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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)

DISCLOSEABLE TRANSACTION
PROVISION OF LOANS

The Board announces that (a) CHK Finance, a subsidiary of the Company, as lender and Customer A as borrower entered into the First Loan Agreement dated 5 November 2015 pursuant to which CHK Finance agreed to grant the First Loan in the amount of HK$30,000,000 to Customer A for a term of 12 months; (b) CHK Finance as lender and Customer A as borrower entered into the Second Loan Agreement dated 18 November 2015 pursuant to which CHK Finance agreed to grant the Second Loan in the amount of HK$45,000,000 to Customer A for a term of 12 months; (c) CHK Finance as lender and Customer A as borrower entered into the Third Loan Agreement dated 7 March 2016 pursuant to which CHK Finance agreed to grant the Third Loan in the amount of HK$6,300,000 to Customer A for a term of 12 months; and (d) CHK Finance as lender and Customer A as borrower entered into the 2020 Loan Agreement dated 22 May 2020 pursuant to which CHK Finance agreed to grant the 2020 Loan in the amount of HK$20,044,553.77 to Customer A for a term of 19 months. As at the date of this announcement, save for the principal amount of the First Loan had been fully repaid, the other Loans have not been fully settled and repaid. The Loans have been fully impaired in the books of the Group, though the Group will continue to take appropriate action to recover the Loans.

As the relevant percentage ratio(s) on an aggregated basis exceed 5% but all relevant percentage ratios on an aggregated basis are below 25%, the entering into of the Loan Agreements constitutes discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

The Board announces that (a) CHK Finance, a subsidiary of the Company, as lender and Customer A as borrower entered into the First Loan Agreement dated 5 November 2015 pursuant to which CHK Finance agreed to grant the First Loan in the amount of HK$30,000,000 to Customer A for a term of 12 months; (b) CHK Finance as lender and Customer A as borrower entered into the Second Loan Agreement dated 18 November 2015 pursuant to which CHK Finance agreed to grant the Second Loan in the amount of HK$45,000,000 to Customer A for a term of 12 months; (c) CHK Finance as lender and Customer A as borrower entered into the Third Loan Agreement dated 7 March 2016 pursuant to which CHK Finance agreed to grant the Third Loan in the amount of HK$6,300,000 to Customer A for a term of 12 months; and (d) CHK Finance as lender and Customer A as borrower entered into the 2020 Loan Agreement dated 22 May 2020 pursuant to which CHK Finance agreed to grant the 2020 Loan in the amount of HK$20,044,553.77 to Customer A for a term of 19 months. Summary of the Loan Agreements are set out below.

THE LOAN AGREEMENTS

(A) The First Loan Agreement

Date: 5 November 2015

Parties: (1) CHK Finance as lender

(2) Customer A as borrower

CHK Finance is a company incorporated in Hong Kong with limited liability and is a subsidiary of the Company.

Customer A is an individual and a merchant. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Customer A is an Independent Third Party.

Pursuant to the First Loan Agreement, CHK Finance agreed to grant the First Loan in the amount of HK$30,000,000 to Customer A subject to and conditional upon the terms and conditions set out in the First Loan Agreement.

Principal: HK$30,000,000

Interest rate: 15% per annum

Term: Twelve months

Collateral: 20,547,946 shares of Key Fit Group Limited ("**Key Fit**") (representing approximately 2.94% of the issued share capital of Key Fit as at the date of the First Loan Agreement), of which 3,424,658 Key Fit shares were enforced in 2019.

Based on the then fair value of HK$2.92 per Key Fit share, the fair value of the collateral as at the time of the First Loan Agreement amounted to approximately HK$60 million.

The value of the Key Fit shares was assessed based on the market approach, i.e. the then recent subscription price of the Key Fit shares at the time of the First Loan Agreement, the Second Loan Agreement and the Third Loan Agreement.

Based on the credit policy and the value of the collateral at the time of entering into the First Loan Agreement, it was understood that the value of the collateral at that time would be sufficient to cover the principal amount of the First Loan. As such, the Company considered that such credit risk assessment was sufficient.

Repayment: The First Loan and other monies outstanding in connection with the First Loan should be repaid in full on or before the final repayment date.

As at the time of entering into of the First Loan Agreement, to the best of the Company's knowledge and information, Customer A (a) held 11,986,302 shares of Key Fit Group Limited, representing approximately 1.71% issued share capital of Key Fit Group Limited, and (b) did not hold any Shares in the issued share capital of the Company.

