



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)

# 2023 Interim Report

## CONTENTS

	PAGE(S)
CORPORATE INFORMATION	2
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	5
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	8
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	9
MANAGEMENT DISCUSSION AND ANALYSIS	25
OTHER INFORMATION	33

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Chen Xiaxuan

*(Chairman of the Board)*

Mr. Bo Dateng

Ms. Yue Lu

#### Independent Non-executive Directors

Mr. Pun Hau Man

Mr. Lo Ka Ki

Mr. Kwok Shun Sing

### COMPANY SECRETARY

Ms. Cheung Hoi Fun

### AUTHORISED REPRESENTATIVES

Mr. Chen Xiaxuan

Ms. Cheung Hoi Fun

### AUDIT COMMITTEE

Mr. Lo Ka Ki *(Chairman)*

Mr. Pun Hau Man

Mr. Kwok Shun Sing

### REMUNERATION COMMITTEE

Mr. Lo Ka Ki *(Chairman)*

Mr. Pun Hau Man

Mr. Kwok Shun Sing

### NOMINATION COMMITTEE

Mr. Chen Xiaxuan *(Chairman)*

Mr. Pun Hau Man

Mr. Lo Ka Ki

Mr. Kwok Shun Sing

### AUDITORS

ZHONGHUI ANDA CPA Limited

*Certified Public Accountants*

23/F, Tower 2, Enterprise Square Five

38 Wang Chiu Road, Kowloon Bay

Kowloon, Hong Kong

### REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2609, 26th Floor

Great Eagle Centre

No. 23 Harbour Road

Wan Chai

Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

### PRINCIPAL BANKERS

China CITIC Bank International Limited

DBS Bank (Hong Kong) Limited

Bank of Communications (Hong Kong) Limited

### STOCK CODE

1004

### COMPANY WEBSITE

[www.cse1004.com](http://www.cse1004.com)

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 2023 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 2023

		(Unaudited)	
		Six months ended 30 June	
		2023	2022
	Notes	HK\$'000	HK\$'000
Revenue	4	97,455	102,523
Cost of sales		<b>(54,467)</b>	(61,429)
Gross profit		<b>42,988</b>	41,094
Other income	4	<b>423</b>	1,302
Other losses, net	4	<b>(48,490)</b>	(504)
Administrative and operating expenses		<b>(17,818)</b>	(21,495)
<b>(LOSS)/PROFIT FROM OPERATIONS</b>		<b>(22,897)</b>	20,397
Finance costs	5	<b>(65,730)</b>	(68,238)
<b>LOSS BEFORE TAX</b>	6	<b>(88,627)</b>	(47,841)
Income tax expense	7	<b>(1,972)</b>	(556)
<b>LOSS FOR THE PERIOD</b>		<b>(90,599)</b>	(48,397)
<b>ATTRIBUTABLE TO:</b>			
Owners of the Company		<b>(90,599)</b>	(47,321)
Non-controlling interests		–	(1,076)
Loss for the period		<b>(90,599)</b>	(48,397)
<b>PROPOSED INTERIM DIVIDEND</b>	8	–	–

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>9</b>	
Basic	<b>HK(0.97) cents</b>	HK(0.50) cents
Diluted	<b>HK(0.97) cents</b>	HK(0.50) cents
<b>LOSS FOR THE PERIOD</b>	<b>(90,599)</b>	(48,397)
<b>OTHER COMPREHENSIVE INCOME:</b>		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	<b>13,114</b>	7,330
Other comprehensive income for the period, net of tax	<b>13,114</b>	7,330
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD</b>	<b>(77,485)</b>	(41,067)
<b>ATTRIBUTABLE TO:</b>		
Owners of the Company	<b>(77,485)</b>	(39,991)
Non-controlling interests	–	(1,076)
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD</b>	<b>(77,485)</b>	(41,067)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		(Unaudited) 30 June 2023 <i>HK\$'000</i>	(Audited) 31 December 2022 <i>HK\$'000</i>
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	<b>707,090</b>	764,071
Right-of-use assets		<b>13,091</b>	14,955
Intangible assets	11	<b>370,941</b>	398,424
Equity instruments at fair value through other comprehensive income ("FVTOCI")	12	<b>337</b>	350
Club membership debenture		<b>130</b>	130
		<b>1,091,589</b>	1,177,930
<b>CURRENT ASSETS</b>			
Trade and bills receivables	13	<b>735,561</b>	668,960
Prepayments, deposits and other receivables	14	<b>60,850</b>	50,709
Refundable deposits		<b>48,491</b>	98,220
Financial assets at fair value through profit or loss ("FVTPL")	15	<b>42</b>	43
Restricted bank deposit		<b>628</b>	638
Cash and cash equivalents		<b>115,014</b>	157,287
		<b>960,586</b>	975,857
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		<b>681,696</b>	638,181
Amounts due to related parties	18	<b>9,660</b>	9,660
Provisions for litigations and claims		<b>265,062</b>	273,954
Lease liabilities		<b>9,546</b>	6,179
Bank and other borrowings	16	<b>1,292,007</b>	1,341,476
Current tax liabilities		<b>6,994</b>	7,261
		<b>2,264,965</b>	2,276,711
<b>NET CURRENT LIABILITIES</b>		<b>(1,304,379)</b>	(1,300,854)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>(212,790)</b>	(122,924)

	<b>(Unaudited)</b>	(Audited)
	<b>30 June</b>	31 December
	<b>2023</b>	2022
<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	<b>6,874</b>	11,952
Deferred tax liabilities	<b>99,518</b>	106,821
	<b>106,392</b>	118,773
<b>NET LIABILITIES</b>	<b>(319,182)</b>	(241,697)
<b>CAPITAL AND RESERVES</b>		
Share capital	17 <b>23,436</b>	23,436
Reserves	<b>(342,598)</b>	(265,113)
Total equity attributable to owners of the Company	<b>(319,162)</b>	(241,677)
Non-controlling interests	<b>(20)</b>	(20)
<b>TOTAL EQUITY</b>	<b>(319,182)</b>	(241,697)

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)  
Six months ended 30 June 2023  
Attributable to owner of the Company

