CSE

CHINA SMARTER ENERGY GROUP HOLDINGS LIMITED
中國智慧能源集團控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 1004)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

The board (the "Board") of directors (the "Directors") of China Smarter Energy Group Holdings Limited (the "Company") announces the condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2026 together with comparative figures for the corresponding period. These condensed consolidated financial statements have not been audited but have been reviewed by the Company's audit committee (the "Audit Committee").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

		(Unaudited)	
		Six months ended 30 June	
	Notes	**2026**	2025
		HK$'000	*HK$'000*
Revenue	*4*	**33,255**	38,238
Cost of sales		**(19,878)**	(19,608)
Gross profit		**13,377**	18,630
Other income	*4*	**1,465**	1,830
Administrative and operating expenses		**(10,380)**	(10,714)
PROFIT FROM OPERATIONS		**4,462**	9,746
Finance costs	*5*	**(3,336)**	(103,522)
PROFIT/(LOSS) BEFORE TAX	*6*	**1,126**	(93,776)
Income tax expense	*7*	**(7,733)**	(5,146)
LOSS FOR THE PERIOD		**(6,607)**	(98,922)

* *For identification purpose only*

	Notes	(Unaudited) Six months ended 30 June	
		2026	2025
		HK$'000	*HK$'000*
ATTRIBUTABLE TO:			
Owners of the Company		**(6,607)**	(98,922)
Non-controlling interests		**–**	–
Loss for the period		**(6,607)**	(98,922)
PROPOSED INTERIM DIVIDEND	*8*	**–**	–
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*9*		(restated)
Basic		**HK(1.41) cents**	HK(21.10) cents
Diluted		**HK(1.41) cents**	HK(21.10) cents
LOSS FOR THE PERIOD		**(6,607)**	(98,922)
OTHER COMPREHENSIVE (EXPENSE)/ INCOME:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(46,298)**	1,505
Other comprehensive (expense)/income for the period, net of tax		**(46,298)**	1,505
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD		**(52,905)**	(97,417)
ATTRIBUTABLE TO:			
Owners of the Company		**(52,905)**	(97,417)
Non-controlling interests		**–**	–
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD		**(52,905)**	(97,417)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Notes	**(Unaudited) 30 June 2026** ***HK$'000***	(Audited) 31 December 2025 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**309,486**	312,068
Right-of-use assets		**10,337**	10,362
Club membership debenture		**130**	130
		319,953	322,560
CURRENT ASSETS			
Trade and bills receivables	*10*	**148,193**	129,333
Prepayments, deposits and other receivables		**6,192**	5,972
Financial assets at fair value through profit or loss		**44**	43
Cash and cash equivalents		**49,203**	48,102
		203,632	183,450
CURRENT LIABILITIES			
Other payables and accruals		**1,087,527**	1,048,589
Provisions for litigations and claims		**11,095**	10,670
Lease liabilities		**8,225**	8,008
Other borrowings		**707,489**	676,746
		1,814,336	1,744,013
NET CURRENT LIABILITIES		**(1,610,704)**	(1,560,563)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(1,290,751)**	(1,238,003)

	Notes	(Unaudited) 30 June 2026 *HK$'000*	(Audited) 31 December 2025 *HK$'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**7,934**	7,710
Deferred tax liabilities		**5,422**	5,489
		13,356	13,199
NET LIABILITIES		**(1,304,107)**	(1,251,202)
CAPITAL AND RESERVES			
Share capital		**23,436**	23,436
Reserves		**(1,327,523)**	(1,274,618)
Total equity attributable to owners of the Company		**(1,304,087)**	(1,251,182)
Non-controlling interests		**(20)**	(20)
TOTAL EQUITY		**(1,304,107)**	(1,251,202)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2026 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

The 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 2025.

These condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss, which have been measured at fair value. These 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.

