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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 ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

Reference is made to (i) the announcement of China Smarter Energy Group Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) dated 31 March 2022 in relation to the unaudited annual results of the Group for the financial year ended 31 December 2021 (the “Unaudited Annual Results Announcement”); and (ii) the announcement of the Company dated 31 March 2022 in relation to, among other matters, the delay in the publication of the Company’s audited annual results of the Group (the “Audited Annual Results”) for the year ended 31 December 2021 (the “Announcements”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

AUDITED ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of the Company is pleased to announce that the auditing process of the annual results of the Group for the year ended 31 December 2021 (the “Reporting Period”) has been completed. As certain adjustments have been made to the Group’s unaudited annual results as contained in the Unaudited Annual Results Announcement, the differences between the unaudited annual results and the audited annual results contained in this announcement are set out in the section headed “MATERIAL DIFFERENCES BETWEEN THE UNAUDITED ANNUAL RESULTS AND AUDITED ANNUAL RESULTS” in accordance with Rule 13.49(3)(ii)(b) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	Note	2021 HK\$'000	2020 HK\$'000 re-presented
Continuing operations			
Revenue	3	203,280	450,045
Cost of sales		<u>(118,982)</u>	<u>(375,122)</u>
Gross profit		84,298	74,923
Other income		6,217	8,458
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		(514)	(694)
Impairment losses on other receivables		(43,149)	(13,907)
Impairment losses on deposits for acquisition		(237,558)	–
Provisions for litigations and claims		(32,847)	(234,228)
Administrative and operating expenses		<u>(36,662)</u>	<u>(57,733)</u>
Loss from operations		(277,212)	(499,732)
Finance costs		<u>(144,515)</u>	<u>(152,515)</u>
Loss before tax		(421,727)	(652,247)
Income tax credit	5	<u>2,228</u>	<u>41,614</u>
Loss for the year from continuing operations		<u>(419,499)</u>	<u>(610,633)</u>
Discontinued operations			
Loss for the year from discontinued operations		<u>(227,951)</u>	<u>(166,721)</u>
Loss for the year	8	<u>(647,450)</u>	<u>(777,354)</u>

	2021	2020
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i> re-presented
Loss for the year attributable to owners of the Group:		
– from continuing operations	(422,756)	(605,656)
– from discontinued operations	(227,951)	(166,721)
	<u>(650,707)</u>	<u>(772,377)</u>
Profit/(loss) for the year attributable to non-controlling interest:		
– from continuing operations	3,257	(4,977)
– from discontinued operations	<u>–</u>	<u>–</u>
	<u>3,257</u>	<u>(4,977)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	2021 HK\$'000	2020 <i>HK\$'000</i> re-presented
Other comprehensive income/(expenses):			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value changes of equity investments at fair value through other comprehensive income ("FVTOCI")		(187,864)	(42,490)
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(971)	33,561
Release of reserves upon deemed disposal of a subsidiary		24,776	–
		<u>(164,059)</u>	<u>(8,929)</u>
Other comprehensive income for the year, net of tax		(164,059)	(8,929)
		<u>(811,509)</u>	<u>(786,283)</u>
Total comprehensive income for the year		(811,509)	(786,283)
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		(814,766)	(781,306)
Non-controlling interests		3,257	(4,977)
		<u>(811,509)</u>	<u>(786,283)</u>
Loss per share			
From continuing and discontinued operations			
Basic (<i>cents per share</i>)		(6.94)	(8.24)
Diluted (<i>cents per share</i>)		(6.94)	(8.24)
		<u>(6.94)</u>	<u>(8.24)</u>
From continuing operations			
Basic (<i>cents per share</i>)		(4.51)	(6.46)
Diluted (<i>cents per share</i>)		(4.51)	(6.46)
		<u>(4.51)</u>	<u>(6.46)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Note	2021 HK\$'000	2020 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		901,741	1,708,778
Right-of-use assets		16,858	20,340
Intangible assets		464,322	479,265
Financial assets at FVTOCI	11	1,200	189,064
Club membership debenture	11	130	130
Total non-current assets		1,384,251	2,397,577
Current assets			
Trade and bill receivables	12	622,422	813,194
Prepayments, deposits and other receivables		86,137	80,367
Refundable deposits	13	99,135	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		892,586	1,293,173
LIABILITIES			
Current liabilities			
Trade payables	14	12	47
Other payables and accruals		525,876	395,291
Amounts due to related parties		9,660	46,302
Provisions for litigations and claims		287,613	250,354
Lease liabilities		4,453	6,026
Bank and other borrowings		1,458,740	1,769,733
Current tax liabilities		7,912	8,288
Total current liabilities		2,294,266	2,476,041
Net current liabilities		(1,401,680)	(1,182,868)
Total assets less current liabilities		(17,429)	1,214,709

