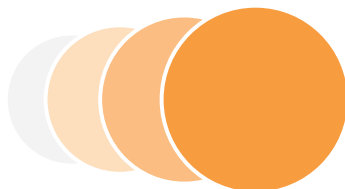


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GOLDEN SOLAR

GOLDEN SOLAR NEW ENERGY TECHNOLOGY HOLDINGS LIMITED

金陽新能源科技控股有限公司

(formerly known as Baofeng Modern International Holdings Company Limited

寶峰時尚國際控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1121)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

The board (the “Board”) of directors (the “Directors”) of Golden Solar New Energy Technology Holdings Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2021 (the “Period”), together with the unaudited comparative figures for the corresponding period in 2020 and the relevant explanatory notes as set out below.

The condensed consolidated interim results are unaudited, but have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
	Notes	RMB'000	RMB'000
		(unaudited)	(unaudited)
REVENUE	4	161,825	48,240
Cost of sales		<u>(117,488)</u>	<u>(42,232)</u>
GROSS PROFIT		44,337	6,008
Other net income and gains	4	2,044	1,732
Impairment loss on trade receivables from sales of goods		(658)	(85)
Selling and distribution expenses		(5,246)	(3,961)
General and administrative expenses		(40,278)	(19,851)
Amortisation of intangible assets	10	(63)	(6,139)
Finance costs	5	(3,199)	(2,943)
Fair value loss on other financial liabilities at fair value through profit or loss		(622)	–
Fair value gain on investment properties	9	<u>740</u>	<u>13,964</u>
LOSS BEFORE TAX	6	(2,945)	(11,275)
Income tax expense	7	<u>(894)</u>	<u>(137)</u>
LOSS FOR THE PERIOD AND TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>(3,839)</u>	<u>(11,412)</u>
LOSS PER SHARE	8		
– Basic (RMB)		<u>(0.002)</u>	<u>(0.008)</u>
– Diluted (RMB)		<u>(0.002)</u>	<u>(0.008)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		30 June 2021	31 December 2020
	<i>Notes</i>	RMB'000	RMB'000
		(unaudited)	(audited)
NON-CURRENT ASSETS			
Property, plant and equipment		66,450	28,125
Investment properties	9	60,769	60,029
Right-of-use assets		5,070	4,533
Intangible assets	10	109	154
		132,398	92,841
CURRENT ASSETS			
Inventories		46,269	39,127
Trade receivables	11	58,652	44,454
Prepayments, deposits and other receivables		72,189	14,813
Pledged deposits		–	3,780
Cash and bank balances		163,259	625
		340,369	102,799
CURRENT LIABILITIES			
Trade and bills payables	12	63,053	65,705
Deposits received, other payables and accruals		37,373	38,926
Short term borrowings	13	102,883	130,140
Other financial liabilities		622	–
Lease liabilities		256	131
Income tax payable		400	–
		204,587	234,902
NET CURRENT ASSETS/(LIABILITIES)		135,782	(132,103)
TOTAL ASSETS LESS CURRENT LIABILITIES		268,180	(39,262)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)**As at 30 June 2021*

		30 June 2021	31 December 2020
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(audited)
NON-CURRENT LIABILITIES			
Lease liabilities		706	211
Deferred tax liability		5,509	5,416
		6,215	5,627
NET ASSETS/(NET LIABILITIES)			
		261,965	(44,889)
EQUITY			
Share capital	14	110,019	99,310
Reserves		151,946	(144,199)
TOTAL EQUITY/(CAPITAL DEFICIENCY)			
		261,965	(44,889)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the Company									
	Reserves									Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Statutory surplus fund RMB'000	Exchange fluctuation reserve RMB'000	Capital redemption reserve RMB'000	Share options reserve RMB'000	Accumulated losses RMB'000	Total reserves RMB'000	
At 1 January 2020 (audited)	99,310	594,436	141,376	95,478	155	524	47,099	(930,400)	(51,332)	47,978
Loss and total comprehensive expense for the period	-	-	-	-	-	-	-	(11,412)	(11,412)	(11,412)
Equity-settled share-based payments	-	-	-	-	-	-	1,124	-	1,124	1,124
At 30 June 2020 (unaudited)	99,310	594,436	141,376	95,478	155	524	48,223	(941,812)	(61,620)	37,690

For the six months ended 30 June 2021

	Attributable to owners of the Company									
	Reserves									Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Statutory surplus fund RMB'000	Exchange fluctuation reserve RMB'000	Capital redemption reserve RMB'000	Share options reserve RMB'000	Accumulated losses RMB'000	Total reserves RMB'000	
At 1 January 2021 (audited)	99,310	594,436	141,376	95,478	155	524	49,749	(1,025,917)	(144,199)	(44,889)
Loss and total comprehensive expense for the Period	-	-	-	-	-	-	-	(3,839)	(3,839)	(3,839)
Issue of Shares upon exercise of share options	5,659	58,356	-	-	-	-	(15,582)	-	42,774	48,433
Equity-settled share-based payments	-	-	-	-	-	-	3,738	-	3,738	3,738
Forfeiture of share options	-	-	-	-	-	-	(189)	189	-	-
Completion of subscription and placing of new Shares	5,050	253,472	-	-	-	-	-	-	253,472	258,522
At 30 June 2021 (unaudited)	110,019	906,264	141,376	95,478	155	524	37,716	(1,029,567)	151,946	261,965

NOTES:

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's principal places of business are located in Huoju Industrial Zone, Jiangnan Town, Licheng District, Quanzhou City, Fujian Province, the People's Republic of China ("PRC") and Room 504, 5/F, OfficePlus @Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong. The ordinary shares of the Company (the "Shares") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 January 2011.

