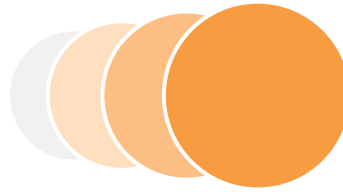


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GOLDEN SOLAR

GOLDEN SOLAR NEW ENERGY TECHNOLOGY HOLDINGS LIMITED

金陽新能源科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1121)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

The board (the “Board”) of directors (the “Directors”) of Golden Solar New Energy Technology Holdings Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2023 (the “Period”), together with the unaudited comparative figures for the corresponding period in 2022 and the relevant explanatory notes as set out below.

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
REVENUE	4	155,516	134,099
Cost of sales		<u>(130,286)</u>	<u>(132,596)</u>
GROSS PROFIT		25,230	1,503
Other net income and gains	4	11,567	25,940
Reversal of impairment loss on trade receivables		–	1,220
Selling and distribution expenses		(11,076)	(6,528)
General and administrative expenses		(148,073)	(122,306)
Amortisation of intangible assets		(214)	(262)
Finance costs	5	(2,165)	(2,277)
Fair value loss on financial liabilities at fair value through profit or loss		(321)	–
Fair value (loss)/gain on investment properties	10	<u>(228)</u>	<u>23</u>
LOSS BEFORE TAX	6	(125,280)	(102,687)
Income tax expense	7	<u>(1,081)</u>	<u>(1,790)</u>
LOSS FOR THE PERIOD AND TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>(126,361)</u>	<u>(104,477)</u>
LOSS PER SHARE OF THE COMPANY	9		
– Basic (RMB)		<u>(0.073)</u>	<u>(0.061)</u>
– Diluted (RMB)		<u>(0.073)</u>	<u>(0.061)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	<i>Notes</i>	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		190,498	131,639
Investment properties	<i>10</i>	66,023	66,251
Right-of-use assets		4,495	5,674
Intangible assets		3,519	3,723
		264,535	207,287
CURRENT ASSETS			
Inventories		148,171	179,392
Trade and bills receivables	<i>11</i>	67,932	101,583
Prepayments, deposits and other receivables		53,880	69,934
Financial assets at fair value through profit or loss		–	990
Pledged deposits		1,020	1,431
Cash and bank balances		304,085	354,724
		575,088	708,054
CURRENT LIABILITIES			
Trade and bills payables	<i>12</i>	49,111	94,422
Deposits received, other payables and accruals		41,892	43,119
Short-term borrowings	<i>13</i>	90,200	91,000
Contract liabilities		7,885	16,424
Deferred income		3,508	3,636
Lease liabilities		613	1,716
Financial liabilities at fair value through profit or loss		310	–
Income tax payable		101	2,183
		193,620	252,500
NET CURRENT ASSETS		381,468	455,554
TOTAL ASSETS LESS CURRENT LIABILITIES		646,003	662,841

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)**As at 30 June 2023*

		30 June 2023	31 December 2022
	<i>Notes</i>	RMB'000	RMB'000
		(unaudited)	(audited)
NON-CURRENT LIABILITIES			
Deferred income		10,850	12,572
Lease liabilities		82	109
Deferred tax liability		5,322	5,360
		16,254	18,041
		629,749	644,800
NET ASSETS			
		629,749	644,800
EQUITY			
Share capital	<i>14</i>	120,960	113,799
Reserves		508,789	531,001
		629,749	644,800
TOTAL EQUITY			
		629,749	644,800

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company									
	Reserves									Total equity
	Share capital	Share premium	Contributed surplus	Statutory surplus fund	Exchange fluctuation reserve	Capital redemption reserve	Share options reserve	Accumulated losses	Total reserves	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
As at 1 January 2022 (audited)	110,606	916,602	141,376	95,478	155	524	36,600	(1,016,505)	174,230	284,836
Loss and total comprehensive expenses for the period	-	-	-	-	-	-	-	(104,477)	(104,477)	(104,477)
Completion of placing of new shares	3,190	404,186	-	-	-	-	-	-	404,186	407,376
Issue of shares upon exercise of share options	3	27	-	-	-	-	(7)	-	20	23
Equity-settled share-based payments	-	-	-	-	-	-	77,822	-	77,822	77,822
As at 30 June 2022 (unaudited)	<u>113,799</u>	<u>1,320,815</u>	<u>141,376</u>	<u>95,478</u>	<u>155</u>	<u>524</u>	<u>114,415</u>	<u>(1,120,982)</u>	<u>551,781</u>	<u>665,580</u>