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		14,608	14,796
Bank and other borrowings		–	350,994
Deferred tax liabilities		124,571	194,018
		<hr/>	<hr/>
Total non-current liabilities		139,179	559,808
		<hr/>	<hr/>
Net (liabilities)/assets		(156,608)	654,901
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Share capital		23,436	23,436
Other reserves		(185,453)	629,313
		<hr/>	<hr/>
		(162,017)	652,749
Non-controlling interests		5,409	2,152
		<hr/>	<hr/>
(Capital deficiency)/Total equity		(156,608)	654,901
		<hr/> <hr/>	<hr/> <hr/>

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\$647,450,000 for the year ended 31 December 2021 and, as of that date, the Group’s current liabilities exceeded its current assets by approximately HK\$1,401,680,000 and the Group had net liabilities of approximately HK\$156,608,000. As at that date, the Group’s total borrowings amounted to approximately HK\$1,458,740,000, while its cash and cash equivalents amounted to approximately HK\$84,073,000 only.

In view of these circumstances, the directors have estimated the Group’s cash requirements by preparing a Group cash flow 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 financing plans and measures as set out in note 2 to the consolidated financial statements to mitigate the liquidity pressure on the Group, to restructure its financial obligations and to improve its financial position. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the successful outcome of these measures, which are subject to multiple uncertainties including:

- (a) the successful negotiation with the lenders for extension of the maturity date of debts fallen due or expected to fall due within the next 12 months;
- (b) the successful negotiation with the lenders of borrowings maturing after the next 12 months, requesting to further delay the loan repayment schedules;
- (c) the successful obtaining of other possible financings; and
- (d) the successful disposal of further solar power plants of the Group.

The directors 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 has 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	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)

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	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ^{2,4}
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	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	2020 <i>HK\$'000</i> re-presented
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Sale of electricity	195,574	199,575
– Sale of bulk commodities	2,090	250,095
	197,664	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
	203,280	450,045

Sale of electricity included HK\$153,882,000 (year ended 31 December 2020: HK\$155,065,000 (re-presented)) 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.

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 <i>HK\$'000</i>	Trading in securities <i>HK\$'000</i>	Investments <i>HK\$'000</i>	Trading of bulk commodities <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2021					
Revenue from external customers	195,574	–	–	2,090	197,664
Dividend income	–	–	5,616	–	5,616
Total revenue of reportable segments	195,574	–	5,616	2,090	203,280
Segment (loss)/profit	67,026	(43,091)	(5,520)	(10,870)	7,545
Depreciation and amortisation	104,076	3,611	–	853	108,540
Income tax credit	(2,228)	–	–	–	(2,228)
Additions to segment non-current assets	–	180	–	–	180
Impairment losses on property, plant and equipment	36,746	–	–	–	36,746
At 31 December 2021					
Segment assets	2,087,033	15,723	1,200	429	2,104,385
Segment liabilities	1,270,743	720,258	2,491	–	1,993,492