The principal activity of the Company is investment holding. The Group is engaged in the manufacture and sale of slippers, sandals, casual footwear, graphene-based ethylene-vinyl acetate ("EVA") foam material ("Graphene-based EVA Foam Material") and slippers ("Graphene-based Slippers"), graphene deodorizing and sterilizing chips for air purifiers and air conditioners ("Sterilizing Chips"), graphene air sterilizers, cast monocrystalline silicon ("Cast-mono") wafers and Cast-mono heterojunction ("HJT") solar cells and modules. An analysis of the Group's performance for the Period by business segment is set out in note 3 to this interim financial results.

In the opinion of the Directors, the immediate holding company and the ultimate holding company of the Company is Best Mark International Limited, which was incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Sze Ching Bor.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements (the "Interim Financial Statements") for the six months ended 30 June 2021 have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting issued by the International Accounting Standards Board and the disclosure requirements under Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

2. BASIS OF PREPARATION *(continued)*

The Interim Financial Statements have been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements as detailed below:

The Group has adopted the following amendments to IFRSs which are effective for the Group's financial year beginning on 1 January 2021.

Amendments to IFRS 9, IAS 39 and Interest Rate Benchmark Reform-phase 2
IFRS 7, IFRS 4 and IFRS 16

The Directors consider the application of the amendments to IFRSs would not have any material impact on the contents of the Interim Financial Statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. SEGMENT INFORMATION

Information reported to the Directors, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance, focuses on types of goods or services delivered or provided. Specifically, the Group's reportable and operating segments are as follows:

- (a) the Boree branded products segment manufactures and sells Boree branded slippers, sandals and casual footwear ("Boree Products");
- (b) the graphene-based products segment applied the technology know-how by applying graphene in the production of Graphene-based EVA Foam Material, Graphene-based Slippers, Sterilizing Chips and graphene air sterilizers (collectively as "Graphene-based Products");
- (c) the Original Equipment Manufacturer ("OEM") segment produces slippers for branding and resale by others; and
- (d) the photovoltaic products segment manufactures and sells Cast-mono wafers and Cast-mono HJT solar cells and modules (collectively as "Photovoltaic Products").

CODM monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment result, which is a measure of adjusted result before tax.

The segment profit or loss represents the profit earned by or loss from each segment without allocation of interest income, other unallocated net income and gains, amortisation of intangible assets, fair value loss on other financial liabilities at fair value through profit or loss ("FVTPL"), fair value gain on investment properties, finance costs as well as corporate and other unallocated expenses.

3. SEGMENT INFORMATION *(continued)*

Segment assets exclude property, plant and equipment, investment properties, certain right-of-use assets, intangible assets, raw materials, work in progress, prepayments, deposits and other receivables, pledged deposits and cash and bank balances as these assets are managed on a group basis.

Segment liabilities exclude trade and bills payables, certain other payables and accruals, short term borrowings, certain lease liabilities, income tax payable and deferred tax liability as these liabilities are managed on a group basis.

Period ended 30 June 2021

	Boree Products <i>RMB'000</i> (unaudited)	Graphene- based Products <i>RMB'000</i> (unaudited)	OEM <i>RMB'000</i> (unaudited)	Photovoltaic Products <i>RMB'000</i> (unaudited)	Total <i>RMB'000</i> (unaudited)
Segment revenue					
Sales to external customers	<u>692</u>	<u>3,312</u>	<u>157,292</u>	<u>529</u>	<u>161,825</u>
Segment results	<u>(223)</u>	<u>1,149</u>	<u>37,951</u>	<u>80</u>	<u>38,957</u>
<i>Reconciliation:</i>					
Interest income					57
Other unallocated net income and gains					1,987
Impairment loss on trade receivables from sales of goods					(658)
Corporate and other unallocated expenses					(40,144)
Amortisation of intangible assets					(63)
Fair value loss on other financial liabilities at FVTPL					(622)
Fair value gain on investment properties					740
Finance costs					<u>(3,199)</u>
Loss before tax					<u><u>(2,945)</u></u>

3. SEGMENT INFORMATION *(continued)*

As at 30 June 2021

	Boree Products <i>RMB'000</i> (unaudited)	Graphene- based Products <i>RMB'000</i> (unaudited)	OEM <i>RMB'000</i> (unaudited)	Photovoltaic Products <i>RMB'000</i> (unaudited)	Total <i>RMB'000</i> (unaudited)
Segment assets	1,072	1,292	75,017	296	77,677
<i>Reconciliation:</i>					
Corporate and other unallocated assets					395,090
Total assets					472,767
Segment liabilities	300	962	–	–	1,262
<i>Reconciliation:</i>					
Corporate and other unallocated liabilities					209,540
Total liabilities					210,802

Period ended 30 June 2020

	Boree Products <i>RMB'000</i> (unaudited)	Graphene- based Products <i>RMB'000</i> (unaudited)	OEM <i>RMB'000</i> (unaudited)	Total <i>RMB'000</i> (unaudited)
Segment revenue				
Sales to external customers	<u>1,150</u>	<u>412</u>	<u>46,678</u>	<u>48,240</u>
Segment results	<u>(1,279)</u>	<u>(133)</u>	<u>3,459</u>	<u>2,047</u>
<i>Reconciliation:</i>				
Interest income				40
Other unallocated net income and gains				1,692
Impairment loss on trade receivables from sales of goods				(85)
Corporate and other unallocated expenses				(19,851)
Amortisation of intangible assets				(6,139)
Fair value gain on investment properties				13,964
Finance costs				<u>(2,943)</u>
Loss before tax				(11,275)

