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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)

(1) GRANT OF SHARE OPTIONS UNDER EXISTING SHARE OPTION SCHEME (2) CONNECTED TRANSACTION– GRANT OF SHARE OPTIONS UNDER SPECIFIC MANDATE

This announcement is made by China HK Power Smart Energy Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.06 and 17.06A and Chapter 14A of the Rules Governing the Listing of Securities (“**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

(1) GRANT OF SHARE OPTIONS UNDER EXISTING SHARE OPTION SCHEME

The board (the “**Board**”) of directors (the “**Directors**”) of the Company announces that on 13 January 2026 (the “**Date of Grant**”) the Company has resolved to make an offer to grant share options (“**Scheme Options**”) to 57 qualified participants (the “**Scheme Grantees**”) under the share option scheme of the Company adopted on 30 August 2019 (the “**Share Option Scheme**”) to subscribe for a total of 402,139,709 ordinary shares of HK\$0.02 each (the “**Scheme Share(s)**”) in the share capital of the Company, representing approximately 5.41% of the total shares in issue as at the date of this announcement, subject to the acceptance of such offer by the Scheme Grantees. Details of such grant of the Scheme Options are set out as follows:

Date of Grant: 13 January 2026

Exercise price of each Scheme Options granted: HK\$0.482 per Scheme Share, representing the highest of:

- (a) the nominal value of HK\$0.02 per share;
- (b) the closing price of HK\$0.470 per share as quoted on the Stock Exchange on the Date of Grant; and
- (c) the average closing price of HK\$0.482 per share as quoted on the Stock Exchange for the five business days immediately preceding the Date of Grant.

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| Total number of Scheme Options granted: | 402,139,709 |
| Validity period of the Scheme Options: | Ten (10) years commencing from 13 January 2026 |
| Vesting period: | <p>(a) the first 30% of the Scheme Options are vested on the second-year anniversary from the Date of Grant; and</p> <p>(b) the next 30% of the Scheme Options are vested on the third-year anniversary from the Date of Grant; and</p> <p>(c) the remaining 40% of the Scheme Options are vested on the fourth year anniversary from the Date of Grant.</p> |
| Performance target and clawback mechanism: | There is no performance target nor clawback mechanism attached to the Scheme Options except that the Scheme Grantees have to remain in full employment by the Company to exercise any outstanding Scheme Options. |

The purpose of the Share Option Scheme is to motivate and retain the Scheme Grantees by allowing them to enjoy the results of the Group attained through their efforts and contributions to the Group.

The remuneration committee of the Board (the “**Remuneration Committee**”) is of the view that performance targets are not necessary as (i) the value of the Scheme Options is subject to the future market price of the Scheme Shares, which, in turn, depends on the business performance of the Group, to which the Scheme Grantees would directly contribute; and (ii) the Scheme Options are subject to the vesting period as stated above and certain vesting conditions, which could ensure that the Scheme Grantees would be motivated to contribute to the Company’s development. In addition, the Remuneration Committee is of the view that a clawback mechanism is not necessary considering the lapse and cancellation of Scheme Options under various scenarios has already been provided for under the Share Option Scheme, which could adequately safeguard the Company’s interests.

As such, the Remuneration Committee and the Board believe that without additional performance target and clawback mechanism, the grant of the Scheme Options could align the interests of the Scheme Grantees with that of the Company and the shareholders of the Company, provide incentive to the Scheme Grantees to devote to the future continuous competitiveness, results of operation and growth of the Company, and reinforce their commitment to long term services of the Company, which is in line with the purpose of the Share Option Scheme.

Financial assistance: The Group has not provided any financial assistance to the Scheme Grantees to facilitate the purchase of Scheme Shares under the Share Option Scheme.