For the six months ended 30 June 2023

	Attributable to owners of the Company									
	Reserves									Total equity
	Share capital	Share premium	Contributed surplus	Statutory surplus fund	Exchange fluctuation reserve	Capital redemption reserve	Share options reserve	Accumulated losses	Total reserves	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
As at 1 January 2023 (audited)	113,799	1,320,815	141,376	95,478	155	524	154,444	(1,181,791)	531,001	644,800
Loss and total comprehensive expenses for the Period	-	-	-	-	-	-	-	(126,361)	(126,361)	(126,361)
Issue of shares upon exercise of share options	7,161	57,068	-	-	-	-	(14,966)	-	42,102	49,263
Equity-settled share-based payments	-	-	-	-	-	-	62,050	-	62,050	62,050
Lapse of share options	-	-	-	-	-	-	(1,833)	1,833	-	-
Exchange difference from translation of foreign operations	-	-	-	-	(3)	-	-	-	(3)	(3)
As at 30 June 2023 (unaudited)	<u>120,960</u>	<u>1,377,883</u>	<u>141,376</u>	<u>95,478</u>	<u>152</u>	<u>524</u>	<u>199,695</u>	<u>(1,306,319)</u>	<u>508,789</u>	<u>629,749</u>

NOTES:

1. CORPORATE INFORMATION

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

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

In the opinion of the Directors, the immediate holding company and the ultimate holding company of the Company are Best Mark International Limited and Market Dragon Investments Limited, respectively, which were incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Chiu Hsin-Wang.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements (the "Interim Financial Statements") for the six months ended 30 June 2023 have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting issued by the International Accounting Standards Board ("IASB") and the disclosure requirements under Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

2. BASIS OF PREPARATION (continued)

The Interim Financial Statements have been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements as detailed below:

In the Period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual periods beginning on 1 January 2023 for the preparation of the Group's Interim Financial Statements:

IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

The application of the amendments to IFRSs in the Period has had no material impact on the Group's financial positions and performance for the current and prior periods and on the disclosures set out in the Interim Financial Statements.

The Group has not early applied the following new or revised IFRSs that have been issued but are not yet effective.

Amendments to IAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to IAS 1	Non-current Liabilities with Covenants ¹
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²

¹ Effective for annual periods beginning on or after 1 January 2024.

² Effective for annual periods beginning on or after a date to be determined.

The above new standards, new interpretations and amended standards are not expected to have a material impact on the historical financial information of the Group.

3. SEGMENT INFORMATION

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

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

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

The segment profit or loss represents the profit earned by or loss from each segment without allocation of interest income, other unallocated net income and gains, fair value change on financial assets/financial liabilities at fair value through profit or loss (“FVTPL”), reversal of impairment loss on trade receivables, fair value change on investment properties, finance costs as well as corporate and other unallocated expenses.

3. SEGMENT INFORMATION *(continued)*

Segment assets exclude certain property, plant and equipment, investment properties, certain prepayments, deposits and other receivables, financial assets at FVTPL, pledged deposits and cash and bank balances as these assets are managed on a group basis.

Segment liabilities exclude deposits received, other payables and accruals, short-term borrowings, certain deferred income, financial liabilities at FVTPL, income tax payable and deferred tax liability as these liabilities are managed on a group basis.

