



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)

2022 Interim Report

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Xiakuan

(Chairman of the Board)

Mr. Bo Dateng

Ms. Yue Lu

(appointed on 28 January 2022)

Mr. Hu Hanyang

(resigned on 20 January 2022)

Mr. Weng Xiaoquan

(resigned on 27 January 2022)

Non-executive Director

Mr. Chen Lei

(resigned on 3 March 2022)

Independent Non-executive Directors

Mr. Pun Hau Man

Mr. Lo Ka Ki

Mr. Kwok Shun Sing

(appointed on 21 January 2022)

Mr. Lam Cheung Mau

(resigned on 19 January 2022)

COMPANY SECRETARY

Ms. Cheung Hoi Fun

AUTHORISED REPRESENTATIVES

Mr. Chen Xiakuan

Ms. Cheung Hoi Fun

AUDIT COMMITTEE

Mr. Lo Ka Ki *(Chairman)*

Mr. Pun Hau Man

Mr. Kwok Shun Sing

(appointed on 21 January 2022)

Mr. Lam Cheung Mau

(resigned on 19 January 2022)

REMUNERATION COMMITTEE

Mr. Lo Ka Ki (*Chairman*)
Mr. Pun Hau Man
Mr. Kwok Shun Sing
Mr. Wang Yuzhou
Mr. Lam Cheung Mau (*resigned on
19 January 2022*)

NOMINATION COMMITTEE

Mr. Chen Xiakuan (*Chairman*)
Mr. Pun Hau Man
Mr. Lo Ka Ki
Mr. Kwok Shun Sing
(*appointed on 21 January 2022*)
Mr. Lam Cheung Mau
(*resigned on 19 January 2022*)

AUDITORS

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
23/F, Tower 2, Enterprise Square Five,
38 Wang Chiu Road, Kowloon Bay,
Kowloon, Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2609, 26th Floor
Great Eagle Centre
No. 23 Harbour Road
Wan Chai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
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 2022 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 2022

		(Unaudited)	
		Six months ended 30 June	
	Notes	2022 HK\$'000	2021 HK\$'000
CONTINUING OPERATIONS:			
Revenue	4	102,523	96,494
Cost of sales		(61,429)	(66,766)
Gross profit		41,094	29,728
Other income	4	1,302	1,603
Other gain(losses), net	4	(504)	5,274
Administrative and operating expenses		(21,495)	(27,055)
PROFIT FROM CONTINUING OPERATIONS			
Finance costs	5	20,397	9,550
		(68,238)	(74,465)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS			
Income tax (expense) credit	6	(47,841)	(64,915)
	7	(556)	1,934
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS			
		(48,397)	(62,981)
DISCONTINUED OPERATIONS:			
Profit for the period		–	442
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)
		(48,397)	(61,019)
LOSS FOR THE PERIOD			
		(48,397)	(124,000)

		(Unaudited)	
		Six months ended 30 June	
		2022	2021
<i>Notes</i>		HK\$'000	HK\$'000
ATTRIBUTABLE TO:			
Owners of the Company			
Continuing operations		(47,321)	(64,258)
Discontinued operations		–	(61,019)
		(47,321)	(125,277)
Non-controlling interests			
Continuing operations		(1,076)	1,277
Discontinued operations		–	–
		(1,076)	1,277
Loss for the period		(48,397)	(124,000)
PROPOSED INTERIM DIVIDEND	<i>8</i>	–	–
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	<i>9</i>		
From continuing and discontinued operations:			
Basic		HK(0.50) cents	HK(1.34) cents
Diluted		HK(0.50) cents	HK(1.34) cents
Form continuing operations:			
Basic		HK(0.50) cents	HK(0.69) cents
Diluted		HK(0.50) cents	HK(0.69) cents