Going concern basis

The Group incurred a net loss of approximately HK$6,607,000 for the six months ended 30 June 2026 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$1,610,704,000. As at that date, the Group's other borrowings amounted to approximately HK$707,489,000, of which current other borrowings amounted to approximately HK$707,489,000, while its cash and cash equivalents amounted to approximately HK$49,203,000 only.

The directors have estimated the Group's cash requirements by preparing a Group cashflow forecast for the 12 months ending 30 June 2027 and have, during the period and up to the date of the approval of these consolidated financial statements, instituted the following financing plans and measures to mitigate the liquidity pressure on the Group, to restructure its financial obligations and to improve its financial position:

(a) the timely settlement of trade receivables; and

(b) the continuing forbearance by creditors in not demanding repayment within the next 12 months from the end of the reporting period; and

(c) continued deferred of rental payments and successfully settle the ongoing litigation cases.

The directors of the Company therefore consider it appropriate in light of the above financing plans and measures to adopt the going concern basis in preparing these consolidated financial statements. Should the Group be unable to operate as a going concern in the foreseeable future, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments have not been reflected in these consolidated financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the Company's consolidated financial statements for the year ended 31 December 2025 have been applied consistently to these condensed consolidated interim financial statements, except for the adoption of the following new/revised Hong Kong Financial Reporting Standards ("HKFRSs") that are effective from 1 January 2026.

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11

The application of the amendments to HKFRSs in the current period had no material impact on the Group's financial position and performance for the current and prior periods and the disclosures set out in these condensed consolidated financial statements.

The adoption of these amendments to HKFRSs does not have any significant impact on the condensed consolidated interim financial statements of the Group.

3. SEGMENT INFORMATION

The Group has only one operating segment that qualifies as reporting segment under HKFRS 8 "Operating Segments". The Group is principally engaged in the sales of electricity in clean energy industry to customers in Mainland China.

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assist their performance. The information reported to the directors of the Company, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

The Group operated within one geographical area because the majority of the Group's revenue was generated in Mainland China and all of its non-current assets/capital expenditure were located/incurred in Mainland China. Therefore, no geographical information is presented.

4. REVENUE AND OTHER INCOME

	(Unaudited) Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Disaggregated by major products or service lines		
– Sale of electricity	**33,255**	38,238
	33,255	38,238
Other income		
Bank interest income	**82**	48
Imputed interest income of accrued revenue on tariff subsidy	**1,063**	1,591
Others	**320**	191
	1,465	1,830

5. FINANCE COSTS

	(Unaudited) Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Interest expense on lease liabilities	**546**	493
Interest on other borrowings	**2,790**	103,029
	3,336	103,522

6. PROFIT/(LOSS) BEFORE TAX

	(Unaudited) Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
The Group's profit/(loss) before tax is arrived at after charging:		
Depreciation of property, plant and equipment	**14,787**	14,135
Depreciation of right-of-use assets	**434**	395
Staff costs (including directors' remuneration and directors and staff retirement benefit scheme contributions)	**1,407**	2,127

7. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax is required since the Company has no assessable profit for the period (six months ended 30 June 2025: nil).

PRC Enterprises Income Tax has been provided at a rate of 25% (six months ended 30 June 2025: 25%). During the period, six (six months ended 30 June 2025: six) subsidiaries of the Group which are engaging in the operation of solar power plants and distributed power stations have obtained the relevant preferential tax concession.

Tax charge on profits assessable elsewhere was calculated at the rates of tax prevailing in the countries in which the Group's activities operate, based on existing legislation, interpretation and practices in respect thereof.

	(Unaudited)	
	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Current tax	**(1,531)**	(5,415)
Under-provision in respect of prior year	**(6,483)**	–
Deferred tax credit	**281**	269
	(7,733)	(5,146)

8. PROPOSED INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic and diluted earnings per share is based on the following:

	(Unaudited)	
	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Earnings		
Loss for the period attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	**(6,607)**	(98,922)
		(restated)
Weighted average number of ordinary shares in issue (thousands)	**468,718**	468,718

The weighted average number of ordinary shares for the six months ended 30 June 2026 and 2025 has been adjusted to account for the effect of share consolidation of the Company which became effective on 10 February 2026.

