

CCIAM Future Energy Limited 信能低碳有限公司

(Stock Code: 145)



INTERIM REPORT

2021

CONTENTS

	<i>Page</i>
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
Disclosure of Additional Information	30



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Cheng Lut Tim
Mr. Chong Kok Leong
Mr. Zhuang Miao Zhong

Independent Non-executive Directors

Mr. Choy Hiu Fai, Eric
Mr. Huang Lizhi
Mr. Lam Yau Fung, Curt

AUDIT COMMITTEE

Mr. Choy Hiu Fai, Eric (*Chairman*)
Mr. Huang Lizhi
Mr. Lam Yau Fung, Curt

NOMINATION COMMITTEE

Mr. Choy Hiu Fai, Eric (*Chairman*)
Mr. Huang Lizhi
Mr. Lam Yau Fung, Curt

REMUNERATION COMMITTEE

Mr. Choy Hiu Fai, Eric (*Chairman*)
Mr. Huang Lizhi
Mr. Lam Yau Fung, Curt

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

COMPANY SECRETARY

Mr. Mak Chun Wing

PRINCIPAL BANKERS

China CITIC Bank International Limited
Industrial and Commercial Bank of China
Shanghai Pudong Development Bank
The Hongkong and Shanghai Banking
Corporation Limited

LEGAL ADVISOR

WT Law Offices

SHARE REGISTRAR

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

Unit D, 7/F
Seabright Plaza
9-23 Shell Street
North Point
Hong Kong

STOCK CODE

145

WEBSITE

<http://www.ccfе.com.hk>

The board (the “**Board**”) of directors (the “**Director(s)**”) of CCIAM Future Energy Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2021 together with the unaudited comparative figures for the six months ended 30 June 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Notes	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	4	4,869	644
Cost of operation		(4,260)	(286)
Gross profit		609	358
Other income	5	98	2,022
Net allowance for expected credit losses on trade receivables and finance lease receivables		(26,855)	(8,474)
Amortisation of intangible assets		(1,233)	(2,270)
Selling expenses		(706)	(862)
Administrative and operating expenses		(4,430)	(9,560)
Loss from operations		(32,517)	(18,786)
Finance costs	6	(1,965)	(1,353)
Loss before taxation	7	(34,482)	(20,139)
Taxation	8	185	341
Loss for the period		(34,297)	(19,798)



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Notes	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Other comprehensive income/(loss) for the period, net of tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		489	(1,789)
Other comprehensive income/(loss) for the period, net of tax		489	(1,789)
Total comprehensive loss for the period, net of tax		(33,808)	(21,587)
Loss for the period attributable to owners of the Company		(34,297)	(19,798)
Total comprehensive loss for the period attributable to owners of the Company		(33,808)	(21,587)
		HK cents	HK cents (Restated)
Loss per share			
– Basic and diluted	10	(6.55)	(5.29)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021

	Notes	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Non-current assets			
Intangible assets	11	22,912	24,145
Property, plant and equipment	12	108	110
Right-of-use assets		147	306
Finance lease receivables	13	42,336	41,314
		65,503	65,875
Current assets			
Inventories		464	471
Trade and bills receivables	14	26,187	47,022
Prepayments, deposits and other receivables	15	929	1,047
Finance lease receivables	13	4,196	14,604
Cash and bank balances		25,893	28,757
		57,669	91,901
Current liabilities			
Trade and other payables	16	16,406	17,079
Lease liabilities		331	316
Other borrowings		24,034	23,820
		40,771	41,215
Net current assets		16,898	50,686
Total assets less current liabilities		82,401	116,561



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AT 30 JUNE 2021

	Note	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Non-current liabilities			
Lease liabilities		58	225
Deferred tax liabilities		3,437	3,622
		3,495	3,847
Net assets		78,906	112,714
Capital and reserves			
Share capital	17	3,177,339	3,177,339
Reserves		(3,098,433)	(3,064,625)
Total equity		78,906	112,714

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Share capital HK\$'000	Share options reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2020 (Audited)	3,148,629	–	(1,418)	(3,004,203)	143,008
Loss for the period	–	–	–	(19,798)	(19,798)
Other comprehensive loss for the period	–	–	(1,789)	–	(1,789)
Total comprehensive loss for the period	–	–	(1,789)	(19,798)	(21,587)
Equity settled share option transactions	–	178	–	–	178
At 30 June 2020 (Unaudited)	3,148,629	178	(3,207)	(3,024,001)	121,599
At 1 January 2021 (Audited)	3,177,339	2,762	4,100	(3,071,487)	112,714
Loss for the period	–	–	–	(34,297)	(34,297)
Other comprehensive income for the period	–	–	489	–	489
Total comprehensive loss for the period	–	–	489	(34,297)	(33,808)
At 30 June 2021 (Unaudited)	3,177,339	2,762	4,589	(3,105,784)	78,906



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Note	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Net cash used in operating activities		(1,605)	(6,256)
Cash flows from investing activities			
Purchase of property, plant and equipment		(4)	(17)
Bank interest received		14	6
Net cash generated from/(used in) investing activities		10	(11)
Cash flows from financing activities			
Repayments of lease liabilities		(173)	(261)
Interest paid		(1,794)	–
Net cash used in financing activities		(1,967)	(261)
Net decrease in cash and cash equivalents		(3,562)	(6,528)
Cash and cash equivalents at the beginning of the period		28,757	11,076
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies		698	(2,195)
Cash and cash equivalents at the end of the period		25,893	2,353
Analysis of balances of cash and cash equivalents			
Cash and bank balances		25,893	2,353

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standard (the “**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2020 as contained in the Company’s annual report 2020, which have been prepared in accordance with the Hong Kong Financial Reporting Standards (the “**HKFRSs**”).

The preparation of the unaudited condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated financial statements are presented in HK dollars (“**HKS**”), which is the same as the functional currency of the Group. All values are rounded to the nearest thousand, unless otherwise stated. These unaudited condensed consolidated financial statements were approved for issue on 26 August 2021.