	(Unaudited)	
	Six months ended 30 June	
Notes	2022 HK\$'000	2021 HK\$'000
LOSS FOR THE PERIOD	(48,397)	(124,000)
OTHER COMPREHENSIVE INCOME:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	7,330	812
Release of reserves upon deemed disposal of a subsidiary	–	24,776
Other comprehensive income for the period, net of tax	7,330	25,588
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	(41,067)	(98,412)
ATTRIBUTABLE TO:		
Owners of the Company	(39,991)	(99,689)
Non-controlling interests	(1,076)	1,277
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	(41,067)	(98,412)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		(Unaudited) 30 June 2022 HK\$'000	(Audited) 31 December 2021 HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	10	826,466	901,741
Right-of-use assets		14,039	16,858
Intangible assets	11	430,026	464,322
Equity instruments at fair value through other comprehensive income ("FVTOCI")	12	1,200	1,200
Club membership debenture		130	130
		1,271,861	1,384,251
CURRENT ASSETS			
Trade and bills receivables	13	702,720	622,422
Prepayments, deposits and other receivables	14	63,841	86,137
Refundable deposits		97,521	99,135
Financial assets at fair value through profit or loss ("FVTPL")	15	45	47
Derivative financial instruments	16	–	15
Restricted bank deposit		740	757
Cash and cash equivalents		87,219	84,073
		952,086	892,586
CURRENT LIABILITIES			
Trade payables	17	40	12
Other payables and accruals		593,585	525,876
Amounts due to related parties	20	9,660	9,660
Provisions for litigations and claims		276,921	287,613
Lease liabilities		8,099	4,453
Bank and other borrowings	18	1,394,575	1,458,740
Current tax liabilities		8,018	7,912
		2,290,898	2,294,266

	(Unaudited)	(Audited)
	30 June	31 December
	2022	2021
<i>Notes</i>	HK\$'000	HK\$'000
NET CURRENT LIABILITIES	(1,338,812)	(1,401,680)
TOTAL ASSETS LESS CURRENT LIABILITIES	(66,951)	(17,429)
NON-CURRENT LIABILITIES		
Lease liabilities	11,634	14,608
Deferred tax liabilities	119,090	124,571
	130,724	139,179
NET LIABILITIES	(197,675)	(156,608)
CAPITAL AND RESERVES		
Share capital	23,436	23,436
Reserves	(225,444)	(185,453)
Total equity attributable to owners of the Company	(202,008)	(162,017)
Non-controlling interests	4,333	5,409
TOTAL EQUITY	(197,675)	(156,608)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)
Six months ended 30 June 2022
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 2022	23,436	4,157,427	77,102	(339,394)	(47,600)	10,514	(4,043,502)	(162,017)	5,409	(156,608)
Loss for the period	-	-	-	-	-	-	(47,321)	(47,321)	(1,076)	(48,397)
Other comprehensive income for the period: Exchange difference on translation of foreign operations	-	-	-	-	7,330	-	-	7,330	-	7,330
Change in equity for the period	-	-	-	-	7,330	-	(47,321)	(39,991)	(1,076)	(41,067)
Balance at 30 June 2022	23,436	4,157,427	77,102	(339,394)	(40,270)	10,514	(4,090,823)	(202,008)	4,333	(197,675)

(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

CONDENSED CONSOLIDATED STATEMENT of CASH FLOWS

For the six months ended 30 June 2022

	(Unaudited)	
	1 January 2022 to 30 June 2022 <i>HK\$'000</i>	1 January 2021 to 30 June 2021 <i>HK\$'000</i>
Net cash flows generated from operating activities	6,324	62,321
Net cash flows from investing activities	23	360,765
Net cash flows used in financing activities	(56)	(408,199)
Net increase in cash and cash equivalents	6,291	14,887
Effect of foreign exchange rate changes	(3,145)	105
Cash and cash equivalents at beginning of period	84,073	36,780
Cash and cash equivalents at end of period	87,219	51,772
Analysis of the balances of cash and cash equivalents		
Time deposit and cash and bank balances	87,219	51,772

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2022 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 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 2021.

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\$48,397,000 for the six months ended 30 June 2022 and, as of that date, the Group’s current liabilities exceeded its current assets by approximately HK\$1,338,812,000. As at that date, the Group’s total borrowings amounted to approximately HK\$1,394,575,000, of which current borrowings amounted to approximately HK\$1,394,575,000, while its cash and cash equivalents amounted to approximately HK\$87,219,000 only.

The directors have estimated the Group’s cash requirements by preparing a Group cashflow forecast for the 12 months ending 30 June 2023 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 2021 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 2022.

