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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2026

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 2026 (the “**Current Year**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2026

	<i>Notes</i>	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
REVENUE	3	814,687	713,440
Cost of sales		(791,480)	(596,793)
Gross profit		23,207	116,647
Other income and other gains and losses, net		(18,282)	(16,854)
Selling and distribution expenses		(14,449)	(24,428)
Administrative expenses		(131,063)	(137,793)
Reversal of impairment loss/(impairment loss) under expected credit losses model, net		2,261	(10,331)
Finance costs		(32,220)	(31,710)
Provision of penalty charge on legal proceedings		(6,638)	(13,268)
Share of results of joint ventures		3,369	(223)
LOSS BEFORE TAX		(173,815)	(117,960)
Income tax credit/(expense)	4	284	(3,928)
LOSS FOR THE YEAR		(173,531)	(121,888)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 March 2026

	<i>Notes</i>	2026 HK\$'000	2025 <i>HK\$'000</i>
LOSS FOR THE YEAR		<u>(173,531)</u>	<u>(121,888)</u>
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations of:			
– subsidiaries		34,357	(16,260)
– joint ventures		<u>4,173</u>	<u>(1,338)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR		<u>38,530</u>	<u>(17,598)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>(135,001)</u></u>	<u><u>(139,486)</u></u>
Loss for the year attributable to:			
Owners of the Company		(166,642)	(106,014)
Non-controlling interests		<u>(6,889)</u>	<u>(15,874)</u>
		<u><u>(173,531)</u></u>	<u><u>(121,888)</u></u>
Total comprehensive income attributable to:			
Owners of the Company		(126,615)	(124,711)
Non-controlling interests		<u>(8,386)</u>	<u>(14,775)</u>
		<u><u>(135,001)</u></u>	<u><u>(139,486)</u></u>
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	6		
– Basic		<u><u>(HK\$2.30 cents)</u></u>	<u><u>(HK\$1.60 cents)</u></u>
– Diluted		<u><u>(HK\$2.30 cents)</u></u>	<u><u>(HK\$1.60 cents)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2026

	<i>Notes</i>	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		490,934	447,524
Other intangible assets		2,568	3,502
Right-of-use assets		117,581	108,984
Goodwill		82,308	82,308
Interests in joint ventures	7	103,787	81,782
Interests in associates		–	–
Deposits for acquisition of plant and equipment		142,505	136,340
Deposits for acquisition of land use rights		32,747	31,331
Other assets		295,892	283,090
Statutory deposits		93	93
		<hr/>	<hr/>
Total non-current assets		1,268,415	1,174,954
CURRENT ASSETS			
Inventories		36,164	38,317
LNG finance lease receivables		8,904	7,743
Loan and reimbursement receivables	8	112,787	112,787
Accounts and other receivables, prepayments and deposits	9	307,264	332,328
Financial assets at fair value through profit or loss		1	1
Cash and cash equivalents		36,974	37,269
		<hr/>	<hr/>
Total current assets		502,094	528,445
CURRENT LIABILITIES			
Accounts payables	10	161,911	158,449
Other payables and accruals		603,853	627,740
Interest-bearing bank borrowings	11	175,372	139,226
Lease liabilities		4,463	5,216
Tax payable		3,049	4,873
		<hr/>	<hr/>
Total current liabilities		948,648	935,504
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(446,554)	(407,059)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		821,861	767,895
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*At 31 March 2026*

	<i>Notes</i>	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Loans from a shareholder		433,094	432,722
Interest-bearing bank borrowings	<i>11</i>	110,762	75,480
Lease liabilities		9,114	12,770
Deferred tax liabilities		8,489	8,530
		<hr/>	<hr/>
Total non-current liabilities		561,459	529,502
		<hr/>	<hr/>
NET ASSETS		260,402	238,393
		<hr/> <hr/>	<hr/> <hr/>
CAPITAL AND RESERVES			
Share capital		148,714	133,481
Reserves		111,056	91,993
		<hr/>	<hr/>
Equity attributable to owners of the Company		259,770	225,474
		<hr/>	<hr/>
Non-controlling interests		632	12,919
		<hr/>	<hr/>
TOTAL EQUITY		260,402	238,393
		<hr/> <hr/>	<hr/> <hr/>

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 (the “**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 (the “**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 the 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

The 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 (“**Ints**”) as 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. The 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. The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company, 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 as issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2025 for the preparation of the consolidated financial statements.

