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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE 2026 ANNUAL REPORT

Reference is made to the annual report of China HK Power Smart Energy Group Limited (the "**Company**") for the year ended 31 March 2026 published on 24 July 2026 (the "**2026 Annual Report**"). Capitalised terms used herein shall have the same meanings as those defined in the 2026 Annual Report unless the context requires otherwise.

The Board would like to provide the following additional information to the 2026 Annual Report:

SUBSCRIPTION SHARES UNDER GENERAL MANDATE

On 10 June 2025, the Company conducted a subscription of 43,700,000 ordinary shares at a subscription price of HK$0.25 ("**Subscription Share**") per share to a subscriber to raise a net proceeds of approximately HK$10.88 million (the "**Subscription**"). The Directors considered that the issue was a good opportunity to enlarge the shareholder base and the capital base of the Company and also will strengthen the Group's financial position. The aggregate nominal value of the Subscription Shares issued was HK$0.02 (based on nominal value of HK$0.02 per share). The Subscription Shares were issued to Mr. Zeng Guo bin, who is Independent Third Party to the Group and its connected persons. The closing price per share of the Company on the Stock Exchange on 10 June 2025 was HK$0.255. The net subscription price per Share was approximately HK$0.249. Completion of the Subscription took place on 16 July 2025.

As at 31 March 2026, the Company had utilized the entire net proceeds of approximately HK$10.88 million, which had already been used for general working capital of the Group to support its business operations. The proceeds were used according to the intentions previously disclosed announcements of the Company dated 10 June 2025 and 16 July 2025. The net proceeds from the Subscription were used as follows:

Intended uses	**Intended uses of proceeds** *HK$*	**Actual use of proceeds up to 31 March 2026** *HK$*	**Breakdown of general working capital** *HK$*
To be applied towards the general working capital of the Group to support its business operations	10,880,000	10,880,000	1. Staff salaries and Director Fees: 9.56 million 2. Office rental and utilities: HK$1.32 million

Grant of Director Options

Reference is made to the announcements of the Company dated 13 January 2026 (the "**Grant Announcement**") and 16 February 2026 (the "**Supplemental Grant Announcement**") in relation to the conditional grant of 1,000,000,000 Director Options to Mr. Deng Yaobo ("**Mr. Deng**"), an executive Director and Chief Executive Officer of the Company, subject to Independent Shareholders' approval at the EGM.

The Board would like to provide the following supplemental information in relation to the Director Options pursuant to Chapter 17 of the Listing Rules (including Rules 17.07, 17.07A and 17.09):

1. Details of the Director Options Conditionally Granted During the Year

On 13 January 2026, the Board resolved to conditionally grant 1,000,000,000 Director Options to Mr. Deng under the Specific Mandate, representing approximately 13.45% of the total issued shares of the Company as at the Date of Grant. Key terms of the Director Options are summarized as follows:

- **Name of Grantee:** Mr. Deng Yaobo (Executive Director and CEO)
- **Date of Grant:** 13 January 2026
- **Exercise Price:** HK$0.482 per Director Share
- **Closing Price on Date of Grant:** HK$0.470 per Share
- **Validity Period:** Ten (10) years from 13 January 2026

- **Vesting Period:**

    - o First tranche (30%): Vested on the second-year anniversary from the Date of Grant (i.e. 13 January 2028);

    - o Second tranche (30%): Vested on the third-year anniversary from the Date of Grant (i.e. 13 January 2029); and

    - o Third tranche (40%): Vested on the fourth-year anniversary from the Date of Grant (i.e. 13 January 2030).

- **Performance Targets:** As disclosed in the Supplemental Grant Announcement, on 16 February 2026, the Company and Mr. Deng entered into a Supplemental Agreement to attach performance targets to each tranche of the Director Options, including specific Turnaround Achievement (Net Profit) for the relevant financial years and Market Capitalization Growth/ Stability targets as set out in the Supplemental Grant Announcement.

    Details of the Performance Targets are set out below:

    1. *Market Capitalization Benchmark*

        For the purpose of the Performance Targets, the Market Capitalization as at the Date of Grant is fixed at HK$3,584,000,000. The "Market Capitalization" at any relevant time shall be calculated based on the average closing price for five (5) consecutive trading days immediately preceding the relevant date multiplied by the Adjusted Total Number of Issued Shares (excluding new Shares issued under any share incentive schemes after the Date of Grant).

