

CCIAM Future Energy Limited 信能低碳有限公司

(Stock Code: 145)

INTERIM REPORT

2022



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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

Ms. Kwok Pui Ha

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
17/F, Far East Finance Centre
16 Harcourt Road
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 2022 together with the unaudited comparative figures for the six months ended 30 June 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Notes	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	4	1,776	4,869
Cost of operation		(1,265)	(4,260)
Gross profit		511	609
Other income	5	80	98
Net allowance for expected credit losses on trade receivables and finance lease receivables		(1,330)	(26,855)
Amortisation of intangible assets		–	(1,233)
Selling expenses		(447)	(706)
Administrative and operating expenses		(5,260)	(4,430)
Loss from operations		(6,446)	(32,517)
Finance costs	6	(2,054)	(1,965)
Loss before taxation	7	(8,500)	(34,482)
Taxation	8	–	185
Loss for the period		(8,500)	(34,297)



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

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Notes	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Other comprehensive (loss)/income 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		(1,416)	489
Other comprehensive (loss)/income for the period, net of tax		(1,416)	489
Total comprehensive loss for the period, net of tax		(9,916)	(33,808)
Loss for the period attributable to owners of the Company		(8,500)	(34,297)
Total comprehensive loss for the period attributable to owners of the Company		(9,916)	(33,808)
		HK cents	HK cents
Loss per share			
– Basic and diluted	10	(1.62)	(6.55)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022

	Notes	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Non-current assets			
Finance lease receivables	11	39,031	40,717
		39,031	40,717
Current assets			
Inventories		441	467
Trade receivables	12	14,816	15,472
Prepayments, deposits and other receivables	13	1,818	2,010
Finance lease receivables	11	3,101	4,759
Cash and bank balances		12,331	18,886
		32,507	41,594
Current liabilities			
Trade and other payables	14	9,765	9,386
Lease liabilities		55	229
Other borrowings		23,424	24,486
		33,244	34,101
Net current (liabilities) assets		(737)	7,493
Total assets less current liabilities		38,294	48,210



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AT 30 JUNE 2022

	Note	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Net assets		38,294	48,210
Capital and reserves			
Share capital	14	3,177,339	3,177,339
Reserves		(3,139,045)	(3,129,129)
Total equity		38,294	48,210



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Share capital HK\$'000	Share options reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
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
At 1 January 2022 (Audited)	3,177,339	2,033	5,519	(3,136,681)	48,210
Loss for the period	–	–	–	(8,500)	(8,422)
Other comprehensive loss for the period	–	–	(1,416)	–	(1,494)
Total comprehensive loss for the period	–	–	(1,416)	(8,500)	(9,916)
Forfeit of share option	–	(437)	–	437	–
At 30 June 2022 (Unaudited)	3,177,339	1,596	4,103	(3,144,744)	38,294



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Net cash used in operating activities		(6,521)	(1,605)
Cash flows from investing activities			
Purchase of property, plant and equipment		–	(4)
Bank interest received		12	14
Net cash generated from/(used in) investing activities		12	10
Cash flows from financing activities			
Repayments of lease liabilities		(176)	(173)
Interest paid		–	(1,794)
Net cash used in financing activities		(176)	(1,967)
Net decrease in cash and cash equivalents		(6,685)	(3,562)
Cash and cash equivalents at the beginning of the period		18,886	28,757
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies		130	698
Cash and cash equivalents at the end of the period		12,331	25,893
Analysis of balances of cash and cash equivalents			
Cash and bank balances		12,331	25,893



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 2021 as contained in the Company’s annual report 2021, 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 (“**HK\$**”), 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 22 August 2022.

