



CHINA
ENERGINE
From Engine to New Energy

CHINA ENERGINE INTERNATIONAL (HOLDINGS) LIMITED
中國航天萬源國際(集團)有限公司*

(Stock Code: 1185)

INTERIM REPORT 2021

* For identification purpose only

CORPORATE CULTURE

Mission

Devoted to new energy • Contributing to Society • Benefiting mankind

Target

Pursuing excellence • Leading the development of new energy

Value

Leveraging talents to full play • Win-win in harmony

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Han Qingping (*Chairman*)

Mr. Li Lei (*Chief Executive Officer*)

Mr. Xu Jun (*Financial Controller*)

Mr. Wang Guanghui (*Vice-Chief Executive Officer*)

Independent Non-executive Directors

Mr. Lau Fai Lawrence

Mr. Gordon Ng

Mr. Li Dapeng

AUDIT COMMITTEE

Mr. Lau Fai Lawrence (*Chairman*)

Mr. Gordon Ng

Mr. Li Dapeng

REMUNERATION COMMITTEE

Mr. Gordon Ng (*Chairman*)

Mr. Han Qingping

Mr. Lau Fai Lawrence

Mr. Li Dapeng

NOMINATION COMMITTEE

Mr. Han Qingping (*Chairman*)

Mr. Li Lei

Mr. Lau Fai Lawrence

Mr. Gordon Ng

Mr. Li Dapeng

DEVELOPMENT AND INVESTMENT COMMITTEE

Mr. Han Qingping (*Chairman*)

Mr. Li Lei

Mr. Xu Jun

Mr. Wang Guanghui

Mr. Li Dapeng

COMPANY SECRETARY	Mr. Yu Ngai
AUTHORISED REPRESENTATIVES	Mr. Han Qingping Mr. Yu Ngai
REGISTERED OFFICE	Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands
PRINCIPAL PLACE OF BUSINESS	Unit 2301, 23rd Floor Office Tower, Convention Plaza 1 Harbour Road Wan Chai, Hong Kong
PRINCIPAL SHARE REGISTRAR	SMP Partners (Cayman) Limited 3/F, Royal Bank House 24 Shedden Road, P.O. Box 1586 Grand Cayman KY1-1110 Cayman Islands
BRANCH SHARE REGISTRAR	Tricor Standard Limited Share Registration Public Office Level 54, Hopewell Centre 183 Queen's Road East, Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China

Industrial and Commercial Bank of China Limited

Bank of China (Hong Kong) Limited

LEGAL ADVISERS

Conyers Dill & Pearman

Guantao Law Firm (Beijing)

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STOCK CODE

1185

BUSINESS REVIEW

On behalf of the Board of Directors, the business performance of China Energen International (Holdings) Limited (the “Company”) and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2021 is summarised in the following paragraphs.

RESULTS SUMMARY

The management of the Group has been striving for the developmental and operational business opportunity of the wind farm operation, however, there was no substantial progress or recognition of revenue in the first half of the year.

As the result of the bankruptcy liquidation of a wholly owned indirect subsidiary of the Group, Beijing Energen Industry Co. Ltd. (“Beijing Energen”), the wind turbine manufacture business was terminated; the control over Aerospace Long Yuan (Benxi) Wind Power Co., Ltd. (“Longyuan Benxi”) was loss, Longyuan Benxi is classified as the associate of the Group and the related sales of electricity from operation of wind power field is not consolidated to the financial results of the Group, and there is no revenue for the first half of the year.

PROSPECTS

The year of 2021 marks the first year of the “14th Five-Year Plan”, and a crucial year of grid parity for wind power and photovoltaic power and a new development stage for the renewable energy. Driven by the long-term vision and goals of achieving peak carbon emissions and carbon neutrality, the PRC government encourages the development and application of new energy resources such as wind power generation, and the renewable energy will have a greater weight in the installed capacity. The long-term positive trend for the sector remains unchanged.

The management and controlling shareholders of the Group have been striving for the survival and transformation of the Company. In view of the opportunities of the strategic development of new energies against the backdrop of “achieving peak carbon emissions and carbon neutrality”, the management of the Group is still striving for commercial opportunities in development and operation of wind power resources and seeking to facilitate cooperation in the development of target projects based on the preliminary market work to achieve its financial goals. However, the fulfilment of the relevant supporting conditions will require time and resources, and the successful development of the intended target resources is subject to considerable uncertainty.