Amendments to HKAS 21 and HKFRS 1	<i>Lack of Exchangeability</i>
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The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group’s consolidated financial positions and performance for the current and prior years 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\$173,531,000 during the year ended 31 March 2026 and, as at 31 March 2026, the Group had net current liabilities of HK\$446,554,000. 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 have adopted the going concern basis in the preparation of the consolidated financial statements based on the following measures:

- (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 2028;
- (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 2026, the Group had unutilised facilities of approximately HK\$326,627,000;
- (3) On 5 March 2026, the Company and Dr. Kan entered into a loan capitalisation agreement, pursuant to which the loans from a shareholder of HK\$260,000,000 was capitalised by allotting and issuing 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\$586,627,000. All conditions precedent in the loan capitalisation agreement have been satisfied and Completion took place on 26 May 2026, in accordance with the terms and conditions of the loan capitalisation agreement;
- (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; and
- (5) 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 the above factors and funds expected to be generated internally based on the directors' estimation on the future cash flows of the Group, which cover a period of not less than twelve months from 31 March 2026, 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:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Sales and distribution of NG	664,144	529,699
Provision of LNG logistic services	30,324	50,276
Sales and distribution of new energy products	13,955	50,304
Development of new energy integrated solution	104,379	81,276
	<u>812,802</u>	<u>711,555</u>
Revenue from other source		
Interest income from loan financing	<u>1,885</u>	<u>1,885</u>
	<u>814,687</u>	<u>713,440</u>

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 and other gains and losses, net 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 the 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:

2026	New energy business HK\$'000	NG business HK\$'000	Financial services HK\$'000	Consolidated HK\$'000
Segment revenue	119,924	759,845	1,885	881,654
Intersegment sales	(1,590)	(65,377)	–	(66,967)
Revenue from external customers	<u>118,334</u>	<u>694,468</u>	<u>1,885</u>	<u>814,687</u>
Segment results before depreciation and amortisation	(27,846)	(27,500)	(8,914)	(64,260)
Depreciation and amortisation	(8,099)	(43,061)	(1,276)	(52,436)
Segment results	<u>(35,945)</u>	<u>(70,561)</u>	<u>(10,190)</u>	<u>(116,696)</u>
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	<u>131,580</u>	<u>579,975</u>	<u>1,885</u>	<u>713,440</u>
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	<u>27,903</u>	<u>(65,888)</u>	<u>(24,702)</u>	<u>(62,687)</u>

4. INCOME TAX EXPENSE

	2026 HK\$'000	2025 HK\$'000
Income tax expense comprises:		
Current income tax		
– The PRC Enterprise Income Tax	(58)	(1,133)
Under – provision in prior years		
– The PRC Enterprise Income Tax	(74)	–
Deferred taxation	<u>416</u>	<u>(2,795)</u>
Total tax credit/(expense)	<u>284</u>	<u>(3,928)</u>

5. DIVIDENDS

No dividends was proposed or paid for ordinary shareholders of the Company during the year ended 31 March 2026 and 2025, nor has any dividend been propose since the end of the reporting period.

6. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Loss attributable to owners of the Company, used in the basic and diluted loss per share calculation	<u>(166,642)</u>	<u>(106,014)</u>
	Number of shares	
	2026	2025
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	<u>7,242,024,992</u>	<u>6,612,863,673</u>

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 2026 and 2025.

