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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)**

**UNAUDITED INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The board (the “Board”) of directors (the “Directors”) of China Smarter Energy Group Holdings Limited (the “Company”) announces the condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2022 together with comparative figures for the corresponding period. These condensed consolidated financial statements have not been audited but have been reviewed by the Company’s audit committee (the “Audit Committee”).

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2022*

		(Unaudited)	
		Six months ended 30 June	
	Notes	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>CONTINUING OPERATIONS:</b>			
Revenue	4	102,523	96,494
Cost of sales		<u>(61,429)</u>	<u>(66,766)</u>
Gross profit		41,094	29,728
Other income	4	1,302	1,603
Other gain(losses), net	4	(504)	5,274
Administrative and operating expenses		<u>(21,495)</u>	<u>(27,055)</u>
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>			
		20,397	9,550
Finance costs	5	<u>(68,238)</u>	<u>(74,465)</u>
<b>LOSS BEFORE TAX FROM CONTINUING OPERATIONS</b>			
	6	(47,841)	(64,915)
Income tax (expense) credit	7	<u>(556)</u>	<u>1,934</u>
<b>LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS</b>			
		(48,397)	(62,981)
<b>DISCONTINUED OPERATIONS:</b>			
Profit for the period		–	442
Loss on deemed disposal		–	(36,685)
Adjustment for cumulative exchange difference in respect of the net assets reclassified from equity to profit or loss		<u>–</u>	<u>(24,776)</u>
		–	(61,019)
<b>LOSS FOR THE PERIOD</b>			
		<u>(48,397)</u>	<u>(124,000)</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2022*

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2022*

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2022*

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

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

These condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss, which have been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in Hong Kong dollar (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### **Going concern basis**

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

The directors have estimated the Group’s cash requirements by preparing a Group cashflow forecast for the 12 months ending 30 June 2023 and have, during the period and up to the date of the approval of these consolidated financial statements, instituted the following financing plans and measures to mitigate the liquidity pressure on the Group, to restructure its financial obligations and to improve its financial position:

- (a) The Group has been negotiating with its lenders for the extension of the maturity dates of debts fallen due or expected to fall due within the next 12 months;
- (b) The Group has been negotiating with its lenders of borrowings maturing after the next 12 months, requesting to further delay the loan repayment schedules;
- (c) The Group has been working to obtain other possible financings;
- (d) The Group has been working to dispose certain of its other solar power plants.

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

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the Company's consolidated financial statements for the year ended 31 December 2021 have been applied consistently to these condensed consolidated interim financial statements, except for the adoption of the following new/revised Hong Kong Financial Reporting Standards ("HKFRSs") that are effective from 1 January 2022.

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

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

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

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

## 3. SEGMENT INFORMATION

### (a) Segment revenue and results

For the six months ended 30 June 2022 (Unaudited)

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



For the six months ended 30 June 2021 (Unaudited)

	Continuing operations				Discontinued operations	Consolidated HK\$'000
	Clean energy HK\$'000	Trading in securities HK\$'000	Investments HK\$'000	Trading of bulk commodities HK\$'000	Clean energy HK\$'000	
<b>Segment revenue:</b>						
Revenue from external customers	94,404	-	-	2,090	7,804	104,298
Dividend income	-	-	-	-	-	-
<b>Reportable segment revenue</b>	<b>94,404</b>	<b>-</b>	<b>-</b>	<b>2,090</b>	<b>7,804</b>	<b>104,298</b>
<b>Segment results</b>	<b>20,018</b>	<b>(7,921)</b>	<b>(33)</b>	<b>4,276</b>	<b>1,727</b>	<b>18,067</b>
<b>Reconciliation:</b>						
Interest income						24
Net loss on deemed disposal of a subsidiary						(61,461)
Unallocated corporate expenses						(6,814)
Loss from operation						(50,184)
Finance costs						(75,953)
Loss before tax						(126,137)
Income tax credit						2,137
Loss for the period						(124,000)

**(b) Segment assets and liabilities**

At 30 June 2022 (Unaudited)

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

At 31 December 2021 (Audited)

	Clean energy <i>HK\$'000</i>	Trading in securities <i>HK\$'000</i>	Investments <i>HK\$'000</i>	Trading of bulk commodities <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>Reportable segment assets</b>	<u>2,087,033</u>	<u>15,723</u>	<u>1,200</u>	<u>429</u>	<u>172,452</u>	<u>2,276,837</u>
<b>Reportable segment liabilities</b>	<u>1,270,743</u>	<u>720,258</u>	<u>2,491</u>	<u>–</u>	<u>439,953</u>	<u>2,433,445</u>

(c) **Geographical information**

***Revenue from external customers***

The Group's activities are conducted predominantly in the People's Republic of China ("PRC"), the Republic of Singapore ("Singapore") and Hong Kong. Revenue by geographical location is determined on the basis of the locations of operations.

