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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)

Voluntary Announcement: Strategic Cooperation Agreement with Xinlei Compressor Co., Ltd.

This is a voluntary announcement made by China HK Power Smart Energy Group Limited (the “**Company**”), together with its subsidiaries, (the “**Group**”) to provide shareholders of the Company and potential investors an update on the Group’s latest business development.

The Board of Directors of the Company is pleased to announce that the Group has recently signed a strategic cooperation agreement with Xinlei Compressor Co., Ltd.# (“**Xinlei**”), a well-established listed company on the A-share stock market. This agreement will provide comprehensive support for the Group’s development in the fields of new energy and artificial intelligence, as well as substantial financial support, enabling the Group to significantly accelerate its business growth.

Key Details of the Agreement are as follows:

1. The Group will incorporate Xinlei into its core supplier system, prioritizing Xinlei’s equipment and technology solutions in new energy projects. Xinlei will regard the Group as a strategic customer, offering the most significant product discounts and credit terms.
2. For eligible new energy and smart energy projects, the Group will prioritize Xinlei as the EPC (Engineering, Procurement, and Construction) supplier, where Xinlei will provide the highest quality services and quality assurance.
3. Xinlei will capitalize on its financial and product advantages to provide the Group with deferred payment terms, thereby alleviating the Group’s financial pressure and helping to reduce the Group’s financing costs.
4. For high-quality new energy projects approved by both parties, Xinlei may invest in equipment, while the Group will handle the construction and operation of the projects. Profits will be distributed according to a pre-agreed ratio.
5. Both parties will cooperate in developing AI technology applications in the energy sector, including embedding AI in products, optimizing energy management, enhancing equipment operational efficiency, and creating smart energy solutions, thus strengthening both parties’ competitiveness in the smart energy field and promote the industry’s intelligent upgrade.

Reasons and Benefits of Entering into the Agreement

The establishment of this agreement is based on the mutual commercial interests and a full understanding of future market opportunities. Through this cooperation, the Group will be able to leverage Xinlei's industrial advantages, especially in cut-edge technologies and financial strength in the new energy and artificial intelligence fields, to accelerate its business expansion and technological innovation. The signing of this agreement will enable the Group to combine Xinlei's technological and market advantages to enhance its competitive position in the new energy market. Furthermore, as a robust A-share listed company, Xinlei will use its financial and product advantages to provide the Group with deferred payment conditions, not only alleviating the Group's financial pressure but also significantly reducing the Group's financing costs, thereby enhancing the Group's profitability. Additionally, both parties will jointly develop AI technology applications in the energy sector through their respective public platforms, including integrating AI into products to optimize energy management and enhance equipment maintenance efficiency, create smart energy solutions, significantly strengthening both parties' core competitiveness in the smart energy field. In addition to collaborating on over 100 existing proprietary AI registered application, both parties will explore partnership opportunities with emerging Chinese AI giants. This initiative aims to further optimize the energy communication information, science, technology, and energy management capabilities of both organizations. The integration of these cooperations not only aligns with both parties' long-term strategic goals but will also drive the entire industry towards a more efficient and smarter future. Additionally, they will provide significant support to the Group in contributing to national carbon policies.

the English translation of Chinese names or words in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

For and on behalf of
China HK Power Smart Energy Group Limited
Kan Che Kin, Billy Albert
Chairman

Hong Kong, 27 February 2025

As at the date of this announcement, the Board comprises three executive Directors, namely Dr. Kan Che Kin, Billy Albert (Chairman), Mr. Deng Yaobo (chief executive officer) and Mr. Li Kai Yien, Arthur Albert; and two non-executive Directors, namely Mrs. Kan Kung Chuen Lai and Mr. Simon Murray; and three independent non-executive Directors, namely Mr. Li Siu Yui, Mr. Chow Ching Ning and Mr. Lam Lum Lee.