The financial information relating to the financial year ended 31 December 2021 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 2021 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 2021. The auditors’ report was unqualified; but include a reference to a matter to which the auditor drew attention by way of emphasis under the heading “Material Uncertainty Related to Going Concern” without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

1. BASIS OF PREPARATION (continued)

Going Concern

For the six months ended 30 June 2022, the Group incurred a net loss of approximately HK\$8,500,000 (2021: approximately HK\$34,297,000). 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 2022 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 2022

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 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS	Annual Improvements of HKFRSs 2018-2020

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 2022 and 2021, 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 2022	2021	30 June 2022	31 December 2021
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)
The PRC	1,776	4,869	39,031	40,717
Hong Kong	–	–	–	–
	1,776	4,869	39,031	40,717

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue from contracts with customers		
Energy saving solutions income	1,653	4,490
Repair and maintenance service income	123	379
	1,776	4,869

5. OTHER INCOME

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Bank interest income	12	14
Interest income on finance lease receivables	20	79
Government grants (Note)	48	–
Others	–	5
	80	98

Note: During the six months ended 30 June 2022, the Group recognised government grant of HK\$48,000 in respect of COVID-19-related subsidies which is related to Employment Support Scheme provided by the Hong Kong government.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

6. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expenses on other borrowings	2,048	1,944
Interest expenses on lease liabilities	6	21
	2,054	1,965

7. LOSS BEFORE TAXATION

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Staff costs (including Directors' remuneration):		
– Directors' fee	618	612
– Salaries, bonus and wages	2,641	2,427
– Contribution to retirement benefits schemes	93	141
	3,352	3,180
Amortisation of intangible assets	–	1,233
Depreciation of property, plant and equipment	–	7
Depreciation expenses on right-of-use assets	–	162
Expenses relating to short-term lease	48	45
Net allowances for expected credit losses on trade receivables and finance lease receivables		
– Allowance for expected credit losses on trade receivables	453	18,931
– Allowance for expected credit losses on finance lease receivables	879	8,078
– Reversal of allowance for expected credit losses on trade receivables	(2)	–
– Reversal of allowance for expected credit losses on finance lease receivables	–	(154)
	1,330	26,855

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

8. TAXATION

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Deferred taxation		
Credit for the period	–	(185)

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 2022 (six months ended 30 June 2021: Nil).

9. INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividends in respect of the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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	
	2022	2021
	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	(8,500)	(34,297)

	Six months ended 30 June	
	2022	2021
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	523,331	523,331

Note: For the six months ended 30 June 2022 and 2021, 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 2022

11. FINANCE LEASE RECEIVABLES

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Current finance lease receivables	33,703	36,838
Non-current finance lease receivables	42,002	42,834
	75,705	79,672
Less: Allowance for expected credit losses	(33,573)	(34,196)
	42,132	45,476

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 5-16 years (31 December 2021: range from 5-16 years).

Amounts receivable under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Not later than one year	37,858	41,195	33,703	36,838
Later than one year and not later than five years	27,023	22,466	19,262	16,736
Later than five years	59,221	66,629	22,740	26,098
	124,102	130,290	75,705	79,672
Less: Unearned finance income	(48,397)	(50,618)	-	-
Present value of minimum lease payments receivable	75,705	79,672	75,705	79,672
Less: Allowance for uncollectible lease payments	(33,573)	(34,196)	(33,573)	(34,196)
	42,132	45,476	42,132	45,476

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

Analysed for reporting purposes as:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Current assets	3,101	4,759
Non-current assets	39,031	40,717
	42,132	45,476

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 2022 (31 December 2021: 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\$879,000 has been recognised for finance lease receivables during the period 30 June 2022 (2021: net allowance of approximately HK\$7,924,000).

12. TRADE RECEIVABLES

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Trade receivables	59,269	61,478
Allowance for expected credit losses	(44,453)	(46,006)
	14,816	15,472

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

12. TRADE 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 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
0 to 90 days	1,239	1,017
91 to 180 days	189	–
Over 180 days	13,388	14,455
	14,816	15,472

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\$451,000 has been recognised for trade receivables during the six months ended 30 June 2022 (2021: HK\$18,931,000).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