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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

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

3. SEGMENT INFORMATION

(a) Segment revenue and results

For the six months ended 30 June 2022 (Unaudited)

	Continuing operations				Consolidated HK\$'000
	Clean energy HK\$'000	Trading in securities HK\$'000	Investments HK\$'000	Trading of bulk commodities HK\$'000	
Segment revenue:					
Revenue from external customers	102,523	-	-	-	102,523
Dividend income	-	-	-	-	-
Reportable segment revenue	102,523	-	-	-	102,523
Segment results	41,385	(6,685)	(385)	3,586	30,729
Reconciliation:					
Interest income					59
Unallocated corporate expenses					(10,391)
Profit from operation					20,397
Finance costs					(68,238)
Loss before tax					(47,841)
Income tax credit					(556)
Loss for the period					(48,397)

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)

(b) Segment assets and liabilities

At 30 June 2022 (Unaudited)

	Clean energy <i>HK\$'000</i>	Trading in securities <i>HK\$'000</i>	Investments <i>HK\$'000</i>	Trading of bulk commodities <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Reportable segment assets	1,999,212	14,821	1,200	559	208,155	2,223,947
Reportable segment liabilities	1,244,003	730,210	1,839	–	445,570	2,421,622

At 31 December 2021 (Audited)

	Clean energy <i>HK\$'000</i>	Trading in securities <i>HK\$'000</i>	Investments <i>HK\$'000</i>	Trading of bulk commodities <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Reportable segment assets	2,087,033	15,723	1,200	429	172,452	2,276,837
Reportable segment liabilities	1,346,781	720,258	2,491	–	363,915	2,433,445

(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	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operations:		
Singapore	–	2,090
The PRC	102,523	94,404
	102,523	96,494
Discontinued operation:		
The PRC	–	7,804

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

	(Unaudited)	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Continuing operations:		
Revenue from contracts with customers		
Disaggregated by major products or service lines		
– Sale of electricity	102,523	94,404
– Sale of bulk commodities	–	2,090
	102,523	96,494
Other income		
Bank interest income	59	24
Imputed interest income of accrued revenue on tariff subsidy	1,202	1,425
Others	41	154
	1,302	1,603
Other gains (losses), net		
Exchange loss, net	(28)	6
Net realised and unrealised gain on derivative financial instruments	(596)	8,252
Impairment loss on trade receivables	–	(3,066)
Others	120	82
	(504)	5,274

5. FINANCE COSTS

	(Unaudited)	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Interest expense on lease liabilities	1,044	1,008
Interest on bank and other borrowings	67,194	73,457
	68,238	74,465

6. LOSS BEFORE TAX

	(Unaudited)	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
The Group's loss before tax is arrived at after charging:		
Depreciation of property, plant and equipment	37,954	37,335
Depreciation of right-of-use assets	3,211	3,112
Amortisation of intangible assets	14,302	17,715
Staff costs (including directors' remuneration and directors and staff retirement benefit scheme contributions)	10,113	10,602

7. INCOME TAX (EXPENSES) 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 2021: 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 2021: 17%).

PRC Enterprises Income Tax has been provided at a rate of 25% (six months ended 30 June 2021: 25%). During the period, seven (six months ended 30 June 2020: seven) 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 two 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	
	2022	2021
	HK\$'000	HK\$'000
Current tax	(2,823)	(2,698)
Deferred tax credit	2,267	4,632
	(556)	1,934

8. PROPOSED INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	(Unaudited)	
	Six months ended 30 June	
	2022	2021
	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	(47,321)	(125,277)
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	(47,321)	(64,258)
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 2021: same).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group did not acquire additional items of property, plant and equipment (six months ended 30 June 2021: nil).

11. INTANGIBLE ASSETS

The net carrying amount of intangible assets at 30 June 2022 represents customer contract of HK\$430,026,000 (31 December 2021: HK\$464,322,000).

12. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	(Unaudited) 30 June 2022 HK\$'000	(Audited) 31 December 2021 HK\$'000
Equity instruments at fair value through other comprehensive income comprise:		
Unlisted equity securities, at fair value	1,200	1,200

13. TRADE AND BILLS RECEIVABLES

	(Unaudited) 30 June 2022 HK\$'000	(Audited) 31 December 2021 HK\$'000
Trade receivables	733,602	653,304
Allowance for doubtful debts	(30,882)	(30,882)
	702,720	622,422

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

	(Unaudited) 30 June 2022 HK\$'000	(Audited) 31 December 2021 HK\$'000
Trade receivables		
Unbilled	677,672	599,522
Current to 30 days	1,993	2,036
Over 30 days	23,055	20,864
	702,720	622,422

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.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	(Unaudited) 30 June 2022 HK\$'000	(Audited) 31 December 2021 <i>HK\$'000</i>
Value-added tax recoverable	26,512	33,667
Amount due from a related company (i)	3,096	3,096
Prepayments, other deposits and receivables	17,921	32,284
Consideration receivable from deemed disposal of a subsidiary	16,312	17,090
	63,841	86,137

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

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) 30 June 2022 HK\$'000	(Audited) 31 December 2021 <i>HK\$'000</i>
Unlisted investment funds	45	47

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

16. 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.

17. TRADE PAYABLES

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

	(Unaudited) 30 June 2022 HK\$'000	(Audited) 31 December 2021 <i>HK\$'000</i>
Over 60 days	40	12

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

18. BANK AND OTHER BORROWINGS

	(Unaudited) 30 June 2022 HK\$'000	(Audited) 31 December 2021 <i>HK\$'000</i>
Current		
Bank loans – secured (<i>note i</i>)	515,378	539,090
Other loan – secured (<i>note ii</i>)	558,925	584,642
Other loans – secured (<i>note iii</i>)	312,671	327,057
Other loan – secured (<i>note iv</i>)	7,601	7,951
	1,394,575	1,458,740

The bank and other borrowings to be repayable as follows:

	(Unaudited) 30 June 2022 HK\$'000	(Audited) 31 December 2021 <i>HK\$'000</i>
Within one year	1,394,575	1,458,740
After 1 year but within 2 years	–	–
After 2 years but within 5 years	–	–
After 5 years	–	–
	1,394,575	1,458,740

Notes:

- (i) At 30 June 2022, the Group's bank borrowings of HK\$515,378,000 (31 December 2021: HK\$539,091,000) were guaranteed by a subsidiary up to the amount the loan balance outstanding (31 December 2021: 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 2021: same).
- (ii) At 30 June 2022, the Group's other loan of HK\$558,925,000 (31 December 2021: HK\$584,642,000) 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 2021.
- (iii) At 30 June 2022, the Group's other loans of HK\$312,671,000 (31 December 2021: HK\$327,057,000) 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 2022, the Group's other loan of HK\$7,601,000 (31 December 2021: HK\$7,951,000) 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.

19. SHARE CAPITAL

	(Unaudited)	
	Number of shares '000	Amount HK\$'000
Authorised		
Ordinary shares of HK\$0.0025 each		
At 1 January 2022 and 30 June 2022	120,000,000	300,000
Issued and fully paid		
At 1 January 2022 and 30 June 2022	9,374,351	23,436

During the six months ended 30 June 2022 and 30 June 2021, 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 2022 and 30 June 2021.

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 2021: 594,491,440), representing 6.3% (31 December 2021: 6.3%) of the issued share capital of the Company at the date of these condensed consolidated financial statements.

20. AMOUNTS DUE TO RELATED PARTIES

	(Unaudited)	(Audited)
	30 June	31 December
	2022	2021
	HK\$'000	HK\$'000
Amount due to a director	300	300
Amount due to non-controlling shareholder	9,360	9,360
	9,660	9,660

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

21. 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 2022 HK\$'000	1 January 2020 to 30 June 2021 HK\$'000
Short-term employee benefits	1,534	1,661
Post-employment benefits	53	66
	1,587	1,727

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.

