



中国科技产业集团有限公司  
CHINA TECHNOLOGY INDUSTRY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8111)



Interim  
Report  
2023

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (“STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors (“**Directors**”) of China Technology Industry Group Limited (“**Company**” together with its subsidiaries, the “**Group**”), collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## INTERIM RESULTS HIGHLIGHTS

The loss attributable to owners of the Company for the six months ended 30 September 2023 (“**2023-1H**”) was approximately RMB11.0 million (loss attributable to owners of the Company for the six months ended 30 September 2022 (“**2022-1H**”): approximately RMB7.2 million).

The Group recorded no revenue for 2023-1H, representing a decrease of approximately 100.0 per cent. as compared with approximately RMB42.5 million recorded for 2022-1H.

The Group recorded no gross profit margin for 2023-1H, as compared to approximately 5.2 per cent. for 2022-1H.

Basic loss per share for 2023-1H was approximately RMB2.45 cents (2022-1H: basic loss per share of approximately RMB1.61 cents).

The Directors do not recommend the payment of a dividend for 2023-1H (2022-1H: Nil).

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Six Months Ended 30 September 2023

|   | Notes | Three months ended 30 September |                                | Six months ended 30 September  |                                |
|---|-------|---------------------------------|--------------------------------|--------------------------------|--------------------------------|
|   |       | 2023<br>RMB'000<br>(Unaudited)  | 2022<br>RMB'000<br>(Unaudited) | 2023<br>RMB'000<br>(Unaudited) | 2022<br>RMB'000<br>(Unaudited) |
| Revenue   | 3     | –                               | 15,603                         | –                              | 42,510                         |
| Cost of sales   |       | –                               | (14,223)                       | –                              | (40,293)                       |
| Gross profit  |       | –                               | 1,380                          | –                              | 2,217                          |
| Other revenue – bank interest income                        |       | 2                               | 1                              | 5                              | 4                              |
| Other losses and gains                                      | 5     | (97)                            | (1,812)                        | (1,277)                        | (3,082)                        |
| Selling expenses  |       | –                               | (11)                           | –                              | (67)                           |
| Administrative expenses                                     |       | (3,721)                         | (2,861)                        | (6,347)                        | (4,629)                        |
| Finance costs   | 6     | (1,754)                         | (623)                          | (3,348)                        | (1,176)                        |
| Loss before tax   | 7     | (5,570)                         | (3,926)                        | (10,967)                       | (6,733)                        |
| Income tax expense  | 8     | –                               | –                              | –                              | (463)                          |
| <b>Loss for the period</b>                                  |       | <b>(5,570)</b>                  | <b>(3,926)</b>                 | <b>(10,967)</b>                | <b>(7,196)</b>                 |
| <b>Total comprehensive expense for the period</b>           |       | <b>(5,570)</b>                  | <b>(3,926)</b>                 | <b>(10,967)</b>                | <b>(7,196)</b>                 |
| Loss for the period attributable to:                        |       |                                 |                                |                                |                                |
| Owners of the Company                                       |       | (5,570)                         | (3,926)                        | (10,967)                       | (7,196)                        |
| Total comprehensive expense for the period attributable to: |       |                                 |                                |                                |                                |
| Owners of the Company                                       |       | (5,570)                         | (3,926)                        | (10,967)                       | (7,196)                        |
| Dividend  | 9     | –                               | –                              | –                              | –                              |
|   |       | RMB cents                       | RMB cents                      | RMB cents                      | RMB cents                      |
| <b>Loss per share</b>                                       | 10    |                                 |                                |                                |                                |
| Basic (RMB cents)   |       | (1.24)                          | (0.88)                         | (2.45)                         | (1.61)                         |
| Diluted (RMB cents)   |       | (1.24)                          | (0.88)                         | (2.45)                         | (1.61)                         |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

|  | <i>Notes</i> | <b>30 September<br/>2023<br/>RMB'000<br/>(Unaudited)</b> | 31 March<br>2023<br>RMB'000<br>(Audited) |
|--|--------------|--|--|
| <b>Non-current assets</b>                    |              |  |  |
| Property and equipment                       | 11           | 10,281   | 1,235                                    |
| Right-of-use assets                          | 12           | 17,960   | 18,378                                   |
| Goodwill                                     |              | –  | –  |
| Rental deposit                               |              | 216  | 216                                      |
|  |              | <b>28,457</b>  | 19,829                                   |
| <b>Current assets</b>                        |              |  |  |
| Account receivables                          | 13           | 97,184   | 112,384                                  |
| Other receivables, deposits and prepayments  |              | 7,036  | 6,411                                    |
| Bank balances and cash                       |              | 2,936  | 3,421                                    |
|  |              | <b>107,156</b>   | 122,216                                  |
| <b>Current liabilities</b>                   |              |  |  |
| Account payables                             | 14           | 2,512  | 6,266                                    |
| Other payables and accruals                  |              | 22,340   | 23,381                                   |
| Other loans                                  | 15           | 33,794   | 27,887                                   |
| Convertible bonds                            | 16           | 27,502   | 23,858                                   |
| Tax payable                                  |              | 184  | 184                                      |
| Lease liabilities                            |              | 660  | 593                                      |
|  |              | <b>86,992</b>  | 82,169                                   |
| <b>Net current assets</b>                    |              |  |  |
|  |              | <b>20,164</b>  | 40,047                                   |
| <b>Total assets less current liabilities</b> |              |  |  |
|  |              | <b>48,621</b>  | 59,876                                   |
| <b>Non-current liability</b>                 |              |  |  |
| Lease liabilities                            |              | 138  | 426                                      |
|  |              | <b>138</b>   | 426                                      |
| <b>Net assets</b>                            |              |  |  |
|  |              | <b>48,483</b>  | 59,450                                   |
| <b>Capital and reserves</b>                  |              |  |  |
| Share capital                                | 17           | 189,876  | 189,876                                  |
| Reserves                                     |              | (141,393)  | (130,426)                                |
| Equity attributable to owners of the Company |              | <b>48,483</b>  | 59,450                                   |
| Non-controlling interests                    |              | –  | –  |
| <b>Total equity</b>                          |              |  |  |
|  |              | <b>48,483</b>  | 59,450                                   |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Six Months Ended 30 September 2023

|   | Attributable to owners of the Company |               |  |                  |                                     |                    | Total    |
|---|---------------------------------------|---------------|--|------------------|-------------------------------------|--------------------|----------|
|   | Share capital                         | Share premium | Reserve arising from reorganisation (Note a) | Exchange reserve | Equity transaction reserve (Note b) | Accumulated losses |          |
|   | RMB'000                               | RMB'000       | RMB'000                                      | RMB'000          | RMB'000                             | RMB'000            |          |
| At 1 April 2022                                     | 189,876                               | 120,291       | (20,484)                                     | 156              | (11,210)                            | (194,039)          | 84,590   |
| Loss and total comprehensive expense for the period | -                                     | -             | -  | -                | -                                   | (7,196)            | (7,196)  |
| At 30 September 2022                                | 189,876                               | 120,291       | (20,484)                                     | 156              | (11,210)                            | (201,235)          | 77,394   |
| At 1 April 2023                                     | 189,876                               | 120,291       | (20,484)                                     | 156              | (11,210)                            | (219,179)          | 59,450   |
| Loss and total comprehensive expense for the period | -                                     | -             | -  | -                | -                                   | (10,967)           | (10,967) |
| At 30 September 2023                                | 189,876                               | 120,291       | (20,484)                                     | 156              | (11,210)                            | (230,146)          | 48,483   |

Notes:

(a) Reserve arising from reorganisation

The reserve arising from reorganisation represents the difference between the nominal value of the share capital of subsidiaries acquired and the cost of investments in these subsidiaries made by the Company in exchange thereof, and has been debited to the reserve of the Group.