The financial information relating to the financial year ended 31 December 2020 that is included in this interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s auditor has reported on those financial statements for the year ended 31 December 2020. The auditors’ report had been qualified. For the year ended 31 December 2018, the Company’s auditor issued a disclaimer of opinion which stated that the auditor was unable to determine whether any adjustments were necessary to write down the carrying value of the intangible assets as at 31 December 2018. As the carrying values of assets and liabilities of the Group as at 31 December 2018 were carried forward as the opening balances as at 1 January 2019, any adjustments found to be necessary on the carrying value of the intangible assets as at 31 December 2018 would have consequential effects on the impairment loss recognised on intangible assets for the year ended 31 December 2019 and hence on loss and amounts presented in consolidated statement of cash flows of the Group, and related elements presented in or disclosed in the consolidated financial statements for the year ended 31 December 2019. Therefore, for the year ended 31 December 2019, the audit opinion on the consolidated financial statements was modified accordingly. For the year ended 31 December 2020, the audit opinion on the consolidated financial statements is also modified because of the possible effects of these matters on the comparability of the 2020 figures and the corresponding figures (i.e. 2019 figures) in the consolidated financial statements. Except for the possible effects of the matter described, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

1. BASIS OF PREPARATION (continued)**Going Concern**

For the six months ended 30 June 2021, the Group incurred a net loss of approximately HK\$34,297,000 (2020: approximately HK\$19,798,000). The Group is implementing the following measures in order to improve the working capital and liquidity and cash flow position of the Group.

(i) Alternative source of funding

The Company is actively considering to raise new capital by carrying out fund raising activities including but not limited to rights issue, open offer and placing of new shares.

(ii) Control policy for operating cost

The Group is implementing operation plans to control costs and generate adequate cash flows from the Group's operations.

The eventual successful outcome of the above mentioned measures cannot be determined with reasonable certainty. The conditions described above indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise the Group's assets and discharge the Group's liabilities in the normal course of business.

Notwithstanding the existence of the conditions described above, the directors of the Company have determined it is appropriate to adopt the going concern basis in the preparation of consolidated financial statements. The directors of the Company have reviewed the Group's cash flow projections prepared by the management. The cash flow projections cover a period of not less than twelve months from the end of the reporting period. The directors of the Company are of the opinion that, taking into account the above mentioned plans and measures, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements for the six months ended 30 June 2021 on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

2. CHANGES IN ACCOUNTING POLICIES

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA, which are mandatory effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9, HKAS 39, HKFRS 7 HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2
---	--

The adoption of these amendments to HKFRSs has no material impact on the Group's result and financial position for the current or prior periods. The Group has not applied any new standard or amendment that is not effective for the current accounting period.

3. SEGMENT INFORMATION

Information reported to the Directors, being the chief operating decision maker ("CODM") for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organised and specifically focuses on the Group's operating divisions. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

During the six months ended 30 June 2021 and 2020, the Group operates in one operating segment which is the provision of design and provision of energy saving solutions. A single management team reports to the Directors of the Group (being the chief operating decision-maker) who comprehensively manages the entire business. Accordingly, the Group does not present separately segment information.

Geographical information

The Group operates in two principal geographical areas – Hong Kong and the People's Republic of China (the "PRC").

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

	Revenue from external customers		Non-current assets	
	six months ended 30 June 2021	2020	30 June 2021	31 December 2020
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)
The PRC	4,869	644	65,451	65,740
Hong Kong	–	–	52	135
	4,869	644	65,503	65,875

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

4. REVENUE

Revenue represents income from design and provision of energy saving solutions.

An analysis of the Group's revenue by principal activities are as follows:

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Disaggregation of revenue from contracts with customers		
Recognised over time		
Energy saving solutions income	4,490	147
Recognised at a point in time		
Repair and maintenance service income	379	497
Revenue from contracts with customers	4,869	644
Revenue from other source		
Energy saving solutions income under finance leases	–	–
	4,869	644

5. OTHER INCOME

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Bank interest income	14	6
Interest income on finance lease receivables	79	171
Interest income on extended trade receivables	–	544
Government grants	–	81
Reversal of accrued interest expenses on other borrowings	–	1,210
Others	5	10
	98	2,022

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

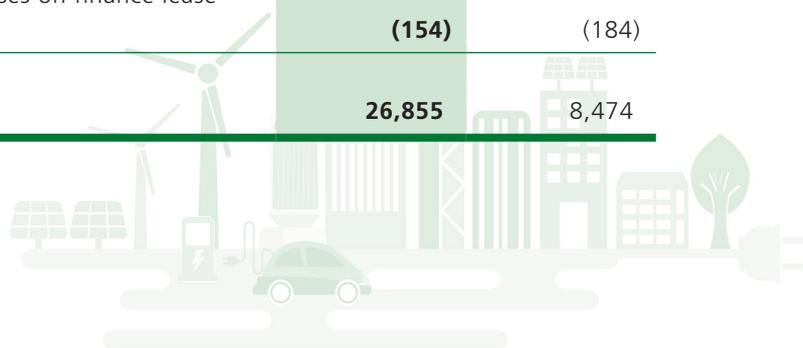
6. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expenses on other borrowings	1,944	1,342
Interest expenses on lease liabilities	21	11
	1,965	1,353

7. LOSS BEFORE TAXATION

The Group's loss before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Staff costs (including Directors' remuneration):		
– Directors' fee	612	890
– Salaries, bonus and wages	2,427	4,679
– Contribution to retirement benefits schemes	141	287
	3,180	5,856
Amortisation of intangible assets	1,233	2,270
Depreciation of property, plant and equipment	7	12
Depreciation expenses on right-of-use assets	162	235
Expenses relating to short-term lease	45	300
Cost of inventories sold	4,260	286
Share-based payment expenses	–	178
Net allowances for expected credit losses on trade receivables and finance lease receivables		
– Allowance for expected credit losses on trade receivables	18,931	6,745
– Allowance for expected credit losses on finance lease receivables	8,078	8,825
– Reversal of allowance for expected credit losses on trade receivables	–	(6,912)
– Reversal of allowance for expected credit losses on finance lease receivables	(154)	(184)
	26,855	8,474



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

8. TAXATION

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Deferred taxation		
Credit for the period	(185)	(341)

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions which members of the Group are domiciled and operate.

