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CHINA SMARTER ENERGY GROUP HOLDINGS LIMITED

中國智慧能源集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1004)

**ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Board of Directors (the “Board”) of China Smarter Energy Group Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (together hereinafter referred to as the “Group”) for the year ended 31 December 2021 together with audited comparative figures for the previous year. As further explained in the paragraph headed “Review of Unaudited Annual Results” in this announcement, due to the implementation of epidemic prevention and control measures and restrictions in Hong Kong and China caused by the recurrence of COVID-19 in early 2022, the auditing process for the results of the Group for the Year has not been completed as at the date of this announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	<i>Note</i>	2021 HK\$’000 (unaudited)	2020 HK\$’000 (audited) re-presented
Continuing operations			
Revenue	3	204,075	450,045
Cost of sales		(118,982)	(375,118)
Gross profit		85,093	74,927
Other income		6,191	8,454
Other gains and losses		19,749	(802)
Impairment losses on property, plant and equipment		(36,746)	(131,350)
Impairment losses on intangible assets		–	(144,399)
Impairment losses on trade receivables		–	(694)
Impairment losses on other receivables		–	(13,907)
Provisions for litigations and claims		–	(234,228)
Administrative and operating expenses		(58,919)	(57,733)

* For identification purpose only

	<i>Note</i>	2021 HK\$'000 (unaudited)	2020 <i>HK\$'000</i> (audited) re-presented
Profit/(Loss) from operations		15,368	(499,732)
Finance costs		<u>(138,498)</u>	<u>(152,515)</u>
Loss before tax		(123,130)	(652,247)
Income tax credit	5	<u>2,228</u>	<u>41,614</u>
Loss for the year from continuing operations		<u>(120,902)</u>	<u>(610,633)</u>
Discontinued operations			
Profit/(loss) for the year	6	1,883	(166,721)
Loss on deemed disposal	7	(205,058)	–
Adjustment for cumulative exchange difference in respect of the net assets reclassified from equity to profit or loss		<u>(24,776)</u>	<u>–</u>
		<u>(227,951)</u>	<u>(166,721)</u>
Loss for the year	8	<u>(348,853)</u>	<u>(777,354)</u>
Attributable to:			
Owners of the Company		(352,110)	(772,377)
Non-controlling interests		<u>3,257</u>	<u>(4,977)</u>
		<u>(348,853)</u>	<u>(777,354)</u>
Loss per share	<i>10</i>		
From continuing and discontinued operations			
Basic (<i>cents per share</i>)		(3.76)	(8.24)
Diluted (<i>cents per share</i>)		<u>(3.76)</u>	<u>(8.24)</u>
From continuing operations			
Basic (<i>cents per share</i>)		(1.32)	(6.46)
Diluted (<i>cents per share</i>)		<u>(1.32)</u>	<u>(6.46)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (audited) re-presented
Loss for the year	<u>(348,853)</u>	<u>(777,354)</u>
Other comprehensive income:		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value changes of financial assets at fair value through other comprehensive income ("FVTOCI")	–	(42,490)
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(2,978)	33,561
Release of reserves upon deemed disposal of a subsidiary	<u>24,776</u>	<u>–</u>
Other comprehensive income for the year, net of tax	<u>21,798</u>	<u>(8,929)</u>
Total comprehensive income for the year	<u><u>(327,055)</u></u>	<u><u>(786,283)</u></u>
Attributable to:		
Owners of the Company	(330,312)	(781,306)
Non-controlling interests	<u>3,257</u>	<u>(4,977)</u>
	<u><u>(327,055)</u></u>	<u><u>(786,283)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Note	2021 HK\$'000 (unaudited)	2020 HK\$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		879,183	1,708,778
Right-of-use assets		16,858	20,340
Intangible assets		464,322	479,265
Financial assets at FVTOCI	11	189,064	189,064
Club membership debenture	11	130	130
Total non-current assets		1,549,557	2,397,577
Current assets			
Trade and bill receivables	12	623,821	813,194
Prepayments, deposits and other receivables		127,164	80,367
Refundable deposits	13	336,693	335,646
Financial assets at fair value through profit or loss ("FVTPL")		47	46
Derivative financial instruments		15	25,841
Restricted bank deposit		757	1,299
Cash and bank balances		84,073	36,780
Total current assets		1,172,570	1,293,173
LIABILITIES			
Current liabilities			
Trade payables	14	12	47
Other payables and accruals		482,917	395,291
Amounts due to related parties		9,660	46,302
Provisions for litigations and claims		254,767	250,354
Lease liabilities		9,311	6,026
Bank and other borrowings		1,495,382	1,769,733
Current tax liabilities		7,912	8,288
Total current liabilities		2,259,961	2,476,041
Net current liabilities		(1,087,391)	(1,182,868)
Total assets less current liabilities		462,166	1,214,709

	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (audited)
Non-current liabilities		
Lease liabilities	9,750	14,796
Bank and other borrowings	–	350,994
Deferred tax liabilities	124,570	194,018
	<hr/>	<hr/>
Total non-current liabilities	134,320	559,808
	<hr/>	<hr/>
Net assets	327,846	654,901
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the Company		
Share capital	23,436	23,436
Other reserves	299,001	629,313
	<hr/>	<hr/>
	322,437	652,749
Non-controlling interests	5,409	2,152
	<hr/>	<hr/>
Total equity	327,846	654,901
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

Going concern basis

The Group incurred a net loss of approximately HK\$348,853,000 for the year ended 31 December 2021 and, as of that date, the Group’s current liabilities exceeded its current assets by approximately HK\$1,087,391,000. As at that date, the Group’s total borrowings amounted to approximately HK\$1,495,382,000, of which current borrowings amounted to approximately HK\$1,495,382,000, while its cash and cash equivalents amounted to approximately HK\$84,073,000 only.

On 3 September 2021, the Company received a winding-up petition issued by Nine United Limited (“Nine United”) concerning debts of US\$4,516,528.77 and HK\$5,510,795.06 respectively (equivalent to HK\$36,642,000 in total) (the “Nine United Petition”). Details of the petition were set out in the announcements of the Company dated 5 October 2021, 11 October 2021, 10 November 2021, 26 January 2022 and 24 March 2022.

