



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)

2021 Interim Report

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Xiaxuan
(Chairman of the Board)
(appointed as an executive director
on 13 January 2021 and chairman of
the Board on 25 June 2021)

Mr. Hu Hanyang

Mr. Weng Xiaoquan

Mr. Bo Dateng

Mr. Xu David Hua

*(Chairman of the Board and
Chief Executive Officer)*
(appointed on 15 March 2021 and
resigned on 25 June 2021)

Mr. Zhang Liang

(Chairman and Chief Executive Officer)
(resigned on 10 March 2021)

Mr. Gao Fei

(resigned on 13 January 2021)

Mr. Yin Yilin

(resigned on 13 January 2021)

Non-executive Directors

Mr. Chen Lei

(appointed on 15 March 2021)

Independent Non-executive Directors

Mr. Lam Cheung Mau

Mr. Pun Hau Man

Mr. Lo Ka Ki

(appointed on 25 April 2021)

Mr. Wang Yuzhou

(resigned on 25 April 2021)

COMPANY SECRETARY

Ms. Cheung Hoi Fun

AUTHORISED REPRESENTATIVES

Mr. Chen Xiaxuan

(appointed on 25 June 2021)

Ms. Cheung Hoi Fun

Mr. Xu David Hua

*(appointed on 15 March 2021 and
resigned on 25 June 2021)*

Mr. Zhang Liang

(resigned on 10 March 2021)

AUDIT COMMITTEE

Mr. Lo Ka Ki *(Chairman)*

(appointed on 25 April 2021)

Mr. Lam Cheung Mau

Mr. Pun Hau Man

Mr. Wang Yuzhou

*(resigned as Chairman on
25 April 2021)*

REMUNERATION COMMITTEE

Mr. Lo Ka Ki *(Chairman)*

(appointed on 25 April 2021)

Mr. Lam Cheung Mau

Mr. Pun Hau Man

Mr. Wang Yuzhou

(resigned as Chairman on 25 April 2021)

NOMINATION COMMITTEE

Mr. Chen Xiaxuan *(Chairman)*

(appointed on 25 June 2021)

Mr. Lam Cheung Mau

Mr. Pun Hau Man

Mr. Lo Ka Ki

(appointed on 25 April 2021)

Mr. Xu David Hua

*(appointed on 15 March 2021 and
resigned as chairman on 25 June 2021)*

Mr. Wang Yuzhou

(resigned on 25 April 2021)

Mr. Zhang Liang

*(resigned as Chairman on
10 March 2021)*

AUDITORS

RSM Hong Kong

Certified Public Accountants

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Codan Services Limited
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**HONG KONG BRANCH SHARE
REGISTRAR AND TRANSFER OFFICE**

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

China CITIC Bank International Limited
DBS Bank (Hong Kong) Limited
Bank of Communications (Hong Kong)
Limited

STOCK CODE

1004

COMPANY WEBSITE

www.cse1004.com

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 2021 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 2021

		(Unaudited)	
		Six months ended 30 June	
	Notes	2021 HK\$'000	2020 HK\$'000 (re-presented)
CONTINUING OPERATIONS:			
Revenue	4	96,494	323,837
Cost of sales		(66,766)	(303,952)
Gross profit		29,728	19,885
Other income	4	1,603	2,321
Other gain(losses), net	4	5,274	(11,861)
Administrative and operating expenses		(27,055)	(21,629)
PROFIT (LOSS) FROM CONTINUING OPERATIONS			
Finance costs	5	9,550	(11,284)
		(74,465)	(62,527)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS			
Income tax credit	6 7	(64,915)	(73,811)
		1,934	987
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS			
		(62,981)	(72,824)
DISCONTINUED OPERATIONS:			
Profit for the period	9	442	4,847
Loss on deemed disposal	8	(36,685)	–
Adjustment for cumulative exchange difference in respect of the net assets reclassified from equity to profit or loss		(24,776)	–
		(61,019)	4,847
LOSS FOR THE PERIOD			
		(124,000)	(67,977)

		(Unaudited)	
		Six months ended 30 June	
		2021	2020
<i>Notes</i>		HK\$'000	HK\$'000
		(re-presented)	
ATTRIBUTABLE TO:			
Owners of the Company			
	Continuing operations	(64,258)	(68,712)
	Discontinued operations	(61,019)	4,847
		(125,277)	(63,865)
Non-controlling interests			
	Continuing operations	1,277	(4,112)
	Discontinued operations	–	–
		1,277	(4,112)
	Loss for the period	(124,000)	(67,977)
PROPOSED INTERIM DIVIDEND			
		<i>10</i>	–
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
		<i>11</i>	
From continuing and discontinued operations:			
	Basic	HK(1.34) cents	HK(0.68) cents
	Diluted	HK(1.34) cents	HK(0.68) cents
Form continuing operations:			
	Basic	HK(0.69) cents	HK(0.73) cents
	Diluted	HK(0.69) cents	HK(0.73) cents

	(Unaudited)	
	Six months ended 30 June	
Notes	2021 HK\$'000	2020 HK\$'000 (re-presented)
LOSS FOR THE PERIOD	(124,000)	(67,977)
OTHER COMPREHENSIVE INCOME/(EXPENSE):		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	812	(1,337)
Release of reserves upon deemed disposal of a subsidiary	24,776	–
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value change on equity instruments at fair value through other comprehensive income (FVTOCI)	–	(7,267)
Other comprehensive income for the period, net of tax	25,588	(8,604)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	(98,412)	(76,581)
ATTRIBUTABLE TO:		
Owners of the Company	(99,689)	(72,469)
Non-controlling interests	1,277	(4,112)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	(98,412)	(76,581)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		(Unaudited) 30 June 2021 <i>HK\$'000</i>	(Audited) 31 December 2020 <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	12	933,104	1,708,778
Right-of-use assets		17,426	20,340
Intangible assets	13	466,998	479,265
Equity instruments at fair value through other comprehensive income ("FVTOCI")	14	189,064	189,064
Club membership debenture		130	130
		1,606,722	2,397,577
CURRENT ASSETS			
Trade and bills receivables	15	560,739	813,194
Prepayments, deposits and other receivables	16	159,873	80,367
Refundable deposits		336,054	335,646
Financial assets at fair value through profit or loss ("FVTPL")	17	46	46
Derivative financial instruments	18	5,414	25,841
Restricted bank deposit		1,376	1,299
Cash and cash equivalents		51,772	36,780
		1,115,274	1,293,173
CURRENT LIABILITIES			
Trade payables	19	162	47
Other payables and accruals		285,119	395,291
Amounts due to related parties	22	46,302	46,302
Provisions for litigations and claims		250,330	250,354
Lease liabilities		5,290	6,026
Bank and other borrowings	20	1,433,495	1,769,733
Current tax liabilities		5,972	8,288
		2,026,670	2,476,041

		(Unaudited) 30 June 2021 <i>HK\$'000</i>	(Audited) 31 December 2020 <i>HK\$'000</i>
	<i>Notes</i>		
NET CURRENT LIABILITIES		(911,396)	(1,182,868)
TOTAL ASSETS LESS CURRENT LIABILITIES		695,326	1,214,709
NON-CURRENT LIABILITIES			
Lease liabilities		13,150	14,796
Bank and other borrowings	20	–	350,994
Deferred tax liabilities		125,687	194,018
		138,837	559,808
NET ASSETS		556,489	654,901
CAPITAL AND RESERVES			
Share capital	21	23,436	23,436
Reserves		529,624	629,313
Total equity attributable to owners of the Company		553,060	652,749
Non-controlling interests		3,429	2,152
TOTAL EQUITY		556,489	654,901

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)
Six months ended 30 June 2021
Attributable to owner of the Company

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Investment revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Statutory reserve fund HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non- controlling interests HK\$'000	Total Equity HK\$'000
Balance at 1 January 2021	23,436	4,157,427	77,102	(151,530)	(71,405)	8,785	(3,391,066)	652,749	2,152	654,901
Loss for the period	-	-	-	-	-	-	(125,277)	(125,277)	1,277	(124,000)
Other comprehensive income for the period:										
Exchange difference on translation of foreign operations	-	-	-	-	812	-	-	812	-	812
Release upon deemed disposal of a subsidiary	-	-	-	-	24,776	-	-	24,776	-	24,776
Change in equity for the period	-	-	-	-	25,588	-	(125,277)	(99,689)	1,277	(98,412)
Balance at 30 June 2021	23,436	4,157,427	77,102	(151,530)	(45,817)	8,785	(3,516,343)	553,060	3,429	556,489

