



中国科技产业集团有限公司  
CHINA TECHNOLOGY INDUSTRY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8111)



Interim Report  
**2022**

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (“STOCK EXCHANGE”)

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*This report, for which the directors (“**Directors**”) of China Technology Industry Group Limited (“**Company**” together with its subsidiaries, the “**Group**”), collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## INTERIM RESULTS HIGHLIGHTS

The loss attributable to owners of the Company for the six months ended 30 September 2022 ("**2022-1H**") was approximately RM7.2 million (profit attributable to owners of the Company for the six months ended 30 September 2021 ("**2021-1H**"): approximately RMB5.5 million).

The revenue of the Group for 2022-1H was approximately RMB42.5 million, representing a decrease of approximately 11.3 per cent. as compared with approximately RMB47.9 million recorded for 2021-1H.

Gross profit margin of the Group was approximately 5.2 per cent. for 2022-1H, as compared to approximately 23.7 per cent. for 2021-1H.

Basic loss per share for 2022-1H was approximately RMB1.61 cents (2021-1H: basic earnings per share of approximately RMB1.28 cents).

The Directors do not recommend the payment of a dividend for 2022-1H (2021-1H: Nil).

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Six Months Ended 30 September 2022

	Notes	Three months ended 30 September		Six months ended 30 September	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	3	15,603	38,184	42,510	47,921
Cost of sales		(14,223)	(28,431)	(40,293)	(36,546)
Gross profit		1,380	9,753	2,217	11,375
Other revenue – bank interest income		1	–	4	3
Other losses and gains	5	(1,812)	717	(3,082)	1,812
Selling expenses		(11)	(589)	(67)	(1,037)
Change in fair value of financial assets at fair value through profit or loss (“FVTPL”)		–	66	–	–
Realised loss on financial assets at FVTPL		–	(138)	–	(138)
Change in fair value of financial derivative liabilities		–	43	–	62
Administrative expenses		(2,861)	(2,899)	(4,629)	(4,662)
Finance costs	6	(623)	(399)	(1,176)	(1,406)
(Loss) Profit before tax	7	(3,926)	6,554	(6,733)	6,009
Income tax expense	8	–	(488)	(463)	(488)
<b>(Loss) Profit for the period</b>		<b>(3,926)</b>	<b>6,066</b>	<b>(7,196)</b>	<b>5,521</b>
<b>Total comprehensive (expense) income for the period</b>		<b>(3,926)</b>	<b>6,066</b>	<b>(7,196)</b>	<b>5,521</b>
(Loss) Profit for the period attributable to:					
Owners of the Company		(3,926)	6,066	(7,196)	5,521
Non-controlling interests		–	–	–	–
		<b>(3,926)</b>	<b>6,066</b>	<b>(7,196)</b>	<b>5,521</b>
Total comprehensive (expense) income for the period attributable to:					
Owners of the Company		(3,926)	6,066	(7,196)	5,521
Non-controlling interests		–	–	–	–
		<b>(3,926)</b>	<b>6,066</b>	<b>(7,196)</b>	<b>5,521</b>
		<b>RMB cents</b>	<b>RMB cents</b>	<b>RMB cents</b>	<b>RMB cents</b>
<b>(Loss) Earnings per share</b>	10				
Basic (RMB cents)		<b>(0.88)</b>	1.39	<b>(1.61)</b>	1.28
Diluted (RMB cents)		<b>(0.88)</b>	1.35	<b>(1.61)</b>	1.28

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	<i>Notes</i>	<b>30 September 2022 RMB'000</b>	31 March 2022 RMB'000
<b>Non-current assets</b>			
Property and equipment		147	253
Right-of-use assets	11	19,235	514
Goodwill		–	–
Rental deposit		255	255
		<b>19,637</b>	1,022
<b>Current assets</b>			
Accounts and bills receivables	12	130,692	155,692
Other receivables, deposits and prepayments		5,055	5,198
Bank balances and cash		1,735	4,037
		<b>137,482</b>	164,927
<b>Current liabilities</b>			
Accounts payables	13	6,266	6,416
Other payables and accruals		21,923	29,650
Other loans	14	22,027	17,707
Convertible bonds	15	29,168	25,596
Tax payable		184	1,436
Lease liabilities		157	554
		<b>79,725</b>	81,359
<b>Net current assets</b>		<b>57,757</b>	83,568
<b>Total assets less current liabilities</b>		<b>77,394</b>	84,590
<b>Net assets</b>		<b>77,394</b>	84,590
<b>Capital and reserves</b>			
Share capital	16	189,876	189,876
Reserves		(112,482)	(105,286)
<b>Total equity</b>		<b>77,394</b>	84,590

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Six Months Ended 30 September 2022

	Attributable to owners of the Company						Total RMB'000	Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Reserve arising from reorganisation RMB'000 (note a)	Exchange reserve RMB'000	Equity transaction reserve RMB'000 (note b)	Accumulated losses RMB'000			
At 1 April 2021 (audited)	189,876	120,291	(20,484)	156	(11,210)	(190,307)	88,322	(380)	87,942
Profit and total comprehensive income for the period	-	-	-	-	-	5,521	5,521	-	5,521
At 30 September 2021 (unaudited)	189,876	120,291	(20,484)	156	(11,210)	(184,786)	93,843	(380)	93,463
At 1 April 2022 (audited)	<b>189,876</b>	<b>120,291</b>	<b>(20,484)</b>	<b>156</b>	<b>(11,210)</b>	<b>(194,039)</b>	<b>84,590</b>	-	<b>84,590</b>
Loss and total comprehensive expense for the period	-	-	-	-	-	(7,196)	(7,196)	-	(7,196)
At 30 September 2022 (unaudited)	<b>189,876</b>	<b>120,291</b>	<b>(20,484)</b>	<b>156</b>	<b>(11,210)</b>	<b>(201,235)</b>	<b>77,394</b>	-	<b>77,394</b>

Notes:

a. Reserve arising from reorganisation

The reserve arising from reorganisation of approximately RMB20,484,000 represents the difference between the nominal value of the share capital of subsidiaries acquired and the cost of investments in these subsidiaries incurred by the Company in exchange thereof, and has been debited to the reserve of the Group.

b. Equity transaction reserve

The equity transaction reserve represents the effect of changes in the Group's interest in existing subsidiaries without losing control and the consideration to be issued for the aforementioned transaction, which would be reclassified to share capital and share premium upon issuance of ordinary shares.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For The Six Months Ended 30 September 2022

	Six months ended 30 September	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>OPERATING ACTIVITIES</b>		
NET CASH FROM OPERATING ACTIVITIES	13,189	20,501
<b>INVESTING ACTIVITY</b>		
Interest received	4	3
Purchase of land use right	(19,283)	–
NET CASH (USED IN) FROM INVESTING ACTIVITY	(19,279)	3
<b>FINANCING ACTIVITIES</b>		
Raise of other loans	3,573	4,062
Interest paid	(9)	(30)
Repayments of lease liabilities	(447)	(462)
Repayment from a related party	671	–
Repayments to a related party	–	(24,024)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	3,788	(20,454)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,302)	50
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	4,037	1,909
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,735	1,959
Represented by:		
Bank balances and cash	1,735	1,959

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For The Six Months Ended 30 September 2022

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Rules”).