(b) Equity transaction reserve

The equity transaction reserve represents the effect of changes in the Group's ownership interests in existing subsidiaries without losing control and the consideration to be issued for the aforementioned transaction in prior year.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For The Six Months Ended 30 September 2023

|  | Six months ended 30 September  |                                |
|--|--------------------------------|--------------------------------|
|  | 2023<br>RMB'000<br>(Unaudited) | 2022<br>RMB'000<br>(Unaudited) |
| <b>OPERATING ACTIVITIES</b>                          |                                |                                |
| NET CASH FROM OPERATING ACTIVITIES                   | 4,267                          | 13,189                         |
| <b>INVESTING ACTIVITY</b>                            |                                |                                |
| Interest received                                    | 5                              | 4                              |
| Purchase of land use right                           | –                              | (19,283)                       |
| Payment for construction-in-progress                 | (9,046)                        | –                              |
| NET CASH USED IN INVESTING ACTIVITY                  | (9,041)                        | (19,279)                       |
| <b>FINANCING ACTIVITIES</b>                          |                                |                                |
| Raise of other loans                                 | 4,697                          | 3,573                          |
| Interest paid  | –                              | (9)                            |
| Repayments of lease liabilities                      | (408)                          | (447)                          |
| Repayment from a related party                       | –                              | 671                            |
| NET CASH FROM FINANCING ACTIVITIES                   | 4,289                          | 3,788                          |
| NET DECREASE IN CASH AND CASH EQUIVALENTS            | (485)                          | (2,302)                        |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | 3,421                          | 4,037                          |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD       | 2,936                          | 1,735                          |
| Represented by:                                      |                                |                                |
| Bank balances and cash                               | 2,936                          | 1,735                          |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For The Six Months Ended 30 September 2023

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Rules”).

## 2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation used in the condensed consolidated financial statements for 2023-1H are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2023.

### **APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2023 for the preparation of the Group’s condensed consolidated financial statements:

|  |  |
|--|--|
| HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17) | Insurance Contracts  |
| Amendments to HKAS 1 and HKFRS Practice Statement 2                            | Disclosure of Accounting Policies  |
| Amendments to HKAS 8   | Definition of Accounting Estimates   |
| Amendments to HKAS 12  | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |

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

## 3. REVENUE

### **Disaggregation of revenue**

|                                      | Three months ended 30 September |                                | Six months ended 30 September  |                                |
|--------------------------------------|---------------------------------|--------------------------------|--------------------------------|--------------------------------|
|                                      | 2023<br>RMB’000<br>(Unaudited)  | 2022<br>RMB’000<br>(Unaudited) | 2023<br>RMB’000<br>(Unaudited) | 2022<br>RMB’000<br>(Unaudited) |
| <b>Types of goods or services</b>    |                                 |                                |                                |                                |
| Sales of renewable energy products   | –                               | 15,603                         | –                              | 42,510                         |
| <b>Timing of revenue recognition</b> |                                 |                                |                                |                                |
| A point in time                      | –                               | 15,603                         | –                              | 42,510                         |



## 4. OPERATING SEGMENTS

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

- (a) Sales of renewable energy products; and
- (b) Rendering of new energy power system integration services.

### SEGMENT REVENUE AND RESULTS

The following is an analysis of the Group's revenue and results by reportable segments:

#### Six months ended 30 September 2023

|                                    | Sales of<br>renewable<br>energy<br>products<br>RMB'000<br>(Unaudited) | Rendering of<br>new energy<br>power system<br>integration<br>services<br>RMB'000<br>(Unaudited) | Unallocated<br>RMB'000<br>(Unaudited) | Total<br>RMB'000<br>(Unaudited) |
|------------------------------------|---|---|---------------------------------------|---------------------------------|
| Revenue from external customers    | -   | -   | -                                     | -                               |
| Segment loss                       | (3,027)   | -   | (79)                                  | (3,106)                         |
| Unallocated other gains and losses |   |   |                                       | (1,277)                         |
| Unallocated expenses               |   |   |                                       | (3,236)                         |
| Finance costs                      |   |   |                                       | (3,348)                         |
| Loss before tax                    |   |   |                                       | (10,967)                        |
| Income tax expense                 |   |   |                                       | -                               |
| Loss for the period                |   |   |                                       | (10,967)                        |

#### Six months ended 30 September 2022

|                                    | Sales of<br>renewable<br>energy<br>products<br>RMB'000<br>(Unaudited) | Rendering of<br>new energy<br>power system<br>integration<br>services<br>RMB'000<br>(Unaudited) | Unallocated<br>RMB'000<br>(Unaudited) | Total<br>RMB'000<br>(Unaudited) |
|------------------------------------|---|---|---------------------------------------|---------------------------------|
| Revenue from external customers    | 42,510  | -   | -                                     | 42,510                          |
| Segment profit (loss)              | 958   | -   | (51)                                  | 907                             |
| Unallocated other losses and gains |   |   |                                       | (3,082)                         |
| Unallocated expenses               |   |   |                                       | (3,382)                         |
| Finance costs                      |   |   |                                       | (1,176)                         |
| Loss before tax                    |   |   |                                       | (6,733)                         |
| Income tax expense                 |   |   |                                       | (463)                           |
| Loss for the period                |   |   |                                       | (7,196)                         |

## 4. OPERATING SEGMENTS *(continued)*

### SEGMENT ASSETS AND LIABILITIES

The following is an analysis of the Group's assets and liabilities by reportable segments:

As at 30 September 2023

|  | Sales of<br>renewable<br>energy<br>products<br>RMB'000<br>(Unaudited) | Rendering of<br>new energy<br>power system<br>integration<br>services<br>RMB'000<br>(Unaudited) | Unallocated<br>RMB'000<br>(Unaudited) | Total<br>RMB'000<br>(Unaudited) |
|--|---|---|---------------------------------------|---------------------------------|
| Segment assets   | 84,701  | 49,552  | 90                                    | 134,343                         |
| Property and equipment (for corporate)                         |   |   |                                       | 29                              |
| Right-of-use assets (for corporate)                            |   |   |                                       | 810                             |
| Rental deposit (for corporate)                                 |   |   |                                       | 216                             |
| Other receivables, deposits and prepayments<br>(for corporate) |   |   |                                       | -                               |
| Bank balances and cash (for corporate)                         |   |   |                                       | 215                             |
| Total assets   |   |   |                                       | 135,613                         |
| Segment liabilities  | 4,950   | 110   | 1,494                                 | 6,554                           |
| Other payables and accruals (for corporate)                    |   |   |                                       | 18,482                          |
| Other loans (for corporate)                                    |   |   |                                       | 33,794                          |
| Lease liabilities (for corporate)                              |   |   |                                       | 798                             |
| Convertible bonds (for corporate)                              |   |   |                                       | 27,502                          |
| Total liabilities  |   |   |                                       | 87,130                          |

