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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)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 14 August 2026 (after trading hours of the Stock Exchange), the Company and Wellfire Industrial Group (HK) Limited (“**Wellfire**” or the “**Subscriber**”) entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 1,487,134,000 new Shares at the Subscription Price of HK\$0.267 per Share subject to the terms and conditions set out in the Subscription Agreement.

Assuming there will be no change in the total number of Shares in issue (other than the issue of the Subscription Shares) from the date of this announcement to the date of Completion, the number of the Subscription Shares represents approximately 18.23% of the total number of issued Shares as at the date of this announcement and approximately 15.42% of the enlarged total number of issued Shares immediately following Completion.

The Subscription Price of HK\$0.267 per Subscription Share represents (i) a discount of approximately 7.9% to the closing price per Share of HK\$0.290 as quoted on the Stock Exchange on the Last Trading Day (equal to the closing bid price); and (ii) a discount of approximately 10.1% to the average of the closing prices per Share of HK\$0.297 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

The gross proceeds and net proceeds from the issue of the Subscription Shares are estimated to be HK\$397.1 million and HK\$396.7 million respectively. The Company intends to allocate the net proceeds of the Subscription (after deducting estimated expenses) for the general working capital of the Group, including for the investment in the Group’s existing projects, repayment of current liabilities, and other general administrative and operating expenses.

The Subscription is not subject to Shareholders’ approval as the Subscription Shares will be issued under the General Mandate 2025. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Completion is subject to fulfilment of the condition under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE SUBSCRIPTION

The Board is pleased to announce that on 14 August 2026 (after trading hours of the Stock Exchange), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 1,487,134,000 new Shares at the Subscription Price of HK\$0.267 per Share subject to the terms and conditions set out in the Subscription Agreement.

THE SUBSCRIPTION AGREEMENT

Date: 14 August 2026 (after trading hours of the Stock Exchange)

Parties: (1) The Company

(2) The Subscriber

The Subscriber is Wellfire Industrial Group (HK) Limited, a company incorporated in Hong Kong with limited liability. The controlling shareholder of the Subscriber is Beijing Wellfire Fangheng Holding Group Co., Ltd.* (北京星火方恒控股集團有限公司), which is subordinate to Beijing Wellfire Industrial Corporation* (北京市星火實業總公司). The Subscriber serves as the core overall management hub for the Wellfire system to realize the globalization and capitalization operations of specialized cross-border investment entity resources, specifically undertaking the parent company's strategic functions of international layout, cross-border capital operation and high-end industrial upgrading. It primarily invests in computing power, semiconductor chips, and new energy industries. Leveraging Hong Kong's international advantages, it connects with the parent entity's domestic high-end equipment, energy storage motors, and oil and gas supporting supply chains to establish a two-way import and export hub; centralizes the procurement of overseas oil and gas resources and high-end complete sets of equipment; and exports domestic high-quality high-tech information processing and energy equipment. It completes a two-way production and sales closed-loop of "introducing overseas resources + exporting domestic equipment", thereby effectively reducing the comprehensive production and logistics costs of smart microgrid and zero-carbon industrial park projects both domestically and overseas.

Beijing Wellfire Industrial Corporation* (北京市星火實業總公司), established in 1988, is a state-owned enterprise under the ownership of the whole people. The company has been deeply engaged in the whole industry chain of high technology, trade, engineering, and energy for nearly forty years, holding controlling interests in nearly 400 upstream and downstream enterprises. Its business scope covers multi-dimensional fields such as the integration of high-tech production and research, bulk trade, financial services, new energy investment, healthcare and elderly care, and cultural media. Combining its comprehensive advantages in new business, new industries, large capital, and full supply chain, it continuously innovates and expands, creating continuously growing market and social value to contribute to the high-quality and sustainable development of the national economy.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Subscriber is an Independent Third Party.

* English company name translated for identification purpose only.

The Subscription Shares

Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 1,487,134,000 Subscription Shares, representing:

- (1) approximately 18.23% of the existing total number of issued Shares, being 8,157,900,589 Shares, as at the date of this announcement; and
- (2) approximately 15.42% of the enlarged total number of issued Shares of 9,645,034,589 Shares immediately following Completion, assuming there will be no change in the total number of Shares in issue from the date of this announcement to the date of Completion.

