including cooling system, steam system, photovoltaic power generation, energy storage and charging piles, Oasetech Energy shall be granted a 20 year exclusive operating right for the Project; Oasetech Energy can enter into energy supply contract with the enterprises located in the Songshan Lake Scipolis and receive revenue calculated based on their actual energy consumption; (ii) Dongguan Huiheng agreed to provide the land for the Project and assist Oasetech Energy to obtain the necessary administrative approvals and filings for construction of the project, including but not limited to the property ownership certificate, the land use planning permit, the construction project planning permit, the construction project building permit and the investment filing certificate. Dongguan Huiheng shall be entitled to share a portion of the operating revenue according to the contract terms, accounting for 5%-20% of the revenue generated from various energy supply; and (iii) after the expiration of the 20 year exclusive operating right, the ownership and management rights of the integrated energy system will be unconditionally transferred to Dongguan Huiheng.

### China HK Power Smart Energy's headquarters

References is made to the announcement of the Company dated 7 August 2024, in relation to that the Company has entered into a Strategic Cooperation Framework Agreement (the "**Framework Agreement A**") 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 A**") 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 A itself will also be constructed as a zero-carbon demonstration project.

Key details of the Framework Agreement are as follows:

The Committee will provide the land approximately 60 mu in size within the Yixing Economic and Technological Development Zone for the Project A 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 A will only come to effect once the above process is completed.

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.

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 A 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.

**Weiyang District, Xi'an City clean energy municipal centralized cooling/heating project**

References is made to the announcement of the Company dated 10 September 2024, in relation to that HK Power Investment (Shenzhen) Co., Limited#, an indirect wholly owned subsidiary of the Company has entered into a Strategic Cooperation Framework Agreement (the "**Framework Agreement B**") with the People's Government of Weiyang District, Xi'an City for an exclusive franchise for clean energy municipal centralized cooling/heating project (the "**Project B**").

The Group will invest in the Project B located in the Weiyang Lake area of Xi'an City with a maximum amount of RMB417 million and responsible for the building of a 182.2MW integrated energy station and a 5 million square meter wastewater source system along with the installation of transmission and distribution pipelines. Upon completion of the construction, the Group will obtain the exclusive franchise for the Project B.

The Framework Agreement B establishes the initial terms and conditions for the cooperation between the parties, with specific details to be separately formalized in an investment service agreement.

The aforesaid agreements does not commit to the purchase requirement which is subject to conditions in the annual supply agreements.

Save as disclosed above, there was no other plan authorised by the Board for other material investments or additions of capital assets as at 31 March 2025.

## CORPORATE GOVERNANCE CODE

The Board and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. The Company has adopted the code provisions set out in the Corporate Governance Code ("**CG Code**") contained in Part 2 of Appendix C1 to the Listing Rules as its code of corporate governance. For the Current Year, the Board is of the view that the Company has complied with the applicable code provisions set out in the CG Code as contained in Part 2 of Appendix C1 to the Listing Rules.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

### Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules as a code of conduct of the Company for Directors' securities transactions. In response to a specific enquiry by the Company, all Directors have confirmed that they had fully complied with the requirements of the Model Code during the Current Year.

### Securities Transactions by Senior Management and Staff

The senior management and staff have been individually notified and advised about the Model Code by the Company.

## SCOPE OF WORK OF AUDITOR

The figures in respect of the Company's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2025 as set out in this announcement have been agreed by the Company's auditor, McMillan Woods (Hong Kong) CPA Limited ("**McMillan Woods**"), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by McMillan Woods in this respect was limited and did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by McMillan Woods on the announcement.

## REVIEW BY AUDIT COMMITTEE

The Company established an audit committee in accordance with Rule 3.21 of the Listing Rules with terms of reference aligned with the provision of the CG Code. The audit committee comprises three independent non-executive Directors, namely Mr. Li Siu Yui, Mr. Chow Ching Ning and Mr. Lam Lum Lee. Currently Mr. Li Siu Yui is the chairman of the audit committee.

The audit committee of the Company has reviewed the consolidated annual results for the Current Year and discussed with the management and the auditor, the audit committee is of the view that the consolidated financial statements for the Current Year have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosure has been made.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Directors confirmed that the Company has maintained a sufficient amount of public float for the shares of the Company as required under the Listing Rules throughout the Current Year.

## ANNUAL GENERAL MEETING

The notice of the annual general meeting will be published in the Company's website and dispatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

## PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at http://chinahkpower.todayir.com. The annual report of the Company for the year ended 31 March 2025 containing all information required by the Listing Rules will be dispatched to shareholders of the Company and published on the above websites in due course.

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

Hong Kong, 30 June 2025

*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 two non-executive Directors, namely Mrs. Kan Kung Chuen Lai and 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*