The Group or the controlling shareholders will decide whether to acquire 15% equity in Long Yuan Benxi held by Beijing Energne and regain control of Long Yuan Benxi depending on the consideration. With the support from the controlling shareholders, we will strive to seek business opportunities, proactively develop international engineering business, and expand the scope of the core business.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2021, the Group had 10 employees (31 December 2020: 13 employees) at the Hong Kong head office and 18 employees (31 December 2020: 19 employees) at the Mainland China offices. Remuneration of employee is determined according to individual employee's performance and the prevailing trends in different areas and reviewed on an annual basis. The Group also provides Mandatory Provident Fund and medical insurance to its employees. In addition, performance-based bonus is available at the discretion of the Directors.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2021, the amount due to China Academy of Launch Vehicle Technology ("CALT"), by the Company of HK\$1,016,591,000 arising from certain counter-guarantee loans borrowed by a deconsolidated subsidiary of the Company including interest payable totalling HK\$899,559,000 and a guaranteed loan of HK\$480,723,000 or RMB400,000,000 advanced from CALT to the Company through Aerospace Science and Technology Finance Co., Ltd. ("ASTF"), a fellow subsidiary of the Company, as the trustee.

Trade and Other Receivables

As at 30 June 2021, the Group's trade and other receivables, deposits and prepayments were HK\$1,039,000, HK\$3,213,000 and HK\$719,000 respectively (31 December 2020: HK\$1,027,000, HK\$3,206,000 and HK\$951,000).

The Group's trade receivables as at 30 June 2021 are net of allowance for credit losses of HK\$503,813,000 (31 December 2020: HK\$498,681,000).

Pledge of Assets

As at 30 June 2021, no material assets have been pledged (31 December 2020: nil).

Exchange and Other Exposures

Most of the Group's business transactions were conducted in Renminbi. The Group expected that the exposure to exchange rates fluctuation was not significant and therefore has not engaged in any hedging activities.

Contingent Liabilities

Disclosed in the announcement of the Company dated 9 December 2020, the Company received a letter from a commercial bank that there might be a situation where an associate of the Group may fail to timely repay the aggregated loans of approximately RMB358 million, and two letters dated 22 April 2016 with the chop of the Company (the "Project Finance Letters") were attached, requesting the Company to fulfill its commitment to allocate its capital to ensure the full repayment of the bank loans in the future.

For the time being, the Group has reservation on the legal validity of the Project Finance Letters and the related legal implication, the Group is seeking assistance from legal advisor regarding the legal validity of this matter and will continue to monitor the subsequent progress, reserve the right to defend, in order to protect the legal rights and interests of the Company and will inform its shareholders and other investors of any material development in relation to the above issues by way of announcements as and when appropriate.

Saved as disclosed above, the Group did not have any significant contingent liabilities as at 30 June 2021.

Legal Proceeding

The Group was notified by the Beijing First Intermediate People's Court on 16 August 2020 that it had accepted the bankruptcy administrator's suit against the Group's subsidiary, New Image Development Limited, for unpaid capital contribution of approximately RMB155 million with a request that the Company bears joint and several liabilities. The Group has engaged professional legal counsel to assist in responding to the lawsuit and upon analysis of the preliminary legal opinion, the claim of joint and several liabilities against the Company is unlikely to be valid. The relevant financial impact has been reflected in the consolidated financial statements.

Saved as disclosed above, the Group did not have any significant legal proceeding as at 30 June 2021.

ADDITIONAL INFORMATION

INTERIM DIVIDEND

The Board of the Company did not recommend any interim dividend for the six months ended 30 June 2021 (same period in 2020: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, none of the Directors and chief executives of the Company or their respective associates had any interest or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of SFO), or to be recorded in the register required to be maintained pursuant to Section 352 of the SFO, or otherwise to be notified to the Company or the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six-month period ended 30 June 2021 was the Company, its subsidiaries or any of its associated corporations (within the meaning of Part XV of the SFO) a party to any arrangements to enable the Directors of the Company or their associates (as defined in the Listing Rules) to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2021, the following persons (other than any directors or chief executives of the Company) were substantial shareholders of the Company (as defined in the Listing Rules) and had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name of shareholder	Capacity	Number of shares (Note 1)	Approximate percentage of the total number of shares in issue
China Aerospace Science & Technology Corporation (“CASC”)	Interest of a controlled corporation (Note 2)	2,649,244,000 (L)	60.64%
CALT	Interest of a controlled corporation (Note 3)	2,649,244,000 (L)	60.64%
Astrotech Group Limited (“Astrotech”)	Beneficial owner	2,649,244,000 (L)	60.64%