3. SEGMENT INFORMATION *(continued)*

As at 31 December 2020

	Boree Products <i>RMB'000</i> (audited)	Graphene- based Products <i>RMB'000</i> (audited)	OEM <i>RMB'000</i> (audited)	Total <i>RMB'000</i> (audited)
Segment assets	606	682	66,197	67,485
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>128,155</u>
Total assets				<u><u>195,640</u></u>
Segment liabilities	300	322	–	622
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>239,907</u>
Total liabilities				<u><u>240,529</u></u>

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
PRC (principal place of operations)	3,761	3,060
United States of America (“US”)	153,418	41,106
South America	31	84
Europe	2,100	1,898
South East Asia	124	104
Other countries	2,391	1,988
	<u>161,825</u>	<u>48,240</u>

The revenue information above is based on the locations of the customers.

3. SEGMENT INFORMATION *(continued)*

(b) Non-current assets

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
PRC (principal place of operations)	132,388	92,841

The non-current assets information above is based on the locations of the assets.

Information about major customers

Revenue from customers of the corresponding periods contributing over 10% of the total sales of the Group are as follows:

	Six months ended 30 June 2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Customer A	99,619	27,719
Customer B	39,128	9,064

The Group's major customers are in the OEM segment.

4. REVENUE, OTHER NET INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

4. REVENUE, OTHER NET INCOME AND GAINS *(continued)*

An analysis of revenue, other net income and gains is as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue		
Recognized at a point in time		
Manufacture and sale of goods	161,825	48,240
Other net income and gains		
Interest income	57	40
Sales of scrap materials	7	99
Sales of semi-products	–	22
Rental income from investment properties	723	788
Rental income under operating leases	558	527
Subsidy income	424	118
Others	275	138
	2,044	1,732

5. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on bank loans and other borrowings	3,175	2,917
Interest on lease liabilities	24	26
	3,199	2,943

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting) the following items:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cost of inventories sold*	117,767	42,007
Depreciation of property, plant and equipment*	2,760	3,121
Depreciation of right-of-use assets*	226	375
Amortisation of intangible assets	63	6,139
Operating lease rentals*	1,247	979
Employee benefit expenses (including directors' remuneration)*:		
Wages and salaries	32,759	20,524
Equity-settled share based payments	3,738	193
Staff welfares	937	382
Contributions to retirement benefits schemes	1,458	785
	38,892	21,884
Impairment loss on trade receivables from sales of goods	658	85
(Reversal of write-down)/write-down of inventories	(279)	225
Loss on disposal of items of property, plant and equipment	9	27
Exchange loss, net	5,168	1,172
Research and development costs**	7,006	5,104

* The cost of inventories sold for the Period includes approximately RMB20,700,000 (2020: RMB12,960,000) relating to direct staff costs, depreciation of manufacturing facilities, depreciation of right-of-use assets and operating lease rentals in respect of land and buildings, which are also included in the respective total amounts disclosed above for each of these types of expenses.

** The research and development costs for the Period includes approximately RMB4,709,000 (2020: RMB3,447,000) relating to staff costs, depreciation of research and development facilities and depreciation of right-of-use assets, which are also included in the respective total amounts disclosed above for each of these types of expenses. The amounts are included in "General and administrative expenses" in the condensed consolidated statement of profit or loss and other comprehensive income.

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
PRC Enterprise Income Tax		
Charge for the period	800	200
Under-provisions in prior years	1	197
Deferred tax	93	(260)
	<hr/>	<hr/>
Total tax expense for the period	894	137
	<hr/> <hr/>	<hr/> <hr/>

No provision for Hong Kong profits tax has been provided as the Group did not generate any assessable profits arising in Hong Kong for the Period (2020: Nil). Taxes on profits assessable in the PRC have been calculated at the prevailing rates, based on existing legislation, interpretations and practices in respect thereof.

8. LOSS PER SHARE

The calculation of basic loss per share is based on the consolidated loss for the Period attributable to owners of the Company of approximately RMB3,839,000 (2020: RMB11,412,000) and the weighted average number of Shares of 1,536,796,539 (2020: 1,486,859,608) in issue during the Period.

The weighted average number of Shares used to calculate the basic loss per share for the Period included the 1,486,859,608 Shares in issue as at 1 January 2021, 88,836,000 Shares issued during the Period in respect of the exercise of share options and 20,000,000 Shares and 57,000,000 Shares issued in respect of the completion of subscription and placing of new Shares on 19 April 2021.

The weighted average number of Shares used to calculate the basic loss per share for the period ended 30 June 2020 included the 1,486,859,608 Shares in issue as at 1 January 2020 and 30 June 2020.

During the periods ended 30 June 2021 and 2020, diluted loss per share does not assume the exercise of the Company's share options as the exercise of the Company's share options would result in a decrease in loss per share, and is regarded as anti-dilutive.