As at 31 December 2021, other than the Nine United Petition, the Group was also in default of the repayment of loans with total principal amount of RMB1,192,658,000 (equivalent to HK\$1,458,740,000).

These events and conditions indicate the existence of material uncertainties which may cast significant doubt about the Group’s ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.

1. BASIS OF PREPARATION (CONT'D)

Going concern basis (Cont'd)

The directors have estimated the Group's cash requirements by preparing a Group cashflow forecast for the 12 months ending 31 December 2022 and have, during the year and up to the date of the approval of these consolidated financial statements, instituted the following financing plans and measures to mitigate the liquidity pressure on the Group, to restructure its financial obligations and to improve its financial position:

- (a) The Group has been negotiating with its lenders for the extension of the maturity dates of debts fallen due or expected to fall due within the next 12 months;
- (b) The Group has been working to obtain other possible financings;
- (c) The Group has been working to dispose certain of its other solar power plants.

The directors of the Company therefore consider it appropriate in light of the above financing plans and measures to adopt the going concern basis in preparing these consolidated financial statements. Should the Group be unable to operate as a going concern in the foreseeable future, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments have not been reflected in these consolidated financial statements.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16 Amendment to HKFRS 16	Interest Rate Benchmark Reform – Phase 2 Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)
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The application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in the consolidated financial statements.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3 Amendments to HKFRS 10 and HKAS 28 (2011) Amendments to HKAS 1	Reference to the Conceptual Framework ¹ Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³ Classification of Liabilities as Current or Non-current ^{2,4}
Amendments to HKAS 1 and HKFRS Practice Statement 2 Amendments to HKAS 8 Amendments to HKAS 12	Disclosure of Accounting Policies ² Definition of Accounting Estimates ² Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative accompanying HKFRS 16, and HKAS 41 ¹

1. Effective for annual periods beginning on or after 1 January 2022
2. Effective for annual periods beginning on or after 1 January 2023
3. No mandatory effective date yet determined but available for adoption
4. As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised in October 2020 to align the corresponding wording with no change in conclusion

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

3. REVENUE

Disaggregation of revenue from contracts with customers by major products or service line for the year from continuing operation is as follows:

	2021 HK\$'000 (unaudited)	2020 <i>HK\$'000</i> (audited) re-presented
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Sale of electricity	196,369	199,575
– Sale of bulk commodities	2,090	250,095
	198,459	449,670
Revenue from other sources		
Dividend income from unlisted investment funds at FVTPL	–	1
Dividend income from financial assets at FVTOCI	5,616	374
	204,075	450,045

Sale of electricity included HK\$153,033,000 (year ended 31 December 2020: HK\$138,709,000) tariff subsidy received and receivable from the state grid companies in the PRC based on the prevailing nationwide government policies on renewable energy for solar plants and distributed power stations.

4. SEGMENT INFORMATION

The Group has four operating segments as follows:

Clean energy	–	Sale of electricity
Trading in securities	–	Trading in securities comprise net gains/(losses) from trading of listed securities and dividend income from listed equity investments
Investment	–	Investments comprise dividend income from unlisted equity investments
Trading of bulk commodities	–	Trading of bulk commodities comprise the trading of solid, liquid and gaseous fuels and other related products and the trading of bulk commodities derivatives

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include unallocated corporate expenses, certain other income, finance cost and income tax. Segment assets do not include derivative financial assets, cash and bank balances and unallocated assets. Segment liabilities do not include some other borrowings and unallocated liabilities. Segment non-current assets do not include financial assets at FVTOCI and club membership debenture and contract assets.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

Information about operating segment profit or loss, assets and liabilities from continuing operations:

	Clean energy	Trading in securities	Investments	Trading of bulk commodities	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Year ended 31 December 2021					
Revenue from external customers	196,369	–	–	2,090	198,459
Dividend income	–	–	5,616	–	5,616
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue of reportable segments	196,369	–	5,616	2,090	204,075
Segment (loss)/profit	41,800	(17,202)	5,520	10,870	40,988
Depreciation and amortisation	99,447	3,248	–	184	102,879
Income tax (credit)/expenses	(3,348)	695	–	–	(2,653)
Additions to segment non-current assets	79	7	–	–	86
Impairment losses on property, plant and equipment	36,746	–	–	–	36,746
At 31 December 2021					
Segment assets	2,082,110	15,723	189,064	517	2,287,414
Segment liabilities	1,346,887	720,258	2,491	12	2,069,648
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

4. SEGMENT INFORMATION (CONT'D)

Information about operating segment profit or loss, assets and liabilities from continuing operations: (Cont'd)

	Clean energy <i>HK\$'000</i> (audited) (re-presented)	Trading in securities <i>HK\$'000</i> (audited)	Investments <i>HK\$'000</i> (audited)	Trading of bulk commodities <i>HK\$'000</i> (audited)	Total <i>HK\$'000</i> (audited) (re-presented)
Year ended 31 December 2020					
Revenue from external customers	199,575	–	–	250,095	449,670
Dividend income	–	1	374	–	375
Total revenue of reportable segments	199,575	1	374	250,095	450,045
Segment (loss)/profit	(228,583)	(47,818)	329	(16,240)	(292,312)
Depreciation and amortisation	104,491	3,481	–	997	108,969
Income tax (credit)/expenses	(41,990)	394	–	(18)	(41,614)
Additions to segment non-current assets	–	39	–	–	39
Impairment losses on property, plant and equipment	245,951	–	–	–	245,951
Impairment losses on intangible assets	144,399	–	–	–	144,399
At 31 December 2020					
Segment assets	1,989,694	16,943	189,064	1,444	2,197,145
Segment liabilities	1,031,637	653,969	2,491	16,943	1,705,040

Reconciliations of segment revenue and profit or loss from continuing operations:

	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (audited) re-presented
Revenue		
Total revenue of reportable segments	204,075	450,045
Elimination of intersegment revenue	–	–
Consolidated revenue from continuing operations	204,075	450,045
Profit or loss		
Total profit or loss of reportable segments	40,988	(292,312)
Unallocated amounts:		
Interest income	218	40
Provisions for litigations and claims	–	(178,728)
Unallocated corporate expenses	(25,838)	(28,732)
Finance costs	(138,498)	(152,515)
Consolidated loss before tax from continuing operations	(123,130)	(652,247)

4. SEGMENT INFORMATION (CONT'D)

Reconciliations of segment assets and liabilities:

	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (audited) re-presented
Continuing operations:		
<i>Assets</i>		
Total assets of reportable segments	2,287,414	2,197,145
Unallocated amounts:		
Cash and bank balances	84,073	36,780
Prepayment, deposits, other receivables and other assets	350,640	335,282
Discontinued operations:		
<i>Assets</i>		
Total assets of reportable segments	–	1,121,543
Consolidated total assets	<u>2,722,127</u>	<u>3,690,750</u>
Continuing operations:		
<i>Liabilities</i>		
Total liabilities of reportable segments	2,069,648	1,705,040
Unallocated amounts:		
Other payables and accruals	130,245	172,764
Provisions for litigations and claims	194,388	181,432
Borrowings	–	306,773
Discontinued operations:		
<i>Liabilities</i>		
Total liabilities of reportable segments	–	669,840
Consolidated total liabilities	<u>2,394,281</u>	<u>3,035,849</u>

Geographical information:

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

	<u>Revenue</u>		<u>Non-current assets</u>	
	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (audited) re-presented	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (audited) re-presented
The PRC	196,369	199,576	1,359,209	1,456,610
Hong Kong	5,616	374	1,285	2,964
Singapore	2,090	250,095	–	1,075
Consolidated total	<u>204,075</u>	<u>450,045</u>	<u>1,360,494</u>	<u>1,460,649</u>

4. SEGMENT INFORMATION (CONT'D)

Revenue from major customers:

	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (audited) re-presented
Clean energy segment		
Customer A	142,682	128,607
Trading of bulk commodities segment		
Customer B	2,090	–
Customer C	–	95,797
	<u> </u>	<u> </u>

5. INCOME TAX (CREDIT)/EXPENSE

Income tax relating to continuing operations has been recognised in profit or loss as following:

	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (audited) re-presented
Current tax – Hong Kong Profits Tax		
Provision for the year	–	–
Current tax – Overseas		
Provision for the year	5,516	6,943
	<u> </u>	<u> </u>
	5,516	6,943
Deferred tax	(7,744)	(48,557)
	<u> </u>	<u> </u>
	(2,228)	(41,614)
	<u> </u>	<u> </u>

6. DISCONTINUED OPERATION

The results of the discontinued operation are summarised as follows:

	2021 HK\$'000 (unaudited)	2020 <i>HK\$'000</i> (audited)
Revenue	7,840	110,405
Cost of sales	(4,785)	(74,348)
Other income and gains	–	659
Administrative and operating expenses	(102)	(1,810)
Finance cost	(1,495)	(17,167)
Provisions for litigations and claims	–	(2,704)
Impairment loss on property, plant and equipment	–	(178,511)
	<hr/>	<hr/>
Profit/(loss) before tax	1,458	(163,476)
Taxation	425	(3,245)
	<hr/>	<hr/>
Profit/(loss) for the year	<u>1,883</u>	<u>(166,721)</u>

Profit for the period include the followings:

	2021 HK\$'000	2020 <i>HK\$'000</i>
Total staff cost	–	–
Depreciation of property, plant and equipment	<u>4,488</u>	<u>63,910</u>

7. DEEMED DISPOSAL OF A SUBSIDIARY

In January 2021, a sale and purchase agreement (the “S&P Agreement”) was entered into between the Group and a purchaser, an independent third party and a company incorporated in the PRC, in connection with the Group’s disposal of all the equity interest in Jinchang Disheng Solar Energy Company Limited (“Jinchang Disheng”), a then subsidiary company of the Group engaging in operation of solar plant station in Gansu Province, the PRC, to the purchaser. As disclosed in Note 50 “Events After the Reporting Period” to the annual report of the Company for the financial year ended 31 December 2020, on 4 February 2021, the purchaser has effected the change of the registered owner of Jinchang Disheng from the Group to the purchaser (“Change of Registered Owner”), which was not in accordance with the S&P Agreement as the conditions precedent as set out in the S&P Agreement have not been executed. In the opinion of the directors, the Group remained as the owner of Jinchang Disheng. However, given the Change of Registered Owner of Jinchang Disheng which resulted in the Group being unable to access to the financial information of Jinchang Disheng, the Company accounted for the Change of Registered Owner as deemed disposal of Jinchang Disheng (“Discontinued Operations”).

7. DEEMED DISPOSAL OF A SUBSIDIARY (CONT'D)

Details of the Discontinued Operations are as follows:

	<i>HK\$'000</i>
Consideration	421,680
Waiver of current account	(166,842)
Net assets disposed of	<u>(459,896)</u>
Loss on deemed disposal	(205,058)
Adjustment for cumulative exchange difference in respect of the net assets reclassified from equity to profit or loss	<u>(24,776)</u>
Net loss on deemed disposal	<u><u>(229,834)</u></u>
Satisfied by:	
Cash received	361,440
Receivables	<u>60,240</u>
	<u><u>421,680</u></u>
Net cash inflow on deemed disposal:	
Cash consideration received	361,440
Less: bank balance and cash disposed of	<u>(13)</u>
	<u><u>361,427</u></u>

8. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

The Group's loss for the year from continuing operations is stated after charging the followings:

	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (audited) re-presented
Auditor's remuneration		
– audit services	1,650	1,800
– other services	290	270
	1,940	2,070
Depreciation of property, plant and equipment	69,977	72,865
Depreciation of right-of-use assets	4,875	9,120
Amortisation of intangible assets (included in cost of sales)	28,586	33,221
Impairment losses on property, plant and equipment	36,746	131,350
Impairment losses on intangible assets	–	144,399
Impairment losses on other receivables	–	13,907
Operating lease charges	1,059	1,163
Impairment losses on trade receivables	–	694
	<u><u>1,940</u></u>	<u><u>2,070</u></u>

- (i) Cost of sales includes depreciation, amortisation of intangible assets and operating lease charges of approximately HK\$100,194,000 (2020: HK\$104,370,000).

9. DIVIDENDS

No dividends have been paid or proposed during the year ended 31 December 2021, nor has any dividend been proposed since the end of the reporting period (year ended 31 December 2020: Nil).