    2. *Vesting Schedule and Performance Targets*

        (a) First Tranche (30% of the Director Options):

        Vesting on the second-year anniversary (i.e., 13 January 2028), conditional upon:

        - (i) Turnaround Achievement: The Company achieving a Net Profit (representing a turnaround from net loss) in the audited annual financial statements for the financial year ended 31 March 2028; AND

        - (ii) Market Capitalization Growth: The Adjusted Market Capitalization on 13 January 2028 having increased by at least 30% compared to the Date of Grant (i.e., reaching HK$4,659,200,000 or above).

(b) Second Tranche (30% of the Director Options):

Vesting on the third-year anniversary (i.e., 13 January 2029), conditional upon:

- (i) Net Profit Performance:

  - o (A) Turnaround Catch-up: If the Net Profit target was NOT achieved in the preceding period (i.e. 31 March 2028), the Company achieving a turnaround to Net Profit for the financial year ended 31 March 2029; OR

  - o (B) Profit Maintenance: If the Net Profit target WAS achieved in the preceding period, the Company maintaining a Net Profit position for the financial year ended 31 March 2029; AND

- (ii) Market Capitalization Stability: The Adjusted Market Capitalization on 13 January 2029 not decreasing by more than 10% compared to the 2nd Anniversary Date.

(c) Third Tranche (40% of the Director Options):

Vesting on the fourth-year anniversary (i.e., 13 January 2030), conditional upon:

- (i) Net Profit Performance:

  - o (A) Turnaround Catch-up: If the Net Profit target was NOT achieved in the preceding period (i.e. 31 March 2029), the Company achieving a turnaround to Net Profit for the financial year ended 31 March 2030; OR

  - o (B) Profit Maintenance: If the Net Profit target WAS achieved in the preceding period, the Company maintaining a Net Profit position for the financial year ended 31 March 2030; AND

- (ii) Market Capitalization Stability: The Adjusted Market Capitalization on 13 January 2030 not decreasing by more than 10% compared to the 3rd Anniversary Date.

- **Status as at 31 March 2026:** The Grant of Director Options remains conditional upon, among other things, is pending the approval of the Stock Exchange and then the approval by the Independent Shareholders at the EGM. As at 31 March 2026 and the date of the Annual Report, such Independent Shareholders' approval had not yet been obtained, and therefore the Director Options remained unvested, non-exercisable and had not become legally binding.

2. *Fair Value of Director Options and Accounting Policy*

The Group has adopted HKFRS 2 Share-based Payment to account for the grant of share options.

The fair value of the 1,000,000,000 Director Options conditionally granted to Mr. Deng on 13 January 2026 was determined by an independent professional valuer using the Binomial Option Pricing Model (incorporating Monte Carlo simulation to evaluate the vesting probabilities attached to the Performance Targets under the Supplemental Agreement dated 16 February 2026).

(a) Aggregate and Unit Fair Value:

- Total Fair Value of Director Options: HK$74,569,000 as at 13 January 2026.
- First Tranche (300,000,000 options): HK$Nil (Unit fair value: HK$Nil per option, taking into account the 0% estimated vesting probability based on the Performance Targets).
- Second Tranche (300,000,000 options): HK$Nil (Unit fair value: HK$Nil per option, taking into account the 0% estimated vesting probability based on the Performance Targets).
- Third Tranche (400,000,000 options): HK74,569,000 (Unit fair value: HK$0.1864 per option, taking into account an estimated vesting probability of 57.63% based on the Performance Targets).

(b) Significant Assumptions and Input Parameters:

The significant assumptions and key inputs used in the Binomial Option Pricing Model as at 13 January 2026 were as follows:

- Closing Share Price at Date of Grant: HK$0.470 per Share
- Exercise Price: HK$0.482 per Director Share
- Contractual Option Life: 10 years (expiring on 12 January 2036)
- Expected Volatility: 58.826% per annum (determined based on historical daily volatility of the Company's shares matching the option life)
- Risk-free Interest Rate: 2.624% per annum (determined with reference to the yield of Hong Kong Exchange Fund Notes/Government Bonds)
- Expected Dividend Yield: 0.00% per annum (based on historical dividend pattern)
- Exercise Multiple: 3.342 (reflecting early exercise behaviour assumption)
- Exit Rate/Forfeiture Rate: 0.00% per annum

3. *Movements of Director Options During the Year Ended 31 March 2026*

Grantee	Outstanding as at 1 April 2025	Conditionally Granted during the Year	Exercised during the Year	Cancelled/ Lapsed during the Year	Outstanding as at 31 March 2026
Mr. Deng Yaobo	Nil	1,000,000,000*	Nil	Nil	1,000,000,000*

**Note:* The Director Options were conditionally granted on 13 January 2026, subject to Independent Shareholders' approval at the EGM.

