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中國儲能科技發展有限公司

CHINA ENERGY STORAGE TECHNOLOGY DEVELOPMENT LIMITED

(formerly known as Link-Asia International MedTech Group Limited 環亞國際醫療科技集團有限公司)

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1143)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the “**Board**”) of directors (the “**Directors**”) of China Energy Storage Technology Development Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	Note	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3	188,226	264,698
Cost of sales		<u>(147,217)</u>	<u>(190,974)</u>
Gross profit		41,009	73,724
Other income	4	9,801	6,242
Other gains and losses	5	(853)	(21,629)
Reversal of impairment loss on loans to other parties		–	12,330
Reversal of impairment loss on trade receivable		4,518	–
Selling and distribution expenses		(13,970)	(15,656)
Administrative expenses		(42,973)	(48,797)
Research and development expenditure		<u>(6,612)</u>	<u>(5,376)</u>
Profit from operations		(9,080)	838
Finance costs	6	<u>(6,645)</u>	<u>(2,359)</u>
Loss before tax		(15,725)	(1,521)
Income tax expense	7	<u>(772)</u>	<u>(3,265)</u>
Loss for the period	8	<u>(16,497)</u>	<u>(4,786)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONT'D)*For the six months ended 30 June 2025*

		Six months ended 30 June	
		2025	2024
	<i>Note</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Attributable to:			
Owners of the Company		(16,273)	(3,908)
Non-controlling interests		(224)	(878)
		<u>(16,497)</u>	<u>(4,786)</u>
Loss per share			
Basic (HK cents per share)	<i>10</i>	<u>7.26</u>	<u>1.96</u>
Diluted (HK cents per share)		<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period	(16,497)	(4,786)
Other comprehensive income/(expense) for the period, net of tax		
<i>Item that will be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>6,486</u>	<u>(5,368)</u>
Other comprehensive income/(expense) for the period, net of tax	<u>6,486</u>	<u>(5,368)</u>
Total comprehensive expense for the period	<u><u>(10,011)</u></u>	<u><u>(10,154)</u></u>
Attributable to:		
Owners of the Company	<u>(9,787)</u>	<u>(9,276)</u>
Non-controlling interests	<u>(224)</u>	<u>(878)</u>
	<u><u>(10,011)</u></u>	<u><u>(10,154)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		30 June 2025	31 December 2024
	<i>Note</i>	HK\$'000	HK\$'000
		(unaudited)	(audited)
ASSETS			
Non-current assets			
Property, plant and equipment		9,550	9,184
Right-of-use assets		39,413	43,529
Intangible assets		21,118	22,709
Rental deposits		3,224	3,224
Total non-current assets		73,305	78,646
Current assets			
Inventories		37,561	45,050
Trade receivables	<i>11</i>	97,413	117,294
Prepayments, deposits and other receivables		332,923	322,185
Loans to other parties		1,467	1,163
Amount due from directors		1,164	3,748
Bank and cash balances		331,348	312,051
Total current assets		801,876	801,491
TOTAL ASSETS		875,181	880,137
EQUITY AND LIABILITIES			
Equity			
Equity attributable to owners of the Company			
Share capital		44,858	44,858
Reserves		487,192	491,673
		532,050	536,531
Non-controlling interests		130	354
Total equity		532,180	536,885

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONT'D)

As at 30 June 2025

		30 June 2025	31 December 2024
	<i>Note</i>	HK\$'000 (unaudited)	HK\$'000 (audited)
LIABILITIES			
Non-current liabilities			
Bonds payable		5,458	5,041
Lease liabilities		31,929	37,081
Total non-current liabilities		37,387	42,122
Current liabilities			
Trade payables	12	45,696	58,434
Accruals and other payables		197,711	194,204
Lease liabilities		11,711	10,177
Borrowings		17,300	14,300
Bonds payable		28,369	20,000
Current tax liabilities		4,827	4,015
Total current liabilities		305,614	301,130
TOTAL EQUITY AND LIABILITIES		875,181	880,137

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2025 have been prepared in accordance with HKAS 34 Interim Financial Reporting. The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

The unaudited interim condensed consolidated financial statements are presented in Hong Kong Dollar ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties, which are measured at fair values. The accounting policies used in preparing the unaudited interim condensed consolidated financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 December 2024, except for the adoption of the new/revised Hong Kong Financial Reporting Standards ("HKFRSs") and HKASs which are relevant to the Group's operation and are effective for the Group's financial year beginning on 1 January 2025 as described below.

Amendments to HKFRS 21

Lack of Exchangeability

The adoption of this amendment to HKFRSs and HKASs did not result in substantial changes to the Group's accounting policies and amounts reported for the current and prior periods.