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Investment revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Statutory reserve fund HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non- controlling interests HK\$'000	Total Equity HK\$'000
Balance at 1 January 2023	23,436	4,157,427	77,102	(7,488)	(32,828)	13,033	(4,472,359)	(241,677)	(20)	(241,697)
<b>Loss for the period</b>	-	-	-	-	-	-	(90,599)	(90,599)	-	(90,599)
Other comprehensive income for the period: Exchange difference on translation of foreign operations	-	-	-	-	13,114	-	-	13,114	-	13,114
Change in equity for the period	-	-	-	-	13,114	-	(90,599)	(77,485)	-	(77,485)
Balance at 30 June 2023	23,436	4,157,427	77,102	(7,488)	(19,714)	13,033	(4,562,958)	(319,162)	(20)	(319,182)

(Unaudited)  
Six months ended 30 June 2022  
Attributable to owner of the Company

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Investment revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Statutory reserve fund HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non- controlling interests HK\$'000	Total Equity HK\$'000
Balance at 1 January 2022	23,436	4,157,427	77,102	(339,394)	(47,600)	10,514	(4,043,502)	(162,017)	5,409	(156,608)
<b>Loss for the period</b>	-	-	-	-	-	-	(47,321)	(47,321)	(1,076)	(48,397)
Other comprehensive income for the period: Exchange difference on translation of foreign operations	-	-	-	-	7,330	-	-	7,330	-	7,330
Change in equity for the period	-	-	-	-	7,330	-	(47,321)	(39,991)	(1,076)	(41,067)
Balance at 30 June 2022	23,436	4,157,427	77,102	(339,394)	(40,270)	10,514	(4,090,823)	(202,008)	4,333	(197,675)



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	(Unaudited)	
	1 January 2023 to 30 June 2023 HK\$'000	1 January 2022 to 30 June 2022 HK\$'000
Net cash flows (used in)/generated from operating activities	(36,818)	6,324
Net cash flows from investing activities	961	23
Net cash flows used in financing activities	(1,042)	(56)
Net increase in cash and cash equivalents	(36,892)	6,291
Effect of foreign exchange rate changes	(5,381)	(3,145)
Cash and cash equivalents at beginning of period	157,287	84,073
Cash and cash equivalents at end of period	115,014	87,219
Analysis of the balances of cash and cash equivalents		
Time deposit and cash and bank balances	115,014	87,219

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2023 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 2022.

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\$90,599,000 for the six months ended 30 June 2023 and, as of that date, the Group’s current liabilities exceeded its current assets by approximately HK\$1,304,379,000. As at that date, the Group’s total borrowings amounted to approximately HK\$1,292,007,000, of which current borrowings amounted to approximately HK\$1,292,007,000, while its cash and cash equivalents amounted to approximately HK\$115,014,000 only.

The directors have estimated the Group’s cash requirements by preparing a Group cashflow forecast for the 12 months ending 30 June 2024 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 2022 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 2023.

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 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17	Insurance Contracts
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendment to HKAS 8	Definition of Accounting Estimates
Amendment to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendment to HKAS 12	International Tax Reform – Pillar Two Model Rules

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 2023 (Unaudited)

	Clean energy HK\$'000	Trading in securities HK\$'000	Investments HK\$'000	Consolidated HK\$'000
<b>Segment revenue:</b>				
Revenue from external customers	96,893	-	-	96,893
Dividend income	-	-	562	562
<b>Reportable segment revenue</b>	<b>96,893</b>	<b>-</b>	<b>562</b>	<b>97,455</b>
<b>Segment results</b>	<b>35,523</b>	<b>(1,938)</b>	<b>421</b>	<b>34,006</b>
<b>Reconciliation:</b>				
Interest income				399
Impairment loss on refundable deposits				(48,490)
Unallocated corporate expenses				(8,812)
Loss from operation				(22,897)
Finance costs				(65,730)
Loss before tax				(88,627)
Income tax expense				(1,972)
Loss for the period				(90,599)

For the six months ended 30 June 2022 (Unaudited)

	Clean energy HK\$'000	Trading in securities HK\$'000	Investments HK\$'000	Trading of bulk commodities HK\$'000	Consolidated 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)

## (b) Segment assets and liabilities

At 30 June 2023 (Unaudited)

	Clean energy HK\$'000	Trading in securities HK\$'000	Investments HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Reportable segment assets	1,742,977	43,950	–	265,248	2,052,175
Reportable segment liabilities	1,349,699	689,630	2,497	329,531	2,371,357

At 31 December 2022 (Audited)

	Clean energy HK\$'000	Trading in securities HK\$'000	Investments HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Reportable segment assets	1,876,912	45,359	–	231,516	2,153,787
Reportable segment liabilities	1,358,540	701,183	2,491	333,270	2,395,484

## (c) Geographical information

### Revenue from external customers

The Group's activities are conducted predominantly in the People's Republic of China ("PRC") 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>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong	<b>562</b>	–
The PRC	<b>96,893</b>	102,523
	<b>97,455</b>	102,523

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

	(Unaudited)	
	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with customers		
Disaggregated by major products or service lines		
– Sale of electricity	<b>96,893</b>	102,523
Revenue from other sources		
Dividend income from financial asset at FVTOCI	<b>562</b>	–
	<b>97,455</b>	102,523
Other income		
Bank interest income	<b>399</b>	59
Imputed interest income of accrued revenue on tariff subsidy	–	1,202
Others	<b>24</b>	41
	<b>423</b>	1,302
Other (losses) gains, net		
Impairment loss on refundable deposits	<b>(48,490)</b>	–
Exchange loss, net	–	(28)
Net realised and unrealised gain on derivative financial instruments	–	(596)
Others	–	120
	<b>(48,490)</b>	(504)

#### 5. FINANCE COSTS

	(Unaudited)	
	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expense on lease liabilities	<b>545</b>	1,044
Interest on bank and other borrowings	<b>65,185</b>	67,194
	<b>65,730</b>	68,238

## 6. LOSS BEFORE TAX

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
The Group's loss before tax is arrived at after charging:		
Depreciation of property, plant and equipment	<b>30,712</b>	37,954
Depreciation of right-of-use assets	<b>1,885</b>	3,211
Amortisation of intangible assets	<b>13,426</b>	14,302
Staff costs (including directors' remuneration and directors and staff retirement benefit scheme contributions)	<b>3,127</b>	3,642

## 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 2022: nil).

PRC Enterprises Income Tax has been provided at a rate of 25% (six months ended 30 June 2022: 25%). During the period, seven (six months ended 30 June 2022: 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.

