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CCIAM FUTURE ENERGY LIMITED
信能低碳有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 145)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the "**Board**") of directors (the "**Director(s)**") of CCIAM Future Energy Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2022, together with the comparative figures for the year ended 31 December 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	**2022** *HK$'000*	2021 *HK$'000*
Revenue	*5*	**23,306**	7,583
Cost of sales		**(20,946)**	(6,374)
Gross profit		**2,360**	1,209
Other income	*6*	**419**	4,523
Net allowance for expected credit losses on trade receivables, contract assets and finance lease receivables		**(13,641)**	(35,163)
Written off of finance lease receivable		**(26,218)**	–
Amortisation of intangible assets		**–**	(2,467)
Impairment loss on intangible assets		**–**	(21,678)
Impairment loss on right-of-use assets		**–**	(131)
Impairment loss on property, plant and equipment		**–**	(104)
Selling expenses		**(993)**	(1,335)
Administrative and operating expenses		**(11,838)**	(10,323)

	Notes	**2022**	2021
		HK$'000	*HK$'000*
Loss from operations		**(49,911)**	(65,469)
Finance costs	*7*	**(2,061)**	(4,076)
Loss before taxation	*8*	**(51,972)**	(69,545)
Income tax credit	*9*	**–**	3,622
Loss for the year		**(51,972)**	(65,923)
Other comprehensive (expense)/income for the year, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(1,080)**	1,419
Other comprehensive (expense)/income for the year, net of tax		**(1,080)**	1,419
Total comprehensive expense for the year, net of tax		**(53,052)**	(64,504)
Loss for the year attributable to owners of the Company		**(51,972)**	(65,923)
Total comprehensive expense attributable to owners of the Company		**(53,052)**	(64,504)
		HK cents	*HK cents* (Restated)
Loss per share			
– Basic and diluted	*11*	**(7.46)**	(9.87)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Intangible assets		**–**	–
Property, plant and equipment		**–**	–
Right-of-use assets		**–**	–
Finance lease receivables	*12*	**11,410**	40,717
		11,410	40,717
Current assets			
Inventories		**420**	467
Trade receivables	*13*	**2,636**	15,472
Contract assets	*14*	**2,021**	–
Prepayments, deposits and other receivables	*15*	**13,785**	2,010
Finance lease receivables	*12*	**2,914**	4,759
Cash and bank balances		**26,985**	18,886
		48,761	41,594
Current liabilities			
Trade and other payables	*16*	**9,533**	8,451
Contract liabilities	*17*	**8,819**	935
Lease liabilities		**–**	229
Other borrowings		**22,374**	24,486
		40,726	34,101
Net current assets		**8,035**	7,493
Total assets less current liabilities		**19,445**	48,210

	Notes	2022 *HK$'000*	2021 *HK$'000*
Non-current liability			
Deferred tax liabilities		**–**	–
		–	–
Net assets		**19,445**	48,210
Capital and reserves			
Share capital	*18*	**3,201,626**	3,177,339
Reserves		**(3,182,181)**	(3,129,129)
Total equity		**19,445**	48,210

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. CORPORATE INFORMATION

CCIAM Future Energy Limited (the "**Company**") was incorporated in Hong Kong and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of registered office of the Company is Unit D, 7/F, Seabright Plaza, 9-23 Shell Street, North Point, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in design and provision of energy saving solutions.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") which is the same as functional currency of the Company and rounded to the nearest thousand (HK$'000), unless otherwise stated.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020
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

The application of the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

[1] Effective for annual periods beginning on or after 1 January 2023

[2] Effective for annual periods beginning on or after 1 January 2024

[3] Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of all the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs issued by HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, these consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Companies Ordinance.

(b) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Going Concern

For the year ended 31 December 2022, the Group incurred a net loss of approximately HK$51,972,000 (2021: HK$65,923,000) and a net cash outflow from operating activities of approximately HK$13,598,000 (2021: HK$3,388,000). Further, the Group had other borrowing of approximately HK$22,374,000 (2021: HK$24,486,000) and cash and bank balances was approximately HK$26,985,000 (2021: HK$18,886,000) as at 31 December 2022. These conditions cast significant doubt on the Group's ability to continue as a going concern. The Group is implementing the following measures in order to improve the working capital, liquidity and cash flow position of the Group:

(i) Alternative source of funding

The Company is actively considering to raise new capital by carrying out fund raising activities including but not limited to rights issue, open offer and placing of new shares.

(ii) Control policy for operating costs

The Group is implementing operation plans to control costs and generate adequate cash flows from the Group's operations.

The ability of the Group to continue as a going concern is dependent upon the eventual successful outcomes of the above-mentioned measures. These outcomes are inherently uncertain and cannot be determined with reasonable certainty. Hence a material uncertainty exists as at 31 December 2022 that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise the Group's assets and discharge the Group's liabilities in the normal course of business.