7. INTERESTS IN JOINT VENTURES

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Share of net assets	<u>103,787</u>	<u>81,782</u>

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

Name	Particulars of registered capital	Place of establishment and business	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
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 (2025: RMB25,500,000)	PRC	51 (2025: 51)	(Note)	51 (2025: 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 (2025: RMB80,000,000)	PRC	50 (2025: 50)	50 (2025: 50)	50 (2025: 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 (2025: RMB100,000,000)	PRC	51 (2025: 51)	(Note)	51 (2025: 51)	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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Loan receivables	138,838	136,953
Less: Allowance for credit losses	<u>(138,838)</u>	<u>(136,953)</u>
Reimbursement receivables	— <u>112,787</u>	— <u>112,787</u>
	<u>112,787</u>	<u>112,787</u>

Loan receivables relate to 2 (2025: 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% (2025: 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\$138,838,000 (2025: HK\$136,953,000).

Included in the loan receivables are loans of HK\$112,787,000 (2025: 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. Dr. Kan provided personal undertaking to purchase the aforementioned loans as at 31 March 2026 and 2025, should the loans not be recovered in full by the Group and accordingly the Group recognises reimbursement receivable of HK\$112,787,000 (2025: 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

	<i>Notes</i>	2026 HK\$'000	2025 <i>HK\$'000</i>
Accounts receivables arising from securities brokerage business, net of allowance for ECL			
Cash clients		–	–
Margin clients		–	–
Accounts receivables arising from NG business and new energy business, net of allowance for ECL	(a)	<u>149,465</u>	<u>167,307</u>
Total accounts receivables		149,465	167,307
Prepayments		68,994	85,584
Deposits and other receivables		53,023	55,165
Loans to third parties		1,992	1,906
Value-added tax recoverable		<u>33,790</u>	<u>22,366</u>
		<u>307,264</u>	<u>332,328</u>

Notes:

- (a) The aging analysis of accounts receivables arising from NG business and new energy business presented based on the invoice date and net of allowance for ECL, is as follows:

	2026 HK\$'000	2025 <i>HK\$'000</i>
Within 3 months	110,279	109,785
4 to 6 months	876	23,102
7 to 9 months	8,161	4,922
10 to 12 months	254	7,838
Over 12 months	<u>29,895</u>	<u>21,660</u>
	<u>149,465</u>	<u>167,307</u>

10. ACCOUNTS PAYABLES

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Accounts payables arising from NG business and New Energy business	<u>161,911</u>	<u>158,449</u>

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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Within 3 months	41,605	31,106
4 to 6 months	11,417	37,403
Over 6 months	<u>108,889</u>	<u>89,940</u>
	<u>161,911</u>	<u>158,449</u>

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:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Within one year	175,372	139,226
In the second to fifth year inclusive	97,205	71,752
After five years	<u>13,557</u>	<u>3,728</u>
Less: Amount due for settlement	286,134	214,706
Within 12 months (shown under current liabilities)	<u>(175,372)</u>	<u>(139,226)</u>
Amount due for settlement after 12 months	<u>110,762</u>	<u>75,480</u>

At 31 March 2026, the bank borrowings are guaranteed by corporate guarantee provided by certain of the Company's wholly-owned subsidiaries, personal guarantee provided by certain non-controlling shareholders of subsidiaries, and secured by land use rights with carrying amount of approximately HK\$67,849,000 (2025: HK\$66,756,000), and property, plant and equipment with carrying amount of approximately HK\$14,221,000 (2025: HK\$15,224,000).

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

12. EVENT AFTER REPORTING PERIOD

On 5 March 2026, the Company and Dr. Kan entered into the loan capitalisation agreement, pursuant to which both parties conditionally agreed that Dr. Kan shall subscribe for, and the Company shall allot and issue, a total of 722,222,222 shares of the Company by capitalising and setting off against the loan from Dr. Kan with principal amount HK\$260,000,000 upon the completion. Such agreement was resolved by the shareholders of the Company at extraordinary general meeting on 14 May 2026 and the loan capitalisation was completed on 26 May 2026 by allotting and issuing 722,222,222 shares of the Company.