4. *Dilution Effect and Mandate Limit*

- **Dilution Effect (Rule 17.07(3)):** Pursuant to Rule 17.07(3) of the Listing Rules, the aggregate number of shares that may be issued in respect of options granted under all share option schemes/arrangements of the Company (comprising 564,379,709 options under the Share Option Scheme and 1,000,000,000 Director Options, totalling 1,564,379,709 Shares) divided by the weighted average number of issued Shares for the year ended 31 March 2026 (being 7,435,678,367 Shares) was approximately 21.04%.

  Note: For the purpose of the Company's consolidated financial statements for the year ended 31 March 2026 prepared under Hong Kong Financial Reporting Standards, as the Group recorded a net loss for the year, the computation of diluted loss per share did not assume the exercise of any outstanding share options as their potential exercise would be anti-dilutive. The 21.04% ratio above represents the potential structural share capital dilution percentage presented solely pursuant to Rule 17.07(3) of the Listing Rules.

- **Scheme Mandate Limit (Rule 17.09(3)):** As the Director Options are to be allotted and issued under a Specific Mandate rather than an existing share option scheme, they do not utilize the scheme mandate limit under the Company's Share Option Scheme. As at 31 March 2026, there were no further share options available for future grant under the existing scheme mandate limit.

5. *Views of the Remuneration Committee (Rule 17.07A)*

The Remuneration Committee and the Board have reviewed and approved the terms of the Grant on 13 January 2026 and the Supplemental Agreement on 16 February 2026. The Remuneration Committee considered that the introduction of the Performance Targets aligns Mr. Deng's interests with those of the Company and its Shareholders, providing appropriate incentives for his long-term service and performance.

Listing Rules implications in relation to the Grant of Director Options

The Grant of Director Options is not made pursuant to the existing Share Option Scheme of the Company.

Moreover, since the Grant of Director Options is an arrangement involving grant of options over the shares of the Company, which is analogue to a share scheme. Rule 17.01(2) of the Listing Rules provides that any arrangement involving grant of shares or other securities of a listed issuer which, in the opinion of the Stock Exchange, is analogue to a share scheme must comply with the requirement of Chapter 17 of the Listing Rules. The relevant requirements of Chapter 17 of the Listing Rules as detailed below.

Rule 17.03C(3) states that a listed issuer may seek separate approval by its shareholders in general meeting for granting options beyond the scheme mandate provided that the options or awards in excess of the limit are granted only to participants specifically identified by the listed issuer before such approval is sought. In this regard, as the Director Options would be beyond the scheme mandate and Mr. Deng is identified as the grantee for the Director Options, the Company will seek separate approval by its Independent Shareholders at the EGM.

Rule 17.03D(1) provides that where any grant of options or awards to a participant would result in the shares issued and to be issued in respect of all options and awards granted to such person in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the relevant class of shares of the listed issuer in issue, such grant must be separately approved by shareholders of the listed issuer in general meeting with such participant and his associate if the participant is a connected person abstaining from voting. In this regard, as the Grant of Director Options will represent in aggregate over 1% of the relevant class of shares of the Company in issue, the Grant of Director Options will be separately approved by the Independent Shareholders at the EGM and Mr. Deng and his associates will abstain from voting.

Rule 17.04 states that any grant of options or awards to a director or chief executive under a scheme of a listed issuer must be approved by the independent non-executive directors of the issuer. The view of the independent non-executive directors of the Company will be included in the letter from the Independent Board Committee to be included in the circular of the Company in respect of the Grant of Director Options.

The Board confirms that the supplemental information provided above does not affect any other information contained in the Annual Report, and save as disclosed above, all other contents of the Annual Report remain unchanged.

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

Hong Kong, 17 September 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. Tsang Ho Pong and Mr. Lam Lum Lee.