#### 4. OPERATING SEGMENTS *(continued)*

##### SEGMENT ASSETS AND LIABILITIES *(continued)*

As at 31 March 2023

|  | Sales of<br>renewable<br>energy<br>products<br>RMB'000<br>(Audited) | Rendering of<br>new energy<br>power system<br>integration<br>services<br>RMB'000<br>(Audited) | Unallocated<br>RMB'000<br>(Audited) | Total<br>RMB'000<br>(Audited) |
|--|---|---|-------------------------------------|-------------------------------|
| Segment assets   | 90,183  | 49,951  | 92                                  | 140,226                       |
| Property and equipment (for corporate)                         |   |   |                                     | 29                            |
| Right-of-use assets (for corporate)                            |   |   |                                     | 1,051                         |
| Rental deposit (for corporate)                                 |   |   |                                     | 216                           |
| Other receivables, deposits and<br>prepayments (for corporate) |   |   |                                     | 196                           |
| Bank balances and cash (for corporate)                         |   |   |                                     | 327                           |
| <b>Total assets</b>  |   |   |                                     | <b>142,045</b>                |
| Segment liabilities  | 5,392   | 1,175   | 1,494                               | 8,061                         |
| Other payables and accruals (for corporate)                    |   |   |                                     | 21,770                        |
| Other loans (for corporate)                                    |   |   |                                     | 27,887                        |
| Lease liabilities (for corporate)                              |   |   |                                     | 1,019                         |
| Convertible bonds (for corporate)                              |   |   |                                     | 23,858                        |
| <b>Total liabilities</b>                                       |   |   |                                     | <b>82,595</b>                 |

For the purpose of monitoring segment performances and allocating resources among segments:

- all assets are allocated to operating segments, other than corporate assets of the management companies and investment holding companies such as property and equipment, right-of-use assets, rental deposit, other receivables, deposits and prepayments, and bank balances and cash; and
- all liabilities are allocated to operating segments, other than corporate liabilities of the management companies and investment holding companies, such as other payables and accruals, other loans, lease liabilities and convertible bonds for corporate.

## 5. OTHER LOSSES AND GAINS

|                              | Three months<br>ended 30 September |                                | Six months<br>ended 30 September |                                |
|------------------------------|------------------------------------|--------------------------------|----------------------------------|--------------------------------|
|                              | 2023<br>RMB'000<br>(Unaudited)     | 2022<br>RMB'000<br>(Unaudited) | 2023<br>RMB'000<br>(Unaudited)   | 2022<br>RMB'000<br>(Unaudited) |
| Foreign exchange (loss) gain | (97)                               | (1,819)                        | (1,277)                          | (3,123)                        |
| Miscellaneous income         | –                                  | 7                              | –                                | 41                             |
|                              | <b>(97)</b>                        | <b>(1,812)</b>                 | <b>(1,277)</b>                   | <b>(3,082)</b>                 |

## 6. FINANCE COSTS

|  | Three months<br>ended 30 September |                                | Six months<br>ended 30 September |                                |
|--|------------------------------------|--------------------------------|----------------------------------|--------------------------------|
|  | 2023<br>RMB'000<br>(Unaudited)     | 2022<br>RMB'000<br>(Unaudited) | 2023<br>RMB'000<br>(Unaudited)   | 2022<br>RMB'000<br>(Unaudited) |
| Effective interest on<br>convertible bonds | 1,083                              | 216                            | 2,086                            | 420                            |
| Interest on other loans                    | 640                                | 404                            | 1,210                            | 747                            |
| Interest on lease liabilities              | 31                                 | 3                              | 52                               | 9                              |
|  | <b>1,754</b>                       | <b>623</b>                     | <b>3,348</b>                     | <b>1,176</b>                   |

## 7. LOSS BEFORE TAX

Loss before tax has been arrived at after charging (crediting):

|  | Three months<br>ended 30 September |                                | Six months<br>ended 30 September |                                |
|--|------------------------------------|--------------------------------|----------------------------------|--------------------------------|
|  | 2023<br>RMB'000<br>(Unaudited)     | 2022<br>RMB'000<br>(Unaudited) | 2023<br>RMB'000<br>(Unaudited)   | 2022<br>RMB'000<br>(Unaudited) |
| Cost of inventories recognised as<br>expenses    | –                                  | 14,223                         | –                                | 40,293                         |
| Depreciation of property<br>and equipment        | –                                  | 53                             | –                                | 106                            |
| Depreciation of right-of-use assets              | 257                                | 300                            | 513                              | 600                            |
| Short-term lease payments                        | 6                                  | 6                              | 12                               | 12                             |
| Staff costs (including directors'<br>emoluments) |                                    |                                |                                  |                                |
| – Salaries and other benefits                    | 1,200                              | 1,054                          | 2,400                            | 2,107                          |
| – Retirement benefit scheme<br>contributions     | 18                                 | 14                             | 35                               | 27                             |

## 8. INCOME TAX EXPENSE

|  | Three months<br>ended 30 September |                                | Six months<br>ended 30 September |                                |
|--|------------------------------------|--------------------------------|----------------------------------|--------------------------------|
|  | 2023<br>RMB'000<br>(Unaudited)     | 2022<br>RMB'000<br>(Unaudited) | 2023<br>RMB'000<br>(Unaudited)   | 2022<br>RMB'000<br>(Unaudited) |
| Current tax  |                                    |                                |                                  |                                |
| – People's Republic of China<br>("PRC") Enterprise<br>Income Tax | –                                  | –                              | –                                | 463                            |
|  | –                                  | –                              | –                                | 463                            |

No provision for Hong Kong Profits Tax has been made as there is no assessable profit for the subsidiaries operating in Hong Kong during the six months ended 30 September 2023 (2022-1H: nil).

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI for the six months ended 30 September 2023 (2022-1H: nil).

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods, except for certain subsidiaries of the Group in the PRC are under the Western China Development Plan, and were approved to enjoy the preferential tax rate of 15% in accordance with the EIT Law and relevant regulations for the six months ended 30 September 2022 and 2023.

On 18 January 2019, the Ministry of Finance in the PRC issued notice no. 13 on the Implementation of Inclusive Tax Reduction Policies for Small and Micro Enterprises. Corporations with annual taxable income of less than RMB3 million are qualified for this tax concession. The first RMB1 million of annual taxable income of the qualifying corporation will be taxed at 5%, and further RMB2 million annual taxable income will be taxed at 10%. Certain subsidiaries of the Group in the PRC are entitled to this tax concession during the six months ended 30 September 2022 and 2023.

## 9. DIVIDENDS

No dividends were paid, declared or proposed during the interim period (2022-1H: nil).

