CCIAM FUTURE ENERGY LIMITED
信能低碳有限公司

(formerly known as The Hong Kong Building and Loan Agency Limited 香港建屋貸款有限公司)
(Incorporated in Hong Kong with limited liability)
(Stock code: 145)

FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020

The board (the "**Board**") of directors (the "**Director(s)**") of CCIAM Future Energy Limited (formerly known as "The Hong Kong Building and Loan Agency Limited") (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2020, together with the comparative figures for the year ended 31 December 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2020

		2020	2019
	Notes	***HK$'000***	*HK$'000*
Revenue	*5*	**7,985**	41,272
Cost of sales		**(4,136)**	(37,132)
Gross profit		**3,849**	4,140
Other income	*6*	**3,032**	5,155
Net allowance for expected credit losses on trade receivables and finance lease receivables		**(26,051)**	(13,042)
Amortisation of intangible assets		**(4,540)**	(8,565)
Impairment loss on intangible assets		**(20,315)**	(43,435)
Impairment loss on right-of-use assets		**(257)**	–
Loss on early settlement of trade receivables		**(289)**	–
Loss on early settlement of finance lease receivables		**–**	(9,800)
Loss on disposal of subsidiary		**–**	(5,593)
Selling expenses		**(2,625)**	(2,281)
Administrative and operating expenses		**(20,334)**	(20,144)

	Notes	2020 HK$'000	2019 HK$'000
Loss from operations		**(67,530)**	(93,565)
Finance costs	*7*	**(3,620)**	(23,560)
Loss before taxation	*8*	**(71,150)**	(117,125)
Taxation	*9*	**3,728**	7,800
Loss for the year		**(67,422)**	(109,325)
Other comprehensive income for the year, net of tax			
Item that will not be reclassified to profit or loss:			
Changes in fair value of financial assets at fair value through other comprehensive income		**–**	6,522
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign investments		**5,518**	446
Other comprehensive income for the year, net of tax		**5,518**	6,968
Total comprehensive expense for the year, net of tax		**(61,904)**	(102,357)
Loss for the year attributable to owners of the Company		**(67,422)**	(109,325)
Total comprehensive expense attributable to owners of the Company		**(61,904)**	(102,357)
		HK cents	*HK cents* (Restated)
Loss per share			
– Basic and diluted	*11*	**(17.33)**	(42.42)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Intangible assets	*12*	**24,145**	49,000
Property, plant and equipment		**110**	116
Right-of-use assets		**306**	374
Trade receivables	*13*	**–**	25,126
Finance lease receivables		**41,314**	51,313
		65,875	125,929
Current assets			
Inventories		**471**	562
Trade and bills receivables	*13*	**47,022**	25,457
Prepayments, deposits and other receivables		**1,047**	1,183
Finance lease receivables		**14,604**	26,550
Cash and bank balances		**28,757**	11,076
		91,901	64,828
Current liabilities			
Trade and other payables	*14*	**17,079**	17,705
Lease liabilities		**316**	376
Other borrowings		**23,820**	22,318
		41,215	40,399
Net current assets		**50,686**	24,429
Total assets less current liabilities		**116,561**	150,358

	2020	2019
	HK$'000	*HK$'000*
Non-current liabilities		
Lease liabilities	**225**	–
Deferred tax liabilities	**3,622**	7,350
	3,847	7,350
Net assets	**112,714**	143,008
Capital and reserves		
Share capital	**3,177,339**	3,148,629
Reserves	**(3,064,625)**	(3,005,621)
Total equity	**112,714**	143,008

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. CORPORATE INFORMATION

CCIAM Future Energy Limited (formerly known as "The Hong Kong Building and Loan Agency Limited") (the "**Company**") was incorporated in Hong Kong and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of registered office of the Company is Unit D, 7/F, Seabright Plaza, 9-23 Shell Street, North Point, Hong Kong.

Pursuant to a special resolution passed in extraordinary general meeting on 22 February 2021 and the Company Registry in Hong Kong has issued the certificate of change of name dated 3 March 2021, the English name of the Company changed from "The Hong Kong Building and Loan Agency Limited" to "CCIAM Future Energy Limited" and the adoption of "信能低碳有限公司" as the secondary name in Chinese of the Company to replace its existing secondary name in Chinese "香港建屋貸款有限公司" which is used for identification purpose only.

The Company is an investment holding company and its subsidiaries are principally engaged in design and provision of energy saving solutions.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") which is the same as functional currency of the Company and rounded to the nearest thousand (HK$'000), unless otherwise stated.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to HKFRS 16 Covid-19 – Related Rent Concessions.