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.

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current tax	<b>(5,503)</b>	(2,823)
Deferred tax credit	<b>3,531</b>	2,267
	<b>(1,972)</b>	(556)

## 8. PROPOSED INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: 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 2023 HK\$'000	2022 HK\$'000
<b>Earnings</b>		
Loss for the period attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	<b>(90,599)</b>	(47,321)
Weighted average number of ordinary shares in issue (thousands)	<b>9,374,351</b>	9,374,351

Diluted loss per share for the period is the same as the basic loss per share (six months ended 30 June 2022: same).

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group did not acquire additional items of property, plant and equipment (six months ended 30 June 2022: nil).

## 11. INTANGIBLE ASSETS

The net carrying amount of intangible assets at 30 June 2023 represents customer contract of HK\$370,941,000 (31 December 2022: HK\$398,424,000).

## 12. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	(Unaudited) 30 June 2023 HK\$'000	(Audited) 31 December 2022 HK\$'000
<b>Equity instruments at fair value through other comprehensive income comprise:</b>		
Unlisted equity securities, at fair value	<b>337</b>	350



### 13. TRADE AND BILLS RECEIVABLES

	(Unaudited) 30 June 2023 HK\$'000	(Audited) 31 December 2022 HK\$'000
Trade receivables	761,535	695,929
Allowance for doubtful debts	(25,974)	(26,969)
	<b>735,561</b>	<b>668,960</b>

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

	(Unaudited) 30 June 2023 HK\$'000	(Audited) 31 December 2022 HK\$'000
Trade receivables		
Unbilled	544,977	641,807
Current to 30 days	–	–
Over 30 days	190,572	27,153
	<b>735,561</b>	<b>668,960</b>

*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.

### 14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	(Unaudited) 30 June 2023 HK\$'000	(Audited) 31 December 2022 HK\$'000
Value-added tax recoverable	14,112	10,882
Amount due from a related company (i)	3,096	3,096
Prepayments, other deposits and receivables	29,690	20,250
Consideration receivable from deemed disposal of a subsidiary	13,952	16,481
	<b>60,850</b>	<b>50,709</b>

(i) Amount due from a related company was unsecured, interest-free and repayable on demand.

## 15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) 30 June 2023 HK\$'000	(Audited) 31 December 2022 HK\$'000
Unlisted investment funds	42	43

The fair value of the unlisted investment funds was measured with reference to quoted market price provided by the financial institution managing the funds.

## 16. BANK AND OTHER BORROWINGS

	(Unaudited) 30 June 2023 HK\$'000	(Audited) 31 December 2022 HK\$'000
<b>Current</b>		
Bank loans – secured ( <i>note i</i> )	475,225	493,421
Other loan – secured ( <i>note ii</i> )	515,380	535,112
Other loans – secured ( <i>note iii</i> )	288,311	299,349
Other loan – secured ( <i>note iv</i> )	13,091	13,594
	<b>1,292,007</b>	<b>1,341,476</b>

The bank and other borrowings to be repayable as follows:

	(Unaudited) 30 June 2023 HK\$'000	(Audited) 31 December 2022 HK\$'000
Within one year	1,292,007	1,341,476

### Notes:

- i. At 30 June 2023, the Group's bank borrowings of HK\$475,225,000 (31 December 2022: HK\$493,421,000) were guaranteed by a subsidiary up to a total amount of RMB440,758,000 (equivalent to HK\$475,225,000) (31 December 2022: RMB440,758,000 (equivalent to HK\$493,421,000)). 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 2022: same). The Group was in default of the instalment repayments during the year. Accordingly, the whole amount of the loan was classified as current liabilities as at 30 June 2023. The default has not been remedied at the date these consolidated financial statements were authorised for issue.

- ii. At 30 June 2023, the Group's other loan of HK\$515,380,000 (31 December 2022: HK\$535,112,000) 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 consolidated financial statements were authorised for issue.
- iii. At 30 June 2023, the Group's other loans of HK\$288,311,000 (31 December 2022: HK\$299,349,000) 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 consolidated financial statements were authorised for issue.
- iv. At 30 June 2023, the Group's other loans of HK\$13,091,000 (31 December 2022: HK\$13,594,000) were interest-bearing at 6.00% per annum, and were guaranteed by a subsidiary of the Group. According to the repayment terms, the other loan was repayable in June 2021. The Group was in default of repayment of this loan and the default has not been remedied at the date these consolidated financial statements were authorised for issue.
- v. The Carrying amount of the Group's borrowing are all denominated in RMB.

## 17. SHARE CAPITAL

	<b>(Unaudited)</b> <b>Number of</b> <b>shares</b> <i>'000</i>	<b>Amount</b> <i>HK\$'000</i>
Authorised		
Ordinary shares of HK\$0.0025 each		
At 1 January 2023 and 30 June 2023	120,000,000	300,000
Issued and fully paid		
At 1 January 2023 and 30 June 2023	9,374,351	23,436

During the six months ended 30 June 2023 and 30 June 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

## Share option scheme

The Company has adopted a new share option scheme (the “New Scheme”) on 18 December 2014 upon the expiration of the 2004 Scheme. The purpose of the New Scheme is to reward participants who have contributed or will contribute to the Group and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Eligible participants of the New Scheme comprise of (a) any employee(s) (whether full time or part time employee(s), including any executive director but not any non-executive director) of the Company or its subsidiaries; (b) any non-executive director (including independent non-executive directors) of the Company or any of its subsidiaries; (c) any supplier of goods or services to a member of the Group; (d) any customer of the Group; and (e) any person or entity that provides research, development or other technological support to the Group. The New Scheme shall be valid and effective for a period of 10 years commencing on the adoption date after which period no further option shall be offered or granted but the provision of the New Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any option granted or exercised prior thereto or otherwise as may be required the New Scheme.