Diluted loss per share for the period is the same as the basic loss per share (six months ended 30 June 2025: same).

10. TRADE AND BILLS RECEIVABLES

	(Unaudited) **30 June** **2026** ***HK$'000***	(Audited) 31 December 2025 *HK$'000*
Trade receivables	**198,600**	173,840
Allowance for doubtful debts	**(50,407)**	(44,507)
	148,193	129,333

An ageing analysis of trade receivables at the end of the reporting period based on the transaction date is as follows:

	(Unaudited) **30 June** **2026** ***HK$'000***	(Audited) 31 December 2025 *HK$'000*
Within 1 year	**53,115**	52,739
1 to 2 years	**52,061**	49,147
2 to 3 years	**43,017**	27,447
	148,193	129,333

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF THE GROUP

Revenue by Business Segments

The Group is principally engagement in the clean energy of sales of electricity to customers in Mainland China, the Group's revenue of decreased by approximately HK$4,983,000 or approximately 13.0% from approximately HK$38,238,000 for the six months ended 30 June 2025 ("Comparative Period") to approximately HK$33,255,000 for the six months ended 30 June 2026 ("Current Period").

Revenue by Geographical Region

The Group operated within one geographical area because the majority of the Group's revenue was generated in Mainland China and all of its non-current assets/capital expenditure were located/incurred in Mainland China. Therefore, no geographical information is presented.

The net loss for the period attributed to owners of the Company was approximately HK$6,607,000, as compared to net loss of approximately HK$98,922,000 for the Comparative Period, representing a decrease in net loss of 93.3%.

The significant reduction in loss was primarily attributable to the substantial decrease in finance costs, mainly resulting from the implementation of the Group's loan restructuring, the financial impact of which was non-recurring in nature.

The basic loss per share for the Current Period is HK1.41 cents (Comparative Period: HK21.10 cents), representing a decrease in loss per share of 93.3%.

BUSINESS REVIEW

Clean Energy

Clean-energy power generation business is the principal business of the Group. As at 30 June 2026, the Group's power generation capacity is approximately 72 megawatt(s) ("MW") (as at 30 June 2026 and 30 June 2025: 72MW), all of which are photovoltaic power generation projects locating in three provinces, Anhui, Jiangxi and Shandong.

Gross profit of approximately HK$13,377,000 was recorded for the Current Period as compared to a gross profit of approximately HK$18,630,000 in the Comparative Period.

Details of the operation of the Group's solar power projects are as follows:

Guanyang 8.25MW Project in Dezhou, Shandong: During the Current Period, sale of electricity was 3,597,000KWh, representing a decrease of 17.3% as compared to sale of electricity of 4,351,000KWh in the Comparative Period. Sales revenue was approximately HK$3,537,000, representing a decrease of 4.1% as compared to revenue of approximately HK$3,690,000 in the Comparative Period.

Hongxiang 8MW Project in Dezhou, Shandong: During the Current Period, sale of electricity was 3,180,000KWh, representing a decrease of 30.2% as compared to sale of electricity of 4,556,000KWh in the Comparative Period. Sales revenue was approximately HK$3,355,000, representing a decrease of 14.2% as compared to revenue of approximately HK$3,912,000 in the Comparative Period.

Jinde 5MW Project in Dezhou, Shandong: During the Current Period, sale of electricity was approximately 2,126,000KWh (as compared to sale of electricity of 3,110,000KWh in the Comparative Period) representing a decrease of 31.7%. Sales revenue was approximately HK$2,093,000 (representing a decrease of 18.0% as compared to revenue of HK$2,551,000 in the Comparative Period).