(B) The Second Loan Agreement

Date: 18 November 2015

Parties: (1) CHK Finance as lender

(2) Customer A as borrower

Pursuant to the Second Loan Agreement, CHK Finance agreed to grant the Second Loan in the amount of HK$45,000,000 to Customer A subject to and conditional upon the terms and conditions set out in the Second Loan Agreement.

Principal: HK$45,000,000

Interest rate: 15% per annum

Term: Twelve months

Collateral: 29,109,589 shares of Key Fit Group Limited (representing approximately 4.16% of the issued share capital of Key Fit as at the date of the Second Loan Agreement), of which 8,561,644 Key Fit shares were enforced in 2019.

Based on the then fair value of HK$2.92 per Key Fit share, the fair value of the collateral as at the time of the Second Loan Agreement amounted to approximately HK$84.99 million.

The value of the Key Fit shares was assessed based on the market approach, i.e. the then recent subscription price of the Key Fit shares at the time of the First Loan Agreement, the Second Loan Agreement and the Third Loan Agreement.

Based on the credit policy and the value of the collateral at the time of entering into the Second Loan Agreement, it was understood that the value of the collateral at that time would be sufficient to cover the principal amount of the Second Loan. As such, the Company considered that such credit risk assessment was sufficient.

Repayment: The Second Loan and other monies outstanding in connection with the Second Loan should be repaid in full on or before the final repayment date.

As at the time of entering into of the Second Loan Agreement, to the best of the Company's knowledge and information, Customer A (a) held 11,986,302 shares of Key Fit Group Limited, representing approximately 1.71% issued share capital of Key Fit Group Limited, and (b) did not hold any Shares in the issued share capital of the Company.

(C) The Third Loan Agreement

Date: 7 March 2016

Parties: (1) CHK Finance as lender

(2) Customer A as borrower

Pursuant to the Third Loan Agreement, CHK Finance agreed to grant the Third Loan in the amount of HK$6,300,000 to Customer A subject to and conditional upon the terms and conditions set out in the Third Loan Agreement.

Principal: HK$6,300,000

Interest rate: 15% per annum

Term: Twelve months

Collateral: 37,671,233 shares of Key Fit Group Limited (representing approximately 5.38% of the issued share capital of Key Fit as at the date of the Third Loan Agreement).

Based on the then fair value of HK$2.92 per Key Fit share, the fair value of the collateral as at the time of the Third Loan Agreement amounted to approximately HK$110 million.

The value of the Key Fit shares was assessed based on the market approach, i.e. the then recent subscription price of the Key Fit shares at the time of the First Loan Agreement, the Second Loan Agreement and the Third Loan Agreement.

Based on the credit policy and the value of the collateral at the time of entering into the Third Loan Agreement, it was understood that the value of the collateral at that time would be sufficient to cover the principal amount of the Third Loan. As such, the Company considered that such credit risk assessment was sufficient.

Repayment: The Third Loan and other monies outstanding in connection with the Third Loan should be repaid in full on or before the final repayment date.

As at the time of entering into of the Third Loan Agreement, to the best of the Company's knowledge and information, Customer A (a) held 11,986,302 shares of Key Fit Group Limited, representing approximately 1.71% issued share capital of Key Fit Group Limited, which were collateralised as security for the First Loan Agreement and the Second Loan Agreement and are subsequently fully enforced and disposed in 2019 and (b) did not hold any Shares in the issued share capital of the Company.

Set out below are details of the relevant movement of the collateralised Key Fit shares in respect of the First Loan, the Second Loan and the Third Loan:

	Borrower	**Third Party Security Party A**	**Third Party Security Party B**
First Loan	3,424,658 Key Fit shares	17,123,288 Key Fit shares	–
Second Loan	8,561,644 Key Fit shares	–	20,547,945 Key Fit shares
Third Loan	–	17,123,288 Key Fit shares (duplicate as collaterals for the First Loan)	20,547,945 Key Fit shares (duplicate as collaterals for the Second Loan)
Total number of Key Fit shares collateralised as at the time of the entering into of the relevant loan agreements	11,986,302 Key Fit shares [(1)]	17,123,288 Key Fit shares	20,547,945 Key Fit shares

Note 1: Those 11,986,302 Key Fit shares held by the Borrower were enforced and disposed in 2019 with the proceeds utilized to settle part of the Loans.