10. LOSS PER SHARE

From continuing and discontinued operations

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

	2021 (unaudited)	2020 (audited) re-presented
Earnings		
Loss for the year attributable to owners of the Company		
for the purpose of calculating basic earnings per share (<i>HK\$'000</i>)	(124,159)	(605,656)
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>9,374,351</u>	<u>9,374,351</u>

Diluted loss per share is the same as the basic loss per share as the Company did not have any dilutive potential shares for the financial years ended 31 December 2021 and 2020.

From continuing operations

Basic and diluted loss per share from the continuing operations is HK1.32 cents per share (2020: HK6.46 cents per share), based on the loss for the year from continuing operations attributable to the owners of the Company of approximately HK\$124,159,000 (2020: approximately HK\$605,656,000) and the denominators used are the same as those detailed above for both basic and diluted earnings per share.

From discontinued operations

Basic and diluted loss per share from the discontinued operations is HK\$2.44 cents per share (2020: 1.78), based on the loss for the year from discontinued operations attributable to the owners of the Company of approximately HK\$227,951,000 (2020: HK\$166,721,000) and the denominators used are the same as those detailed above for both basic and diluted earnings per share.

11. FINANCIAL ASSETS AT FVTOCI AND CLUB MEMBERSHIP DEBENTURE

	<i>Note</i>	2021 HK\$'000 (unaudited)	2020 <i>HK\$'000</i> (audited)
Unlisted equity securities			
Company A	<i>(i)</i>	177,424	177,424
Company B	<i>(ii)</i>	3,147	3,147
Company C	<i>(iii)</i>	8,493	8,493
		<hr/>	<hr/>
Total financial assets at FVTOCI		189,064	189,064
Club membership debenture	<i>(iv)</i>	130	130
		<hr/>	<hr/>
		189,194	189,194
		<hr/> <hr/>	<hr/> <hr/>
Analysed as:			
Non-current assets			
Financial assets at FVTOCI		189,064	189,064
Club membership debenture		130	130
		<hr/>	<hr/>
		189,194	189,194
		<hr/> <hr/>	<hr/> <hr/>

Financial assets at FVTOCI and club membership debenture are denominated in the following currencies:

	2021 HK\$'000 (unaudited)	2020 <i>HK\$'000</i> (audited)
Hong Kong dollars	189,194	189,194
	<hr/> <hr/>	<hr/> <hr/>

The unlisted equity investments relate to investments in private entities, which were intended to hold for long-term strategic purpose at the time of acquisitions. Company A, Company B and Company C are engaged in the provision of advisory and financial services, investment in securities trading and money lending, respectively.

Notes:

- (i) At 31 December 2021, the Group had shareholding of approximately 1.71% (2020: 2.27%) in Company A.
- (ii) At 31 December 2021, the Group had shareholding of approximately 5.07% (2020: 5.07%) in Company B.
- (iii) At 31 December 2021, the Group had shareholding of approximately 2.58% (2020: 2.58%) in Company C.
- (iv) Club membership debenture is classified as amortised costs at initial recognition. The Group does not intend to dispose the investment in the near future.

During the year ended 31 December 2021, no impairment loss on club membership debenture was recognised (2020: Nil).

12. TRADE AND BILL RECEIVABLES

	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (audited)
Trade receivables	654,189	838,999
Allowance for doubtful debts	<u>(30,368)</u>	<u>(30,368)</u>
	623,821	808,631
Bills receivables	<u>–</u>	<u>4,563</u>
	<u><u>623,821</u></u>	<u><u>813,194</u></u>

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

	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (audited)
Unbilled	609,723	646,998
0 to 30 days	7,895	27,059
Over 30 days	<u>6,203</u>	<u>134,574</u>
	<u><u>623,821</u></u>	<u><u>808,631</u></u>

13. REFUNDABLE DEPOSITS

	2021 HK\$'000 (unaudited)	2020 <i>HK\$'000</i> (audited)
Refundable deposits	<u>336,693</u>	<u>335,646</u>

The Group paid deposits for the potential acquisition of solar power plant in Ningdong, Ningxia, the PRC. Details of the potential acquisition were disclosed in the Company's announcements on 11 December 2015 and 13 March 2019.

At 31 December 2019, as no agreement was reached by the Group and the potential vendor to the further extension of the completion date of the potential acquisition, the potential acquisition has been lapsed and terminated. Accordingly, the parties shall have no further obligation to proceed with the potential acquisition and the deposit paid would be refunded in due course.

In March 2020, the Group agreed a repayment timetable with the vendor for settlement before September 2020, and such was pledged by certain solar plants and machineries owned by the vendor to secure the repayments of the deposits to the Group. The vendor was in default of the payment on 30 September 2020. The deposits have not been repaid during the year and the Group continuously negotiated with the vendor for the repayments of the deposits.

Pursuant to a separate agreement dated 9 June 2021 entered into between the Group and the vendor, the vendor intended to transfer certain assets held by the vendor to the Group to settle the refundable deposits. The final settlement amount will be finalised after the Group completes the due diligence review of the assets to be transferred and a final settlement agreement is signed between the Group and the vendor.

14. TRADE PAYABLES

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

	2021 HK\$'000 (unaudited)	2020 <i>HK\$'000</i> (audited)
Over 60 days	<u>12</u>	<u>47</u>

The trade payables are non-interest bearing and normally settled on 30 to 90 days terms.