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> (re-presented)	Trading in securities <i>HK\$'000</i>	Investments <i>HK\$'000</i>	Trading of bulk commodities <i>HK\$'000</i>	Total <i>HK\$'000</i> (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	(225,879)	(47,818)	329	(16,240)	(289,608)
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	131,350	–	–	–	131,350
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>	2020 <i>HK\$'000</i> re-presented
Revenue		
Total revenue of reportable segments	203,280	450,045
Elimination of intersegment revenue	–	–
Consolidated revenue from continuing operations	203,280	450,045
Profit or loss		
Total profit or loss of reportable segments	7,545	(289,608)
Unallocated amounts:		
Interest income	99	40
Provisions for litigations and claims	(32,847)	(178,728)
Unallocated corporate expenses	(14,451)	(31,436)
Impairment losses on deposits for acquisition	(237,558)	–
Finance costs	(144,515)	(152,515)
Consolidated loss before tax from continuing operations	(421,727)	(652,247)

4. SEGMENT INFORMATION (CONT'D)

Reconciliations of segment assets and liabilities:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> re-presented
Continuing operations:		
<i>Assets</i>		
Total assets of reportable segments	2,104,385	2,197,145
Unallocated amounts:		
Cash and bank balances	84,073	36,780
Prepayment, deposits, other receivables and other assets	88,379	335,282
Discontinued operations:		
<i>Assets</i>		
Total assets of discontinued operations	—	1,121,543
Consolidated total assets	<u>2,276,837</u>	<u>3,690,750</u>
Continuing operations:		
<i>Liabilities</i>		
Total liabilities of reportable segments	1,993,492	1,705,040
Unallocated amounts:		
Other payables and accruals	152,340	175,468
Provisions for litigations and claims	287,613	178,728
Borrowings	—	306,773
Discontinued operations:		
<i>Liabilities</i>		
Total liabilities of discontinued operations	—	669,840
Consolidated total liabilities	<u>2,433,445</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>	2020 <i>HK\$'000</i> re-presented	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
The PRC	195,574	199,575	1,381,766	2,204,344
Hong Kong	5,616	375	1,285	3,094
Singapore	2,090	250,095	—	1,075
Consolidated total	<u>203,280</u>	<u>450,045</u>	<u>1,383,051</u>	<u>2,208,513</u>

4. SEGMENT INFORMATION (CONT'D)

Revenue from major customers from continuing operations:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> re-presented
Clean energy segment		
Customer A	<u>162,459</u>	<u>118,493</u>
Trading of bulk commodities segment		
Customer B	<u>–</u>	<u>95,797</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>	2020 <i>HK\$'000</i> re-presented
Current tax – Hong Kong Profits Tax		
Provision for the year	<u>–</u>	<u>–</u>
Current tax – Overseas		
Provision for the year	<u>5,514</u>	<u>5,984</u>
	<u>5,514</u>	<u>5,984</u>
Deferred tax	<u>(7,742)</u>	<u>(47,598)</u>
	<u>(2,228)</u>	<u>(41,614)</u>

6. DISCONTINUED OPERATION

The results of the discontinued operation are summarised as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	7,840	110,405
Cost of sales	(4,785)	(74,344)
Other income and gains, net	–	655
Administrative 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 from discontinued operation	1,883	(166,721)
Loss on disposal (<i>Note 7</i>)	(229,834)	–
	<hr/>	<hr/>
	(227,951)	(166,721)
	<hr/> <hr/>	<hr/> <hr/>

Loss for the year include the followings:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Depreciation of property, plant and equipment	4,488	63,910
	<hr/> <hr/>	<hr/> <hr/>

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>	2020 <i>HK\$'000</i> 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	77,162	72,865
Depreciation of right-of-use assets	5,112	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	43,149	13,907
Impairment losses on deposits for acquisition	237,558	–
Expenses relating to short-term lease	1,059	1,163
Impairment losses on trade receivables	514	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\$122,464,000).