Jiayang 10MW Project in Dezhou, Shandong: During the Current Period, sale of electricity was 4,661,000KWh (Comparative Period: 5,558,000KWh), representing a decrease of 16.1%. Sales revenue was approximately HK$3,763,000 (Comparative Period: HK$4,321,000), representing a decrease of 12.9%.

Hongyang 20MW Project in Changfeng, Anhui: During the Current Period, sale of electricity was 8,366,000KWh (Comparative Period: 11,483,000KWh), representing a decrease of 27.1%. Sales revenue was approximately HK$10,847,000 (Comparative Period: HK$12,926,000), representing a decrease of 16.1%.

Jinjian 20MW Project in Gaoan, Jiangxi: During the Current Period, sale of electricity was 8,317,000KWh (Comparative Period: 9,844,000KWh), representing a decrease of 15.5%. Sales revenue was approximately HK$9,660,000 (Comparative Period: HK$10,838,000), representing an decrease of 10.9%.

The electricity volume generated during the Current Period was decreased and the average utilisation hours of our solar power plants was approximately 530. The decrease in revenue was mainly due to the decrease in electricity volume together with the adjustment on electricity price in Shandong region.

The decrease in electricity volume was due to rainy and overcast weather in major project locations, including Dezhou Shandong, Changfeng Anhui and Gaoan Jiangxi as compared to the same period in 2025. These led to a material decline in solar irradiance, directly impacting the actual power generation and settlement electricity volume of each plant.

From January 2026 onward, the State Grid adjusted its settlement method which effective lowered the pricing of the electricity generated which further reduced the revenue during the Current Period.

During the Current Period, the Group continued to focus its resources on the expansion of solar power business and explore further opportunities for growth.

The Group is also actively seeking refinancing opportunities that may provide the Group with optimal capital structure to pursue further growth and development, while lowering the finance costs.

Saved as disclosed, there is no material changes in financial position, business development and no significant events of all the solar power project subsidiaries since the publication of the latest annual report.

There have been no important events affecting the Company and its subsidiaries which have occurred since the end of the Period.

PROSPECTS

China officially made its commitment to the world that green development and carbon neutrality are the key macro themes in its long-term development. It aims to achieve “carbon neutrality” before 2060 and have carbon dioxide emissions reaching its peak before 2030. On the basis of the proportion of non-fossil energy to total energy consumption reaching approximately 20% in 2025, it further increased to 25% during the 15th Five-year Plan period, achieving carbon neutrality by 2060.

During the 15th Five-Year Plan period, the cumulative reduction of carbon dioxide emissions per unit of GDP is set at 17%, and energy consumption per unit of GDP is expected to decrease by around 10%. As 2026 marks the opening year of the 15th Five-Year Plan, the Government Work Report, for the first time, adjusted the binding indicator from “energy consumption per unit of GDP” to a “reduction of carbon dioxide emissions per unit of GDP by around 3.8%”. This signifies China’s official transition from the era of “dual control of energy consumption” to the era of “dual control of carbon emissions”.

The government is fully implementing the dual-control system for total carbon emissions and intensity, establishing a carbon emission dual-control system primarily focused on intensity control and supplemented by total volume control. It implies that the economic structure will transform towards energy concentration and the efficiency of energy utilization is expected to improve and the energy structure will transform towards low carbon intensity, implementing a ten-year doubling action plan for non-fossil energy.

Meanwhile, with the full implementation of the carbon emission dual-control system during the 15th Five-Year Plan period, the transformation of the energy structure will advance deeply from the supply side to the demand side. The ten-year doubling action plan for non-fossil energy will drive the accelerated penetration of distributed solar power and decentralized wind power on the user side; user-side energy efficiency retrofits and smart energy management systems will be more broadly embedded into industrial, building and residential living scenarios, achieving coordinated interaction among source, grid, load, and storage. With the deepening of power market reforms, distributed energy resources, energy storage and load-side resources will participate more extensively in power market trading and ancillary services, ushering in scale development opportunities for virtual power plants and microgrids. The coordinated linkage among energy rights trading, carbon emission rights trading and green certificate markets will also provide market-based incentives for demand-side energy conservation, carbon reduction and clean energy consumption, promoting the formation of a green and low-carbon production and lifestyle.