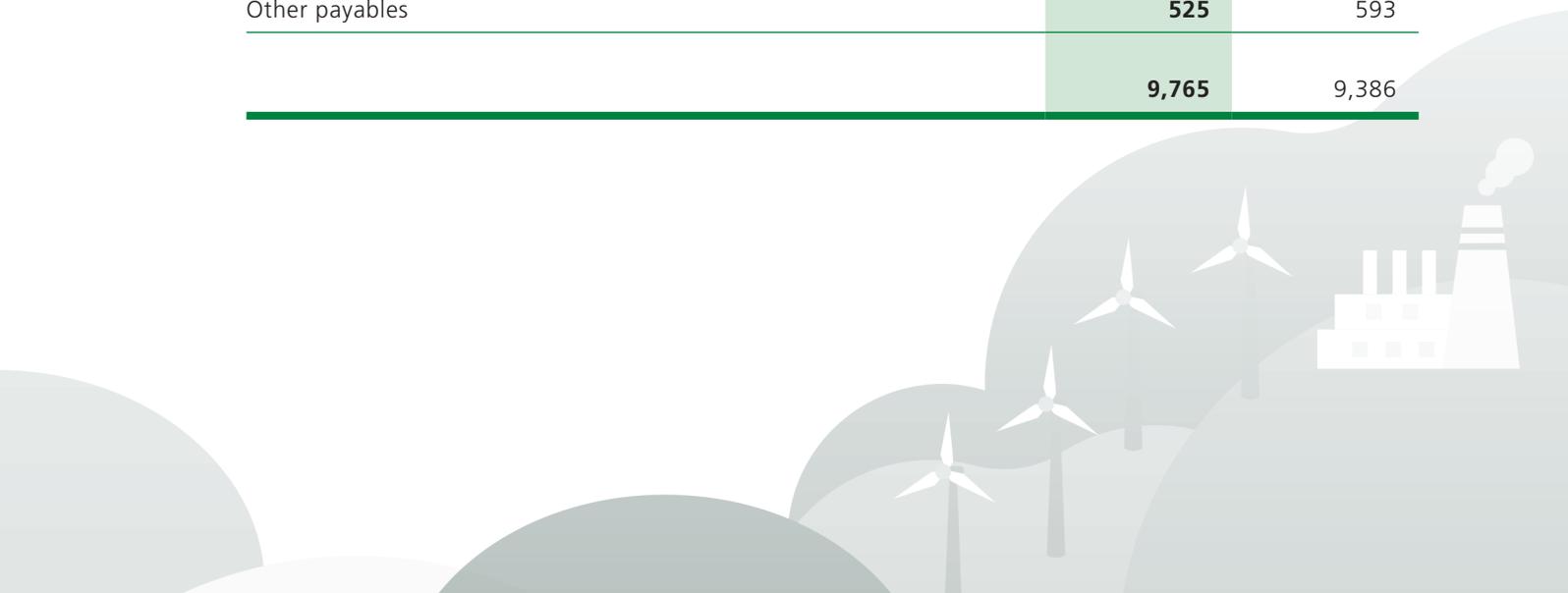
13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Prepayments	1,373	1,571
Receivables from disposal of a subsidiary	9,200	9,200
Other receivables	143	124
Refundable rental deposits and other deposits	302	315
	11,018	11,210
Less: accumulated impairment allowance on other receivables	(9,200)	(9,200)
	1,818	2,010

As at 30 June 2022 and 31 December 2021, 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 2022 and 2021.

14. TRADE AND OTHER PAYABLES

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Trade payables	583	664
Accrued expenses	1,787	2,106
Interest payables	6,866	5,085
Receipts in advance	4	938
Other payables	525	593
	9,765	9,386



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

14. TRADE AND OTHER PAYABLES (continued)

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

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
0 to 90 days	1	57
91 to 180 days	174	–
181 to 365 days	7	10
Over 365 days	401	597
	583	664

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

15. SHARE CAPITAL

	Number of shares		Share capital	
	30 June 2022 '000	31 December 2021 '000	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Issued and fully paid: At the end of the period/year	523,331	523,331	3,177,339	3,177,339

16. 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 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Commitments for the construction contract	6,105	5,807

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

17. 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	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expense paid to a related party under common shareholder	2,048	1,944

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.

18. 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 2022, the Group recorded an unaudited revenue of approximately HK\$1,776,000, representing a decrease of approximately 63.5% as compared with approximately HK\$4,869,000 for the last corresponding period. An unaudited loss attributable to the owners of the Company of approximately HK\$8,500,000 (2021: loss of approximately HK\$34,297,000) was recorded which was mainly attributable to: (i) net allowance for expected credit losses on trade and finance lease receivables of approximately HK\$1,330,000 (2021: approximately HK\$26,855,000); (ii) an amortisation of the intangible assets of HK\$Nil (2021: approximately HK\$1,233,000); and (iii) finance costs of approximately HK\$2,054,000 (2021: approximately HK\$1,965,000) which included the interest expense of approximately HK\$2,048,000 (2021: approximately HK\$1,944,000) on other borrowings raised for project financing of the Group. For the Period, the administrative expenses increased by approximately HK\$830,000 as compared to the corresponding period in 2021 which was mainly due to the net effect of an increase in staff costs, legal and professional fee in relation to collection of outstanding receivables.