The following table provides an analysis of the Group's revenue by geographical location:

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Continuing operations:		
Singapore	–	2,090
The PRC	<u>102,523</u>	<u>94,404</u>
	<u>102,523</u>	<u>96,494</u>
Discontinued operations:		
The PRC	<u>–</u>	<u>7,804</u>

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

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

#### 5. FINANCE COSTS

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

## 6. LOSS BEFORE TAX

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

## 7. INCOME TAX CREDIT

No provision for Hong Kong Profits Tax is required since the Company has no assessable profit for the period (six months ended 30 June 2021: nil).

Singapore Corporate Tax has been provided at a rate of 17% on the estimated assessable profit for the period (six months ended 30 June 2021: 17%).

PRC Enterprises Income Tax has been provided at a rate of 25% (six months ended 30 June 2021: 25%). During the period, seven (six months ended 30 June 2021: seven) subsidiaries of the Group which are engaging in the operation of solar power plants and distributed power stations have obtained the relevant preferential tax concession. These subsidiaries are having 50% tax exemption from the PRC enterprise income tax for the coming two years or being taxed at 15% in PRC enterprise income tax.

Tax charge on profits assessable elsewhere was calculated at the rates of tax prevailing in the countries in which the Group's activities operate, based on existing legislation, interpretation and practices in respect thereof.

	(Unaudited)	
	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax	(2,823)	(2,698)
Deferred tax credit	2,267	4,632
	<u>(556)</u>	<u>1,934</u>

## 8. PROPOSED INTERIM DIVIDEND

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

## 9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	(Unaudited)	
	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Loss from continuing and discontinued operations</b>		
Loss for the period attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	<u>(47,321)</u>	<u>(125,277)</u>
<b>Loss from continuing operations</b>		
Loss for the period attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	<u>(47,321)</u>	<u>(64,258)</u>
Weighted average number of ordinary shares in issue ( <i>thousands</i> )	<u><u>9,374,351</u></u>	<u><u>9,374,351</u></u>

Diluted loss per share for the period is the same as the basic loss per share (six months ended 30 June 2021: same).

## 10. TRADE AND BILLS RECEIVABLES

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

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

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

## 11. TRADE PAYABLES

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

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

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

## 12. AMOUNTS DUE TO RELATED PARTIES

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS OF THE GROUP

#### Revenue by Business Segments

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

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

#### Revenue by Geographical Region

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

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

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

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

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

## BUSINESS REVIEW

### Clean Energy

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

Segment profit of approximately HK\$41,385,000 was recorded for the Current Period as compared to a segment profit of approximately HK\$21,745,000 in the Comparative Period.

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

**Jintai 100MW Project in Jinchang, Gansu:** During the Current Period, sale of electricity was 77,309,000KWh, representing an increase of 16.5% as compared to sale of electricity of 66,346,000KWh in the Comparative Period. Sales revenue was approximately HK\$65,148,000, representing an increase of 15.5% as compared to revenue of approximately HK\$56,395,000 in the Comparative Period.

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

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

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

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

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



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

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

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

### **Trading in securities**

During the Current Period, the net realised and unrealised gain or loss resulted from trading of listed equity securities was nil as the listed equity securities invested by the Group had been suspended from trading (Comparative Period: Nil). Dividend income from listed equity securities was nil (Comparative Period: Nil).

### **Investments**

During the Current Period, the Group had investments in certain unlisted companies, the investment of which was to utilise its funds for potential high return on one hand, to diversify its investments and hence reduce business risk on the other. The Group closely monitors the market conditions and may consider to change its portfolio of investments from time to time. No dividend income was recognised in profit or loss during the Current Period (Comparative Period: Nil).

No change of fair value on these equity instruments at fair value through other comprehensive income was recognised during the Current Period (Comparative Period: Nil).