During the period, China will continue to "rationally control" the construction scale of coal power projects, promoting the transition of coal power towards supportive and regulating power sources, while simultaneously advancing the green transformation of traditional high-energy-consuming industries such as steel, petrochemicals and building materials. During the 15th Five-Year Plan period, energy-saving and carbon-reduction retrofits in key industries are projected to achieve energy savings equivalent to over 150 million tonnes of standard coal, alongside expanding the coverage of the national carbon emission trading market. In terms of building a new power system, the 15th Five-Year Plan period will promote the large-scale development of new types of energy storage and vigorously develop long-duration energy storage, striving to reach an installed capacity of 300 million kilowatts (kW) for new energy storage by 2030; energy storage will deeply penetrate the user side, integrating with distributed energy and smart energy management systems to form new energy interactive business formats such as integrated solar-storage-charging systems. The National Energy Administration has explicitly pledged to strengthen the smart upgrading of distribution networks, increase their comprehensive hosting capacity for distributed renewable energy, and actively develop localized consumption models such as smart microgrids and source-grid-load-storage integration. At the same time, virtual power plants have entered a critical phase of large-scale development, with their status as independent market entities explicitly clarified at the national level, and national regulating capacity expected to reach over 50 million kilowatts (kW) by 2030; as power marketization reforms deepen, new market entities such as virtual power plants, smart microgrids and flexible loads will flexibly participate in power market trading and ancillary services, while user-side energy efficiency retrofits and smart energy management systems in the industrial, building and residential sectors will achieve broader source-grid-load-storage coordinated interaction. As a crucial path for the digital and intelligent transformation of the energy industry, comprehensive energy services will accelerate development during the 15th Five-Year Plan period; the policies would encourage source-grid-load-storage integration and multi-energy complementary projects, driving the intelligent upgrading of power grid terminal equipment and refined energy-carbon management, with digital twin and artificial intelligence technologies being widely applied in the power grid field, while new business formats, such as virtual power plants, integrated smart energy management platforms and digital carbon management services, are building a full-chain service system covering energy management, market operations and carbon asset development.

China's green development policies will not only bring precious historical opportunities for the development of new energy in China, it will also propel the development of global new energy and its comprehensive utilization. The Company will seize the historical opportunity and, based on its existing photovoltaic power generation business, actively explore fields including energy storage, comprehensive energy services, smart energy management and virtual power plants, grasping the strategic window as energy structure transformation deepens from the supply side to the demand side. The Group has actively initiated layout plans in user-side integrated energy management, smart energy systems and related service sectors, exploring business models for new formats in an effort to cultivate new growth engines for revenue and achieve sustainable business development.

LIQUIDITY AND FINANCIAL RESOURCES

The Group derives fund for operation both from internally generated cash flows and from banks and financial institutions in Hong Kong and PRC. As at 30 June 2026, the Group had cash and bank balances of approximately HK$49,203,000 (31 December 2025: HK$48,102,000) and interest bearing borrowings of approximately HK$707,489,000 (31 December 2025: HK$676,746,000). As at 30 June 2026, total deficit attributable to owners of the Company amounted to approximately HK$1,304,087,000 (31 December 2025: HK$1,251,182,000).

As at 30 June 2026, the Group had net current liabilities of HK$1,610,704,000 (as at 31 December 2025: HK$1,560,563,000) and current ratio (being current assets over current liabilities) of 11.2% (as at 31 December 2025: 10.5%).