Notwithstanding the existence of the conditions described above, the directors of the Company have determined it is appropriate to adopt the going concern basis in the preparation of consolidated financial statements. The directors of the Company have reviewed the Group's cash flow projections prepared by the management. The cash flow projections cover a period of not less than twelve months from the end of the reporting period. The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2022 on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

4. SEGMENT INFORMATION

Information reported to the Directors, being the chief operating decision maker ("**CODM**") for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organised and specifically focuses on the Group's operating divisions. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

During the years ended 31 December 2022 and 2021, the Group operates in one operating segment which is the provision of design and provision of energy saving solutions. A single management team reports to the Directors of the Group (being the chief operating decision-maker) who comprehensively manages the entire business. Accordingly, the Group does not present separately segment information.

Geographical information

The Group operates in one principal geographical area – the People's Republic of China (the "**PRC**").

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		**Non-current assets**	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**23,306**	7,583	**11,410**	40,717

Information about major customer

Included in the Group's revenue of approximately HK$23,306,000 (2021: HK$7,583,000), the revenue of approximately HK$15,317,000 (2021: HK$6,673,000) which arose from two (2021: two) customers of the design and provision of energy saving solutions business which contributed 10% or more to the Group's revenue for the year.

Revenue from major customers, each of them amounted to 10% or more of the Group's revenue, are set out below:

	2022	2021
	HK$'000	*HK$'000*
Customer A *(Note (a))*	**12,451**	–
Customer B *(Note (a))*	**2,866**	–
Customer C *(Note (b))*	**–**	4,533
Customer D *(Note (b))*	**–**	2,140

Notes:

(a) No information on revenue for the year ended 31 December 2021 is disclosed for these customers since none of them contributed 10% or more than to the Group's revenue for the year ended 31 December 2021.

(b) No information on revenue for the year ended 31 December 2022 is disclosed for these customers since none of them contributed 10% or more than to the Group's revenue for the year ended 31 December 2022.

5. REVENUE

Revenue represents the aggregate of the amounts received and receivable from third parties, income from design and provision of energy saving solutions. Revenue recognised during the years are as following:

	2022	2021
	HK$'000	*HK$'000*
Revenue from contracts with customers		
– Energy saving solutions income	**22,918**	6,679
– Repair and maintenance service income	**388**	904
	23,306	7,583
Timing of revenue recognition:		
A point in time	**1,616**	6,679
Over time	**21,690**	904
	23,306	7,583

6. OTHER INCOME

	2022	2021
	HK$'000	*HK$'000*
Bank interest income	**28**	31
Interest income on finance lease receivables	**20**	159
Reversal of accrued service fee	**–**	4,326
Government grants *(Note)*	**306**	–
Others	**65**	7
	419	4,523

Note:

During the year ended 31 December 2022, the Group recognised government grant of approximately HK$72,000 (2021: nil) in respect of COVID-19-related subsidies which is related to Employment Support Scheme provided by the Hong Kong government, and approximately HK$234,000 (2021: nil) in respect of government grant for High-tech Enterprise in the PRC.

7. FINANCE COSTS

	2022	2021
	HK$'000	*HK$'000*
Interest expenses on other borrowing	**2,053**	4,040
Interest expenses on lease liabilities	**8**	36
	2,061	4,076

8. LOSS BEFORE TAXATION

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

	2022	2021
	HK$'000	*HK$'000*
Staff costs (including directors' remuneration)		
– Directors' fees	**1,236**	1,230
– Salaries, bonus and wages	**4,992**	5,105
– Contribution to retirement benefits schemes	**171**	244
	6,399	6,579
Auditors' remuneration		
– Audit services	**750**	750
Amortisation of intangible assets	**–**	2,467
Impairment loss on intangible assets	**–**	21,678
Impairment loss on property, plant and equipment	**–**	104
Impairment loss on right-of-use assets	**–**	131
Written off of finance lease receivable	**26,218**	–
Depreciation of property, plant and equipment	**–**	12
Depreciation expenses on right-of-use assets	**–**	182
Expenses relating to short-term lease	**132**	91
Net allowances for expected credit losses on trade receivables, contract assets and finance lease receivables		
– Allowance for expected credit losses on trade receivables	**13,843**	26,808
– Allowance for expected credit losses on contract assets	**6**	–
– Allowance for expected credit losses on finance lease receivables	**678**	8,639
– Reversal of allowance for expected credit losses on trade receivables	**(13)**	(5)
– Reversal of allowance for expected credit losses on finance lease receivables	**(873)**	(279)
	13,641	35,163

9. INCOME TAX CREDIT

	2022	2021
	HK$'000	*HK$'000*
Deferred taxation		
Credit for the year	**–**	3,622

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions which members of the Group are domiciled and operate.

(i) Hong Kong Profits Tax

Under the two-tiered profits tax rates regime, the first HK$2 million of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK$2 million will be taxed at 16.5%. The assessable profits of corporation not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime is applicable to the Group for the years ended 31 December 2021 and 2022.

No provision of profit tax as no assessable profit for the both years.

(ii) PRC Enterprise Income Tax

The subsidiaries of the Group established in the PRC is generally subject to PRC Enterprise Income Tax on its taxable income at an income tax rate of 25%. One of the Company's subsidiaries in the PRC is qualified as a High Technology Enterprise from 18 November 2021 and enjoy PRC Enterprise Income Tax rate of 15%.