### **Trading of Bulk Commodities**

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

## **PROSPECTS**

Response to global climate change has become a major topic around the world in recent years. Under the background, the global energy system accelerated the transition to low-carbon energy. As such, utilisation of renewable energy at large-scale as well as cleansing and low-carbonisation of traditional energy use will be the basic trend in energy development, and expediting the development of renewable energy has become a mainstream strategy in the global energy transition. The Paris Agreement came into effect in November 2016, which meant that the development of new energy will be further accelerated. In addition, the PRC government expressly stated in its basic national policy that the country shall persist in saving resources and protecting the environment, and set the fundamental target for energy development, that is, the carbon dioxide emission of the PRC will reach the peak by 2030, and the proportion of non-fossil energy in primary energy consumption will increase to 20%. With the new urbanisation development, the construction of a green, recycling and low-carbon energy system has become necessary for the social development, which provided a favourable social environment and a broad market for the development of renewable energy such as solar power. Solar power enjoys unique advantages in terms of accessibility and energy structure adjustment, and has been widely applied all over the world, and the photovoltaic industry has entered into a new phase of large-scale development.

In future, the Group will speed up the development and investment progress of its principal businesses, adhere firmly to its corporate strategy, intensify its efforts in project mergers and acquisitions as well as cooperative development, improve project operation management standard to fully enhance its asset management capability.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group derives fund for operation both from internally generated cash flows and from banks and financial institutions in Hong Kong, PRC and Singapore. As at 30 June 2022, the Group had cash and bank balances of approximately HK\$87,219,000 (31 December 2021: HK\$84,073,000) and interest bearing borrowings of approximately HK\$1,394,575,000 (31 December 2021: HK\$1,458,740,000). As at 30 June 2022, total deficit attributable to owners of the Company amounted to approximately HK\$202,008,000 (31 December 2021: HK\$162,017,000). The debt-to-asset ratio was 62.7% as at 30 June 2022 (31 December 2021: 64.1%).

## **CAPITAL STRUCTURE**

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

The Group monitors capital using a 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 period was as follows:

	<b>(Unaudited)</b>	(Audited)
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>HK\$'000</b>	<b>HK\$'000</b>
Bank and other borrowings	<u>1,394,575</u>	<u>1,458,740</u>
Total debt	<u>1,394,575</u>	<u>1,458,740</u>
Total assets of the Company	<u>2,223,947</u>	<u>2,276,837</u>
Debt-to-asset ratio	<u>62.7%</u>	<u>64.1%</u>

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

The Company had not conducted any equity fund raising activities during the period ended 30 June 2021. However, the Group conducted certain financing and refinancing activities as follow:

- i. At 30 June 2022, the Group's bank borrowings of HK\$515,378,000 (31 December 2021: HK\$539,092,000) were guaranteed by a subsidiary up to a total amount of RMB465,900,000 (31 December 2020: RMB465,900,000). According to the repayment terms set out in two separate agreements, the bank borrowings will be repayable by semi-annual instalments with the last instalments due in July 2027 and September 2028, respectively. The bank borrowings were interest-bearing per annum at the benchmark interest rate for loans over 5 years determined by the People's Bank of China to financial institutions (31 December 2021: same). The Group was in default of the instalment repayments during the period. Accordingly, the whole amount of the loan was classified as current liabilities as at 30 June 2022. The default has not been remedied at the date these financial statements were authorised for issue.
- ii. At 30 June 2022, the Group's other loan of HK\$558,925,000 (31 December 2021: HK\$584,642,000) was interest-bearing at 7.90% per annum, and was guaranteed by an independent company and Shanghai Gorgeous. According to the repayment terms, the other loan was repayable in June 2020. The Group was in default of repayment of this loan and the default has not been remedied at the date these financial statements were authorised for issue.
- iii. At 30 June 2022, the Group's other loans of HK\$312,671,000 (31 December 2021: HK\$327,057,000) were interest-bearing at 7.00% per annum, and were guaranteed by a subsidiary of the Group. According to the repayment terms, the other loans were due for repayment in November 2019 and the default has not been remedied at the date these financial statements were authorised for issue.

## **FOREIGN EXCHANGE EXPOSURE**

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

## **EMPLOYEES**

As at 30 June 2022, the Group employed approximately 33 (31 December 2021: 33) employees in Hong Kong, Singapore and the PRC. The Group's remuneration policies are based primarily on the prevailing market rate and the performance of individual employees. Fringe benefits, including Mandatory Provident Fund, medical benefits and training are provided. The Group has also established a discretionary bonus scheme for its management and staff with awards determined annually based upon the performance of the Group and individual employees.