On 31 July 2025, the Company entered into the bilateral loan restructuring agreements (the "RA") with independent third parties lenders in the PRC that the outstanding indebtedness, amounting to approximately HK$1,617,171,000, will be repaid by 70% of Surplus Operating Cash Flow for the next 5 years from 1 August 2025. As defined in the RA, "Surplus Operating Cash Flow" denotes the net cash generated from operations (being revenues less operation and maintenance costs, taxes and other necessary expenses) after deduction of maintenance capital expenditures, which represents the amount available for debt servicing.

On 10 April 2026, the Company entered into a Deed of Settlement with Zengreen Innovations Ltd ("Zengreen") regarding the offshore debt. Under the terms of settlement, a repayment schedule has been established, extending the final maturity date of the offshore debt to 2028. Subject to the Group's ongoing compliance with the terms of the Deed of Settlement, Zengreen had also undertaken not to demand repayment or enforce its claims against the Group.

MANAGEMENT'S VIEW ON THE DISCLAIMER OF OPINION

The Company's auditors expressed a disclaimer of opinion ("2025 Disclaimer") on the Company's consolidated financial statements for the year ended 31 December 2025, as the auditors were unable to obtain sufficient and appropriate audit evidence to conclude that the consolidated financial statements could be prepared on a going concern basis.

Measures and Action taken to address the 2025 Disclaimer

(a) Successful negotiation with its creditors to seek extensions of repayment term

The Group entered into a Deed of Settlement with Zengreen regarding the offshore debt. Under the terms of settlement, a repayment schedule has been established, extending the final maturity date of the offshore debt to 2028.

(b) Successful obtaining of other possible financings

The Group obtained a letter of support subsequent to the period ended date. According to the term of the letter of support, a credit facility of up to RMB40 million to support the Group's ongoing operations and working capital requirements.

(c) The successful negotiation on the continued deferred of rental payments and successfully settle the ongoing litigation

Subsequent to the end of the reporting period and after the publication of the 2025 Results Announcement, the Group had entered into a settlement agreement with Hongxiang New Materials Company Limited (the "Hongxiang Litigation") and all claims and counterclaims in relation to the Hongxiang Litigation have been fully and finally resolved, and the parties have agreed that no further claims or disputes shall subsist.

CAPITAL STRUCTURE

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the shareholders of the Company through the optimisation of the debt and equity balance.

The Group monitors capital using a gearing ratio, which is net debt divided by the total equity of the Group. Net debt includes interest-bearing bank and other borrowings less cash and bank balances. The gearing ratio at the end of the reporting period was as follows:

	(Unaudited) 30 June 2026 *HK$'000*	(Audited) 31 December 2025 *HK$'000*
Other borrowings	**707,489**	676,746
Less: cash and bank balances	**(49,203)**	(48,102)
Net debt	**658,286**	628,644
Total deficiency attribute to the owners of the Company	**1,304,087**	1,251,182
Gearing ratio	**N/A**	N/A

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

The Company had not conducted any equity fund raising activities during the period ended 30 June 2026. However, the Group conducted certain financing and refinancing activities as follow:

(i) On 31 July 2025, the Company entered into the bilateral loan restructuring agreements (the "RA") with independent third parties lenders in the PRC that the outstanding indebtedness, amounting to approximately RMB1,460.73 million, will be repaid by 70% of Surplus Operating Cash Flow for the next 5 years from 1 August 2025. The outstanding indebtedness included (i) the other loans of RMB478.00 million with interest-bearing at 7.9% per annum which was repayable in June 2020 and was guaranteed by an independent company and Shanghai Gorgeous Investment Development Company Limited, (ii) the other loan of RMB154.40 million with interest-bearing at 7.00% per annum which were due for repayment in June 2021 and were guaranteed by a subsidiary of the Group and (iii) the loan interest payable of RMB832.33 million. As defined in the RA, "Surplus Operating Cash Flow" denotes the net cash generated from operations (being revenues less operation and maintenance costs, taxes and other necessary expenses) after deduction of maintenance capital expenditures, which represents the amount available for debt servicing. The aggregate amount of the outstanding indebtedness was included in the other borrowings, amounting to approximately HK$707.49 million and loan interest payables, amounting to approximately HK$908.43 million as at 30 June 2026.