3. REVENUE AND SEGMENT INFORMATION

The Group has four reportable segments as follows:

EMS	— Electronic manufacturing services
Distribution of Communications Products	— Marketing and distribution of communications products
Securities and Other Assets Investment and Others	— Equity investment, property agency service and other operations
Real Estate Supply Chain Services	— Real estate advisory service and real estate purchase service and energy storage products
Money Lending	— Provision of loan services by licensed corporation

3. REVENUE AND SEGMENT INFORMATION (CONT'D)

	EMS	Distribution of Communications Products	Securities and Other Assets Investment and Others	Real Estate Supply Chain Services	Money Lending	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
6 months ended 30 June 2025:						
Revenue from external customers	183,965	-	-	4,261	-	188,226
Segment profit/(loss)	3,456	-	(15,346)	4,045	(29)	(7,874)
Other material non-cash items:						
— Impairment losses for trade receivables, net of reversal	-	-	-	3,140	-	3,140
As at 30 June 2025:						
Segment assets	516,396	-	32,821	327,243	11	876,471
Segment liabilities	<u>242,848</u>	<u>-</u>	<u>32,812</u>	<u>19,466</u>	<u>40</u>	<u>295,166</u>
6 months ended 30 June 2024:						
Revenue from external customers	247,369	211	12,200	4,799	119	264,698
Segment profit/(loss)	22,025	(373)	(19,048)	1,231	(222)	3,613
Other material non-cash items:						
— Impairment losses for loans to other parties, net of reversal	-	-	12,330	-	-	12,330
As at 30 June 2024:						
Segment assets	528,623	304	45,991	234,760	2,232	811,910
Segment liabilities	<u>248,579</u>	<u>22,578</u>	<u>28,805</u>	<u>12,000</u>	<u>12</u>	<u>311,974</u>

3. REVENUE AND SEGMENT INFORMATION (CONT'D)

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Reconciliations of segment profit or loss		
Total (loss)/profit of reportable segments	(7,874)	3,613
Intersegment elimination	–	–
Unallocated amounts:		
Interest expenses	(1,161)	(797)
Depreciation	(806)	(806)
Amortisation	(134)	(1,398)
Legal and professional fees	–	(515)
Equity-settled share-based payments	(5,306)	(1,342)
Other unallocated head office and corporate expenses	(444)	(276)
Consolidated loss before tax for the period	<u>(15,725)</u>	<u>(1,521)</u>
Reconciliations of segment assets and liabilities:		
	30 June	31 December
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Assets		
Total assets of reportable segments	876,471	880,296
Elimination of intersegment assets	(3,797)	(3,837)
Unallocated amounts:		
Bank and cash balances	6	7
Property, plant and equipment	2,149	2,955
Right-of-use assets	224	358
Prepayments, deposits and other receivables	128	358
Consolidated total assets	<u>875,181</u>	<u>880,137</u>
Liabilities		
Total liabilities of reportable segments	295,166	304,552
Elimination of intersegment liabilities	(3,797)	(3,837)
Unallocated amounts:		
Accruals and other payables	273	2,831
Borrowing	17,300	14,300
Bonds payable	33,827	25,041
Lease liabilities	232	365
Consolidated total liabilities	<u>343,001</u>	<u>343,252</u>

3. REVENUE AND SEGMENT INFORMATION (CONT'D)

Geographical information

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

In the following table, revenue is disaggregated by primary geographical market and timing of revenue recognition.

For the six months ended 30 June (unaudited)	EMS		Distribution of Communications Products		Securities and Other Assets Investment and Others		Real Estate Supply Chain Services		Money Lending		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Primary geographical markets												
— The People's Republic of China (the "PRC") (including Hong Kong)	21,885	16,183	-	-	-	12,200	4,261	4,799	-	119	26,146	33,301
— The United States of America (the "U.S.A.")	39,887	71,550	-	176	-	-	-	-	-	-	39,887	71,726
— Switzerland	24,706	26,993	-	-	-	-	-	-	-	-	24,706	26,993
— France	29,080	53,098	-	-	-	-	-	-	-	-	29,080	53,098
— Belgium	11,910	15,261	-	-	-	-	-	-	-	-	11,910	15,261
— Malaysia	763	5,201	-	-	-	-	-	-	-	-	763	5,201
— Thailand	9,949	10,054	-	-	-	-	-	-	-	-	9,949	10,054
— Others	45,785	49,029	-	35	-	-	-	-	-	-	45,785	49,064
Segment revenue	183,965	247,369	-	211	-	12,200	4,261	4,799	-	119	188,226	264,698
Revenue from external customers	183,965	247,369	-	211	-	12,200	4,261	4,799	-	119	188,226	264,698
Timing of revenue recognition												
Products and services transferred at a point in time	183,965	247,369	-	211	-	12,200	4,261	4,799	-	-	188,226	264,579
Products and services transferred over time	-	-	-	-	-	-	-	-	-	119	-	119
Total	183,965	247,369	-	211	-	12,200	4,261	4,799	-	119	188,226	264,698