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[4]
HKAS 16 (Amendments)	Property, Plant and Equipment – Proceeds before Intended Use[3]
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract[3]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2018 – 2020[3]
HKFRS 3 (Amendments)	Reference to the Conceptual Framework[3]
HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2[1]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 17	Insurance Contracts and the related Amendments[4]

[1] Effective for annual periods beginning on or after 1 January 2021.
[2] Effective for annual periods beginning on or after a date to be determined.
[3] Effective for annual periods beginning on or after 1 January 2022.
[4] Effective for annual periods beginning on or after 1 January 2023.

The directors of the Company anticipate that the application of all the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by HKICPA. In addition, these consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange and the Hong Kong Companies Ordinance.

(b) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Going Concern

For the year ended 31 December 2020, the Group incurred a net loss of approximately HK$67,422,000 (2019: HK$109,325,000) and a net cash outflow from operating activities of approximately HK$10,514,000 (2019: HK$13,017,000). The Group is implementing the following measures in order to improve the working capital and liquidity and cash flow position of the Group.

(i) Alternative source of funding

The Company is actively considering to raise new capital by carrying out fund raising activities including but not limited to rights issue, open offer and placing of new shares.

(ii) Control policy for operating cost

The Group is implementing operation plans to control costs and generate adequate cash flows from the Group's operations.

The eventual successful outcome of the above mentioned measures cannot be determined with reasonable certainty. The conditions described above indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise the Group's assets and discharge the Group's liabilities in the normal course of business.

Notwithstanding the existence of the conditions described above, the directors of the Company have determined it is appropriate to adopt the going concern basis in the preparation of consolidated financial statements. The directors of the Company have reviewed the Group's cash flow projections prepared by the management. The cash flow projections cover a period of not less than twelve months from the end of the reporting period. The directors of the Company are of the opinion that, taking into account the above mentioned plans and measures, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2020 on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

4. SEGMENT INFORMATION

Information reported to the Directors, being the chief operating decision maker ("**CODM**") for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organised and specifically focuses on the Group's operating divisions. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

During the years ended 31 December 2020 and 2019, the Group operates in one operating segment which is the provision of design and provision of energy saving solutions. A single management team reports to the Directors of the Group (being the chief operating decision-maker) who comprehensively manages the entire business. Accordingly, the Group does not present separately segment information.

Geographical information

The Group operates in two principal geographical areas – Hong Kong and the People's Republic of China (the "**PRC**").

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**7,985**	41,272	**65,740**	125,929
Hong Kong	**–**	–	**135**	–
	7,985	41,272	**65,875**	125,929

Information about major customer

Included in the Group's revenue of approximately HK$7,985,000 (2019: HK$41,272,000), the revenue of approximately HK$6,730,000 (2019: HK$34,608,000) which arose from two (2019: two) customers of the design and provision of energy saving solutions business which contributed 10% or more to the Group's revenue for the year.

Revenue from major customers, each of them amounted to 10% or more of the Group's revenue, are set out below:

	2020	2019
	HK$'000	*HK$'000*
Customer A *(Note (a))*	**–**	21,418
Customer B *(Note (b))*	**3,574**	–
Customer C	**3,156**	13,190

Notes:

(a) No information on revenue for the year ended 31 December 2020 is disclosed for these customers since none of them contributed 10% or more than to the Group's revenue for the year ended 31 December 2020.

(b) No information on revenue for the year ended 31 December 2019 is disclosed for these customers since none of them contributed 10% or more than to the Group's revenue for the year ended 31 December 2019.

5. REVENUE

Revenue represents the aggregate of the amounts received and receivable from third parties, income from design and provision of energy saving solutions. Revenue recognised during the years are as following:

	2020	2019
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Energy saving solutions income	**7,124**	25,099
Repair and maintenance service income	**861**	778
	7,985	25,877
Revenue from other source		
Energy saving solutions income under finance leases	**–**	15,395
	7,985	41,272

6. OTHER INCOME

	2020	2019
	HK$'000	*HK$'000*
Bank interest income	**19**	80
Interest income on finance lease receivables	**268**	2,808
Interest income on extended trade receivables	**1,136**	2,122
Reversal of accrued interest expenses on other borrowings	**1,262**	–
Government grants *(Note)*	**294**	60
Exchange gain	**42**	–
Others	**11**	85
	3,032	5,155

Note:

During the year ended 31 December 2020, the Group recognised government grant of approximately HK$294,000 in respect of COVID-19-related subsidies which is related to Employment Support Scheme provided by the Hong Kong government. During the year ended 31 December 2019, various government grants have been received mainly from Ministry of Science and Technology, Ministry of Finance and State Administration of Taxation for the Group's business conducted in the PRC. There are no unfulfilled conditions or contingencies related to these grants.