## 2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation used in the condensed consolidated financial statements for 2022-1H are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2022.

### **APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, plant and equipment: Proceeds before intended use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 cycle

The application of the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

## 3. REVENUE

### **Disaggregation of revenue**

	Three months ended 30 September		Six months ended 30 September	
	2022 RMB’000 (Unaudited)	2021 RMB’000 (Unaudited)	2022 RMB’000 (Unaudited)	2021 RMB’000 (Unaudited)
<b>Types of goods or services</b>				
Sales of renewable energy products	15,603	38,184	42,510	47,921
<b>Timing of revenue recognition</b>				
A point in time	15,603	38,184	42,510	47,921



## 4. OPERATING SEGMENTS

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

- (a) Sales of renewable energy products; and
- (b) New energy power system integration business.

### SEGMENT REVENUE AND RESULTS

The following is an analysis of the Group's revenue and results by reportable segments:

#### Six months ended 30 September 2022

	Sales of renewable energy products RMB'000 (Unaudited)	New energy power system integration business RMB'000 (Unaudited)	Unallocated RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue from external customers	42,510	-	-	42,510
Segment profit (loss)	958	-	(51)	907
Unallocated other losses and gains				(3,082)
Unallocated expenses				(3,382)
Finance costs				(1,176)
Loss before tax				(6,733)
Income tax expense				(463)
Loss for the period				(7,196)

## 4. OPERATING SEGMENTS *(continued)*

### SEGMENT REVENUE AND RESULTS *(continued)*

Six months ended 30 September 2021

	Sales of renewable energy products RMB'000 (Unaudited)	New energy power system integration business RMB'000 (Unaudited)	Unallocated RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue from external customers	47,921	–	–	47,921
Segment profit (loss)	9,250	(654)	(98)	8,498
Unallocated other gains and losses				1,783
Unallocated expenses				(2,790)
Realised loss on financial assets at FVTPL				(138)
Change in fair value of financial derivative liabilities				62
Finance costs				(1,406)
Profit before tax				6,009
Income tax expense				(488)
Profit for the period				5,521

### SEGMENT ASSETS AND LIABILITIES

The following is an analysis of the Group's assets and liabilities by reportable segments:

**As at 30 September 2022**

	Sales of renewable energy products RMB'000 (Unaudited)	New energy power system integration business RMB'000 (Unaudited)	Unallocated RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment assets	98,049	57,200	185	155,434
Property and equipment (for corporate)				146
Right-of-use assets (for corporate)				144
Rental deposit (for corporate)				255
Other receivables, deposits and prepayments (for corporate)				1,037
Bank balances and cash (for corporate)				103
Total assets				157,119
Segment liabilities	5,375	1,164	1,521	8,060
Other payables and accruals (for corporate)				20,313
Other loans (for corporate)				22,027
Lease liabilities (for corporate)				157
Convertible bonds (for corporate)				29,168
Total liabilities				79,725

#### 4. OPERATING SEGMENTS *(continued)* SEGMENT ASSETS AND LIABILITIES *(continued)*

As at 31 March 2022

	Sales of renewable energy products RMB'000 (Audited)	New energy power system integration business RMB'000 (Audited)	Unallocated RMB'000 (Audited)	Total RMB'000 (Audited)
Segment assets	91,142	73,075	503	164,720
Property and equipment (for corporate)				253
Right-of-use assets (for corporate)				514
Rental deposit (for corporate)				255
Other receivables, deposits and prepayments (for corporate)				104
Bank balances and cash (for corporate)				103
Total assets				165,949
Segment liabilities	6,772	8,287	1,581	16,640
Other payables and accruals (for corporate)				20,862
Other loans (for corporate)				17,707
Lease liabilities (for corporate)				554
Convertible bonds (for corporate)				25,596
Total liabilities				81,359

For the purpose of monitoring segment performances and allocating resources among segments:

- all assets are allocated to operating segments, other than corporate assets of the management companies and investment holding companies such as property and equipment, right-of-use assets, rental deposit, other receivables, deposits and prepayments, and bank balances and cash; and
- all liabilities are allocated to operating segments, other than corporate liabilities of the management companies and investment holding companies, such as other payables and accruals, other loans, lease liabilities and convertible bonds for corporate.

## 5. OTHER LOSSES AND GAINS

	Three months ended 30 September		Six months ended 30 September	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Foreign exchange (loss) gain	(1,819)	563	(3,123)	705
Miscellaneous income	7	154	41	154
Gain on fair value of issuance of convertible bonds	–	–	–	953
	<b>(1,812)</b>	717	<b>(3,082)</b>	1,812

## 6. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Effective interest on convertible bonds	216	197	420	1,039
Interest on other loans	404	189	747	337
Interest on lease liabilities	3	13	9	30
	<b>623</b>	399	<b>1,176</b>	1,406

## 7. (LOSS) PROFIT BEFORE TAX

(Loss) Profit before tax has been arrived at after charging (crediting):

	Three months ended 30 September		Six months ended 30 September	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Cost of inventories recognised as expenses	14,223	28,431	40,293	36,546
Depreciation of property and equipment	53	51	106	106
Depreciation of right-of-use assets	300	211	600	421
Short-term lease payments	6	87	12	173
Staff costs (including directors' emoluments)				
– Salaries and other benefits	1,259	1,579	2,518	3,157
– Retirement benefit scheme contributions	14	18	27	35

## 8. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current tax				
– People's Republic of China ("PRC") Enterprise Income Tax	–	488	463	488
	–	488	463	488

No provision for Hong Kong Profits Tax has been made as there is no assessable profit for the subsidiaries operating in Hong Kong during 2022-1H and 2021-1H.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands for 2022-1H and 2021-1H.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for 2022-1H and 2021-1H, except for certain subsidiaries of the Group in the PRC are under the Western China Development Plan, and were approved to enjoy the preferential tax rate of 15% in accordance with the EIT Law and relevant regulations for 2022-1H and 2021-1H.

## 9. DIVIDENDS

No dividends were paid, declared or proposed during the interim period (2021-1H: nil).