9. INVESTMENT PROPERTIES

	<i>RMB'000</i>	
As at 1 January 2020		–
Upon the completion of construction:		
Building – transfer from property, plant and equipment		24,074
Land – transfer from right-of-use assets		21,882
Fair value gain on investment properties		14,073
		<hr/>
As at 31 December 2020 and 1 January 2021		60,029
Fair value gain on investment properties		740
		<hr/>
As at 30 June 2021		60,769
		<hr/> <hr/>
	30 June 2021	31 December 2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Representing:		
Land	32,681	31,189
Building	28,088	28,840
	<hr/> <hr/>	<hr/> <hr/>

The Group's properties located in the PRC are leased to a third party to earn rentals or for capital appreciation purposes.

The fair values of the Group's investment properties as at 30 June 2021 and 31 December 2020 had been arrived at on the basis of a valuation carried out by Quanzhou Heyi Assets and Real Estate Appraisal Co., Ltd, an independent professional valuer. In estimating the fair values of the investment properties, the management of the Group has considered the highest and best use of the investment properties.

The Group has pledged the land of investment properties with a net carrying amount of approximately RMB32,681,000 (31 December 2020: RMB31,189,000) to secure general banking facilities granted to the Group. The building of investment properties with a net carrying amount of approximately RMB10,273,000 (31 December 2020: RMB10,547,000) was pledged to secure loan facility from an independent third party.

10. INTANGIBLE ASSETS

	Technology Know-how (Notes a, c) RMB'000	O2O distribution vending system (Notes b, c) RMB'000	Deferred development costs and patents (Note d) RMB'000	Total RMB'000
Cost:				
At 1 January 2020	1,587,518	60,000	92,577	1,740,095
Addition during the year	–	–	21	21
At 31 December 2020 and 1 January 2021	1,587,518	60,000	92,598	1,740,116
Addition during the Period	–	–	18	18
At 30 June 2021	1,587,518	60,000	92,616	1,740,134
Accumulated amortisation and impairment:				
At 1 January 2020	1,526,518	44,000	92,322	1,662,840
Provided for the year	9,632	2,526	122	12,280
Impairment loss for the year	51,368	13,474	–	64,842
At 31 December 2020 and 1 January 2021	1,587,518	60,000	92,444	1,739,962
Provided for the Period	–	–	63	63
At 30 June 2021	1,587,518	60,000	92,507	1,740,025
Net carrying amount:				
At 30 June 2021	–	–	109	109
At 31 December 2020	–	–	154	154

Notes:

- (a) It represented technological know-how in respect of the application of graphene and includes one patent in the US, four invention patent applications, three utility model patent applications and two utility model patents in the PRC, relating to the manufacturing of Graphene-based EVA Foam Material, Sterilizing Chips and graphene-based pressure-sensitive sensors and the exclusive formula (collectively “Technology Know-how”), which was acquired from Bluestone Technologies (Cayman) Limited, an independent third party, in 2015.

10. INTANGIBLE ASSETS *(continued)*

Notes: (continued)

(a) *(continued)*

The completion date of the transaction was 16 December 2015. The cost of the Technology Know-how was determined by the Directors and represented the sum of the cash consideration, the fair value of the convertible notes and provision for contingent consideration at the acquisition date, and the capitalised transaction costs arising directly from the acquisition of the Technology Know-how. The Group's first graphene application products mass production line was completed and commenced trial production in late May 2016, and mass production has already been commenced in July 2016.

The Technology Know-how has definite useful lives and is amortised over 10 years using the straight-line method.

The Directors conducted an impairment assessment on the Technology Know-how with reference to a valuation of the Technology Know-how conducted by an independent professional valuer, Ascent Partners Valuation Service Limited ("Ascent Partners"), using multi-period excess earnings method and provision for impairment to the carrying amount of the Technology Know-how of approximately RMB51,368,000 was made as at 31 December 2020.

- (b) In July 2016, the Group acquired the design of Online-to-Offline ("O2O") distribution vending system at the consideration of RMB60,000,000 from two independent third parties. Directors consider that the O2O distribution vending system would provide customers with an interactive and unique shopping experience, enhance the distribution channel of the products made by the Group and establish the core technical competitiveness of the Group.

The O2O distribution vending system has definite useful lives and is amortised over 9 years using the straight-line method.

The Directors conducted an impairment assessment on the O2O distribution vending system with reference to a valuation of the O2O distribution vending system conducted by Ascent Partners, using relief from royalty method and provision for impairment to the carrying amount of the O2O distribution vending system of approximately RMB13,474,000 was made as at 31 December 2020.

- (c) The Directors consider that O2O distribution vending system is a contributory asset necessary to support the earnings associated with the Technology Know-how, being the smallest identifiable group of assets that generates earnings that are largely independent of the earnings from other assets.
- (d) In July 2016, the Group engaged several independent third parties in the research and development of manufacturing and application technology of graphene material on Sterilizing Chips, energy storage materials for batteries and pressure-sensitive lighting devices for shoes. The Directors seek the opportunities in applying the graphene material in products other than shoes and plan to launch in future.

The Sterilizing Chips has definite useful lives and is amortised over 5 years using the straight-line method.

The Directors conducted an impairment assessment on the Sterilizing Chips and considered that the future economic benefits attributable to the Sterilizing Chips is premature and provision for impairment of approximately RMB20,733,000 was made as at 31 December 2019.

As at 30 June 2021 and 31 December 2020, the carrying amount represented the cost of acquisition of patents for research and development of manufacturing and application technology of graphene material on certain products.

11. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit period offered to its customers is generally for a period of three to six months. The Group seeks to apply strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aging analysis of the Group's trade receivables, net of allowance for credit losses as at the end of the reporting period, based on the invoice dates, is as follows:

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Within 3 months	55,603	42,167
4 to 6 months	3,044	1,635
7 to 9 months	5	652
	58,652	44,454

12. TRADE AND BILLS PAYABLES

An aging analysis of the Group's trade and bills payables as at the end of the reporting period, based on the invoice dates, is as follows:

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Within 3 months	49,180	40,993
Over 3 months	13,873	24,712
	63,053	65,705

The trade payables are non-interest-bearing and are normally settled on six months terms (31 December 2020: six months). Bills payables of approximately RMB12,600,000 were secured by the Group's pledged deposits amounted to approximately RMB3,780,000 as at 31 December 2020. The Group has no bills payable as at 30 June 2021.

13. SHORT TERM BORROWINGS

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Secured bank loans repayable within one year	94,500	97,500
Unsecured loans repayable within one year	8,383	32,640
	<u>102,883</u>	<u>130,140</u>

- (a) At 30 June 2021 and 31 December 2020, the loans were denominated in Renminbi and bore interest rates ranging from:

Six months ended 30 June 2021	4.35% – 5.13% per annum
Year ended 31 December 2020	4.35% – 5.22% per annum

- (b) At 30 June 2021, the secured bank loans of the Group were secured by a pledge of the Group's buildings with carrying amount of approximately RMB2,787,000 (31 December 2020: RMB3,575,000), leasehold lands of right-of-use assets and the land of investment properties with carrying amounts of approximately RMB4,120,000 (31 December 2020: RMB4,194,000) and approximately RMB32,681,000 (31 December 2020: RMB31,189,000). In addition, the bank loans were secured by guarantees provided by an independent third party, a director of the Company and his son.

14. SHARE CAPITAL

The details of the authorised and issued share capital of the Company are as follows:

	Number of ordinary shares of US\$0.01 each	Nominal value of ordinary shares US\$'000	Nominal value of ordinary shares RMB'000
Authorised:			
At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	<u>5,000,000,000</u>	<u>50,000</u>	<u>342,400</u>
Issued and fully paid:			
At 1 January 2020, 31 December 2020 and 1 January 2021	1,486,859,608	14,869	99,310
Completion of subscription and placing of new Shares	77,000,000	770	5,050
Issue of Shares upon exercise of share options	<u>88,836,000</u>	<u>888</u>	<u>5,659</u>
At 30 June 2021	<u>1,652,695,608</u>	<u>16,527</u>	<u>110,019</u>

As disclosed in the Company's announcements dated 24 March 2021 and 19 April 2021, Mr. Lin Dongliang, an independent subscriber, subscribed for a total of 20,000,000 new Shares of US\$0.01 each at a subscription price of HK\$4 per subscription share (the "Share Subscription") and the Company placed a total of 57,000,000 new Shares through a placing agent at placing price of HK\$4 per placing share (the "Placing") which were completed on 19 April 2021. The net proceeds from the Share Subscription and the Placing (after deducting the relevant expenses) were approximately HK\$79,700,000 and HK\$226,720,000 respectively.

15. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group is as follows:

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Fees	<u>84</u>	<u>54</u>
Other emoluments:		
Salaries, allowances and benefits in kind	3,139	1,235
Contributions to retirement benefits schemes	56	38
Equity-settled share-based payments	<u>983</u>	<u>—</u>
	<u>4,178</u>	<u>1,273</u>

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the novel coronavirus (“COVID-19”) epidemic still had a serious impact on the Southeast Asia and India, but the domestic epidemic and economy in the PRC had recovered substantially. Customers of the OEM business had transferred their original orders from Southeast Asia and Indian manufacturers to the Group, resulting in an increase in sales in the first half of this year. The Group recorded an increase in revenue of approximately RMB113.6 million or 235.5% to approximately RMB161.8 million (2020: RMB48.2 million). The gross profit margin of the Group during the Period also increased to approximately 27.4% as compared to approximately 12.5% for the corresponding period in 2020.

The Group recorded a net loss for the Period of approximately RMB3.8 million, as compared with the net loss of approximately RMB11.4 million of last corresponding period. Such decrease in net loss was mainly attributable to (i) increase in gross profit of approximately RMB38.3 million; (ii) decrease in amortisation of intangible assets of approximately RMB6.1 million; net-off by (iii) decrease in fair value gain on investment properties of approximately RMB13.2 million; (iv) consultancy fee incurred for the new business of Photovoltaic Products of approximately RMB7.6 million; (v) increase in exchange loss of approximately RMB4.0 million; (vi) increase in share-based payments of approximately RMB3.5 million in relation to the share options granted by the Company in 2020; (vii) increase in wages and salaries of approximately RMB3.3 million as more senior management and administrative staff were recruited to support the new business of Photovoltaic Products; and (viii) increase in research and development costs of approximately RMB1.9 million.