The Subscription Price

The Subscription Price of HK\$0.267 per Subscription Share represents:

- (1) a discount of approximately 7.9% to the closing price of HK\$0.290 per Share as quoted on the Stock Exchange on the Last Trading Day (equal to the closing bid price); and
- (2) a discount of approximately 10.1% to the average closing price of HK\$0.297 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

The Subscriber shall pre-pay the entire amount of the Subscription Price (the “**Prepayment**”) within 30 business days after receipt of a notice from the Company stating the listing approval of the Subscription Shares has been obtained (or such later date as may be agreed between the Company and the Subscriber in writing).

To ensure the smooth and timely settlement of the Prepayment, Beijing Wellfire Fangheng Holding Group Co., Ltd.* (北京星火方恒控股集團有限公司), the controlling shareholder of the Subscriber holding bank deposits of over RMB4.3 billion as at 13 August 2026, has provided a letter of undertaking to the Company, undertaking to guarantee the funding required by the Subscriber for the Subscription. The subscription funds will be primarily arranged through offshore funds in Hong Kong, and in the event of any shortfall in offshore funds, Mainland funds will be utilized to complete the Subscription upon obtaining approvals from the relevant commerce and foreign exchange control authorities.

The net subscription price per Share amount to HK\$0.267 and the aggregate nominal value of the Subscription Shares amount to HK\$29,742,680.

The Subscription Price was determined after arm’s length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares. The Directors consider that the Subscription Price and the terms and conditions of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the other Shares in issue as at the date of allotment and issue of the Subscription Shares.

Condition

Completion pursuant to the Subscription Agreement is conditional upon the Stock Exchange having granted the listing of, and permission to deal in, the Subscription Shares.

If the above condition is not fulfilled on or before the Long Stop Date, subject to refund of the Prepayment, all rights, obligations and liabilities of the parties to the Subscription Agreement shall cease and terminate and none of the parties to the Subscription Agreement shall have any claim against any other in respect of the Subscription, save for any antecedent breaches thereof.

Completion

Completion will take place on the fifth business day following the fulfilment of the condition precedent to the Subscription and the Prepayment having been made in full by the Subscriber, or such other date as the Company may agree in writing.

As completion of the Subscription is subject to the satisfaction of the condition precedent under the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be allotted and issued by the Company pursuant to the General Mandate 2025, which has been granted to the Directors by a resolution of the Shareholders passed at the AGM 2025 on 22 August 2025 to allot, issue and otherwise deal with up to 1,487,135,673 Shares, representing 20% of the total number of Shares in issue as at the date of the AGM 2025.

As at the date of this announcement, no Shares have been issued pursuant to the General Mandate 2025. The General Mandate 2025 is sufficient for the allotment and issue of the Subscription Shares, and the issue of the Subscription Shares is therefore not subject to the approval of the Shareholders.

Upon Completion, the Company will have unused General Mandate 2025 to issue up to 1,673 Shares.

APPLICATION FOR LISTING OF THE SUBSCRIPTION SHARES

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Subscription Shares.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 8,157,900,589 Shares in issue. Set out below is a table showing the shareholding structure of the Company as at the date of this announcement and immediately after Completion, assuming there will be no change in the total number of Shares in issue (other than the issue of the Subscription Shares) from the date of this announcement to the date of Completion:

Name of Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Subscription Shares	
	No. of Shares	Approximate % shareholding	No. of Shares	Approximate % shareholding
Directors:				
Dr. Kan Che Kin, Billy Albert ("Dr. Kan") and Mrs. Kan Kung Chuen Lai ("Mrs. Kan") (Note i)	4,484,029,568	54.96%	4,484,029,568	46.49%
Mr. Li Kai Yien, Arthur Albert	200,000	0.01%	200,000	0.01%
Subscriber	—	—	1,487,134,000	15.42%
Other Public Shareholders	3,673,671,021	45.03%	3,673,671,021	38.08%
	<u>8,157,900,589</u>	<u>100.00%</u>	<u>9,645,034,589</u>	<u>100.00%</u>