(Unaudited)
Six months ended 30 June 2020
Attributable to owner of the Company

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Investment revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Statutory reserve fund HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non- controlling interests HK\$'000	Total Equity HK\$'000
Balance at 1 January 2020	23,436	4,157,427	77,102	(109,040)	(104,966)	7,814	(2,617,718)	1,434,055	7,129	1,441,184
Loss for the period	-	-	-	-	-	-	(63,865)	(63,865)	(4,112)	(67,977)
Other comprehensive (expense) income for the period:										
Exchange difference on translation of foreign operations	-	-	-	-	(1,337)	-	-	(1,337)	-	(1,337)
Fair value change on non-trading equity investments	-	-	-	(7,267)	-	-	-	(7,267)	-	(7,267)
Changes in equity for the period	-	-	-	(7,267)	(1,337)	-	(63,865)	(72,469)	(4,112)	(76,581)
Balance at 30 June 2020	23,436	4,157,427	77,102	(116,307)	(106,303)	7,814	(2,681,583)	1,361,586	3,017	1,364,603

CONDENSED CONSOLIDATED STATEMENT of CASH FLOWS

For the six months ended 30 June 2021

	(Unaudited)	
	1 January 2021 to 30 June 2021 <i>HK\$'000</i>	1 January 2020 to 30 June 2020 <i>HK\$'000</i>
Net cash flows generated from operating activities	62,321	80,706
Net cash flows from (used in) investing activities	360,765	(40,641)
Net cash flows used in financing activities	(408,199)	(65,070)
Net increase (decrease) in cash and cash equivalents	14,887	(25,005)
Effect of foreign exchange rate changes	105	(215)
Cash and cash equivalents at beginning of period	36,780	48,523
Cash and cash equivalents at end of period	51,772	23,303
Analysis of the balances of cash and cash equivalents		
Time deposit and cash and bank balances	51,772	23,303

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2021 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 2020.

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\$124,000,000 for the six months ended 30 June 2021 and, as of that date, the Group’s current liabilities exceeded its current assets by approximately HK\$911,396,000. As at that date, the Group’s total borrowings amounted to approximately HK\$1,433,495,000, of which current borrowings amounted to approximately HK\$1,433,495,000, while its cash and cash equivalents amounted to approximately HK\$51,772,000 only.

The directors have estimated the Group’s cash requirements by preparing a Group cashflow forecast for the 12 months ending 30 June 2022 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 Group has been negotiating with its lenders for the extension of the maturity dates of debts fallen due or expected to fall due within the next 12 months;
- (b) The Group has been negotiating with its lenders of borrowings maturing after the next 12 months, requesting to further delay the loan repayment schedules;
- (c) The Group has been working to obtain other possible financings;
- (d) The Group has been working to dispose certain of its other solar power plants.

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 2020 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 2021.

The Group has adopted, for the first time, the following new/revised HKFRSs that are relevant to the Group.

Amendments to HKAS 39, HKFRSs 4, *Interest Rate Benchmark Reform – Phase 2*
7, 9 and 16

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

(a) Segment revenue and results

For the six months ended 30 June 2021 (Unaudited)

	Continuing operations				Discontinued operation	Consolidated HK\$'000
	Clean energy HK\$'000	Trading in securities HK\$'000	Investments HK\$'000	Trading of bulk commodities HK\$'000	Clean energy HK\$'000	
Segment revenue:						
Revenue from external customers	94,404	-	-	2,090	7,804	104,298
Dividend income	-	-	-	-	-	-
Reportable segment revenue	94,404	-	-	2,090	7,804	104,298
Segment results	20,018	(7,921)	(33)	4,276	1,727	18,067
Reconciliation:						
Interest income						24
Net loss on deemed disposal of a subsidiary						(61,461)
Unallocated corporate expenses						(6,814)
Loss from operation						(50,184)
Finance costs						(75,953)
Loss before tax						(126,137)
Income tax credit						2,137
Loss for the period						(124,000)

For the six months ended 30 June 2020 (Unaudited)
(re-presented)

	Continuing operations				Discontinued operations	Consolidated HK\$'000
	Clean energy HK\$'000	Trading in securities HK\$'000	Investments HK\$'000	Trading of bulk commodities HK\$'000	Clean energy HK\$'000	
Segment revenue:						
Revenue from external customers	83,553	-	-	240,284	55,385	379,222
Dividend income	-	-	-	-	-	-
Reportable segment revenue	83,553	-	-	240,284	55,385	379,222
Segment results	19,670	(5,541)	(31)	(1,733)	15,176	27,541
Reconciliation:						
Interest income						2,362
Unallocated corporate expenses						(26,011)
Profit from operation						3,892
Finance costs						(70,946)
Loss before tax						(67,054)
Income tax expense						(923)
Loss for the period						(67,977)

(b) Segment assets and liabilities

At 30 June 2021 (Unaudited)

	Clean energy HK\$'000	Trading in securities HK\$'000	Investments HK\$'000	Trading of bulk commodities HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Reportable segment assets	1,986,187	179,993	189,064	1,117	365,635	2,721,996
Reportable segment liabilities	1,153,149	682,219	2,491	10,575	317,073	2,165,507

At 31 December 2020 (Audited)
(re-presented)

	Continuing operations				Discontinued operations		Consolidated HK\$'000
	Clean energy HK\$'000	Trading in securities HK\$'000	Investments HK\$'000	Trading of bulk commodities HK\$'000	Clean energy HK\$'000	Unallocated HK\$'000	
Reportable segment assets	2,185,551	16,943	189,064	1,444	925,686	372,062	3,690,750
Reportable segment liabilities	1,630,005	653,969	2,491	16,943	71,472	660,969	3,035,849

(c) Geographical information

Revenue from external customers

The Group's activities are conducted predominantly in the People's Republic of China ("PRC"), the Republic of Singapore ("Singapore") and Hong Kong. Revenue by geographical location is determined on the basis of the locations of operations.

The following table provides an analysis of the Group's revenue by geographical location:

	(Unaudited) Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000 (re-presented)
Continuing operations:		
Singapore	2,090	240,284
The PRC	94,404	83,553
	96,494	323,837
Discontinued operation:		
The PRC	7,804	55,385

4. REVENUE, OTHER INCOME AND OTHER GAIN(LOSSES), NET

	(Unaudited)	
	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(re-presented)
Continuing operations:		
Revenue from contracts with customers		
Disaggregated by major products or service lines		
– Sale of electricity	94,404	83,553
– Sale of bulk commodities	2,090	240,284
	96,494	323,837
Other income		
Bank interest income	24	22
Imputed interest income of accrued revenue on tariff subsidy	1,425	1,466
Others	154	833
	1,603	2,321
Other gains (losses), net		
Exchange loss, net	6	138
Net realised and unrealised gain on derivative financial instruments	8,252	(4,669)
Impairment loss on trade receivables	(3,066)	(7,679)
Government grant	–	384
Others	82	(35)
	5,274	(11,861)

5. FINANCE COSTS

	(Unaudited)	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
		(re-presented)
Interest expense on lease liabilities	1,008	956
Interest on bank and other borrowings	73,457	61,571
	74,465	62,527

6. LOSS BEFORE TAX

	(Unaudited)	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
		(re-presented)
The Group's loss before tax is arrived at after charging:		
Depreciation of property, plant and equipment	37,335	34,976
Depreciation of right-of-use assets	3,112	4,230
Amortisation of intangible assets	17,715	16,302
Staff costs (including directors' remuneration and directors and staff retirement benefit scheme contributions)	10,602	8,688

7. INCOME TAX CREDIT

No provision for Hong Kong Profits Tax is required since the Company has no assessable profit for the period (six months ended 30 June 2020: nil).

Singapore Corporate Tax has been provided at a rate of 17% on the estimated assessable profit for the period (six months ended 30 June 2020: 17%).

PRC Enterprises Income Tax has been provided at a rate of 25% (six months ended 30 June 2020: 25%). During the period, seven (six months ended 30 June 2020: eight) 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. These subsidiaries are having 50% tax exemption from the PRC enterprise income tax for the coming three years or being taxed at 15% in PRC enterprise income tax.

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	
	2021	2020
	HK\$'000	HK\$'000
		(re-presented)
Current tax	(2,698)	(3,089)
Deferred tax credit	4,632	4,076
	1,934	987

8. DEEMED DISPOSAL OF A SUBSIDIARY

In January 2021, a sale and purchase agreement (the "S&P Agreement") was entered into between the Group and a purchaser, an independent third party and a company incorporated in the PRC, in connection with the Group's disposal of all the equity interest in Jinchang Disheng Solar Energy Company Limited ("Jinchang Disheng"), a then subsidiary company of the Group engaging in operation of solar plant station in Gansu Province, the PRC, to the purchaser.

As disclosed in Note 50 "Events After the Reporting Period" to the annual report of the Company for the financial year ended 31 December 2020, on 4 February 2021, the purchaser has effected the change of the registered owner of Jinchang Disheng from the Group to the purchaser ("Change of Registered Owner"), which was not in accordance with the S&P Agreement as the conditions precedent as set out in the S&P Agreement have not been executed.