4. OTHER INCOME

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank interest income	5,038	5,046
Government grant	573	74
Interest income on loans to other parties	305	963
Reimbursement from suppliers for testing defective goods	-	3
Consultancy fee income	3,000	-
Others	885	156
	<u>9,801</u>	<u>6,242</u>

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net foreign exchange (loss)/gain	(853)	1,964
Loss on termination of an intangible asset	—	(23,593)
	<u>(853)</u>	<u>(21,629)</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on loans from independent third parties	1,160	414
Interest on bonds payable	4,086	—
Interest on other payables	—	396
Interest on lease liabilities	1,399	1,549
	<u>6,645</u>	<u>2,359</u>

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax — Hong Kong Profits Tax		
Provision for the period	772	3,261
Current tax — Overseas		
Provision for the period	—	4
	<u>772</u>	<u>3,265</u>

Under the two-tiered profits tax regime, profits tax rate for the first HK\$2 million of assessable profits of qualifying corporations established in Hong Kong is 8.25%, and profits above that amount is subject to the tax rate of 16.5%.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

8. LOSS FOR THE PERIOD

The Group's loss for the period is arrived at after charging/(crediting):

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cost of sales		
Cost of inventories sold	148,385	191,238
Allowance for inventories	3,011	6,682
Reversal of allowance for inventories (<i>note (i)</i>)	(4,179)	(6,946)
	147,217	190,974
Depreciation		
Property, plant and equipment	2,416	3,755
Right-of-use assets	5,434	6,650
Operating lease charges — Land and buildings	1,421	931
Other operating expenses		
Research and development expenditures (<i>note (ii)</i>)	6,612	5,376
Employee benefits expense including directors' emoluments		
Salaries, bonus and allowances	65,462	70,484
Retirement benefit scheme contributions	7,353	5,626
Equity-settled share-based payments	5,306	1,342
	78,121	77,452

Notes:

- (i) The Group makes allowance for inventories under respective aging criteria in different operating segments. The reversal of allowance represents the amount of inventories subsequently used in production or sold.
- (ii) During the six months period ended 30 June 2025, research and development expenditure includes approximately HK\$6,612,000 (30 June 2024: HK\$5,376,000) relating to employee benefits expense, which is included in the respective total amount as disclosed separately above.

9. DIVIDENDS

No dividends have been paid or proposed during the six months ended 30 June 2025, nor has any dividend been proposed since the end of the reporting period (six months ended 30 June 2024: Nil).

10. LOSS PER SHARE

The calculation of the basic loss per share is based on the following:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss		
Loss attributable to owners of the Company, used in the basic loss per share calculation	16,273	3,908
	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	224,289,185	199,670,878

No diluted loss per share for the six months ended 30 June 2025 and 2024 as the outstanding share options do not have any dilutive effect.

11. TRADE RECEIVABLES

The aging analysis of trade receivables as at the end of the reporting period, based on invoice date, and net of allowance, is as follows:

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
0–90 days	74,629	98,302
91–180 days	19,926	18,670
181–365 days	2,858	292
Over 365 days	–	30
	<u>97,413</u>	<u>117,294</u>

12. TRADE PAYABLES

The aging analysis of trade payables as at the end of the reporting period, based on invoice date, is as follows:

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
0–90 days	19,080	26,695
91–180 days	364	7,458
181–365 days	2,157	17,804
Over 365 days	24,095	6,477
	<u>45,696</u>	<u>58,434</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

During the six months ended 30 June 2025 (the “**Period**”), the global economic environment is facing complex and multiple uncertainties. In addition, China’s economic transformation has slowed down than expected, with the property crisis, local debt problems and lack of consumer confidence weighing on China’s economic growth. As a result, the revenue from continuing operations of the Group slightly decreased from approximately HK\$264.7 million for the six months ended 30 June 2024 to approximately HK\$188.2 million for the six months ended 30 June 2025.

At the same time, Russia-Ukraine war and the situation in the Middle East has been affected the European market in the past few years. During the Period, the revenue of EMS segment was decreased by approximately HK\$63.4 million was mainly due to the decrease in the business of European and the US market. The decrease of the revenue from the US market was mainly due to the impact of the market turmoil triggered by the us tariff during the Period.

In terms of the new energy economy, the government regards energy storage as a key supporting technology to achieve the “dual carbon” goals (carbon peak before 2030 and carbon neutrality before 2060) and build a new power system. Driven by the policies of the government, the Group has changed its name to China Energy Storage Technology Development Co., Ltd. in 2023 and commenced the energy storage business in 2023.