The principal terms of the New Scheme are:

- a) The subscription price for the shares under the share option to be granted will be determined by the directors and will be the highest of:
  - i) the closing price of the Company’s shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day;
  - ii) the average closing price of the Company’s shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
  - iii) the nominal value of the shares on the date of grant.
- b) The maximum number of the Company’s shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Company shall not, in the absence of shareholders’ approval, in aggregate exceed 10% in the nominal amount of the aggregate of shares in issue on the adoption date.
- c) No option may be granted to any person such that the total number of the Company’s shares issued and to be issued upon exercise of all options granted and to be granted to each participant in any 12-month period up to the date of the latest grant exceeds 1% of the number of the Company’s shares in issue.

- d) At any time, the maximum number of the Company's shares which may be issued upon exercise of all options which then have been granted and have yet to be exercised under the New Scheme and any other share option schemes of the Company shall not in aggregate exceed 30% of the Company's shares in issue from time to time.
- e) Any grant of share options to a director, chief executive or substantial shareholder of the Company or to any of their associates, is subject to approved in advance by the independent non-executive directors.
- f) Any grant of share options to a substantial shareholders or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the prices of the shares of the Company at the date of grant) in excess of HK\$5 million, within any 12-month period, is subject to shareholders' approval in advance at a general meeting.
- g) The offer of a grant of share options may be accepted within 5 days from the date of offer, to be accompanied by the payment of a consideration of HK\$1 in total by the grantee.

The share options do not carry any right to vote in general meeting of the Company, or any right, dividend, transfer or any other rights including those arising on the liquidation of the Company.

No share option was granted under the New Scheme during the six months ended 30 June 2023 and 30 June 2022.

The total number of the Company's shares available for issue under the New Scheme at the date of these condensed consolidated financial statements was 594,491,440 (31 December 2022: 594,491,440), representing 6.3% (31 December 2022: 6.3%) of the issued share capital of the Company at the date of these condensed consolidated financial statements.

## 18. AMOUNTS DUE TO RELATED PARTIES

	<b>(Unaudited)</b>	(Audited)
	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>HK\$'000</b>	<b>HK\$'000</b>
Amount due to a director	<b>300</b>	300
Amount due to non-controlling shareholder	<b>9,360</b>	9,360
	<b>9,660</b>	9,660

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

## 19. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

The remuneration of directors and other members of key management of the Group during the period was as follows:

	<b>(Unaudited)</b>	
	<b>1 January 2022 to 30 June 2023 HK\$'000</b>	1 January 2021 to 30 June 2022 HK\$'000
Short-term employee benefits	<b>1,176</b>	1,534
Post-employment benefits	<b>18</b>	53
	<b>1,194</b>	1,587

The remuneration of Directors and key executives is determined by the remuneration committee of the Group having regard to the performance of individuals and market trends.

## 20. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy:

At 30 June 2023 (unaudited)	Fair value measurements using:			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
<b>Recurring fair value measurements:</b>				
<b>Financial assets</b>				
Financial assets at FVTPL				
Unlisted investment funds	–	42	–	42
	–	42	–	42
Financial assets at FVTOCI				
Unlisted equity securities				
Company D	–	–	337	337
<b>Total</b>	–	42	337	379

At 31 December 2022 (audited)	Fair value measurements using:			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
<b>Recurring fair value measurements:</b>				
<b>Financial assets</b>				
Financial assets at FVTPL				
Unlisted investment funds	–	43	–	43
	–	43	–	43
Financial assets at FVTOCI				
Unlisted equity securities				
Company D	–	–	350	350
<b>Total</b>	–	43	350	393

**(b) Reconciliation of assets measured at fair value based on level 3:**

<b>Description</b>	<b>Financial assets at FVTOCI – unlisted equity securities</b> (unaudited) <i>HK\$'000</i>
At 1 January 2023	350
Fair value change recognised in other comprehensive income	–
Exchange adjustment	(13)
<b>At 30 June 2023</b>	<b>337</b>

<b>Description</b>	<b>Financial assets at FVTOCI – unlisted equity securities</b> (audited) <i>HK\$'000</i>
At 1 January 2022	1,200
Addition during the year	38
Settlements	(1,200)
Fair value change recognised in other comprehensive income	312
<b>At 31 December 2022</b>	<b>350</b>

**(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:**

The directors of the Company is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements and holds discussions of valuation processes and results at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.



### Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value	
			At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Unlisted investment funds	Market approach	Price quoted by a financial institution in the PRC	42	43

### Level 3 fair value measurements

Description	Unobservable inputs	Range	Valuation technique	Effect on fair value for increase of inputs	Fair value	
					At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Private equity investments classified as financial assets at FVTOCI	Revenue	0.92%	Price-to-sales ratio	Increase	337	350

# 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 2023 to 30 June 2023 ("Current Period") against the period from 1 January 2022 to 30 June 2022 ("Comparative Period") is as follows:

- Clean Energy: approximately HK\$96,893,000 (Comparative Period: HK\$102,523,000)
- Trading in securities: Nil (Comparative Period: Nil)
- Investments: approximately HK\$562,000 (Comparative Period: Nil)

### 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: approximately HK\$562,000 (Comparative Period: Nil)
- PRC: approximately HK\$96,893,000 (Comparative Period: HK\$102,523,000)

The net loss for the period attributed to owners of the Company was approximately HK\$90,599,000, as compared to net loss of approximately HK\$47,321,000 for the Comparative Period, representing an increase in net loss of 91.5%.

The increase in net loss for the period was principally due to an impairment loss of HK\$48,490,000 on refundable deposits receivable by the Company (Comparative Period: Nil) being recognised. The Company had taken various actions to recover the said deposits, including negotiating with the vendor, initiating legal actions and engaging PRC legal adviser in Shanghai. However, the counterparty has not responded to the Group's legal actions and the recovery progress has been lacking. As such, having considered the status of recovering the refundable deposits, the Company further writes down the carrying value of the refundable deposits in its accounts to reflect the best estimation of the fair value.

The basic loss per share for the Current Period is HK0.97 cents (Comparative Period: HK0.50 cents), representing an increase in loss per share of 94%.