## **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 30 June 2022 and the settlement had not yet been made up to the date of approval of these consolidated financial statements.
- b) During the year ended 31 December 2020, Gansu Jintai, initiated arbitrations petition against Jinchang Jintai, for outstanding receivables of RMB47,771,000 (equivalent to approximately HK\$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 30 June 2022 and the settlement had not yet been made up to the date of approval of these consolidated financial statements.

- c) During the year ended 31 December 2020, 中民新能投資集團有限公司 who was the former shareholder of Gaoan Jinjian, a subsidiary of the Group, initiated arbitrations against Shanghai Gorgeous Smarter Energy Company Limited, an indirectly owned subsidiary of the Group, and Gaoan Jinjian, for outstanding receivables due from Shanghai Gorgeous Smarter Energy Company Limited of RMB15,582,000 (equivalent to approximately HK\$18,515,000) 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 30 June 2022.

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

## **CONTINGENT LIABILITIES**

Save as disclosed, the Group had no contingent liabilities as at 30 June 2022.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2022.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its the code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the six months ended 30 June 2022.

## **CORPORATE GOVERNANCE PRACTICES**

The Board of the Company believes that good corporate governance practices are increasingly important for maintaining and promoting shareholder value and investor confidence. The Board sets appropriate policies and implements corporate governance practices which are considered appropriate to the conduct and growth of the Group's business.

The Company has applied the principles of all the applicable code provisions of the Corporate Governance Codes (the "CG Code") as set out in Appendix 14 of the Listing Rules as its own code on corporate governance practices. During the period, the Company complied with all the CG Code, except the following deviations:

- (i) The Company failed to timely publish the 2021 annual financial information and 2022 interim financial information and lay the audited 2021 financial statements at the 2022 annual general meeting of the Company in accordance with Rules 13.46 and 13.49 of the Listing Rules, and failed to publish its environmental, social and governance report for the same period covered in this 2021 Annual Results under rule 13.91 of the Listing Rules. During the period and up to the date of this announcement, the Company published its 2021 annual results announcement on 10 October 2022. The Company has been reviewing and closely monitoring its internal control systems to avoid delay in publication of its periodic financial and non-financial information under the Listing Rules in the future.

Save as those mentioned above and in the opinion of the Directors, the Company has met the code provisions set out in the CG Code during the six months ended 30 June 2022.

## **REMUNERATION COMMITTEE**

The Remuneration Committee has been established by the Company in accordance with the requirements of the CG Code.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Group's policy and structure for the overall remuneration of directors and management, including the policy of granting of share options to employees under the Company's share option scheme. No director or any of his/her associates may be involved in any decisions as to his/her own remuneration.

The Remuneration Committee currently comprises the three independent non-executive directors, namely Mr. Lo Ka Ki, Mr. Kwok Shun Sing and Mr. Pun Hau Man. The chairman of the Remuneration Committee is Mr. Lo Ka Ki.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2022.

The main duties of the Audit Committee include review of the effectiveness of financial reporting system, internal control systems and risk management system of the Group, review of the Group's financial information and compliance, making recommendation to the Board on the appointment and removal of external auditors and assessing their independence and performance.

The Audit Committee comprises the three independent non-executive directors, namely Mr. Lo Ka Ki, Mr. Kwok Shun Sing and Mr. Pun Hau Man. The chairman of the Audit Committee is Mr. Lo Ka Ki.

## **NOMINATION COMMITTEE**

The Nomination Committee has reviewed and supervising the structure, size and composition of the Board, identifying qualified individuals to become members of the Board, assessing the independence of the independent non-executive directors and making recommendations to the Board on the appointment or re-appointment of Directors.

The Nomination Committee comprises one executive Director, namely Mr. Chen Xiaxuan, and three independent non-executive Directors, namely Mr. Lo Ka Ki, Mr. Kwok Shun Sing and Mr. Pun Hau Man. The chairman of the Nomination Committee is Mr. Chen Xiaxuan.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2022 (six months ended 30 June 2021: Nil). No dividend was paid during the period under review.

## **PUBLICATION OF INTERIM REPORT**

The interim report will be published on the website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.cse1004.com](http://www.cse1004.com) in due course. Printed copies in both languages will be posted to the shareholders of the Company.

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

Hong Kong, 10 October 2022

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

\* *For identification purpose only*