    Key terms of the RA are set out as follows:

    (1) Interest waiver: All contractual, overdue, and penalty interest waived from 1 August 2025 onwards.

    (2) Repayment schedule: 70% of Surplus Operating Cash Flow to be applied semi-annually (each 30 June and 31 December) to reduce outstanding principal.

    (3) Term: Five years from 1 August 2025. If debt remains thereafter, conversion into equity of the Company at the prevailing market price, subject to necessary consent and approval from shareholders and regulatory authorities, within 12 months. If conversion proves impracticable, an alternative settlement will be agreed within an additional one-year extension.

(ii) At 30 June 2026, the Group's other loans due to Zengreen Innovations Ltd. of HK$8.2 million were interest-bearing at 8% per annum and repayable on demand.

(iii) The carrying amounts of the borrowings are all denominated in RMB.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its clients.

To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

FOREIGN EXCHANGE EXPOSURE

The Group's businesses are mainly conducted in Renminbi and US dollars. Currently the Group has not implement any foreign currency forward contracts to hedge the Group's exchange rate exposure. However, the Group will consider necessary policies, where needed, to minimise its foreign currency exposure in the future.

EMPLOYEES

As at 30 June 2026, the Group employed approximately 16 (31 December 2025: 16) employees in Hong Kong and the PRC. The Group's remuneration policies are based primarily on the prevailing market rate and the performance of individual employees. Fringe benefits, including Mandatory Provident Fund, medical benefits and training are provided. The Group has also established a discretionary bonus scheme for its management and staff with awards determined annually based upon the performance of the Group and individual employees.

CHARGES OVER ASSETS OF THE GROUP

There is no charge over assets of the Group as at 30 June 2026 (31 December 2025: Nil).

CONTINGENT LIABILITIES

Save as disclosed, the Group had no contingent liabilities as at 30 June 2026.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not carry out any material acquisition and disposal during the period.

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

During the Period, the Group did not have any significant investment, material acquisitions nor disposals of subsidiaries and affiliated companies. There was no plan authorised by the Board for other material investments or additions of capital assets as at the date of this announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this interim report, the Group does not have other plans for material investments or capital assets as at 30 June 2026.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2026.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its the code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the six months ended 30 June 2026.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of all the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code on corporate governance practices.

In the opinion of the directors of the Company, the Company has complied with all code provisions as set out in Part 2 of the CG Code throughout the six months ended 30 June 2026.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2026.

The main duties of the Audit Committee include review of the effectiveness of financial reporting system, internal control systems and risk management system of the Group, review of the Group's financial information and compliance, making recommendation to the Board on the appointment and removal of external auditors and assessing their independence and performance.

The Audit Committee comprises the three independent non-executive Directors, namely Mr. Lo Ka Ki, Mr. Choi Pun Lap and Mr. Pun Hau Man. The chairman of the Audit Committee is Mr. Lo Ka Ki.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2026 (six months ended 30 June 2025: Nil). No dividend was paid during the period under review.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY

The interim results announcement is published on the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at http://www.hkexnews.hk under "Latest Information" and the Company's website at http://www.cse1004.com.

The Company's 2026 interim report containing all the information required under the Listing Rules will be dispatched to the Shareholders and will be published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
China Smarter Energy Group Holdings Limited
Mr. Chen Xiaxuan
Chairman and Executive Director

Hong Kong, 28 August 2026

As at the date of this announcement, Mr. Chen Xiaxuan, Mr. Bo Dateng and Ms. Han Yuxuan are the executive directors of the Company; and Mr. Lo Ka Ki, Mr. Choi Pun Lap and Mr. Pun Hau Man are the independent non-executive directors of the Company.

* *For identification purposes only*