Notes:

1. The letter “L” denotes the shareholder’s long position in the shares.
2. CASC is deemed to be interested in 2,649,244,000 shares as it holds 100% equity of CALT.
3. Astrotech is a wholly-owned subsidiary of CALT. Accordingly, CALT is deemed to be interested in all the shares held by Astrotech.

Save as disclosed above, the Company has not been notified of any other persons (other than any directors or chief executives of the Company) who had an interest or a short position in the Shares, underlying Shares or debentures of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO as at 30 June 2021.

CORPORATE GOVERNANCE

Corporate Governance Code

The Group has complied with all code provisions as set out in the Corporate Governance Code in Appendix 14 of the Listing Rules for the six-month period ended 30 June 2021.

Model Code for Securities Transactions by Directors

Throughout the six-month period ended 30 June 2021, the Group has adopted the Model Code for Securities Transactions by Directors of Listed issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Group by the Directors. Having made specific enquiry, all the Directors confirmed that they have complied with the Model Code.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited interim financial statements for the six months ended 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six-month period ended 30 June 2021.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2021 and will remain suspended pending fulfilment of the Resumption Guidance and any supplement or modification thereto.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board

Han Qingping

Chairman and Executive Director

Hong Kong, 17 September 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	NOTES	1.1.2021 to 30.6.2021 HK\$'000 <i>(Unaudited)</i>	1.1.2020 to 30.6.2020 HK\$'000 <i>(Unaudited)</i> (re-presented)
Continuing operations			
Revenue	3	-	12,905
Cost of revenue		-	(9,488)
		<hr/>	<hr/>
Gross profit		-	3,417
Other income		8	827
Other gains and losses	4	139	(216)
Administrative expenses		(7,405)	(12,280)
		<hr/>	<hr/>
Loss from operations		(7,258)	(8,252)
Finance costs	5	(3,625)	(262)
Share of results of associates		8,968	5,145
		<hr/>	<hr/>
Loss before taxation	7	(1,915)	(3,369)
Income tax expense	8	(807)	(1,414)
		<hr/>	<hr/>
Loss for the period from continuing operations		(2,722)	(4,783)
Discontinued operations			
Loss for the period from discontinued operations	6	-	(54,159)
		<hr/>	<hr/>
Loss for the period		(2,722)	(58,942)
		<hr/>	<hr/>
Other comprehensive (expense)/income:			
Item that will not be reclassified to profit or loss			
– exchange differences arising on translation to presentation currency		(19,851)	5,901
		<hr/>	<hr/>
Total comprehensive expense for the period		(22,573)	(53,041)
		<hr/>	<hr/>

	1.1.2021 to 30.6.2021 HK\$'000 <i>(Unaudited)</i>	1.1.2020 to 30.6.2020 HK\$'000 <i>(Unaudited)</i> (re-presented)
NOTES		
Loss for the period attributable to owners of the Company		
– from continuing operations	(2,714)	(4,398)
– from discontinued operations	–	(54,159)
	(2,714)	(58,557)
Loss for the period attributable to non-controlling interests		
– from continuing operations	(8)	(385)
Loss for the period	(2,722)	(58,942)
Total comprehensive expense attributable to:		
Owners of the Company	(20,604)	(53,455)
Non-controlling interests	(1,969)	414
	(22,573)	(53,041)
Loss per share – Basic	10	
From continuing and discontinued operations	HK(0.06) cents	HK(1.34) cents
From continuing operations	HK(0.06) cents	HK(0.10) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021