Notes:

- i) 5,000,000 shares among these Shares are held by Ground Up. Dr. Kan beneficially owns the entire issued share capital of Ground Up. Therefore he is deemed to be interested in all the Shares held by Ground Up by virtue of the SFO. Dr. Kan is the chairman of the Board and an executive Director. Dr. Kan is also a director of Ground Up. Mrs. Kan, being a non-executive Director and the spouse of Dr. Kan, is deemed to be interested in 4,484,029,568 Shares;

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The gross proceeds and net proceeds from the issue of the Subscription Shares are estimated to be HK\$397.1 million and approximately HK\$396.7 million respectively. The Company intends to allocate the net proceeds of the Subscription (after deducting estimated expenses) for the general working capital of the Group, including for the investment in the Group's existing projects, repayment of current liabilities, and other general administrative and operating expenses.

The Board has reviewed other alternative fundraising methods and considered that debt financing may incur interest burden on the Company and may be subject to lengthy due diligence process and negotiations with banks, which may be relatively uncertain and time-consuming. On the other hand, rights issue or open offer will involve the issue of listing documents with other application and administrative procedures which may require relatively longer time and additional administrative cost to complete as compared to the equity financing by way of issuing of new Shares under the General Mandate 2025.

The Subscriber will partner with the Company to establish a HK\$10 billion special fund in Hong Kong to support the layout and development of the Group's business in Mainland China and globally. **The Company will make further announcement(s) in relation to any material development of the above special fund (including the entering into of any definitive agreement(s)) as and when appropriate in accordance with the Listing Rules.**

The Directors consider that the Subscription represents a good opportunity to enlarge the shareholder base and the capital base of the Company. In addition, the net proceeds of the Subscription will strengthen the Group's financial position. Accordingly, the Directors are of the view that the terms and conditions of the Subscription Agreement are normal commercial terms after arm's length negotiations and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

On 26 May 2026, the Company issued an aggregate of 722,222,222 Shares at the capitalization price of HK\$0.36 per Share, with an aggregate amount of HK\$260 million to Dr. Kan, in accordance with the terms and conditions of the conditional agreement dated 5 March 2026 entered into between Dr. Kan and the Company in relation to the capitalisation and set off of a portion of the unsecured Shareholder's loans due from the Group to Dr. Kan. For details, please refer to the announcements of the Company dated 5 March 2026, 28 April 2026 and 26 May 2026.

Save as disclosed above, the Company had not conducted any fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

Completion is subject to fulfilment of the condition under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“AGM 2025”	the annual general meeting of the Company convened on 22 August 2025
“Board”	the board of Directors
“Company”	China HK Power Smart Energy Group Limited, a company incorporated under the laws of the Cayman Islands, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 931)
“Completion”	completion of the Subscription
“Director(s)”	the director(s) of the Company

“General Mandate 2025”	the general mandate granted to the Directors by the Shareholders at the AGM 2025 for allotment and issue of up to 1,487,135,673 Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, are third parties independent of the Company and the connected persons of the Group in accordance with the Listing Rules
“Last Trading Day”	14 August 2026, being the date of the Subscription Agreement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	14 September 2026 or any other date as the Company may agree in writing
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude the Macau Special Administrative Region of the PRC and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	the ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	The Subscriber is Wellfire Industrial Group (HK) Limited, a company incorporated in Hong Kong with limited liability.
“Subscription Agreement”	the subscription agreement dated 14 August 2026 entered into by the Company and the Subscriber in respect of the Subscription
“Subscription Price”	HK\$0.267 per Subscription Share
“Subscription Shares”	an aggregate of 1,487,134,000 Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement

“Subscription”	the subscription of the Subscription Shares by the Subscriber at the Subscription Price pursuant to the terms and conditions as set out in the Subscription Agreement
“Wellfire”	Wellfire Industrial Group (HK) Limited
“%”	per cent
“HK\$”	Hong Kong dollars, the legal currency of Hong Kong

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

Hong Kong, 14 August 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 Director, 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.