As at 30 June 2025, the Group had bank and cash balances from continuing operations totaling approximately HK\$331.3 million (as at 31 December 2024: HK\$312.1 million) with efforts made to maintain a healthy financial position.

Review of Operations

The EMS and Distribution of Communication Products

The revenue from EMS business decreased by 25.6% to HK\$184.0 million (2024: HK\$247.4 million).

In EMS segment, there are two main groups of products, namely communication and non-communications products whereas non-communication products mainly included appliances and appliances control products and multimedia products.

The decrease in the revenue of EMS segment is considered to be the impact of the market turmoil triggered by the US tariff.

During 2024, the Distribution segment was discontinued due to continuing decreasing demand of the business line telephone system product in North America. The common practice of work from home or choosing hybrid work model or online meeting via internet become more popular which lessen the use of communication product in office. Thus, we plan to close down the subsidiary in the Distribution Segment during the year.

Real Estate Supply Chain Services and Energy Storage Products (the “RES” and “ESP”)

The revenue of Real Estate Supply Chain Services business decreased by 11.2% to HK\$4.3 million (2024: HK\$4.8 million).

The revenue of Real Estate Supply Chain Services business was remained relatively stable during the period ended 30 June 2025.

Securities and Other Assets Investment and Others

The Securities and Other Assets Investment and Others business contributed segment revenue of approximately HK\$nil (2024: HK\$12.2 million) for the six months ended 30 June 2025.

Money Lending Business

The money lending operations of the Group are managed through our wholly-owned subsidiary — Be Smart Finance Limited with money lenders licenses issued under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group’s money lending business is broadly classified into four loan categories, including: (i) property mortgage loans; (ii) other secured loans; (iii) guaranteed loans; and (iv) unsecured loans. During the six months ended 30 June 2025 and 2024, the Group’s money lending business was focused on unsecured loans. The Group plans to explore further potential money lending business opportunities and the Group’s assessment of achieving reasonable risk and returns. There is no specific target customer group. The source of customers of the Group during the six months ended 30 June 2025 and 2024 were mainly through the referrals of past and existing customers of the Group. The source of funds for the money lending business is generally funded by the internal resources of the Group.

During the six months ended 30 June 2025, the Group’s money lending segment generated revenue of approximately HK\$nil (2024: HK\$0.1 million), accounting for approximately nil (2024: 0.04%) of overall revenue. Money lending business is a newly commenced segment of the Group. Operating loss from this business segment amounted to approximately HK\$0.2 million. As at 30 June 2025, we had no active loan accounts, all of them are individual customers.

The management remains alert and will prudently maintain effective controls and procedures for loan approvals, credit monitoring as well as recovery and compliance matters applicable to all aspects of the money lending business.

Loan Portfolio

As at 30 June 2025, the Group had no (2024: 4) active accounts, all of them were individual loans unsecured loans (2024: 4).

During the six months ended 30 June 2025, interest income generated from the top five customers accounted for approximately nil (2024: 0.04%) of the Group's total revenue, while the single largest customers accounted for approximately nil (2024: 0.01%) of the Group's total revenue.

As at 30 June 2025, loan and interest receivables balance of the largest and top five customers under money lending segment accounted for approximately nil (2024: 33.4%) and nil% (2024: 100%) of the Group's total loan and interest receivables balance respectively.

The management remains alert and will prudently maintain effective controls and procedures for loan approvals, credit monitoring as well as recovery and compliance matters applicable to all aspects of the money lending business.

Internal Control

The Group has established strict credit policies and controls to reduce all associated credit risks. Various approval criteria are carefully considered during the credit assessment stage, including verification of identity, repayment ability, and relevant investigative results after carrying out due diligence during the application procedure. The Group's management are responsible for assessing and approving loans within predetermined credit limits. They also regularly oversee the Group's credit policies and credit quality of the Group's loan portfolio. Increasing effort has also been put in the recovery procedures for loans receivables. Legal actions will be taken on a case-by-case basis, having considered the normal market practice as well as the actual circumstances during the Group's credit collection processes and negotiations with relevant customers in order to minimise any possible credit losses.

The size of the loans and determination of Loan Terms

As at 30 June 2024, the size of the loan receivables from these four customers ranges from approximately HK\$500,000 to HK\$800,000, and totaling approximately HK\$2.4 million. These four loan receivables were granted in August 2022, the credit period for each was one year and repayable in August 2023, at the initial agreement, respectively. Each of the loan receivables complies with the credit assessment policy at the initial grant of the loans. The interest rate for the loan receivable was at market rate. In view of the assets proof provided by the borrowers, no security has been considered necessary. As of the six months ended 30 June 2024, there were no accrued interests overdue. All the loans and interest receivables balance have been collected during the year ended 31 December 2024.