Among the Scheme Options granted above, a total of 402,139,709 Scheme Options were granted to 57 employees of the Group which represent, upon full exercise, 5.41% of the total number of issued shares as at the date of this announcement. Details are as follows:

| Name of the Grantee | Capacity | Number of Options granted |
|----------------------------|---|----------------------------------|
| Ms. Yu Hung Ping | Vice President | 42,000,000 |
| Mr. Rui Qin | Vice President | 40,000,000 |
| Mr. Deng Yongbo | Vice President | 40,000,000 |
| Mr. Liu Yongtao | Vice President | 40,000,000 |
| Mr. Tong Aiguo | Marketing General Manager | 40,000,000 |
| Mr. Lan Hai | Financial Controller | 39,000,000 |
| Mr. Zhu Ruilong | General Manager of Administration | 39,000,000 |
| Mr. Qian Hao | General Manager of Natural Gas Business | 39,000,000 |
| Mr. Yu Chengjun | Deputy General Manager of New Energy Business | 39,000,000 |
| Other 48 employees | | 44,139,709 |
| | | <u>402,139,709</u> |

The grant of Scheme Options to the above employees of the Group has been approved by the independent non-executive Directors in accordance with Rule 17.04(1) of the Listing Rules and the terms of the Share Option Scheme. None of the grants of Share Options will be subject to approval by independent shareholders of the Company.

As of the date of this announcement, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries: (i) no financial assistance has been provided by the Company to the Scheme Grantees for the purchase of shares under the Share Option Scheme; (ii) none of the Scheme Grantees is a Director, chief executive or substantial shareholder of the Company or an associate (as defined under the Listing Rules) of any of them; (iii) none of the Scheme Grantees is a related entity participant or service provider (as defined under the Listing Rules); and (iv) none of the Scheme Grantees is a participant with options and awards granted and to be granted to him/her in the 12-month period up to and including the date of grant which in aggregate exceed the 1% individual limit under the Listing Rules.

Upon completion of the grant, there are no further share options available under the existing scheme mandate limit for future grant under the Share Option Scheme.

(2) GRANT OF SHARE OPTIONS UNDER SPECIFIC MANDATE

The Board further announces that on 13 January 2026 (the “**Date of Grant**”), the Board resolved to conditionally grant 1,000,000,000 share options (the “**Director Options**”) to Mr. Deng Yaobo (“**Mr. Deng**”), an executive Director and Chief Executive Officer (“**CEO**”) of the Company (the “**Director Grantee**”), to subscribe for a total of 1,000,000,000 ordinary shares of HK\$0.02 each (the “**Director Share(s)**”) in the share capital of the Company, representing (i) approximately 13.45% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 11.85% of the issued share capital of the Company enlarged by the Director Shares allotted and issued after the exercise of the Share Options in full (assuming that there be no other change in the share capital of the Company). The Director Shares shall be allotted and issued pursuant to the Specific Mandate.

LETTER OF GRANT

Date of Grant: 13 January 2026

Parties: the Company
Mr. Deng

Pursuant to the Letter of Grant, the Company has conditionally agreed to grant the Director Options and Mr. Deng has conditional agreed to accept the Director Options subject to and conditional upon the terms and conditions thereto.

Conditions of the Letter of Grant

The Letter of Grant and the transactions contemplated thereunder, including but not limited to the Grant of the Director Options, are conditional upon fulfilment of the following conditions:

- (i) the Board having passed and approved the Letter of Grant and the transactions contemplated thereunder;
- (ii) the shareholders other than Mr. Deng and his associates (the “**Independent Shareholders**”) having approved and passed at the EGM, of the necessary resolution(s) to approve the Letter of Grant and the transaction contemplated thereunder (including but not limited to the grant of the Specific Mandate for the allotment and issuance of the Director Shares to be allotted and issued upon exercise of the Director Options);
- (iii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Director Shares and such approval and permission having not subsequently been revoked or withdrawn prior to the commencement of dealings in the Director Shares on the Stock Exchange;
- (iv) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Letter of Grant and the transactions contemplated thereunder having been obtained.