No provision for Hong Kong profits tax has been made as the Group did not have assessable profits in Hong Kong for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

9. INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividends in respect of the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	(34,297)	(19,798)

	Six months ended 30 June	
	2021	2020
	'000	'000
	(Unaudited)	(Unaudited)
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	523,331	374,031

The denominators used are the same as those detailed above for basic and diluted loss per share.

Note: The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the six months ended 30 June 2020 have been adjusted for the effects of both share consolidation and rights issue of Shares completed on 26 August 2020 and 11 December 2020 respectively and retrospectively by restating the weighted average number of ordinary shares for the six months ended 30 June 2020.

For the six months ended 30 June 2021 and 2020, the Company's outstanding share options were not included in the calculation of diluted loss per share because the effects of the Company's outstanding share options were anti-dilutive.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

11. INTANGIBLE ASSETS

	Patent HK\$'000
Cost	
At 31 December 2020 and 1 January 2021 (Audited)	889,901
Additions	–
At 30 June 2021 (Unaudited)	889,901
Accumulated amortisation and impairment	
At 31 December 2020 and 1 January 2021 (Audited)	865,756
Amortisation expenses	1,233
At 30 June 2021 (Unaudited)	866,989
Carrying amounts	
At 30 June 2021 (Unaudited)	22,912
At 31 December 2020 (Audited)	24,145

Notes:

- (a) The intangible assets represent 7 patents regarding the acquired and owned "Ultra Performance Plant Control System" ("UPPC") for its novelty and industrial applicability in the PRC under cash generating units of design and provision of energy saving solutions business.
- (b) As at 30 June 2021, the remaining useful life of the patents for UPPC system is 9.3 years (31 December 2020: 9.8 years).

Patents have been allocated for impairment testing purposes to the following cash generating units ("CGU"):

- Design and provision of energy saving solutions ("Energy Saving Business")

The Energy Saving Business CGU represented the entire provision of design and provision of energy saving solutions operating segment of the Group (see Note 3 in the condensed consolidated financial statements).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

11. INTANGIBLE ASSETS (continued)

Impairment testing on patents

The recoverable amount of the above CGU was determined on the basis of value in use calculations. The recoverable amount is based on certain assumptions. The value in use calculations use cash flow projections based on the financial budgets approved by the management covering a 10-year period. Given that the expected receipt of future economic benefits of projects are phased over its contractual life which generally lasts for 5 to 8 years, the management prepared a 10-year projection in order to better reflect the substance of such business model in the value in use of Energy Saving Business CGU. The pre-tax discount rate used is 20.12% per annum. Cash flows beyond 10-year period are extrapolated using a steady 3% growth rate per annum.

The management engaged an independent professional valuer to assess the value in use of Weldtech Group, which represented the CGU, as at 31 December 2020 which was used to determine the value-in-use of the CGU, after taking into account (i) the economic development of the PRC; (ii) the development of energy saving industry; (iii) the impact for outbreak of Novel Coronavirus (the "COVID-19") in PRC and (iv) the expected business flow and development plan of the Energy Saving Solutions Business during the valuation process. Due to the slow-down of the PRC economy and the outbreak of COVID-19 in 2020, commercial activities as well as energy consumption of existing and potential customers were weakened and hence in the preparation of the cash flow forecasts for the valuation as at 31 December 2020, the management forecasted decreases in profits and cash flows compared to those forecasted in last year for the valuation as at 31 December 2019.

Impairment loss of approximately HK\$20,315,000 were recognised during the year ended 31 December 2020 in respect of the patents. The recoverable amount of the CGU was determined to be approximately HK\$80,000,000 as at 31 December 2020.

The decrease in the value-in-use valuation of the CGU and the resulting impairment loss HK\$20,315,000 during the year ended 31 December 2020 was mainly due to the following factors: (i) the slow-down in the PRC economy including but not limited to the US-China trade war and the outbreak of the COVID-19 that weakened the market demand; (ii) the fierce competition within the energy saving business; (iii) difficulties in getting financing within the energy saving industry; and (iv) continuous lowering of government subsidies. Due to above factors, an overall poor market sentiment in energy saving sector was resulted.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

11. INTANGIBLE ASSETS (continued)

Impairment testing on patents (continued)

The key assumption and major parameters used in the value in use calculations are as follows:

Budgeted market share	Average market share in the period immediately before the budget period. The values assigned to the assumption reflect past experience.
Budgeted gross margin	Average gross margins achieved in the period immediately before the budget period which reflect past experience.
Risk-free rate	3.15%
Weighted average cost of capital (pre-tax)	26.58%
Discount rate (pre-tax)	20.12%
Terminal growth rate	3%

12. PROPERTY, PLANT AND EQUIPMENT

The total cost of additions to the property, plant and equipment of the Group during the six months ended 30 June 2021 was approximately HK\$7,000 (six months ended 30 June 2020: approximately HK\$17,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

13. FINANCE LEASE RECEIVABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Current finance lease receivables	30,993	31,986
Non-current finance lease receivables	48,745	48,953
	79,738	80,939
Less: Allowance for expected credit losses	(33,206)	(25,021)
	46,532	55,918

Leasing arrangements

Certain of the Group's energy saving equipment are leased out under finance leases. All leases are denominated in RMB. The term of finance lease entered into is 5-17 years (31 December 2020: range from 5-17 years).

Amounts receivable under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Not later than 1 year	30,993	32,524	30,993	31,986
Later than one year and not later than five years	29,239	22,531	24,654	17,060
Later than five years	64,792	79,573	24,091	31,893
	125,024	134,628	79,738	80,939
Less: Unearned finance income	(45,286)	(53,689)	-	-
Present value of minimum lease payments receivable	79,738	80,939	79,738	80,939
Less: Allowance for uncollectible lease payments	(33,206)	(25,021)	(33,206)	(25,021)
	46,532	55,918	46,532	55,918

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

13. FINANCE LEASE RECEIVABLES (continued)**Amounts receivable under finance leases** (continued)

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The effective interest rate is approximately 8.45% per annum for the six months ended 30 June 2021 (31 December 2020: 8.45%).

Finance lease receivables were considered credit-impaired when the customers fail to settle according to the settlement terms for more than 180 days after taking into consideration the recoverability of collateral and deposits.