## BUSINESS REVIEW

### Clean Energy

Clean-energy power generation business is the principal business of the Group. As at 30 June 2023, the Group's power generation capacity is approximately 172 megawatt(s) ("MW") (as at 31 December 2022: 172MW), all of which are photovoltaic power generation projects locating in four provinces, Gansu, Anhui, Jiangxi and Shandong (as at 31 December 2022: four provinces, Gansu, Anhui, Jiangxi and Shandong).

Segment profit of approximately HK\$35,523,000 was recorded for the Current Period as compared to a segment profit of approximately HK\$41,385,000 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 69,942,000KWh, representing a decrease of 9.5% as compared to sale of electricity of 77,309,000KWh in the Comparative Period. Sales revenue was approximately HK\$61,006,000, representing a decrease of 10.9% as compared to revenue of approximately HK\$68,476,000 in the Comparative Period.

**Guanyang 8.25MW Project in Dezhou, Shandong:** During the Current Period, sale of electricity was 3,653,000KWh, representing a decrease of 4.3% as compared to sale of electricity of 3,815,000KWh in the Comparative Period. Sales revenue was approximately HK\$3,615,000, representing a decrease of 2.0% as compared to revenue of approximately HK\$3,689,000 in the Comparative Period.

**Hongxiang 8MW Project in Dezhou, Shandong:** During the Current Period, sale of electricity was 1,839,000KWh, representing a decrease of 30.9% as compared to sale of electricity of 2,662,000KWh in the Comparative Period. Sales revenue was approximately HK\$1,857,000, representing a decrease of 27.4% as compared to revenue of approximately HK\$2,559,000 in the Comparative Period.

**Jinde 5MW Project in Dezhou, Shandong:** During the Current Period, sale of electricity was approximately 2,600,000KWh (Comparative Period's: Nil). Sales revenue was approximately HK\$2,552,000 (Comparative Period's: Nil).

**Jiayang 10MW Project in Dezhou, Shandong:** During the Current Period, sale of electricity was 4,998,000KWh (Comparative Period: 4,997,000KWh), representing an increase of 0.02%. Sales revenue was approximately HK\$4,933,000 (Comparative Period: HK\$4,670,000), representing an increase of 5.6%.

**Hongyang 20MW Project in Changfeng, Anhui:** During the Current Period, sale of electricity was 10,064,000KWh (Comparative Period: 11,277,000KWh), representing a decrease of 10.8%. Sales revenue was approximately HK\$12,404,000 (Comparative Period: HK\$13,625,000), representing a decrease of 9.0%.

**Jinjian 20MW Project in Gaoan, Jiangxi:** During the Current Period, sale of electricity was 8,864,000KWh (Comparative Period: 8,191,000KWh), representing an increase of 8.2%. Sales revenue was approximately HK\$10,526,000 (Comparative Period: HK\$9,504,000), representing an increase of 10.8%.

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. Dividend income of HK\$562,000 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).

## PROSPECTS

Response to global climate change has become a major topic around the world in recent years. Under this 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 and PRC. As at 30 June 2023, the Group had cash and bank balances of approximately HK\$115,014,000 (31 December 2022: HK\$157,287,000) and interest bearing borrowings of approximately HK\$1,292,007,000 (31 December 2022: HK\$1,341,476,000). As at 30 June 2023, total deficit attributable to owners of the Company amounted to approximately HK\$319,162,000 (31 December 2022: HK\$241,677,000). The gearing ratio was negative 368.8% as at 30 June 2023 (31 December 2022: negative 490.0%).

## 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 gearing ratio, which is net debt divided by the total equity of the Group. Net debt includes interest-bearing bank and other borrowings less cash and bank balances. The gearing ratio at the end of the reporting period was as follows:

	<b>(Unaudited)</b> <b>30 June</b> <b>2023</b> <b>HK\$'000</b>	(Audited) 31 December 2022 HK\$'000
Bank and other borrowings	<b>1,292,007</b>	1,341,476
Less: cash and bank balances	<b>(115,014)</b>	(157,287)
<b>Net debt</b>	<b>1,176,993</b>	1,184,189
<b>Total deficiency attribute to the owners of the Company</b>	<b>(319,162)</b>	(241,677)
<b>Gearing ratio</b>	<b>(368.8%)</b>	(490.0%)

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 2023. However, the Group conducted certain financing and refinancing activities as follow:

- i. At 30 June 2023, the Group's bank borrowings of HK\$475,225,000 (31 December 2022: HK\$493,421,000) were guaranteed by a subsidiary up to a total amount of RMB440,758,000 (31 December 2022: RMB440,758,000). 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 2022: 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 2023. The default has not been remedied at the date these financial statements were authorised for issue.
- ii. At 30 June 2023, the Group's other loan of HK\$515,380,000 (31 December 2022: HK\$535,112,000) 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 2023, the Group's other loans of HK\$288,311,000 (31 December 2022: HK\$299,349,000) 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 US dollars. 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 2023, the Group employed approximately 20 (31 December 2022: 21) employees in Hong Kong 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.

## **CONTINGENT LIABILITIES**

Save as disclosed, the Group had no contingent liabilities as at 30 June 2023.

## **MATERIAL ACQUISITION AND DISPOSAL**

The Group did not carry out any material acquisition and disposal during the period.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save as disclosed in this interim report, the Group does not have other plans for material investments or capital assets as at 30 June 2023.

## LEGAL PROCEEDINGS

- a) During the year ended 31 December 2020, 金昌錦泰光伏電力有限公司 (Jinchang Jintai Photovoltaic Company Limited\*) (“Jinchang Jintai”) and a third party received an arbitration petition from 甘肅錦泰電力有限責任公司 (Gansu Jintai Electricity Company Limited\*) (“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\$23,750,000) 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 RMB29,122,000 (equivalent to HK\$31,389,000) and corresponding late penalties of RMB3,439,000 (equivalent to HK\$3,708,000) to Gansu Jintai and RMB21,706,000 (equivalent to HK\$23,403,000) and corresponding late penalties of RMB5,275,000 (equivalent to HK\$5,688,000) to a third party. These amounts were included in the provisions for litigations and claims as at 30 June 2023 and 31 December 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 RMB111,003,000 (equivalent to approximately HK\$119,683,000) and corresponding late penalties of RMB26,028,000 (equivalent to HK\$28,063,000) 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 2023 and 31 December 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, Zhongmin New Energy Investment Group Company Limited\* (中民新能投資集團有限公司) (“Zhongmin”) 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\$16,801,000) and corresponding late penalties of RMB3,286,000 (equivalent to approximately HK\$3,543,000) and outstanding receivables due from Gaoan Jinjian of RMB6,435,000 (equivalent to HK\$6,938,000), in respect of the Group’s acquisition of Gaoan Jinjian in 2017. As at the approval date of these consolidated financial statements, no settlement regarding the aforesaid case has been reached. With reference to advice of the Group’s legal advisor, the directors estimated that the Group would likely be liable to pay a total of approximately RMB44,642,000 (equivalent to HK\$48,133,000) for this case.