15. LEGAL PROCEEDINGS

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

15. LEGAL PROCEEDINGS (CONT'D)

- d) During the year ended 31 December 2021, Gansu Jintai, initiated arbitrations petition against Jinchang Jintai, for outstanding receivables of RMB74,595,000 and corresponding late penalties of RMB9,225,000 in respect of the acquisition of Jinchang Jintai in 2014. The Group is concurrently in the process of negotiating with Gansu Jintai for a settlement and an amicable disposal of the matter. The aggregate amount was included in the provisions for litigations and claims as at 31 December 2021 and the settlement had not yet been made up to the date of approval of these consolidated financial statements.
- e) During the year ended 31 December 2020, 中民新能投資集團有限公司 who was the former shareholder of Gaoan Jinjian, a subsidiary of the Group, initiated arbitrations against Shanghai Gorgeous Smarter Energy Company Limited, an indirectly owned subsidiary of the Group, and Gaoan Jinjian, for outstanding receivables due from Shanghai Gorgeous Smarter Energy Company Limited of RMB15,582,000 and corresponding late penalties of RMB3,286,000 and outstanding receivables due from Gaoan Jinjian of RMB6,435,000, in respect of the Group's acquisition of Gaoan Jinjian in 2017. As at the approval date of these financial statements, no settlement regarding the aforesaid case has been reached. With reference to advice of the Group's legal advisor, the directors estimated that the Group would likely to be liable to pay a total of approximately RMB25,303,000 for this case. The Group recognised the amount in the financial statements during the year and included in provision for litigations and claims and other payables and accruals as at 31 December 2021.
- f) During the year ended 31 December 2021, 中融國際信託有限公司 initiated arbitrations against Shanghai Gorgeous Smarter Energy Company Limited, a subsidiary of the Group, for loan of RMB478,000,000 and corresponding interest of RMB35,000,000 in respect of the default of repayment by the Group. As at the approval date of these financial statements, no settlement regarding the aforesaid case has been reached. The Group recognised the interest in the financial statements during the year and included in other payables and accruals as at 31 December 2021.
- g) During the year ended 31 December 2021, 中國工商銀行股份有限公司 initiated arbitrations against Jinchang Jintai, a subsidiary of the Group, for loan of RMB440,890,000 and corresponding interest of RMB5,426,000 in respect of the default of repayment by the Group. As at the approval date of these financial statements, no settlement regarding the aforesaid case has been reached. The Group recognised the interest in the financial statements during the year and included in other payables and accruals as at 31 December 2021.
- h) As mentioned in note 1, on 3 September 2021, the Company received a winding-up petition issued by Nine United Limited for debts of approximately US\$4,500,000 and HK\$5,500,000 respectively ("Nine United Petition"). The hearing of the Nine United Petition was scheduled to be held on 23 March 2022. However, due to the outbreak of Covid-19 in Hong Kong, the hearing of the Nine United Petition originally scheduled to be held on 23 March 2022 has been adjourned to a date to be fixed. The Company is currently in the process of negotiating with the Petitioner with a view to reaching a settlement with respect to the Nine United Petition.

16. CONTINGENT LIABILITIES

At 31 December 2021, the Group did not have any significant contingent liabilities (31 December 2020: Nil) other than as disclosed in note 15.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue by Business Segments

Ratio analysis by business segments for the Group's revenue for the year ended 31 December 2021 ("Current Year") against the year ended 31 December 2020 ("Comparative Year") is as follows:

- Clean Energy: approximately HK\$196,369,000 (Comparative Year: approximately HK\$199,575,000)
- Trading in securities: approximately HK\$Nil (Comparative Year: approximately HK\$1,000)
- Investments: approximately HK\$5,616,000 (Comparative Year: approximately HK\$374,000)
- Trading of bulk commodities: HK\$2,090,000 (Comparative Year: approximately HK\$250,095,000)

Revenue by Geographical Region

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

- Hong Kong: approximately HK\$5,616,000 (Comparative Year: approximately HK\$374,000)
- The People's Republic of China ("PRC"): approximately HK\$196,369,000 (Comparative Year: approximately HK\$199,576,000)
- The Republic of Singapore ("Singapore"): approximately HK\$2,090,000 (Comparative Year: approximately HK\$250,095,000)

BUSINESS REVIEW

Clean Energy

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

During the Current Year, sale of electricity of the on-grid was approximately 206,519,000 kilowatt hour(s) ("KWh") (Comparative Year: approximately 198,973,000KWh) and generated revenue of approximately HK\$196,369,000 as compared to revenue of approximately HK\$199,575,000 in the Comparative Year. The revenue was mainly contributed by a 100% owned subsidiary, namely Jinchang Jintai Photovoltaic Company Limited 金昌錦泰光伏電力有限公司, which has an aggregate production capacity of 100MW.

Segment profit of approximately HK\$41,800,000 was recorded during the Current Year as compared to a profit of approximately HK\$228,583,000 in the Comparative Year. The current year profit is principally due to the decrease in impairment losses on property, plant and equipment and intangible asset.

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

Jintai 100MW Project in Jinchang, Gansu: During the Current Year, sale of electricity was approximately 139,806,000KWh, representing an increase of 7.5% as compared with Comparative Year's sale of electricity of approximately 130,080,000KWh. Sales revenue was approximately HK\$121,587,000, representing an increase of 13.7% as compared with Comparative Year's revenue of approximately HK\$106,921,000.

Guanyang 8.25MW Project in Dezhou, Shandong: During the Current Year, sale of electricity was approximately 6,750,000KWh, representing a decrease of 11.5% as compared with Comparative Year's sale of electricity of approximately 7,626,000KWh. Sales revenue was approximately HK\$7,089,000, representing a decrease of 6.8% as compared with Comparative Year's revenue of approximately HK\$7,605,000.

Hongxiang 8MW Project in Dezhou, Shandong: During the Current Year, sale of electricity was approximately 5,761,000KWh, representing an increase of 27% as compared Comparative Year's sale of electricity of approximately 4,536,000KWh. Sales revenue was approximately HK\$6,196,000, representing an increase of 36.9% as compared with Comparative Year's revenue of approximately HK\$4,527,000.

Jinde 5MW Project in Dezhou, Shandong: During the Current Year, sale of electricity was approximately 2,034,000KWh, representing a decrease of 53.6% as compared with Comparative Year's sale of electricity of approximately 4,387,000KWh. Sales revenue was approximately HK\$2,293,000, representing a decrease of 48.2% as compared with Comparative Year's revenue of approximately HK\$4,425,000.

Jiayang 10MW Project in Dezhou, Shandong: During the Current Year, sale of electricity was approximately 9,331,000KWh (Comparative Year: approximately 8,241,000KWh), representing a increase of 13.2%. Sales revenue was approximately HK\$10,960,000 (Comparative Year: approximately HK\$8,188,000), representing a increase of 33.9%.

Hongyang 20MW Project in Changfeng, Anhui: During the Current Year, sale of electricity was approximately 22,823,000KWh (Comparative Year: approximately 23,209,000KWh), representing a decrease of 1.7%. Sales revenue was approximately HK\$28,303,000 (Comparative Year: approximately HK\$29,614,000), representing a decrease of 4.4%.

