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**CHINA ENERGINE INTERNATIONAL (HOLDINGS) LIMITED**

**中國航天萬源國際（集團）有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1185)**

**INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**RESULTS**

The Board of Directors of China EnerGINE International (Holdings) Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021 as follows:

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

*FOR THE SIX MONTHS ENDED 30 JUNE 2021*

		<b>1.1.2021 to 30.6.2021 HK\$'000 (Unaudited)</b>	1.1.2020 to 30.6.2020 HK\$'000 (Unaudited) (re-presented)
	<i>NOTES</i>		
<b>Continuing operations</b>			
Revenue	3	–	12,905
Cost of revenue		–	(9,488)
Gross profit		–	3,417
Other income		8	827
Other gains and losses	4	139	(216)
Administrative expenses		(7,405)	(12,280)
Loss from operations		(7,258)	(8,252)
Finance costs		(3,625)	(262)
Share of results of associates		8,968	5,145
Loss before taxation	5	(1,915)	(3,369)
Income tax expense	6	(807)	(1,414)
Loss for the period from continuing operations		<b>(2,722)</b>	<b>(4,783)</b>

\* For identification purpose only

	<b>1.1.2021</b>	1.1.2020
	<b>to</b>	to
<i>NOTES</i>	<b>30.6.2021</b>	30.6.2020
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	(Unaudited)
		(re-presented)
<b>Discontinued operations</b>		
Loss for the period from discontinued operations	<u>–</u>	<u>(54,159)</u>
Loss for the period	<u>(2,722)</u>	<u>(58,942)</u>
<b>Other comprehensive (expense)/income:</b>		
Item that will not be reclassified to profit or loss		
– exchange differences arising on translation to presentation currency	<u>(19,851)</u>	<u>5,901</u>
Total comprehensive expense for the period	<u><b>(22,573)</b></u>	<u><b>(53,041)</b></u>
Loss for the period attributable to owners of the Company		
– from continuing operations	<u>(2,714)</u>	<u>(4,398)</u>
– from discontinued operations	<u>–</u>	<u>(54,159)</u>
	<u><b>(2,714)</b></u>	<u><b>(58,557)</b></u>
Loss for the period attributable to non-controlling interests		
– from continuing operations	<u>(8)</u>	<u>(385)</u>
Loss for the period	<u><b>(2,722)</b></u>	<u><b>(58,942)</b></u>
Total comprehensive expense attributable to:		
Owners of the Company	<u>(20,604)</u>	<u>(53,455)</u>
Non-controlling interests	<u>(1,969)</u>	<u>414</u>
	<u><b>(22,573)</b></u>	<u><b>(53,041)</b></u>
Loss per share – Basic	8	
From continuing and discontinued operations	<u><b>HK(0.06) cents</b></u>	<u>HK(1.34) cents</u>
From continuing operations	<u><b>HK(0.06) cents</b></u>	<u>HK(0.10) cents</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 JUNE 2021**

	<i>NOTES</i>	<b>30.6.2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>	31.12.2020 <i>HK\$'000</i> <b>(Audited)</b>
Non-current assets			
Property, plant and equipment		<b>202</b>	362
Interests in associates		<b>236,210</b>	224,655
		<b>236,412</b>	225,017
Current assets			
Trade and other receivables, deposits and prepayments	<i>9</i>	<b>4,971</b>	5,184
Amounts due from associates		<b>3,689</b>	4,450
Pledged bank deposits, bank balances and cash		<b>12,347</b>	19,956
		<b>21,007</b>	29,590
Current liabilities			
Trade and other payables	<i>10</i>	<b>981,721</b>	967,990
Financial guarantee contract liabilities		–	496,479
Amount due to an intermediate holding company		<b>1,016,591</b>	508,564
Lease liabilities		<b>1,463</b>	1,430
		<b>1,999,775</b>	1,974,463
Net current liabilities		<b>(1,978,768)</b>	(1,944,873)
Total assets less current liabilities		<b>(1,742,356)</b>	(1,719,856)
Non-current liabilities			
Lease liabilities		<b>1,013</b>	1,753
Deferred tax liabilities		<b>1,212</b>	399
		<b>2,225</b>	2,152

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

# 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 HK\$1,016,591,000, 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.