Energy saving solutions business

The Company’s subsidiary, 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**”) is primarily engaged in design and provision of energy saving solutions business (the “**Energy Saving Business**”).

Regarding the design and provision of energy saving solutions, a segment loss of approximately HK\$5,858,000 was recorded for the six months ended 30 June 2022 (2021: loss of approximately HK\$32,311,000). The segment loss was mainly attributable to: (i) net allowance for expected credit losses on trade and finance lease receivables of approximately HK\$1,330,000 (2021: approximately HK\$26,855,000); and (ii) interest expenses on other borrowings of approximately HK\$2,048,000 (2021: approximately HK\$1,944,000).

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 the novel coronavirus pandemic (“**Pandemic**”), there has been a significant shrink in our customers’ business activities, such as the decreased occupancy rate for hotels and a reduced production volume for factories.

The Pandemic affected our business environment and delayed the collection of receivables of the Group. The Group noted there was a delay in the receivable collection from customers.

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 seeking legal advice from lawyers on enforcement and recovery of receivables due and owing.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Further to the efforts to collect the overdue receivables through various measures, the Group has filed litigations to recover outstanding receivables for specific customers. The Group has kept chasing the Shanghai Court for rulings regarding those cases. Moreover, the Group has also engaged a professional third-party consultant to assist the Group in collecting outstanding receivables. The Group will timely monitor the situation and implement appropriate measures to recover these receivables.

For the six months ended 30 June 2022, the Company engaged an independent valuer to perform an impairment assessment for potential credit losses on trade receivables and finance lease receivables.

During the six months ended 30 June 2022, a net allowance for expected credit losses on trade receivables and finance lease receivables of approximately HK\$1,330,000 (2021: approximately HK\$26,855,000) was resulted.

In April 2022, our team came across an attractive business opportunity through business contacts in the PRC. Our directors reached a view that such opportunity is good for the Group in terms of expanding and diversifying its business and increasing shareholders' value. Therefore, our team worked on this opportunity accordingly. However, this potential opportunity was subsequently dropped by the team in June due to technical reasons.

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.

TOTAL ASSETS AND TOTAL LIABILITIES

As at 30 June 2022, the total assets decreased to approximately HK\$71,538,000 (31 December 2021: approximately HK\$82,311,000).

As at 30 June 2022, the Group held finance lease receivables amounting to approximately HK\$42,132,000 (31 December 2021: approximately HK\$45,476,000).

As at 30 June 2022, total liabilities decreased to approximately HK\$33,244,000 (31 December 2021: approximately HK\$34,101,000). The total liabilities mainly represented the trade and other payables of approximately HK\$9,765,000 (31 December 2021: approximately HK\$9,386,000) and other borrowings of approximately HK\$23,424,000 (31 December 2021: approximately HK\$24,486,000).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the six months ended 30 June 2022, the Group finances its operations by internally generated cashflows and other borrowings. As at 30 June 2022, the Group has net current liabilities of approximately HK\$737,000 (31 December 2021: net current assets of approximately HK\$7,493,000). As at 30 June 2022, the Group's cash and bank balances amounted to approximately HK\$12,331,000 (31 December 2021: approximately HK\$18,886,000).

The gearing ratio of the Group as at 30 June 2022, which is calculated as net debt (as calculated as other borrowings less cash and bank balances) divided by total capital (as calculated by total equity plus net debts) was 22.46% (31 December 2021: 10.41%).

As at 30 June 2022, the Group's other borrowings of approximately HK\$23,424,000 (31 December 2021: approximately HK\$24,486,000) 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 2022, the Company's number of issued ordinary shares was 523,330,908 ("**Share(s)**") (31 December 2021: 523,330,908 Shares).