Borrowers' natures and their credit assessment

As at 30 June 2024, each of the borrowers of the loan receivables is an independent third party. In general, credit assessments have been performed on each of the borrowers and complied with the Company's credit rating policy.

The loan impairment policies and the basis of impairment assessments

The Group adopted the requirements in respect of the expected credit loss ("ECL") assessment set forth in HKFRS 9 issued by the HKICPA in determining the impairment loss allowance for its loan receivables. The Group regularly perform impairment assessment on each of the loan and interest receivables under money lending business. The Group's impairment losses relate primarily to the ECL allowance for loans and interest receivables. Generally speaking, ECL assessments are done based on the Group's historical credit loss experience adjusted for factors that are specific to particular debtors, general economic conditions and an assessment of both the current conditions as at the reporting date as well as the forecast of future conditions. The ECL on loans receivables are assessed individually for those debtors with significant balances. Each grouping is regularly reviewed by management to ensure that each of its constituents continues to share similar credit risk characteristics.

For the purpose of impairment assessment, loans of the Group are classified as stage 1, 2 and 3 according to the prevailing accounting standard.

- | | |
|---------|--|
| Stage 1 | are loans with no significant increase in credit risk of the financial instrument since their initial recognition. |
| Stage 2 | are loans with increase in credit risk of the financial instrument since their initial recognition. |

Stage 3 loans has significant increase in credit risk of the financial instrument since initial recognition and considered as credit-impaired. Impairment was assessed for each of the loans and the ECL model for internal impairment assessment has taken into account the following:

- (1) expected life and contractual terms of a financial instrument
- (2) market probability of default
- (3) market loss given default or discounted recovery rate and
- (4) forward-looking market data.

Loan Approval

Before any loan applications can be granted, internal credit assessments would have to be performed to decide the proposed loan size and interest rate charged. The internal credit assessment include, but is not limited to, (i) verification and background checking, such as the identity documents and statutory records (i.e. identity card, address proof, business registration certificate, latest annual return, etc.); (ii) income or asset proof of the borrower and guarantor, such as share certificates, bank statements and securities statements, etc.; (iii) the evaluation of the value of collateral; and (iv) the verification of the authenticity of the information provided. Furthermore, the Group would perform public searches on the borrower and guarantor to ensure compliance with the relevant requirements and regulations of anti-money laundering and counter-terrorist financing (“**AML & CTF**”). There are no specific requirements on their income and/or asset threshold set by the Group. Normally, the management would determine and approve the loan amount and interest rates based on the relevant financial strength, repayment ability as well as the overall quality of borrowers/guarantors and the respective collaterals, subject to business negotiations and market conditions.

Loan Renewal

For loan renewal, the Group would carry out an updated assessment similar to that during the loan approval stage. In addition, the Group would assess the borrower’s past repayment record and changes in market circumstance before making a decision on loan renewal and the relevant interest rate charged.

These four loan receivables were granted in August 2022, the credit period for each was one year and repayable in August 2023, at the initial agreement, respectively.

Recovery and Compliance Matters

After the loan is granted, the Group would conduct review on the repayment records and loan portfolio on a regular basis, and in particular, any past due loan accounts. When considered appropriate, the Group would further (i) obtain relevant updated information and documents from the borrower; and (ii) perform public searches on the borrower to assess the recoverability of loan. Putting every possible effort on loan recovery, appropriate course of actions, such as sending legal demand letters, legal proceeding arrangements, etc., would be considered by the Group, subject to the recovery situation of the loans and negotiation with customers.

As a licenced money lender in Hong Kong, the Group shall ensure compliance with the applicable laws, regulations and codes of all the relevant regulatory authorities, in particular, the Money Lenders Ordinance and the relevant requirements and regulations of AML & CTF.

In order to ensure the compliance with the abovementioned requirements throughout the course of conducting the money lending business, loan transaction review would be conducted upon the grant of the loan as an on-going monitoring purpose. The overall internal control system, which includes the implementation of the Group's credit policy, operation manual and other related internal control measures would be reviewed by the management on a regular basis and the policies would be devised and revised from time to time when considered necessary.

Interest rates

In addition to the aforementioned factors included in the Group's credit approval policy, when deciding the interest rate for loans, the Group would also take a holistic view in the assessments of setting loan terms based on the general market environment at the time, interest rate of competitors at the time, the amount of the Group's funds available and also the overall quality of the borrower.

For the Group's existing loan portfolio as at 30 June 2025, the effective interest rates were matched and charged to customers of differing risk levels, at 10% per annum. The major terms of loans granted include loans receivable, interest rate and maturity date.