- (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, Interest Rate Benchmark Reform – Phase 2  
HKFRS 7, HKFRS 4 and HKFRS 16

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:

	<b>1.1.2021</b>	1.1.2020
	<b>to</b>	to
	<b>30.6.2021</b>	30.6.2020
	<b>HK\$’000</b>	HK\$’000
		(re-presented)
<b>Revenue from contracts with customers</b>		
<b>within the scope of HKFRS 15</b>		
Sales of electricity from operation of wind power field	<u>          –          </u>	<u>          12,905          </u>

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**

	<b>1.1.2021</b>	1.1.2020
	<b>to</b>	to
	<b>30.6.2021</b>	30.6.2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		(re-presented)
<b>Continuing operations</b>		
Net exchange loss recognised	<b><u>139</u></b>	<u>(216)</u>

**5. LOSS BEFORE TAXATION**

	<b>1.1.2021</b>	1.1.2020
	<b>to</b>	to
	<b>30.6.2021</b>	30.6.2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		(re-presented)

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

Depreciation of property, plant and equipment	<b>161</b>	325
Depreciation of right-of-use assets	–	1,827
Bank interest income	<b><u>(8)</u></b>	<u>(36)</u>



## 6. INCOME TAX EXPENSE

	<b>1.1.2021</b>	1.1.2020
	<b>to</b>	to
	<b>30.6.2021</b>	30.6.2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		(re-presented)
The tax charge comprises:		
PRC Enterprise Income Tax ("EIT")		
– Current period	–	861
Deferred taxation charge	<u>807</u>	<u>553</u>
	<u><b>807</b></u>	<u><b>1,414</b></u>

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.

## 7. 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.

## 8. LOSS PER SHARE – BASIC

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

	<b>1.1.2021</b> to <b>30.6.2021</b> <i>HK\$'000</i>	1.1.2020 to 30.6.2020 <i>HK\$'000</i> (re-presented)
<b>From continuing operations</b>		
Loss for the period attributable to owners of the Company	2,714	4,398
Add: Loss for the period from discontinued operations	<u>–</u>	<u>54,159</u>
Loss for the purpose of basic loss per share from continuing operations	<u><u>2,714</u></u>	<u><u>58,557</u></u>
	<b>Number of shares</b>	
	<b>2021</b>	<b>2020</b>
Weighted average number of shares for the purpose of basic loss per share	<u><u>4,368,995,668</u></u>	<u><u>4,368,995,668</u></u>
	<b>1.1.2021</b> to <b>30.6.2021</b> <i>HK\$'000</i>	1.1.2020 to 30.6.2020 <i>HK\$'000</i> (re-presented)
<b>From continuing and discontinued operations</b>		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	<u><u>HK(0.06) cents</u></u>	<u><u>HK(1.34) cents</u></u>

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.

## 9. 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.

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:

	<b>30.6.2021</b>	31.12.2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Over 1 year	<u><u>1,039</u></u>	<u><u>1,027</u></u>

## 10. 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:

	<b>30.6.2021</b>	31.12.2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Over 1 year	<u><u>495,534</u></u>	<u><u>489,905</u></u>

Included in the Group's other payables as at 30 June 2021 are amounts due to ex-subsiaries 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).

## **BUSINESS REVIEW**

On behalf of the Board of Directors, the business performance of China Energinet 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 Energinet Industry Co. Ltd. (“Beijing Energinet”), the wind turbine manufacture business was terminated; the control over Aerospace Long Yuan (Benxi) Wind Power Co., Ltd. (“Longyuan Benxi”) was lost, 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 never given up on their efforts to survive and realize transformation. 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 Energinet 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.

## **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.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT**

This interim results announcement is available for viewing on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.energinet.hk>) and the interim report for the six months ended 30 June 2021 of the Company containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the above websites in due course.

By Order of the Board

**China Engin International (Holdings) Limited**

**Han Qingping**

*Chairman and Executive Director*

Hong Kong, 17 September 2021

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Han Qingping, Mr. Li Lei, Mr. Xu Jun and Mr. Wang Guanghui; and three independent non-executive Directors, namely Mr. Lau Fai Lawrence, Mr. Gordon Ng and Mr. Li Dapeng.*