Period ended 30 June 2023

	Boree Products RMB'000 (unaudited)	Graphene- based Products RMB'000 (unaudited)	OEM RMB'000 (unaudited)	Photovoltaic Products RMB'000 (unaudited)	Total RMB'000 (unaudited)
Segment revenue					
Sales and provision of service	<u>961</u>	<u>809</u>	<u>111,253</u>	<u>42,493</u>	<u>155,516</u>
Segment results	<u>(500)</u>	<u>(3,141)</u>	<u>22,166</u>	<u>(17,536)</u>	<u>989</u>
<i>Reconciliation:</i>					
Interest income					1,827
Other unallocated net income and gains					9,240
Reversal of impairment loss on trade receivables					–
Corporate and other unallocated expenses					(134,622)
Fair value loss on financial liabilities at FVTPL					(321)
Fair value loss on investment properties					(228)
Finance costs					<u>(2,165)</u>
Loss before tax					<u><u>(125,280)</u></u>

3. SEGMENT INFORMATION (continued)

As at 30 June 2023

	Boree Products RMB'000 (unaudited)	Graphene- based Products RMB'000 (unaudited)	OEM RMB'000 (unaudited)	Photovoltaic Products RMB'000 (unaudited)	Total RMB'000 (unaudited)
Segment assets	802	14,199	92,371	360,724	468,096
<i>Reconciliation:</i>					
Corporate and other unallocated assets					<u>371,527</u>
Total assets					<u><u>839,623</u></u>
Segment liabilities	295	6,928	33,910	25,053	66,186
<i>Reconciliation:</i>					
Corporate and other unallocated liabilities					<u>143,688</u>
Total liabilities					<u><u>209,874</u></u>

Period ended 30 June 2022

	Boree Products RMB'000 (unaudited)	Graphene- based Products RMB'000 (unaudited)	OEM RMB'000 (unaudited)	Photovoltaic Products RMB'000 (unaudited)	Total RMB'000 (unaudited)
Segment revenue					
Sales to external customers	<u>333</u>	<u>9,196</u>	<u>92,818</u>	<u>31,752</u>	<u>134,099</u>
Segment results	<u>(216)</u>	<u>3,068</u>	<u>4,708</u>	<u>(18,112)</u>	<u>(10,552)</u>
<i>Reconciliation:</i>					
Interest income					66
Other unallocated net income and gains					25,374
Reversal of impairment loss on trade receivables					1,220
Corporate and other unallocated expenses					(116,541)
Fair value gain on investment properties					23
Finance costs					<u>(2,277)</u>
Loss before tax					<u><u>(102,687)</u></u>

3. SEGMENT INFORMATION *(continued)*

As at 31 December 2022

	Boree Products <i>RMB'000</i> (audited)	Graphene- based Products <i>RMB'000</i> (audited)	OEM <i>RMB'000</i> (audited)	Photovoltaic Products <i>RMB'000</i> (audited)	Total <i>RMB'000</i> (audited)
Segment assets	691	15,095	152,437	321,556	489,779
<i>Reconciliation:</i>					
Corporate and other unallocated assets					<u>425,562</u>
Total assets					<u><u>915,341</u></u>
Segment liabilities	360	8,100	79,388	28,458	116,306
<i>Reconciliation:</i>					
Corporate and other unallocated liabilities					<u>154,235</u>
Total liabilities					<u><u>270,541</u></u>

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2023 <i>RMB'000</i> (unaudited)	2022 <i>RMB'000</i> (unaudited)
PRC (principal place of operations)	8,238	34,186
United States of America (“US”)	104,134	92,744
South America	596	–
Europe	37,525	4,533
South East Asia	478	19
Other countries	4,545	2,617
	<u><u>155,516</u></u>	<u><u>134,099</u></u>

The revenue information above is based on the locations of goods delivered.

3. SEGMENT INFORMATION *(continued)*

(b) Non-current assets

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
PRC (principal place of operations)	264,514	207,263
Hong Kong	21	24
	264,535	207,287

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

Information about major customers

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

	Six months ended 30 June 2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Customer A	60,086	56,583
Customer B	42,508	16,244
Customer C	36,899	–

Customers A and B are in the OEM segment and customer C is in Photovoltaic Products segment.

4. REVENUE, OTHER NET INCOME AND GAINS

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

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

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue		
Recognised at a point in time		
Sale of goods and provision of service	<u>155,516</u>	<u>134,099</u>
Other net income and gains		
Interest income	1,827	66
Sales of scrap materials	229	64
Rental income from investment properties	2,297	2,297
Rental income under operating leases	160	166
Subsidy income*	1,105	1,312
Exchange gain, net	5,418	21,860
Gain on disposal of items of property, plant and equipment	12	119
Subcontracting income	354	–
Gain on modification of lease	–	13
Others	<u>165</u>	<u>43</u>
	<u>11,567</u>	<u>25,940</u>

* There are no unfulfilled conditions or contingencies relating to these subsidies.

5. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on bank loans and other borrowings	1,910	2,107
Interest on lease liabilities	31	87
Effective interest on deferred rental income	<u>224</u>	<u>83</u>
	<u>2,165</u>	<u>2,277</u>

6. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Cost of inventories sold	<u>130,286</u>	<u>130,682</u>
Depreciation of property, plant and equipment	8,103	4,566
Depreciation of right-of-use assets	1,179	1,201
Amortisation of intangible assets	214	262
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	46,211	41,163
Equity-settled share-based payments	62,050	77,822
Staff welfares	1,785	1,843
Contributions to retirement benefits schemes	<u>3,691</u>	<u>3,051</u>
	<u>113,737</u>	<u>123,879</u>
Reversal of impairment loss on trade receivables	–	(1,220)
Impairment loss on inventories	4,173	1,914
Loss on write-off of items of property, plant and equipment	650	–
Research and development costs	<u>49,417</u>	<u>17,450</u>

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
PRC Enterprise Income Tax		
Charge for the period	402	600
Under-provisions in prior years	717	880
Deferred tax	(38)	310
	<hr/>	<hr/>
Total tax expense for the period	1,081	1,790
	<hr/> <hr/>	<hr/> <hr/>

No provision for Hong Kong profits tax has been provided as the Group did not generate any assessable profits arising in Hong Kong for the Period (2022: Nil). Taxes on profits assessable in the PRC have been calculated at the prevailing rates, based on existing legislation, interpretations and practices in respect thereof.

8. DIVIDEND

No dividend was proposed for the periods ended 30 June 2023 and 2022 and since the end of the reporting period.

9. LOSS PER SHARE OF THE COMPANY

The calculation of basic loss per share of the Company is based on the consolidated loss for the Period attributable to owners of the Company of approximately RMB126,361,000 (2022: RMB104,477,000) and the weighted average number of Shares of 1,731,235,299 (2022: 1,708,332,536) in issue during the Period.

The weighted average number of Shares used to calculate the basic loss per share for the Period included the 1,711,959,608 Shares in issue as at 1 January 2023 and 103,700,000 Shares issued during the Period in respect of the exercise of share options.

The weighted average number of Shares used to calculate the basic loss per share for the period ended 30 June 2022 included the 1,661,909,608 Shares in issue as at 1 January 2022, 50,000 Shares issued during the period ended 30 June 2022 in respect of the exercise of share options and 50,000,000 Shares issued in respect of the completion of placing of new Shares on 14 January 2022.

During the periods ended 30 June 2023 and 2022, diluted loss per share does not assume the exercise of the Company's share options as the exercise of the Company's share options would result in a decrease in loss per share, and is regarded as anti-dilutive.

10. INVESTMENT PROPERTIES

	<i>RMB'000</i>	
As at 1 January 2022		66,116
Fair value gain on investment properties		<u>135</u>
As at 31 December 2022 and 1 January 2023		66,251
Fair value loss on investment properties		<u>(228)</u>
As at 30 June 2023		<u><u>66,023</u></u>
	30 June	31 December
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Representing:		
Leasehold land	35,143	35,670
Building	<u>30,880</u>	<u>30,581</u>

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

The fair values of the Group's investment properties as at 30 June 2023 and 31 December 2022 had been arrived at on the basis of a valuation carried out by Quanzhou Heyi Assets and Real Estate Appraisal Co., Ltd, an independent professional valuer. In estimating the fair value of the investment properties, the management of the Group has considered the highest and best use of the investment properties.

The Group has pledged the leasehold land of investment properties with a net carrying amount of approximately RMB35,143,000 (31 December 2022: RMB35,670,000) to secure general banking facilities granted to the Group.