Jinjian 20MW Project in Gaoan, Jiangxi: During the Current Year, sale of electricity was approximately 20,014,000KWh (Comparative Year: approximately 20,894,000KWh), representing a decrease of 4.2%. Sales revenue was approximately HK\$25,606,000 (Comparative Year: approximately HK\$23,669,000), representing an increase of 8.2%.

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

During the Current Year, the Group continued to focus its resources on the expansion of solar power business and explore further opportunities for growth.

The Group is also actively seeking refinancing opportunities that may provide the Group with optimal capital structure to pursue further growth and development, while lowering the finance costs.

Trading in securities

During the Current Year, the net realised and unrealised gain resulted from trading of listed equity securities was HK\$Nil (Comparative Year: Profit of HK\$Nil). Loss of approximately HK\$17,202,000 was recorded from this business segment during the Current Year as compared to a record of segment loss of approximately HK\$47,818,000 for the Comparative Year. Dividend income from listed equity securities was HK\$Nil (Comparative Year: approximately HK\$1,000).

Investments

During the Current Year, the Group had investments in certain unlisted companies, the investment of which was to utilise its funds for potential high return on one hand, to diversify its investments and hence reduce business risk on the other. The Group closely monitors the market conditions and may consider to change its portfolio of investments from time to time. A dividend income of approximately HK\$5,616,000 is recognised in profit or loss during the Current Year (Comparative Year: approximately HK\$374,000).

The loss on change of fair value of HK\$Nil on these financial assets at fair value through other comprehensive income was recognised during the Current Year (Comparative Year: approximately HK\$42,490,000).

Trading of Bulk Commodities

During the Current Year, the revenue from this segment was approximately HK\$2,090,000 (Comparative Year: approximately 250,095,000) and recorded a segment loss of approximately HK\$10,870,000 (Comparative Year: segment loss of approximately HK\$16,240,000).

PROSPECTS

China officially made its commitment to the world that green development and carbon neutrality are the key macro themes in its long-term development. It aims to achieve “carbon neutrality” before 2060 and have carbon dioxide emissions reaching its peak before 2030. The proportion of non-fossil energy to total energy consumption will increase from 15.9% in 2020 to 20% in 2025 and further to 25% in 2030. The energy consumption and carbon dioxide emissions per unit of GDP will reduce by 13.5% and 18%, respectively during the 14th Five-year Plan period. The government plans to implement systems focusing on carbon intensity control and supported by the control on total carbon emissions. It implies that the economic structure will transform towards energy concentration and the efficiency of energy utilization is expected to improve and the energy structure will transform towards low carbon intensity. China’s 14th Five-year Plan requires to vigorously expand the size of wind power and photovoltaic power generation. As of the end of 2020, the installed capacities of photovoltaic power and on-grid wind power in China amounted to 253.43GW and 281.53 GW, respectively. Based on the target of reaching over 1.2 billion KW in total installed capacities of wind power and solar power generation, the newly-added installed capacities of wind power and photovoltaic power will reach 665GW from 2020 to 2030. During the period, China will “reasonably control” the construction size and development pace of coal-fired power generation projects. At the same time, China will advance the green transformation of iron & steel, petrochemical, construction materials and other traditional industries that have high energy consumption. It will also adopt other measures such as the implementation of the market-based trading of energy usage quota and carbon emission quota.

In the new energy sector, energy storage and comprehensive energy services will enjoy huge development potential. In addition to the traditional energy storage such as peak-load shifting and on-grid frequency modulation, at least 8 provinces in China have explicitly required the construction of 5%-20% ancillary energy storage facilities for newly-built wind power and solar plant stations. For existing plants, enterprises are encouraged to equip energy storage facilities appropriately in different stages. Comprehensive energy services are an important path in accelerating the digital and intelligent transformation of the energy industry, which plays a key role in improving the efficiency of the energy system and the modernization of industrial chains and supply chains. For the power industry, it will innovate and improve the integration of power sources, grid, load and storage, increase the power distribution business and develop distributed energy, microgrid, energy storage, intelligent charging and discharging for electric vehicles, demand-side response and other intelligent and high-efficient energy utilization models to promote the intelligent and green improvement of industries, transportation, construction and other scenarios with energy consumption. With the power system as the center, it will speed up the construction of Internet-based energy platforms. It will promote the digital upgrading of facilities in all links covering production, transportation, storage, sales and use of energy and implement the digital construction and transformation of coal mines, oil and gas fields, power plants and grids. It will facilitate the construction of digital platforms based on supply and demand matching, production services, supervision and management and other business relations, including data center, control center and trading platforms.

China's green development policies will not only bring precious historical opportunities for the development of new energy in China, it will also propel the development of global new energy and its comprehensive utilization. The Company will seize the historical opportunity and actively expand its business development in energy storage, comprehensive energy services and other industries based on its existing photovoltaic power generation business and energy trading.

RESULTS OF THE GROUP

During the Current Year, the Group recorded a revenue of approximately HK\$204,075,000 as compared to revenue of approximately HK\$450,045,000 in Comparative Year, The change in revenue was mainly due to the decrease in sales of bulk commodities from approximately HK\$250,095,000 to approximately HK\$2,090,000, representing a decrease of 99.2%.

The net loss of the Group for the Current Year amounted to approximately HK\$348,853,000 (Comparative Year: approximately HK\$777,354,000), representing a decrease in loss of 55.1%.

COST OF SALES

For the Current Year, the amount of cost of sales was approximately HK\$118,982,000 (Comparative Year: approximately HK\$375,118,000), representing a decrease of 68.3%, primarily due to decrease in cost of sales of bulk commodities from approximately HK\$256,555,000 to approximately HK\$2,060,000, representing an decrease of 99.2%.

OPERATING AND ADMINISTRATIVE EXPENSES

For the Current Year, the amount of operating and administrative expenses was approximately HK\$58,919,000 (Comparative Year: approximately HK\$57,733,000). There were no significant changes for the two periods under review as the basis with which the operating and administrative expenses primarily incurred was not significantly changed.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally derives cash for operation from internal cash flow and from banks and financial institutions in Hong Kong and the PRC. As at 31 December 2021, the Group had cash and bank balances of approximately HK\$84,073,000 (At 31 December 2020: approximately HK\$36,780,000). As at 31 December 2021, the Group's interest bearing bank and other borrowings amounted to approximately HK\$1,495,382,000 (At 31 December 2020: approximately HK\$2,120,720,000). Total equity attributable to owners of the Company amounted to approximately HK\$324,456,000 (At 31 December 2020: approximately HK\$652,749,000). The gearing ratio is 460.9% (At 31 December 2020: 319.3%).