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

CAPITAL COMMITMENT

As at 30 June 2022, the Group had capital commitments, which were contracted but not provided for, in respect of construction contract of approximately HK\$6,105,000 (31 December 2021: approximately HK\$5,807,000).

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 2022, the Group did not have any significant contingent liabilities (31 December 2021: 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 2022.

CHARGES OVER ASSETS

The Group had no pledged assets, including pledged deposits as at 30 June 2022 (31 December 2021: Nil)

STAFF AND REMUNERATION

As at 30 June 2022, the Group had 19 (2021: 19) employees and total staff costs incurred during the period under review amounted to approximately HK\$3,352,000 (2021: approximately HK\$3,180,000). 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\$38,294,000 as at 30 June 2022 (31 December 2021: approximately HK\$48,210,000). During the six months ended 30 June 2022, the Group recorded a loss attributable to the owners of the Company of approximately HK\$8,500,000 (2021: loss of approximately HK\$34,297,000). The net asset value per share was HK\$0.073 (31 December 2021: HK\$0.092), 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 2022 (31 December 2021: 523,330,908 Shares).



MANAGEMENT DISCUSSION AND ANALYSIS (continued)**USE OF PROCEEDS****The placing of new shares under general mandate (the “2017 Placing”)**

In early 2017, a total of 384,416,000 new Shares have been successfully placed to a placee at the placing price of HK\$0.36 per placing Share who and whose ultimate beneficial owners were third parties independent of and not connected with the Company and its connected persons (as defined under the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), immediately prior to the completion of the placing.

The gross proceeds from the placing were approximately HK\$138,400,000 and the net proceeds after deducting all relevant expenses were approximately HK\$133,900,000, which the Company intends to utilise for (i) general working capital of the Group, (ii) repayment of existing indebtedness, and/or (iii) possible investments in the future. The utilization of the net proceeds from the placing was summarised as follows:

	Original allocation of net proceeds HK\$'000	Revised allocation after the changes as disclosed in the announcement dated 18 October 2017 HK\$'000	Amount utilised up to 30 June 2022 HK\$'000	Balance as at 30 June 2022 HK\$'000
General working capital of the Group	48,920	96,085	(96,085)	–
Repayment of existing indebtedness	34,980	34,980	(34,980)	–
Possible investments	50,000	2,835	(835)	2,000
	133,900	133,900	(131,900)	2,000

For further details, please refer to the announcements of the Company dated 29 December 2016, 11 January 2017, 20 January 2017, 18 August 2017, 18 October 2017, 24 September 2019 and 29 September 2021.

Due to the negative impact caused by the Pandemic on the global economy, there is no desirable opportunity arisen and found fit to the Company, this balance remained unutilised. It is expected that the remaining balance of the net proceeds are proposed to be used in accordance with the previous disclosure in respect of the 2017 Placing and will be utilised by the end of December 2023.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)**The placing of new shares under general mandate (the “2020 Placing”) on 27 July 2020**

On 13 July 2020, the Company entered into the placing agreement with the placing agent, pursuant to which the Company agreed to place through the placing agent, on a best-effort basis, up to 200,000,000 new Shares to not less than six independent places at the placing price of HK\$0.04 per placing Share.

On 27 July 2020, all the conditions set out in the placing agreement had been fulfilled and the completion of the placing took place on 27 July 2020. An aggregate of 200,000,000 new Shares had been successfully placed by the placing agent to not less than six places at the placing price of HK\$0.04 per placing Share pursuant to the terms and conditions of the placing agreement. The net proceeds from the placing were approximately HK\$7,760,000, which the Company intended to apply the net proceeds (i) for general working capital of the Group and/or (ii) for possible investments in the future when opportunities arise. The utilisation of the net proceeds from the placing of new Shares was summarised as follows:

	Allocation of net proceeds HK\$'000	Amount utilised up to 30 June 2022 HK\$'000	Balance as at 30 June 2022 HK\$'000
General working capital of the Group	6,760	(6,760)	–
Possible investments	1,000	–	1,000
	7,760	(6,760)	1,000

For further details, please refer to the announcements of the Company dated 13 July 2020, 27 July 2020 and 29 September 2021.