On 30 September 2021, the Company and Zhongmin entered into a settlement agreement and the total settlement increased to RMB44,000,000 (equivalent to approximately HK\$47,441,000). The aggregate amount was included in the provisions for litigations and claims as at 30 June 2023 and 31 December 2022 and the settlement had not yet been made up to the date of approval of these consolidated financial statements.

- d) On 20 November 2019, the Group has initiated a lawsuit against Hongxiang New Materials Company Limited (宏祥新材料股份有限公司) (“Hongxiang”) for the recovery of, inter alia, electricity charges and late payment fee in the aggregate amount of RMB10,533,000 (equivalent to approximately HK\$11,357,000) pursuant to a rooftop rental agreement dated 28 August 2015 and its supplemental agreement dated 6 June 2017 entered into between Hongxiang and Dezhou Miaoli Energy Company Limited\* (德州妙理新能源有限公司) (“Dezhou Miaoli”), an indirect wholly-owned subsidiary of the Company. As at the approval date of these financial statements, no settlement regarding the aforesaid case has been made. On 11 December 2020, Hongxiang initiated a lawsuit counterclaiming against Dezhou Miaoli for recovery of, inter alia, electricity and late payment fee. With reference to advice of the Group’s legal advisor, the directors estimated the Group will likely to be liable to pay a total of approximately RMB4,142,000 (equivalent to HK\$4,466,000). The aggregate amount was included in the provisions for litigations and claims as at 30 June 2023 and 31 December 2022 and the settlement had not yet been made up to the date of approval of these consolidated financial statements.
- e) 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 2023.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, (a) none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) (i) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register required to be kept by the Company referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"); (b) nor had there been any grant or exercise of rights of such interests during the six months ended 30 June 2023.

### SHARE OPTION SCHEME

A share option scheme (the "Scheme") which complied with Chapter 17 of the Listing Rules was adopted at the annual general meeting held on 30 July 2004. No share option has been granted by the Company under the Scheme. The Scheme remained in force for 10 years from 11 August 2004 and was expired on 10 August 2014.

A new share option scheme (the "New Scheme") was adopted at the special general meeting of the Company held on 18 December 2014, being the date on which the Stock Exchange granted the listing of and permission to deal in the shares to be issued pursuant to the exercise of options under the New Scheme. There were no outstanding share options granted pursuant to the New Scheme.

### DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the condensed consolidated financial statements, no transaction, arrangement or contract of significance in which any Director or any entity connected with the Director is or was materially interested, either directly or indirectly, subsisted during the period.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to the Directors and chief executives of the Company, as at 30 June 2023, the following persons (other than Directors and chief executives of the Company) had, or were deemed or taken to have an interest or short position in the Shares and underlying Shares of the Company, which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

<b>Name of Shareholders</b>	<b>Capacity</b>	<b>Number of Shares interested</b> <i>(Note 1)</i>	<b>Approximate percentage of issued Shares</b>
Gorgeous Investment	Beneficial owner <i>(Note 2)</i>	4,092,084,312 (L)	43.65%
Shanghai Gorgeous	Interest in a controlled corporation <i>(Note 2 and 3)</i>	4,092,084,312 (L)	43.65%
Shanghai Gu Yuan	Interest in a controlled corporation <i>(Note 2 and 4)</i>	4,092,084,312 (L)	43.65%
Rich Crown	Interest in a controlled corporation <i>(Note 2 and 5)</i>	4,092,084,312 (L)	43.65%
Creaton Holdings	Interest in a controlled corporation <i>(Note 2 and 5)</i>	4,092,084,312 (L)	43.65%
Mr. Ko Tin Kwok <i>(deceased)</i>	Interest in a controlled corporation <i>(Note 2 and 6)</i>	4,092,084,312 (L)	43.65%
Shandong Hi-Speed Investment Fund	Beneficial owner	831,000,000 (L)	8.86%
Shandong Hi-Speed Investment Fund Management	Interest of controlled corporation <i>(Note 7)</i>	831,000,000 (L)	8.86%
Shandong Hi-Speed Investment Holding	Interest of controlled corporation <i>(Note 8)</i>	831,000,000 (L)	8.86%
Shandong Hi-Speed Group	Interest of controlled corporation <i>(Note 9)</i>	1,497,372,364 (L)	15.97%

<b>Name of Shareholders</b>	<b>Capacity</b>	<b>Number of Shares interested</b> <i>(Note 1)</i>	<b>Approximate percentage of issued Shares</b>
Dongying Yellow River	Interest of controlled corporation <i>(Note 10)</i>	831,000,000 (L)	8.86%
Mr. Qin Zhongyue	Interest of controlled corporation <i>(Note 11)</i>	831,000,000 (L)	8.86%
Safe Castle Limited	Beneficial owner <i>(Note 12)</i>	677,736,364 (L)	7.11%
China Shandong Hi-Speed Capital	Interest of controlled corporation <i>(Note 12)</i>	677,736,364 (L)	7.11%
China Shandong Hi-Speed Financial Group Limited	Interest of controlled corporation <i>(Note 12)</i>	677,736,364 (L)	7.11%
DayShine Agricultural Supply Chain Investment Fund L.P.	Beneficial owner	650,000,000 (L)	6.93%
DayShine Fund Management (Cayman) Limited	Interest of controlled corporation <i>(Note 13)</i>	650,000,000 (L)	6.93%
Shenzhen Dachang Fund Management Co., Ltd.	Interest of controlled corporation <i>(Note 15)</i>	650,000,000 (L)	6.93%
Shenzhen Yukai Industrial Co., Ltd.	Interest of controlled corporation <i>(Note 15)</i>	650,000,000 (L)	6.93%
Li Qinggao	Interest of controlled corporation <i>(Note 16)</i>	650,000,000 (L)	6.93%
Wang Leilei	Interest of controlled corporation <i>(Note 17)</i>	650,000,000 (L)	6.93%
Rationale (Holdings) Investment	Interest of controlled corporation <i>(Note 18)</i>	650,000,000 (L)	6.93%