## 10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

|   | Three months<br>ended 30 September |                                | Six months<br>ended 30 September |                                |
|---|------------------------------------|--------------------------------|----------------------------------|--------------------------------|
|   | 2023<br>RMB'000<br>(Unaudited)     | 2022<br>RMB'000<br>(Unaudited) | 2023<br>RMB'000<br>(Unaudited)   | 2022<br>RMB'000<br>(Unaudited) |
| <b>Loss</b>   |                                    |                                |                                  |                                |
| Loss for the period attributable to the owners of the Company | (5,570)                            | (3,926)                        | (10,967)                         | (7,196)                        |

|                        | Three months<br>ended 30 September |                                  | Six months<br>ended 30 September |                                  |
|------------------------|------------------------------------|----------------------------------|----------------------------------|----------------------------------|
|                        | 2023<br>RMB cents<br>(Unaudited)   | 2022<br>RMB cents<br>(Unaudited) | 2023<br>RMB cents<br>(Unaudited) | 2022<br>RMB cents<br>(Unaudited) |
| Basic loss per share   | (1.24)                             | (0.88)                           | (2.45)                           | (1.61)                           |
| Diluted loss per share | (1.24)                             | (0.88)                           | (2.45)                           | (1.61)                           |

|  | Three months<br>ended 30 September |                             | Six months<br>ended 30 September |                             |
|--|------------------------------------|-----------------------------|----------------------------------|-----------------------------|
|  | 2023<br>'000<br>(Unaudited)        | 2022<br>'000<br>(Unaudited) | 2023<br>'000<br>(Unaudited)      | 2022<br>'000<br>(Unaudited) |
| <b>Number of shares</b>  |                                    |                             |                                  |                             |
| Weighted average number of ordinary shares for the purpose of basic loss per share   | 448,177                            | 448,177                     | 448,177                          | 448,177                     |
| Weighted average number of ordinary shares for the purpose of diluted loss per share | 448,177                            | 448,177                     | 448,177                          | 448,177                     |

Outstanding convertible bonds of the Company are anti-dilutive since their exercise or conversion would result in a decrease in basic loss per share for 2023-1H and 2022-1H.

## 11. PROPERTY AND EQUIPMENT

During the period under review, the Group had made payment for construction-in-progress of approximately RMB9,046,000 (2022-1H: RMB296,000).

## 12. RIGHT-OF-USE ASSETS

|                            | <b>As at<br/>30 September<br/>2023<br/>RMB'000<br/>(Unaudited)</b> | As at<br>31 March<br>2023<br>RMB'000<br>(Audited) |
|----------------------------|--|---|
| Land use right (note a)    | <b>17,150</b>  | 17,327  |
| Leased properties (note b) | <b>810</b>   | 1,051   |
|                            | <b>17,960</b>  | 18,378  |

notes:

- a. During the year ended 31 March 2023, the Group acquired a land use right with a term of 50 years at a total consideration of approximately RMB17.68 million (including direct costs of RMB680,000) and recognised as a right-of-use asset. No lease liability is recognised for the land use right as all the lease payments for the land use rights are paid before the commencement of lease.
- b. The Group leases various offices for its operations. Lease contracts are entered into for fixed term of 2 years to 3 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

### 13. ACCOUNT RECEIVABLES

|   | <b>As at<br/>30 September<br/>2023<br/>RMB'000<br/>(Unaudited)</b> | As at<br>31 March<br>2023<br>RMB'000<br>(Audited) |
|---|--|---|
| Receivables at amortised cost comprise:               |  |   |
| Account receivables – contracts with customers        | <b>129,296</b>   | 144,496   |
| Less: allowance for impairment of account receivables | <b>(32,112)</b>  | (32,112)  |
|   | <b>97,184</b>  | 112,384   |

Notes:

As at 30 September 2023, account receivables from contracts with customers amounted to RMB97,184,000 (31 March 2023: RMB112,384,000). As at 30 September 2023, account receivables included RMB41,400,000 (31 March 2023: RMB56,600,000) due from a related company controlled by Mr. Huang Yuan Ming, the son of Mr. Huang Bo, a shareholder of the Company.

The Group does not hold any collateral over these balances.

The Group generally allows an average credit period of 180 days (31 March 2023: 180 days) to its trade customers. The following is an aged analysis of account receivables, net of allowance for impairment, presented based on dates of delivery of goods/the invoice dates:

|                | <b>As at<br/>30 September<br/>2023<br/>RMB'000<br/>(Unaudited)</b> | As at<br>31 March<br>2023<br>RMB'000<br>(Audited) |
|----------------|--|---|
| 0 to 90 days   | –  | –   |
| 91 to 180 days | –  | –   |
| Over 180 days  | <b>97,184</b>  | 112,384   |
|                | <b>97,184</b>  | 112,384   |



## 14. ACCOUNT PAYABLES

The following is an aged analysis of account payables presented based on the invoice dates.

|                | <b>As at<br/>30 September<br/>2023<br/>RMB'000<br/>(Unaudited)</b> | As at<br>31 March<br>2023<br>RMB'000<br>(Audited) |
|----------------|--|---|
| 0 to 90 days   | –  | –   |
| 91 to 180 days | –  | –   |
| Over 180 days  | <b>2,512</b>   | 6,266   |
|                | <b>2,512</b>   | 6,266   |

The credit period is generally 90 to 180 days and certain suppliers allowed a longer credit period on a case-by-case basis.

## 15. OTHER LOANS

|   | <b>As at<br/>30 September<br/>2023<br/>RMB'000<br/>(Unaudited)</b> | As at<br>31 March<br>2023<br>RMB'000<br>(Audited) |
|---|--|---|
| Loans from directors (note (a))                             | <b>12,180</b>  | 7,412   |
| Loan from a close family member of a shareholder (note (b)) | <b>21,614</b>  | 20,475  |
| <b>Total – current liabilities</b>                          | <b>33,794</b>  | 27,887  |

Notes:

- (a) The loans were advanced from the following executive directors:

|                                | <b>As at<br/>30 September<br/>2023<br/>RMB'000<br/>(Unaudited)</b> | As at<br>31 March<br>2023<br>RMB'000<br>(Audited) |
|--------------------------------|--|---|
| Mr. Tse Man Kit Keith (note i) | <b>2,215</b>   | –   |
| Mr. Chiu Tung Ping (note ii)   | <b>9,965</b>   | 7,412   |
|                                | <b>12,180</b>  | 7,412   |

- (i) The amount is interest bearing at a fixed interest rate of 12% per annum, unsecured and repayable on demand.
- (ii) The amount is non-interest bearing, unsecured and repayable on demand.
- (b) The loan was advanced from Mr. Huang Yuan Ming, the son of Mr. Huang Bo, a shareholder of the Company. The loan is interest bearing at a fixed interest rate at 12% per annum, unsecured and repayable on demand.

## 16. CONVERTIBLE BONDS

### 2022 CONVERTIBLE BONDS (the "2022 CB")

On 30 September 2022, the Company and an individual bond holder (the "Bondholder C") entered into the subscription agreement regarding the redemption of the 2021 Convertible Bonds, pursuant to which the Bondholder C has conditionally agreed to subscribe for and the Company has conditionally agreed to issue a zero coupon convertible bonds in the principal amount of HK\$32,000,000 (equivalent to RMB28,035,000) at the initial conversion price of HK\$2.5 per conversion share and the maturity date of the 2022 convertible bonds ("2022 CB") is on 1 April 2024.

Based on the initial conversion price of HK\$2.5 per conversion share, a total of 12,800,000 conversion shares will be allotted and issued upon exercise of the conversion rights attaching to the 2022 CB in full, which represent approximately 2.86% of the existing issued share capital of the Company and approximately 2.78% of the issued share capital of the Company as enlarged by the allotment and issue of the conversion shares.

All conditions of the subscription agreement have been fulfilled and completion of the subscription took place on 21 October 2022 in accordance with the terms and conditions thereof. The 2022 CB in the principal amount of HK\$32,000,000 have been issued to (the "Bondholder C"). For details, please refer to the Company's announcement dated 21 October 2022.

The 2022 CB comprises two components:

- Debt component was initially measured at fair value amounted to approximately HK\$25,370,000 (equivalent to approximately RMB23,350,000). The effective interest rate of the liability component on initial recognition was 17.42% per annum.
- Derivative component comprises conversion right of the bondholder. It is subsequently measured at fair value. The fair value of the liability component of the convertible bonds at the issue date was valued by an independent professional valuer determined based on the present value of the estimated future cash outflows discounted at the prevailing market rate for an equivalent non-convertible loan.