In the opinion of the directors, the Group remained as the owner of Jinchang Disheng. However, given the Change of Registered Owner of Jinchang Disheng which resulted in the Group being unable to access to the financial information of Jinchang Disheng, the Company accounted for the Change of Registered Owner as deemed disposal of Jinchang Disheng ("Discontinued Operations").

Details of the Discontinued Operations are as follows:

	<i>HK\$'000</i>
Consideration	420,630
Net assets disposed of	(457,315)
Loss on deemed disposal	(36,685)
Adjustment for cumulative exchange difference in respect of the net assets reclassified from equity to profit or loss	(24,776)
Net loss on deemed disposal	(61,461)
Satisfied by:	
Cash received	360,741
Receivables	59,889
	420,630
Net cash inflow on deemed disposal:	
Cash consideration received	360,741
Less: bank balance and cash disposed of	(13)
	360,728

9. DISCONTINUED OPERATION

The results of the discontinued operation are summarised as follows:

	(Unaudited)	
	Six months ended 30 June	
	2021	2020
	HK\$'000	<i>HK\$'000</i>
Revenue	7,804	55,385
Cost of sales	(5,975)	(39,243)
Other income	–	874
Administrative and operating expenses	(102)	(1,840)
Finance cost	(1,488)	(8,419)
Profit before tax	239	6,757
Taxation	203	(1,910)
Profit for the period	442	4,847
Profit for the period include the followings:		
Total staff cost	–	–
Depreciation of property, plant and equipment	5,326	32,462

10. PROPOSED INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

11. 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	
	2021	2020
	HK\$'000	HK\$'000
Earnings from continuing and discontinued operations		
Loss for the period attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	(125,277)	(63,865)
Earnings from continuing operations		
Loss for the period attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	(64,258)	(68,712)
Weighted average number of ordinary shares in issue (thousands)	9,374,351	9,374,351

Diluted loss per share for the period is the same as the basic loss per share (six months ended 30 June 2020: same).

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group did not acquire additional items of property, plant and equipment (six months ended 30 June 2020: nil).

13. INTANGIBLE ASSETS

The net carrying amount of intangible assets at 30 June 2021 represents customer contract of HK\$466,998,000 (31 December 2020: HK\$479,265,000).

14. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	(Unaudited) 30 June 2021 HK\$'000	(Audited) 31 December 2020 HK\$'000
Equity instruments at fair value through other comprehensive income comprise:		
Unlisted equity securities, at fair value	189,064	189,064

15. TRADE AND BILLS RECEIVABLES

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

	(Unaudited) 30 June 2021 HK\$'000	(Audited) 31 December 2020 HK\$'000
Trade receivables		
Unbilled	376,789	646,998
Current to 30 days	20,467	27,059
Over 30 days	163,483	134,574
	560,739	808,631
Bills receivables	–	4,563
	560,739	813,194

Note: Unbilled trade receivables include tariff subsidy to be billed and recovered on prevailing nationwide government policies on renewable energy from the state grid companies.

The ageing analysis of the trade receivables that are not considered to be impaired is as follows:

	(Unaudited) 30 June 2021 HK\$'000	(Audited) 31 December 2020 HK\$'000
Unbilled and neither past due nor impaired	376,789	646,998
Less than 1 month past due	20,467	27,059
Over 1 month past due	163,483	134,574
	560,739	808,631

Based on the track record of regular repayment of receivables from sales of electricity, all trade receivable from sales of electricity were expected to be recoverable. In respect of tariff subsidy receivables, the collection of which is supported by the government policy and hence, all tariff subsidy receivables were expected to be recoverable. The Group does not hold any collateral over these balances.

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	(Unaudited)	(Audited)
	30 June	31 December
	2021	2020
	HK\$'000	HK\$'000
Value-added tax recoverable	18,139	33,564
Amount due from a related company (i)	3,093	3,093
Prepayments, other deposits and receivables	78,752	43,710
Consideration receivable from deemed disposal of a subsidiary	59,889	–
	159,873	80,367

- (i) Amount due from a related company was unsecured, interest-free and repayable on demand.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited)	(Audited)
	30 June	31 December
	2021	2020
	HK\$'000	HK\$'000
Unlisted investment funds	46	46

The fair value of the unlisted investment funds was measured with reference to quoted market price provided by the financial institution managing the funds.

18. DERIVATIVE FINANCIAL INSTRUMENTS

The Group's derivative financial instruments, principally denominated in United State dollars ("USD"), represent publicly traded contracts for crude oil-related products and are measured at fair value at the end of the reporting period based on quoted rates.

19. TRADE PAYABLES

An ageing analysis of trade payables at the end of the reporting period is as follows:

	(Unaudited) 30 June 2021 HK\$'000	(Audited) 31 December 2020 <i>HK\$'000</i>
Over 60 days	162	47

The trade payables are non-interest bearing and normally settled on 30 to 60 days terms.

20. BANK AND OTHER BORROWINGS

	(Unaudited) 30 June 2021 HK\$'000	(Audited) 31 December 2020 <i>HK\$'000</i>
Current		
Bank loans – secured (note i)	529,862	553,582
Bank loan – secured	–	23,693
Other loan – secured	–	180,413
Other loan – secured (note ii)	574,460	567,960
Other loans – secured (note iii)	321,361	317,725
Other loan – secured	–	126,360
Other loan – secured (note iv)	7,812	–
	1,433,495	1,769,733
Non-current		
Bank loan – secured	–	350,994
	1,433,495	350,994
	1,433,495	2,120,727

The bank and other borrowings to be repayable as follows:

	(Unaudited) 30 June 2021 HK\$'000	(Audited) 31 December 2020 <i>HK\$'000</i>
Within one year	1,433,495	1,277,733
After 1 year but within 2 years	–	47,742
After 2 years but within 5 years	–	156,379
After 5 years	–	146,873
	–	350,994
	1,433,495	2,120,727

Notes:

- (i) At 30 June 2021, the Group's bank borrowings of HK\$529,862,000 (31 December 2020: HK\$553,582,000) were guaranteed by a subsidiary up to the amount the loan balance outstanding (31 December 2020: same). According to the repayment terms set out in two separate agreements, the bank borrowings are repayable by semi-annual instalments with the last instalments due in July 2027 and September 2028, respectively. The bank borrowings were interest-bearing per annum at the benchmark interest rate for loans over 5 years determined by the People's Bank of China to financial institutions (31 December 2020: same).
- (ii) At 30 June 2021, the Group's other loan of HK\$574,460,000 (31 December 2020: HK\$567,960,000) was interest-bearing at 7.90% per annum, and was guaranteed by an independent company and Shanghai Gorgeous. According to the repayment terms, the other loan would be repayable in June 2020.
- (iii) At 30 June 2021, the Group's other loans of HK\$321,361,000 (31 December 2020: HK\$317,725,000) were interest-bearing at 7.00% per annum, and were guaranteed by a subsidiary of the Group. According to the repayment terms, the other loans were due for repayment in November 2019. However, the Group was in default of these loans in November 2019. On 27 March 2020, the Group obtained a confirmation from the lender to extend the maturity date to 30 June 2021.
- (iv) At 30 June 2021, the Group's other loan of HK\$7,812,000 (31 December 2020: nil) was interest-bearing at 6.00% per annum, and was guaranteed by a subsidiary of the Group. According to the repayment terms, the other loan would be repayable in June 2021.

21. SHARE CAPITAL

	(Unaudited)	
	Number of shares <i>'000</i>	Amount <i>HK\$'000</i>
Authorised		
Ordinary shares of HK\$0.0025 each		
At 1 January 2021 and 30 June 2021	120,000,000	300,000
Issued and fully paid		
At 1 January 2021 and 30 June 2021	9,374,351	23,436

During the six months ended 30 June 2021 and 30 June 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

Share option scheme

The Company has adopted a new share option scheme (the "New Scheme") on 18 December 2014 upon the expiration of the 2004 Scheme. The purpose of the New Scheme is to reward participants who have contributed or will contribute to the Group and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Eligible participants of the New Scheme comprise of (a) any employee(s) (whether full time or part time employee(s), including any executive director but not any non-executive director) of the Company or its subsidiaries; (b) any non-executive director (including independent non-executive directors) of the Company or any of its subsidiaries; (c) any supplier of goods or services to a member of the Group; (d) any customer of the Group; and (e) any person or entity that provides research, development or other technological support to the Group. The New Scheme shall be valid and effective for a period of 10 years commencing on the adoption date after which period no further option shall be offered or granted but the provision of the New Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any option granted or exercised prior thereto or otherwise as may be required the New Scheme.

