

CCIAM Future Energy Limited 信能低碳有限公司

(Stock Code: 145)



INTERIM REPORT
2023

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Cheng Lut Tim
Mr. Chong Kok Leong
Mr. Mok Tsan San (appointed on 1 April 2023)
Mr. Zhuang Miao Zhong

Independent Non-executive Directors

Ms. Yuen Wai Man (appointed on 22 June 2023)
Ms. Li Liming (appointed on 1 April 2023)
Mr. Yeung Wai Hung, Peter
Mr. Lam Yau Fung, Curt (resigned on 1 April 2023)
Mr. Choy Hui Fai, Eric (resigned on 22 June 2023)

AUDIT COMMITTEE

Ms. Yuen Wai Man (*Chairman*)
(appointed on 22 June 2023)
Ms. Li Liming (appointed on 1 April 2023)
Mr. Yeung Wai Hung, Peter
Mr. Lam Yau Fung, Curt (resigned on 1 April 2023)
Mr. Choy Hui Fai, Eric (resigned on 22 June 2023)

NOMINATION COMMITTEE

Ms. Yuen Wai Man (*Chairman*)
(appointed on 22 June 2023)
Ms. Li Liming (appointed on 1 April 2023)
Mr. Yeung Wai Hung, Peter
Mr. Lam Yau Fung, Curt (resigned on 1 April 2023)
Mr. Choy Hui Fai, Eric (resigned on 22 June 2023)

REMUNERATION COMMITTEE

Ms. Yuen Wai Man (*Chairman*)
(appointed on 22 June 2023)
Ms. Li Liming (appointed on 1 April 2023)
Mr. Yeung Wai Hung, Peter
Mr. Lam Yau Fung, Curt (resigned on 1 April 2023)
Mr. Choy Hui Fai, Eric (resigned on 22 June 2023)

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

COMPANY SECRETARY

Mr. Chang Kwan Yip, Quillan

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.ccfel.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 2023 together with the unaudited comparative figures for the six months ended 30 June 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	4	15,377	1,776
Cost of operation		(14,589)	(1,265)
Gross profit		788	511
Other income	5	619	80
Net allowance for expected credit losses on trade receivables and finance lease receivables		(432)	(1,330)
Selling expenses		(423)	(447)
Administrative and operating expenses		(6,093)	(5,260)
Loss from operations		(5,541)	(6,446)
Finance costs	6	(645)	(2,054)
Loss before taxation	7	(6,186)	(8,500)
Taxation	8	-	-
Loss for the period		(6,186)	(8,500)



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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Other comprehensive 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		(926)	(1,416)
Other comprehensive loss for the period, net of tax		(926)	(1,416)
Total comprehensive loss for the period, net of tax		(7,112)	(9,916)
Loss for the period attributable to owners of the Company		(6,186)	(8,500)
Total comprehensive loss for the period attributable to owners of the Company		(7,112)	(9,916)
		HK cents	HK cents
Loss per share			
– Basic and diluted	10	(0.67)	(1.62)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2023

	Notes	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Non-current assets			
Right-of-use assets		274	–
Finance lease receivables	11	10,356	11,410
		10,630	11,410
Current assets			
Inventories		405	420
Trade receivables	12	160	2,636
Contract assets	13	2,464	2,021
Prepayments, deposits and other receivables	14	10,376	13,785
Finance lease receivables	11	2,011	2,914
Cash and bank balances		26,653	26,985
		42,069	48,761
Current liabilities			
Trade and other payables	15	10,835	9,533
Contract liabilities		–	8,819
Lease liabilities		280	–
Other borrowings		–	22,374
		11,115	40,726
Net current assets		30,959	8,035
Total assets less current liabilities		41,584	19,445



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AT 30 JUNE 2023

	Notes	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Net assets		41,584	19,445
Capital and reserves			
Share capital	16	3,230,874	3,201,626
Reserves		(3,189,290)	(3,182,181)
Total equity		41,584	19,445