7. FINANCE COSTS

	2020 *HK$'000*	2019 *HK$'000*
Interest expenses on other borrowings	**3,593**	3,812
Interest expenses on lease liabilities	**27**	55
Interest expenses on convertible bonds	**–**	19,693
	3,620	23,560

8. LOSS BEFORE TAXATION

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

	2020 *HK$'000*	2019 *HK$'000*
Staff costs (including directors' remuneration)		
– Directors' fees	**1,235**	1,800
– Salaries, bonus and wages	**8,125**	7,303
– Equity-settled share-based payment	**2,900**	–
– Lieu of notice payment	**1,294**	–
– Contribution to retirement benefits schemes	**427**	808
	13,981	9,911
Auditors' remuneration		
– Audit services	**630**	900
– Non-audit services	**150**	–
Amortisation of intangible assets	**4,540**	8,565
Impairment loss on intangible assets	**20,315**	43,435
Impairment loss on right-of-use assets	**257**	–
Depreciation of property, plant and equipment	**25**	249
Depreciation expenses on right-of-use assets	**482**	467
Expenses relating to short-term lease	**409**	448
Exchange loss	**–**	1,476
Loss on disposal of property, plant and equipment	**1**	–
Net allowances for expected credit losses on trade receivables and finance lease receivables		
– Allowance for expected credit losses on trade receivables	**12,149**	11,289
– Allowance for expected credit losses on finance lease receivables	**20,727**	2,172
– Reversal of allowance for expected credit losses on trade receivables	**(6,785)**	(1)
– Reversal of allowance for expected credit losses on finance lease receivables	**(40)**	(418)
	26,051	13,042

9. TAXATION

	2020	2019
	HK$'000	*HK$'000*
Deferred taxation		
Credit for the year	**(3,728)**	(7,800)

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions which members of the Group are domiciled and operate.

(i) Hong Kong Profits Tax

Under the two-tiered profits tax rates regime, the first HK$2 million of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK$2 million will be taxed at 16.5%. The assessable profits of corporation not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime is applicable to the Group for the years ended 31 December 2020 and 2019. The directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements.

No provision of Hong Kong profit tax as no assessable profit for both years.

(ii) PRC Enterprise Income Tax

The subsidiaries of the Group established in the PRC is generally subject to PRC Enterprise Income Tax on its taxable income at an income tax rate of 25%. A subsidiary in the PRC is qualified as a High Technology Enterprise from 2 November 2018 and enjoy PRC Enterprise Income Tax rate of 15%.

10. DIVIDEND

The Directors do not recommend payment of any dividends for the year ended 31 December 2020 (2019: Nil).

11. LOSS PER SHARE

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

	2020	2019
	HK$'000	*HK$'000*
Loss		
Loss attributable to the owners of the Company for the purpose of basic and diluted loss per share	**(67,422)**	(109,325)

	2020	2019
	'000	*'000*
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**389,097**	257,744

Note:

The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the year ended 31 December 2020 have been adjusted for the effects placing of shares, share consolidation and rights issue completed on 27 July 2020, 26 August 2020 and 11 December 2020 respectively (2019: adjusted for the effects of both share consolidation and rights issue completed on 26 August 2020 and 11 December 2020 respectively and retrospectively by restating the weighted average number of ordinary shares for the year ended 31 December 2019).

For the years ended 31 December 2020 and 2019, the Company's outstanding share options were not included in the calculation of diluted loss per share because the effects of the Company's outstanding share options were anti-dilutive.

12. INTANGIBLE ASSETS

	Patents
	HK$'000
Cost	
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	**889,901**
Accumulated amortisation and impairment	
At 1 January 2019	788,901
Amortisation expenses	8,565
Impairment for the year	43,435
At 31 December 2019 and 1 January 2020	840,901
Amortisation expenses	4,540
Impairment for the year	20,315
At 31 December 2020	**865,756**
Carrying amounts	
At 31 December 2020	**24,145**
At 31 December 2019	49,000

Notes:

(a) The intangible assets represent 7 patents regarding the acquired and owned "Ultra Performance Plant Control System" ("**UPPC**") for its novelty and industrial applicability in the PRC under the cash generating unit of design and provision of energy saving solutions business.

(b) As at 31 December 2020, the remaining useful life of the patents for UPPC system is 9.8 years (2019: 10.8 years).

(c) The Group carried out a review of the recoverable amount of the patents which are allocated to energy saving solution business for impairment assessments. An impairment loss of approximately HK$20,315,000 (2019: HK$43,435,000) on the intangible assets allocated to energy saving solution business was recognised during the year.