Net allowance for expected credit losses of approximately HK\$7,924,000 has been recognised for finance lease receivables during the period 30 June 2021 (2020: net allowance of approximately HK\$8,641,000).

14. TRADE AND BILLS RECEIVABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade receivables	63,687	65,194
Allowance for expected credit losses	(37,500)	(18,320)
	26,187	46,874
Bills receivables	–	148
	26,187	47,022

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

14. TRADE AND BILLS RECEIVABLES (continued)

The ageing analysis of trade receivables is based on the invoice date, net of allowance of expected credit losses, as follows:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
0 to 90 days	5,155	2,163
91 to 180 days	–	72
Over 180 days	21,032	44,639
	26,187	46,874

According to the credit rating of different customers, the Group allows average credit term of 90 days to its customers. Trade receivables disclosed above include amounts which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The Directors consider that these balances are fully recoverable.

In determining the recoverability of trade receivables, the Group considers any change in credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The impairment loss recognised represents the difference between the carrying amount of the specific trade receivables and the present value of the expected recoverable amount.

Net allowance for expected credit losses of approximately HK\$18,931,000 has been recognised for trade receivables during the six months ended 30 June 2021 (2020: net reversal of allowance of approximately HK\$167,000).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Prepayments	418	598
Receivables from disposal of a subsidiary	9,200	9,200
Other receivables	89	3
Refundable rental deposits and other deposits	422	446
	10,129	10,247
Less: accumulated impairment allowance on other receivables	(9,200)	(9,200)
	929	1,047

As at 30 June 2021 and 31 December 2020, the receivables from disposal of a subsidiary amounting to HK\$9,200,000 was overdue and an impairment allowance of HK\$9,200,000 was provided in 2016. No movement in allowance account for the six months ended 30 June 2021 and 2020.

16. TRADE AND OTHER PAYABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade payables	3,911	3,666
Accrued service fee for acquisition of a subsidiary	3,871	3,871
Accrued expenses	1,084	2,269
Interest payables	7,190	6,877
Other payables	350	396
	16,406	17,079

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

16. TRADE AND OTHER PAYABLES (continued)

An aged analysis of trade payables, based on the invoice date, is as follows:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
0 to 90 days	2,818	410
91 to 180 days	272	2,309
181 to 365 days	6	3
Over 365 days	815	944
	3,911	3,666

Trade payables are interest-free and normally settled on delivery. The average credit period on purchases of goods is 90 days.

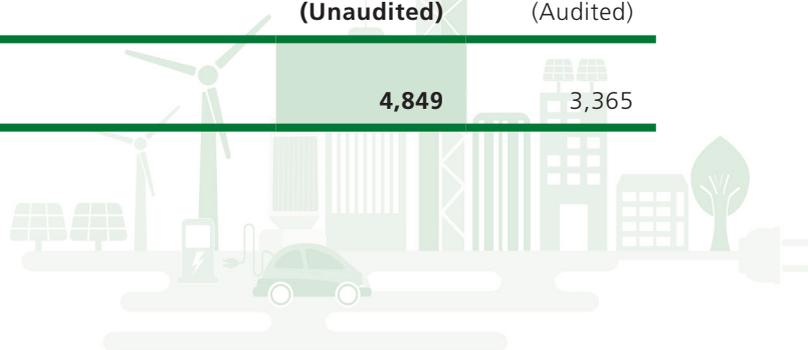
17. SHARE CAPITAL

	Number of shares		Share capital	
	30 June 2021 '000	31 December 2020 '000	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Issued and fully paid: At the end of the period/year	523,331	523,331	3,177,339	3,177,339

18. CAPITAL COMMITMENT

Capital commitments at each of the end of the reporting period contracted but not provided for in the consolidated financial statements were as follows:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Commitments for the construction contract	4,849	3,365



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

19. MATERIAL RELATED PARTIES TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, during the year the Group had the following transactions with related parties.

(a) Income or expense items:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Rental expenses paid to a shareholder	–	240
Interest expense paid to a related party under common shareholder	1,944	1,342
Reversal of interest expense to a related party under common shareholder	–	(1,210)

The Directors are of the opinion that the transactions were entered into on normal commercial terms and in the ordinary course of the Group's business.

(b) Compensation of key management personnel

The key management of the Group comprises all Directors. The remuneration of Directors is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

None of the above related party transactions falls under the definition of connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules.

20. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group's major financial instruments include trade and bills receivables, financial assets at fair value through other comprehensive income, finance lease receivables, deposits and other receivables, cash and bank balances, trade and other payables, other borrowing and lease liabilities. The Directors consider the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximates to their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

CCIAM Future Energy Limited (the “**Company**”), together with its subsidiaries (collectively, the “**Group**”), are principally engaged in treasury investment, provision of loan financing and design and provision of energy saving solutions.

During the six months ended 30 June 2021, the Group recorded an unaudited revenue of approximately HK\$4,869,000, representing an increase of approximately 656.1% as compared with approximately HK\$644,000 for the last corresponding period. An unaudited loss attributable to the owners of the Company of approximately HK\$34,297,000 (2020: loss of approximately HK\$19,798,000) was recorded which was mainly attributable to: (i) net allowance for expected credit losses on trade and finance lease receivables of approximately HK\$26,855,000 (2020: approximately HK\$8,474,000); (ii) an amortisation of the intangible assets of approximately HK\$1,233,000 (2020: approximately HK\$2,270,000); and (iii) finance costs of approximately HK\$1,965,000 (2020: approximately HK\$1,353,000) which included the interest expense of approximately HK\$1,944,000 (2020: approximately HK\$1,342,000) on other borrowings raised for project financing of the Group.

The increase in loss was mainly attributable to the increase in net allowance for expected credit losses on trade receivables and finance lease receivables by HK\$18,381,000 to approximately HK\$26,855,000 (2020: approximately HK\$8,474,000); offset by the decrease in administrative and operating expense by HK\$5,130,000 to approximately HK\$4,430,000 (2020: approximately HK\$9,560,000).

Energy saving solutions business

The Company completed the acquisition of Weldtech Technology Co. Limited and its subsidiary, Haoxin Technology (Shanghai) Company Limited (濠信節能科技(上海)有限公司) (collectively, the “**Weldtech Group**”) (the “**Acquisition**”) in June 2014, which is primarily engaged in design and provision of energy saving solutions business (“**Energy Saving Business**”).