## 10. (LOSS) EARNINGS PER SHARE

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

	Three months ended 30 September		Six months ended 30 September	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>(Loss) Profit</b>				
(Loss) Profit for the period attributable to the owners of the Company	(3,926)	6,066	(7,196)	5,521

	Three months ended 30 September		Six months ended 30 September	
	2022 RMB cents (Unaudited)	2021 RMB cents (Unaudited)	2022 RMB cents (Unaudited)	2021 RMB cents (Unaudited)
Basic (loss) earnings per share	(0.88)	1.39	(1.61)	1.28
Diluted (loss) earnings per share	(0.88)	1.35	(1.61)	1.28

	Three months ended 30 September		Six months ended 30 September	
	2022 '000 (Unaudited)	2021 '000 (Unaudited)	2022 '000 (Unaudited)	2021 '000 (Unaudited)
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	448,177	436,440	448,177	431,319
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	448,177	449,240	448,177	431,319

Outstanding convertible bonds of the Company are anti-dilutive since their exercise or conversion would result in a decrease in basic loss per share or an increase in basic earnings per share for 2022-1H and 2021-1H.

## 11. RIGHT-OF-USE ASSETS

	As at 30 September 2022 RMB'000 (Unaudited)	As at 31 March 2022 RMB'000 (Audited)
Leased properties	144	514
Land use right	19,091	–
	<b>19,235</b>	514

The Group leases various offices for its operation. Offices lease contracts are entered into for fixed term of 2 years to 3 years. Lump sum payments were made upfront to acquire the leased land from the owners with lease period 50 years, and no ongoing payments will be made under the terms of the land lease. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

During 2022-1H, the Group has acquired land use right of approximately RMB19.3 million (31 March 2022: Nil).

## 12. ACCOUNTS AND BILLS RECEIVABLES

	As at 30 September 2022 RMB'000 (Unaudited)	As at 31 March 2022 RMB'000 (Audited)
Receivables at amortised cost comprise:		
Accounts receivables – contracts with customers	147,597	129,597
Bills receivables	–	43,000
Less: allowance for impairment of accounts receivables	(16,905)	(16,905)
	<b>130,692</b>	155,692

Notes:

As at 30 September 2022, accounts receivables from contracts with customers amounted to RMB130,692,000 (31 March 2022: RMB112,931,000). As at 30 September 2022 and 31 March 2022, accounts receivables included RMB11,700,000 due from a related company controlled by Mr. Huang Yuan Ming, the son of Mr. Huang Bo, a shareholder of the Company.

The Group does not hold any collateral over these balances.

The Group allows an average credit period of 180 days (31 March 2022: 180 days) to its trade customers. The following is an aged analysis of accounts and bills receivables, net of allowance for impairment, presented based on dates of delivery of goods/the invoice dates.

## 12. ACCOUNTS AND BILLS RECEIVABLES (continued)

Notes: (continued)

	As at 30 September 2022 RMB'000 (Unaudited)	As at 31 March 2022 RMB'000 (Audited)
0 to 90 days	17,570	42,762
91 to 180 days	30,430	43,118
Over 180 days	82,692	69,812
	<b>130,692</b>	155,692

As at 30 September 2022, included in the Group's accounts and bills receivables balance are debtors with aggregate carrying amount of RMB35,128,000 (31 March 2022: RMB41,352,000) which are past due as at the reporting date. Out of the past due balances, RMB35,128,000 (31 March 2022: RMB41,352,000) has been past due 90 days or more and is not considered as in default as the management considers that there has not been a significant change in credit quality and the amounts are still considered recoverable based on historical experience and credit reassessment of each individual customer.

## 13. ACCOUNTS PAYABLES

The followings is an aged analysis of accounts payables presented based on the invoice dates.

	As at 30 September 2022 RMB'000 (Unaudited)	As at 31 March 2022 RMB'000 (Audited)
0 to 90 days	–	–
91 to 180 days	–	4,277
Over 180 days	6,266	2,139
	<b>6,266</b>	6,416

The credit period is generally 90 to 180 days and certain suppliers allowed a longer credit period on a case-by-case basis.



## 14. OTHER LOANS

	<b>As at 30 September 2022 RMB'000 (Unaudited)</b>	As at 31 March 2022 RMB'000 (Audited)
Loans from directors (note (a))	<b>10,327</b>	6,796
Loan from a close family member of a shareholder (note (b))	<b>11,700</b>	10,911
<b>Total – current liabilities</b>	<b>22,027</b>	17,707

Notes:

- (a) The loans were advanced from the following executive directors:

	<b>As at 30 September 2022 RMB'000 (Unaudited)</b>	As at 31 March 2022 RMB'000 (Audited)
Mr. Tse Man Kit Keith (note i)	<b>3,244</b>	823
Mr. Chiu Tung Ping (note ii)	<b>7,083</b>	5,973
	<b>10,327</b>	6,796

- (i) The amount is interest bearing at a fixed interest rate of 12% per annum, unsecured and repayable on demand.
- (ii) The amount is non-interest bearing, unsecured and repayable on demand.
- (b) The loan was advanced from Mr. Huang Yuan Ming, the son of Mr. Huang Bo, a shareholder of the Company. The loan is interest bearing at a fixed interest rate at 12% per annum, unsecured and repayable on demand.

## 15. CONVERTIBLE BONDS

### 2021 CONVERTIBLE BONDS (“2021 CB”)

On 31 May 2021, the Company and Mr. Qin Zhongde (“the Bondholder A”) entered into the subscription agreement, pursuant to which the Bondholder A has conditionally agreed to subscribe for and the Company has conditionally agreed to issue a zero coupon convertible bonds in the principal amount of HK\$32,000,000 (equivalent to RMB27,016,000) at the initial conversion price of HK\$2.5 per conversion share and the maturity date of the 2021 CB is on 1 October 2022.

Based on the initial conversion price of HK\$2.5 per conversion share, a total of 12,800,000 conversion shares will be allotted and issued upon exercise of the conversion rights attaching to the 2021 CB in full, which represent approximately 2.86% of the existing issued share capital of the Company and approximately 2.78% of the issued share capital of the Company as enlarged by the allotment and issue of the conversion shares.

All conditions of the subscription agreement have been fulfilled and completion of the Subscription took place on 17 June 2021 in accordance with the terms and conditions thereof. The 2021 CB in the principal amount of HK\$32,000,000 have been issued to the Bondholder A. For details, please refer to the Company’s announcement dated 17 June 2021.

The Bondholder A had transferred the 2021 CB to Ms. Zhang Jinhua, an independent third party, in September 2021.

The 2021 CB comprises two components:

- Debt component was initially measured at fair value amounted to approximately HK\$30,767,000 (equivalent to approximately RMB25,358,000). The effective interest rate of the liability component on initial recognition was 3.05% per annum.
- Derivative component comprises conversion right of the bondholder. It is subsequently measured at fair value. The fair value of the liability component of the convertible bonds at the issue date was valued by an independent professional valuer determined based on the present value of the estimated future cash outflows discounted at the prevailing market rate for an equivalent non-convertible loan.