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Share capital HK\$'000	Share options reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2022 (Audited)	3,177,339	2,033	5,519	(3,136,681)	48,210
Loss for the period	–	–	–	(8,500)	(8,500)
Other comprehensive loss for the period	–	–	(1,416)	–	(1,416)
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
At 1 January 2023 (Audited)	3,201,626	1,596	4,439	(3,188,216)	19,445
Loss for the period	–	–	–	(6,186)	(6,186)
Other comprehensive loss for the period	–	–	(926)	–	(926)
Total comprehensive loss for the period	–	–	(926)	(6,186)	(7,112)
Forfeit of share option	–	(27)	–	27	–
Rights issue of shares	31,400	–	–	–	31,400
Transaction costs attributable to rights issues of shares	(2,152)	–	3	–	(2,149)
At 30 June 2023 (Unaudited)	3,230,874	1,569	3,516	(3,194,375)	41,584



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Net cash used in operating activities		(11,749)	(6,521)
Cash flows from investing activities			
Proceeds from disposal of subsidiary		5,050	–
Bank interest received		13	12
Net cash generated from investing activities		5,063	12
Cash flows from financing activities			
Net Proceeds from rights issues of shares		29,248	–
Repayments of other borrowings		(22,623)	–
Repayments of lease liabilities		(86)	(176)
Net cash generated from/(used in) financing activities		6,539	(176)
Net decrease in cash and cash equivalents		(147)	(6,685)
Cash and cash equivalents at the beginning of the period		26,985	18,886
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies		(185)	130
Cash and cash equivalents at the end of the period		26,653	12,331
Analysis of balances of cash and cash equivalents			
Cash and bank balances		26,653	12,331



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 2022 as contained in the Company’s annual report 2022, 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 24 August 2023.

The financial information relating to the financial year ended 31 December 2022 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 2022 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 2022. 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 2023

1. BASIS OF PREPARATION (continued)

Going Concern

For the six months ended 30 June 2023, the Group incurred a net loss of approximately HK\$6,186,000 (2022: approximately HK\$8,500,000). 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 2023 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 2023

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

HKFRS 17 and related amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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.

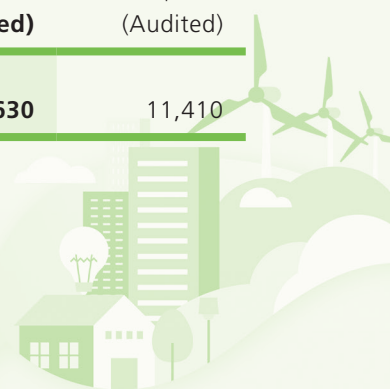
During the six months ended 30 June 2023 and 2022, the Group operates in one operating segment which is the provision of design and provision of energy saving solutions. A single management team reports to the Directors of the Group (being the chief operating decision-maker) who comprehensively manages the entire business. Accordingly, the Group does not present separately segment information.

Geographical information

The Group operates in one principal geographical area – 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 2023	2022	30 June 2023	31 December 2022
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)
The PRC	15,377	1,776	10,630	11,410



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue from contracts with customers		
Energy saving solutions income	15,149	1,653
Repair and maintenance service income	228	123
	15,377	1,776

5. OTHER INCOME

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Bank interest income	13	12
Interest income on finance lease receivables	14	20
Government grants (Note)	–	48
Gain on disposal of a subsidiary	50	–
Reversal of accrued sales commission	542	–
	619	80

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 2023

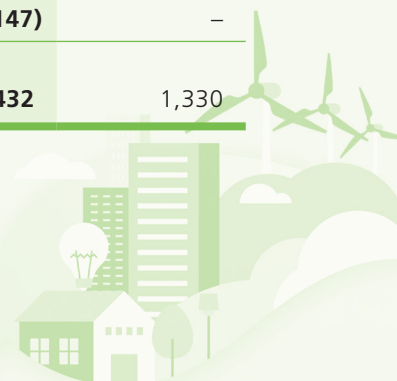
6. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expenses on other borrowings	630	2,048
Interest expenses on lease liabilities	15	6
	645	2,054

7. LOSS BEFORE TAXATION

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

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Staff costs (including Directors' remuneration):		
– Directors' fee	762	618
– Salaries, bonus and wages	1,963	2,641
– Contribution to retirement benefits schemes	76	93
	2,801	3,352
Depreciation of property, plant and equipment	2	–
Depreciation expenses on right-of-use assets	96	–
Expenses relating to short-term lease	–	48
Net allowances for expected credit losses on trade receivables and finance lease receivables		
– Allowance for expected credit losses on trade receivables	–	453
– Allowance for expected credit losses on finance lease receivables	524	879
– Allowance for expected credit losses on contract assets	55	–
– Reversal of allowance for expected credit losses on trade receivables	–	(2)
– Reversal of allowance for expected credit losses on finance lease receivables	(147)	–
	432	1,330



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

8. TAXATION

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Deferred taxation Credit for the period	–	–

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 2023 (six months ended 30 June 2022: Nil).

9. INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividends in respect of the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	(6,186)	(8,500)

	Six months ended 30 June	
	2023 '000 (Unaudited)	2022 '000 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	928,231	523,331

Note: For the six months ended 30 June 2023 and 2022, 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 2023

11. FINANCE LEASE RECEIVABLES

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Current finance lease receivables	31,324	32,751
Non-current finance lease receivables	11,343	12,631
	42,667	45,382
Less: Allowance for expected credit losses	(30,300)	(31,058)
	12,367	14,324

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 5-15 years (31 December 2022: range from 5-15 years).

Amounts receivable under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Not later than one year	31,378	33,281	31,324	32,751
Later than one year and not later than five years	9,684	10,670	6,874	5,271
Later than five years	15,945	17,515	4,469	7,360
	57,007	61,466	42,667	45,382
Less: Unearned finance income	(14,340)	(16,084)	-	-
Present value of minimum lease payments receivable	42,667	45,382	42,667	45,382
Less: Allowance for uncollectible lease payments	(30,300)	(31,058)	(30,300)	(31,058)
	12,367	14,324	12,367	14,324

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

11. FINANCE LEASE RECEIVABLES (continued)

Amounts receivable under finance leases (continued)

Analysed for reporting purposes as:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Current assets	2,011	2,914
Non-current assets	10,356	11,410
	12,367	14,324

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 2023 (31 December 2022: 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\$524,000 has been recognised for finance lease receivables during the period 30 June 2023 (2022: net allowance of approximately HK\$879,000).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

12. TRADE RECEIVABLES

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Trade receivables	53,407	57,880
Allowance for expected credit losses	(53,247)	(55,244)
	160	2,636

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

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
0 to 90 days	74	2,604
91 to 180 days	86	32
Over 180 days	–	–
	160	2,636

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.

No allowance for expected credit losses has been recognised for trade receivables during the six months ended 30 June 2023 (2022: HK\$453,000).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

13. CONTRACT ASSETS

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Unbilled receivables (Note)	2,530	2,027
Less: Allowance for expected credit losses	(66)	(6)
Total unbilled receivables, net of allowance for expected credit losses	2,464	2,021

Note:

Unbilled receivables included in contract assets represents the Group's right to receive consideration for work completed and not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.

Net allowance for expected credit losses of approximately HK\$55,000 has been recognised for contract assets during the six months ended 30 June 2023 (2022: nil).

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Prepayments	10,070	9,469
Receivables from disposal of a subsidiary	9,200	9,200
Other receivables	20	20
Refundable rental deposits and other deposits	286	4,296
	19,576	22,985
Less: accumulated impairment allowance on other receivables	(9,200)	(9,200)
	10,376	13,785

As at 30 June 2023 and 31 December 2022, 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 2023 and 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

15. TRADE AND OTHER PAYABLES

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Trade payables	80	2,738
Accrued expenses	420	1,800
Receipt in advance	10,060	–
Interest payables	–	4,584
Other payables	275	411
	10,835	9,533

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

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
0 to 90 days	–	2,504
91 to 180 days	–	–
181 to 365 days	–	–
Over 365 days	80	234
	80	2,738

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

16. SHARE CAPITAL

	Number of shares		Share capital	
	30 June 2023 '000	31 December 2022 '000	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Issued and fully paid:				
At the end of the period/year	941,996	627,997	3,230,874	3,201,626

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

17. DISPOSAL OF A SUBSIDIARY COMPANY

On 27 April 2023, the Group entered into the Sale and Purchase Agreement with an independent third party to dispose of its entire equity interest in CCIAM Coating Company Limited (信能塗膜有限公司). The disposal was completed on 27 April 2023.