With respect to the segment of design and provision of energy saving solutions, a segment loss of approximately HK\$32,311,000 was recorded for the six months ended 30 June 2021 (2020: loss of approximately HK\$15,902,000). The segment loss was mainly attributable to: (i) net allowance for expected credit losses on trade and finance lease receivables of approximately HK\$26,855,000 (2020: approximately HK\$8,474,000); and (ii) an amortisation of the intangible assets of approximately HK\$1,233,000 (2020: approximately HK\$2,270,000). The amortisation of intangible assets is calculated over the useful life of 7 patents for “Ultra Performance Plant Control System” (the “**UPPC System**”) held under Weldtech Group. Before deducting the amortisation of intangible assets and the respective deferred tax movement, Weldtech Group has generated a segment loss of approximately HK\$31,263,000 (2020: segment loss of approximately HK\$13,973,000) to the Group.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Weldtech Group is engaged in the Energy Saving Business regarding heating, ventilation and air conditioning (the “HVAC”) system, our customers are mainly commercial properties like hotels, office buildings, shopping malls and industrial plants. Since the outbreak of novel coronavirus pandemic (“Pandemic”), there was a significant shrink of business activities of our customers such as the decreased occupancy rate for hotels and decrease in production volume for factories. The Pandemic not only affected our business environment but also delayed the collection of receivables of the Group. The Group noted there was delay in receivable collection from customers, especially for those customers located near the heavily affected areas and under significant impact of the Pandemic. The Group has taken necessary steps in response to the situation, including but not limited to negotiations with customers for on-time repayment or renewal of repayment schedules; issuance of payment reminders; and obtain legal opinion in due course. Further to the efforts to collect the overdue receivables through various measures, the Group has filed litigations to recover overdue receivables for certain customers. The Group will timely monitor the situation and implement appropriate measures to minimize losses. For the six months ended 30 June 2021, the Company engaged an independent valuer to perform impairment assessment for potential credit losses on trade receivables and finance lease receivables. During the six months ended 30 June 2021, net allowance for expected credit losses on trade receivables and finance lease receivables of approximately HK\$26,855,000 (2020: approximately HK\$8,474,000) was resulted.

During the six months ended 30 June 2021, Weldtech Group has focused on the buyout contracts being entered into since the late 2020. The increase in revenue was mainly resulted from the completion of projects which lead to the contribution of revenue of HK\$4.9 million in the first half of 2021.

During the year ended 31 December 2020, there was an impairment of intangible assets of approximately HK\$20,315,000 in respect of the patents held under Weldtech Group. The Company engaged an independent professional valuer to assess the value in use of Weldtech Group as at 31 December 2020 and produced the valuation report, which was used to determine the fore-mentioned impairment amount, after taking into account (i) the economic development of the People’s Republic of China (the “PRC”); (ii) the development of energy saving industry; and (iii) the expected business flow and development plan of the energy saving business during the valuation process.

The decrease in valuation was mainly due to the following factors: (i) the slow-down in the PRC economy as a result of the US-China trade war and the outbreak of the Pandemic that impacted the market negatively; (ii) the fierce competition within the energy saving business; (iii) difficulties in getting financing within the energy saving industry; and (iv) continuous lowering of government subsidies. As above, an overall poor market sentiment in energy saving sector was resulted.

Loan financing and treasury investments businesses

With respect to the segment of loan financing and treasury investments businesses, the Company is in the process of locating opportunities in both the loan financing and treasury investments segments. However, there is no desirable opportunity raised and found fit to the Company. The Company will continue to explore the business opportunities in the market for the development of the Group’s business.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

TOTAL ASSETS AND TOTAL LIABILITIES

As at 30 June 2021, the total assets decreased to approximately HK\$123,172,000 (31 December 2020: approximately HK\$157,776,000). The decrease was mainly attributable to: (i) net allowance for expected credit losses on trade and finance lease receivables of approximately HK\$26,855,000 (2020: approximately HK\$8,474,000); and (ii) an amortisation of intangible assets of HK\$1,233,000 (2020: approximately HK\$2,270,000).

As at 30 June 2021, the Group held intangible assets amounting to approximately HK\$22,912,000 (31 December 2020: approximately HK\$24,145,000). The intangible assets represent 7 patents related to the UPPC System used by the Energy Saving Business.

As at 30 June 2021, the Group held finance lease receivables amounting to approximately HK\$46,532,000 (31 December 2020: approximately HK\$55,918,000).

As at 30 June 2021, total liabilities decreased to approximately HK\$44,266,000 (31 December 2020: approximately HK\$45,062,000). The total liabilities mainly represented the trade and other payables of approximately HK\$16,406,000 (31 December 2020: approximately HK\$17,079,000) and other borrowings of approximately HK\$24,034,000 (31 December 2020: approximately HK\$23,820,000).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the six months ended 30 June 2021, the Group finances its operations by internally generated cashflows and other borrowings. As at 30 June 2021, the Group has net current assets of approximately HK\$16,898,000 (31 December 2020: approximately HK\$50,686,000). As at 30 June 2021, the Group's cash and bank balances amounted to approximately HK\$25,893,000 (31 December 2020: approximately HK\$28,757,000).

The Group monitors capital using a gearing ratio, calculated as net debt divided by total capital. Net debt is calculated as other borrowings, net of cash and bank balances. Total capital is calculated as "total equity" as shown in the consolidated statement of financial position plus net debt. As at 30 June 2021, the Group has net cash of approximately HK\$1,859,000 (31 December 2020: net cash of approximately HK\$4,937,000). Therefore, the gearing ratio is not applicable as at 30 June 2021 and 31 December 2020.

As at 30 June 2021, the Group's other borrowings of approximately HK\$24,034,000 (31 December 2020: approximately HK\$23,820,000) were secured by the corporate guarantees granted by the Company.

The share capital of the Group only comprises of ordinary shares. As at 30 June 2021, the Company's number of issued ordinary shares was 523,330,908 ("**Share(s)**") (as at 31 December 2020: 523,330,908 Shares).



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

CAPITAL COMMITMENT

As at 30 June 2021, the Group had capital commitments, which were contracted but not provided for, in respect of construction contract of approximately HK\$4,849,000 (31 December 2020: approximately HK\$3,365,000).