As at 31 December 2021, the Group had net current liabilities of approximately HK\$1,087,391,000 (At 31 December 2020: approximately HK\$1,182,868,000) and current ratio (being current assets over current liabilities) of 0.52 (At 31 December 2020: 0.52).

CAPITAL STRUCTURE

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

The Group monitors capital using a gearing ratio, which is net debt divided by the total equity of the Group. Net debt includes interest-bearing bank and other borrowings, less time deposit and cash and bank balances. Capital includes equity attributable to owners of the Company. The gearing ratio at the end of the reporting year is as follows:

	31 December 2021 HK\$'000	31 December 2020 HK\$'000
Bank and other borrowings	1,495,382	2,120,727
Less: time deposit and cash and bank balances	(84,073)	(36,780)
Net debt	<u>1,411,309</u>	<u>2,083,947</u>
Total equity attributable to owners of the Company	<u>324,456</u>	<u>652,749</u>
Gearing ratio	<u>435.0%</u>	<u>319.3%</u>

Save as the minimum public float imposed by the Stock Exchange, neither the Company nor its subsidiaries are subject to externally imposed capital restrictions.

The Company had not conducted any equity fund raising activities during the Current Year. However, the Group conducted certain refinancing activities as follow:

- (i) At 31 December 2021, the Group's bank borrowings of HK\$539,091,000 (2020: HK\$553,582,000) were guaranteed by a subsidiary up to a total amount of RMB465,900,000 (equivalent to HK\$569,842,000) (2020: RMB465,000,000 (equivalent to HK\$553,582,000)). According to the repayment terms set out in two separate agreements, the bank borrowings will be repayable by semi-annual instalments with the last instalments due in July 2027 and September 2028, respectively. The bank borrowings were interest-bearing per annum at the benchmark interest rate for loans over 5 years determined by the People's Bank of China to financial institutions (2020: same). The Group was in default of the installment repayments during the year. Accordingly, the whole amount of the loan was classified as current liabilities as at 31 December 2021. The default has not been remedied at the date these financial statements were authorised for issue.

- (ii) At 31 December 2021, the Group's other loan of HK\$584,642,000 (2020: HK\$567,960,000) was interest-bearing at 7.90% per annum, and was guaranteed by an independent company and Shanghai Gorgeous. According to the repayment terms, the other loan was repayable in June 2020. The Group was in default of repayment of this loan and the default has not been remedied at the date these financial statements were authorised for issue.
- (iii) At 31 December 2021, the Group's other loans of HK\$327,057,000 (2020: HK\$317,725,000) were interest-bearing at 7.00% per annum, and were guaranteed by a subsidiary of the Group. According to the repayment terms, the other loans were due for repayment in November 2019 and the default has not been remedied at the date these financial statements were authorised for issue.
- (iv) At 31 December 2021, the Group's other loans of HK\$36,642,000 (2020: HK\$Nil) were interest-bearing at 6% per annum. According to the repayment terms, the loans were due for repayments in January and March 2021 and the default has not been remedied at the date these financial statements were authorised for issue.
- (v) In March 2021, the Group, as the borrower, entered into loan agreements with an independent third party and was guaranteed by a subsidiary for loans in total amount of RMB6,500,000 (HK\$7,950,000), interesting bearing at 6.00% per annum. According to the repayment terms, the other loans were due for repayment by June 2021 and the default has not been remedied at the date these financial statements were authorised for issue.

FOREIGN EXCHANGE EXPOSURE

The Group's businesses are mainly conducted in Renminbi and USD. Currently the Group has not implemented any foreign currency forward contracts to hedge the Group's exchange rate exposure. However, the Group will consider necessary policies, where needed, to minimise its foreign currency exposure in the future.

SIGNIFICANT INVESTMENTS

The Board provides the information of the Group's investment with the carrying amount exceeding 1% of the total assets of the Group held at 31 December 2021 stated in this announcement as follow:

Stock code (where applicable)	Name of investment	Principal Business	Nature of Investment	Number of shares	Percentage of total share capital	Fair value as at 31 December 2021 HK\$'000	Dividends received HK\$'000	Percentage of carrying amounts to the Group's total assets
<i>Financial assets at FVTOCI</i>								
Not applicable	Seekers Partners Limited	Investment holding, property investment, commodities dealer, money lending, nominees, integrated financial services	Investment in shares	28,150,048	1.71%	177,424	-	6.51%

The Board provides the information of the Group's investment with the carrying amount exceeding 1% of the total assets of the Group held at 31 December 2020 stated in this announcement as follow:

Stock code (where applicable)	Name of investment	Principal Business	Nature of Investment	Number of shares	Percentage of total share capital	Fair value as at 31 December 2020 <i>HK\$'000</i>	Dividends received <i>HK\$'000</i>	Percentage of carrying amounts to the Group's total assets
<i>Financial assets at FVTOCI</i>								
Not applicable	Seekers Partners Limited	Investment holding, property investment, commodities dealer, money lending, nominees, integrated financial services	Investment in shares	28,150,048	2.27%	177,424	-	4.81%

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

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

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

MATERIAL ACQUISITION OF SUBSIDIARIES

Save as disclosed above, the Group did not carry out any material acquisition and disposal during the Current Year.

EMPLOYEES

At 31 December 2021, the Group employed around 33 employees in Hong Kong, Singapore and the PRC (31 December 2020: 37). The Group's remuneration policies are based primarily on the prevailing market rate and the performance of individual employees. Fringe benefits, including Mandatory Provident Fund, medical benefits and training are provided. The Group has also established a discretionary bonus scheme for its management and staff with awards determined annually based upon the performance of the Group and individual employees.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2021 (31 December 2020: Nil).

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Current Year (Comparative Year: Nil).

CORPORATE GOVERNANCE PRACTICES

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

1. Code provision A.4.1 of the Code on CGP requires the non-executive directors should be appointed for a specific term and subject to re-election. During the Current Year and up to the date of this announcement, the terms of appointment of the three independent non-executive Directors and one non-executive Director, expired and thereafter they are not appointed for a specific term, but they are subject to the retirement by rotation and re-election at the Company’s annual general meeting at least once every three years in accordance with the Company’s bye-laws (the “Bye-Laws”);
2. Under Code Provision A.2.1 of the Code, the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual.