	NOTES	30.6.2021 HK\$'000 <i>(Unaudited)</i>	31.12.2020 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	202	362
Interests in associates		236,210	224,655
		236,412	225,017
Current assets			
Trade and other receivables, deposits and prepayments	12	4,971	5,184
Amounts due from associates		3,689	4,450
Pledged bank deposits, bank balances and cash		12,347	19,956
		21,007	29,590
Current liabilities			
Trade and other payables	13	981,721	967,990
Financial guarantee contract liabilities	14	–	496,479
Amount due to an intermediate holding company	15	1,016,591	508,564
Lease liabilities		1,463	1,430
		1,999,775	1,974,463
Net current liabilities		(1,978,768)	(1,944,873)
Total assets less current liabilities		(1,742,356)	(1,719,856)
Non-current liabilities			
Lease liabilities		1,013	1,753
Deferred tax liabilities		1,212	399
		2,225	2,152
Net liabilities		(1,744,581)	(1,722,008)

	30.6.2021 HK\$'000 (Unaudited)	31.12.2020 HK\$'000 (Audited)
Capital and reserves		
Share capital	436,900	436,900
Reserves	(2,008,816)	(1,988,212)
Deficiency attributable to owners of the Company	(1,571,916)	(1,551,312)
Non-controlling interests	(172,665)	(170,696)
Total deficiency	(1,744,581)	(1,722,008)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Attributable to the owners of the Company								Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Special reserve HK\$'000 (Note a)	Share premium HK\$'000	Property revaluation reserve HK\$'000	Exchange reserve HK\$'000	Other reserves HK\$'000 (Note b)	Accumulated losses HK\$'000	Sub-total HK\$'000		
At 1 January 2021 (audited)	436,900	86,971	2,732,397	-	7,062	3	(4,814,645)	(1,551,312)	(170,696)	(1,722,008)
Loss for the period	-	-	-	-	-	-	(2,714)	(2,714)	(8)	(2,722)
Exchange differences arising on translation to presentation currency	-	-	-	-	(17,891)	-	-	(17,891)	(1,961)	(19,852)
Total comprehensive expense for the period	-	-	-	-	(17,891)	-	(2,714)	(20,605)	(1,969)	(22,574)
Transfer	-	-	-	-	-	-	-	-	-	-
At 30 June 2021 (unaudited)	<u>436,900</u>	<u>86,971</u>	<u>2,732,397</u>	-	<u>(10,829)</u>	<u>3</u>	<u>(4,817,359)</u>	<u>(1,571,917)</u>	<u>(172,665)</u>	<u>(1,744,582)</u>
At 1 January 2020 (audited)	436,900	86,971	2,732,397	1,399	150,041	107,825	(3,907,511)	(391,978)	41,191	(350,787)
Loss for the period	-	-	-	-	-	-	(59,356)	(59,356)	414	(58,942)
Exchange differences arising on translation to presentation currency	-	-	-	-	6,700	-	-	6,700	(799)	5,901
Total comprehensive income (expense) for the period	-	-	-	-	6,700	-	(59,356)	(52,656)	(385)	(53,041)
Transfer	-	-	-	-	-	-	-	-	-	-
At 30 June 2020 (unaudited)	<u>436,900</u>	<u>86,971</u>	<u>2,732,397</u>	<u>1,399</u>	<u>156,741</u>	<u>107,825</u>	<u>(3,966,867)</u>	<u>(444,634)</u>	<u>40,806</u>	<u>(403,828)</u>

Notes:

- a. The special reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the issued share capital of the subsidiaries acquired by the Company and the aggregate amount of HK\$116,025,000 transferred from other reserves pursuant to the Group's reorganisation on 11 August 1997 and the amount of dividend recognised and paid for the year ended 31 December 2015.
- b. Included in other reserves are reserve fund of a subsidiary established in the People's Republic of China (the "PRC") which can be used only to i) make up prior years' losses or ii) expand production operations and reserve fund for future enhancement of safety production environment and improvement of facilities and is not available for distribution to shareholders.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	1.1.2021 to 30.6.2021 HK\$'000 (Unaudited)	1.1.2020 to 30.6.2020 HK\$'000 (Unaudited)
Net cash used in operating activities	(7,066)	(15,112)
Investing activities		
Interest received	-	7
Proceeds from disposal of property, plant and equipment	-	566
Purchase of property, plant and equipment	-	(1,037)
Settlement of other bills receivables	-	13,651
Other investing cash flows	-	(2,190)
Net cash from investing activities	-	10,997
Financing activities		
Interest paid	(54)	(40,008)
New other loans raised	-	166,897
Repayment of other loans	-	(105,097)
Repayment of lease liabilities	(590)	(1,312)
Other financing cash flows	-	(1,729)
Net cash (used in)/from financing activities	(664)	18,751
Net (decrease)/increase in cash and cash equivalents	(7,710)	14,636
Cash and cash equivalents at beginning of the period	19,956	78,236
Effect of foreign exchange rate changes	101	(334)
Cash and cash equivalents at end of the period	12,347	92,538