FOREIGN CURRENCY EXPOSURE

The Group conducts its business transactions mainly in the PRC and Hong Kong. The Group's assets were mainly denominated in Renminbi ("RMB") and Hong Kong Dollars ("HK\$"). HK\$ is the Group's presentation currency. During the period under review, the revenue, cost of operations and operating expenses of the Group are mainly denominated in RMB. Therefore, the Group is exposed to potential foreign exchange risk as a result of fluctuation of RMB against HK\$. The Group has not entered into any significant foreign exchange contract. Management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any significant contingent liabilities (31 December 2020: Nil).

MATERIAL INVESTMENTS, ACQUISITION AND DISPOSALS

Save as disclosed elsewhere in this report, there were no material investments, acquisitions or disposals of subsidiaries during the six months ended 30 June 2021.

STAFF AND REMUNERATION

As at 30 June 2021, the Group had 19 (2020: 33) employees and total staff costs incurred during the period under review amounted to approximately HK\$3,180,000 (2020: approximately HK\$5,856,000). The Group offers competitive remuneration packages to its employees. Other benefits include share options granted or to be granted under the share option scheme of the Company.

FINANCIAL KEY PERFORMANCE INDICATORS

The Group's net asset value is a key indicator of the financial performance and it decreased to approximately HK\$78,906,000 as at 30 June 2021 (31 December 2020: approximately HK\$112,714,000). During the six months ended 30 June 2021, the Group recorded a loss attributable to the owners of the Company of approximately HK\$34,297,000 (2020: loss of approximately HK\$19,798,000).

The net asset value per share was HK\$0.15 (31 December 2020: HK\$0.22), which was calculated on the above net assets value and the Company's number of 523,330,908 issued ordinary shares as at 30 June 2021 (31 December 2020: 523,330,908 Shares).

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (2020: Nil).

OUTLOOK AND PROSPECT

Regarding the energy saving solutions business, the increasing awareness of the energy saving, social responsibility and also the determination to reduce carbon emission, the energy saving and environmental protection remain the key focus of the PRC government. However, the Group is facing intensified competition in the industry, particularly for small and medium-sized projects. Macro-economic factors also fluctuate the market.

Going forward, Weldtech Group will remain cautious, especially in terms of project screening and evaluating the impact of the Pandemic on customers' business and financial position in order to secure the recoverability. Weldtech Group has implemented a more conservative credit policy on customers with the aim to match the cash inflow cycle from customers against the cash outflow cycle to suppliers. This could minimise the cashflow pressures of the Group in the current economic situation due to the Pandemic. On the other hand, Weldtech Group will continue to target potential customers for buyout projects to improve cashflow of Weldtech Group with shorter turnover days and explore secondary sales from existing customers, enhancing the portfolio of the Company. Weldtech Group will continue to develop new reusable energy platforms as well as getting new orders in construction/engineering related projects in order to expand the Group's business. Our team has worked hard to secure contracts in order to keep the business momentum under the current environment affected by the Pandemic. Since late 2020, Weldtech Group has entered into several contracts which were expected to complete in 2021.

Market conditions remain challenging and dynamic in 2021. It remains uncertain on the Pandemic situation in the foreseeable future. As far as the Group's business is concerned, customer demand, budget for capital expenditure are expected to be affected. Although some cities in the PRC started to pick up the pace in terms of economic activities, it is expected that market sentiment takes relatively long time to fully reflect the impact, recover and resume back to normal. Also, the plunge of global oil prices since early 2020 might impact the Group's energy saving operation because cheaper energy price would subsequently reduce the demand for energy saving services. The Group will take feasible and necessary measures to react against the economic downturn and will also actively seize investment opportunities prudently and thoroughly. Management expects that fiscal year 2021 will be full of challenges in view of the uncertainties in the global economy.

The Group will continue to explore and capture business opportunities in the green sector, including HVAC energy saving projects, and also the related construction, clean energy procurement, sales and solutions. The Company is actively seeking and exploring other business opportunities in China as well as outside China. For financing, the Group will continue to explore various funding sources including project financing, debt financing and/or equity fund raising to finance the development of the Group's businesses.



DISCLOSURE OF ADDITIONAL INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATION

As at 30 June 2021, the interests or short positions of the Directors and chief executives in the shares, underlying shares or debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or were required to be recorded in the register of interests required to be kept under Section 352 of the SFO or were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(i) Long positions in ordinary shares of the Company

Name of Director	Capacity	Number of Shares held	Approximate percentage of number of Shares in issue ⁽²⁾
Mr. Cheng Lut Tim	Interest of controlled corporation	38,000,000 ⁽¹⁾	7.26%

Notes:

(1) The Shares are held by Excellent Winning Investment Limited, Mr. Cheng Lut Tim is interested in Excellent Winning Investment Limited. Mr. Cheng Lut Tim is therefore deemed to be interested in 38,000,000 Shares held by Excellent Winning Investment Limited under the SFO.

(2) As at 30 June 2021, the Company's number of issued Share was 523,330,908.

(ii) Long positions in share options of the Company

Name of Director	Number of share options beneficially owned
Mr. Chong Kok Leong	1,274,789
Mr. Zhuang Miao Zhong	509,911
Mr. Choy Hiu Fai, Eric	50,997
Mr. Huang Lizhi	50,997

* Details of the Share Option Scheme are set out in the section headed "Share Option Scheme".