(D) The 2020 Loan Agreement

Date: 22 May 2020

Parties: (1) CHK Finance as lender

(2) Customer A as borrower

Pursuant to the 2020 Loan Agreement, CHK Finance agreed to grant the 2020 Loan in the amount of HK$20,044,553.77 to Customer A subject to and conditional upon the terms and conditions set out in the 2020 Loan Agreement.

Principal: HK$20,044,553.77

Interest rate: 4.63% per annum

Term: 19 months

Collateral: 15,920,000 Shares of the Company (representing approximately 0.28% of the issued share capital of the Company as at the date of the 2020 Loan Agreement)

The fair value of the 15,920,000 Shares of the Company, based on the market value of the Shares as at the time of the 2020 Loan Agreement, amounted to approximately HK$3.3 million.

As disclosed below, Customer A was also a margin customer of CHKCAM, which is a subsidiary of the Group and was a licensed corporation to carry out Type 1 (Dealing in Securities) and Type 9 (Asset Management) regulated activities. As a result of cessation of CHKCAM licensed business in 2020, CHKCAM agreed to assign, and Customer A agreed to novate such margin loan to CHK Finance and that resulted in the 2020 Loan Agreement.

Although the collateral would not be sufficient to cover all the principal amount of the 2020 Loan, the entering into of the 2020 Loan Agreement allowed the Group to continue to pursue for the outstanding sums despite the cessation of CHKCAM licensed business in 2020. As such, the Company considered that the entering into of the 2020 Loan Agreement was fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Repayment: The 2020 Loan and other monies outstanding in connection with the 2020 Loan should be repaid in full on or before the final repayment date.

As at the time of entering into of the 2020 Loan Agreement, to the best of the Company's knowledge and information, Customer A did not hold any shares of Key Fit Group Limited ("**Key Fit**") and save for the 15,920,000 Shares of the Company utilised as collaterals for the 2020 Loan Agreement, did not hold any other shares in the issued share capital of the Company.

As at the date of this announcement, save for the principal amount of the First Loan had been fully repaid after the enforcement of the relevant collateralised Key Fit shares in 2019, the other Loans have not been fully settled and repaid. In light of the default on the part of Customer A under the Loan Agreements, the Group has enforced the collaterals. Impairment of the Loans was recognized over years prior to the financial year ended 31 March 2026 and the Loans have been fully impaired in the books of the Group, though the Group will continue to take appropriate action(s) to recover the Loans.

It is the Group's policy that the values of the collaterals at the time be sufficient to cover the principal amounts of the relevant loan agreements entered into by CHK Finance, including those Loan Agreements with Customer A. For the values of the collaterals under the relevant Loan Agreements with Customer A, the values were assessed based on market approach at the relevant material times.

As disclosed above, the number of Key Fit shares pledged as collaterals was more than the shareholding of Key Fit held by Customer A. In addition to the shareholding of Customer A in Key Fit Group Limited, Customer A procured other shareholder(s) of Key Fit to utilize shareholdings in Key Fit as collaterals for the Loans at that material time. That results in the number of collateralized Key Fit shares exceeding the number of Key Fit shares held by Customer A at the material times. There were disputes on those remaining collateralised Key Fit shares held by the relevant third parties (in which such relevant parties alleged that, among others, the Borrower executed the collateral documents without proper authorization) and the Group is in the course of resolving such disputes.

Upon the time of enforcement of the collaterals in 2019, the market values of such collaterals were insufficient to cover the outstanding Loans amount, since the collaterals were shares of a subsidiary of the Company and the price for realized sales would usually be much lower than the fair value of the collaterals as outsiders would usually not be interested in acquiring such minority shares.

Funding of the Loans

The Loans were financed by the Group with its internal resources. For the avoidance of doubt, Customer A was also a margin customer of CHKCAM, which is a subsidiary of the Group and was a licensed corporation to carry out Type 1 (Dealing in Securities) and Type 9 (Asset Management) regulated activities. As a result of cessation of CHKCAM Type 1 licensed business in 2020, CHKCAM agreed to assign, and Customer A agreed to novate such margin loan to CHK Finance and that resulted in the 2020 Loan Agreement.

The terms of the Loan Agreements had been arrived at after arm's length negotiations of the parties to the Loan Agreements.

Information on the Group and CHK Finance

The Company is an investment holding company. The Group is principally engaged in the sales and distribution of natural gas, the development and production of new energy technology products and integrated solutions in PRC and the provision of financial services business.