The principal terms of the New Scheme are:

- a) The subscription price for the shares under the share option to be granted will be determined by the directors and will be the highest of:
 - i) the closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day;
 - ii) the average closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
 - iii) the nominal value of the shares on the date of grant.
- b) The maximum number of the Company's shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Company shall not, in the absence of shareholders' approval, in aggregate exceed 10% in the nominal amount of the aggregate of shares in issue on the adoption date.
- c) No option may be granted to any person such that the total number of the Company's shares issued and to be issued upon exercise of all options granted and to be granted to each participant in any 12-month period up to the date of the latest grant exceeds 1% of the number of the Company's shares in issue.
- d) At any time, the maximum number of the Company's shares which may be issued upon exercise of all options which then have been granted and have yet to be exercised under the New Scheme and any other share option schemes of the Company shall not in aggregate exceed 30% of the Company's shares in issue from time to time.
- e) Any grant of share options to a director, chief executive or substantial shareholder of the Company or to any of their associates, is subject to approved in advance by the independent non-executive directors.
- f) Any grant of share options to a substantial shareholders or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the prices of the shares of the Company at the date of grant) in excess of HK\$5 million, within any 12-month period, is subject to shareholders' approval in advance at a general meeting.
- g) The offer of a grant of share options may be accepted within 5 days from the date of offer, to be accompanied by the payment of a consideration of HK\$1 in total by the grantee.

The share options do not carry any right to vote in general meeting of the Company, or any right, dividend, transfer or any other rights including those arising on the liquidation of the Company.

No share option was granted under the New Scheme during the six months ended 30 June 2021 and 30 June 2020.

The total number of the Company's shares available for issue under the New Scheme at the date of these condensed consolidated financial statements was 594,491,440 (31 December 2020: 594,491,440), representing 6.3% (31 December 2020: 6.3%) of the issued share capital of the Company at the date of these condensed consolidated financial statements.

22. AMOUNTS DUE TO RELATED PARTIES

	(Unaudited)	(Audited)
	30 June	31 December
	2021	2020
	HK\$'000	HK\$'000
Amount due to a director	300	300
Amount due to non-controlling shareholder	9,360	9,360
Amount due to a holding company of Creaton Holdings (<i>note</i>)	36,642	36,642
	46,302	46,302

Note: Gorgeous Investment Group Holding Co., Limited ("Gorgeous Investment") is the immediate holding company of the Company. The amount was due to Creaton Holdings Limited, a company incorporated in Hong Kong with limited liability and directly held by Mr. Ko Tin Kwok, a then director of the Company, which indirectly held 40.21% of equity interest in Gorgeous Investment.

The amounts are unsecured, interest free and repayable on demand.

23. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

The remuneration of directors and other members of key management of the Group during the period was as follows:

	(Unaudited)	
	1 January 2021 to 30 June 2021 HK\$'000	1 January 2020 to 30 June 2020 HK\$'000
Short-term employee benefits	1,661	932
Post-employment benefits	66	39
	1,727	971

The remuneration of Directors and key executives is determined by the remuneration committee of the Group having regard to the performance of individuals and market trends.

24. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy:

At 30 June 2021 (unaudited)	Fair value measurements using:			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
Unlisted investment funds	-	46	-	46
Derivative financial instruments				
– commodity futures	-	5,414	-	5,414
	-	5,460	-	5,460
Financial assets at FVTOCI				
Unlisted equity securities				
Company A	-	-	177,424	177,424
Company B	-	-	3,147	3,147
Company C	-	-	8,493	8,493
Total	-	5,460	189,064	194,524

At 30 June 2020 (unaudited)	Fair value measurements using:			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
Unlisted investment funds	-	35	-	35
Derivative financial instruments				
– commodity futures	-	23,305	-	23,305
	-	23,400	-	23,340
Financial assets at FVTOCI				
Unlisted equity securities				
Company A	-	-	178,363	178,363
Company B	-	-	32,222	32,222
Company C	-	-	13,702	13,702
Total	-	23,340	224,287	247,627

(b) Reconciliation of assets measured at fair value based on level 3:

Description	Financial assets at FVTOCI – unlisted equity securities (unaudited) <i>HK\$'000</i>
At 1 January 2021	189,064
Fair value change recognised in other comprehensive income	–
At 30 June 2021	189,064

Description	Financial assets at FVTOCI – unlisted equity securities (unaudited) <i>HK\$'000</i>
At 1 January 2020	231,554
Fair value change recognised in other comprehensive income	(7,267)
At 30 June 2020	224,287

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

The directors of the Company is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements and holds discussions of valuation processes and results at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value	
			At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Unlisted investment funds	Market approach	Price quoted by a financial institution in the PRC	46	46
Derivative financial instruments – commodity futures	Market approach	Price quoted by the dealers	5,414	25,841

Level 3 fair value measurements

Description	Unobservable inputs	Range	Valuation technique	Effect on fair value for increase of inputs	Fair value	
					At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Private equity investments classified as financial assets at FVTOCI	Recent transactions	HK\$6.11 per Share – HK\$6.5 per Share	Market approach	Increase	177,424	177,424
	Discount for lack of marketability	20%		Decrease	3,147	3,147
	Discount for lack of marketability	20%		Decrease	8,493	8,493

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF THE GROUP

Revenue by Business Segments

During the current period, Jinchang Disheng was deemed to have been disposed of upon Change of Registered Owner in February 2021. Accordingly, the Company accounted for the Change of Registered Owner as deemed disposal of Jinchang Disheng.

Ratio analysis by business segments for the Group's revenue for the period from 1 January 2021 to 30 June 2021 ("Current Period") against the period from 1 January 2020 to 30 June 2020 ("Comparative Period") is as follows:

- Clean Energy: approximately HK\$102,208,000 (Comparative Period: HK\$138,938,000)
- Trading in securities: Nil (Comparative Period: Nil)
- Investments: Nil (Comparative Period: Nil)
- Trading of bulk commodities: approximately HK\$2,090,000 (Comparative Period: HK\$240,284,000)

Revenue by Geographical Region

Ratio analysis by geographical region for the Group's revenue for the Current Period against Comparative Period is as follows:

- Hong Kong: Nil (Comparative Period: Nil)
- PRC: approximately HK\$102,208,000 (Comparative Period: HK\$138,938,000)
- Singapore: approximately HK\$2,090,000 (Comparative Period: HK\$240,284,000)

The net loss for the period attributed to owners of the Company was approximately HK\$125,277,000, as compared to net loss of approximately HK\$63,865,000 for the Comparative Period, representing an increase in net loss of 96.2%.

The increase in net loss for the period was principally due to a combined effect of decrease in operation scale, inter alia, deemed disposal of Jinchang Disheng in February 2021, resulting in decrease of turnover and corresponding segment profits.

The basic loss per share for the Current Period is HK1.34 cents (Comparative Period: HK0.68 cents), representing an increase of 97%.

BUSINESS REVIEW

Clean Energy

Clean-energy power generation business is the principal business of the Group. As at 30 June 2021, the Group's power generation capacity is approximately 172 megawatt(s) ("MW") (as at 31 December 2020: 272MW), all of which are photovoltaic power generation projects locating in four provinces, Gansu, Anhui, Jiangxi and Shandong (as at 31 December 2020: four provinces, Gansu, Anhui, Jiangxi and Shandong).

Segment profit of approximately HK\$21,745,000 was recorded for the Current Period as compared to a segment profit of approximately HK\$26,426,000 in the Comparative Period.

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

Jintai 100MW Project in Jinchang, Gansu: During the Current Period, sale of electricity was 66,346,000KWh, representing a decrease of 4.9% as compared to sale of electricity of 69,779,000KWh in the Comparative Period. Sales revenue was approximately HK\$56,395,000, representing an increase of 10.9% as compared to revenue of approximately HK\$50,839,000 in the Comparative Period.

Guanyang 8.25MW Project in Dezhou, Shandong: During the Current Period, sale of electricity was 3,060,000KWh, representing a decrease of 21.3% as compared to sale of electricity of 3,890,000KWh in the Comparative Period. Sales revenue was approximately HK\$3,044,000, representing a decrease of 2.2% as compared to revenue of approximately HK\$3,113,000 in the Comparative Period.

Hongxiang 8MW Project in Dezhou, Shandong: During the Current Period, sale of electricity was 2,853,000 KWh, representing an increase of 3.0% as compared to sale of electricity of 2,771,000KWh in the Comparative Period. Sales revenue was approximately HK\$2,986,000, representing an increase of 10.8% as compared to revenue of approximately HK\$2,694,000 in the Comparative Period.

Jinde 5MW Project in Dezhou, Shandong: During the Current Period, sale of electricity was 1,522,000KWh, representing a decrease of 41.7% as compared to sale of electricity of 2,611,000KWh in the Comparative Period. Sales revenue was approximately HK\$1,681,000, representing a decrease of 23.1% as compared to revenue of approximately HK\$2,185,000 in the Comparative Period.