During the Current Year, the Company had not separated the roles of chairman and chief executive officer of the Company. From 30 August 2019 to 9 March 2021 and from 15 March 2021 to 24 June 2021, Mr. Zhang and Mr. Xu had, respectively during such two periods, acted as the chairman of the Board and our chief executive officer of the Company who was responsible for overseeing the operations of the Group during such two periods. In view of the composition of the Board of such two periods, Mr. Zhang’s and Mr. Xu’s in-depth knowledge and experience in the industry in which the Group operates and their familiarity with the operations of the Group, the Company believes that it is in the best interest of the Group for them to assume both roles as the Chairman and the chief executive officer of the Company during such two periods. Following the resignation of Mr. Xu on 25 June 2021, the office of the chief executive officer of the Company is vacated and the Company is making its best endeavours for a suitable person to act as the chief executive officer of the Company;

3. The Company failed to timely publish the 2020 annual financial information and lay the audited 2020 financial statements at the 2021 annual general meeting of the Company in accordance with Rules 13.46 and 13.49 of the Listing Rules, and published its environmental, social and governance report for the same period covered in this 2020 Annual Results under rule 13.91 of the Listing Rules. The Company has been reviewing and closely monitoring its internal control systems to avoid delay in publication of its periodic financial and non-financial information under the Listing Rules in the future.

Save as those mentioned above and in the opinion of the Directors, the Company has met the code provisions set out in the Code on CGP during the Current Year.

Further information on the Company's corporate governance practices will be detailed in the corporate governance report to be contained in the annual report of the Company for the Current Year, which shall be sent to the Company's shareholders in due course.

DIRECTORS' SECURITIES TRANSACTIONS

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 code of conduct regarding securities transaction by the Directors.

Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the Current Year.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines"), governing securities transactions by employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by relevant employees was noted by the Company.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and relevant employees in advance.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Current Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE AND REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's consolidated financial statements and review of the relationship with the auditors of the Company. The Audit Committee comprises three independent non-executive Directors of the Company as at 31 December 2021.

The Audit Committee has reviewed with the Group's senior management the accounting principles and practices adopted by the Group and reviewed the Company's consolidated financial statements for the Current Year.

REVIEW OF UNAUDITED ANNUAL RESULTS

As of the date of this announcement, due to the very dire epidemic situation caused by the coronavirus disease 2019 (COVID-19) in mainland China and Hong Kong since 2022 and the social distancing measures implementing by the Chinese government and the Hong Kong Government, the accounting works of the Group have been delayed and the audit progress for the annual results for FY2021 has not been completed as scheduled and the Auditors have used their best endeavours to perform the audit work. The unaudited annual results contained in this announcement have not been agreed with the Auditors as required under the Listing Rules but have been reviewed by the Audit Committee, since the audit is incomplete and the management is following up with the outstanding audit requests to facilitate completion of audit procedures.

DELAY IN PUBLICATION OF AUDITED ANNUAL RESULTS AND FURTHER ANNOUNCEMENT(S)

It is expected that the Company will issue further announcement(s) in relation to the audited annual results for FY2021 as agreed by the Auditors and the material differences (if any) as compared with the unaudited annual results contained in this announcement afterward. In addition, the Company will issue further announcement(s) as and when necessary if there are other material development in the completion of the audit progress.

As at the date of this announcement, the Company has not ascertained the impairment loss on refundable deposits and the fair value on the financial assets at FVTOCI. Auditor is assessing the relevant documents provided by the Company to ascertain such impairment loss and fair value currently. The loss for the year of the Group may be adversely impacted had the impairment loss and the fair value change been ascertained.

The unaudited annual results of the Group for FY2021 as set out in this announcement have not been audited and have not been agreed with the Auditors, which are therefore subject to change and may differ from those to be appeared in the audited annual results of the Group. As such, shareholders of the Company and potential investors are advised to exercise due caution when dealing in the securities of the Company. Any shareholders of the Company and potential investors who are in doubt is advised to seek advice from professional or financial advisers.

PUBLICATION OF UNAUDITED RESULTS ANNOUNCEMENT AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY

This results announcement is published on the website of The Stock Exchange of Hong Kong Limited at <http://www.hkexnews.hk> under “Latest Information” and the Company’s website at <http://www.cse1004.com>.

Due to the COVID-19 outbreak interrupted the audit process, the Company will issue further announcement(s) in relation to (i) the audited results for the year ended 31 December 2021 as agreed by the Company’s auditors and the material differences (if any) as compared with the unaudited annual results contained herein, (ii) the proposed date on which the forthcoming annual general meeting will be held, and (iii) the period during which the register of Shareholders will be closed in order to ascertain Shareholders’ eligibility to attend and vote at the said meeting. In addition, the Company will issue further announcement as and when necessary if there are other material developments in the completion of the audit process.

The Company’s 2021 annual report containing all the information required under the Listing Rules will be dispatched to the Shareholders and will be published on the respective websites of the Stock Exchange and the Company in due course following the completion of the audit process.

DIRECTORS OF THE COMPANY

Mr. Chen Xiaxuan, Mr. Bo Dateng and Ms. Yue Lu are the executive directors of the Company; Mr. Pun Hau Man, Mr. Lo Ka Ki and Mr. Kwok Shun Sing are the independent non-executive directors of the Company.

CONTINUED SUSPENSION OF TRADING

Pursuant to Rule 13.50A of the Listing Rules, the Stock Exchange will normally require suspension of trading in an issuer’s securities if it publishes a preliminary results announcement for a financial year as required under rules 13.49(1) and (2) and the auditor has issued, or has indicated that it will issue, a disclaimer of opinion or an adverse opinion on the issuer’s financial statements. The suspension will normally remain in force until the issuer has addressed the issues giving rise to the disclaimer or adverse opinion, provided comfort that a disclaimer or adverse opinion in respect of such issues would no longer be required, and disclosed sufficient information to enable investors to make an informed assessment of its financial positions.

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2021. At the request of the Stock Exchange, trading in the shares of the Company on the Stock Exchange will remain suspended until further notice.

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

Hong Kong, 31 March 2022