13. TRADE AND BILLS RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables with normal credit terms	**65,194**	9,372
Less: Allowance for expected credit losses	**(18,320)**	(7,167)
	46,874	2,205
Trade receivables with extended credit terms	**–**	51,934
Less: Allowance for expected credit losses	**–**	(4,810)
	–	47,124
Total trade receivables, net of allowance for expected credit losses	**46,874**	49,329
Less: Non-current portion of trade receivables with extended credit terms	**–**	(25,126)
Current portion of trade receivables	**46,874**	24,203
Bills receivables	**148**	1,254
	47,022	25,457

The ageing analysis of trade receivables is based on the invoice date, net of allowance for expected credit losses, as follows:

	Extended credit terms		Normal credit terms		Total	
	2020	2019	2020	2019	2020	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
0-90 days	**–**	–	**2,163**	1,020	**2,163**	1,020
91-180 days	**–**	–	**72**	–	**72**	–
Over 180 days	**–**	47,124	**44,639**	1,185	**44,639**	48,309
	–	47,124	**46,874**	2,205	**46,874**	49,329

14. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**3,666**	6,416
Accrued service fee for acquisition of a subsidiary	**3,871**	3,871
Accrued expenses	**2,269**	2,356
Interest payables	**6,877**	4,293
Other payables	**396**	769
	17,079	17,705

The ageing analysis of trade payables is based on the invoice date as follows:

	2020	2019
	HK$'000	*HK$'000*
0 – 90 days	**410**	4,655
91 – 180 days	**2,309**	875
181 – 365 days	**3**	20
Over 365 days	**944**	866
	3,666	6,416

Trade payables are interest-free and normally settled on delivery. The average credit period for purchase of goods is 90 days.

EXTRACT OF THE AUDITORS' REPORT

The following is an extract of the independent auditors' report on the Group's annual consolidated financial statements for the year ended 31 December 2020:

QUALIFIED OPINION

In our opinion, except for the possible effects on the corresponding figures of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

The carrying amount of the intangible assets of the Group amounted to approximately HK$101,000,000 as at 31 December 2018, as can be seen from note 17 in the consolidated financial statements. The recoverable amount of the intangible assets as at 31 December 2018 was estimated by reference to the value in use of the design and provision of energy saving solutions cash generating unit (the "**CGU**") to which the intangible assets belong. The value in use of the CGU as at 31 December 2018 was estimated based on cash flow projections of the CGU. The preparation of the cash flow projections involved management making certain key assumptions, including the assumption that the Group would be able to obtain additional working capital required for payment by the CGU of the costs of design, procurement and installation of the CGU's proprietary UPPC Systems as well as maintenance costs over the contract period for the new contracts included in the cash flow projections. The CGU would not be able to meet the cash flow projections prepared as at 31 December 2018 if the Group were to be unable to obtain the additional working capital due to the factors concerning the material uncertainties about the Group's ability to continue as a going concern which were in existence as at 31 December 2018, in which event adjustments would have to be made to further write down the carrying value of the intangible assets as at 31 December 2018.

The possible effects of the adjustments referred to above were not reflected in the consolidated financial statements of the Group for the financial year ended 31 December 2018 and we were unable to determine whether such adjustments were necessary. Our audit opinion on the consolidated financial statements for the financial year ended 31 December 2018 was modified accordingly. Since opening balances as at 1 January 2019 affect the determination of the results of operations for the year ended 31 December 2019, any adjustments found to be necessary to the opening balances of the intangible assets and accumulated losses of the Group as at 1 January 2019 would have consequential effects on the impairment loss and amortisation expense recognised on intangible assets for the year ended 31 December 2019, and hence on loss and amounts presented in consolidated statement of cash flows of the Group, and related elements presented in or disclosed in the consolidated financial statements for the year ended 31 December 2019. Our audit opinion on the consolidated financial statements for the year ended 31 December 2019 was modified accordingly. Our audit opinion on the consolidated financial statements for the year ended 31 December 2020 is also modified because of the possible effects of these matters on the comparability of the current year's figures and the corresponding figures in the consolidated financial statements.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

We draw attention to Note 3(b) in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK$67,422,000 and a net cash outflow from operating activities of approximately HK$10,514,000 for the year ended 31 December 2020. These factors indicate the existence of material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

CCIAM Future Energy Limited (Formerly known as The Hong Kong Building and Loan Agency Limited) (the "**Company**"), together with its subsidiaries (collectively, the "**Group**"), are principally engaged in treasury investments, provision of loan financing and design and provision of energy saving solutions.