Please refer to the announcement of the Company dated 5 March 2026 and 26 May 2026 and circular dated 28 April 2026 for details.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In 2025, global natural gas market demand grew slowly, with a full-year growth rate of approximately 1%, representing a significant slowdown from 2.8% in 2024. The impact of geopolitical factors persisted, and the global natural gas trade flow underwent accelerated restructuring. According to data from the International Energy Agency (“IEA”) and the Gas Exporting Countries Forum (“GECF”), demand diverged across the Asia-Pacific, Europe and the Americas regions, and the increase in LNG export capacity from United States alleviated global supply pressures to a certain extent.

In 2025, China’s national economy maintained steady with progress and recovery, but it still faces challenges and uncertainties due to the complex international geopolitical landscape and global economic conditions, achieving positive growth in natural gas production and sales, while the green and low-carbon transformation of the energy structure continued to deepen. with its share in primary energy consumption further increasing and the proportion of clean energy continuing to rise. Data from the National Development and Reform Commission Shows that China’s apparent consumption of natural gas increased by 0.1% year-on-year in 2025.

In 2025, the central government introduced a series of top-level designs and supporting policies on the dual carbon goals, energy conservation and carbon reduction, and green transformation. The “Energy Law” came into effect, laying a legal foundation for high-quality development of the energy industry and the dual carbon goals. The “Action Plan for Energy Conservation and Carbon Reduction (2024-2025)” continued to be implemented, promoting the optimisation of energy utilisation structures, energy-saving retrofits and equipment upgrades. From June to July 2025, measures were taken to improve the market-based allocation of resource and environmental factors, promoting the transition of the carbon market from intensity control to total volume control. Encouragement was given to the construction of zero-carbon parks and zero-carbon factories, strengthening the systematic deployment of energy conservation and carbon reduction, and vigorously developing new business models and models such as smart heating, integrated energy services, high-efficiency energy-saving equipment, source-grid-load-storage integration, and direct supply of green electricity.

Driven by policies, demand in areas such as smart heating, industrial energy conservation, building energy conservation and zero-carbon parks has been rapidly released. The deep integration of AI, big data, energy storage and clean energy is promoting the digital, customised and systematic upgrading of integrated energy services, providing strong development momentum for the Group’s core businesses. As the nation commences its “15th Five-Year Plan” and accelerates the construction of a new energy system, the Group will continue to seize opportunities presented by green and low-carbon development, strive to promote international cooperation, vigorously develop international markets, and continue to deeply integrate AI, big data and automation technologies into its business to enhance competitiveness and corporate value.

BUSINESS REVIEW

During the Current Year, the Group closely followed the conclusion of the nation's "14th Five-Year Plan" and the deployment of the dual carbon goals, adhering to the development strategy of "stabilising the foundation with natural gas, enhancing performance with new energy, and driving with digitalisation and intelligence". It optimised its industrial layout, innovated business models, strengthened operational management, and achieved synergistic development of its natural gas and new energy businesses. Overall sales data showed some growth, however, affected by the complex international geopolitical landscape and the slow, challenging and uncertain domestic economic recovery, the Group's gross profit came under pressure and declined.

In the natural gas business, the Group consolidated its advantages in the LNG business, vigorously expanded pipeline natural gas trading, deepened strategic cooperation with upstream suppliers and downstream customers, optimised procurement and sales rhythm and supply chain management, actively responded to market price fluctuations, and achieved significant year-on-year growth in total natural gas sales volume and trading sales volume, with scale effects becoming evident.

In the new energy business, the Group continued to increase its investment in the new energy business, focusing on directions such as smart heating, comprehensive energy efficiency management, the research, development and manufacturing of high-efficiency energy-saving equipment, and integrated services for zero-carbon parks. Its project presence and operational capabilities steadily improved. Existing projects in Shaanxi, Guangdong, Hubei, Jiangsu and other regions operated stably, with service area and energy supply efficiency continuously improving. The implementation of new projects progressed steadily, covering various scenarios including industrial and building sectors. In terms of operational management, the Group continued to deepen the application of the IDH smart distributed heating platform and the ICE smart integrated energy solution, achieving real-time energy consumption monitoring, intelligent dispatching and energy-saving optimisation, thereby creating significant energy-saving and carbon-reduction value for customers. The research, development and manufacturing of energy-saving equipment closely followed the direction of iterative upgrades in national energy efficiency standards, strengthening the R&D capabilities of core equipment such as high-efficiency heat pumps, with product performance and market competitiveness continuously improving.