<b>Name of Shareholders</b>	<b>Capacity</b>	<b>Number of Shares interested</b> <i>(Note 1)</i>	<b>Approximate percentage of issued Shares</b>
Rationale Investment (Shanghai)	Interest of controlled corporation <i>(Note 19)</i>	650,000,000 (L)	6.93%
China Minsheng New Energy	Interest of controlled corporation <i>(Note 20)</i>	650,000,000 (L)	6.93%
China Minsheng Investment	Interest of controlled corporation <i>(Note 21)</i>	650,000,000 (L)	6.93%
Cheer Hope Holdings Limited	Beneficiary of a trust	688,900,000 (L)	7.35%
CCBI Investments Limited	Interest of controlled corporation <i>(Note 22)</i>	688,900,000 (L)	7.35%
CCB International (Holdings) Limited	Interest of controlled corporation <i>(Note 23)</i>	688,900,000 (L)	7.35%
CCB Financial Holdings Limited	Interest of controlled corporation <i>(Note 24)</i>	688,900,000 (L)	7.35%
CCB International Group Holdings Limited	Interest of controlled corporation <i>(Note 25)</i>	688,900,000 (L)	7.35%
China Construction Bank Corporation	Interest of controlled corporation <i>(Note 26)</i>	688,900,000 (L)	7.35%
Central Huijin Investment Ltd.	Interest of controlled corporation <i>(Note 27)</i>	688,900,000 (L)	7.35%
Ho Kwok Leung Glen	Receiver <i>(Note 28)</i>	4,363,014,000 (L)	46.54%
Lai Kar Yan	Receiver <i>(Note 28)</i>	4,363,014,000 (L)	46.54%
Industrial Bank Company Limited, Hong Kong Branch	Chargee <i>(Note 29)</i>	4,363,014,000 (L)	46.54%

*Notes:*

1. The letter “L” denotes a long position in the shares.
2. As disclosed in the announcement of the Company dated 5 February 2021 and as at 30 June 2023, Industrial Bank Co Ltd Hong Kong has purportedly appointed Mr. Ho Kwok Leung Glen and Mr. Lai Kar Yan as receivers over the Shares held by Gorgeous Investment Group Holdings Co., Limited (“Gorgeous Investment”) and the Shares held by another company, totalling 4,363,014,000 Shares (equivalent to 46.54% of the total issued share capital of the Company) and has caused their names to appear on the list of substantial shareholders of the Company via the Stock Exchange of Hong Kong Limited Disclosure of Interest Online System.
3. As at 30 June 2023, Gorgeous Investment was a wholly-owned subsidiary of Shanghai Gorgeous Investment Development Company Limited (“Shanghai Gorgeous”) and Shanghai Gorgeous was therefore deemed to have an interest in all the Shares beneficially owned by Gorgeous Investment under the SFO.
4. As at 30 June 2023, the equity interest of Shanghai Gorgeous was held by Shanghai Gu Yuan Property Development Company Limited\* (“Shanghai Gu Yuan”) as to 75.66% and Shanghai Gu Yuan was therefore deemed to have an interest in all the Shares in which Shanghai Gorgeous was interested under the SFO.
5. As at 30 June 2023, the equity interest of Shanghai Gu Yuan was held by Rich Crown International Industries Limited (“Rich Crown”) and Creaton Holdings Limited (創安集團有限公司) (“Creaton Holdings”) as to 59.79% and 40.21%, respectively. Rich Crown and Creaton Holdings were therefore deemed to have an interest in the Shares in which Shanghai Gu Yuan was interested under the SFO.
6. As at 30 June 2023, the equity interest of each of Rich Crown and Creaton Holdings was held by Mr. Ko Tin Kwok as to 100%. Mr. Ko Tin Kwok, a former director of the Company, was therefore deemed to be interested in the Shares in which Rich Crown and Creaton Holdings were interested under the SFO.
7. As at 30 June 2023, Shandong Hi-Speed Investment Fund Management Ltd. (“Shandong Hi-Speed Investment Fund”) was a wholly-owned subsidiary of Shandong Hi-Speed Investment Fund Management Company Limited\* (“Shandong Hi-Speed Investment Fund Management”) and Shandong Hi-Speed Investment Fund Management was therefore deemed to have an interest in all the Shares beneficially owned by Shandong Hi-Speed Investment Fund under the SFO.