During the year ended 31 December 2020, based on audited financial information, the Group recorded a revenue of approximately HK$7,985,000, representing a decrease of approximately 80.7% as compared with approximately HK$41,272,000 for the last year. A loss for the year attributable to the owners of the Company of approximately HK$67,422,000 (2019: loss of approximately HK$109,325,000) was recorded, which was mainly attributable to (i) an impairment of intangible assets of approximately HK$20,315,000 (2019: approximately HK$43,435,000); (ii) an amortisation of the intangible assets of approximately HK$4,540,000 (2019: approximately HK$8,565,000); (iii) finance costs of approximately HK$3,620,000 (2019: approximately HK$23,560,000) which mainly included the interest expense of approximately HK$3,593,000 (2019: approximately HK$3,812,000) on other borrowings raised for project financing of the Group; and (iv) net allowance for expected credit losses on trade and finance lease receivables and loss on early settlement of trade and finance lease receivables of approximately HK$26,340,000 (2019: approximately HK$22,842,000).

During the year ended 31 December 2019, there was an interest expense on convertible bonds of approximately HK$19,693,000; and an one-off loss of approximately HK$5,593,000 on disposal of a subsidiary. There were no such expenses during the year ended 31 December 2020.

Energy saving solutions business

The Company completed the acquisition of Weldtech Technology Co. Limited and its subsidiary, Haoxin Technology (Shanghai) Company Limited (濠信節能科技(上海)有限公司) (collectively, the "**Weldtech Group**") in June 2014 (the "**Acquisition**"), which is primarily engaged in design and provision of energy saving solutions business.

With respect to the segment of design and provision of energy saving solutions, a segment loss of approximately HK$57,818,000 (2019: approximately HK$76,980,000) was recorded for the year ended 31 December 2020. The segment loss was mainly attributable to: (i) an impairment of intangible assets of approximately HK$20,315,000 (2019: approximately HK$43,435,000); (ii) an amortisation of the intangible assets of approximately HK$4,540,000 (2019: approximately HK$8,565,000); and (iii) net allowance for expected credit losses on trade receivables and finance lease receivables and loss on early settlement of trade and finance lease receivables of approximately HK$26,340,000 (2019: approximately HK$22,842,000). The amortisation of intangible assets is calculated over the useful life of 7 patents for "Ultra Performance Plant Control System" (the "**UPPC System**") held under Weldtech Group.

During the year ended 31 December 2020, the decrease in revenue was mainly due to halted business activities throughout PRC due to the outbreak of the novel coronavirus (COVID-19) pandemic (the "**Pandemic**"). As far as the Group's business is concerned, operational delays in terms of site visits, meetings and project implementation are noted due to the different travel restrictions during the period. Certain potential projects have been upheld due to the operational delays and the customers' hesitation. It was the customers' view to reduce capacity, suspend and/or delay non-critical expenditure, or capital expenditure, etc. Also, the Group was cautious in project screening especially in evaluating the impact of the Pandemic on customers' business and financial position in order to secure the recoverability. During the year ended 31 December 2020, the Group has implemented a more conservative credit policy on customers with the aim to match the cash inflow cycle from customers against the cash outflow cycle to suppliers. This could minimise the cashflow pressures of the Group in the current economic situation due to the Pandemic. Weldtech Group is engaged in the Energy Saving Business regarding heating, ventilation and air conditioning (the "**HVAC**") system, our customers are mainly commercial properties, for example, hotels, office buildings, shopping malls and industrial plants. Due to the Pandemic, there was a significant shrinkage of business activities of our customers such as the decrease in occupancy rate for hotels and decrease in production volume for factories. Before deducting the impairment of intangible assets; the amortisation of intangible assets; and the respective deferred tax movement, Weldtech Group has recorded a segment loss of approximately HK$36,434,000 (2019: segment loss of approximately HK$32,780,000) to the Group.

Impairment loss on intangible assets of approximately HK$20,315,000 (2019: approximately HK$43,435,000) was recognised during the year ended 31 December 2020 in respect of the patents held under Weldtech Group. The Company engaged an independent professional valuer to assess the value in use of Weldtech Group as at 31 December 2020 and produced the valuation report, which was used to determine the fore-mentioned impairment amount, after taking into account (i) the economic development of the People's Republic of China (the "**PRC**"); (ii) the development of energy saving industry; and (iii) the expected business flow and development plan of the energy saving business during the valuation process.

The decrease in valuation was mainly due to the following factors: (i) the slow-down in the PRC economy as a result of the US-China trade war and the outbreak of the Pandemic that impacted the market negatively; (ii) the fierce competition within the energy saving business; (iii) difficulties in getting financing within the energy saving industry; and (iv) continuous lowering of government subsidies. As above, an overall poor market sentiment in energy saving sector was resulted.