The fair value of the liability component of the convertible bonds at the issue date was valued by an independent professional valuer determined based on the present value of the estimated future cash outflows discounted at the prevailing market rate for an equivalent non-convertible loan.

	Debt component		Derivative component		Total	
	HK\$'000	RMB'000	HK\$'000	RMB'000	HK\$'000	RMB'000
Convertible bonds issued on 17 June 2021	30,767	25,359	77	63	30,844	25,422
Interest charge	271	225	–	–	271	225
Exchange loss	–	198	–	–	–	198
Gain arising on changes of fair value	–	–	(76)	(62)	(76)	(62)
As at 30 September 2021 (unaudited)	31,038	25,782	1	1	31,039	25,783
At 1 April 2022 (audited)	31,513	25,596	–	–	31,513	25,596
Interest charge	485	420	–	–	485	420
Exchange loss	–	3,152	–	–	–	3,152
Gain arising on changes of fair value	–	–	–	–	–	–
As at 30 September 2022 (unaudited)	31,998	29,168	–	–	31,998	29,168

## 16. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
<b>Ordinary shares of HK\$0.5 each</b>		
<b>Authorised</b>		
At 31 March 2022 (audited), 1 April 2022 and At 30 September 2022 (unaudited)	1,000,000	500,000
	Number of shares '000	Share capital HK\$'000
<b>Issued and fully paid</b>		
At 31 March 2022 (audited), 1 April 2022 and At 30 September 2022 (unaudited)	448,177	224,088
	As at 30 September 2022 RMB'000 (Unaudited)	As at 31 March 2022 RMB'000 (Audited)
Presented in the condensed consolidated financial statements	<b>189,876</b>	189,876

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group was principally engaged in (i) sales of renewable energy products; and (ii) new energy power system integration business in the People's Republic of China ("PRC" or "China") during the 2022-1H.

The Group recorded a loss attributable to owners of the Company of approximately RMB7.2 million for the 2022-1H (2021-1H: profit attributable to owners of the Company of approximately RMB5.5 million), which was mainly attributable to the decrease in gross profit of the Group during the 2022-1H.

The Group's revenue amounted to approximately RMB42.5 million for the 2022-1H, representing a decrease of approximately 11.3 per cent as compared with approximately RMB47.9 million recorded for the 2021-1H. The revenue of approximately RMB42.5 million during 2022-1H was attributable to the Sales and Installation of Solar Modules Agreement (as defined in the announcement and circular of the Company dated 31 March 2022 and 22 April 2022 respectively ("**CT Announcement**")) entered into by 河北漢能售電有限公司 ("**Hebei Han Neng**") (as purchaser) and Shaanxi Baike New Energy Technology Development Co., Ltd\* ("**Shaanxi Baike**") (陝西百科新能源科技發展有限公司) (as supplier) on 31 March 2022 in relation to the sales and installation of Solar Modules (as defined in CT Announcement) with consideration of RMB48 million, details of which are set out in the CT Announcement. Under the Sales and Installation of Solar Modules Agreement, Shaanxi Baike shall sell to Hebei Han Neng, and install on the Hebei Site (as defined in the CT Announcement), approximately 45,455 Solar Modules, and shall further provide ancillary value added services, including technical guidance, technical cooperation, technical training in relation to inspection and acceptance, performance testing, operation, and maintenance, of the Solar Modules.

The Group's gross profit margin was approximately 5.2 per cent for the 2022-1H, as compared to approximately 23.7 per cent, for the 2021-1H. The gross profit for the 2022-1H was generated from the sales and installation of Solar Modules, while the gross profit for the six months ended 30 September 2021 was generated from the Zhangbei Project (as defined in the annual report of the Company dated 29 June 2022). Since the Zhangbei Project was comparatively complicated and required a higher level of technical support services, a higher gross profit margin was recorded for 2021-1H as compared with 2022-1H.

Selling expenses incurred by the Group for the 2022-1H amounted to approximately RMB67,000 (2021-1H: approximately RMB1.0 million), representing a decrease of approximately 93.5 per cent, primarily due to not engaging in the business of (i) sales of self-service automatic teller machine systems and printing systems, and (ii) provision of hardware and software technical support services. No revenue was generated from these two businesses, as such, the Group has cut the cost.

Administrative expenses incurred by the Group for the 2022-1H amounted to approximately RMB4.6 million (2021-1H: approximately RMB4.7 million), representing a decrease of approximately 0.7 per cent. The decrease was due to the Group's policy on cost control during 2022-1H.

Basic loss per share was approximately RMB1.61 cents for the 2022-1H, as compared with the basic earnings per share of approximately RMB1.28 cents for the 2021-1H.

## SALES OF RENEWABLE ENERGY PRODUCTS

The business of sales of renewable energy products business mainly involves the research, development and sales of photovoltaic mounting brackets, solar trackers, guardrails of solar power stations, solar power related products, and towers for wind turbines. In conjunction, the Group also provides, in some cases, (i) certain technology consultation services with respect to the photovoltaic mounting brackets that it sells (including photovoltaic mounting bracket design services), (ii) certain on-site services (including assisting customers on site with unloading goods, collecting products, stock-taking, final testing products before acceptance), and (iii) technical services for the wind turbine towers products (including technical advice, support and trainings).

The revenue generated from the sales of renewable energy products was approximately RMB42.5 million for the 2022-1H (2021-1H: approximately RMB47.9 million), accounted for 100.0 per cent of the Group's total revenue during the 2022-1H (2021-1H: 100.0 per cent).

## NEW ENERGY POWER SYSTEM INTEGRATION BUSINESS

The business of new energy power system integration mainly involves acting as the contractor of its customers' new power station projects, helping its customers integrate their equipment, functions and information into a connected, unified and coordinated system. The Group is also responsible for making project design proposals, conducting site visits, procuring construction materials, carrying out construction work, and assisting in operation trials. The Group also offers subsequent system management services to its customers' new energy power stations.

The Group operates on a "project based" model, where each project will typically involve one customer. Under this model, the Group pursues business opportunities with EPC constructors of clean energy development projects (e.g. solar or wind power generation farms or plants) in the PRC for the supply of renewable energy products (such as photovoltaic mounting brackets, solar trackers, guardrails of solar power stations, solar power related products, and towers for wind turbines) that are specific for such project and/or the provision of power system integration for such wind or solar power generation projects. During the life of the project, the Group is typically responsible for, among other things, inspecting the land, supervising the suppliers' production site, receiving and examining equipment and materials, guiding installations, providing technical support, conducting tests, and resolving construction problems on-site. Typically, the contract amount (i.e. revenue) for a project involving the sales of renewable energy products is very substantial. Given the "project based" business model of the Group and its scale, the Group has also strategically sought to pursue fewer in number but larger in size projects.