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 loss per share is based on the following:

	2021	2020 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>)		
From continuing operations	(422,756)	(605,656)
From discontinued operation	(227,951)	(166,721)
	<u>(650,707)</u>	<u>(772,377)</u>
Number of shares		
Weighted average number of ordinary share in issue (<i>thousands</i>)	<u>9,374,351</u>	<u>9,374,351</u>
Basic and diluted loss per share		
From continuing operation (<i>cents per share</i>)	4.51	6.46
From discontinued operation (<i>cents per share</i>)	2.43	1.78
	<u>6.94</u>	<u>8.24</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 HK4.51 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\$422,756,000 (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\$2.43 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 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Unlisted equity securities			
Company A	<i>(i)</i>	1,126	177,424
Company B	<i>(ii)</i>	20	3,147
Company C	<i>(iii)</i>	54	8,493
		<hr/>	<hr/>
Total financial assets at FVTOCI		1,200	189,064
Club membership debenture	<i>(iv)</i>	130	130
		<hr/>	<hr/>
		1,330	189,194
		<hr/> <hr/>	<hr/> <hr/>
Analysed as:			
Non-current assets			
Financial assets at FVTOCI		1,200	189,064
Club membership debenture		130	130
		<hr/>	<hr/>
		1,330	189,194
		<hr/> <hr/>	<hr/> <hr/>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong dollars	1,330	189,194
	<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>	2020 <i>HK\$'000</i>
Trade receivables	653,304	838,999
Allowance for doubtful debts	<u>(30,882)</u>	<u>(30,368)</u>
	622,422	808,631
Bills receivables	<u>–</u>	<u>4,563</u>
	<u><u>622,422</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>	2020 <i>HK\$'000</i>
Unbilled (<i>Note</i>)	599,522	646,998
0 to 30 days	2,036	27,059
Over 30 days	<u>20,864</u>	<u>134,574</u>
	<u><u>622,422</u></u>	<u><u>808,631</u></u>

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

As the collection of accrued revenue on tariff subsidy is expected in the normal operating cycle, which may be recovered after twelve months from the reporting date. Accrued revenues on tariff subsidy are discounted at an effective interest rate ranged from 2.46% to 2.92% per annum (2020: 1.26% to 2.94% per annum) as at 31 December 2021.

At 31 December 2021, HK\$30,882,000 allowance was made for estimated irrecoverable trade receivables of individual customers (2020: HK\$30,368,000).

13. REFUNDABLE DEPOSITS

	2021 HK\$'000	2020 <i>HK\$'000</i>
Refundable deposits	<u>99,135</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.

At 31 December 2021, the management had engaged an independent qualified valuer to determine the expected credit loss of the refundable deposits, and impairment loss amounted to HK\$237,558,000 was recognised.

14. TRADE PAYABLES

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

	2021 HK\$'000	2020 <i>HK\$'000</i>
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 2020, Jinchang Jintai and a third party received an arbitration petition from Gansu Jintai due to an alleged late payment on the part of Jinchang Jintai and a third party in aggregate of RMB22,027,000 (equivalent to HK\$26,472,000) pursuant to various service agreements entered into between, inter alia, Jinchang Jintai and Gansu Jintai. During the year ended 31 December 2020, pursuant to a Settlement Agreement entered into between, inter alia, Jinchang Jintai and Gansu Jintai on 27 January 2021 and the judgement made by the court in the PRC in relation to this litigation, the Group was required to make payments of RMB21,210,000 (equivalent to HK\$25,490,000) and corresponding late penalties of RMB1,701,000 (equivalent to HK\$2,044,000) to Gansu Jintai and RMB21,706,000 (equivalent to HK\$26,086,000) and corresponding late penalties of RMB4,411,000 (equivalent to HK\$5,314,000) (2020: RMB3,575,000 (equivalent to HK\$4,248,000)) to a third party. These amounts were included in the provisions for litigations and claims as at 31 December 2021 and 2020 and the settlement had not yet been made up to the date of approval of these consolidated financial statements.
- b) During the year ended 31 December 2020, Gansu Jintai, initiated arbitrations petition against Jinchang Jintai, for outstanding receivables of RMB47,771,000 (equivalent to approximately HK\$56,762,000) and corresponding late penalties of RMB4,533,000 (equivalent to HK\$5,386,000) 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 2020 and the settlement had not yet been made up to the date of approval of these consolidated financial statements.
- c) During the year ended 31 December 2020, 中民新能投資集團有限公司 who was the former shareholder of Gaoan Jinjian, a subsidiary of the Group, initiated arbitrations against Shanghai Gorgeous Smarter Energy Company Limited, an indirectly owned subsidiary of the Group, and Gaoan Jinjian, for outstanding receivables due from Shanghai Gorgeous Smarter Energy Company Limited of RMB15,582,000 (equivalent to approximately HK\$18,515,000) and corresponding late penalties of RMB3,286,000 (equivalent to approximately HK\$3,904,000) and outstanding receivables due from Gaoan Jinjian of RMB6,435,000 (equivalent to HK\$7,646,000), in respect of the Group's acquisition of Gaoan Jinjian in 2017.