If the conditions set out above are not fulfilled on or before 31 March 2026 (the “**Long Stop Date**”), the Letter of Grant shall terminate and neither of the parties shall have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breach of such terms under the Letter of Grant.

DETAILS OF THE DIRECTOR OPTIONS

| | |
|--|---|
| Date of Grant: | 13 January 2026 |
| Grantee: | Mr. Deng |
| Exercise price of each Director Options granted: | HK\$0.482 per Director Share, representing the highest of: <ul style="list-style-type: none">(a) the nominal value of HK\$0.02 per share;(b) the closing price of HK\$0.470 per share as quoted on the Stock Exchange on the Date of Grant; and(c) the average closing price of HK\$0.482 per share as quoted on the Stock Exchange for the five business days immediately preceding the Date of Grant. |
| Total number of Share Options granted: | 1,000,000,000 (representing 13.45% of issued shares; approximately 11.85% of enlarged capital) |
| Validity period of the Director Options: | Ten (10) years commencing from 13 January 2026 |
| Vesting period: | <ul style="list-style-type: none">(a) the first 30% of the Director Options are vested on the second-year anniversary from the Date of Grant; and(b) the next 30% of the Director Options are vested on the third-year anniversary from the Date of Grant; and(c) the remaining 40% of the Director Options are vested on the fourth year anniversary from the Date of Grant. |
| Performance target and clawback mechanism: | <p>There is no performance target nor clawback mechanism attached to the Director Options except that the Director Grantee has to remain full employment by the Company to exercise any outstanding Director Options.</p> <p>The purpose of the grant of Director Options is to motivate and retain the Director Grantee by allowing him to enjoy the results of the Group attained through their efforts and contributions to the Group.</p> |

The remuneration committee is of the view that performance targets are not necessary as (i) the value of the Director Options is subject to the future market price of the Director Shares, which, in turn, depends on the business performance of the Group, to which the Director Grantee would directly contribute; and (ii) the Director Options are subject to the vesting period as stated above and certain vesting conditions, which could ensure that the Director Grantee would be motivated to contribute to the Company's development. In addition, the Remuneration Committee is of the view that a clawback mechanism is not necessary considering that the terms of the Grant (as to be set out in the letter of grant) have already provided for the lapse and cancellation of the Director Options under various scenarios, which could adequately safeguard the Company's interests.

As such, the Remuneration Committee and the Board believe that without additional performance target and clawback mechanism, the grant of the Director Options could align the interests of the Director Grantee with that of the Company and the shareholders of the Company, provide incentive to the Director Grantee to devote to the future continuous competitiveness, results of operation and growth of the Company, and reinforce their commitment to long term services of the Company.

Financial assistance: The Group has not provided any financial assistance to the Director Grantee to facilitate the purchase of Shares under the letter of grant.

Effect on the Shareholding Structure of the Company

As at the date of this announcement, the Company has 7,435,678,367 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 upon full exercise of the Director Options by Mr. Deng, assuming there will be no change in the total number of shares in issue (other than the issue of Director Shares upon the full exercise of the Director Options) from the date of this announcement to the date of such full exercise:

| Name of Shareholders | As at the date of this announcement | | Immediately after the allotment and issue of the Director Shares upon the full exercise of the Director Options | |
|--|--|-------------------------------|---|-------------------------------|
| | 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 ”) (<i>Note i</i>) | 4,654,777,346 | 62.60% | 4,654,777,346 | 55.18% |
| Mr. Li Kai Yien, Arthur Albert | 200,000 | 0.01% | 200,000 | 0.01% |
| Mr. Deng | – | – | 1,000,000,000 | 11.85% |
| Other Public Shareholders | 2,780,701,021 | 37.39% | 2,780,701,021 | 32.96% |
| | <u>7,435,678,367</u> | <u>100.00%</u> | <u>8,435,678,367</u> | <u>100.00%</u> |

Notes:

- (i) 5,000,000 shares among these Shares are held by Ground Up Profits Limited (“**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 4,654,777,346 Shares.