The Group continues to optimise the synergistic mechanism between its natural gas and new energy business segments, strengthen group-wide control and cost management, enhance the efficiency of fund utilisation and risk resilience capabilities, reinforce the resilience of business development, accelerate the implementation of intelligent applications, flexibly seize development opportunities arising from changes in national policies and the market, and strive to advance its internationalisation strategy, making unremitting efforts to achieve sustainable development and enhance shareholder value.

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 2026, the Company recorded a LNG retail volume of 14,252 tons (2025: 21,567 tons), the income generated from point-to-point supply of LNG (retail) business amounted approximately HK\$87,356,000 (2025: HK\$163,071,000), contributing 10.7% to the total revenue of the Company for the Current Year.

Wholesale of LNG and PNG (trade)

As of 31 March 2026, the Company recorded an NG trade volume of 158,924 tons (2025: 82,400 tons), with wholesale LNG and PNG (trade) revenue of approximately HK\$576,788,000 (2025: HK\$366,629,000), contributing 70.8% 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 8,299 tons (2025: 10,218 tons), accounting for 5.2% of the total NG trading volume. LNG trading revenue was approximately HK\$43,648,000 (2025: HK\$56,451,000), representing 7.6% of the total NG trading revenue. PNG trading recorded a sales volume of 150,625 tons (2025: 72,182 tons), accounting for 94.8% of the total NG trading volume. PNG trading revenue was approximately HK\$533,140,000 (2025: HK\$310,178,000), representing 92.4% 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 2026, the delivery fleets transmitted a total of 53,816,000 ton-kilometers (2025: 61,295,000 ton-kilometers) among which 82.2% were delivered for external customers, the income generated from distribution of LNG (logistics) business amounted approximately HK\$30,324,000 (2025: HK\$50,275,000), contributing 3.7% 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 2026, the Company held 34 (2025: 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 10,840 (2025: 9,718) applications from household users for LNG pipeline connection in Yangzhai, Changling, Chenxiang, Yudian, Caihe and Haodian in Guangshui City of Hubei province, managed to connect 9,125 (2025: 7,413) 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 2026, the Company owned two (2025: 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 AI. By using unique big data AI 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 AI 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\$118,334,000 (2025: HK\$131,580,000), accounting for 14.5% (2025: 18.4%) of the Company’s total revenue for the year.

Development of New Energy Integrated Solution

As of 31 March 2026, the development and application of comprehensive new energy solutions recorded revenue of approximately HK\$104,379,000 (2025: HK\$81,276,000). In the field of comprehensive new energy solutions, the smart heating business expanded its service area by approximately 1,830,000 square meters, recording revenue of approximately HK\$68,195,000 (2025: HK\$74,839,000). The comprehensive energy efficiency management business recorded revenue of approximately HK\$36,184,000 (2025: HK\$6,437,000).

Sales and Distribution of New Energy Products

As of 31 March 2026, the sales and distribution of new energy products recorded revenue of approximately HK\$13,955,000 (2025: HK\$50,304,000).

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\$814.7 million, compared to that of approximately HK\$713.4 million for the previous year, representing a significant increase of 14.2%. This growth was primarily driven by the NG business, with revenue increasing by approximately HK\$114.5 million or 19.7%, representing 85.2% (2025: 81.3%) of the Company’s total revenue for the year. Additionally, the new energy business contributed approximately HK\$118.3 million to the total revenue in the Current Year compared to that approximately HK\$131.6 million for the Previous year, representing a decrease of 10.1%, representing 14.5% (2025: 18.4%) of the Company’s total revenue for the year.

Income from the point-to-point supply of LNG (retail) business was approximately HK\$87.3 million for the Current Year, compared to that of approximately HK\$163.1 million for the Previous Year, representing a decrease of 46.4%.