Jiayang 10MW Project in Dezhou, Shandong: During the Current Period, sale of electricity was 4,819,000KWh (Comparative Period: 3,760,000KWh), representing an increase of 28.2%. Sales revenue was approximately HK\$6,130,000 (Comparative Period: HK\$3,797,000), representing an increase of 61.4%.

Hongyang 20MW Project in Changfeng, Anhui: During the Current Period, sale of electricity was 11,631,000KWh (Comparative Period: 12,036,000KWh), representing an decrease of 3.4%. Sales revenue was approximately HK\$14,291,000 (Comparative Period: HK\$13,986,000), representing an increase of 2.2%.

Jinjian 20MW Project in Gaoan, Jiangxi: During the Current Period, sale of electricity was 8,644,000KWh (Comparative Period: 9,558,000KWh), representing an decrease of 9.6%. Sales revenue was approximately HK\$9,877,000 (Comparative Period: HK\$10,068,000), representing an decrease of 1.7%.

Disheng 100MW Project in Jinchang, Gansu: During the Current Period, sale of electricity was 10,843,000KWh (Comparative Period: 70,800,000KWh), representing a decrease of 84.7%. Sales revenue was approximately HK\$7,804,000 (Comparative Period: HK\$52,256,000), representing a decrease of 85.1%.

The electricity volume generated during the Current Period was stable and the average utilisation hours of our solar power plants was approximately 1,300KWh.

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.

Trading in securities

During the Current Period, the net realised and unrealised gain or loss resulted from trading of listed equity securities was nil as the listed equity securities invested by the Group had been suspended from trading (Comparative Period: nil). Dividend income from listed equity securities was nil (Comparative Period: nil).

Investments

During the Current Period, the Group had investments in certain unlisted companies, the investment of which was to utilise its funds for potential high return on one hand, to diversify its investments and hence reduce business risk on the other. The Group closely monitors the market conditions and may consider to change its portfolio of investments from time to time. No dividend income was recognised in profit or loss during the Current Period (Comparative Period: nil).

No change of fair value on these equity instruments at fair value through other comprehensive income was recognised during the Current Period (Comparative Period: loss of HK\$7,267,000).

Trading of Bulk Commodities

During the Current Period, the revenue from this segment was HK\$2,090,000 (Comparative Period: HK\$240,284,000) and recorded a segment profit of HK\$4,276,000 (Comparative Period: segment loss of HK\$1,733,000).

PROSPECTS

Response to global climate change has become a major topic around the world in recent years. Under the background, the global energy system accelerated the transition to low-carbon energy. As such, utilisation of renewable energy at large-scale as well as cleansing and low-carbonisation of traditional energy use will be the basic trend in energy development, and expediting the development of renewable energy has become a mainstream strategy in the global energy transition. The Paris Agreement came into effect in November 2016, which meant that the development of new energy will be further accelerated. In addition, the PRC government expressly stated in its basic national policy that the country shall persist in saving resources and protecting the environment, and set the fundamental target for energy development, that is, the carbon dioxide emission of the PRC will reach the peak by 2030, and the proportion of non-fossil energy in primary energy consumption will increase to 20%. With the new urbanisation development, the construction of a green, recycling and low-carbon energy system has become necessary for the social development, which provided a favourable social environment and a broad market for the development of renewable energy such as solar power. Solar power enjoys unique advantages in terms of accessibility and energy structure adjustment, and has been widely applied all over the world, and the photovoltaic industry has entered into a new phase of large-scale development.

In future, the Group will speed up the development and investment progress of its principal businesses, adhere firmly to its corporate strategy, intensify its efforts in project mergers and acquisitions as well as cooperative development, improve project operation management standard to fully enhance its asset management capability.

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, PRC and Singapore. As at 30 June 2021, the Group had cash and bank balances of approximately HK\$51,772,000 (31 December 2020: HK\$36,780,000) and interest bearing borrowings of approximately HK\$1,433,495,000 (31 December 2020: HK\$2,120,727,000). As at 30 June 2021, total equity attributable to owners of the Company amounted to approximately HK\$553,060,000 (31 December 2020: HK\$652,749,000). The gearing ratio was 249.8% as at 30 June 2021 (31 December 2020: 319.3%).

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 time deposit and cash and bank balances. Capital includes equity attributable to owners of the Company. The gearing ratio at the end of the reporting period was as follows:

	(Unaudited) 30 June 2021 HK\$'000	(Audited) 31 December 2020 HK\$'000
Bank and other borrowings	1,433,495	2,120,727
Less: cash and cash equivalents	(51,772)	(36,780)
Net debt	1,381,723	2,083,947
Total equity attributable to owners of the Company	553,060	652,749
Gearing ratio	249.8%	319.3%

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 2021. However, the Group conducted certain financing and refinancing activities as follow:

- i. At 30 June 2021, the Group's bank borrowings of HK\$529,862,000 (31 December 2020: HK\$553,582,000) were guaranteed by a subsidiary up to a total amount of RMB465,900,000 (equivalent to HK\$553,582,000) (31 December 2020: RMB465,900,000 (equivalent to HK\$553,582,000)). According to the repayment terms set out in two separate agreements, the bank borrowings will be repayable by semi-annual instalments with the last instalments due in July 2027 and September 2028, respectively. The bank borrowings were interest-bearing per annum at the benchmark interest rate for loans over 5 years determined by the People's Bank of China to financial institutions (31 December 2020: same). The Group was in default of the instalment repayments during the period. Accordingly, the whole amount of the loan was classified as current liabilities as at 30 June 2021. The default has not been remedied at the date these financial statements were authorised for issue.
- ii. At 30 June 2021, the Group's other loan of HK\$574,460,000 (31 December 2020: HK\$567,960,000) was interest-bearing at 7.90% per annum, and was guaranteed by an independent company and Shanghai Gorgeous. According to the repayment terms, the other loan was repayable in June 2020. The Group was in default of repayment of this loan and the default has not been remedied at the date these financial statements were authorised for issue.
- iii. At 30 June 2021, the Group's other loans of HK\$321,361,000 (31 December 2020: HK\$317,725,000) were interest-bearing at 7.00% per annum, and were guaranteed by a subsidiary of the Group. According to the repayment terms, the other loans were due for repayment in November 2019 and the default has not been remedied at the date these financial statements were authorised for issue.
- iv. In March 2021, the Group, as the borrower, entered into loan agreements with an independent third party and was guaranteed by a subsidiary for loans in total amount of RMB6,500,000 (HK\$7,812,000), interesting bearing at 6.00% per annum. According to the repayment terms, the other loans were due for repayment by June 2021 and the default has not been remedied at the date these financial statements were authorised for issue.

FOREIGN EXCHANGE EXPOSURE

The Group's businesses are mainly conducted in Renminbi and USD. 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.

SIGNIFICANT INVESTMENTS

The Board provides the information of the Group's investments with the investment costs exceeding 1% of the total assets of the Group held at 30 June 2021 stated in this report as follow:

Stock code (where applicable)	Name of investment	Principal Business	Nature of Investment	Percentage of total share capital	Carrying amount as at 1 January 2021 HK\$'000	Fair value as at 30 June 2021 HK\$'000	FVTOCI HK\$'000	Dividends received HK\$'000	Percentage of carrying amounts to the Group's total assets
<i>Equity instrument at fair value through other comprehensive income</i>									
Not applicable	Seekers Partners Limited (formerly known as Satiru Resources Group Limited)	Investment holding, property investment, commodities dealer, money lending, nominees, integrated financial services	Investment in shares	2.27%	177,424	177,424	-	-	6.3%

The Company expects that the performance of the Group's investment portfolio (including the investment described above) to be affected by the following external factors:

- 1) Market risk arising from fluctuations in global stock markets and changes in the global economy.
- 2) Policy risks in China that may materially and adversely affect the outlook for companies in its portfolio.
- 3) Financial performance and development plans of the relevant companies, as well as the outlook of the industry in which such companies operate.

The Board will continue to review the Group's investment portfolio, implement strict risk control to minimise the impact of market volatility and closely monitor the performance of its investments from time to time in order to reduce the possible financial risk related to its investments and maximise value for the shareholders of the Company.

EMPLOYEES

As at 30 June 2021, the Group employed approximately 36 (31 December 2020: 37) employees in Hong Kong, Singapore 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.

CONTINGENT LIABILITIES

Save as disclosed, the Group had no contingent liabilities as at 30 June 2021.

MATERIAL ACQUISITION AND DISPOSAL

Other than disclosed in note 8, the Group did not carry out any material acquisition and disposal during the period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this interim report, the Group does not have other plans for material investment or capital assets as at 30 June 2021.