Analysis of assets and liabilities derecognized from the consolidated financial statements at the date of completion of disposal:

Net assets derecognised

	HK\$'000
Cash and bank balances (Note)	5,000
Net assets derecognised	5,000

Gain on disposal of subsidiaries

	HK\$'000
Consideration received	5,050
Net assets derecognised	(5,000)
Gain on disposal of subsidiaries	50

Net cash inflow arising on disposal

	HK\$'000
Cash Consideration received	5,050
Less: Cash and cash equivalents disposed of	(5,000)
Net cash inflow arising on disposal	50

Note:

Cash and bank balances represent as cash held in a cash account of a licensed brokerage firm.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Commitments for the construction contract	712	954

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 2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest expense paid to a related party under common shareholder	–	2,048

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.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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.

After the Chinese central government lifted the COVID-19-related restrictions in December 2022, the Group is glad to see there is a rebound in the Weldtech Group’s business in the first half of 2023 compared to the same period in 2022.

During the six months ended 30 June 2023, the Group recorded an unaudited revenue of approximately HK\$15,377,000, representing an increase of approximately 766% as compared with approximately HK\$1,776,000 for the last corresponding period. An unaudited loss attributable to the owners of the Company of approximately HK\$6,186,000 (2022: loss of approximately HK\$8,500,000) was recorded which was mainly attributable to: (i) net allowance for expected credit losses on trade and finance lease receivables of approximately HK\$432,000 (2022: approximately HK\$1,330,000); and (ii) finance costs of approximately HK\$645,000 (2022: approximately HK\$2,054,000) which included the interest expense of approximately HK\$630,000 (2022: approximately HK\$2,048,000) on other borrowings raised for project financing of the Group. For the Period, the administrative expenses increased by approximately HK\$833,000 as compared to the corresponding period in 2022 which was mainly due to the net effect of an increase in legal and professional fee in relation to collection of outstanding receivables.

Energy saving solutions business

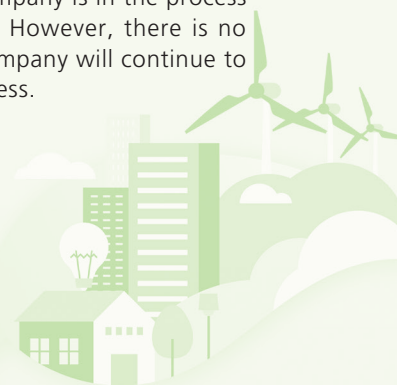
The Company’s subsidiary, Weldtech Technology Co. Limited and its subsidiary, Haoxin Technology (Shanghai) Company Limited (濠信節能科技(上海)有限公司) (collectively, the “**Weldtech Group**”) is primarily engaged in design and provision of energy saving solutions business (the “**Energy Saving Business**”). Weldtech Group is also engaged in green energy and building related construction and modification businesses.

Regarding the design and provision of energy saving solutions, Weldtech Group has benefited the improved market condition in the first half of 2023, it recorded an unaudited revenue of approximately HK\$15,337,000, representing an increase of approximately 766% in the first six months of 2023 when compared to the last corresponding period.

A segment loss of approximately HK\$3,092,000 was recorded for the six months ended 30 June 2023 (2022: loss of approximately HK\$5,858,000). The segment loss was mainly attributable to: (i) net allowance for expected credit losses on trade and finance lease receivables of approximately HK\$432,000 (2022: approximately HK\$1,330,000); and (ii) interest expenses on other borrowings of approximately HK\$630,000 (2022: approximately HK\$2,048,000).

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 in the first half of 2023. 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 2023, the total assets decreased to approximately HK\$52,699,000 (31 December 2022: approximately HK\$60,171,000).

As at 30 June 2023, the Group held finance lease receivables amounting to approximately HK\$12,367,000 (31 December 2022: approximately HK\$14,324,000).

As at 30 June 2023, total liabilities decreased to approximately HK\$11,115,000 (31 December 2022: approximately HK\$40,726,000). The total liabilities mainly represented the trade and other payables of approximately HK\$10,835,000 (31 December 2022: approximately HK\$9,533,000) and other borrowings of approximately HK\$Nil (31 December 2022: approximately HK\$22,374,000).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the six months ended 30 June 2023, the Group finances its operations by internally generated cashflows and other borrowings. As at 30 June 2023, the Group has net current assets of approximately HK\$30,954,000 (31 December 2022: net current assets of approximately HK\$8,035,000). As at 30 June 2023, the Group's cash and bank balances amounted to approximately HK\$26,653,000 (31 December 2022: approximately HK\$26,985,000).