Income generated from the wholesale of LNG and PNG (trade) business was approximately HK\$576.8 million for the Current Year, compared to that of approximately HK\$366.6 million for the Previous Year, representing an increase of 57.3%. The increase in trade income was mainly due to increase in domestic NG consumption and the expansion of distribution channels.

Income generated from the distribution of LNG (logistics) business was approximately HK\$30.3 million for the Current Year, compared to that of approximately HK\$50.3 million for the Previous Year, representing a slight decrease of 39.8%. The decrease in logistics income was mainly due to the market competition and decrease in demand from our customers.

Income generated from the sales and distribution of new energy products was approximately HK\$14.0 million for the Current year, compared to that of approximately HK\$50.3 million for the Previous year, representing a decrease of 72.2%. Income generated from the development of new energy integrated solution was approximately HK\$104.4 million, compared to that of approximately HK\$81.3 million for the Previous year, representing an increase of 28.4%.

Income from the financial services business was HK\$1.9 million for the Current Year no change, compared to that of HK\$1.9 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\$23.2 million compared to gross profit of approximately HK\$116.6 million for the Previous Year. The gross profit margin was 2.8% in Current Year as compared to gross profit margin of 16.3% for the Previous Year. The decrease in gross profit and gross profit margin was primarily attributable to: (i) a decrease in gross profit from the natural gas business, resulting from international geopolitical conflicts that led to tight energy supply and increased industry costs, while the terminal gas sales prices in Mainland China have remained unchanged for many years; (ii) a decrease in business volume and gross profit from the terminal gas sales business and logistics business, which originally generated higher gross profit margins, due to a decline in the scale of customers' operations; and (iii) a decrease in gross profit from the new energy business, resulting from a decline in the number of sales and distribution volume of new energy products.

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 loss on disposal of land use right. Other income and other gains and losses amounted to the net losses approximately HK\$18.3 million for the Current Year, as compared to the net losses of approximately HK\$16.9 million for the Previous Year, the increase of net losses was mainly due to the combined effect of loss on disposal of land use right and exchange gain 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\$14.4 million for the Current Year, representing a decrease of 40.9% as compared to approximately HK\$24.4 million for the Previous Year.

The decrease was primarily attributable to the reduction in marketing expenses incurred for the expansion of the customer base.

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\$131.0 million for the Current Year, representing a decrease of 4.9% as compared with approximately HK\$137.8 million for the Previous Year. The decrease was primarily attributable to the reduction in operating expenses as a result of the effectiveness of the Company's cost-saving measures.

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\$32.2 million for the Current Year, representing an increase of 1.6% as compared to approximately HK\$31.7 million for the Previous Year. The increase was primarily attributable to the increase in the total debts balance.

Impairment Assessment, Net

Impairment Losses Under Expected Credit Loss Model, net of reversal

As at 31 March 2026, 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, reversal of impairment of approximately HK\$2.3 million (2025: impairment HK\$10.3 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 credit amounted to approximately HK\$0.3 million was resulted for the Current Year as compared to the income tax expense of HK\$3.9 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\$173.5 million as compared to a net loss of approximately HK\$121.9 million for the Previous Year.

Final Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 March 2026 (2025: Nil).

Property, Plant and Equipment

As at 31 March 2026, the property, plant and equipment of the Group amounted to approximately HK\$490.9 million mainly consisting approximately HK\$219.2 million equipment and machinery, approximately HK\$35.5 million motor vehicles, approximately HK\$79.6 million building and approximately HK\$152.8 million construction in progress.

Loan and Reimbursement Receivables

As at 31 March 2026, the loan and reimbursement receivables of the Company amounted to approximately HK\$112.8 million (2025: 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 2026, the accounts and other receivables of the Company amounted to approximately HK\$307.3 million (2025: HK\$332.3 million), comprises accounts receivable, value-added tax recoverable, prepayments, deposits and other receivables. The decrease in the accounts and other receivables was mainly due to decrease in account receivables and prepayment resulting from the improvement in collection progress during the Current Year.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31 March 2026, the cash and cash equivalents of the Company amounted to approximately HK\$37.0 million (2025: HK\$37.3 million), mainly denominated in Hong Kong Dollar and Renminbi.