22. 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 2022 (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	–	45	–	45
	–	45	–	45
Financial assets at FVTOCI				
Unlisted equity securities				
Company A	–	–	1,126	1,126
Company B	–	–	20	20
Company C	–	–	54	54
Total	–	45	1,200	1,245

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

(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 2022	1,200
Fair value change recognised in other comprehensive income	–
At 30 June 2022	1,200

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

(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 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Unlisted investment funds	Market approach	Price quoted by a financial institution in the PRC	45	47
Derivative financial instruments – commodity futures	Market approach	Price quoted by the dealers	–	15

Level 3 fair value measurements

Description	Unobservable inputs	Range	Valuation technique	Effect on fair value for increase of inputs	Fair value	
					At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Private equity investments classified as financial assets at FVTOCI	Recent transactions	N/A	Market approach	Increase	1,126	1,126
	Recent transactions	N/A		Increase	20	20
	Recent transactions	N/A		Increase	54	54

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF THE GROUP

Revenue by Business Segments

Ratio analysis by business segments for the Group's revenue for the period from 1 January 2022 to 30 June 2022 ("Current Period") against the period from 1 January 2021 to 30 June 2021 ("Comparative Period") is as follows:

- Clean Energy: approximately HK\$102,523,000 (Comparative Period: approximately HK\$102,208,000)
- Trading in securities: Nil (Comparative Period: Nil)
- Investments: Nil (Comparative Period: Nil)
- Trading of bulk commodities: Nil (Comparative Period: approximately HK\$2,090,000)

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\$102,523,000 (Comparative Period: approximately HK\$102,208,000)
- Singapore: Nil (Comparative Period: approximately HK\$2,090,000)

The net loss for the period attributed to owners of the Company was approximately HK\$47,321,000, as compared to net loss of approximately HK\$125,277,000 for the Comparative Period, representing a decrease in net loss of 62.2%.

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

The basic loss per share for the Current Period is HK0.50 cents (Comparative Period: HK1.34 cents), representing a decrease in loss per share of 62.7%.

BUSINESS REVIEW

Clean Energy

Clean-energy power generation business is the principal business of the Group. As at 30 June 2022, the Group's power generation capacity is approximately 172 megawatt(s) ("MW") (as at 31 December 2021: 172MW), all of which are photovoltaic power generation projects locating in four provinces, Gansu, Anhui, Jiangxi and Shandong (as at 31 December 2021: four provinces, Gansu, Anhui, Jiangxi and Shandong).

Segment profit of approximately HK\$41,385,000 was recorded for the Current Period as compared to a segment profit of approximately HK\$20,018,000 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 77,309,000KWh, representing an increase of 16.5% as compared to sale of electricity of 66,346,000KWh in the Comparative Period. Sales revenue was approximately HK\$65,148,000, representing an increase of 15.5% as compared to revenue of approximately HK\$56,395,000 in the Comparative Period.

Guanyang 8.25MW Project in Dezhou, Shandong: During the Current Period, sale of electricity was 3,815,000KWh, representing an increase of 24.7% as compared to sale of electricity of 3,060,000KWh in the Comparative Period. Sales revenue was approximately HK\$3,638,000, representing an increase of 19.5% as compared to revenue of approximately HK\$3,044,000 in the Comparative Period.

Hongxiang 8MW Project in Dezhou, Shandong: During the Current Period, sale of electricity was 2,662,000KWh, representing a decrease of 6.7% as compared to sale of electricity of 2,853,000KWh in the Comparative Period. Sales revenue was approximately HK\$2,647,000, representing a decrease of 11.4% as compared to revenue of approximately HK\$2,986,000 in the Comparative Period.

Jiayang 10MW Project in Dezhou, Shandong: During the Current Period, sale of electricity was 4,997,000KWh (Comparative Period: 4,819,000KWh), representing an increase of 3.7%. Sales revenue was approximately HK\$5,822,000 (Comparative Period: HK\$6,130,000), representing a decrease of 5%.

Hongyang 20MW Project in Changfeng, Anhui: During the Current Period, sale of electricity was 11,277,000KWh (Comparative Period: 11,631,000KWh), representing a decrease of 3%. Sales revenue was approximately HK\$14,089,000 (Comparative Period: HK\$14,291,000), representing a decrease of 1.4%.

Jinjian 20MW Project in Gaoan, Jiangxi: During the Current Period, sale of electricity was 8,191,000KWh (Comparative Period: 8,644,000KWh), representing a decrease of 5.2%. Sales revenue was approximately HK\$9,043,000 (Comparative Period: HK\$9,877,000), representing a decrease of 8.4%.