LEGAL PROCEEDINGS

- a) During the year ended 31 December 2019, Gansu Jintai and 林范有, who were the former shareholders (collectively the “Former Shareholders”) of Jinchang Jintai, a subsidiary of the Group, initiated arbitrations against 上海典陽光伏電力有限公司 (“上海典陽”), an indirectly owned subsidiary of the Group, for outstanding receivables of RMB146,000,000 (equivalent to approximately HK\$163,344,000) and RMB41,000,000 (equivalent to approximately HK\$45,871,000), respectively, in respect of the acquisition of Jinchang Jintai in 2014. Pursuant to a settlement agreement (“Settlement Agreement”) entered into between, inter alia, 上海典陽, Gansu Jintai and 林范有 on 27 January 2021, the Group was required to make immediate repayment of RMB98,478,000 (equivalent to HK\$118,351,000) and corresponding late penalties of RMB9,227,000 (equivalent to HK\$11,089,000). These amounts were included in the provisions for litigations and claims as at 30 June 2021 and the settlement had not yet been made up to the date of approval of these consolidated financial statements.
- b) On 20 November 2019, the Group has initiated a lawsuit against Hongxiang New Materials Company Limited (宏祥新材料及股份有限公司) (“Hongxiang”) for the recovery of, inter alia, electricity charges and late payment fee in the aggregate amount of RMB10,533,000 (equivalent to approximately HK\$12,659,000) pursuant to a rooftop rental agreement dated 28 August 2015 and its supplemental agreement dated 6 June 2017 entered into between Hongxiang and Dezhou Miaoli, an indirect wholly-owned subsidiary of the Company. On 11 December 2020, Hongxiang initiated a lawsuit counterclaiming against Dezhou Miaoli for recovery of, inter alia, electricity and late payment fee in the aggregate amount of RMB6,080,000 (equivalent to HK\$7,307,000). With reference to advice of the Group’s legal advisor, the directors estimated the Group will likely to be liable to pay a total of approximately RMB6,080,000 (equivalent to HK\$7,307,000). The Group recognised the amount in the financial statements during the year ended 31 December 2020 and included in provision for litigations and claims and other payables and accruals as at 30 June 2021. As at the approval date of these financial statements, no settlement regarding the aforesaid case has been made.
- c) During the year ended 31 December 2020, Jinchang Jintai and a third party received an arbitration petition from Gansu Jintai due to an alleged late payment on the part of Jinchang Jintai and a third party in aggregate of RMB22,027,000 (equivalent to HK\$26,472,000) pursuant to various service agreements entered into between, inter alia, Jinchang Jintai and Gansu Jintai. During the year ended 31 December 2020, pursuant to a Settlement Agreement entered into between, inter alia, Jinchang Jintai and Gansu Jintai on 27 January 2021 and the judgement made by the court in the PRC in relation to this litigation, the Group was required to make payments of RMB21,210,000 (equivalent to HK\$25,490,000) and corresponding late penalties of RMB1,701,000 (equivalent to HK\$2,044,000) to Gansu Jintai and RMB21,706,000 (equivalent to HK\$26,086,000) and corresponding late penalties of RMB3,575,000 (equivalent to HK\$4,296,000) to a third party. These amounts were included in the provisions for litigations and claims as at 30 June 2021 and the settlement had not yet been made up to the date of approval of these consolidated financial statements.

- d) During the year ended 31 December 2020, Gansu Jintai, initiated arbitrations petition against Jinchang Jintai, for outstanding receivables of RMB47,771,000 (equivalent to approximately HK\$57,411,000) and corresponding late penalties of RMB4,533,000 (equivalent to HK\$5,448,000) in respect of the acquisition of Jinchang Jintai in 2014. The Group is concurrently in the process of negotiating with Gansu Jintai for a settlement and an amicable disposal of the matter. The aggregate amount was included in the provisions for litigations and claims as at 30 June 2021 and the settlement had not yet been made up to the date of approval of these consolidated financial statements.
- e) During the year ended 31 December 2020, 中民新能投資集團有限公司 who was the former shareholder of Gaoan Jinjian, a subsidiary of the Group, initiated arbitrations against Shanghai Gorgeous Smarter Energy Company Limited, an indirectly owned subsidiary of the Group, and Gaoan Jinjian, for outstanding receivables due from Shanghai Gorgeous Smarter Energy Company Limited of RMB15,582,000 (equivalent to approximately HK\$18,726,000) and corresponding late penalties of RMB3,286,000 (equivalent to approximately HK\$3,949,000) and outstanding receivables due from Gaoan Jinjian of RMB6,435,000 (equivalent to HK\$7,734,000), in respect of the Group's acquisition of Gaoan Jinjian in 2017. As at the approval date of these financial statements, no settlement regarding the aforesaid case has been reached. With reference to advice of the Group's legal advisor, the directors estimated that the Group would likely to be liable to pay a total of approximately RMB25,303,000 (equivalent to HK\$30,409,000) for this case. The Group recognised the amount in the financial statements during the year and included in provision for litigations and claims and other payables and accruals as at 30 June 2021.
- f) Subsequent to the reporting period, there was a legal claim brought against a subsidiary of the Group and the Company by a lender of the clean energy segment. In the opinion of the directors, no further provision for litigation was required to be made for the period ended 30 June 2021 as the penalty interest for late repayments has been accrued into other payables and accruals.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO") (i) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be and were entered in the register required to be kept by the Company referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

(a) Interests in the ordinary shares of HK\$0.0025 each of the Company (the "Shares")

Name of Director/ chief executive	Capacity	Number of Shares interested (Note 1)	Approximate percentage of the issued Shares
Mr. Chen Lei ("Mr. Chen")	Multiple Upbeat Investments Limited ("Multiple Upbeat")	74,276,000 (L) (Note 2)	0.79%

Notes:

1. The letter "L" denotes a long position in the issued ordinary shares of the company (the "Shares").
2. 74,276,000 Shares held by Multiple Upbeat, which was legally and beneficially owned as to 51% by Mr. Chen. Mr. Chen was deemed to have an interest in 0.79% of the Company's Shares in issue under the SFO.

(b) Interests in the underlying Shares of the Company – physically settled unlisted equity derivatives

Details of the interests of Directors and chief executive in share options of the Company are disclosed under the section "Share Option Scheme" in this report.

No share options were granted to, or exercised by, the Directors and chief executive during the six months ended 30 June 2021. There was no outstanding option granted to the Directors and chief executive at the beginning and at the six months ended 30 June 2021.

Save as disclosed above, as at 30 June 2021, (a) none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register required to be kept by the Company referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code; (b) nor had there been any grant or exercise of rights of such interests during the six months ended 30 June 2021.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above and "Share option scheme" below, at no time during the period or up to the date of this report were there any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

A share option scheme (the "Scheme") which complied with Chapter 17 of the Listing Rules was adopted at the annual general meeting held on 30 July 2004. No share option has been granted by the Company under the Scheme. The Scheme remained in force for 10 years from 11 August 2004 and was expired on 10 August 2014.

A new share option scheme (the "New Scheme") was adopted at the special general meeting of the Company held on 18 December 2014, being the date on which the Stock Exchange granted the listing of and permission to deal in the shares to be issued pursuant to the exercise of options under the New Scheme. There were no outstanding share options granted pursuant to the New Scheme.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the condensed consolidated financial statements, no transaction, arrangement or contract of significance in which any Director or any entity connected with the Director is or was materially interested, either directly or indirectly, subsisted during the period.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to the Directors and chief executives of the Company, as at 30 June 2021, the following persons (other than Directors and chief executives of the Company) had, or were deemed or taken to have an interest or short position in the Shares and underlying Shares of the Company, which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Capacity	Number of Shares interested (Note 1)	Approximate percentage of issued Shares
Gorgeous Investment (as defined below)	Beneficial owner	4,092,084,312 (L)	43.65%
Shanghai Gorgeous (as defined below)	Interest in a controlled corporation (Note 2)	4,092,084,312 (L)	43.65%
Shanghai Gu Yuan (as defined below)	Interest in a controlled corporation (Note 3)	4,092,084,312 (L)	43.65%
Rich Crown	Interest in a controlled corporation (Note 4)	4,092,084,312 (L)	43.65%
Creaton Holdings	Interest in a controlled corporation (Note 4)	4,092,084,312 (L)	43.65%
Mr. Ko Tin Kwok	Interest of controlled corporation (Note 25)	4,092,084,312 (L)	43.65%
Shandong Hi-Speed Investment Fund (as defined below)	Beneficial owner	831,000,000 (L)	8.86%
Shandong Hi-Speed Investment Fund Management	Interest of controlled Corporation (Note 5)	831,000,000 (L)	8.86%