Due to the negative impact caused by the Pandemic on the global economy, it is expected that the remaining balance of the net proceeds are proposed to be used in accordance with the previous disclosure in respect of the 2020 Placing. It is expected that the balance of net proceeds of HK\$1,000,000 as intended for possible investment will be utilised by the end of December 2023.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)**The rights issue on 12 December 2020 and raised HK\$21,000,000 (the “2020 Rights Issue”)**

On 16 October 2020, the Company entered into the underwriting agreement with the underwriter for the proposed rights issue of not less than 130,832,727 rights shares (the “**Rights Share(s)**”) at the subscription price of HK\$0.18 per Rights Share on the basis of one (1) Rights Share for every three (3) existing Shares in issue (the “**Rights Issue**”). The Rights Issue transaction had been completed on 14 December 2020, and an aggregate of 130,832,727 new shares had been allotted and issued by the Company.

The gross proceeds from the Rights Issue were approximately HK\$23,500,000. The net proceeds from the Rights Issue, after deducting professional fees and all other relevant expenses, were approximately HK\$21,000,000. The net proceeds from the Rights Issue were intended to be used for general working capital of the Group including (i) potential new projects as to approximately HK\$12,600,000; and (ii) operating expenses as to approximately HK\$8,400,000. The utilisation of the net proceeds from the Rights Issue was summarised as follows:

	Allocation of net proceeds HK\$'000	Amount utilised up to 30 June 2022 HK\$'000	Balance as at 30 June 2022 HK\$'000
Potential new projects	12,550	(8,791)	3,759
Operating expenses	8,400	(8,400)	–
	20,950	(17,191)	3,759

Details of the Rights Issue were set out in the announcements of the Company dated 16 October 2020, 20 November 2020, 11 December 2020 and 29 September 2021 and the prospectus of the Company dated 20 November 2020.

Due to the negative impact caused by the Pandemic on the global economy, it is expected that the remaining balance of the net proceeds are proposed to be used in accordance with the previous disclosure in respect of the 2020 Rights Issue. It is expected that the balance of net proceeds of HK\$3,800,000 as intended for potential new projects will be utilised by the end of December 2023.



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 2022 (2021: Nil).

OUTLOOK AND PROSPECT

Regarding the energy saving solutions business, the increasing awareness of energy saving, social responsibility, and also the determination to reduce carbon emission, energy saving, and environmental protection remains the key focus of the PRC government. However, the Group is facing intensified competition in the industry, particularly for small and medium-sized projects. Macroeconomic factors also fluctuate the market; especially, it is uncertain about the Pandemic situation in the foreseeable future.

The two-month lockdown in Shanghai in April caused a complete stoppage of work, and our officers could not go to offices or factories. Due to the lockdowns, our engineers were grounded and unable to get on-site to commence work. As such, implementation of projects was delayed, which is a force majeure event beyond the control of the Company, which also happened to a bulk majority of the companies in the market.

After the Shanghai government announced an end to its two-month-long lockdown in June, our operation team resumed work. Our staff has worked with the project owners and other partners to update the relevant timetables to continue the implementation of the projects as soon as practicable. Our staff also has contacted potential clients and expects to get more new orders in coming quarters.

Furthermore, the Group has signed a new contract to implement an energy saving system for a facility that will be used for the Hangzhou Asian Games. Our team has worked with the project owner to aim to start the on-site fieldwork in mid-September 2022 if appropriate.

The Pandemic negatively impacted the Group's Energy Saving Business in the past two years, and the management expects that the fiscal year 2022 will still be full of challenges given the uncertainties in the global economy.

As such, the Group will take feasible and necessary measures to react against the economic downturn and actively seize investment opportunities prudently and thoroughly.

Although some cities in the PRC started to pick up the pace in terms of economic activities, market sentiment is expected to take a relatively long time to reflect the impact, recover and resume normal fully.

As far as the Group's business is concerned, customers' demand and budget for capital expenditure are expected to be affected. Our team will continue to work hard to secure new contracts to keep the business momentum in the current environment.

The Group will continue to explore and capture business opportunities in the green sector, including HVAC energy-saving projects. In parallel, the Group is also exploring possible investment opportunities in other green fuel businesses, such as water treatment, energy storage business, etc.

For financing, the Group will continue to explore various funding sources, including project financing, debt financing, and equity fundraising, to finance the development of the Group's businesses.