For the six months ended 30 June 2025, the Group recorded an impairment loss on loans and interest receivable of approximately HK\$nil million. The Group's impairment losses relate primarily to the expected credit loss ("ECL") allowance for loans and interest receivables. Generally speaking, ECL assessments are done based on the Group's historical credit loss experience adjusted for factors that are specific to particular debtors, general economic conditions and an assessment of both the current conditions as at the reporting date as well as the forecast of future conditions. The ECL on loans receivables are assessed individually for those debtors with significant balances and/or those collectively using a provision matrix with appropriate groupings. Each grouping is regularly reviewed by management to ensure that each of its constituents continues to share similar credit risk characteristics.

All the loans and interest receivables balance have been collected during the year ended 31 December 2024. As at 30 June 2025, the Group had no active loan account.

Loan collection

The management will continuously monitor the credit quality of each borrower regularly.

In order to minimise the Group's exposure to credit risk and follow up closely with its customers as to the deadlines in payment of interest and principal of the loans, (i) the relevant staff of Be Smart is responsible for monitoring the status of loan repayment and keeping accounting records for monthly audit of the loan balance to ensure that all borrowers have made repayment on time in accordance with the terms of the relevant loan agreement; (ii) the relevant staff of Be Smart will communicate regularly with the borrowers regarding their financial positions and credit profile to have an up-to-date understanding of their repayment ability and creditworthiness; (iii) the relevant staff is required to report to the directors of Be Smart immediately in the event of late repayment, material change to the repayment ability or creditworthiness of the borrowers or any other events which indicate the recovery of the loan may be at risk; and (iv) the management is required to report the repayment status of all the Group's loans to the Directors on a quarterly basis so that the Directors can review the loan portfolio and discuss actions to be taken. In any case if it may think fit, legal action will be taken against the borrowers to minimise any possible credit losses.

Geographical Analysis

Revenue contributions from the major European countries (Switzerland, Belgium and France) totally HK\$65.7 million (2024: HK\$95.4 million), and accounted for 34.9% of the Group's total turnover for the six months ended 30 June 2025 (2024: 36.0%). The United States ("US") market contribution HK\$39.9 million (2024: HK\$71.7 million) in revenue, and accounted for 21.2% of total turnover (2024: 27.1%). The People's Republic of China (the "PRC") (including HK) and other countries accounted for HK\$26.1 million and HK\$56.4 million respectively (2024: HK\$33.3 million and HK\$64.3 million respectively).

FINANCIAL HIGHLIGHTS

Revenue

For the period ended 30 June 2025, the Group recorded total revenue of HK\$188.2 million (2024: HK\$264.7 million).

Cost of sales

Cost of goods sold decreased by 22.9% from HK\$191.0 million for the six months ended 30 June 2024 to HK\$147.2 million for the six months ended 30 June 2025 as a result of the decrease in revenue of 28.9% when compared to the same period in 2024.

Gross Profit

Gross profit decreased 44.4% from HK\$73.7 million for the six months ended 30 June 2024 to HK\$41.0 million for the six months ended 30 June 2025 while the gross profit margin decreased to 21.8% (2024: 27.8%). The decrease in gross profit margin is mainly due to the drop in sales volume as a result of the US tariff, while a significant portion of the factory cost are predominantly fixed, thereby eroding the gross profit margin.

Other income

Other income slightly increased by HK\$3.6 million to HK\$9.8 million for the period ended 30 June 2025 (2024: HK\$6.2 million). The major component of the other income is bank interest income of HK\$5.0 million. The increase in other income is mainly due to the increase consultancy fee income of approximately HK\$3.0 million.

Other gains and losses

Other net losses of approximately HK\$0.9 million in 2025 (2024: net losses of approximately HK\$21.6 million) was contributed by the net foreign exchange loss.

Impairment losses

The overall reversal of impairment losses was approximately HK\$4.5 million for the six months ended 30 June 2025. It was contributed by the reversal of impairment losses on trade receivables of approximately HK\$4.5 million.

Selling and distribution expenses

Selling and distribution expenses of HK\$14.0 million (2024: HK\$15.7 million) accounted for approximately 7.4% of 2025 and 5.9% of 2024 of the Group's revenue respectively.

Administrative expenses

Administration expense of HK\$43.0 million (2024: HK\$48.8 million) accounted for approximately 22.8% of 2025 and 18.4% of 2024 of the Group's revenue respectively.

Research and development expenditure

Research and development expenditure of approximately HK\$6.6 million for the period end 30 June 2025 (2024: HK\$5.4 million).