With the PRC government strives to achieve the goals of "carbon peaking" and "carbon neutrality" by actively adjusting and optimising its industrial structure and energy mix, the Group continues to focus on developing the Group's renewable energy products business and new energy power system integration business, while exploring opportunities to diversify its renewable energy portfolios in order to face the changes of new energy allocation.

There was no revenue generated from the new energy power system integration business during the 2022-1H (2021-1H: Nil).

## SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

There were no significant investments or material acquisition or disposal of subsidiaries by the Group during the period under review.

## FINANCIAL REVIEW

### **LIQUIDITY, FINANCIAL RESOURCES AND TREASURY POLICIES**

As at 30 September 2022, the Group had cash and bank balances denominated in Hong Kong dollars, Renminbi and United States dollars amounting to a total of approximately RMB1.7 million (31 March 2022: approximately RMB4.0 million). The Group had no outstanding bank overdraft as at 30 September 2022 (31 March 2022: Nil).

As at 30 September 2022, the Group had other loans amounting to (i) approximately HK\$3.2 million (31 March 2022: approximately RMB0.8 million) that was due to an executive Director, Mr. Tse Man Kit Keith; and approximately RMB11.7 million (31 March 2022: approximately RMB10.9 million) that was from Mr. Huang Yuan Ming, the son of Mr. Huang Bo, a shareholder of the Company, which were interest bearing at 12% per annum, unsecured and repayable on demand; and (ii) approximately RMB7.1 million (31 March 2022: approximately RMB6.0 million) that was due to an executive Director, Mr. Chiu Tung Ping, which was unsecured, non-interest bearing and had no fixed term of repayment.

The Group financed its operations by internally generated cash flows and borrowings.

During the period under review, the Group did not use any financial instrument for hedging purpose and did not have any outstanding hedging instrument as at 30 September 2022.

### **BANKING FACILITIES**

As at 30 September 2022, the Group did not have any banking facilities (31 March 2022: Nil).

### **CURRENT RATIO**

As at 30 September 2022, the Group's current ratio, represented by a ratio of current assets to current liabilities, was approximately 1.7 (31 March 2022: 2.0). The current ratio remained stable during 2022-1H.

### **GEARING RATIO**

As at 30 September 2022, the gearing ratio of the Group, based on total liabilities over total assets, was approximately 50.70 per cent. (31 March 2022: approximately 49.0 per cent.). The gearing ratio remained stable during 2022-1H.

	<b>As at 30 September 2022 RMB'000</b>	As at 31 March 2022 RMB'000
Total assets	<b>157,119</b>	165,949
Total liabilities	<b>79,725</b>	81,359
Gearing ratio	<b>50.7 per cent.</b>	49.0 per cent.

### **CHARGES ON ASSETS**

As at 30 September 2022, the Group pledged no asset to secure borrowings granted to the Group (31 March 2022: Nil).

### **CONTINGENT LIABILITIES**

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

## EXPOSURE TO FOREIGN EXCHANGE RISK

Most of the transactions, income and expenditure of the Group are denominated in Renminbi. The Group may be exposed to foreign currency risks such as the PRC's government control on foreign currency conversion. During 2022-1H, the Group did not have a foreign currency hedging policy. However, the management will continue to monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

## EMPLOYEES

As at 30 September 2022, the Group employed 23 and 7 staff (2021-1H: 19 and 8 staff) in the PRC and Hong Kong respectively. The Group has developed its human resources policies and procedures based on performance and merit. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system. Staff cost, including directors' emoluments, was approximately RMB2.5 million for 2022-1H (2021-1H: approximately RMB3.2 million) due to the Group's policy on cost control during the period under review.

Continuing briefing and professional development is provided to the Directors and company secretary of the Company if necessary. Other staff serving in different positions is subject to different classes of training. Other staff would receive trainings that cover internal programs, seminars or other related activities which are mainly related to working knowledge and expertise, and also certain trainings in relation to occupational safety each year.

The remuneration of the Directors was determined by the Board with reference to the prevailing market rates, roles and responsibilities of the Directors. Share options may be granted to Directors and employees of the Group to subscribe for shares of the Company. Particulars of the Share Option Scheme are set out in the section "Equity-Linked Agreements" of this interim report.

## EVENTS OCCURRED DURING THE PERIOD UNDER REVIEW

### *Major and connected transaction in relation to advancement of loans; and major transaction in relation to land acquisition*

As disclosed in the announcement of the Company dated 27 June 2022 ("**M&CT Announcement**"), Xizang Lineng and Shaanxi Baike entered into the Loan Agreements (as defined in the M&CT Announcement) with Zhangbei Zhihui Energy on 27 June 2022, pursuant to which Xizang Lineng and Shaanxi Baike agreed to provide unsecured loans to Zhangbei Zhihui Energy in the principal amounts of up to RMB7,010,000 (in the case of the Xizang Lineng Loan (as defined in the M&CT Announcement)) and RMB54,000,000 (in the case of the Shaanxi Baike Loan (as defined in the M&CT Announcement)) for its need for short-term working capital. As at the date of the M&CT Announcement, all outstanding principal amounts and interest have been repaid by Zhangbei Zhihui Energy under the Loan Agreements.

Zhangbei Zhihui Energy, being a majority-controlled company held indirectly by Mr. Huang Bo ("**Mr. Huang**") and Mr. Huang Yuan Ming, is an associate of Mr. Huang. Mr. Huang is a substantial shareholder of the Company. Accordingly, Zhangbei Zhihui Energy is a connected person of the Company under the GEM Listing Rules and the Loans would have constituted connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

Since the Loans were advanced within 12 months of each other, the Loans were required to be aggregated as a series of transactions pursuant to Rules 19.22 and 20.79 of the GEM Listing Rules. As the highest applicable percentage ratio of the Loans (on an aggregated basis) exceeds 25% but is below 100%, the Loans would have constituted non-exempt connected transactions of the Company and would have been subject to the reporting, announcement, circular, and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

In light of the above, the Loans (on an aggregated basis) would have also constituted major transactions on the part of the Company and would have been subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

Also as disclosed in the M&T Announcement, on 8 April 2022, the Company had, through Hebei Zhonghua (as defined in the M&T Announcement), an indirectly wholly-owned subsidiary of the Company, won a bid at the Auction (by tender) for the Land Acquisition (as defined in the M&T Announcement) at a consideration of RMB17,000,000. Hebei Zhonghua entered into a confirmation letter with the Vendor on 8 April 2022 and entered into a land use rights transfer agreement with the Vendor (as defined in the M&T Announcement) in respect of the Land Acquisition on 15 April 2022.

