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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 ON STRATEGIC COOPERATION FRAMEWORK AGREEMENT

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 (the “**Directors**”) of the Company (the “**Board**”) is pleased to announce that the Company has entered into a Strategic Cooperation Framework Agreement (the “**Framework Agreement**”) with the Shanghai Lingxiang Environmental Co., Ltd.# (“**Shanghai Lingxiang**”), Greenland Financial Technology Group Ltd.# (“**Greenland Financial**”) and Guizhou Green Gold Low Carbon Trading Center Co., Ltd.# (“**Guizhou Green Gold**”) to explore in-depth collaboration in green finance and carbon markets.

The goal of the Framework Agreement is to continuously enhance the “Green Building + Carbon Credits + Green Finance” transformation development model, accelerate the establishment of a collaborative ecosystem for building carbon credits, and focus on expanding the development, trading, and absorption scale and influence of building carbon credits. This initiative aims to provide innovative solutions for the industry’s low-carbon transformation and support the achievement of our country’s “dual carbon” goals.

Key details of the Framework Agreement are as follows:

1. Guizhou Green Gold will accept the Group and Shanghai Linxiang as members of the Low Carbon Trading Center service providers, recognizing the Group and Shanghai Linxiang as “Building Carbon Credit Investment + Investment Banking Service Providers”. Guizhou Green Gold will prioritize recommending the services offered by the Group and/or Shanghai Linxiang for building carbon credit development, investment, and absorption.

2. The Group and Shanghai Linxiang will adopt two business methods—pre-purchasing future revenues from building carbon credits and joint development—to rapidly scale up building carbon credit assets. The goal is to achieve a market scale of 1 million tons of building carbon credits listed and 2 million tons of reserve development by 2025. Guizhou Green Gold will assist the Group and Shanghai Linxiang with the necessary registration and documentation.
3. The parties will leverage their respective strengths to jointly develop application scenarios for building carbon credit absorption, including but not limited to event carbon neutrality, carbon-neutral buildings, zero-carbon factories, and zero-carbon parks, aiming to expand trading volume of building carbon credit to 0.5 million tons annually.
4. The parties will utilize their advantages to provide green financing and Real World Assets-tokenization (“**RWA**”) development services to building carbon credit owners, expanding domestic green finance and digital finance operations.
5. The Group and Shanghai Linxiang will expand the building carbon credit market in Hong Kong and Macau, positioning Chinese building carbon credits as key products for carbon neutrality activities and carbon-neutral buildings in these regions, and aim to attract investment institutions from Hong Kong and Macau participating into the building carbon credit market. The Group and Shanghai Linxiang plan to complete demonstration projects for building carbon credit absorption applications in Hong Kong and Macau by 2025.
6. The parties will explore markets along the Belt and Road Initiative, referencing the Paris Agreement, to develop and promote local building carbon credit products in economically advanced regions such as Singapore, Malaysia, Vietnam, and Thailand, following similar logic to Chinese building carbon credits. The Group will leverage its position as a Hong Kong-listed company and its influence in international markets to attract international capital to the development of building carbon credit assets in aforementioned regions.
7. The parties will share industry experiences and collaborate on new carbon credit methodologies, integrating relevant industry energy-saving and carbon reduction technologies and policies, to develop carbon credit products with greater asset volumes. These products will be registered and traded at Guizhou Green Gold’s trading center.
8. The parties plan to hold a building carbon credit promotion conference in the first half of 2025, focusing on centralized signing for building carbon credit development, product launches, and agreements with financial and certification institutions.

The Framework Agreement establishes the initial terms and conditions for the cooperation between the parties. The specific collaboration details and related investment amounts will be formalized in subsequent contracts.

INFORMATION ON THE PARTIES

Shanghai Linxiang is a company established in 2006 and is a high-tech enterprise dedicated to comprehensive carbon services for the construction sector. It provides dual carbon technology services, energy-saving solutions for public institutions, renewable energy investment and construction, as well as carbon asset management and carbon finance services to public agencies, energy service companies, state-owned enterprises, and regulated entities. It is committed to becoming a comprehensive service provider for carbon neutrality.

Greenland Financial is a global emerging industry group headquartered in Shanghai, China. It serves as the core vehicle of the financial sector of the Fortune Global 500 Greenland Group and represents the group's emerging industries. The company has developed a synergistic ecosystem encompassing digital technology, finance, health, innovation, education, property management, ecological environment, and energy technology. It aims to become an international and diversified emerging industry group integrating "industry + finance + technology."

Guizhou Green Gold is a subsidiary of Greenland Financial which is an environmental rights trading venue approved by the Guizhou Provincial Financial Committee Office.# (formerly the Guizhou Provincial Local Financial Supervision Administration.#) and is a member of the United Nations Global Compact (UNGC). The Green Exchange is the only environmental rights trading platform in China focused on carbon reduction in the construction industry.

Reasons and Benefits of Entering into the Framework Agreement

The Group is mainly engaged in the natural gas business and new energy business. In the new energy sector, the Group 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.

To meet the requirements of the Paris Agreement which limit global temperature rise to within 1.5° C, China is committed to promoting low-carbon transformation and actively participating in global climate governance. This commitment has led to the introduction of China's dual carbon strategic goals. To achieve the targets of carbon peaking and carbon neutrality, the People's Bank of China has established a development policy framework for green finance that includes "three major functions" and "five major pillars," designed to adapt to profound changes across the national industrial, energy, investment, and financing structures, as well as lifestyle shifts.

Green finance continues to deepen through government policy guidance and market innovation, enhancing its capacity to serve the dual carbon goals and showcasing significant development potential. According to data released by the People's Bank of China, the balance of green loans in domestic and foreign currencies reached RMB33.77 trillion in Q1 of 2024, representing a year-on-year increase of 35.1%, outpacing the overall loan growth rate by 25.9 percentage points. Loans directed towards projects with direct and indirect carbon reduction benefits amounted to RMB11.21 trillion and RMB11.34 trillion, respectively, accounting for 66.8% of total green loans.

The Board believes that by signing framework agreements with major companies, the Group can leverage its experience in carbon trading to further advance its renewable energy initiatives and related building carbon credit businesses. This will help increase the Group's financing channels and accelerate development in related sectors through the newly established customer networks.

The Board considers that the terms of the Framework Agreement have been negotiated fairly between the parties on normal commercial terms, and the terms of the Framework Agreement are fair and reasonable and in the overall interests of the Company and its shareholders.

The Company will conduct its business activities in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and will make further announcements on the project progress as appropriate.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 13 May 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 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.