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 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 Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Group incurred a net loss from continuing operations of HK\$2,722,000 during the period ended 30 June 2021 and, as of 30 June 2021, the Group had net current liabilities and net liabilities of HK\$1,978,768,000 and HK\$1,744,581,000, respectively. The Group's amount due to CALT as at 30 June 2021 amounted to HK1,016,591,000, all of which are due currently while its cash and cash equivalents amounted to HK\$12,347,000 only as at 30 June 2021.

In view of the above circumstances, the directors of the Company have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity position and to improve the Group's financial position which include, but are not limited to, the following:

- (i) The Group has been actively negotiating with CALT to obtain sufficient financial support from CALT to enable the Group to continue its operations and for not demanding the Company to fulfill its counter guarantee and guarantee obligations in respect of the amount due to CALT by the Company as at 30 June 2021 of HK\$1,016,591,000 arising from certain counter-guarantee loans borrowed by a deconsolidated subsidiary of the Company including interest payable totalling HK\$899,559,000 and a guaranteed loan of HK\$480,723,000 or RMB400,000,000 advanced from CALT to the Company through Aerospace Science and Technology Finance Co., Ltd. ("ASTF"), a fellow subsidiary of the Company, as the trustee, and both of which are due currently. On 20 May 2021, CALT issued the Company a letter undertaking not to demand repayment from the Company for the aforesaid guarantee obligations and to provide all necessary financial support to the Company. Such undertakings are effective for 18 months from the issue date of the letter.

1. BASIS OF PREPARATION *(Continued)*

- (ii) The Group has been arranging for settlement of part of the balances outstanding to its creditors. The Group has ongoing communication with its creditors, and monitored closely any settlement requests of trade and other payables. In the opinion of the directors of the Company, it is expected that the Group could further negotiate with its creditors and agree on the settlement agreements where applicable.

The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as they fall due within twelve months from the date of approval of the consolidated financial statements. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, since the execution of the above plans and measures are in progress, significant uncertainties exist as to whether management of the Group will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the successful agreement with the Group's creditors of settlement arrangements where applicable.

Accordingly, a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Should the Group fail to achieve the above mentioned plans and measures, or should CALT no longer has the financial ability to provide finance to the Group, it might not be able to continue to operate as a going concern, and adjustments would have to be made to reclassify the Group's non-current assets and non-current liabilities as current assets and current liabilities respectively, to write down the carrying amounts of the Group's assets to their recoverable amounts and to provide for any provision for any contractual commitments that have become onerous as at the end of the reporting period. The effects of these adjustments have not been reflected in the consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020.

Application of new and amendments to HKFRSs

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

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
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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 the condensed consolidated financial statements.

3. REVENUE

Disaggregation of revenue from contracts with customers by major products line for the year from continuing operations is as follows:

1.1.2021	1.1.2020
to	to
30.6.2021	30.6.2020
HK\$'000	HK\$'000
	(re-presented)

Revenue from contracts with customers

within the scope of HKFRS 15

Sales of electricity from operation of wind power field

— 12,905

The Group's revenue from continuing operations from external customers are recognised at a point in time. Revenue from sales of electricity from operation of wind power field is recognised upon the satisfaction of its sole performance obligation with its customers (when the electricity has been transmitted to the customer). The amount recognised is based on the observable price of the goods in the contracts since there is no significant financing component and there is no variable consideration.

All sales contracts are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

4. OTHER GAINS AND LOSSES

1.1.2021	1.1.2020
to	to
30.6.2021	30.6.2020
HK\$'000	HK\$'000
	(re-presented)

Continuing operations

Net exchange loss recognised

139 (216)

5. FINANCE COSTS

	1.1.2021	1.1.2020
	to	to
	30.6.2021	30.6.2020
	HK\$'000	HK\$'000
Continuing operations		
Interest on bank and other loans	–	186
Interest on lease liabilities	66	76
Interest on other liability	3,559	–
	<hr/>	<hr/>
	3,625	262
	<hr/>	<hr/>

6. DISCONTINUED OPERATIONS

During the year ended 31 December 2020, the Group ceased its business in the Wind Energy Related Products operation due to the bankruptcy liquidation of Beijing Energen effective on 29 December 2020.