The management of the Group is actively seeking means to sustain the business and strengthen the bottom line of the financials of the Group, which will benefit the public shareholders with better returns.



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 2022, 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%
Mr. Lam Yau Fung, Curt	Interest of controlled corporation	2,432,000	0.46%

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 2022, 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 Miaozhong	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 2022, 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 2022, 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 2022, 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.

On 15 July 2022, the Company was informed by CITIC International Assets Management Limited ("**Transferor**"), a substantial shareholder and the single largest shareholder of the Company that they reached an agreement with Shi Xin Eco-Maternal Care Limited on the sale of 105,815,008 shares of the Company (representing 20.22% of the issued and outstanding shares of the Company as at the date of this announcement) at a total consideration of HK\$25,000,000 (the "**Share Transaction**"). The simultaneous with the Share Transaction, an assignment agreement will be signed in relation to the transfer and assignment of the outstanding sum comprising outstanding principal and accrued interests in the aggregate amount of RMB23,971,716 due from 濠信節能科技(上海)有限公司, a subsidiary of the Company, to 華安信(北京)投資管理有限公司, a subsidiary of the Transferor, for a separate consideration and both transactions shall be conditional on each other to the effect that they shall be completed at the same time.

Upon completion of the both transactions, Shi Xin Eco-Maternal Care Limited will be interested in an aggregate of 105,815,008 shares of the Company, representing approximately 20.22% of the issued share capital of the Company and will become a substantial shareholder of the Company.

For further information relating to the Share Transaction, please refer to the announcement dated 15 July 2022 published by the Company.

DISCLOSURE OF ADDITIONAL INFORMATION (continued)

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

Notes: (continued)

- (3) 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.
- (4) 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.
- (5) 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.

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.

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 15 June 2020.

On 19 June 2020, a total of 116,203,500 options had been granted at an exercise price of HK\$0.066 per Share under the Scheme Mandate Limit.

In respect to the share options granted on 19 June 2020, the closing price of the shares immediately before the date of grant was on which the options were granted was HK\$0.055 per share. The estimated fair value of the share options granted was measured based on Binomial Option Pricing Model, further details of which were given in note 33 to the financial statements of the 2020 Annual Report. The aggregate value of share options granted to each class of grantees was approximately HK\$2,900,000, comprising HK\$518,000 to Directors and HK\$2,382,000 to employees. During the year ended 31 December 2020, the Group recognised equity-settled share-based payment of approximately HK\$2,900,000 in relation to the share options granted by the Company. The details of the estimated fair value of the share options granted is set out below:

Grantees	Position	Number of share option granted	Estimated fair value of share option granted HK\$
Chong Kok Leong	Executive Director	12,678,600	340,000
Zhuang Miao Zhong	Executive Director	5,071,400	136,000
Choy Hiu Fai, Eric	Independent Non-executive Director	507,200	14,000
Huang Lizhi	Independent Non-executive Director	507,200	14,000
Ng Kay Kwok	Independent Non-executive Director	507,200	14,000
Employees		96,931,900	2,382,000
Total		116,203,500	2,900,000

DISCLOSURE OF ADDITIONAL INFORMATION (continued)

SHARE OPTION SCHEME (continued)

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 to 11,620,350 Consolidated Shares.

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 to 11,683,849 Shares with effect from 14 December 2020.

As at the date of this report, the total number of Shares which may fall to be allotted and issued pursuant to the exercise of share options that may be granted under the refreshed Scheme Mandate Limit together with all outstanding share options granted and yet to be exercised, being a total of 58,683,232 Shares, representing 11.21% of the issued share capital of the Company, do not exceed the 30% limit.



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 01.01.2022	Number of share options				Outstanding as at 30.06.2022	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	6,253,245	-	-	1,789,797	-	4,463,448	01.01.2021 to 31.12.2025	HK\$0.656
Total		8,139,939	-	-	1,789,797	-	6,350,142		

Notes:

- 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.
- 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 2022.

CORPORATE GOVERNANCE

During the six months ended 30 June 2022 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 2 June 2022 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 2022. The Audit Committee has approved the unaudited interim financial statements.

For and on behalf of the Board

Chong Kok Leong

Executive Director

Hong Kong, 22 August 2022