As the highest applicable percentage ratio of the Land Acquisition exceeds 25% but is below 100%, the Land Acquisition would have constituted a major transaction on the part of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

With respect to the Loans and the Land Acquisition, the Company regretfully admits that due to the oversight, it had failed to comply with the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules. The Company has taken remedial measures in this regard. Please refer to the M&T Announcement and the announcement dated 10 October 2022 for further details.

### ***Issue of Convertible Bonds under General Mandate***

On 30 September 2022, the Company and the Ms. Zhang Jinhua, an independent third party ("**Subscriber**") entered into a subscription agreement ("**Subscription Agreement**") pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds ("**2022 CB**") in the principal amount of HK\$32,000,000 ("**Subscription**") at the initial Conversion Price of HK\$2.50 per Conversion Share. Principal terms of the Convertible Bonds are set out in the announcement of the Company dated 30 September 2022 ("**CB Announcement**"). Unless otherwise defined, capitalised terms used under this section shall have the same meanings given to them in the CB Announcement.

### ***Conversion rights***

The Subscriber shall have the right to convert the whole or part of the principal amount of the Convertible Bonds into shares of the Company ("**Shares**") at any time and from time to time during the Conversion Period in amounts of not less than HK\$1 million and in integral multiples of HK\$1 million in excess thereof on each conversion, save that if at any time, the principal outstanding amount of the Convertible Bonds is less than HK\$1 million, the whole (but not part only) of the principal outstanding amount of the Convertible Bonds may be converted.

The Subscriber shall not have the right to convert the whole or part of the outstanding principal amount of the Convertible Bonds into Shares to the extent that immediately after such conversion:

- (a) there will not be sufficient public float of the Shares as required under the GEM Listing Rules; and
- (b) the Subscriber whether on his own or together with parties acting in concert with him would be obliged to make a general offer under the Takeovers Code.



## ***Conversion price***

The initial Conversion Price of HK\$2.5 per Conversion Share represents:

- (i) a premium of approximately 1,443.2% over the closing price of HK\$0.1620 per Share as quoted on the Stock Exchange on 30 September 2022, being the date of the Subscription Agreement;
- (ii) a premium of approximately 1,424.4% over the average of the closing price of approximately HK\$0.1640 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement; and
- (iii) a premium of approximately 1,454.7% over the average of the closing price of approximately HK\$0.1608 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Subscription Agreement.

The initial Conversion Price of HK\$2.5 per Conversion Share has been determined after arm's length negotiations between the Company and the Subscriber with reference to the then prevailing market price of the Shares. The Directors consider that the Conversion Price and the terms and conditions of the Subscription Agreement and the Convertible Bonds are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Up to 12,800,000 Conversion Shares will be allotted and issued upon exercise in full of the conversion rights attaching to the Convertible Bonds.

## ***Conditions precedent***

Completion of the Subscription is conditional upon:

- (i) the Subscriber receiving on or before the Completion Date a copy of each of:
  - the articles of association of the Company;
  - the resolution(s) of the Directors authorising the execution of the bond instrument and certificates of the Convertible Bonds to which the Company is a party, the issue of the Convertible Bonds and the entry into and performance of the transactions contemplated hereby and thereby; and
  - the bond instrument and certificates of the Convertible Bonds executed on or before the Completion Date by or on behalf of all parties thereto;
- (ii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Conversion Shares (and such listing and permission not having been subsequently revoked by the Stock Exchange prior to the Completion Date); and
- (iii) the statements represented, warranted and undertaken by the Company to the Subscriber as stated in the Subscription Agreement remaining true, accurate and not misleading in each case in all respects.

## ***General mandate***

The Conversion Shares will be issued under the General Mandate, subject to the limit up to 89,635,336 Shares (representing 20% of the then issued share capital of the Company). Accordingly, the allotment and issue of the Conversion Shares is not subject to the Shareholders' approval.

As at the date of this report, no Share has been issued by the Company under the General Mandate.

## Application for listing

An application has been made to the Stock Exchange for the listing of, and the permission to deal in, the Conversion Shares. No application will be made by the Company for the listing of the Convertible Bonds on the Stock Exchange.

## Use of proceeds

The Company and the Subscriber have agreed that the 2021 CB shall be redeemed by the Company on the date of completion. As the redemption money payable by the Company to the Subscriber in respect of the Existing Convertible Bonds in the principal amount of HK\$32,000,000 shall be applied towards the payment of and be set off against the subscription money payable by the Subscriber for the Convertible Bonds in the principal amount of HK\$32,000,000, the Company will not receive any net proceeds from the issue of the Convertible Bonds.

## Reasons and benefits of the Subscription

The Board considers that the redemption of the Existing Convertible Bonds and the issue of the Convertible Bonds allow the Company to postpone its cash outflow required for the repayment of the Existing Convertible Bonds and to retain its financial resources for a longer period for the development of its business. The Board has considered various ways of raising funds in the capital market and considers that the issue of the Convertible Bonds is an appropriate means of raising capital for the Company since such issue will not have an immediate dilution effect on the shareholding of the existing Shareholders. The Board considers that the terms of the Subscription Agreement and the Convertible Bonds are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## Effects of full conversion of the Convertible Bonds

The shareholdings in the Company as at the date of this report and immediately after conversion in full of the Convertible Bonds (assuming that there is no other change in the issued share capital of the Company) at the initial Conversion Price are summarised as follows:

	As at the date of this announcement		Immediately upon full conversion of the Convertible Bonds at the initial Conversion Price (for illustration purpose only)	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Huang Bo	86,825,934	19.37	86,825,934	18.83
Li Xiaoyan* (李曉艷)	59,094,406	13.19	59,094,406	12.82
Huang Yuan Ming	35,548,238	7.93	35,548,238	7.71
Hou Hsiao Bing	26,228,000	5.85	26,228,000	5.69
The Subscriber	–	–	12,800,000	2.78
Public Shareholders	240,480,106	53.66	240,480,106	52.17
Total	448,176,684	100.00	460,976,684	100.00

\* fractional number of shares is disregarded for illustration purposes

For further details, please refer to the Announcement and the announcement of the Company dated 21 October 2022.

## Completion

All conditions of the Subscription Agreement have been fulfilled and completion of the Subscription took place on 21 October 2022 in accordance with the terms and conditions thereof. The Convertible Bonds in the principal amount of HK\$32,000,000 have been issued to the Subscriber.

## AMENDMENT OF ARTICLES OF ASSOCIATION

On 10 August 2022, the Company proposed to amend its articles of association, pursuant to the amendments to Chapter 17 and Appendix 3 of the GEM Listing Rules in relation to the enhanced listing regime for overseas issuers, and other housekeeping amendments (the “**Amendment of Articles**”). For further details, please refer to the announcement of the Company dated 10 August 2022, and the circular of the Company dated 23 August 2022.

At the annual general meeting of the Company held on 29 September 2022, the shareholders of the Company approved the Amendment of Articles by way of special resolution.