The Pandemic since early 2020 has brought additional uncertainties in the Group's operating environment and has impacted the Group's operations and financial position. As far as the Group's business is concerned, after the central government of China imposed a lockdown in many cities in early 2020, the Group's PRC operation was forced to suspend. Until mid April 2020, most, if not all, business activities, including but not limited to site visits, meetings and project implementations have been halted due to the different travel restrictions. On the other hand, the Weldtech Group noted there was delay in receivable collection from customers, especially for those customers located near the heavily affected areas and under significant impact of the Pandemic. The Weldtech Group has taken necessary steps in response to the situation, including but not limited to negotiations with customers for on-time repayment or renewal of repayment schedules; issuance of payment reminders; and obtain legal opinion in due course. During the period ended 31 December 2020, net allowance for expected credit losses on trade and finance lease receivables and loss on early settlement of trade and finance lease receivables of approximately HK$26,340,000 (2019: approximately HK$22,842,000) was resulted. The Company engaged an independent valuer to perform impairment assessment for potential credit losses on trade receivables and finance lease receivables. With the introduction of the vaccine to the COVID-19, the Directors are optimistic that the Pandemic can be controlled and the economy of the PRC will be improved in the coming year which will be constructive and encouraging to the improvement of the business of the Group.

Loan financing and treasury investments businesses

With respect to the segment of loan financing and treasury investments businesses, the Company is in the process of locating opportunities in both the loan financing and treasury investments segments. However, there is no desirable opportunity raised and found fit to the Company. The Company will continue to explore the business opportunities in the market for the development of the Group's business.

TOTAL ASSETS AND TOTAL LIABILITIES

As at 31 December 2020, the total assets decreased to approximately HK$157,776,000 (2019: approximately HK$190,757,000). The decrease was mainly attributable to: (i) net allowance for expected credit losses on trade and finance lease receivables and loss on early settlement of trade and finance lease receivables of approximately HK$26,340,000 (2019: approximately HK$22,842,000); (ii) an impairment of intangible assets of approximately HK$20,315,000 (2019: approximately HK$43,435,000); (iii) an amortisation of intangible assets of approximately HK$4,540,000 (2019: approximately HK$8,565,000); and offset by (iv) the completion of rights issue with net proceeds of approximately HK$20,950,000 (2019: Nil).

As at 31 December 2020, the Group held intangible assets amounting to approximately HK$24,145,000 (2019: approximately HK$49,000,000). The intangible assets represent 7 patents related to the UPPC System used by the energy saving solutions business.

As at 31 December 2020, the Group held finance lease receivables amounting to approximately HK$55,918,000 (2019: approximately HK$77,863,000).

As at 31 December 2020, total liabilities decreased to approximately HK$45,062,000 (2019: approximately HK$47,749,000). The total liabilities mainly represented the trade and other payables of approximately HK$17,079,000 (2019: approximately HK$17,705,000); and other borrowings of approximately HK$23,820,000 (2019: approximately HK$22,318,000).

FOREIGN EXCHANGE EXPOSURE

The Group conducts its business transactions mainly in the PRC and Hong Kong. The Group's assets were mainly denominated in Renminbi ("**RMB**") and Hong Kong Dollars ("**HK$**"). HK$ is the Group's presentation currency. During the year, the revenue, cost of operations and operating expenses of the Group are mainly denominated in RMB. Therefore, the Group is exposed to potential foreign exchange risk as a result of fluctuation of RMB against HK$. The Group has not entered into any significant foreign exchange contract. Management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the year ended 31 December 2020, the Group finances its operations mainly through internally generated cashflows and other borrowings. As at 31 December 2020, the Group has net current assets of approximately HK$50,686,000 (2019: approximately HK$24,429,000). As at 31 December 2020, the Group's cash and bank balances amounted to approximately HK$28,757,000 (2019: approximately HK$11,076,000).

The Group monitors capital using a gearing ratio, calculated as net debt divided by total capital. Net debt is calculated as other borrowings, net of cash and bank balances. Total capital is calculated as "total equity" as shown in the consolidated statement of financial position plus net debt. As at 31 December 2020, the Group has net cash of approximately HK$4,937,000 (2019: net debt of approximately HK$11,242,000). Therefore, the gearing ratio is not applicable as at 31 December 2020 (2019: approximately 7.3%).

As at 31 December 2020, the Group's other borrowings of approximately HK$23,820,000 (2019: approximately HK$22,318,000) were secured by the corporate guarantees granted by the Company.