11. TRADE AND BILLS RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit period offered to its customers is generally for a period of one to three months (31 December 2022: one to three months). The Group seeks to apply strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

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

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Within 3 months	55,009	93,842
4 to 6 months	357	3,772
7 to 12 months	9,822	3,969
Over 1 year	2,744	–
	<u>67,932</u>	<u>101,583</u>

12. TRADE AND BILLS PAYABLES

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

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Within 3 months	30,174	72,805
Over 3 months	18,937	21,617
	<u>49,111</u>	<u>94,422</u>

The trade and bills payables are non-interest-bearing and are normally settled on six months terms (31 December 2022: six months). Bills payable of approximately RMB3,400,000 (31 December 2022: RMB4,770,000) were secured by the Group's pledged deposits amounted to approximately RMB1,020,000 (31 December 2022: RMB1,431,000) as at 30 June 2023.

13. SHORT-TERM BORROWINGS

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Secured bank loans repayable within one year	<u>90,200</u>	<u>91,000</u>

- (a) At 30 June 2023 and 31 December 2022, the loans were denominated in Renminbi and bore interest rates ranging from:

Six months ended 30 June 2023	4.10% – 5.22% per annum
Year ended 31 December 2022	3.90% – 4.44% per annum

- (b) At 30 June 2023, the secured bank loans of the Group were secured by a pledge of the Group's buildings with carrying amount of approximately RMB1,846,000 (31 December 2022: RMB1,856,000), leasehold land of right-of-use assets and the leasehold land of investment properties with carrying amounts of approximately RMB3,826,000 (31 December 2022: RMB3,900,000) and approximately RMB35,143,000 (31 December 2022: RMB35,670,000) respectively. In addition, the bank loans were secured by guarantees provided by an independent third party and a director of the Company (31 December 2022: guarantees provided by an independent third party, a director of the Company and his son).

14. SHARE CAPITAL

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

	Number of ordinary shares of US\$0.01 each	Nominal value of ordinary shares RMB'000
Authorised:		
As at 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	5,000,000,000	342,400
Issued and fully paid:		
As at 1 January 2022	1,661,909,608	110,606
Completion of placing of new Shares	50,000,000	3,190
Issue of Shares upon exercise of share options	50,000	3
As at 31 December 2022 and 1 January 2023	1,711,959,608	113,799
Issue of Shares upon exercise of share options	103,700,000	7,161
As at 30 June 2023	1,815,659,608	120,960

As disclosed in the Company's announcements dated 30 December 2021 and 14 January 2022, the Company placed a total of 50,000,000 new Shares through a placing agent to two places at the placing price of HK\$10 per placing share (the "2022 Placing") which was completed on 14 January 2022. The net proceeds from the 2022 Placing (after deducting the relevant expenses) were approximately HK\$497,850,000.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the revenue of the Group increased by approximately RMB21.4 million or approximately 16.0% to approximately RMB155.5 million (2022: RMB134.1 million), which was mainly attributable to the increase in revenue of OEM business and Photovoltaic Products business.

For the OEM business, though the Group still faced worsening macroeconomic factors such as domestic inflation and sluggish consumer demand in the US, with the effort of the Group's sales team, the revenue increased by approximately 19.9% to approximately RMB111.3 million for the Period in comparison to approximately RMB92.8 million for the corresponding period in 2022.

Regarding the business of Photovoltaic Products, the sales for the Period increased approximately 33.8% to approximately RMB42.5 million as compared to approximately RMB31.8 million of the corresponding period in 2022. The major driver for the increase in sales was the high efficiency HJT solar modules which were sold to European and other overseas customers of the Group.

The substantial increase in gross profit margin of the Group for the Period to approximately 16.2% from approximately 1.1% for the corresponding period in 2022 was also due to the increase in gross profit margin for OEM business and Photovoltaic Products business.

The Group recorded a net loss for the Period of approximately RMB126.4 million, as compared with the net loss of approximately RMB104.5 million of the corresponding period in 2022. The net loss was mainly attributable to i) the grant of share options to subscribe for a total of 111,200,000 shares of the Company on 12 April 2023 with an equity-settled share-based payments of approximately RMB62.0 million during the Period. Such expense is a non-cash accounting item which has no impact on the cash flow of the Group; ii) in preparation of the launch of HJT solar sunshade products scheduled to take place in the second half of 2023, the research and development expenses of the Group increased to approximately RMB49.4 million during the Period, nearly 2.8 times of the corresponding period in last year; and iii) selling and distribution expenses increased by approximately RMB4.5 million to approximately RMB11.1 million during the Period as the Group recruited more staff and allocated more resources in marketing and promotional activities in order to explore overseas markets for Photovoltaic Products.