FINANCIAL REVIEW

Revenue by Product Category

	Six months ended 30 June		Increase/ (decrease) % change
	2021 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (unaudited)	
Revenue (Boree Products)	692	1,150	(39.8)%
Revenue (Graphene-based Products)	3,312	412	703.9%
Revenue (OEM Business)	157,292	46,678	237.0%
Revenue (Photovoltaic Products)	529	–	N/A
Revenue (Total)	<u>161,825</u>	<u>48,240</u>	<u>235.5%</u>

During the Period, the revenue of the Group increased by approximately RMB113.6 million or 235.5% to approximately RMB161.8 million (2020: RMB48.2 million), which was mainly attributable to the increase in revenue of OEM business by approximately RMB110.6 million to approximately RMB157.3 million during the Period (2020: RMB46.7 million). As the COVID-19 epidemic still had a serious impact on the Southeast Asia and India, customers of the OEM business had transferred their original orders from Southeast Asia and Indian manufacturers to the Group, resulting in increase in both revenue and gross profit margin of the OEM business.

As the Group focused on the promotion of the indoor graphene-based sterilizing slippers “Graphener” during the Period, online sales of Boree Products declined. Revenue from Boree Products decreased by 39.8% to approximately RMB0.7 million during the Period (2020: RMB1.2 million).

Revenue of the Graphene-based Products amounted to approximately RMB3.3 million (2020: RMB0.4 million) during the Period. The Graphener were favored by consumers and the revenue of Graphener increased by 218.9% to approximately RMB1.3 million during the Period (2020: RMB0.4 million). For other graphene application products, following the launch of air sterilizers “Graphenix” and the completion of the first order in the second half of last year, the Group has successfully designed and developed a new air purification device tailored made according to customer requirement in return of a tooling income during the Period. The revenue of other graphene application products totally amounted to approximately RMB2.0 million during the Period.

The Group successfully utilized casting technology to produce Cast-mono wafers, which was then used to manufacture Cast-mono HJT solar cells with an energy conversion efficiency exceeding 24.0% in September 2020. During the Period, the Group has received and completed the first procurement order for photovoltaic modules based on our Cast-mono HJT solar cells which will be used for building a demonstrating integrated charging station for new energy vehicles for State Grid Corporation of China. In April 2021, Golden Solar Silicon Science & Technology (Xu Zhou) Co., Ltd. (金陽硅業科技(徐州)有限公司) (“Golden Solar Xuzhou”), an indirect wholly-owned subsidiary of the Company was set up to manufacture Cast-mono wafers. The first production facility of our Cast-mono wafers has successfully entered the commercial production stage during the Period and revenue of Photovoltaic Products totally amounted to approximately RMB0.5 million.

Selling and Distribution Expenses

During the Period, selling and distribution expenses increased by 32.4% to approximately RMB5.2 million as compared with that of last corresponding period (2020: RMB4.0 million), which accounted for 3.2% (2020: 8.2%) of the Group’s revenue. The increase was mainly attributable to the increase in sales during the Period.

General and Administrative Expenses

General and administrative expenses recorded an increase of approximately RMB20.4 million or 102.9% to approximately RMB40.3 million for the Period (2020: RMB19.9 million), which was mainly attributable to (i) consultancy fee incurred for the new business of Photovoltaic Products of approximately RMB7.6 million; (ii) increase in exchange loss of approximately RMB4.0 million; (iii) increase in share-based payments of approximately RMB3.5 million in relation to the share options granted by the Company in 2020; (iv) increase in wages and salaries of approximately RMB3.3 million as more senior management and administrative staff were recruited to support the new business of Photovoltaic Products; and (v) increase in research and development costs of approximately RMB1.9 million.

Liquidity and Financial Resources

During the Period, net cash outflow from operating activities of the Group amounted to approximately RMB38.5 million (2020: net cash inflow of approximately RMB6.0 million). As at 30 June 2021, cash and bank balances were approximately RMB163.3 million, representing an increase of approximately 260 times as compared with approximately RMB0.6 million as at 31 December 2020. As at 30 June 2021, around 88.2% and 9.8% of the Group's cash and bank balances were denominated in Hong Kong dollars and Renminbi respectively. As at 30 June 2021, the short term borrowings of the Group were approximately RMB102.9 million (31 December 2020: RMB130.1 million). All loans were denominated in Renminbi with fixed interest rates and repayable within one year.

As at 30 June 2021, the gearing ratio of the Group was 78.2% (31 December 2020: -523.8%). Gearing ratio was calculated as total debt divided by the total equity. Total debt refers to the total liability minus the sum of tax payable, dividend payable and deferred tax liability.

Capital Structure

As at 1 January 2021, the Company had 1,486,859,608 Shares in issue and a paid-up capital of approximately RMB99,310,000. During the Period, the Company issued a total of 88,836,000 Shares to share option holders who exercised their share options, and issued a total of 20,000,000 Shares and 57,000,000 Shares in respect of the completion of Share Subscription and Placing on 19 April 2021. As at 30 June 2021, the Company had 1,652,695,608 Shares in issue and a paid-up capital of approximately RMB110,019,000.

Significant Investments, Material Acquisitions and Disposals

During the Period, the Group did not have any other significant investments, material acquisitions and disposals.

Pledge of Assets

The Group did not have any bills payables as at 30 June 2021. As at 31 December 2020, the bills payables were secured by a pledge of the Group's time deposits amounting to approximately RMB3.8 million. As at 30 June 2021, the bank borrowings of the Group were secured by a pledge of the Group's buildings with carrying amount of approximately RMB2.8 million (31 December 2020: RMB3.6 million), leasehold lands of right-of-use assets and the land of investment properties with carrying amounts of approximately RMB4.1 million (31 December 2020: RMB4.2 million) and approximately RMB32.7 million (31 December 2020: RMB31.2 million) respectively.