The loss from the discontinued Wind Energy Related Products operation for the preceding interim periods is analysed as follows:

	1.1.2020	to
	30.6.2020	to
	<hr/>	<hr/>
	HK\$'000	HK\$'000
Loss for the period from a discontinued operation	<hr/>	<hr/>
	(54,159)	(54,159)
	<hr/>	<hr/>

7. LOSS BEFORE TAXATION

Loss before taxation from continuing operations
has been arrived at after charging (crediting):

Depreciation of property, plant and equipment
Depreciation of right-of-use assets
Bank interest income

1.1.2021	1.1.2020
to	to
30.6.2021	30.6.2020
HK\$'000	HK\$'000

(re-presented)

161	325
–	1,827
(8)	(36)

8. INCOME TAX EXPENSE

The tax charge comprises:

PRC Enterprise Income Tax ("EIT")

– Current period	–	861
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Deferred taxation charge

1.1.2021	1.1.2020
to	to
30.6.2021	30.6.2020
HK\$'000	HK\$'000

(re-presented)

807	553
807	1,414

No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries in Hong Kong have no assessable profits arising in or derived from Hong Kong for both periods.

Taxation arising in the PRC is recognised based on EIT rate of 25% (1.1.2020 to 30.6.2020: 25%) for the six months ended 30 June 2021.

9. DIVIDENDS

No dividend was paid or declared for the six months ended 30 June 2021 and 2020. The directors do not recommend the payment of an interim dividend for the interim period.

10. LOSS PER SHARE – BASIC

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

	1.1.2021	1.1.2020
	to	to
	30.6.2021	30.6.2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(re-presented)
From continuing operations		
Loss for the period attributable to owners of the Company	2,714	4,398
Add: Loss for the period from discontinued operations	-	54,159
	<hr/>	<hr/>
Loss for the purpose of basic loss per share from continuing operations	2,714	58,557
	<hr/>	<hr/>
Number of shares		
	2021	2020
Weighted average number of shares for the purpose of basic loss per share	4,368,995,668	4,368,995,668
	<hr/>	<hr/>

10. LOSS PER SHARE – BASIC *(Continued)*

1.1.2021	1.1.2020
to	to
30.6.2021	30.6.2020
HK\$'000	HK\$'000
(re-presented)	

From continuing and discontinued operations

Loss for the period attributable to owners of the Company
for the purpose of basic loss per share

HK(0.06) cents	HK(1.34) cents
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The denominators used are the same as those detailed above for basic loss per share.

From discontinued operations

Basic loss per share for the discontinued operations is HK\$ Nil (1.1.2020 to 30.6.2020: HK\$(1.24) cent per share) based on the loss for the period from the discontinued operations attributable to owners of the Company of HK\$ Nil (1.1.2020 to 30.6.2020: HK\$54,159,000) and the denominators detailed above for basic loss per share.

No diluted loss per share has been presented as there were no potential ordinary shares outstanding for both periods.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES

During the period, the Group paid approximately HK\$Nil (1.1.2020 to 30.6.2020: HK\$1,037,000) on acquisition of property, plant and equipment.

The Group also disposed of certain property, plant and equipment with an aggregate carrying amount of HK\$Nil (1.1.2020 to 30.6.2020: HK\$92,000) for consideration of HK\$Nil (1.1.2020 to 30.6.2020: HK\$566,000), resulting in gain on disposal of HK\$Nil (1.1.2020 to 30.6.2020: loss on disposal of HK\$474,000).