On 30 September 2021, the Company and 中民新能投資集團有限公司 entered into a settlement agreement and total settlement further increase to RMB44,000,000 (equivalent to approximately HK\$54,256,000). The Group recognised the amount in the financial statements during the year and included in provision for litigations and claims and other payables and accruals as at 31 December 2021.

- d) Subsequent to the reporting period, there were legal claims brought against subsidiaries of the Group by certain service providers of the clean energy segment. In the opinion of the directors, adequate liabilities of these claims were already provided in provisions for litigations and claims and other payables as at 31 December 2021.

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.

MATERIAL DIFFERENCES BETWEEN THE UNAUDITED ANNUAL RESULTS AND AUDITED ANNUAL RESULTS

As the financial information contained in the Unaudited Results Announcement has neither been audited nor agreed with the Company's auditor as at the date of its publication and subsequent adjustments have been made to such information, the Shareholders and potential investors of the Company are advised to pay attention to the material differences between the annual results set out in the Unaudited Results Announcement and the annual results disclosed in this announcement, the principal details and reasons pursuant to Rule 13.49(3)(ii)(b) of the Listing Rules are set out below:

	2021 <i>HK\$'000</i> (Disclosed in the Unaudited Annual Results Announcement)	2021 <i>HK\$'000</i> (Disclosed in this announcement)	Difference <i>HK\$'000</i>	Notes
Consolidated Statement of profit of loss (Extracted)				
Impairment losses on other receivables	–	(43,149)	(43,149)	<i>i</i>
Impairment losses on deposits for acquisition	–	(237,558)	(237,558)	<i>ii</i>
Provisions for litigations and claims	–	(32,847)	(32,847)	<i>iii</i>
Administrative and operating expenses	(58,919)	(36,662)	22,257	<i>iv</i>
	<u>–</u>	<u>(336,568)</u>	<u>(336,568)</u>	
Consolidated Statement of other comprehensive income (Extracted)				
Fair value changes of financial assets at FVTOCI	–	(187,864)	(187,864)	<i>v</i>
	<u>–</u>	<u>(187,864)</u>	<u>(187,864)</u>	
Consolidated Statement of Financial Position (Extracted)				
Non-current assets				
Property, plant and equipment	879,183	901,741	22,558	<i>iv</i>
Financial asset at FVTOCI	189,064	1,200	(187,864)	<i>v</i>
	<u>1,068,247</u>	<u>902,941</u>	<u>(165,306)</u>	
Current assets				
Prepayments, deposits and other receivables	127,164	86,137	(41,027)	<i>i</i>
Refundable deposits	336,693	99,135	(237,558)	<i>ii</i>
	<u>463,857</u>	<u>185,272</u>	<u>(278,585)</u>	
Current liabilities				
Other payables and accruals	482,917	525,876	42,959	<i>vi</i>
Provisions for litigations and claims	254,767	287,613	32,846	<i>iii</i>
Bank and other borrowings	1,495,382	1,458,740	(36,642)	<i>vi</i>
	<u>2,233,066</u>	<u>2,272,229</u>	<u>(39,163)</u>	

- i. Impairment loss on other receivables mainly represents impairment loss of HK\$41,027,000 recognised on consideration receivables for deemed disposal of a subsidiary, after valuation of expected credit loss was assessed by a qualified valuer.