The building of investment properties with a net carrying amount of approximately RMB10.3 million (31 December 2020: RMB10.5 million) was pledged to an independent third party for a loan facility of RMB20 million (31 December 2020: RMB20 million). The loan was not yet utilized as at 30 June 2021 and 31 December 2020.

Contingent Liabilities

During the year of 2020, a supplier had filed lawsuit against the overdue payment of Quanzhou Baofeng Shoes Co., Ltd. ("Quanzhou Baofeng"), an indirect wholly-owned subsidiary of the Company, with total amount of approximately RMB0.5 million (the "Amount in Question") and the first trial held that Quanzhou Baofeng shall repay the Amount in Question plus interest.

Based on the best estimation of the management of the Company at that time, Quanzhou Baofeng had valid ground in opposing the Amount in Question in the judgement of the above said case. As the lawsuit was in the process of appeal, the corresponding legal fee and interest were uncertain. Accordingly, no provision had been made in the consolidated financial statement as at 31 December 2020.

According to the judgement of the second trial, the appeal was rejected and Quanzhou Baofeng was required to repay the Amount in Question plus interest to the supplier. Subsequently on 28 April 2021, Quanzhou Baofeng entered into a settlement agreement with the supplier, which Quanzhou Baofeng would settle the Amount in Question without interest to the supplier in five monthly instalments from April to August 2021. As at the date of the results announcement, the Amount in Question and the corresponding legal fee were fully settled by Quanzhou Baofeng.

Except as described above, there was no material contingent liabilities as at 30 June 2021 and 31 December 2020.

Foreign Exchange Risk

During the Period, the revenue of the Group were mainly denominated in US dollars and Renminbi. The cost of sales and operating expenses were mainly denominated in Renminbi. Management of the Group monitors the foreign exchange risk and will consider hedging significant foreign currency risk exposure if necessary.

Human Resources

As at 30 June 2021, the Group had a total of approximately 670 employees (31 December 2020: 600 employees), with total staff costs for the Period, including directors' remuneration, amounted to approximately RMB38,892,000 (2020: RMB21,884,000). The Group's emolument policies are based on the merit, qualifications and competence of individual employee and are reviewed by the remuneration committee periodically. The emoluments of the Directors are recommended by the remuneration committee and are decided by the Board, having regard to the Group's operating results, individual performance and comparable market statistics. The Company also adopted a new share option scheme on 2 July 2021, to motivate and reward its Directors and eligible employees.

Use of Net Proceeds From the Share Subscription and Placing

As disclosed in the Company's announcements dated 24 March 2021 and 19 April 2021, the Share Subscription and the Placing were completed on 19 April 2021. The closing market price was HK\$4.76 per Share on the date on which the terms of the Share Subscription and Placing were fixed. The gross proceeds from the Share Subscription and Placing were approximately HK\$80,000,000 (equivalent to approximately RMB67,494,000) and approximately HK\$228,000,000 (equivalent to approximately RMB192,359,000) respectively, and the net proceeds (after deducting the relevant expenses incurred in the Share Subscription and Placing) were approximately HK\$79,700,000 (equivalent to approximately RMB67,242,000) and approximately HK\$226,720,000 (equivalent to approximately RMB191,280,000) respectively. The net subscription price and net placing price, after deducting relevant expenses, were approximately HK\$3.99 per subscription share and HK\$3.98 per placing share, respectively.

The Directors considered that the Share Subscription and Placing represented an opportunity to strengthen the Group's financial position and raise additional funding for the business operations of the Group without any interest burden, as well as to enlarge shareholders' base of the Company which may in turn enhance the liquidity of the Shares.

The utilisation of the net proceeds as at 30 June 2021 is set out as follows:

Nature	Amount of the net proceeds utilised during the period ended		Balance of the net proceeds unutilised as at
	Intended use of the net proceeds RMB'000	30 June 2021 RMB'000	30 June 2021 RMB'000
Development of photovoltaic and related business (Note 1)	134,990	52,337	82,653
Settlement of other payables and short term borrowings (Note 1)	42,184	30,542	11,642
Settlement of payables for the casting silicon furnaces	37,460	37,460	–
General working capital (Note 1)	43,888	17,414	26,474
Total:	<u>258,522</u>	<u>137,753</u>	<u>120,769</u>

Note:

1. It is expected that the remaining balances of the unutilised net proceeds allocated for the “Development of photovoltaic and related business”, “Settlement of other payables and short term borrowings” and “General working capital” will be utilised in the financial year ending 31 December 2021.

BUSINESS REVIEW AND FUTURE PROSPECTS

The revenue of the Group for the Period was approximately RMB161.8 million, representing an increase of approximately RMB113.6 million or 235.5% in comparison to approximately RMB48.2 million for the corresponding period in 2020, which was mainly attributable to the increase in revenue of OEM business. Customers of the OEM business had transferred their original orders from Southeast Asia and Indian manufacturers to the Group due to the impact of COVID-19 epidemic, resulting in increase in both revenue and gross profit margin of the OEM business during the Period. Based on the information currently available, the sales of the OEM business in the second half of the year are expected to increase in comparison with the second half of 2020.

Revenue of the Graphene-based Products also increased by approximately RMB2.9 million during the Period as the Graphener were favored by consumers. In addition, the Group has successfully designed and developed a new air purification device tailored made according to customer requirement and the first order of such device was received and would be delivered in the second half of the year.