The fair value of the liability component of the convertible bonds at the issue date was valued by an independent professional valuer determined based on the present value of the estimated future cash outflows discounted at the prevailing market rate for an equivalent non-convertible loan.

|  | Debt component |               | Derivative component* |          | Total         |               |
|--|----------------|---------------|-----------------------|----------|---------------|---------------|
|  | HK\$'000       | RMB'000       | HK\$'000              | RMB'000  | HK\$'000      | RMB'000       |
| 2022 Convertible Bonds issued on<br>21 October 2022 regarding 2021<br>Convertible Bonds Redemption | 25,371         | 23,348        | -                     | -        | 25,371        | 23,348        |
| Interest charge  | 1,861          | 1,662         | -                     | -        | 1,861         | 1,662         |
| Exchange gain  | -              | (1,152)       | -                     | -        | -             | (1,152)       |
| <b>As at 31 March 2023</b>   | <b>27,232</b>  | <b>23,858</b> | <b>-</b>              | <b>-</b> | <b>27,232</b> | <b>23,858</b> |
| Interest charge  | 2,281          | 2,086         | -                     | -        | 2,281         | 2,086         |
| Exchange loss  | -              | 1,558         | -                     | -        | -             | 1,558         |
| <b>As at 30 September 2023</b>   | <b>29,513</b>  | <b>27,502</b> | <b>-</b>              | <b>-</b> | <b>29,513</b> | <b>27,502</b> |

\* Less than HK\$1,000 and RMB1,000

## 17. SHARE CAPITAL

|  | Number of<br>shares<br>'000                             | Share capital<br>HK\$'000                         |
|--|---|---|
| <b>Ordinary shares of HK\$0.5 each</b>   |   |   |
| <b>Authorised</b>  |   |   |
| At 31 March 2023 (audited), 1 April 2023 and<br>At 30 September 2023 (unaudited) | 1,000,000   | 500,000   |
|  | Number of<br>shares<br>'000                             | Share capital<br>HK\$'000                         |
| <b>Issued and fully paid</b>   |   |   |
| At 31 March 2023 (audited), 1 April 2023 and<br>At 30 September 2023 (unaudited) | 448,177   | 224,088   |
|  | As at<br>30 September<br>2023<br>RMB'000<br>(Unaudited) | As at<br>31 March<br>2023<br>RMB'000<br>(Audited) |
| Presented in the condensed consolidated financial statements                     | <b>189,876</b>  | 189,876   |

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group was principally engaged in (i) the sales of renewable energy products; and (ii) rendering of new energy power system integration services in the People's Republic of China ("**PRC**" or "**China**") during the six months ended 30 September 2023.

The Group recorded a loss attributable to owners of the Company of approximately RMB11.0 million for the six months ended 30 September 2023 (2022-1H: loss attributable to owners of the Company of approximately RMB7.2 million), which was mainly attributable to the fact that the Group recorded no revenue during the six months ended 30 September 2023.

The Group recorded no revenue for the six months ended 30 September 2023, representing a decrease of 100.0 per cent as compared with approximately RMB42.5 million recorded for the six months ended 30 September 2022. Given the removal of COVID-19 restrictions in the PRC in early 2023, the management of the Company has been actively seeking new business opportunities. The Group is in the process of negotiating new photovoltaic and wind power projects in different regions of the PRC. In particular, as disclosed in the announcement of the Company dated 22 September 2023, on the same date, Sanmenxia Baike New Energy Co., Ltd.\* (三門峽百科新能源有限公司) ("**Sanmenxia Baike**"), an indirect wholly-owned subsidiary of the Company entered into a cooperation agreement ("**Cooperation Agreement**") with its project partner (the "**Project Partner**") in relation to the construction and operation of different power plants in the PRC. The Cooperation Agreement serves as a term sheet for the strategic cooperation between the Project Partner and Sanmenxia Baike, and is not legally binding. The Group is actively working to finalise a legally binding energy management contract with the Project Partner. If a legally binding agreement is entered into, the Power Plants will be a significant project for the Company – it is estimated that the total investment amount will be approximately RMB2.061 billion, and will continue to generate revenue for the Group in the coming years. For further details, please refer to the announcement of the Company dated 22 September 2023 and the sections headed "EVENTS OCCURRED DURING THE PERIOD UNDER REVIEW" and "BUSINESS PROSPECT AND FUTURE PLANS" in this report.

The Group recorded no gross profit for the six months ended 30 September 2023, as compared to the gross profit margin of approximately 5.2 per cent for the six months ended 30 September 2022.

There were no selling expenses incurred by the Group for the six months ended 30 September 2023 (2022-1H: approximately RMB67,000), representing a decrease of 100.0 per cent, primarily due to the effective control on selling expenses by the Group.

Administrative expenses incurred by the Group for the six months ended 30 September 2023 amounted to approximately RMB6.3 million (2022-1H: approximately RMB4.6 million), representing an increase of approximately 37.1 per cent; the increase is mainly due to the withholding tax of RMB800,000 incurred in dividend payment from a subsidiary in the PRC to a subsidiary in Hong Kong for operating use during the six months ended 30 September 2023.

Basic loss per share was approximately RMB2.45 cents for the six months ended 30 September 2023, as compared with the basic loss per share of approximately RMB1.61 cents for the six months ended 30 September 2022.

## **SALES OF RENEWABLE ENERGY PRODUCTS**

The business of sales of renewable energy products business mainly involves the research, development and sales of photovoltaic mounting brackets, solar trackers, guardrails of solar power stations, solar power related products, and towers for wind turbines. In conjunction, the Group also provides, in some cases, (i) certain technology consultation services with respect to the photovoltaic mounting brackets that it sells (including photovoltaic mounting bracket design services), (ii) certain on-site services (including assisting customers on site with unloading goods, collecting products, stock-taking, final testing products before acceptance), and (iii) technical services for the wind turbine towers products (including technical advice, support and trainings).

There was no revenue generated from the sales of renewable energy products for the six months ended 30 September 2023 (2022-1H: approximately RMB42.5 million).

## **RENDERING OF NEW ENERGY POWER SYSTEM INTEGRATION SERVICES**

The business of rendering of new energy power system integration services mainly involves acting as the contractor of its customers' new power station projects, helping its customers integrate their equipment, functions and information into a connected, unified and coordinated system. The Group is also responsible for making project design proposals, conducting site visits, procuring construction materials, carrying out construction work, and assisting in operation trials. The Group also offers subsequent system management services to its customers' new energy power stations.

There was no revenue generated from the rendering of new energy power system integration services during the six months ended 30 September 2023 (2022-1H: Nil).

## **SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES**

There were no significant investments or material acquisition or disposal of subsidiaries by the Group during the period under review.

## FINANCIAL REVIEW

### LIQUIDITY, FINANCIAL RESOURCES AND TREASURY POLICIES

As at 30 September 2023, the Group had cash and bank balances denominated in Hong Kong dollars, Renminbi and United States dollars amounting to a total of approximately RMB2.9 million (31 March 2023: approximately RMB3.4 million). The Group had no outstanding bank overdraft as at 30 September 2023 (31 March 2023: Nil).