As at 30 June 2023, the Group has net cash of approximately HK\$26,373,000 (31 December 2022: HK\$4,611,000), therefore, the gearing ratio is not applicable as at 30 June 2023 and 31 December 2022. The gearing ratio of the Group as at 31 December 2021, 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 10.4%.

As at 30 June 2023, the Group has no other borrowings (31 December 2022: approximately HK\$22,374,000).

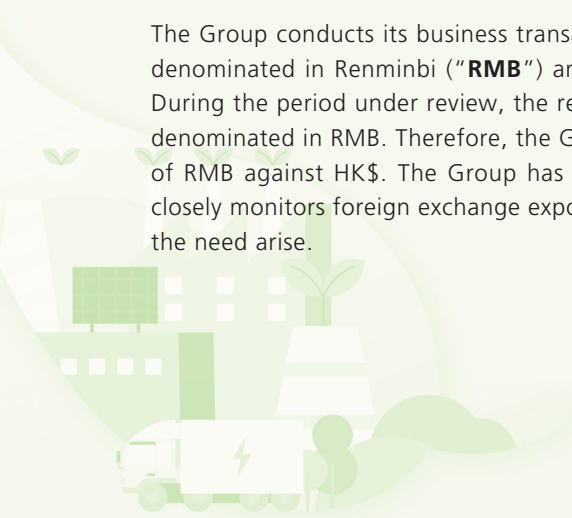
The share capital of the Group only comprises of ordinary shares. As at 30 June 2023, the Company's number of issued ordinary shares was 941,995,663 ("**Share(s)**") (31 December 2022: 627,997,089 Shares).

CAPITAL COMMITMENT

As at 30 June 2023, the Group had capital commitments, which were contracted but not provided for, in respect of construction contract of approximately HK\$712,000 (31 December 2022: approximately HK\$954,000).

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.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have any significant contingent liabilities (31 December 2022: Nil).

MATERIAL INVESTMENTS, ACQUISITION AND DISPOSALS

On 27 April 2023, the Group entered into the Sale and Purchase Agreement with an independent third party to dispose of its entire equity interest in CCIAM Coating Company Limited (信能塗膜有限公司). The disposal was completed on 27 April 2023.

Save as disclosed elsewhere in this report, there were no material investments, acquisitions or disposals of subsidiaries during the six months ended 30 June 2023.

CHARGES OVER ASSETS

The Group had no pledged assets, including pledged deposits as at 30 June 2023 (31 December 2022: Nil).

STAFF AND REMUNERATION

As at 30 June 2023, the Group had 15 (2022: 19) employees and total staff costs incurred during the period under review amounted to approximately HK\$2,801,000 (2022: approximately HK\$3,352,000). 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 increased to approximately HK\$41,584,000 as at 30 June 2023 (31 December 2022: approximately HK\$19,445,000). During the six months ended 30 June 2023, the Group recorded a loss attributable to the owners of the Company of approximately HK\$6,186,000 (2022: loss of approximately HK\$8,500,000). The net asset value per share was HK\$0.044 (31 December 2022: HK\$0.031), which was calculated on the above net assets value and the Company's number of 941,996,000 issued ordinary shares as at 30 June 2023 (31 December 2022: 627,997,000 Shares).



MANAGEMENT DISCUSSION AND ANALYSIS (continued)**USE OF PROCEEDS****The placing of new shares under general mandate (the “2022 Placing”) on 13 October 2022**

On 5 September 2022, 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 104,666,181 new Shares to not less than six independent placees at the placing price of HK\$0.238 per placing Share.

On 13 October 2022, all the conditions set out in the placing agreement had been fulfilled and the completion of the placing took place on 13 October 2022. An aggregate of 104,666,181 new Shares had been successfully placed by the placing agent to not less than six placees at the placing price of HK\$0.238 per placing Share pursuant to the terms and conditions of the placing agreement. The net proceeds from the placing were approximately HK\$24,000,000, which the Company intended to apply the net proceeds (i) for repayment of current liabilities; and (ii) for general working capital of the Group, including but not limited to existing and new energy saving projects, possible investment, administrative expenses and salary and wages. 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 2023 HK\$'000	Balance as at 30 June 2023 HK\$'000
Repayment of current liabilities	12,000	(12,000)	–
General working capital of the Group	12,000	(12,000)	–
	24,000	(24,000)	–

For further details, please refer to the announcements of the Company dated 5 September 2022, 29 September 2022 and 13 October 2022.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)**The rights issue completed on 16 January 2023 (the “2023 Rights Issue”)**

On 28 November 2022, the Company entered into the underwriting agreement with the underwriter for the proposed rights issue of not less than 313,998,544 rights shares (the “**Rights Share(s)**”) at the subscription price of HK\$0.10 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares in issue (the “**Rights Issue**”). The Rights Issue transaction had been completed on 16 January 2023, and an aggregate of 313,998,544 new shares had been allotted and issued by the Company. As at 27 March 2023, the Company’s number of issued ordinary shares was 941,995,663.