- ii. Impairment loss of HK\$237,558,000 on refundable deposits was recognised after valuation of expected credit loss was assessed by a qualified valuer.
- iii. Provision for litigations and claims was increased to HK\$287,613,000 from HK\$254,767,000 after reassessment and accrual of interest.
- iv. The difference was mainly due to over-provision of depreciation of property, plant and equipment.
- v. Fair value loss of HK\$187,864,000 was recognised in other comprehensive income after fair value reassessment.
- vi. Decrease in bank and other borrowings is because of amount of HK\$36,642,000 being reclassified into other payables and accruals.

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\$195,574,000 (Comparative Year: approximately HK\$199,575,000 (re-presented))
- Trading in securities: 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\$195,574,000 (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\$195,574,000 as compared to revenue of approximately HK\$199,575,000 (re-presented) 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 loss of approximately HK\$66,963,000 was recorded during the Current Year as compared to a loss of approximately HK\$225,879,000 in the Comparative Year. The current year loss 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 an increase of 13.2%. Sales revenue was approximately HK\$10,178,000 (Comparative Year: approximately HK\$8,188,000), representing an increase of 24.3%.

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 Nil (Comparative Year: Profit of Nil). Loss of approximately HK\$64,129,000 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 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\$187,864,000 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 2021, the installed capacities of photovoltaic power and on-grid wind power in China amounted to 305.99GW and 338.31GW, 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\$203,280,000 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\$647,450,000 (Comparative Year: approximately HK\$777,354,000), representing a decrease in loss of 16.7%.

COST OF SALES

For the Current Year, the amount of cost of sales was approximately HK\$118,982,000 (Comparative Year: approximately HK\$375,122,000), 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\$36,662,000 (Comparative Year: approximately HK\$57,733,000).

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\$1,458,740,000 (At 31 December 2020: approximately HK\$2,120,720,000). Total deficiency attributable to owners of the Company amounted to approximately HK\$162,017,000 (At 31 December 2020: approximately equity of HK\$652,749,000). The debt-to-asset ratio is 64.1% (At 31 December 2020: 57.5).

As at 31 December 2021, the Group had net current liabilities of approximately HK\$1,401,680,000 (At 31 December 2020: approximately HK\$1,182,868,000) and current ratio (being current assets over current liabilities) of 0.39 (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 debt-to-asset ratio, which is total debt divided by the total assets of the Group. Debt includes interest-bearing bank and other borrowings. The debt-to-asset 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	<u>1,458,740</u>	<u>2,120,727</u>
Total debt	<u>1,458,740</u>	<u>2,120,727</u>
Total assets of the Company	<u>2,276,837</u>	<u>3,690,750</u>
Debt-to-asset ratio	<u>64.1%</u>	<u>57.5%</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\$547,041,000 (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: RMB465,900,000 (equivalent to HK\$553,582,000)). According to the repayment terms set out in two separate agreements, the bank borrowings will be repayable by semi-annual instalments with the last instalments due in July 2027 and September 2028, respectively. The bank borrowings were interest-bearing per annum at the benchmark interest rate for loans over 5 years determined by the People's Bank of China to financial institutions (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.

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

1. Code provision A.4.1 of the old Code on CGP required the non-executive directors should be appointed for a specific term, which is not required since 1 January 2022, 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 C.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 and the audited 2021 financial statements at the 2022 annual general meeting of the Company in accordance with Rules 13.46 and 13.49 of the Listing Rules, and published its environmental, social and governance report for the same period covered in these 2020 Annual Results and 2021 Annual Results under rule 13.91 of the Listing Rules. The Company has been reviewing and closely monitoring its internal control systems to avoid delay in publication of its periodic financial and non-financial information under the Listing Rules in the future.

Save as those mentioned above and in the opinion of the Directors, the Company has met the code provisions set out in the 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.

EXTRACTS OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2021:

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of China Smarter Energy Group Holdings Limited (the "Company") set out in the 2021 annual report, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, and consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

1. *Going concern*

We draw attention to note 2 to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK\$647,450,000 for the year ended 31 December 2021 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$1,401,680,000 and the Group had net liabilities of approximately HK\$156,608,000. As at that date, the Group's total borrowings amounted to approximately HK\$1,458,740,000, while its cash and cash equivalents amounted to approximately HK\$84,073,000 only.