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: nil).

Trading of Bulk Commodities

During the Current Period, the revenue from this segment was nil (Comparative Period: HK\$2,090,000) and recorded a segment loss of HK\$3,586,000 (Comparative Period: segment profit of HK\$4,276,000).

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 2022, the Group had cash and bank balances of approximately HK\$87,219,000 (31 December 2021: HK\$84,073,000) and interest bearing borrowings of approximately HK\$1,394,575,000 (31 December 2021: HK\$1,458,740,000). As at 30 June 2022, total deficit attributable to owners of the Company amounted to approximately HK\$202,008,000 (31 December 2021: HK\$162,017,000). The gearing ratio was negative 647.2% as at 30 June 2022 (31 December 2021: negative 848.5%).

CAPITAL STRUCTURE

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

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

	(Unaudited) 30 June 2022 HK\$'000	(Audited) 31 December 2021 HK\$'000
Bank and other borrowings	1,394,575	1,458,740
Less: cash and bank balances	(87,219)	(84,073)
Net debt	1,307,356	1,374,667
Total deficiency attributable to owners of the Company	(202,008)	(162,017)
Gearing ratio	(647.2)%	(848.5)%

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 2022, the Group's bank borrowings of HK\$515,378,000 (31 December 2021: HK\$539,092,000) were guaranteed by a subsidiary up to a total amount of RMB465,900,000 (31 December 2021: RMB465,900,000). 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 2021: 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 2022. The default has not been remedied at the date these financial statements were authorised for issue.

- ii. At 30 June 2022, the Group's other loan of HK\$558,925,000 (31 December 2021: HK\$584,642,000) 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 2022, the Group's other loans of HK\$312,671,000 (31 December 2021: HK\$327,057,000) 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.

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.

EMPLOYEES

As at 30 June 2022, the Group employed approximately 33 (31 December 2021: 33) 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 2022.

MATERIAL ACQUISITION AND DISPOSAL

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 2022.

LEGAL PROCEEDINGS

- a) 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\$25,756,000) 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\$25,381,000) and corresponding late penalties of RMB1,701,000 (equivalent to HK\$1,989,000) to Gansu Jintai and RMB21,706,000 (equivalent to HK\$25,381,000) and corresponding late penalties of RMB4,411,000 (equivalent to HK\$5,158,000) to a third party. These amounts were included in the provisions for litigations and claims as at 30 June 2022 and the settlement had not yet been made up to the date of approval of these consolidated financial statements.
- b) 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\$55,859,000) and corresponding late penalties of RMB4,533,000 (equivalent to HK\$5,300,000) 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 2022 and the settlement had not yet been made up to the date of approval of these consolidated financial statements.
- c) 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\$18,220,000) and corresponding late penalties of RMB3,286,000 (equivalent to approximately HK\$3,842,000) and outstanding receivables due from Gaoan Jinjian of RMB6,435,000 (equivalent to HK\$7,524,000), in respect of the Group's acquisition of Gaoan Jinjian in 2017. On 30 September 2021, the Company and 中民新能投資集團有限公司 entered into a settlement agreement and total settlement further increase to RMB44,000,000 (equivalent to approximately HK\$51,449,000). 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 2022.

- d) Subsequent to the reporting period, there were legal claims brought against subsidiaries of the Group by certain service providers of the clean energy segment. In the opinion of the directors, adequate liabilities of these claims were already provided in provisions for litigations and claims and other payables as at 30 June 2022.

OTHER INFORMATION

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

As at 30 June 2022, (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 Securities and Futures Ordinance ("SFO")) (i) which were required to be 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 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code"); (b) nor had there been any grant or exercise of rights of such interests during the six months ended 30 June 2022.