The gross proceeds from the Rights Issue were approximately HK\$31,400,000. The net proceeds from the Rights Issue, after deducting professional fees and all other relevant expenses, were approximately HK\$29,200,000. The net proceeds from the Rights Issue were intended to be used (i) approximately HK\$17,500,000 for repayment of the outstanding borrowings; (ii) approximately HK\$8,000,000 for existing and new energy saving projects; and (iii) the remaining amount for general working capital of the Group. 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 2023 HK\$’000	Balance as at 30 June 2023 HK\$’000
Repayment of the outstanding borrowings	17,500	(17,500)	–
Existing and new energy saving projects	8,000	(8,000)	–
General working capital of the Group	3,700	(3,200)	500
	29,200	(28,700)	500

Details of the Rights Issue were set out in the announcements of the Company dated 28 November 2022, 20 December 2022 and 13 January 2023 and the prospectus of the Company dated 20 December 2022.

It is expected that the balance of net proceeds of approximately HK\$500,000 as intended for general working capital of the Group will be utilised by the end of December 2023.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

EVENTS AFTER REPORTING PERIOD

The placing of new shares under general mandate (the “2023 Placing”) on 7 June 2023

On 7 June 2023 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place, through the Placing Agent, on a best efforts basis, up to 188,288,000 Placing Shares to not less than six independent Placees at the Placing Price of HK\$0.04 per Placing Share.

On 12 July 2023, all the conditions precedent set out in the Placing Agreement have been fulfilled and the completion of placing took place on 12 July 2023. An aggregate of 188,288,000 new Shares had been successfully placed by the Placing Agent to not less than six placees 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\$7,080,000, which the Company intends to apply the net proceeds for general working capital of the Group, including but not limited to existing and new energy saving projects, administrative expenses and salary and wages.

	Allocation of net proceeds HK\$'000	Amount utilised up to 31 July 2023 HK\$'000	Balance as at 31 July 2023 HK\$'000
General working capital of the Group	7,080	–	7,080

For further details, please refer to the announcements of the Company dated 7 June 2023, 26 June 2023 and 12 July 2023.

INTERIM DIVIDEND

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



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

OUTLOOK AND PROSPECT

After the Chinese central government eased the COVID-19-related restrictions, the Group sees rebounds in the construction industry and expects the PRC and the overall market condition will continue to slowly recover in the second half of 2023.

Going forward, the Group will continue to focus on capturing new businesses in green energy sectors, including reusable energy projects and related implementation, materials procurement, sales, and solutions.

The Group is also actively seeking and capturing market opportunities to expand the Group's network in different sectors in the PRC and outside the PRC, if appropriate.

However, as the PRC real estate sector is currently under stress, the Group believes it may impact the PRC construction sector in the second half of 2023. Since construction companies are the major customers of Weldtech Group, any withholding or delay in construction works will adversely affect the number of potential new contracts to be available in the market, and lower Weldtech Group's profit margin for projects.

On the other hand, as the economy gradually recovers, the Group will also cautiously seek appropriate opportunities to restart the loan financing and property mortgage businesses, if appropriate.

In terms of getting new capital to develop the Group's businesses, the management team will continue to explore various funding sources, including project financing, debt financing, and equity fundraising, to support the Group's financial needs.

The management of the Group is cautiously optimistic that the Group's businesses will improve as 2023 progresses, and the Group will continue to focus on completing new orders to sustain the business and strengthen the bottom line of the Group.



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 2023, 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⁾	4.03%

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 2023, the Company's number of issued Share was 941,995,633.