The share capital of the Group only comprises of ordinary shares. As at 31 December 2020, the Company's number of issued ordinary shares was 523,330,908 ("**Share(s)**") (2019: 3,724,981,811 Shares). During the year, the Company has completed the placing of new shares, the share consolidation and the rights issue. For further details are set out below:

Placing of New Shares

On 13 July 2020, the Company entered into the placing agreement with the placing agent, pursuant to which the Company agreed to place through the placing agent, on a best-effort basis, up to 200,000,000 new Shares to not less than six independent placees at the placing price of HK$0.04 per placing Share.

On 27 July 2020, all the conditions set out in the placing agreement had been fulfilled and the completion of the placing took place on 27 July 2020. An aggregate of 200,000,000 new Shares had been successfully placed by the placing agent to not less than six placees at the placing price of HK$0.04 per placing Share pursuant to the terms and conditions of the placing agreement. The net proceeds from the placing were approximately HK$7,760,000, which the Company intended to apply the net proceeds (i) for general working capital of the Group and/or (ii) for possible investments in the future when opportunities arise.

For further details, please refer to the announcements of the Company dated 13 July 2020 and 27 July 2020.

Share Consolidation

On 22 July 2020, the Company announced its proposal to implement the share consolidation (the "**Share Consolidation**") on the basis that every ten (10) ordinary share(s) of the Company ("**Existing Shares**") in the share capital of the Company be consolidated into one (1) ordinary share of the Company ("**Consolidated Shares**") and the existing board lot of 8,000 Shares remains unchanged upon the Share Consolidation becoming effective.

The extraordinary general meeting of the Company was convened and held on 24 August 2020 for the shareholders to consider and, if thought fit, approve the Share Consolidation. The shareholders of the Company passed an ordinary resolution approving the Share Consolidation at the EGM and the Share Consolidation became effective on 26 August 2020.

For further details relating to the Share Consolidation, please refer to the circular of the Company dated 3 August 2020 and the announcements of the Company dated 19 August 2020, 20 August 2020 and 24 August 2020 regarding the Share Consolidation.

Rights Issue

On 16 October 2020, the Company entered into the underwriting agreement (the "**Underwriting Agreement**") with the underwriter for the proposed rights issue of not less than 130,832,727 rights shares (the "**Rights Share(s)**") at the subscription price of HK$0.18 per Rights Share on the basis of one (1) Rights Share for every three (3) existing Shares in issue (the "**Rights Issue**"). The Rights Issue transaction had been completed on 14 December 2020, and an aggregate of 130,832,727 new shares had been allotted and issued by the Company.

The gross proceeds from the Rights Issue were approximately HK$23.5 million. The net proceeds from the Rights Issue, after deducting professional fees and all other relevant expenses, were approximately HK$21.0 million. The net proceeds from the Rights Issue were intended to be used for general working capital of the Group including (i) potential new projects as to approximately HK$12.6 million; and (ii) operating expenses as to approximately HK$8.4 million.

Details of the Rights Issue were set out in the announcements of the Company dated 16 October 2020, 20 November 2020 and 11 December 2020 and the prospectus of the Company dated 20 November 2020 (the"**Prospectus**").

CHARGE ON GROUP ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2020 and 31 December 2019, the Group did not have material contingent liabilities and charge on group assets.

CAPITAL COMMITMENT

As at 31 December 2020, the Group had capital commitments, which were contracted but not provided for, in respect of construction contract of approximately HK$3,365,000 (2019: approximately HK$5,872,000).

MATERIAL INVESTMENTS, ACQUISITION AND DISPOSALS

Save as disclosed elsewhere in this announcement, there were no material investments, acquisitions or disposals of subsidiaries during the year ended 31 December 2020.

STAFF AND REMUNERATION

The Group had 20 (2019: 33) employees as at 31 December 2020 and total staff costs during the year ended 31 December 2020 amounted to approximately HK$13,981,000 (2019: approximately HK$9,911,000). During the year ended 31 December 2020, there was an equity-settled share-based payment expense of approximately HK$2,900,000 (2019: Nil) and lieu of notice payment of approximately HK$1,294,000 (2019: Nil). The Group offers competitive remuneration packages to its employees.

FINANCIAL KEY PERFORMANCE INDICATORS

The Group's net asset value is a key indicator of the financial performance and it decreased to approximately HK$112,714,000 as at 31 December 2020 (2019: approximately HK$143,008,000). During the year ended 31 December 2020, the Group recorded a loss attributable to the owners of the Company of approximately HK$67,422,000 (2019: loss of approximately HK$109,325,000).