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 2022, 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	Beneficial owner (Note 2)	4,092,084,312 (L)	43.65%
Shanghai Gorgeous	Interest in a controlled corporation (Note 2 and 3)	4,092,084,312 (L)	43.65%
Shanghai Gu Yuan	Interest in a controlled corporation (Note 2 and 4)	4,092,084,312 (L)	43.65%
Rich Crown	Interest in a controlled corporation (Note 2 and 5)	4,092,084,312 (L)	43.65%
Creaton Holdings	Interest in a controlled corporation (Note 2 and 5)	4,092,084,312 (L)	43.65%
Mr. Ko Tin Kwok (deceased)	Interest in a controlled corporation (Note 2 and 6)	4,092,084,312 (L)	43.65%
Shandong Hi-Speed Investment Fund	Beneficial owner	831,000,000 (L)	8.86%
Shandong Hi-Speed Investment Fund Management	Interest of controlled Corporation (Note 7)	831,000,000 (L)	8.86%
Shandong Hi-Speed Investment Holding	Interest of controlled Corporation (Note 8)	831,000,000 (L)	8.86%
Shandong Hi-Speed Group	Interest of controlled Corporation (Note 9)	1,497,372,364 (L)	15.97%

Name of Shareholders	Capacity	Number of Shares interested (Note 1)	Approximate percentage of issued Shares
Dongying Yellow River	Interest of controlled Corporation (Note 10)	831,000,000 (L)	8.86%
Mr. Qin Zhongyue	Interest of controlled Corporation (Note 11)	831,000,000 (L)	8.86%
Safe Castle Limited	Beneficial owner (Note 12)	677,736,364 (L)	7.11%
China Shandong Hi-Speed Capital	Interest of controlled Corporation (Note 12)	677,736,364 (L)	7.11%
China Shandong Hi-Speed Financial Group Limited	Interest of controlled Corporation (Note 12)	677,736,364 (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 (Note 13)	650,000,000 (L)	6.93%
Shenzhen Dachang Fund Management Co., Ltd.	Interest of controlled corporation (Note 15)	650,000,000 (L)	6.93%
Shenzhen Yukai Industrial Co., Ltd.	Interest of controlled corporation (Note 15)	650,000,000 (L)	6.93%
Li Qinggao	Interest of controlled corporation (Note 16)	650,000,000 (L)	6.93%
Wang Leilei	Interest of controlled corporation (Note 17)	650,000,000 (L)	6.93%
Rationale (Holdings) Investment	Interest of controlled Corporation (Note 18)	650,000,000 (L)	6.93%

Name of Shareholders	Capacity	Number of Shares interested <i>(Note 1)</i>	Approximate percentage of issued Shares
Rationale Investment (Shanghai)	Interest of controlled Corporation <i>(Note 19)</i>	650,000,000 (L)	6.93%
China Minsheng New Energy	Interest of controlled Corporation <i>(Note 20)</i>	650,000,000 (L)	6.93%
China Minsheng Investment	Interest of controlled Corporation <i>(Note 21)</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 22)</i>	688,900,000 (L)	7.35%
CCB International (Holdings) Limited	Interest of controlled Corporation <i>(Note 23)</i>	688,900,000 (L)	7.35%
CCB Financial Holdings Limited	Interest of controlled Corporation <i>(Note 24)</i>	688,900,000 (L)	7.35%
CCB International Group Holdings Limited	Interest of controlled Corporation <i>(Note 25)</i>	688,900,000 (L)	7.35%
China Construction Bank Corporation	Interest of controlled Corporation <i>(Note 26)</i>	688,900,000 (L)	7.35%
Central Huijin Investment Ltd.	Interest of controlled Corporation <i>(Note 27)</i>	688,900,000 (L)	7.35%
Ho Kwok Leung Glen	Receiver <i>(Note 28)</i>	4,363,014,000 (L)	46.54%
Lai Kar Yan	Receiver <i>(Note 28)</i>	4,363,014,000 (L)	46.54%
Industrial Bank Company Limited, Hong Kong Branch	Chargee <i>(Note 29)</i>	4,363,014,000 (L)	46.54%

Notes:

1. The letter "L" denotes a long position in the shares.
2. As disclosed in the announcement of the Company dated 5 February 2021 and as at 30 June 2022, Industrial Bank Co Ltd Hong Kong has purportedly appointed Mr. Ho Kwok Leung Glen and Mr. Lai Kar Yan as receivers over the Shares held by Gorgeous Investment Group Holdings Co., Limited ("Gorgeous Investment") and the Shares held by another company, totalling 4,363,014,000 Shares (equivalent to 46.54% of the total issued share capital of the Company) and has caused their names to appear on the list of substantial shareholders of the Company via the Stock Exchange of Hong Kong Limited Disclosure of Interest Online System.
3. As at 30 June 2022, 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.
4. As at 30 June 2022, 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.
5. As at 30 June 2022, 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.
6. As at 30 June 2022, 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 in which Rich Crown and Creaton Holdings were interested under the SFO.
7. As at 30 June 2022, Shandong Hi-Speed Investment Fund Management Ltd. ("Shandong Hi-Speed Investment Fund") was a wholly-owned subsidiary of Shandong Hi-Speed Investment Fund Management Company Limited* ("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.
8. As at 30 June 2022, 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.

9. As at 30 June 2022, 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.
10. As at 30 June 2022, 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.
11. As at 30 June 2022, 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.
12. As at 30 June 2022, 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.
13. As at 30 June 2022, 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”).
14. As at 30 June 2022, Shenzhen Dachang Fund Management Co., Ltd.* (深圳達昌基金管理有限公司) (“Shenzhen Dacheng”) 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.
15. As at 30 June 2022, 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.
16. As at 30 June 2022, 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.
17. As at 30 June 2022, 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.

18. As at 30 June 2022, 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.
19. As at 30 June 2022, 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.
20. As at 30 June 2022, 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.
21. As at 30 June 2022, 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.
22. As at 30 June 2022, 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.
23. As at 30 June 2022, 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.
24. As at 30 June 2022, 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.
25. As at 30 June 2022, 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.

26. As at 30 June 2022, CCB International Group Holdings was a wholly owned subsidiary of China Construction Bank Corporation and China Construction Bank Corporation was therefore deemed to have an interest in all the Shares beneficially owned by trust by CCB International Group Holdings Limited under the SFO.
27. As at 30 June 2022, 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.
28. Messrs Ho Kwok Leung Glen and Lai Kar Yan (together, the "Receivers") have been appointed as joint and several receivers and managers over 4,363,014,000 shares of China Smarter Energy Group Holdings Limited held by Gorgeous Investment Group Holding Co., Limited and Golden Value Worldwide Limited (the "Charged Shares").
29. Industrial Bank Company Limited, Hong Kong Branch, enforces the Charged Shares as chargee by notifying the relevant broker through the Receivers.

Save as disclosed above, as at 30 June 2022, 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 2022.

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 2022.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of all the applicable code provisions of the Code on Corporate Governance Practices (the “Code on CGP”), which was amended and effective since 1 January 2022, as set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited as its own code on corporate governance practices. During the Current Year, the Company was in compliance with all code provisions set out in the Code on CGP except for the following deviation;

1. The Company failed to timely publish the 2021 annual financial information and 2022 interim financial information and lay the audited 2021 financial statements at the 2022 annual general meeting of the Company in accordance with Rules 13.46 and 13.49 of the Listing Rules, and its environmental, social and governance report for the same period covered in these 2021 Annual Results under rule 13.91 of the Listing Rules. The Company has been reviewing and closely monitoring its internal control systems to avoid delay in publication of its periodic financial and non-financial 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 2022.

CHANGE IN INFORMATION OF DIRECTORS

On 19 January 2022, Mr. Lam Cheung Mau resigned as an independent non-executive director.

On 20 January 2022, Mr. Hu Hanyang resigned as an executive director.

On 21 January 2022, Mr. Kwok Shun Sing was appointed as an independent non-executive director.

On 27 January 2022, Mr. Weng Xiaoquan resigned as an executive director.

On 28 January 2022, Ms. Yue Liu was appointed as an executive director.

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. Pun Hau Man and Mr. Kwok Shun Sing. 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 2022.

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. Pun Hau Man and Mr. Kwok Shun Sing. 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. Pun Hau Man and Mr. Kwok Shun Sing. 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 2022 (six months ended 30 June 2021: 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 Xiaxuan, Mr. Bo Dateng and Ms. Yue Lu are the executive directors of the Company; and Mr. Lo Ka Ki, Mr. Pun Hau Man and Mr. Kwok Shun Sing are the independent non-executive directors of the Company.

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

Hong Kong, 10 October 2022

* *For identification purposes only*