CHK Finance, being an indirect subsidiary of the Company, is a licensed money lender corporation in Hong Kong under the Money Lenders Ordinance. CHK Finance conducts money lending business in Hong Kong through the provision of unsecured loans and secured loans to customers, including individuals and corporation.

Information on Customer A

The borrower, Customer A, is an individual and is a merchant. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Customer A is an Independent Third Party. For completeness, Customer A acquired 11,986,302 ordinary shares, representing approximately 1.71% of the issued share capital of Key Fit Group Limited, a non-wholly owned subsidiary of the Group, at arm's length price HK$2.92 per share in the year of 2015. Please refer to the announcement of the Company dated 18 May 2015 for further details.

REASONS FOR AND BENEFTS OF THE PROVISION OF LOANS

The granting of the Loans under the Loan Agreements is within CHK Finance's ordinary and usual course of business.

The entering into of the Loan Agreements and the grant of the Loans were in the ordinary and usual course of business of CHK Finance. It was contemplated that the First Loan Agreement, the Second Loan Agreement and the Third Loan Agreement could generate incomes for the Group. The entering into of the 2020 Loan Agreement allows the Group to recover the margin loans despite the cessation of Type 1 licensed business of CHKCAM.

Having considered the aforesaid, the Directors consider that the terms of the Loan Agreements are on normal commercial terms and are fair and reasonable in the interests of the Company and its shareholders as a whole.

As at the date of this announcement, save for the principal amount of the First Loan had been fully repaid, the other Loans have not been fully settled and repaid. The Loans have been fully impaired in the books of the Group, though the Group will continue to take appropriate action to recover the Loans.

As at the date of this announcement, the outstanding amount of the principal and interest accrued by Customer A under the Loan Agreements was approximately HK$115.65 million. The Group has demanded repayment of the outstanding Loans. As previously disclosed, the Group has in 2019 enforced the collaterals and the net proceeds from such enforcement of approximately HK$35 million had been utilized for repayment part of the Loans. The Group has also enforced the collaterals under the 2020 Loan Agreement during the financial year ended 31 March 2025 and the net proceeds of approximately

HK$5,572,000 had been utilized for repayment part of the Loans. There were no other amounts repaid by Customer A in respect of the outstanding sums of the Loans since default. The Company will continue to take appropriate action (including but not limited to legal actions, if necessary) to recover the Loans.

The Company is in the course of assessing the benefits and risks in commencing further legal action against Customer A. Based on the limited information available to the Company, the Company has performed litigation search on Customer A which indicated that he has entered into bankruptcy and therefore would have no financial resources to settle the outstanding Loans. The Company has to consider the relevant legal costs and the recoverability of the Loans in making its decision for the benefits of the Company and its Shareholders as a whole.

In light of the actions taken and to be taken by the Group, the Company considers that the Directors have discharged their fiduciary duties to safeguard the interests of the Company.

REMEDIAL ACTIONS

As the percentage ratios of each of the Loans on singleton basis would not exceed the 5% threshold and the provision of the Loans was within the ordinary and usual course of business of CHK Finance, there was misunderstanding that the Loans would not constitute transactions on the part of the Company under Chapter 14 of the Listing Rules. There was misunderstanding that the Loans would not constitute transactions on the part of the Company under Chapter 14 of the Listing Rules as those Loans were granted in the ordinary and usual course of business of the Group. Upon becoming aware of such misunderstandings, the Company has sought professional advices and clarifications. After professional advice and clarification, the provision of Loans on aggregated basis would constitute discloseable transaction under Chapter 14 of the Listing Rules. The Company would like to stress that such non-compliance was inadvertent and unintentional.

The Board considers that the non-compliance was an isolated incident not related to its internal controls. Upon first becoming aware of the non-compliance, the Company has further reviewed its loan transactions in the previous years and does not notice any other loan transactions which on standalone or aggregated basis would trigger notifiable transaction requirement under Chapters 14 and/or 14A of the Listing Rules. The Company is not aware of any other loan transactions that also constituted non-compliance of Chapters 14 and/or 14A of the Listing Rules between 2015 and 2026. Moreover, the Company confirms that the internal control(s) in place governing loan transactions granted by the Company and its subsidiaries remain effective. Moreover, the Company has enhanced its internal controls such that grant of loans exceeding certain thresholds would need Board approval. In the event of grant of loans (on a singleton basis or on an aggregate basis) exceeding 5% of the total assets and/or the market capitalisation of the Company, such loans shall be subject to the separate Board approval before grant of such loans. For other loans to be granted by CHK Finance below the threshold, such grant of loans shall be subject to the approval by the directors of CHK Finance. The company secretary will be responsible for maintaining the relevant records of the outstanding loan balances owed by the respective borrowers and calculation of the size tests. Such policy has been implemented since 2026.