Name of Shareholders	Capacity	Number of Shares interested <i>(Note 1)</i>	Approximate percentage of issued Shares
Shandong Hi-Speed Investment Holding (as defined below)	Interest of controlled Corporation <i>(Note 6)</i>	831,000,000 (L)	8.86%
Shandong Hi-Speed Group (as defined below)	Interest of controlled Corporation <i>(Note 7)</i>	1,497,372,364 (L)	15.97%
Dongying Yellow River (as defined below)	Interest of controlled Corporation <i>(Note 8)</i>	831,000,000 (L)	8.86%
Mr. Qin Zhongyue	Interest of controlled Corporation <i>(Note 9)</i>	831,000,000 (L)	8.86%
Safe Castle Limited	Beneficial owner <i>(Note 10)</i>	666,372,364 (L)	7.11%
Coupeville Limited	Interest of controlled Corporation <i>(Note 10)</i>	666,372,364 (L)	7.11%
China Shandong Hi-Speed Financial Group Limited	Interest of controlled Corporation <i>(Note 10)</i>	666,372,364 (L)	7.11%
DayShine Agricultural Supply Chain Investment Fund L.P.	Beneficial owner	650,000,000 (L)	6.93%
DayShine Fund Management (Cayman) Limited	Interest of controlled corporation <i>(Note 11)</i>	650,000,000 (L)	6.93%
Shenzhen Dachang Fund Management Co., Ltd.	Interest of controlled corporation <i>(Note 12)</i>	650,000,000 (L)	6.93%
Shenzhen Yukai Industrial Co., Ltd.	Interest of controlled corporation <i>(Note 13)</i>	650,000,000 (L)	6.93%

Name of Shareholders	Capacity	Number of Shares interested <i>(Note 1)</i>	Approximate percentage of issued Shares
Li Qinggao	Interest of controlled corporation <i>(Note 14)</i>	650,000,000 (L)	6.93%
Wang Leilei	Interest of controlled corporation <i>(Note 15)</i>	650,000,000 (L)	6.93%
Rationale (Holdings) Investment (as defined below)	Interest of controlled Corporation <i>(Note 16)</i>	650,000,000 (L)	6.93%
Rationale Investment (Shanghai) (as defined below)	Interest of controlled Corporation <i>(Note 17)</i>	650,000,000 (L)	6.93%
China Minsheng New Energy	Interest of controlled Corporation <i>(Note 18)</i>	650,000,000 (L)	6.93%
China Minsheng Investment	Interest of controlled Corporation <i>(Note 19)</i>	650,000,000 (L)	6.93%
Cheer Hope Holdings Limited	Beneficiary of a trust	688,900,000 (L)	7.35%
CCBI Investments Limited	Interest of controlled Corporation <i>(Note 20)</i>	688,900,000 (L)	7.35%
CCB International (Holdings) Limited	Interest of controlled Corporation <i>(Note 21)</i>	688,900,000 (L)	7.35%
CCB Financial Holdings Limited	Interest of controlled Corporation <i>(Note 22)</i>	688,900,000 (L)	7.35%
CCB International Group Holdings Limited	Interest of controlled Corporation <i>(Note 23)</i>	688,900,000 (L)	7.35%

Name of Shareholders	Capacity	Number of Shares interested (Note 1)	Approximate percentage of issued Shares
Central Huijin Investment Ltd.	Interest of controlled Corporation (Note 24)	688,900,000 (L)	7.35%
Ho Kwok Leung Glen	Agent (Note 26)	4,363,014,000 (L)	46.54%
Lai Kar Yan	Agent (Note 26)	4,363,014,000 (L)	46.54%
Industrial Bank Company Limited, Hong Kong Branch	Security interest in shares (Note 26)	4,363,014,000 (L)	46.54%

Notes:

1. The letter "L" denotes a long position in the Shares.
2. As at 30 June 2021, Gorgeous Investment Group Holding Co., Limited ("Gorgeous Investment") was a wholly-owned subsidiary of Shanghai Gorgeous Investment Development Company Limited ("Shanghai Gorgeous") and Shanghai Gorgeous was therefore deemed to have an interest in all the Shares beneficially owned by Gorgeous Investment under the SFO.
3. As at 30 June 2021, the equity interest of Shanghai Gorgeous was held by Shanghai Gu Yuan Property Development Company Limited ("Shanghai Gu Yuan") as to 75.66% and Shanghai Gu Yuan was therefore deemed to have an interest in all the Shares in which Shanghai Gorgeous was interested under the SFO.
4. As at 30 June 2021, the equity interest of Shanghai Gu Yuan was held by Rich Crown International Industries Limited ("Rich Crown") and Creaton Holdings Limited (創安集團有限公司) ("Creaton Holdings") as to 59.79% and 40.21%, respectively. Rich Crown and Creaton Holdings were therefore deemed to have an interest in the Shares in which Shanghai Gu Yuan was interested under the SFO.
5. As at 30 June 2021, Shandong Hi-Speed Investment Fund Management Ltd. ("Shandong Hi-Speed Investment Fund") was a wholly-owned subsidiary of Shandong Hi-Speed Investment Fund Management and Shandong Hi-Speed Investment Fund Management was therefore deemed to have an interest in all the Shares beneficially owned by Shandong Hi-Speed Investment Fund under the SFO.
6. As at 30 June 2021, the equity interest of Shandong Hi-Speed Investment Fund Management was held by Shandong Hi-Speed Investment Holding Company Limited (山東高速投資控股有限公司) ("Shandong Hi-Speed Investment Holding") as to 49% and Shandong Hi-Speed Investment Holding was therefore deemed to have an interest in all the Shares in which Shandong Hi-Speed Investment Fund Management was interested under the SFO.

7. As at 30 June 2021, Shandong Hi-Speed Investment Holding was a wholly-owned subsidiary of Shandong Hi-Speed Group Co., Ltd.* (山東高速集團有限公司) (“Shandong Hi-Speed Group”) and Shandong Hi-Speed Group was therefore deemed to have an interest in all the Shares in which Shandong Hi-Speed Investment Holding was interested under the SFO.
8. As at 30 June 2021, the equity interest of Shandong Hi-Speed Investment Fund Management was held by Dongying Yellow River Delta Investment Fund Management Ltd. (東營市黃河三角洲投資基金管理有限公司) (“Dongying Yellow River”) as to 41% and Dongying Yellow River was therefore deemed to have an interest in all the Shares in which Shandong Hi-Speed Investment Fund Management was interested under the SFO.
9. As at 30 June 2021, the entire equity interest of Dongying Yellow River was owned by Mr. Qin Zhongyue and Mr. Qin Zhongyue was therefore deemed to have an interest in all the Shares in which Dongying Yellow River was interested under the SFO.
10. As at 30 June 2021, 666,372,364 Shares were held by Safe Castle Limited, a wholly-owned subsidiary of Coupeville Limited, which in turn was a wholly-owned subsidiary of China Shandong Hi-Speed Financial Group Limited. China Shandong Hi-Speed Financial Group Limited (Stock Code: 412) is a listed company in the Stock Exchange. Accordingly, Coupeville Limited and China Shandong Hi-Speed Financial Group Limited were deemed to be interested in these Shares under the SFO.
11. As at 30 June 2021, DayShine Fund Management (Cayman) Limited (“DayShine Fund Management”) was the general partner of DayShine Fund and was therefore deemed to have an interest in all the Shares beneficially owned by DayShine Agricultural Supply Chain Investment Fund L.P. (“DayShine Fund”).
12. As at 30 June 2021, Shenzhen Dachang Fund Management Co., Ltd.* (深圳達昌基金管理有限公司) (“Shenzhen Dachang”) was the sole shareholder of DayShine Fund Management and was therefore deemed to have an interest in all the Shares in which DayShine Fund Management was interested under the SFO.
13. As at 30 June 2021, Shenzhen Yukai Industrial Co., Ltd.* (深圳裕開實業有限公司) (“Shenzhen Yukai”) was the controlling shareholder of Shenzhen Dachang and was therefore deemed to have an interest in all the Shares in which Shenzhen Dachang was interested under the SFO.
14. As at 30 June 2021, Li Qinggao was the controlling shareholder of each of Shenzhen Dachang and Shenzhen Yukai and was therefore deemed to have an interest in all the Shares in which Shenzhen Dachang was interested under the SFO.