The net asset value per share was HK$0.22, which was calculated on the above net assets value and the Company's number of 523,330,908 issued ordinary shares as at 31 December 2020.

OUTLOOK AND PROSPECT

Regarding the energy saving solutions business, the increasing awareness of the energy saving, social responsibility and also the determination to reduce carbon emission, the energy saving and environmental protection remain the key focus of the PRC government. However, the Group is facing intensified competition in the industry, particularly for small and medium-sized projects. Macro-economic factors also fluctuate the market.

Going forward, Weldtech Group will continue to target potential customers for buyout projects to improve cashflow of Weldtech Group with shorter turnover days and explore secondary sales from existing customers, enhancing the portfolio of the Company. Weldtech Group will continue to develop automation and/or energy saving platforms in order to widen the Group's product line. As the business environment in the PRC was getting better since the 3rd quarter of 2020, our team has worked hard to get new orders from customers in order to resume business as normal. Towards the year ended 31 December 2020, Weldtech Group has entered into a few contracts in which these projects were expected to commence in 2021.

Market conditions remain challenging and dynamic. It remains uncertain on the Pandemic situation in the short coming future. It is expected that global business environment remains challenging throughout 2021. As far as the Group's business is concerned, customer demand, budget for capital expenditure are expected to be uncertain. Although some cities in the PRC started to pick up the pace in terms of economic development, it remains uncertain on how the Pandemic affects the economy globally. It is expected that market sentiment takes relatively long time to fully reflect the impact, recover and resume back to normal. Also, the plunge of global oil prices since early April 2020 might cause significant impact to the Group's energy saving operation because cheaper energy price would subsequently reduce the demand for energy saving services. The Group will take feasible and necessary measures to lower the impact from the economic downturn and will also actively seize investment opportunities prudently and thoroughly. Management expects that fiscal year 2021 will be full of challenges in view of the uncertainties in the global macroeconomy.

The Group will continue to explore and capture business opportunities in the green sector, including HVAC energy saving projects, and also the related construction, clean energy procurement, sales and solutions. The Company is actively seeking and exploring other business opportunities in China as well as outside China. For financing, the Group will continue to explore various funding sources including project financing, debt financing and/or equity fund raising to finance the development of the Group's businesses.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

CORPORATE GOVERNANCE CODE

Throughout the Year, the Company applied the principles of and complied with the code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules of the Stock Exchange save for the following deviations:

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive ("**CE**") should be separate and should not be performed by the same individual. The Company did not appoint any chairman or CE during the Year, reason being the functions of the chairman and CE are performed by the three executive Directors collectively. The Board will review the current practice from time to time and make appropriate changes if considered necessary.

Under code provision A.2.7 of the CG Code, the chairman of the board should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. As the Company does not have a chairman, no such meeting was held in the Year.

Under code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Some Directors were absent from the last annual general meeting of the Company held on 15 June 2020 due to their other important engagements at the relevant time.

According to rules 3.10(1) and 3.21 of the Listing Rules, the Company was required to appoint at least three independent non-executive directors and to comprise a minimum number of three members of the audit committee. Following the resignation of Mr. Ng Kay Kwok as independent non-executive Director, effective from 1 September 2020, the numbers of independent non-executive Directors and the members of the audit committee of the Company were less than three as required under rules 3.10(1) and 3.21 of the Listing Rules. The Company had fully complied with the aforesaid rules subsequent to the appointment of Mr. Lam Yau Fung, Curt as an independent non-executive director, the members of audit, remuneration and nomination committees of the Company with effect from 19 October 2020.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "**Model Code**") as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the Year.

AUDIT COMMITTEE REVIEW

The audit committee of the Company (the "**Audit Committee**") consists of three independent non-executive Directors, namely Mr. Choy Hiu Fai, Eric (the chairman of the Audit Committee), Mr. Huang Lizhi, and Mr. Lam Yau Fung, Curt.

The primary duties of the Audit Committee are to review the Group's annual reports and accounts, half-year reports and internal control and risk management systems, and to review significant financial reporting judgments contained in its reports and to provide advice and comments thereon to the Board.

The audited final results for the year ended 31 December 2020 of the Company have been reviewed by the Audit Committee.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2020 have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2020. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

By order of the Board
CCIAM Future Energy Limited
Chong Kok Leong
Executive Director

Hong Kong, 26 March 2021

As at the date hereof, the Board comprises Mr. Cheng Lut Tim, Mr. Chong Kok Leong and Mr. Zhuang Miaozhong being the executive Directors; and Mr. Choy Hiu Fai, Eric, Mr. Huang Lizhi and Mr. Lam Yau Fung, Curt being the independent non-executive Directors.