FINANCIAL REVIEW

Revenue by Product Category

	Six months ended 30 June		
	2023 <i>RMB'000</i> (unaudited)	2022 <i>RMB'000</i> (unaudited)	Increase/ (decrease) <i>% change</i>
Revenue (Boree Products)	961	333	188.6%
Revenue (Graphene-based Products)	809	9,196	(91.2)%
Revenue (OEM Business)	111,253	92,818	19.9%
Revenue (Photovoltaic Products)	42,493	31,752	33.8%
Revenue (Total)	155,516	134,099	16.0%

Boree Products

Revenue of Boree Products increased by approximately 188.6% to approximately RMB0.9 million during the Period (2022: RMB0.3 million) because of the increase in online sales.

Graphene-based Products

Revenue of Graphene-based Products decreased by approximately 91.2% to approximately RMB0.8 million during the Period (2022: RMB9.2 million) as the Group focused on development of new products tailored made according to customer requirements during the Period.

OEM Business

For the OEM business, though the Group still faced worsening macroeconomic factors such as domestic inflation and sluggish consumer demand in the US, with the effort of the Group's sales team, the revenue increased by approximately 19.9% to approximately RMB111.3 million for the Period (2022: RMB92.8 million). Besides, in response to the threat of steep price-cutting competition among manufacturers in the PRC, the Group shifted the focus towards development of high-end products with higher gross profit margin. Moreover, the Group focused on optimisation of production process and improvement of the production efficiency and successfully increased the gross profit margin during the Period.

Photovoltaic Products

Revenue of Photovoltaic Products for the Period increased approximately 33.8% to approximately RMB42.5 million as compared to approximately RMB31.8 million of the corresponding period in 2022. The main driver for the increase in sales for the Period was the high efficiency HJT solar modules which were sold to European and other overseas customers which offsets the decrease in sales of Cast-mono wafers business. Due to the delay in the relocation of the new factory in Xuzhou to the second quarter of 2023 and the weakening of cost advantages of Cast-mono wafers due to the general decline in global silicon material price, the revenue of Cast-mono wafers business reduced during the Period. As the gross profit margin for the HJT solar modules was higher than that of Cast-mono wafers, the gross profit margin for the Photovoltaic Products business increased during the Period in comparison with the corresponding period in 2022.

Selling and Distribution Expenses

During the Period, selling and distribution expenses increased by approximately 69.7% to approximately RMB11.1 million as compared with that of last corresponding period (2022: RMB6.5 million), which accounted for approximately 7.1% (2022: 4.9%) of the Group's revenue for the Period. The increase was mainly attributable to the recruitment of more marketing staff and the increase in allocation of resources in marketing and promotional activities in order to explore overseas markets for Photovoltaic Products.

General and Administrative Expenses

General and administrative expenses recorded an increase of approximately RMB25.8 million or approximately 21.1% to approximately RMB148.1 million for the Period (2022: RMB122.3 million), which was mainly attributable to increase in research and development costs of approximately RMB32.0 million as the Group increased the investment in the development of new technologies and new products during the Period particularly for the business of Photovoltaic Products.

Liquidity and Financial Resources

During the Period, net cash outflow from operating activities of the Group amounted to approximately RMB28.3 million (2022: net cash inflow of approximately RMB0.9 million). As at 30 June 2023, cash and bank balances were approximately RMB304.1 million, representing a decrease of approximately 14.3% as compared with approximately RMB354.7 million as at 31 December 2022. As at 30 June 2023, around 45.6%, 24.8% and 23.4% of the Group's cash and bank balances were denominated in Hong Kong dollars, Renminbi and US dollars respectively. As at 30 June 2023, the short-term borrowings of the Group were approximately RMB90.2 million (31 December 2022: RMB91.0 million). All loans were denominated in Renminbi with fixed interest rates and repayable within one year.