15. As at 30 June 2021, Wang Leilei was the controlling shareholder of Shenzhen Yukai and was therefore deemed to have an interest in all the Shares in which Shenzhen Yukai was interested under the SFO.
16. As at 30 June 2021, Rationale (Holdings) Investment Limited (“Rationale (Holdings) Investment”) was the limited partner interested in 100% of DayShine Fund, and was therefore deemed to have an interest in all the Shares beneficially owned by DayShine Fund.
17. As at 30 June 2021, Rationale (Holdings) Investment Limited (“Rationale (Holdings) Investment”) was a wholly-owned subsidiary of Rationale Investment (Shanghai) Company Limited* (睿烜投資(上海)有限公司) (“Rationale Investment (Shanghai)”) and Rationale Investment (Shanghai) was therefore deemed to have an interest in all the Shares in which Rationale (Holdings) Investment was interested under the SFO.
18. As at 30 June 2021, Rationale Investment (Shanghai) was a wholly-owned subsidiary of China Minsheng New Energy Investment Co., Ltd.* (中民新能投資有限公司) (“China Minsheng New Energy”) and China Minsheng New Energy was therefore deemed to have an interest in all the Shares in which Rationale Investment (Shanghai) was interested under the SFO.
19. As at 30 June 2021, the equity interest of China Minsheng New Energy was held by China Minsheng Investment Company Limited* (中國民生投資股份有限公司) (“China Minsheng Investment”) as to 90% and China Minsheng Investment was therefore deemed to have an interest in all the Shares in which China Minsheng New Energy was interested under the SFO.
20. As at 30 June 2021, Cheer Hope Holdings Limited was a wholly-owned subsidiary of CCBI Investments Limited and CCBI Investments Limited was therefore deemed to have an interest in all the Shares beneficially owned by trust by Cheer Hope Holdings Limited under the SFO.
21. As at 30 June 2021, CCBI Investments Limited was a wholly-owned subsidiary of CCB International (Holdings) Limited and CCB International (Holdings) Limited was therefore deemed to have an interest in all the Shares beneficially owned by trust by CCBI Investments Limited under the SFO.
22. As at 30 June 2021, CCB International (Holdings) Limited was a wholly-owned subsidiary of CCB Financial Holdings Limited and CCB Financial Holdings Limited was therefore deemed to have an interest in all the Shares beneficially owned by trust by CCB International (Holdings) Limited under the SFO.
23. As at 30 June 2021, CCB Financial Holdings Limited was a wholly-owned subsidiary of CCB International Group Holdings Limited and CCB International Group Holdings Limited was therefore deemed to have an interest in all the Shares beneficially owned by trust by CCB Financial Holdings Limited under the SFO.

24. As at 30 June 2021, CCB International Group Holdings Limited was held by Central Huijin Investment Ltd. as to 57.11% and Central Huijin Investment Ltd. was therefore deemed to have an interest in all the Shares beneficially owned by trust by CCB Financial Holdings Limited under the SFO.
25. As at 30 June 2021, the equity interest of each of Rich Crown and Creaton Holdings was held by Mr. Ko Tin Kwok as to 100%. Mr. Ko Tin Kwok, a former director of the Company, was therefore deemed to be interested in the Shares beneficially owned by Gorgeous Investment under the SFO.
26. In accordance with Disclosure of Interests notices filed by Mr. Ho Kwok Leung Glen ("Mr. Ho"), Mr. Lai Kar Yan ("Mr. Lai") and Industrial Bank Company Limited, Hong Kong Branch ("IBCL"), on 7 December 2020, (i) Mr. Ho and Mr. Lai were appointed as joint and several receivers and managers over 4,363,014,000 shares of the Company held by Gorgeous Investment and Golden Value Worldwide Limited (the "Charged Shares") and (ii) IBCL enforced the Charged Shares as chargee by notifying the relevant broker through Mr. Ho and Mr. Lai.

Save as disclosed above, as at 30 June 2021, the Directors were not aware of any other person (other than the Directors and chief executives of the Company) who had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares of the Company which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

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 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 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 2021.

CORPORATE GOVERNANCE PRACTICES

The Board of the Company believes that good corporate governance practices are increasingly important for maintaining and promoting shareholder value and investor confidence. The Board sets appropriate policies and implements corporate governance practices which are considered appropriate to the conduct and growth of the Group's business.

The Company has applied the principles of all the applicable code provisions of the Corporate Governance Codes (the "CG Code") as set out in Appendix 14 of the Listing Rules as its own code on corporate governance practices. During the period, the Company complied with all the CG Code, except the following deviations:

- (i) Code provision A.4.1 of the CG Code requires the non-executive directors should be appointed for a specific term and subject to re-election. During the six months ended 30 June 2021, the three independent non-executive Directors and one non-executive Director are not appointed for a specific term, but they are subject to the retirement by rotation and re-election at the Company's annual general meeting at least once every three years in accordance with the Company's bye-laws (the "Bye-Laws"); and
- (ii) Under Code Provision A.2.1 of the Code, the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual.

During the period, the Company had not separated the roles of chairman and chief executive officer of the Company, that is, from 1 January 2021 to 9 March 2021 and from 15 March 2021 to 24 June 2021, Mr. Zhang and Mr. Xu had, respectively during such two periods, acted as the chairman of the Board and our chief executive officer of the Company who was responsible for overseeing the operations of the Group during such two periods. In view of the composition of the Board of such two periods, Mr. Zhang's and Mr. Xu's in-depth knowledge and experience in the industry in which the Group operates and their familiarity with the operations of the Group, the Company believes that it is in the best interest of the Group for them to assume both roles as the Chairman and the chief executive officer of the Company during such two periods. Following the resignation of Mr. Xu on 25 June 2021, Mr. Chen Xiaxuan an executive director was appointed as the chairman of the Board on 25 June 2021 and the office of the chief executive officer of the Company is vacated and the Company is making its best endeavours for a suitable person to act as the chief executive officer of the Company.

(iii) The Company failed to timely publish the 2020 annual financial information and lay the audited 2020 financial statements at the 2021 annual general meeting of the Company in accordance with Rules 13.46 and 13.49 of the Listing Rules, and published its environmental, social and governance report for the same period covered in this 2020 Annual Results under rule 13.91 of the Listing Rules. During the period and up to the date of this announcement, the Company published its 2020 annual results announcement and 2020 annual report respectively on 30 June 2021 and 9 July 2021, and that 2020 annual report contained an environmental, social and governance report for the same period; and on 9 August 2021, the 2021 annual general meeting was hold and the audited 2020 financial statements were presented thereat. The Company has been reviewing and closely monitoring its internal control systems to avoid delay in publication of its periodic financial and nonfinancial information under the Listing Rules in the future.

Save as those mentioned above and in the opinion of the Directors, the Company has met the code provisions set out in the CG Code during the six months ended 30 June 2021.

CHANGE IN INFORMATION OF DIRECTORS

On 13 January 2021, Mr. Chen Xiakuan was appointed as an executive director, Mr. Gao Fei resigned as an executive director and Mr. Yin Yilin resigned as an executive director.

On 10 March 2021, Mr. Zhang Liang was resigned as an executive director, chairman of the board and chief executive officer.

On 15 March 2021, Mr. Chen Lei was appointed as a non-executive director and Mr. Xu David Hua was appointed as an executive director, chairman of the board and chief executive officer and resigned on 25 June 2021.

On 25 April 2021, Mr. Lo Ka Ki was appointed as an independent non-executive director and Mr. Wang Yuzhou resigned as an independent non-executive director.

On 25 June 2021, following resignation of Mr. Xu David Hu (as above mentioned), Mr. Chen Xiakuan as executive director was appointed as the chairman of the board.

REMUNERATION COMMITTEE

The Remuneration Committee has been established by the Company in accordance with the requirements of the CG Code.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Group's policy and structure for the overall remuneration of directors and management, including the policy of granting of share options to employees under the Company's share option scheme. No director or any of his/her associates may be involved in any decisions as to his/her own remuneration.

The Remuneration Committee currently comprises the three independent non-executive directors, namely Mr. Lo Ka Ki, Mr. Lam Cheung Mau and Mr. Pun Hau Man. The chairman of the Remuneration Committee is Mr. Lo Ka Ki.

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 2021.

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. Lam Cheung Mau and Mr. Pun Hau Man. The chairman of the Audit Committee is Mr. Lo Ka Ki.

NOMINATION COMMITTEE

The Nomination Committee has reviewed and supervising the structure, size and composition of the Board, identifying qualified individuals to become members of the Board, assessing the independence of the independent non-executive directors and making recommendations to the Board on the appointment or re-appointment of Directors.

The Nomination Committee comprises one executive Director, namely Mr. Chen Xiakuan, and three independent non-executive Directors, namely Mr. Lo Ka Ki, Mr. Lam Cheung Mau and Mr. Pun Hau Man. The chairman of the Nomination Committee is Mr. Chan Xiakuan.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2021 (six months ended 30 June 2020: Nil). No dividend was paid during the period under review.

PUBLICATION OF INTERIM REPORT

The interim report will be published on the website of the Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company's website at www.cse1004.com in due course. Printed copies in both languages will be posted to the shareholders of the Company.

BOARD OF DIRECTORS

As at the date of this report, Mr. Chen Xiakuan, Mr. Hu Hanyang, Mr. Weng Xiaoquan and Mr. Bo Dateng are the executive directors of the Company; Mr. Chen Lei is the non-executive director of the Company; and Mr. Lo Ka Ki, Mr. Lam Cheung Mau and Mr. Pun Hau Man are the independent non-executive directors of the Company.

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

Hong Kong, 31 August 2021

* *For identification purposes only*