(ii) Long positions in share options of the Company

Name of Director	Number of share options beneficially owned
Mr. Chong Kok Leong	1,468,205
Mr. Zhuang Miao Zhong	587,277

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

Save as disclosed above, as at 30 June 2023, 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' AND OTHER PERSONS WITH INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2023, so far as is known to the Directors, other than Directors and the chief executive of the Company, no other party held interests or short positions (directly or indirectly) in the Shares or underlying Shares were recorded in the register kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

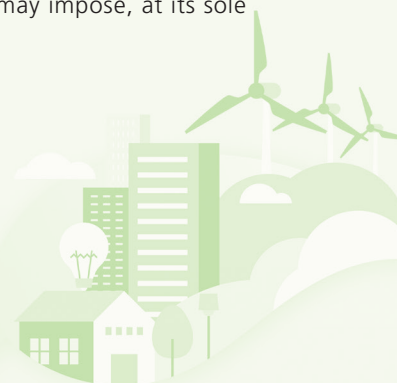
The Company operates a share option scheme adopted by the Shareholders on 2 June 2023 (the "**Share Option Scheme**") which shall be valid and effective for a period of ten years from the date of adoption.

The purpose of the Share Option Scheme is to reward Participants who have contributed or will contribute to the Group and to encourage longer term commitment of Grantees to the Group and to better align their interests with those of the Shareholders, which can contribute towards enhancing the value of the Company and the Shares for the benefit of the Company and its Shareholders as a whole.

In determining the eligibility of each Participant, the Board shall consider the experience of the Participant on the Group's business, the length of employment or office of the Participant with the Group, the amount of support, assistance, guidance, advice or efforts the Participant has given or will give towards the Group's success and any other factor that allows the Board to assess the amount of contribution made or to be made by the Participant to the Group. Participants include any director or any employee of the Company or any Subsidiary (including any person who is granted any Option as an inducement to enter into any employment contract with the Company or such Subsidiary).

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: representing in aggregate over 0.1% of the relevant class of shares in issue, 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 28 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; and (iii) the nominal value of the shares.

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 Scheme Mandate Limit was approved by the Shareholders in the AGM on 2 June 2023.

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 of the previous share option scheme.

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 shares and the total number of share options outstanding was adjusted to 11,620,350 consolidated shares.

The Company had 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.

The Company had also completed Rights Issue on 16 January 2023. 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\$0.57 per Share and the total number of share options outstanding was adjusted to 7,254,877 Shares with effect from 16 January 2023.

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 Scheme Mandate Limit together with all outstanding share options granted and yet to be exercised, being a total of 94,199,563 Shares, representing 10% of the issued share capital of the Company.



DISCLOSURE OF ADDITIONAL INFORMATION (continued)

SHARE OPTION SCHEME (continued)

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

Name of category	Date of grant of share options	Number of share options					Validity period of share options	Exercise price (Note 1) (Note 2) (Note 3)	
		Outstanding as at 01.01.2023	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period			Outstanding as at 30.06.2023
Directors									
Mr. Chong Kok Leong	19.06.2020	1,468,205	-	-	-	-	1,468,205	01.01.2021 to 31.12.2025	HK\$0.57
Mr. Zhuang Miao Zhong	19.06.2020	587,277	-	-	-	-	587,277	01.01.2021 to 31.12.2025	HK\$0.57
Mr. Choy Hiu Fai, Eric (Resigned on 22 June 2023)	19.06.2020	58,734	-	-	58,734	-	-	01.01.2021 to 31.12.2025	HK\$0.57
Mr. Huang Lizhi (Passed away on 18 December 2022)	19.06.2020	58,734	-	-	58,734	-	-	01.01.2021 to 31.12.2025	HK\$0.57
Subtotal		2,172,950	-	-	117,468	-	2,055,482		
Employees	19.06.2020	5,140,661	-	-	-	-	5,140,661	01.01.2021 to 31.12.2025	HK\$0.57
Total		7,313,611	-	-	117,468	-	7,196,143		

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.
- Reference is made to the Company's announcement dated 13 January 2023. On 16 January 2023, the exercise price and number of share options have been adjusted from HK\$0.656 to HK\$0.57, and from 6,299,145 options to 7,245,877 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 2023.

CORPORATE GOVERNANCE

During the six months ended 30 June 2023 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 2023 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 2023. The Audit Committee has approved the unaudited interim financial statements.

For and on behalf of the Board

Chong Kok Leong

Executive Director

Hong Kong, 24 August 2023