As at 30 September 2023, the Group had other loans amounting to (i) approximately RMB2.2 million (31 March 2023: approximately RMB Nil) that was due to an executive Director, Mr. Tse Man Kit Keith; and approximately RMB21.6 million (31 March 2023: approximately RMB20.5 million) that was from Mr. Huang Yuan Ming, the son of Mr. Huang Bo, a shareholder of the Company, which were interest bearing at 12% per annum, unsecured and repayable on demand; and (ii) approximately RMB10.0 million (31 March 2023: approximately RMB7.4 million) that was due to an executive Director, Mr. Chiu Tung Ping, which was unsecured, non-interest bearing and had no fixed term of repayment.

The Group financed its operations by internally generated cash flows and borrowings.

During the period under review, the Group did not use any financial instrument for hedging purpose and did not have any outstanding hedging instrument as at 30 September 2023.

### BANKING FACILITIES

As at 30 September 2023, the Group did not have any banking facilities (31 March 2023: Nil).

### CURRENT RATIO

As at 30 September 2023, the Group's current ratio, represented by a ratio of current assets to current liabilities, was approximately 1.2 (31 March 2023: 1.5). The current ratio remained stable during 2023-1H.

### GEARING RATIO

As at 30 September 2023, the gearing ratio of the Group, based on total liabilities over total assets, was approximately 64.2 per cent. (31 March 2023: approximately 58.1 per cent.). The gearing ratio remained stable during 2023-1H.

|                   | As at<br>30 September<br>2023<br>RMB'000 | As at<br>31 March<br>2023<br>RMB'000 |
|-------------------|--|--------------------------------------|
| Total assets      | 135,613                                  | 142,045                              |
| Total liabilities | (87,130)                                 | (82,595)                             |
| Gearing ratio     | 64.2 per cent.                           | 58.1 per cent.                       |

## **CHARGES ON ASSETS**

As at 30 September 2023, the Group pledged no asset to secure borrowings granted to the Group (31 March 2023: Nil).

## **CONTINGENT LIABILITIES**

As at 30 September 2023, the Group did not have any significant contingent liabilities (31 March 2023: Nil).

## **EXPOSURE TO FOREIGN EXCHANGE RISK**

Most of the transactions, income and expenditure of the Group are denominated in Renminbi. The Group may be exposed to foreign currency risks such as the PRC's government control on foreign currency conversion. During 2023-1H, the Group did not have a foreign currency hedging policy. However, the management will continue to monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

## **EMPLOYEES**

As at 30 September 2023, the Group employed 23 and 7 staff (2022-1H: 23 and 7 staff) in the PRC and Hong Kong respectively. The Group has developed its human resources policies and procedures based on performance and merit. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system. Staff cost, including directors' emoluments, was approximately RMB2.4 million for 2023-1H (2022-1H: approximately RMB2.1 million) mainly due to the increase in the average number of staff by 2 during the six months ended 30 September 2023, as compared with the same period last year.

Continuing briefing and professional development is provided to the Directors and company secretary of the Company if necessary. Other staff serving in different positions is subject to different classes of training. Other staff would receive trainings that cover internal programs, seminars or other related activities which are mainly related to working knowledge and expertise, and also certain trainings in relation to occupational safety each year.

The remuneration of the Directors was determined by the Board with reference to the prevailing market rates, roles and responsibilities of the Directors. Share options may be granted to Directors and employees of the Group to subscribe for shares of the Company. Particulars of the Share Option Scheme are set out in the section "Equity-Linked Agreements" of this interim report.

## **EVENTS OCCURRED DURING THE PERIOD UNDER REVIEW**

### **THE COOPERATION AGREEMENT**

On 22 September 2023 (after trading hours), Sanmenxia Baike New Energy Co., Ltd.\* (三門峽百科新能源有限公司) ("**Sanmenxia Baike**"), an indirect wholly-owned subsidiary of the Company entered into a cooperation agreement ("**Cooperation Agreement**") with its project partner (the "**Project Partner**") in relation to the construction and operation of different power plants in the PRC. The Cooperation Agreement serves as a term sheet for the strategic cooperation between the Project Partner and Sanmenxia Baike, and is not legally binding. The Project Partner and Sanmenxia Baike shall negotiate and enter into a legally-binding long form agreement in due course.

Under the Cooperation Agreement, the Group will construct, own and operate on idle land of the Project Partner (i) a distributed photovoltaic power plant with a potential capacity of 12MW (the “**Photovoltaic Power Plant**”), (ii) a wind power plant with a capacity of 200MW (the actual capacity being subject to regulatory approval) (the “**Wind Power Plant**”), and (iii) a user-side energy storage power plant with a capacity of 66.8MW/267.34MWh (the “**Energy Storage Power Plant**”, and collectively with the Photovoltaic Power Plant and the Wind Power Plant, the “**Power Plants**”). The Power Plants will be a significant project for the Company – it is estimated that the total investment amount will be approximately RMB2.061 billion.

After the construction of the Power Plants, the Group will supply to the Project Partner electricity generated from the Photovoltaic Power Plant and the Wind Power Plant, at an electricity fee payable by the Project Partner to the Group. The Energy Storage Power Plant will also be used to supply electricity to the Project Partner at an electricity fee – as the price of electricity fluctuates throughout a given day, the Group will purchase electricity from the electrical grid when the price of electricity is relatively low, store it in the Energy Storage Power Plant, and then sell the same electricity to the Project Partner when the price of electricity is relatively high. The Energy Storage Power Plant also has the ability to store unused and unsold electricity generated by the Photovoltaic Power Plant and Wind Power Plant. The electricity fees payable by the Project Partner will be recognised as revenue for the Group, and under the Cooperation Agreement, the Group shall charge the Project Partner for electricity generated under the Power Plants at a rate lower than the market rate.

It is estimated that the Power Plants will continue to generate revenue for the Group in the coming years. Under the Cooperation Agreement, the Group will continue to supply electricity to the Project Partner, and generate revenue, from the Power Plants for years to come. As the Project Partner’s principal business operations require a high electricity consumption day-to-day, and if a legally binding long-form agreement is entered into, the Company estimates that the Power Plants will generate a long-term steady stream of revenue. Furthermore, the Project Partner is a strategic customer of the Company, as its parent company (though its subsidiaries such as the Project Partner) holds many mines and smelters across the PRC, all with substantial energy needs and may become sources of revenue for the Group in future.

For further details, please refer to the announcement of the Company dated 22 September 2023, and the section headed “BUSINESS PROSPECT AND FUTURE PLANS” in this report.

## **INFORMATION ON THE PROJECT PARTNER**

The Project Partner is principally engaged in gold and copper smelting and gold refining and processing, and is a wholly-owned subsidiary of a company listed on the Shanghai Stock Exchange.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, the Project Partner and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited).

Please refer to announcement of the Company dated 22 September 2023 for further details.

## **EQUITY-LINKED AGREEMENTS**

Set out below are the equity-linked agreements entered into by the Company during the 2023-1H or subsisted as at 30 September 2023:



## SHARE OPTION SCHEME

The Company has adopted a share option scheme ("**Share Option Scheme**") which became effective on 26 August 2014 and will remain in force for a period of 10 years until 20 August 2024.

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity ("**Invested Entity**") in which the Group holds an equity interest.