## EQUITY-LINKED AGREEMENTS

Set out below are the equity-linked agreements entered into by the Company during the 2022-1H or subsisted as at 30 September 2022:

### SHARE OPTION SCHEME

The Company has adopted a share option scheme (“**Share Option Scheme**”) which became effective on 26 August 2014 and will remain in force for a period of 10 years until 20 August 2024.

The purpose of the Share Option Scheme is to enable the Group to grant options to selected 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 entity (“**Invested Entity**”) in which the Group holds an equity interest.

Eligible participants (“**Eligible Participants**”) under the Share Option Scheme include (a) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of, or any individual for the time being seconded to work for, the Company, any of its subsidiary or any Invested Entity; (b) any non-executive Director (including independent non-executive Directors) of the Company, any subsidiary of the Company or any Invested Entity; (c) any supplier of goods or services to any member of the Group or any Invested Entity; (d) any customer of the Group or any Invested Entity; (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (g) any adviser (professional or otherwise) or consultant to the Group relating to business development of the Group or any member of the Group or any Invested Entity; and (h) any joint venture or business alliance of any member of the Group who have contributed to the development and growth of the Group.

The maximum number of shares which may be allotted and issued upon 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 share capital of the Company from time to time.

The initial total number of shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue as at the date of passing of the relevant resolution adopting the Share Option Scheme (“**General Scheme Limit**”). On 26 September 2018, the General Scheme Limit was refreshed and the maximum number of shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Group has been re-set at 10% of the shares in issue as at the date of approval of refreshing the General Scheme Limit. Further, on 19 July 2021, the share consolidation (“**Share Consolidation**”) became effective. Upon the Share Consolidation becoming effective, the Directors were allowed to grant options to Eligible Participants to subscribe for a maximum of 34,520,257 ordinary shares of HK\$0.50 each, representing approximately 7.7% of the issued shares of the Company as at the date of this report. Share options in respect of a total of 21,844,000 ordinary shares of HK\$0.50 each have been granted by the Company under the Share Option Scheme to Eligible Participants and have all been exercised during the year ended 31 March 2019.

The maximum number of shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised, cancelled or outstanding options) to each Eligible Participant in any 12-month period shall not exceed 1% of the issued shares of the Company from time to time.

An offer of the grant of option may be accepted by an Eligible Participant within such time as may be specified in the offer (which shall not be later than 21 days from the offer date).

Unless otherwise determined by the Directors and stated in the offer for the grant of option to the grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

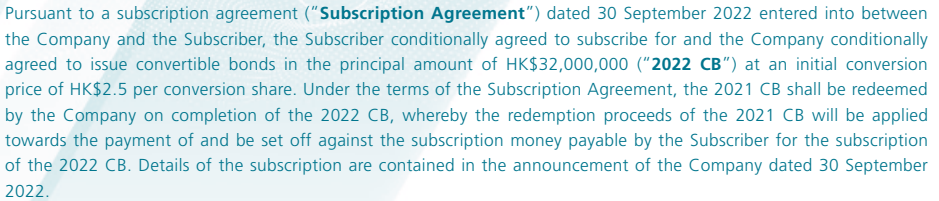
A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

The subscription price for a share under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange’s daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange’s daily quotations sheet for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of a share of the Company.

During the Review Period, no options had been granted, exercised, cancelled or lapsed under the Share Option Scheme. As at 1 April 2022, 30 September 2022 and the date of this report, there was no outstanding option under the Share Option Scheme.

## **CONVERTIBLE BONDS**

On 1 October 2022, the zero coupon convertible bonds registered in the name of Ms. Zhang Jinhua (the “**Subscriber**”) issued on 29 September 2021 with an outstanding principal amount of H\$32,000,000 and convertible into 12,000,000 ordinary shares (the “**2021 CB**”) had matured.



Pursuant to a subscription agreement (“**Subscription Agreement**”) dated 30 September 2022 entered into between the Company and the Subscriber, the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to issue convertible bonds in the principal amount of HK\$32,000,000 (“**2022 CB**”) at an initial conversion price of HK\$2.5 per conversion share. Under the terms of the Subscription Agreement, the 2021 CB shall be redeemed by the Company on completion of the 2022 CB, whereby the redemption proceeds of the 2021 CB will be applied towards the payment of and be set off against the subscription money payable by the Subscriber for the subscription of the 2022 CB. Details of the subscription are contained in the announcement of the Company dated 30 September 2022.

On 21 October 2022, all conditions of the Subscription Agreement have been fulfilled and completion of the subscription took place in accordance with the terms and conditions thereof. The 2022 CB in the principal amount of HK\$32,000,000 were issued to the Subscriber.

## **BUSINESS PROSPECT AND FUTURE PLANS**

The Company continues to actively seek for opportunities to develop its business and expand its customer base, by keeping abreast of the latest developments in the renewable energy projects sector, and leveraging on the wealth of experience and extensive business networks of its management and shareholders.

The Group is also exploring other avenues of development, and is in active discussions with different potential business partners. Currently, the Company is preparing to set up a solar modules production plant in Hebei. It can provide a stable supply of goods for the Company’s key projects in Hebei, allowing the Company to better maintain quality control over its components, and bring synergy to its existing business. For example, it will have a positive impact on the sales of our existing solar related products, as the Company would be able to offer a more comprehensive suite of solar related products.

The Company continues to believe that the renewable energy sector shows promising business prospects. As the problem of climate change continues, the Chinese government is actively responding. In 2021, the Chinese government published the Opinions of the CPC Central Committee and the State Council on Completely, Accurately and Comprehensively Implementing the New Development Concept and Doing a Good Job in Peak Carbon Dioxide Emissions (《中共中央國務院關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》) and Carbon Neutrality and the Action Plan for Peak Carbon Dioxide Emissions by 2030 (《2030年前碳達峰行動方案》), which put forward a number of goals to achieve carbon neutrality by 2060. Accelerating the construction of a clean, low-carbon, safe and efficient energy system is one of the key tasks mentioned in such policy papers.

The Group has been identifying and exploring other new business opportunities in the renewable energy sector and to broaden its sources of income to bring return to the Group and its shareholders (“**Shareholders**”).

Notice on the Action Plan for Further Tariff Mechanism Reform During the “14th Five-Year Period” (《關於「十四五」時期深化價格機制改革行動方案的通知》) issued by the NDRC clarified the improvement of the wind power and photovoltaic power generation pricing mechanism and the establishment of the pricing mechanism of new energy storage. A point to note is that many provinces and other places in China have introduced new energy allocation storage programs since this year, mainly focusing on “photovoltaic + energy storage”, “wind power + energy storage” mode. We believe that with the goal of reaching carbon peak and carbon neutral, energy storage has become the necessary way to achieve the “new power system based on new energy”. As the business model of energy storage is relatively diversified, the Group will continue to closely monitor the development of new energy storage industry.