Finance costs

The Group's finance costs were approximately HK\$6.6 million for the period ended 30 June 2025 (2024: HK\$2.4 million), represented approximately 3.5% of the revenue in 2025 (2024: 0.9%). The increased finance costs mainly due to increased borrowings and bonds payable as compared to last period.

Income tax expenses

The Group's income tax expense represents amounts of income tax paid by the Group, at the applicable tax rate in accordance with the relevant laws and regulations in Hong Kong, the PRC and US. The Group had no tax payables in other jurisdictions during the periods ended 30 June 2025 and 2024.

The Group's effective income tax rates for the periods ended 30 June 2025 and 2024, was approximately -4.9% and -214.6% respectively.

Loss attributable to owners of the Company

The loss attributable to owners of the Company was HK\$16.3 million for the period ended 30 June 2025 (2024: HK\$3.9 million). The Group's net profit margin attributable to owners of the Company for the period ended 30 June 2025 was -8.6% (2024: -1.5%).

Loss for the period attributable to non-controlling interests

The loss attributable to non-controlling interests amounted to approximately HK\$0.2 million and HK\$0.9 million respectively for the periods ended 30 June 2025 and 2024.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations and capital expenditure by internally generated cashflows.

The Group's current ratio remains in a healthy position at 2.6 times (31 December 2024: 2.8 times). As at 30 June 2025, the cash and cash equivalents amounted to HK\$331.3 million, representing an increase of HK\$19.3 million from 31 December 2024.

As at 30 June 2025, the Group had total borrowings and bonds payable of approximately HK\$17.3 million and HK\$33.8 million respectively (31 December 2024: HK\$14.3 million and HK\$25.0 million).

The gearing ratio of the Group was 39.2% as at 30 June 2025 (31 December 2024: 39.0%), which is calculated based on the Group's total liabilities divided by its total assets. Taking into account of liquid assets on hand, the Group has sufficient financial resources to meet its ongoing operational requirements.

CAPITAL STRUCTURE

As at 30 June 2025, the total number of issued shares of the Company is 224,289,185 with a nominal value of HK\$0.2 each (31 December 2024: 224,289,185 shares with a nominal value of HK\$0.2 each).

EXCHANGE RISK EXPOSURE

The majority of the Group's sales and purchases are denominated in US dollars, RMB and Euro. Due to the fact that the Hong Kong dollar is pegged to the US dollars, the Group's exposure to this foreign exchange risk is low. The RMB is not freely convertible into other foreign currencies and conversion of the RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government. As at 30 June 2025, the Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group had no investment in any financial derivatives, foreign exchange contracts, interest or currency swaps, hedging or other financial arrangement for hedging purpose to reduce any currency risk nor made any over-the-counter contingent forward transactions. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital expenditure for the period ended 30 June 2025 amounted to approximately HK\$2.5 million and the capital commitments as at 30 June 2025 amounted to approximately HK\$3.9 million. Both the capital expenditure and capital commitments were mainly related to the acquisition of plant and machinery to cope with the requirement of the EMS operation.

FINANCIAL GUARANTEE CONTRACT

As at 30 June 2025 and 31 December 2024, the Group had an outstanding guarantee (“**the Guarantee**”) with one of the suppliers of an overseas subsidiary (the “**Disposed Subsidiary**”), which was disposed on 7 October 2015, for payment in relation to a sum of USD2.6 million (equivalent to approximately HK\$20.3 million), which represents a trade balance under dispute between the Disposed Subsidiary and the supplier. The supplier subsequently sold the trade balance to a third party.

During 2017, the Disposed Subsidiary agreed with the third party for a final settlement by instalment of USD650,000 (equivalent to approximately HK\$5.1 million). In this regards, as at 30 June 2025 and 31 December 2024, the Group had an outstanding guarantee of the sum limited to USD650,000 subject to the full payment of the final settlement effected by the Disposed Subsidiary.

The Disposed Subsidiary had issued a counter guarantee to indemnify the Group for any loss in relation to the Guarantee. The management of the Group after taking legal advice are of the opinion that it is very highly unlikely that liabilities will be brought against the Group on the above matter.

CONTINGENT LIABILITIES

As at 30 June 2025, the Group did not have any significant contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2025, the Group had no pledged assets.

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments held as at 30 June 2025 and 31 December 2024.

EVENTS AFTER THE REPORTING PERIOD

The Company has no events after the reporting period.

HUMAN RESOURCES

As at 30 June 2025, the Group had approximately 800 employees in various operating units in Hong Kong, U.S.A. and the PRC. In order to attract and retain high quality talents to ensure smooth operation and cater for the Group’s constant expansion, it offers competitive remuneration packages, with reference to market conditions and individual qualifications and experience.