Eligible participants ("**Eligible Participants**") under the Share Option Scheme include (a) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of, or any individual for the time being seconded to work for, the Company, any of its subsidiary or any Invested Entity; (b) any non-executive Director (including independent non-executive Directors) of the Company, any subsidiary of the Company or any Invested Entity; (c) any supplier of goods or services to any member of the Group or any Invested Entity; (d) any customer of the Group or any Invested Entity; (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (g) any adviser (professional or otherwise) or consultant to the Group relating to business development of the Group or any member of the Group or any Invested Entity; and (h) any joint venture or business alliance of any member of the Group who have contributed to the development and growth of the Group.

The maximum number of shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

The initial total number of shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue as at the date of passing of the relevant resolution adopting the Share Option Scheme ("**General Scheme Limit**"). On 26 September 2018, the General Scheme Limit was refreshed and the maximum number of shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Group has been re-set at 10% of the shares in issue as at the date of approval of refreshing the General Scheme Limit. Further, on 19 July 2021, the share consolidation ("**Share Consolidation**") became effective. Upon the Share Consolidation becoming effective, the Directors were allowed to grant options to Eligible Participants to subscribe for a maximum of 34,520,257 ordinary shares of HK\$0.50 each, representing approximately 7.7% of the issued shares of the Company as at the date of this report. Share options in respect of a total of 21,844,000 ordinary shares of HK\$0.50 each have been granted by the Company under the Share Option Scheme to Eligible Participants and have all been exercised during the year ended 31 March 2019.

The maximum number of shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised, cancelled or outstanding options) to each Eligible Participant in any 12-month period shall not exceed 1% of the issued shares of the Company from time to time.

An offer of the grant of option may be accepted by an Eligible Participant within such time as may be specified in the offer (which shall not be later than 21 days from the offer date).

Unless otherwise determined by the Directors and stated in the offer for the grant of option to the grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

The subscription price for a share under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of a share of the Company.

During the Review Period, no options had been granted, exercised, cancelled or lapsed under the Share Option Scheme. As at 1 April 2023, 30 September 2023 and the date of this report, there was no outstanding option under the Share Option Scheme.

## **CONVERTIBLE BONDS**

On 1 October 2022, the zero coupon convertible bonds registered in the name of Ms. Zhang Jinhua (the "**Subscriber**") issued on 29 September 2021 with an outstanding principal amount of HK\$32,000,000 and convertible into 12,000,000 ordinary shares (the "**2021 CB**") had matured.

Pursuant to a subscription agreement ("**Subscription Agreement**") dated 30 September 2022 entered into between the Company and the Subscriber, the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to issue convertible bonds in the principal amount of HK\$32,000,000 ("**2022 CB**") at an initial conversion price of HK\$2.5 per conversion share. Under the terms of the Subscription Agreement, the 2021 CB shall be redeemed by the Company on completion of the 2022 CB, whereby the redemption proceeds of the 2021 CB will be applied towards the payment of and be set off against the subscription money payable by the Subscriber for the subscription of the 2022 CB. Details of the subscription are contained in the announcement of the Company dated 30 September 2022.

On 21 October 2022, all conditions of the Subscription Agreement have been fulfilled and completion of the subscription took place in accordance with the terms and conditions thereof. The 2022 CB in the principal amount of HK\$32,000,000 were issued to the Subscriber.

## **BUSINESS PROSPECT AND FUTURE PLANS**

With steady relaxation of COVID-19 restrictions in the PRC after the Chinese New Year in 2023, the Company has sped up progress on seeking opportunities to develop its business and expand its customer base by keeping abreast of the latest developments in the renewable energy projects sector, and leveraging on the wealth of experience and extensive business networks of its management and shareholders (the "**Shareholders**").

The COVID-19 pandemic in recent years had created significant challenges for the Company to negotiate and obtain new commercial contracts. The strict and extensive COVID-19 lockdowns in the PRC had made it difficult for the Company's management to conduct face-to-face business meetings, and broker new commercial contracts, with the Company's potential customers (who generally have a corporate culture of building a "business relationship" and prefer face-to-face meetings, as face-to-face meetings are generally seen as a sign of respect in the PRC). Given the removal of COVID-19 restrictions in the PRC in early 2023, the Company considers the aforementioned difficulties faced by the Company to be temporary in nature, and the management of the Company has been actively seeking new business opportunities.

Currently, the Company is in the process of exploring different power plant projects in various regions of the PRC. Namely, the Group is currently exploring the potential construction of a photovoltaic power plant, a wind power plant, and an energy storage power plant. The Board believes that a distributed photovoltaic power plant, a distributed wind power plant and energy storage would complement and create synergies with the Group's existing sales of renewable energy products and new energy power system integration businesses, and also allow the Group to leverage its existing networks. Please refer to the announcement of the Company dated 22 September 2023, and the section headed "BUSINESS PROSPECT AND FUTURE PLANS" in this report, for further details. By expanding the Group's business downstream, the Board believes that the Group can further diversify its product offering, provide stable income stream and expand its scale of business. The Group will continue the process of assessing the level of customer interest and demand, and consider the different options and methods for the construction of the distributed wind power plant and energy storage. The Group will make further announcement(s) as and when appropriate in accordance with the requirements under the GEM Listing Rules.

Additionally, in line with the PRC government's objective of achieving carbon neutral and its policies that support the development of renewable energy projects, the Group is currently exploring the construction of a photovoltaic power plant in Inner Mongolia. The Group has currently signed a non-legally binding term sheet in relation to the said construction, and is in the process of negotiating the remaining specifications of the photovoltaic power plant to be constructed. The Group considers developing the aforesaid project to be advantageous to its business operations by expanding the scope of the Group's business and bringing long-term and stable sources of revenue. Constructing a photovoltaic power plant will also increase the Group's asset size. The Group will make further announcement(s) as and when appropriate in accordance with the requirements under the GEM Listing Rules.

The Company continues to believe that the renewable energy sector shows promising business prospects. As the problem of climate change continues, the Chinese government is actively responding. In 2021, the Chinese government published the Opinions of the CPC Central Committee and the State Council on Completely, Accurately and Comprehensively Implementing the New Development Concept and Doing a Good Job in Peak Carbon Dioxide Emissions (《中共中央國務院關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》) and Carbon Neutrality and the Action Plan for Peak Carbon Dioxide Emissions by 2030 (《2030年前碳達峰行動方案》), which put forward a number of goals to achieve carbon neutrality by 2060. Accelerating the construction of a clean, low-carbon, safe and efficient energy system is one of the key tasks mentioned in such policy papers. The Chinese government continues to support the development of new energy by improving mechanisms, promoting infrastructure construction, and optimizing the new energy portfolio. In 2022, the National Development and Reform Commission of the PRC and the National Energy Administration of the PRC ("NEA") jointly issued the "Implementation Plan on Promoting the High-Quality Development of New Energy in the New Era" (《關於促進新時代新能源高質量發展的實施方案》). The Plan states that in order to achieve the goal of reaching the total installed capacity of over 1.2 billion kW of wind power and solar power by 2030, construction of a clean, low-carbon, safe and efficient energy system should be accelerated. The Plan also set out policy goals of comprehensively improving the adjustment capability and flexibility of the power system, promoting the rapid development of new types of energy storage, improving the integration of distributed new energy in the distribution grid and fostering the development of distributed intelligent power grids. Also, the Plan stated support for direct trading between new energy projects and consumers, and encourage the signing of long-term power purchase agreements.