Save as disclosed above, as at 30 June 2021, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register of interests required to be kept under Section 352 of the SFO or were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSURE OF ADDITIONAL INFORMATION (continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

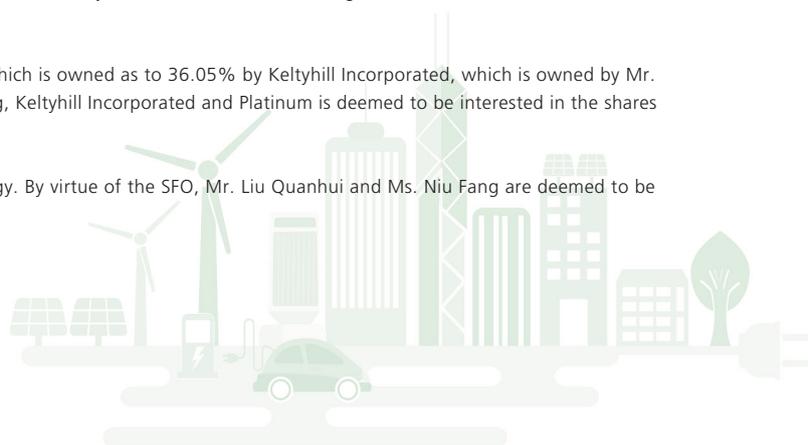
As at 30 June 2021, to the best knowledge of the Directors, interests or short positions of the persons, other than a Director or chief executive of the Company, in the shares and/or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Capacity	Number of Shares	Approximate percentage of number of Shares in issue (Note 1)
CITIC Group Corporation (Note 2)	Interest of controlled corporation	106,447,008 (L)	20.34%
CITIC Limited (Note 2)	Interest of controlled corporation	106,447,008 (L)	20.34%
China CITIC Bank Corporation Limited (Note 2)	Interest of controlled corporation	106,447,008 (L)	20.34%
CITIC International Financial Holdings Limited (Note 2)	Interest of controlled corporation	106,447,008 (L)	20.34%
CITIC International Assets Management Limited (Note 2)	Beneficial owner	106,447,008 (L)	20.34%
Hong Kong Mengzai Material Co., Limited	Beneficial owner	38,441,600 (L)	7.35%
Cheng Lut Tim (Note 3)	Interest of controlled corporation	38,000,000 (L)	7.26%
Excellent Winning Investment Limited (Note 3)	Beneficial owner	38,000,000 (L)	7.26%
Liu Chee Ming (Note 4)	Interest of controlled corporation	34,040,557 (L)	6.50%
Keltyhill Incorporated (Note 4)	Interest of controlled corporation	34,040,557 (L)	6.50%
Platinum Holdings Company Limited ("Platinum") (Note 4)	Interest of controlled corporation	34,040,557 (L)	6.50%
Timly Way Limited (Note 4)	Beneficial owner	34,040,557 (L)	6.50%
Leung King Yuen	Beneficial owner	32,000,000 (L)	6.11%
Liu Quanhui (Note 5)	Interest of controlled corporation	28,039,877 (L)	5.36%
Niu Fang (Note 5)	Interest of controlled corporation	28,039,877 (L)	5.36%
State Energy HK Limited ("State Energy") (Note 5)	Beneficial owner	28,039,877 (L)	5.36%

(L) denotes the long position held in the Shares

Notes:

- As at 30 June 2021, the Company's number of issued Share was 523,330,908.
- CITIC International Assets Management Limited is owned as to 46% by CITIC International Financial Holdings Limited, a wholly-owned subsidiary of China CITIC Bank Corporation Limited, which is over 60% indirectly owned by CITIC Limited, which is indirectly owned as to 58.13% by CITIC Group Corporation. By virtue of the SFO, each of CITIC International Financial Holdings Limited, China CITIC Bank Corporation Limited, CITIC Limited and CITIC Group Corporation is deemed to be interested in the shares held by CITIC International Assets Management Limited.
- Mr. Cheng Lut Tim is interested in Excellent Winning Investment Limited. By virtue of the SFO, Mr. Cheng Lut Tim is deemed to be interested in the shares held by Excellent Winning Investment Limited.
- Timly Way Limited is a wholly-owned subsidiary of Platinum, which is owned as to 36.05% by Keltyhill Incorporated, which is owned by Mr. Liu Chee Ming. By virtue of the SFO, each of Mr. Liu Chee Ming, Keltyhill Incorporated and Platinum is deemed to be interested in the shares held by Timly Way Limited.
- Mr. Liu Quanhui and Ms. Niu Fang are interested in State Energy. By virtue of the SFO, Mr. Liu Quanhui and Ms. Niu Fang are deemed to be interested in the shares held by State Energy.



DISCLOSURE OF ADDITIONAL INFORMATION (continued)

SHARE OPTION SCHEME

The Company operates a share option scheme adopted by the Shareholders on 25 May 2018 (the “**Share Option Scheme**”) which shall be valid and effective for a period of ten years from the date of adoption. Accordingly, the Share Option Scheme will be expired on 25 May 2028.

The purpose of the Share Option Scheme is to enable the Company to grant options to selected eligible participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high calibre employees and attract human resources that are valuable to the Group and any invested entity. Eligible participants include any employee (whether full time or part time), any executive Director and any non-executive Director (including independent non-executive Director), or any of its subsidiaries or invested entity in which any member of the Group holds any equity interest, any shareholder of any member of the Group or any invested entity or any holder of any securities issued or proposed to be issued by any member of the Group or any invested entity and any other person (such as consultant, adviser, business partner or service provider of any member of the Group) whom the Board considers, in its sole discretion, has contributed or will contribute to the Group.

Under the Share Option Scheme, where any further grant of options to an eligible participant, if exercised in full, would result in the total number of shares already issued or to be issued upon exercise of all options granted and to be granted to such eligible participant (including exercised, cancelled and outstanding options) in any 12-month period up to and including the date of such further grant exceeding 1% of the total number of shares in issue (the “**Individual Limit**”), such further grant must be separately approved by the Shareholders in general meeting. Save for the foregoing, no eligible participant shall be granted an option if exercised in full, would exceed the Individual Limit. In addition, where any grant of options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (a) representing in aggregate over 0.1% of the relevant class of shares in issue; and (b) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5,000,000, such further grant of options must be approved by the Shareholders.

A consideration of HK\$1 is payable on acceptance of the grant of an option. An option may be accepted by a participant within 7 days from the date of the offer of grant of the option. An option may be exercised in whole or in part by the grantee within the option period as determined and notified by the Board to the grantee. The Share Option Scheme does not specify a minimum period for which an option must be held before an option can be exercised. However, the provisions of the Share Option Scheme provide that the Board may impose, at its sole discretion, conditions on the grant of an option.

DISCLOSURE OF ADDITIONAL INFORMATION (continued)

SHARE OPTION SCHEME (continued)

The subscription price for the shares under the Share Option Scheme will be a price determined by the Board in its absolute discretion but shall not be lower than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding the date of grant.