In view of these circumstances, 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 financing plans and measures as set out in note 2 to the consolidated financial statements to mitigate the liquidity pressure on the Group, to restructure its financial obligations and to improve its financial position. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the successful outcome of these measures, which are subject to multiple uncertainties including:

- (a) the successful negotiation with the lenders for extension of the maturity date of debts fallen due or expected to fall due within the next 12 months;
- (b) the successful negotiation with the lenders of borrowings maturing after the next 12 months, requesting to further delay the loan repayment schedules;
- (c) the successful obtaining of other possible financings; and
- (d) the successful disposal of further solar power plants of the Group.

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 effects of these adjustments have not been reflected in these consolidated financial statements.

We were unable to obtain sufficient audit evidence about the appropriateness of the preparation of the consolidated financial statements on a going concern basis due to the combined effects of the multiple uncertainties described above.

2. *Scope limitation on the valuation of financial assets at fair value through other comprehensive income (“FVTOCI”)*

As disclosed in note 24 to the consolidated financial statements, the Group invested in certain equity securities and accounted for these investments as financial assets at FVTOCI with total fair value of HK\$1,200,000 and HK\$189,064,000 as at 31 December 2021 and 2020 respectively. As at 31 December 2021, the fair value assessment of the financial assets at FVTOCI has been made by the directors of the Group.

During the course of our audit, we were not provided with the relevant documents or information, including the financial information of the investee entities, in measuring their fair value. Accordingly, we were unable to obtain sufficient appropriate audit evidence about the fair values of these investments.

As a result, we were unable to determine whether any adjustments might have been found necessary in respect of the carrying amounts of financial assets at FVTOCI as at 31 December 2021 and 2020 and fair value changes recorded in other comprehensive income for the year then ended.

3. *Scope limitation on the estimation of expected credit losses on refundable deposits*

As disclosed in note 27 to the consolidated financial statements, the Group had refundable deposits amounting to HK\$336,693,000 receivable from a vendor in relation to a potential acquisition which was terminated in the prior year. In March 2020, the Group agreed a repayment timetable with the vendor to settle the refundable deposits by 30 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. At 31 December 2021, the expected credit loss of the refundable deposits amounting to HK\$237,558,000 was recognised.

We were not provided with the financial information of the vendor nor information to support the assets pledged by the vendor as security for settlement of the refundable deposits in order for us to assess the financial capability of the vendor to repay the deposits. Accordingly, we were unable to obtain sufficient appropriate audit evidence to determine whether the expected credit losses on the refundable deposits were properly stated.

As a result, we were unable to determine whether any adjustments might have been found necessary in respect of the carrying amounts of the refundable deposits as at 31 December 2021 and 2020 and expected credit losses recognised in profit or loss for the year then ended.

4. *Scope limitation on the disposal of Jinchang Disheng Solar Energy Company Limited (“Jinchang Disheng”)*

As disclosed in note 14 and 43 to the consolidated financial statements, in January 2021, the Group transferred all the books and records of Jinchang Disheng, an indirect wholly-owned subsidiary of the Group engaged in the operation of solar plant station in the People’s Republic of China, to an independent third party. However, the general meeting for shareholders’ approval have yet to be hold.

We were not able to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the assets and liabilities as at 31 December 2021, loss on disposal of subsidiary of HK\$229,834,000 for the year ended 31 December 2021, the disposal and the related disclosure notes in relation to the disposal, as included in the consolidated financial statements of the Group, have been properly accounted for or consolidated in the consolidated financial statements.

Details of the disposal the Company’s announcement dated 27 January 2021.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group’s auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the Current Year.

The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

PUBLICATION OF FINAL 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 Stock Exchange Limited at <http://www.hkexnews.hk> under “Latest Information” and the Company’s website at <http://www.cse1004.com>.

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.

DIRECTORS OF THE COMPANY

Mr. Chen Xiakuan, 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 Xiakuan
Chairman and Executive Director

Hong Kong, 10 October 2022