Notice on the Action Plan for Further Tariff Mechanism Reform During the “14th Five-Year Period” (《關於「十四五」時期深化價格機制改革行動方案的通知》) issued by the National Development and Reform Commission clarified the improvements to the wind power and photovoltaic power generation pricing mechanism and the establishment of the pricing mechanism of new energy storage. A point to note is that many provinces and other places in China have introduced new energy allocation storage programs since this year, mainly focusing on “photovoltaic + energy storage”, “wind power + energy storage” mode. We believe that with the goal of reaching carbon peak and carbon neutral, energy storage is essential to achieving the “new power system based on new energy”. As the business model of energy storage is relatively diversified, the Group will continue to closely monitor the development of new energy storage industry and actively seek for development opportunities.

Leveraging on the prudent and experienced management and the strong and determined workforce of the Group, the Group will strive to maintain and expand its operations further, thus bringing greater return to its shareholders.

We treasure the harmonious relationship with our staff and would like to take this opportunity to express our gratitude to the management and staff of the Group for their dedicated performance which is instrumental to the future development of the Group. We would also like to take this opportunity to thank our shareholders, suppliers and customers for their continuous support to the Group.

## INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the period under review (2022-1H: Nil).

## DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”)) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors as referred to in Rule 5.46 of the GEM Listing Rules are as follows:

## DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS IN THE SHARES OF THE COMPANY

| Name of Directors/<br>Chief executive         | Number of<br>ordinary shares<br>of the Company<br>(Note 1) | Capacity         | Approximate<br>percentage of the<br>Company’s issued<br>share capital as at<br>30 September 2023<br>(Note 2) |
|---|--|------------------|--|
| Mr. Tse Man Kit Keith<br>(Executive Director) | 12,489,469 (L)   | Beneficial owner | 2.79%  |

Notes:

- The letter “L” represents long positions in the shares or underlying shares of the Company.
- As at 30 September 2023, the issued share capital of the Company was 448,176,684 ordinary shares of HK\$0.5 each.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2023, the following persons or entities, other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

| Name of shareholder          | Number of<br>ordinary shares<br>(Note 1) | Capacity         | Approximate<br>percentage of the<br>Company's issued<br>share capital as at<br>30 September 2023<br>(Note 2) |
|------------------------------|--|------------------|--|
| Mr. Huang Bo (Note 3)        | 86,825,934 (L)                           | Beneficial owner | 19.37%   |
| Ms. Li Xiaoyan* (李曉豔女士)      | 59,094,406 (L)                           | Beneficial owner | 13.19%   |
| Mr. Huang Yuan Ming (Note 3) | 35,548,238 (L)                           | Beneficial owner | 7.93%  |
| Mr. Hou Hsiao Bing (Note 4)  | 26,228,000 (L)                           | Beneficial owner | 5.85%  |

\* for identification purpose only

Notes:

- The letter "L" represents long position in the shares or underlying shares of the Company.
- As at 30 September 2023, the issued share capital of the Company was 448,176,684 ordinary shares of HK\$0.5 each.
- Mr. Huang Yuan Ming is the son of Mr. Huang Bo, a substantial shareholder of the Company.
- Mr. Hou Hsiao Bing retired as an executive Director with effect from 26 August 2019.

## AUDIT COMMITTEE

The Audit Committee was formed on 13 December 2000 with written terms of reference (revised in December 2018) made in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules and posted on the websites of the Company and the Stock Exchange.

The Audit Committee meets at least four times a year to review with senior management and at least twice a year with the Company's auditors for the Company's audit findings, accounting policies and standards, changes of accounting rules (if any), compliance to the GEM Listing Rules, internal and audit control and budget and cash flow forecast.

As at 30 September 2023, the Audit Committee comprised three independent non-executive Directors, namely Ms. Ma Xingqin, Ms. Shan Jinlan and Mr. Wang Zhuchen, with Ms. Ma Xingqin acting as the chairman.

The unaudited consolidated results of the Group for 2023-1H have been reviewed and approved by the Audit Committee.

## REMUNERATION COMMITTEE

The Remuneration Committee was established in June 2005.

The Remuneration Committee was established with specific written terms of reference which deal clearly with its authorities and duties. The terms of reference (revised in March 2012) followed the requirements of code provision E.1.2 set out in the Corporate Governance Code (“**CG Code**”) contained in Appendix 15 to the GEM Listing Rules and were posted on the websites of the Company and the Stock Exchange.

As at 30 September 2023, the Remuneration Committee comprised three independent non-executive Directors, namely Ms. Ma Xingqin, Ms. Shan Jinlan and Mr. Wang Zhuchen with Ms. Ma Xingqin acting as the chairman.

## CORPORATE GOVERNANCE COMMITTEE

A corporate governance committee of the Board (“**Corporate Governance Committee**”) was established with effect from 28 March 2012 with written terms of reference following code provision A.2.1 of the CG Code and posted on the websites of the Company and the Stock Exchange.

The Corporate Governance Committee comprised four executive Directors, namely, Mr. Chiu Tung Ping, Ms. Yuen Hing Lan, Mr. Tse Man Kit Keith and Ms. Hu Xin, with Mr. Tse Man Kit Keith acting as the chairman. The primary duties of the Corporate Governance Committee are, among other things, to develop and review the Company’s policies and practices on corporate governance and make recommendations to the Board and to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements.

## NOMINATION COMMITTEE

The Nomination Committee was established with effect from 28 March 2012, with written terms of reference (revised in December 2018) following the requirements of code provision B.3.1 of the CG Code and posted on the websites of the Company and the Stock Exchange.

As at 30 September 2023, the Nomination Committee comprised three independent non-executive Directors, namely, Ms. Ma Xingqin, Ms. Shan Jinlan and Mr. Wang Zhuchen, with Ms. Ma Xingqin acting as the chairman of the Nomination Committee.

The Nomination Committee is responsible for considering suitable candidates to serve as Directors and making recommendations on the appointment and termination of service of Directors. The Nomination Committee selects and nominates candidates based on whether they possess the skills and experience required by the Group’s development.

## DIRECTORS’ INTEREST IN COMPETING BUSINESS

As at 30 September 2023, none of the Directors or his/her close associates had an interest in a business which competes or may compete with the business of the Group.

The Company did not have controlling shareholder as at 30 September 2023 and as at the date of this report.

## PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the shares of the Company during 2023-1H.

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the period under review.

## CORPORATE GOVERNANCE CODE

During 2023-1H, the Company has complied with all the code provisions set out in the Corporate Governance Code (“CG Code”) as contained in Appendix 15 to the GEM Listing Rules, except for the deviations from code provision C.2.1 as explained below.

### CODE PROVISION C.2.1

Pursuant to code provision C.2.1 of the CG Code, the roles of the chairman of the Board and chief executive officer should be separate and should not be performed by the same individual.

The Company deviates from this provision because Mr. Chiu Tung Ping has been performing both the roles of chairman of the Board and chief executive officer of the Group starting from 13 July 2012. However, the Board believes that vesting two roles in the same person provides the Group with strong and consistent leadership in the development and execution of the Group’s business strategies and is beneficial to the Group. The Board will continue to review the effectiveness of the current structure and assess whether separation of roles of chairman of the Board and chief executive officer of the Group is necessary.

On behalf of the Board

**Chiu Tung Ping**

*Chairman and executive Director*

Hong Kong, 10 November 2023

As at the date of this report, the Board comprises the following Directors:

*Executive Directors:*

*Chiu Tung Ping (Chairman)*

*Yuen Hing Lan*

*Hu Xin*

*Tse Man Kit Keith*

*Independent non-executive Directors:*

*Ma Xingqin*

*Shan Jinlan*

*Wang Zhuchen*