In order to avoid reoccurrence of similar events in the future, the following remedial actions have been and will also be taken by the Company:

(1) the Company will arrange trainings (in second half of 2026) on regulatory compliance matters relating to notifiable transactions to the executive Directors and responsible staff to strengthen and reinforce their existing knowledge as well as their ability to identify potential issues at an early state, ensure that they fully understand the requirements of the Listing Rules;

(2) the Company has strengthened and monitored the reporting arrangements for notifiable transactions to ensure due compliance of the Listing Rules whereas the company secretary will be responsible for calculation of the size tests and report to the executive Directors before entering into of the relevant agreement(s);

(3) the Company will, as and when appropriate and necessary, consult legal and/or other professional advisers before entering into possible notifiable transactions or when notifiable transactions are being contemplated.

The Company believes that those measures with remedial actions together with the enhancement in its internal controls in respect of grant of loans as disclosed above as well as better understanding of the Listing Rules requirements on the part of the Company and with assistance from professional advisers, will prevent re-occurrence of similar incident in future.

LISTING RULES IMPLICATIONS

As the relevant percentage(s) on an aggregated basis with the First Loan Agreement and the Second Loan Agreement when entering into of the Third Loan Agreement in 2016 exceed 5% but all relevant percentage ratios on an aggregated basis are below 25%, the entering into of the Loan Agreements constitutes discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

As the relevant percentage ratio(s) on an aggregated basis exceed 5% but all relevant percentage ratios on an aggregated basis are below 25%, the entering into of all the Loan Agreements (including the 2020 Loan Agreement) on an aggregated basis constitutes discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

As the percentage ratios of each of the Loans on singleton basis would not exceed the 5% threshold, such Loans on a standalone basis would not constitute notifiable transaction on the part of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

"Board"	board of the Directors
"CHKCAM"	China Hong Kong Capital Asset Management Company Limited, a subsidiary of the Company
"CHK Finance" or "Lender"	China Hong Kong Capital Finance Limited, a subsidiary of the Company and a money lender under the Money Lenders Ordinance and the lender under the Loan Agreements
"Company"	China HK Power Smart Energy Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares are listed on Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Customer A" or "Borrower"	Chau Kin Shing, the borrower under the Loan Agreements
"Director(s)"	director(s) of the Company from time to time
"First Loan Agreement"	the loan agreement dated 5 November 2015 and entered into between CHK Finance as lender and Customer A as borrower in respect of the First Loan
"First Loan"	the loan in the principal amount of HK$30,000,000 granted by CHK Finance to Customer A under the First Loan Agreement
"Group"	the Company together with its subsidiaries
"Hong Kong"	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), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are not core connected persons of the Company and are third parties independent of the Company and its core connected persons in accordance with the Listing Rules
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Loan Agreements"	together the First Loan Agreement, the Second Loan Agreement, the Third Loan Agreement and the 2020 Loan Agreement
"Loans"	the First Loan, the Second Loan, the Third Loan and the 2020 Loan

"Money Lenders Ordinance"	Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong)
"Second Loan Agreement"	the loan agreement dated 18 November 2015 and entered into between CHK Finance as lender and Customer A as borrower in respect of the Second Loan
"Second Loan"	the loan in the principal amount of HK$45,000,000 granted by CHK Finance to Customer A under the Second Loan Agreement
"Share(s)"	ordinary share(s) in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Third Loan Agreement"	the loan agreement dated 7 March 2016 and entered into between CHK Finance as lender and Customer A as borrower in respect of the Third Loan
"Third Loan"	the loan in the principal amount of HK$6,300,000 granted by CHK Finance to Customer A under the Third Loan Agreement
"2020 Loan Agreement"	the loan agreement dated 22 May 2020 and entered into between CHK Finance as lender and Customer A as borrower in respect of the 2020 Loan
"2020 Loan"	the loan in the principal amount of HK$20,044,553.77 granted by CHK Finance to Customer A under the 2020 Loan Agreement
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"%"	per cent.

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

Hong Kong, 20 November 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.