As at 30 June 2023, the gearing ratio of the Group was 32.5% (31 December 2022: 40.8%). Gearing ratio was calculated as total debt divided by the total equity. Total debt refers to the total liability minus the sum of tax payable and deferred tax liability.

Capital Structure

As at 1 January 2023, the Company had 1,711,959,608 Shares in issue and a paid-up capital of approximately RMB113,799,000. During the Period, the Company issued a total of 103,700,000 Shares to share option holders who exercised their share options. As at 30 June 2023, the Company had 1,815,659,608 Shares in issue and a paid-up capital of approximately RMB120,960,000.

Significant Investments, Material Acquisitions and Disposals

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

Pledge of Assets

As at 30 June 2023, the bills payables were secured by a pledge of the Group's deposits amounting to approximately RMB1.0 million (31 December 2022: RMB1.4 million). As at 30 June 2023, the bank borrowings of the Group were secured by a pledge of the Group's buildings with carrying amount of approximately RMB1.8 million (31 December 2022: RMB1.9 million), leasehold land of right-of-use assets and the leasehold land of investment properties with carrying amounts of approximately RMB3.8 million (31 December 2022: RMB3.9 million) and approximately RMB35.1 million (31 December 2022: RMB35.7 million) respectively.

Contingent Liabilities

As at 30 June 2023 and 31 December 2022, there were no material contingent liabilities.

Foreign Exchange Risk

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

Human Resources

As at 30 June 2023, the Group had a total of approximately 990 employees (31 December 2022: 930 employees), with total staff costs for the Period, including directors' remuneration, amounted to approximately RMB113.7 million (2022: RMB123.9 million). The Group's emolument policies are based on the merit, qualifications and competence of individual employee and are reviewed by the remuneration committee periodically. The emoluments of the Directors are recommended by the remuneration committee and are decided by the Board, having regard to the Group's operating results, individual performance and comparable market statistics. The Company also adopted a share option scheme on 2 July 2021 (which was terminated with effect from 16 June 2023) and a new share option scheme on 16 June 2023 to motivate and reward its Directors and eligible employees.

Use of Net Proceeds From 2022 Placing

As disclosed in the Company's announcements dated 30 December 2021 and 14 January 2022, the 2022 Placing was completed on 14 January 2022. The closing market price was HK\$10.3 per Share on the date on which the terms of the 2022 Placing were fixed. The gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the 2022 Placing were approximately HK\$500,000,000 (equivalent to approximately RMB409,050,000) and approximately HK\$497,850,000 (equivalent to approximately RMB407,291,000) respectively. The net placing price, after deducting relevant expenses, was approximately HK\$9.96 per placing share.

The Directors considered that the 2022 Placing represented a good opportunity for the Company to raise additional capital and hence strengthen the Company's capital base for the business operations of the Group without incurring interest costs.

The utilisation of the net proceeds of the 2022 Placing as at 30 June 2023 is set out as follows:

Nature	Intended use of the net proceeds RMB'000	Amount of the net proceeds utilised during the year ended 31 December 2022 RMB'000	Amount of the net proceeds utilised during the period ended 30 June 2023 RMB'000	Balance of the net proceeds utilised as at 30 June 2023 RMB'000
Procurement costs of raw materials and subcontracting fee for production of the Cast-mono wafers and solar modules	156,952	88,297	68,655	–
Modification of the casting silicon furnaces	61,358	2,016	3,532	55,810
Procurement of other peripheral production equipment	49,086	5,889	28,234	14,963
Procurement of production equipment for flexible modules	14,726	2,763	2,091	9,872
Procurement costs of raw materials for the flexible modules	2,454	2,454	–	–
Potential strategic equity investment to establish a Cast-mono HJT photovoltaic cell and module manufacturing facility	40,905	–	–	40,905
General working capital	81,810	69,345	12,465	–
Total:	407,291	170,764	114,977	121,550

Note:

1. It is expected that the remaining balances of the unutilised net proceeds will be utilised on or before 31 December 2023.

BUSINESS REVIEW AND FUTURE PROSPECTS

During the Period, the revenue of the Group increased by approximately RMB21.4 million or approximately 16.0% to approximately RMB155.5 million (2022: RMB134.1 million), which was mainly attributable to the increase in revenue of OEM business and Photovoltaic Products business.