As at 31 March 2026, total interest-bearing bank and other borrowings of the Company amounted to approximately HK\$719.2 million (2025: HK\$647.4 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\$175.3 million repayable within one year and approximately HK\$543.9 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 2026, equity attributable to owners of the Company amounted to approximately HK\$259.8 million (2025: HK\$225.5 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. Due to the increase in bank borrowing during the reporting period, but partially offset by the capitalization of shareholder loans, the gearing ratio as at 31 March 2026 was only slightly increased to 276.2% (2025: 271.6%).

PLEDGE OF ASSETS

As at 31 March 2026, 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 (2025: HK\$82.0 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 2026, the total capital commitments by the Company amounted to approximately HK\$163.2 million (2025: HK\$133.1 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 2026 (2025: 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 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 Cyclical Risks

The Company is engaged in the NG and new energy 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, 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 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 tank containers are returned. A full provision for overdue interest in the amount of approximately HK\$6,638,000 was recognized during the year end 31 March 2026 (2025: HK\$13,268,000).

* English company name translated for identification purpose only.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 March 2026, the Company had 498 employees (2025: 518). The decrease in the number of employees was primarily attributable to the headcount optimisation carried out by the Group during the current year. Total employee costs (including directors’ compensation) were approximately HK\$83.0 million (2025: HK\$94.6 million), representing a 12.3% decrease. The decrease was primarily attributable to the Group’s continuous headcount optimisation and the implementation of quantitative assessment linking the performance of middle and senior management with the Group’s results.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed or cancelled any of the Company's listing securities (including sale of any treasury Shares) during the year ended 31 March 2026.

As at 31 March 2026, 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, Gangneng Smart Energy (Zhanjiang) Co., Ltd. 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, annual green steam capacity of 1.3 million tonnes, and annual green steam capacity of 1.0 million tonnes can be achieved respectively after completion of construction.

Progress of the Zhanjiang Project of Hong Kong Energy: The land required for the construction of the project has been fully obtained, and the project is currently at the stage of main structure construction. The main structures of certain units, including the production workshop, have been topped out, while other construction works of Phase I are progressing steadily. The project is scheduled to be completed and put into operation in early 2027. The estimated remaining funding requirement for Phase I of the project is approximately RMB480 million, which is expected to be financed as to RMB120 million by the Group's internal resources and RMB360 million by bank borrowings to be secured by the Group.

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.

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.

Progress of the Songshan Lake Project in Dongguan City: The energy station of Phase I of the Science Smart City has been completed and put into operation. In addition, the water and power system (high voltage) and the automatic control system of Phase II of the project are expected to be completed within the year.

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**”) with the Management Committee of Yixing Economic and Technological Development Zone (the “**Committee**”) under the Yixing Municipal Government to jointly establish a limited liability company (the “**Joint Venture Company**”).

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

Key details of the Framework Agreement are as follows:

The Committee will provide the land approximately 60 mu in size within the Yixing Economic and Technological Development Zone for the Project site and auction the land at the market price. The Joint Venture Company will proceed to bid the land if the Group consider the land location and price of the land are suitable. The other terms of the Framework Agreement will only come to effect once the above process is completed.

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 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.

The construction of the Project officially commenced in August 2025. At the current stage, the underground works of all individual buildings have been completed, and the above-ground main structure construction will be carried out subsequently, with the project progressing steadily.

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 2026.

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 Group 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 2026 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.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the consolidated financial statements of China HK Power Smart Energy Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**"), which comprise the consolidated statement of financial position as at 31 March 2026 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related To Going Concern

We draw attention to note 2 to the consolidated financial statements which indicate that the Group incurred a net loss of HK\$173,531,000 for the year ended 31 March 2026 and as of that date, the Group had net current liabilities of HK\$446,554,000. These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 2026 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 2026

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.