The Group successfully utilized casting technology to produce Cast-mono wafers, which was then used to manufacture Cast-mono HJT solar cells with an energy conversion efficiency exceeding 24.0% in 2020. During the Period, the Group has received and completed the first procurement order for photovoltaic modules based on our Cast-mono HJT solar cells. Besides, the first production facility of our Cast-mono wafers of Golden Solar Xuzhou has successfully entered the commercial production stage during the Period.

As disclosed in the announcements dated 23 June 2021 and 26 July 2021, Golden Solar Xuzhou has entered into a silicon wafer framework sale and purchase agreement with Jiangsu Runergy New Energy Technology Co., Ltd. (江蘇潤陽新能源科技股份有限公司) and has entered into silicon wafer sales agreements with Taoistic Solar Technology (Changzhou) Co., Ltd. (太一光伏科技(常州)有限公司) and Panda PV Tech Co., Ltd. (熊貓光伏科技有限責任公司) respectively, providing Cast-mono wafers with a total amount up to 400 million pieces. The signing of the above agreements demonstrated that the Cast-mono wafers of the Group have been recognised by the photovoltaic manufacturers. The Group is actively discussing with other photovoltaic manufacturers for more Cast-mono wafers orders and Cast-mono HJT solar cells cooperation opportunities and is continuing to modify and improve the purchased casting silicon furnaces by using its proprietary technology and know-how. The Group plans to achieve commercial mass production in the second half of 2021 and smoothly ship to aforementioned and potential customers. We will also adjust the capacity expansion plan according to the market feedback of the Group's Cast-mono wafers and Cast-mono HJT solar cells.

We believe that sustained development in solar technology is the best solution for global energy and environmental protection issues. While dedicating to Cast-mono wafers and Cast-mono HJT solar cells production, the Group hopes to bring more applications of solar products to a wider consumer group. By utilizing the flexible characteristics of Cast-mono wafers, the Group successfully developed Cast-mono flexible HJT solar module ("Flexible Module"). Currently, the Group is able to produce small-sized high-efficiency Cast-mono Flexible Module and is undertaking certification process for conversion efficiency and reliability.

Cast-mono Flexible Module is bendable, light weighted and requires lower installation cost. We believe that Cast-mono Flexible Module can be applied to consumer electronic solar products which are closer to the demand of mass consumers. Upon obtaining the above certification, the Group shall plan for commercial mass production depending on the market response at the time. In the future, we plan to further combine the Cast-mono Flexible Module with the energy storage batteries to create a convenient home solar power storage system.

OTHER INFORMATION

Interim Dividend

The Directors do not recommend the payment of any interim dividend for the Period (for the six months ended 30 June 2020: Nil).

Corporate Governance

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value.

Throughout the Period, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules, save for the deviations as detailed below. The Company periodically reviews its corporate governance practices to ensure its continuous compliance.

Code Provision A.2.1 stipulates that the roles of the Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. The Company deviates from this provision because Mr. Zheng Jingdong has been performing both the roles of Chairman and Chief Executive Officer from 10 May 2013 to 25 February 2021. Since 26 February 2021, Mr. Leung Tsz Chung has been appointed as Chairman of the Board and the Chief Executive Officer of the Group. The Directors consider that vesting two roles in the same person provides the Group with strong and consistent leadership in the development and execution of the Group's business strategies and is beneficial to the Group. The balance of power and authorities is ensured by the operation of the senior management and the Board, which comprises experienced and high caliber individuals. The Board currently comprises three executive Directors, one non-executive Director and three independent non-executive Directors and therefore has a strong independence element in its composition.

Code Provision A.6.7 stipulates that non-executive Directors and independent non-executive Directors should attend annual general meeting and develop a balanced understanding of the views of the shareholders. The Company deviates from this provision because the independent non-executive Director, Ms. An Na did not attend the annual general meeting held on 29 June 2021 due to her other business commitments.

Code Provision E.1.2 stipulates that the Chairman of the Board should attend the annual general meeting and the Chairman should also invite the chairpersons of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting. The chairperson of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval. Due to her other business commitments, the chairperson of remuneration committee, Ms. An Na was unable to attend the annual general meeting held on 29 June 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the required standard for securities transactions by the Directors. The Company has made specific enquiries of all the Directors and each of them confirmed that they have complied with the required standards set out in the Model Code during the Period.

AUDIT COMMITTEE

The audit committee was established by the Board on 8 January 2011 with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise our Group’s financial reporting process and risk management and internal control systems, effectiveness of the Group’s internal audit function and review and monitor appointment of the auditors and their independence.

The audit committee comprises three independent non-executive Directors, namely Mr. Chen Shaohua, Professor Zhao Jinbao and Ms. An Na, and Mr. Chen Shaohua is the chairperson of the audit committee. The unaudited condensed consolidated interim financial statements of the Group for the Period have been reviewed by the audit committee.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement for the Period is available for viewing on the website of the Stock Exchange and the website of the Company at <http://www.goldensolargroup.com>. The interim report of the Company will be dispatched to shareholders of the Company in due course.

On behalf of the Board
Golden Solar New Energy Technology Holdings Limited
Leung Tsz Chung
Chairman

Hong Kong, 30 August 2021

As at the date of this announcement, the executive Directors are Mr. Leung Tsz Chung, Mr. Zheng Jingdong and Dr. Xu Zhi; the non-executive Director is Ms. Lin Weihuan; and the independent non-executive Directors are Ms. An Na, Mr. Chen Shaohua and Professor Zhao Jinbao.