PROSPECTS

The China's energy storage industry is ushering in a period of rapid development, driven by the "dual carbon" goals (carbon peaking and carbon neutrality) and the transformation of the energy structure. The PRC government has listed energy storage as a key development direction in the energy sector and has issued various policies. In addition, various provinces have launched mandatory energy storage ratio policies, and the peak-to-valley electricity price gap has widened to stimulate energy storage demand. At the same time, the electronic energy market is being reformed, the ancillary service market and the spot market are gradually improving, and energy storage can obtain benefits through peak regulation and frequency regulation.

In view of the above, the Group believes that the China's energy storage industry will maintain rapid growth, driven by policy, technology and market demand, mainly lithium battery energy storage in the short term, and develop in the medium and long term in the direction of multi-technology route and multi-scenario integration. The Group needs to pay attention to technological innovation, business model optimization and global layout to seize the energy storage dividend in the carbon neutrality era.

In July 2025, the Group registered a subsidiary in Cambodia. The investment of the subsidiary will be approximately USD5.0 million in the coming 12 months including but not limited to setting up the production facilities. The subsidiary set up through Qualified Investment Project ("QIP") application to take advantage of the tax benefits for the import of raw materials, semi-products and machinery from China to Cambodia as well as for the export of the EMS products to the US. With the tax benefits for the export to the US, the Group has devoted more marketing effort in procuring potential customers in the US and broaden its customer base.

At present, the global economy is facing different challenging, including high interest rates, geopolitical conflicts, debt crises, and repeated inflation, which have weakened growth momentum. The Group will continue to closely monitor the market conditions and take necessary measures to adjust the business development strategy.

OTHER INFORMATION

Interim Dividend

The Board does not recommend the payment of interim dividend for the period (2024: nil).

Purchase, Sale or Redemption of Listed Shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C1 of the Listing Rules (the “**Model Code**”) as the required standard for securities transactions by Directors. The Company has made specific enquiries of all Directors and all Directors confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding Directors’ securities transactions throughout the six months ended 30 June 2025 and up to the date of this interim result announcement.

Corporate Governance

The Company is committed to maintaining high standards of corporate governance to protect the interests of the shareholders of the Company.

The new Corporate Governance Code (the “**New CG Code**”) as set out in existing Appendix 14 to the Listing Rules has come into effect on 1 January 2022, their requirements are applicable to the financial year commencing on 1 January 2022. Currently, the Company has adopted the code provisions on Corporate Governance Code and Corporate Governance Report (the “**Previous CG Code**”) as set out in the previous Appendix 14 to the Listing Rules before the New CG Code came into effect.

The Directors are of the opinion that the Company has complied with the code provisions set out in the Corporate Governance Code (the “**Code**”) under Appendix 14 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) throughout the period ended 30 June 2025, except for the deviation from code provision C.2.1 and C.1.6 of the Code as described below.

Code Provision C.2.1

Under code provision C.2.1 of the Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Company does not have any officer with the title of “chief executive officer” and this is deviated from the code provision C.2.1 of the Code.

Mr. Lin Dailian, who acts as the Chairman and an executive Director of the Company since 12 July 2019, is also responsible for overseeing the general operations of the Group. The Board will meet regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group. The roles of the respective executive directors and senior management, who are in charge of different functions complement the role of the chairman and chief executive officer. The Board believes that this structure is conducive to strong and consistent leadership enabling the Group to operate efficiently.

Code Provision C.1.6

Under the code provision C.1.6, independent non-executive directors should generally attend general meetings to gain and develop a balanced understanding of the views of shareholders. Due to other pre-arranged business commitments, Mr. Liu Zhiwei and Ms. Lin Xiaoshan were not able to attend the annual general meeting of the Company held on 20 June 2025.

The Company understands the importance to comply with the code provision C.2.1 and C.1.6 and will continue to consider the feasibility to comply with the said code provision. If compliance with the said provision is determined, appropriate persons will be nominated to assume the different roles of chairman and chief executive officer.

Audit Committee and Review of Interim Results

As at the date of this announcement, the Audit Committee has three members comprising Mr. Wu Chi King (Chairman), Ms. Zhang Xiulin and Mr. Li Huiwu, all being independent non-executive Directors.

The Audit Committee has reviewed together with the management the accounting principles and policies adopted by the Group and the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2025.

By order of the Board
China Energy Storage Technology Development Limited
Lin Dailian
Chairman and executive Director

Hong Kong, 29 August 2025

As at the date of this announcement, the Board comprises Mr. Lin Dailian (Chairman), Mr. Liu Zhiwei, Ms. Bian Sulan, Mr. Wang Qi and Ms. Wu Jingjing as executive Directors; Ms. Zhang Xiulin, Mr. Li Huiwu and Mr. Wu Chi King as independent non-executive Directors.