Notwithstanding the foregoing, the maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the issued shares of the Company from time to time.

On 19 June 2020, a total of 116,203,500 options have been granted at an exercise price of HK\$0.066 per Share under the Scheme Mandate Limit and the exercise prices and the total number of share options were adjusted subsequently as follows:

The Company had completed share consolidation on 26 August 2020. Adjustments were made to the exercise prices and the number of consolidated shares falling to be issued in respect of the outstanding share options in accordance with the terms and conditions of the Share Option Scheme, Rule 17.03(13) of the Listing Rules and the supplementary guidance dated 5 September 2005 issued by the Stock Exchange. As a result of the share consolidation, the exercise price of share options outstanding was adjusted to HK\$0.66 per Consolidated Share and the total number of share options outstanding was adjusted from 116,203,500 options to 11,620,350 options.

The Company had also completed rights issue on 14 December 2020. Adjustments were made to the exercise prices and the number of Shares falling to be issued in respect of the outstanding Share Options in accordance with the terms and conditions of the Share Option Scheme, Rule 17.03(13) of the Listing Rules and the supplementary guidance dated 5 September 2005 issued by the Stock Exchange. As a result of the completion of rights issue, the exercise price of share options outstanding was adjusted to HK\$0.656 per Share and the total number of share options outstanding was adjusted from 11,620,350 options to 11,683,849 options with effect from 14 December 2020.

During the six months ended 30 June 2021, no options was cancelled or lapsed in respect of the outstanding share options. As at 30 June 2021, a total of 11,122,941 options remain outstanding.

The maximum number of Shares which may be allotted and issued upon the exercise of all share options shall not in aggregate exceed 10% of the Shares in issue as at the date of approval of the refreshed limit by the Shareholders (the "**Scheme Mandate Limit**"), and the existing Scheme Mandate Limit was refreshed and approved by the Shareholders in the AGM on 4 June 2021. As at the date of this report, the total number of options available for issue under the existing Scheme Mandate Limit is 52,333,090, representing approximately 10% of the issued number of shares of the Company.



DISCLOSURE OF ADDITIONAL INFORMATION (continued)**SHARE OPTION SCHEME** (continued)

Details of the share options movements during the Year under the Share Option Scheme are as follows:

Name of category	Date of grant of share options	Outstanding as at 01.01.2021	Number of share options				Outstanding as at 30.06.2021	Validity period of share options	Exercise price (Note 1) (Note 2)
			Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period			
Directors									
Mr. Chong Kok Leong	19.06.2020	1,274,789	-	-	-	-	1,274,789	01.01.2021 to 31.12.2025	HK\$0.656
Mr. Zhuang Miao Zhong	19.06.2020	509,911	-	-	-	-	509,911	01.01.2021 to 31.12.2025	HK\$0.656
Mr. Choy Hiu Fai, Eric	19.06.2020	50,997	-	-	-	-	50,997	01.01.2021 to 31.12.2025	HK\$0.656
Mr. Huang Lizhi	19.06.2020	50,997	-	-	-	-	50,997	01.01.2021 to 31.12.2025	HK\$0.656
Subtotal		1,886,694	-	-	-	-	1,886,694		
Employees	19.06.2020	9,236,247	-	-	-	-	9,236,247	01.01.2021 to 31.12.2025	HK\$0.656
Total		11,122,941	-	-	-	-	11,122,941		

Notes:

- (1) Reference is made to the Company's announcement dated 24 August 2020. On 26 August 2020, the exercise price and number of share options have been adjusted from HK\$0.066 to HK\$0.66, and from 116,203,500 options to 11,620,350 options, respectively, as a result of the share consolidation.
- (2) Reference is made to the Company's announcement dated 11 December 2020. On 14 December 2020, the exercise price and number of share options have been adjusted from HK\$0.66 to HK\$0.656, and from 11,620,350 options to 11,683,849 options, respectively, as a result of the completion of rights issue.

DISCLOSURE OF ADDITIONAL INFORMATION (continued)

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the six months ended 30 June 2021.

CORPORATE GOVERNANCE

During the six months ended 30 June 2021 and up to date of this report, the Company applied the principles of and complied with the code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules, except for the following deviations:

Under code provision A.2.1 of the CG Code, the roles of chairman (the "**Chairman**") and chief executive ("**CE**") should be separate and should not be performed by the same individual. The Company did not appoint any chairman or CE during the period under review, reason being the functions of the chairman and CE are performed by the executive Directors collectively. The Board will review the current practice from time to time and make appropriate changes if considered necessary. For details, please refer to the section headed "Chairman and Chief Executive Officer".

Under code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Certain Directors were unable to attend the annual general meeting of the Company held on 4 June 2021 due to other important business engagement.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "**Model Code**") as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the period under review.



DISCLOSURE OF ADDITIONAL INFORMATION (continued)

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company has not appointed chairman and chief executive officer, and the roles and functions of those have been performed by the executive Directors collectively, including but not limited to: properly briefing on issues arising at board meeting by the chairman of the meeting; ensuring good corporate governance practices and procedures are established; encouraging other Directors to make a full and active contribution to the Board's affairs and ensuring that it acts in the best interests of the Group; encouraging every Director with different views to voice their concerns; allowing sufficient time for discussion of issues and ensuring that Board decision fairly reflect Board consensus; providing effective communication with shareholders and that their views are communicated to the Board as a whole; promoting a culture of openness and debate by facilitating the effective contribution of non-executive Directors in particular; ensuring constructive relations between executive Directors and non-executive Directors; and managing the day-to-day business of the Company. The Board members believe that Directors they have their unique expertise and functions well within the Company.

The company secretary of the Company assists the Board in setting out and finalizing the agenda, after taking into account any matters proposed by any other Directors and ensure adequate information being received by the Directors in a timely manner in advance of the intended meeting date and ensuring good corporate governance practices and procedures are in place.

The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board which comprises experience and high caliber individuals with sufficient number thereof being independent non-executive Directors.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with 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 interim financial statements for the six months ended 30 June 2021. The Audit Committee has approved the unaudited interim financial statements.

For and on behalf of the Board

Chong Kok Leong

Executive Director

Hong Kong, 26 August 2021