8. As at 30 June 2023, the equity interest of Shandong Hi-Speed Investment Fund Management was held by Shandong Hi-Speed Investment Holding Company Limited\* (山東高速投資控股有限公司) (“Shandong Hi-Speed Investment Holding”) as to 49% and Shandong Hi-Speed Investment Holding was therefore deemed to have an interest in all the Shares in which Shandong Hi-Speed Investment Fund Management was interested under the SFO.
9. As at 30 June 2023, Shandong Hi-Speed Investment Holding was a wholly-owned subsidiary of Shandong Hi-Speed Group Co., Ltd.\* (山東高速集團有限公司) (“Shandong Hi-Speed Group”) and Shandong Hi-Speed Group was therefore deemed to have an interest in all the Shares in which Shandong Hi-Speed Investment Holding was interested under the SFO.
10. As at 30 June 2023, the equity interest of Shandong Hi-Speed Investment Fund Management was held by Dongying Yellow River Delta Investment Fund Management Ltd\* (東營市黃河三角洲投資基金管理有限公司) (“Dongying Yellow River”) as to 41% and Dongying Yellow River was therefore deemed to have an interest in all the Shares in which Shandong Hi-Speed Investment Fund Management was interested under the SFO.
11. As at 30 June 2023, the entire equity interest of Dongying Yellow River was owned by Mr. Qin Zhongyue and Mr. Qin Zhongyue was therefore deemed to have an interest in all the Shares in which Dongying Yellow River was interested under the SFO.
12. As at 30 June 2023, 666,372,364 Shares were held by Safe Castle Limited, a wholly-owned subsidiary of Coupeville Limited, which in turn was a wholly-owned subsidiary of China Shandong Hi-Speed Financial Group Limited. China Shandong Hi-Speed Financial Group Limited (Stock Code: 412) is a listed company in the Stock Exchange. Accordingly, Coupeville Limited and China Shandong Hi-Speed Financial Group Limited were deemed to be interested in these Shares under the SFO.
13. As at 30 June 2023, DayShine Fund Management (Cayman) Limited (“DayShine Fund Management”) was the general partner of DayShine Fund and was therefore deemed to have an interest in all the Shares beneficially owned by DayShine Agricultural Supply Chain Investment Fund L.P. (“DayShine Fund”).
14. As at 30 June 2023, Shenzhen Dachang Fund Management Co., Ltd.\* (深圳達昌基金管理有限公司) (“Shenzhen Dacheng”) was the sole shareholder of DayShine Fund Management and was therefore deemed to have an interest in all the Shares in which DayShine Fund Management was interested under the SFO.
15. As at 30 June 2023, Shenzhen Yukai Industrial Co., Ltd.\* (深圳裕開實業有限公司) (“Shenzhen Yukai”) was the controlling shareholder of Shenzhen Dachang and was therefore deemed to have an interest in all the Shares in which Shenzhen Dachang was interested under the SFO.

16. As at 30 June 2023, Li Qinggao was the controlling shareholder of each of Shenzhen Dachang and Shenzhen Yukai and was therefore deemed to have an interest in all the Shares in which Shenzhen Dachang was interested under the SFO.
17. As at 30 June 2023, Wang Leilei was the controlling shareholder of Shenzhen Yukai and was therefore deemed to have an interest in all the Shares in which Shenzhen Yukai was interested under the SFO.
18. As at 30 June 2023, Rationale (Holdings) Investment Limited (“Rationale (Holdings) Investment”) was the limited partner interested in 100% of DayShine Fund, and was therefore deemed to have an interest in all the Shares beneficially owned by DayShine Fund.
19. As at 30 June 2023, Rationale (Holdings) Investment Limited (“Rationale (Holdings) Investment”) was a wholly-owned subsidiary of Rationale Investment (Shanghai) Company Limited\* (睿烜投資(上海)有限公司) (“Rationale Investment (Shanghai)”) and Rationale Investment (Shanghai) was therefore deemed to have an interest in all the Shares in which Rationale (Holdings) Investment was interested under the SFO.
20. As at 30 June 2023, Rationale Investment (Shanghai) was a wholly-owned subsidiary of China Minsheng New Energy Investment Co., Ltd.\* (中民新能投資有限公司) (“China Minsheng New Energy”) and China Minsheng New Energy was therefore deemed to have an interest in all the Shares in which Rationale Investment (Shanghai) was interested under the SFO.
21. As at 30 June 2023, the equity interest of China Minsheng New Energy was held by China Minsheng Investment Company Limited\* (中國民生投資股份有限公司) (“China Minsheng Investment”) as to 90% and China Minsheng Investment was therefore deemed to have an interest in all the Shares in which China Minsheng New Energy was interested under the SFO.
22. As at 30 June 2023, Cheer Hope Holdings Limited was a wholly-owned subsidiary of CCBI Investments Limited and CCBI Investments Limited was therefore deemed to have an interest in all the Shares beneficially owned by trust by Cheer Hope Holdings Limited under the SFO.
23. As at 30 June 2023, CCBI Investments Limited was a wholly-owned subsidiary of CCB International (Holdings) Limited and CCB International (Holdings) Limited was therefore deemed to have an interest in all the Shares beneficially owned by trust by CCBI Investments Limited under the SFO.
24. As at 30 June 2023, CCB International (Holdings) Limited was a wholly-owned subsidiary of CCB Financial Holdings Limited and CCB Financial Holdings Limited was therefore deemed to have an interest in all the Shares beneficially owned by trust by CCB International (Holdings) Limited under the SFO.



25. As at 30 June 2023, CCB Financial Holdings Limited was a wholly-owned subsidiary of CCB International Group Holdings Limited and CCB International Group Holdings Limited was therefore deemed to have an interest in all the Shares beneficially owned by trust by CCB Financial Holdings Limited under the SFO.
26. As at 30 June 2023, CCB International Group Holdings was a wholly owned subsidiary of China Construction Bank Corporation and China Construction Bank Corporation was therefore deemed to have an interest in all the Shares beneficially owned by trust by CCB International Group Holdings Limited under the SFO.
27. As at 30 June 2023, CCB International Group Holdings Limited was held by Central Huijin Investment Ltd. as to 57.11% and Central Huijin Investment Ltd. was therefore deemed to have an interest in all the Shares beneficially owned by trust by CCB Financial Holdings Limited under the SFO.
28. Messrs Ho Kwok Leung Glen and Lai Kar Yan (together, the “Receivers”) have been appointed as joint and several receivers and managers over 4,363,014,000 shares of China Smarter Energy Group Holdings Limited held by Gorgeous Investment Group Holding Co., Limited and Golden Value Worldwide Limited (the “Charged Shares”).
29. Industrial Bank Company Limited, Hong Kong Branch, enforces the Charged Shares as charge by notifying the relevant broker through the Receivers.

Save as disclosed above, as at 30 June 2023, the Directors were not aware of any other person (other than the Directors and chief executives of the Company) who had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares of the Company which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## **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 2023.

## **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 2023.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has applied the principles of all the applicable code provisions of the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as its own code on corporate governance practices.

In the opinion of the directors of the Company, the Company has complied with all code provisions as set out in Part 2 of the CG Code throughout the six months ended 30 June 2023.

## **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 2023.

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.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2023 (six months ended 30 June 2022: 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.

## **BOARD OF DIRECTORS**

As at the date of this report, Mr. Chen Xiaxuan, Mr. Bo Dateng and Ms. Yue Lu 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.

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

Hong Kong, 30 August 2023

\* *For identification purposes only*