For the OEM business, though the Group still faced worsening macroeconomic factors such as domestic inflation and sluggish consumer demand in the US, with the effort of the Group's sales team, the revenue increased by approximately 19.9% to approximately RMB111.3 million for the Period. Based on the information currently available, the revenue of the OEM business in the second half of the year is expected to increase in comparison with the second half of 2022.

Regarding the business of Photovoltaic Products, the sales for the Period increased approximately 33.8% to approximately RMB42.5 million as compared to approximately RMB31.8 million of the corresponding period in 2022. The major driver for the increase in sales was the high efficiency HJT solar modules sold to European and other overseas customers of the Group.

In the first half of 2023, in addition to continuing to build a three-in-one production system from Cast-mono wafers, high efficiency HJT solar cells, to flexible modules, the Group has also further expanded our capabilities on the sales end, especially regarding residential consumer products ("To-C Products") in overseas marketing and brand building. The Group has successfully leveraged the advantages of the Group's proprietary integrated supply chain to develop a series of solar residential electronic products that can be directly placed on balconies and backyards and solar awnings for recreational vehicles ("RVs"), and through offline and online channels, promoted the above-mentioned new application products based on flexible modules to areas such as the US and Europe.

The work and planning of the Group can be divided into the following segments of the photovoltaic industry chain, from upstream to downstream:

(1) Cast-mono wafers

The Group has invested in the research and development of large-size seed crystals for the production of Cast-mono wafers and proprietary production equipment, and successfully developed a new generation of silicon material purification technology. Through these investments, even if the price of silicon material in general falls after entering 2023, Cast-mono wafers of the Group will still maintain certain cost advantages compared to traditional Czochralski monocrystalline silicon wafers under the market condition of falling silicon material prices.

(2) HJT solar cells

In view of the gradual shift of the market from P-type cells such as traditional Passivated Emitter Rear Contact (“PERC”) to high efficiency N-type cells such as Tunnel Oxide Passivated Contact (“TOPCon”) and HJT, the Group launched a production line upgrade plan in the first half of 2023, and are expected to start production in the third quarter of 2023. The new cell technology will also be better suited for the packaging technology requirements of the Group’s flexible modules in addition to having higher efficiency.

(3) Flexible modules

The series of photovoltaic residential electronic products and solar awnings for RVs are all To-C Products derived from the flexible modules developed by the Group and the first production line has been completed currently. In the future, this production line will be the main base of the Group for supplying products to the US and Europe.

(4) To-C Products sales and marketing team and overseas market partners

In the first half of 2023, the Group set up a dedicated US sales and marketing team for To-C Products, and launched various online and offline marketing activities. At the same time, the Group is in the process of establishing a dedicated sales team targeting Germany and other regions in Europe. The Group has started negotiating with several leading local residential product retail channels in the first half of this year, and recently entered the second round of negotiation on contract terms. The Group plans to promote the above To-C Products through our own team and cooperation with external channels.

The above work will allow the Group to form the only fully proprietary integrated supply chain in the market from Cast-mono wafers, high efficiency HJT solar cells, flexible modules to solar residential electronic products and solar awnings for RVs, and provide an user experience on solar application scenario that is different from traditional to residential customers based in Europe and the US. This will further enhance product value and brand value of the Group, establishing Group’s brand as a leading solar energy brand focusing on the To-C Products market.

OTHER INFORMATION

Interim Dividend

The Directors do not recommend the payment of any interim dividend for the Period (for the six months ended 30 June 2022: Nil).

Corporate Governance

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

Throughout the Period, the Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules. The Company periodically reviews its corporate governance practices to ensure its continuous compliance.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors, namely Mr. Chen Shaohua, Professor Zhao Jinbao and Ms. An Na, and Mr. Chen Shaohua is the chairperson of the audit committee. The unaudited Interim Financial Statements of the Group for the Period have been reviewed by the audit committee with no disagreement.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

EVENTS AFTER THE PERIOD UNDER REVIEW

There were no material subsequent events since 30 June 2023, being the end of the period under review.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

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

Hong Kong, 31 August 2023

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