Leveraging on the prudent and experienced management and the strong and determined workforce of the Group, the Group will strive to maintain and expand its operations further, thus bringing greater return to its shareholders.

We treasure the harmonious relationship with our staff and would like to take this opportunity to express our gratitude to the management and staff of the Group for their dedicated performance which is instrumental to the future development of the Group. We would also like to take this opportunity to thank our Shareholders, suppliers and customers for their continuous support to the Group.

## INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the period under review (2021-1H: Nil).

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors as referred to in Rule 5.46 of the GEM Listing Rules are as follows:

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE SHARES OF THE COMPANY

Name of Directors/ Chief executive	Number of ordinary shares of the Company (Note 1)	Capacity	Approximate percentage of the Company's issued share capital as at 30 September 2022 (Note 2)
Mr. Tse Man Kit Keith (Executive Director)	12,489,469 (L)	Beneficial owner	2.79%

Notes:

- The letter "L" represents long positions in the shares or underlying shares of the Company.
- As at 30 September 2022, the issued share capital of the Company was 448,176,684 ordinary shares of HK\$0.5 each.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2022, the following persons or entities, other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholder	Number of ordinary shares (Note 1)	Capacity	Approximate percentage of the Company's issued share capital as at 30 September 2022 (Note 2)
Mr. Huang Bo (Note 3)	86,825,934 (L)	Beneficial owner	19.37%
Ms. Li Xiaoyan* (李曉豔女士)	59,094,406 (L)	Beneficial owner	13.19%
Mr. Huang Yuan Ming (Note 3)	35,548,238 (L)	Beneficial owner	7.93%
Mr. Hou Hsiao Bing (Note 4)	26,228,000 (L)	Beneficial owner	5.85%

\* for identification purpose only

Notes:

1. The letter "L" represents long position in the shares or underlying shares of the Company.
2. As at 30 September 2022, the issued share capital of the Company was 448,176,684 ordinary shares of HK\$0.5 each.
3. Mr. Huang Yuan Ming is the son of Mr. Huang Bo, a substantial shareholder of the Company.
4. Mr. Hou Hsiao Bing retired as an executive Director with effect from 26 August 2019.

## AUDIT COMMITTEE

The Audit Committee was formed on 13 December 2000 with written terms of reference (revised in December 2018) made in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules and posted on the websites of the Company and the Stock Exchange.

The Audit Committee meets at least four times a year to review with senior management and at least twice a year with the Company's auditors for the Company's audit findings, accounting policies and standards, changes of accounting rules (if any), compliance to the GEM Listing Rules, internal and audit control and budget and cash flow forecast.

As at 30 September 2022, the Audit Committee comprised three independent non-executive Directors, namely Ms. Ma Xingqin, Ms. Shan Jinlan and Mr. Wang Zhuchen, with Ms. Ma Xingqin acting as the chairman.

The unaudited consolidated results of the Group for 2022-1H have been reviewed and approved by the Audit Committee.

## REMUNERATION COMMITTEE

The Remuneration Committee was established in June 2005.

The Remuneration Committee was established with specific written terms of reference which deal clearly with its authorities and duties. The terms of reference (revised in March 2012) followed the requirements of code provision E.1.2 set out in the Corporate Governance Code (“**CG Code**”) contained in Appendix 15 to the GEM Listing Rules and were posted on the websites of the Company and the Stock Exchange.

As at 30 September 2022, the Remuneration Committee comprised three independent non-executive Directors, namely Ms. Ma Xingqin, Ms. Shan Jinlan and Mr. Wang Zhuchen with Ms. Ma Xingqin acting as the chairman.

## CORPORATE GOVERNANCE COMMITTEE

A corporate governance committee of the Board (“**Corporate Governance Committee**”) was established with effect from 28 March 2012 with written terms of reference following code provision A.2.1 of the CG Code and posted on the websites of the Company and the Stock Exchange.

The Corporate Governance Committee comprised four executive Directors, namely, Mr. Chiu Tung Ping, Ms. Yuen Hing Lan, Mr. Tse Man Kit Keith and Ms. Hu Xin, with Mr. Tse Man Kit Keith acting as the chairman. The primary duties of the Corporate Governance Committee are, among other things, to develop and review the Company’s policies and practices on corporate governance and make recommendations to the Board and to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements.

## NOMINATION COMMITTEE

The Nomination Committee was established with effect from 28 March 2012, with written terms of reference (revised in December 2018) following the requirements of code provision B.3.1 of the CG Code and posted on the websites of the Company and the Stock Exchange.

As at 30 September 2022, the Nomination Committee comprised three independent non-executive Directors, namely, Ms. Ma Xingqin, Ms. Shan Jinlan and Mr. Wang Zhuchen, with Ms. Ma Xingqin acting as the chairman of the Nomination Committee.

The Nomination Committee is responsible for considering suitable candidates to serve as Directors and making recommendations on the appointment and termination of service of Directors. The Nomination Committee selects and nominates candidates based on whether they possess the skills and experience required by the Group’s development.

## DIRECTORS’ INTEREST IN COMPETING BUSINESS

As at 30 September 2022, none of the Directors or his/her close associates had an interest in a business which competes or may compete with the business of the Group.

The Company did not have controlling shareholder as at 30 September 2022 and as at the date of this report.

## PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the shares of the Company during 2022-1H.



## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the period under review.

## CORPORATE GOVERNANCE CODE

During 2022-1H, the Company has complied with all the code provisions set out in the Corporate Governance Code (“CG Code”) as contained in Appendix 15 to the GEM Listing Rules, except for the deviations from code provisions C.2.1 as explained below.

### CODE PROVISION C.2.1

Pursuant to code provision C.2.1 of the CG Code, the roles of the chairman of the Board and chief executive officer should be separate and should not be performed by the same individual.

The Company deviates from this provision because Mr. Chiu Tung Ping has been performing both the roles of chairman of the Board and chief executive officer of the Group starting from 13 July 2012. However, the Board believes that vesting two roles in the same person provides the Group with strong and consistent leadership in the development and execution of the Group’s business strategies and is beneficial to the Group. The Board will continue to review the effectiveness of the current structure and assess whether separation of roles of chairman of the Board and chief executive officer of the Group is necessary.

On behalf of the Board

**Chiu Tung Ping**

*Chairman and executive Director*

Hong Kong, 11 November 2022

As at the date of this report, the Board comprises the following Directors:

*Executive Directors:*

*Chiu Tung Ping (Chairman)*

*Yuen Hing Lan*

*Hu Xin*

*Tse Man Kit Keith*

*Independent non-executive Directors:*

*Ma Xingqin*

*Shan Jinlan*

*Wang Zhuchen*