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

On 2 July 2025, the Company issued an aggregate of 717,948,718 Shares at the capitalization price of HK\$0.195 per Share, with an aggregate amount of HK\$140 million to Dr. Kan, in accordance with the terms and conditions of the conditional agreement dated 17 April 2025 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 17 April 2025, 22 May 2025 and 2 July 2025.

On 16 July 2025, the Company issued an aggregate of 43,700,000 Shares at the subscription price of HK\$0.25 per Share, with an aggregate amount of HK\$10.93 million to an independent individual subscriber, in accordance with the terms and conditions of the subscription agreement entered into between the Company and the said independent individual subscriber on 10 June 2025. For details, please refer to the announcements of the Company dated 10 June 2025 and 16 July 2025.

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.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Director Shares to be allotted and issued upon the exercise of the Director Options.

LISTING RULES IMPLICATIONS

As Mr. Deng is an executive Director and CEO of the Company, he is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Grant of the Director Options constitutes a connected transaction of the Company, which is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Grant of Director Options is not made pursuant to any existing share option scheme of the Company, the Grant of the Director Options and the allotment and issue of the Director Shares upon the exercise thereof are both subject to the approval of the Independent Shareholders by way of a Specific Mandate to be sought at an extraordinary general meeting (the “**EGM**”) pursuant to Rule 13.36(1) of the Listing Rules.

REASONS FOR AND BENEFITS OF THE GRANT OF DIRECTOR OPTIONS

The Board believes that the grant of Director Options is vital to retain Mr. Deng as the CEO, whose contribution is essential to the Group's future strategic development plan. In determining the proposed Grant of Director Options to Mr. Deng, the Board has primarily considered Mr. Deng's invaluable contribution to the Group since his appointment as the CEO in October 2023, particularly his leadership in expanding the new energy sector of the Group and his successful execution of various potential acquisitions in the past.

The Grant is intended to align Mr. Deng's interests directly with those of the Shareholders and to ensure his long-term commitment to the Group. Furthermore, by utilizing Director Options as a form of equity incentive instead of cash bonuses, the Group is able to preserve its cash resources for the expansion of its business and for general working capital purposes.

The Remuneration Committee and the Board are of the view that the Grant without additional performance targets is appropriate, as the Director Options (which are subject to a 4-year vesting period and whose value is driven by the future market price of the Shares) provide sufficient incentive for the CEO to enhance the long-term competitiveness and value of the Company.

The Directors (excluding the independent non-executive Directors whose view will be set out in the Circular after considering the advice from the Independent Financial Adviser) consider that the terms and conditions of the Grant are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (“**IBC**”) comprising all the independent non-executive Directors has been established to give a recommendation to the Independent Shareholders as to whether the terms of the Letter of Grant of Share Options are on normal commercial terms or better and fair and reasonable, whether the grant of share options is in the interests of the Company and its shareholders as a whole and as to how to vote at the EGM. The appointment of the Independent Financial Adviser (“**IFA**”) will be subject to approval by the IBC. Further announcement will be made by the Company upon appointment of the IFA as and when appropriate.

EGM

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Letter of Grant of Share Options and the transactions contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the Director Shares upon the exercise of the Director Options. A circular containing, among other things, (i) further details of the Letter of Grant of Director Options and the transactions contemplated thereunder; (ii) a letter of recommendation from the IBC to the Independent Shareholders in relation to the Letter of Grant of Director Options and the transactions contemplated thereunder; (iii) a letter of advice from the IFA to the IBC and the Independent Shareholders in relation to the Letter of Grant of Director Options and the transactions contemplated thereunder; (iv) a notice to convene the EGM; and (v) other information as required under the Listing Rules, will be despatched to the Shareholders on or before 3 February 2026 in compliance with the Listing Rules.

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

Hong Kong, 13 January 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. Chow Ching Ning and Mr. Lam Lum Lee.