The fair value of the Group's investment properties as at 30 June 2020 was determined by the directors of the Company. The valuation performed by the directors of the Company was arrived at by reference to recent market prices for similar properties in the PRC. Loss from changes in fair value of HK\$Nil (1.1.2020 to 30.6.2020: HK\$1,213,000) has been recognised for the investment properties.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

As at 30 June 2021, the Group's total trade and other receivables, deposits and prepayments comprised of trade receivables, other receivables, deposits and prepayments of HK\$1,039,000, HK\$3,213,000 and HK\$719,000 (31.12.2020: HK\$1,027,000, HK\$3,206,000 and HK\$951,000), respectively.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

The Group's trade receivables as at 30 June 2021 are net of allowance for credit losses of HK\$503,813,000 (31.12.2020: HK\$498,681,000). The Group allows credit periods for not more than six months to its customers for sales of goods. At the discretion of the executive directors, several major customers were allowed to settle their balances beyond the credit terms up to one year. Included in trade receivables are balances of HK\$1,039,000 (31.12.2020: HK\$1,027,000) without bills received while the remaining balances are trade receivables with bills received for future settlements. The following is an aging analysis of trade receivables without bills received, net of allowances, presented based on the invoices dates at the end of the reporting period, which approximately the respective revenue recognition dates:

	30.6.2021 HK\$'000	31.12.2020 HK\$'000
Over 1 year	1,039	1,027

13. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK\$495,534,000 (31.12.2020: HK\$489,905,000). The Group normally receives credit period for 30 to 90 days from its suppliers. The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period:

	30.6.2021 HK\$'000	31.12.2020 HK\$'000
Over 1 year	495,534	489,905

Included in the Group's other payables as at 30 June 2021 are amounts due to ex-subsidiaries of the Company of HK\$468,467,000 (31.12.2020: HK\$459,614,000) and amount due to a fellow subsidiary of HK\$13,888,000 (31.12.2020: HK\$13,888,000).

14. FINANCIAL GUARANTEE CONTRACT LIABILITIES

	30.6.2021 HK\$'000	31.12.2020 HK\$'000
Fair value of financial guarantee contract liabilities	-	496,479

At the end of the reporting period, the Company had a guarantee and a counter guarantee totalling HK\$1,778,675,000 or RMB1,480,000,000 (31.12.2020: HK\$1,758,472,000 or RMB1,480,000,000) issued to CALT in respect of certain borrowings lent to an ex-subsidiary of the Company from CALT and ASTF. Under the guarantees, the Company is liable for all or any of the borrowings of each of them from CALT and ASTF upon failure of the guaranteed ex-subsidiary to make payments when due.

The maximum liabilities of the Group at the end of the reporting period under the guarantee and counter guarantee are the outstanding amounts of borrowings and interest payable at the end of the reporting period totalling HK\$899,559,000 (31.12.2020: HK\$889,341,000).

15. AMOUNT DUE TO AN INTERMEDIATE HOLDING COMPANY

The amount due to an intermediate holding company is unsecured, non-interest bearing and repayable on demand.

16. RELATED PARTY TRANSACTIONS AND BALANCES

(i) Transactions with government-related entities in the PRC

Transactions with other government-related entities

The Group conducts business with other government-related entities. The directors consider those government-related entities are independent third parties so far as the Group's business with them is concerned. The Group also has certain sales and purchases transactions with certain customers and suppliers in which the directors are of the opinion that it is impracticable to ascertain the identity of the counterparties and accordingly whether the transactions are with other government-related entities.

In addition, the Group has entered into various transactions, including deposits placements, borrowings and other general banking facilities, with banks which are government-related entities. A majority of its bank deposits and bank borrowings are with government-related entities.

16. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(ii) Transactions with other related parties

- (a)** The amounts due from associates of HK\$3,689,000 (31.12.2020: HK\$4,450,000) net of allowance for ECL of HK\$173,000 (31.12.2020: HK\$170,000) are unsecured and repayable on demand and non-interest bearing.
- (b)** During the period, the Group had the following significant transactions with its other related parties:

	1.1.2021	1.1.2020
	to	to
	30.6.2021	30.6.2020
	HK\$'000	HK\$'000
Interest on loans from a shareholder, CALT	-	17,945
Interest on loans from a fellow subsidiary, ASTF	-	20,217
Interest paid to a non-controlling shareholder with significant influence over a subsidiary	-	186
Interest income from a joint venture	-	1,784
Interest income from an associate	-	631
Maintenance service expense paid to a joint venture	-	988
	<hr/>	<hr/>

(c) Compensation of key management personnel

The remuneration of key management during the period was as follows:

	1.1.2021	1.1.2020
	to	to
	30.6.2021	30.6.2020
	HK\$'000	HK\$'000
Salaries and other benefits	2,272	2,498
Contributions to retirement benefits scheme	42	42
	<hr/>	<hr/>
	2,314	2,540
	<hr/>	<hr/>

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