10. DIVIDEND

The Directors do not recommend payment of any dividends for the year ended 31 December 2022 (2021: Nil).

11. LOSS PER SHARE

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

	2022	2021
	HK$'000	*HK$'000*
Loss		
Loss attributable to the owners of the Company for the purpose of basic and diluted loss per share	**(51,972)**	(65,923)

	2022	2021
	'000	*'000*
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**697,108**	667,833

Note:

The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the year ended 31 December 2022 have been adjusted for the effects of placing of shares and rights issue of shares completed on 13 October 2022 and 16 January 2023 respectively and retrospectively. The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the year ended 31 December 2021 have been adjusted for the effects of rights issue of shares completed on 16 January 2023 retrospectively by restating.

During the year ended 31 December 2022 and 2021, the computation of diluted loss per share does not assume the exercise of the Company's share options as the exercise price of these options was higher than the average market price of shares for both years.

12. FINANCE LEASE RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Current portion of finance lease receivables	**32,751**	36,838
Non-current portion of finance lease receivables	**12,631**	42,834
	45,382	79,672
Less: Allowance for expected credit losses	**(31,058)**	(34,196)
	14,324	45,476
Analysed as		
Current assets	**2,914**	4,759
Non-current assets	**11,410**	40,717
	14,324	45,476

13. TRADE RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Trade receivables with normal credit terms	**57,880**	61,478
Less: Allowance for expected credit losses	**(55,244)**	(46,006)
Total trade receivables, net of allowance for expected credit losses	**2,636**	15,472

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

	2022	2021
	HK$'000	*HK$'000*
0-90 days	**2,604**	1,017
91-180 days	**32**	–
Over 180 days	**–**	14,455
	2,636	15,472

14. CONTRACT ASSETS

	2022	2021
	HK$'000	*HK$'000*
Unbilled receivables *(Note)*	**2,027**	–
Less: Allowance for expected credit losses	**(6)**	–
Total unbilled receivables, net of allowance for expected credit losses	**2,021**	–

Note:

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

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Prepayments	**9,469**	1,571
Receivables from disposal of a subsidiary *(Note)*	**9,200**	9,200
Other receivables	**20**	124
Refundable rental deposits and other deposits	**4,296**	315
	22,985	11,210
Less: Allowance for expected credit losses on other receivables	**(9,200)**	(9,200)
	13,785	2,010

Note:

As at 31 December 2022 and 2021, the receivables from disposal of a subsidiary amounting to HK$9,200,000 was overdue and an allowance for expected credit losses of HK$9,200,000 was provided in previous years. No movement in allowance account for years ended 31 December 2022 and 2021.

16. TRADE AND OTHER PAYABLES

	2022	2021
	HK$'000	*HK$'000*
Trade payables	**2,738**	664
Accrued expenses	**1,800**	2,106
Interest payables	**4,584**	5,085
Other payables	**411**	596
	9,533	8,451

The ageing analysis of trade payables is based on the invoice date as follows:

	2022	2021
	HK$'000	*HK$'000*
0 – 90 days	**2,504**	57
91 – 180 days	**–**	–
181 – 365 days	**–**	10
Over 365 days	**234**	597
	2,738	664

Note:

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

17. CONTRACT LIABILITIES

	2022	2021
	HK$'000	*HK$'000*
Energy saving solutions income	**8,819**	935

Note:

As at 1 January 2021, there was no contract liabilities.

Contract liabilities, that are not expected to be settled within the Group's normal operating cycle, are classified as current and non-current based on the Group's earliest obligation to transfer goods or services to the customers.

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

	2022
	HK$'000
Beginning of the year	**935**
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities balance at the beginning of the year	**(935)**
Increase in contract liabilities as a result of receiving receipts in advances	**8,819**
End of the year	**8,819**

18. SHARE CAPITAL

	Number of shares		**Share capital**	
	2022	2021	**2022**	2021
	'000	*'000*	***HK$'000***	*HK$'000*
Issued and fully paid:				
At the beginning of the year	**523,331**	523,331	**3,177,339**	3,177,339
Placing of shares *(Note)*	**104,666**	–	**24,287**	–
At the end of the year	**627,997**	523,331	**3,201,626**	3,177,339

Note:

On 13 October 2022, the Company placed 104,666,181 placing shares at the placing price of HK$0.238 per placing share. The net proceeds of approximately HK$24,287,000, after deducting the transaction costs of approximately HK$623,000, are intended to be used for repayment of current liabilities and general working capital of the Group. Details of the placing of shares were set out in the Company's announcements dated 5 September 2022, 29 September 2022 and 13 October 2022.

EXTRACT OF THE AUDITORS' REPORT

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

We draw attention to Note 3(b) in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK$51,972,000 and a net cash outflow from operating activities of approximately HK$13,598,000 for the year ended 31 December 2022. These factors indicate the existence of material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

CCIAM Future Energy Limited (the "**Company**"), together with its subsidiaries (collectively, the "**Group**"), are principally engaged in treasury investments, provision of loan financing and design and provision of energy saving solutions.

During the year ended 31 December 2022, based on the audited financial information, the Group recorded an audited revenue of approximately HK$23,306,000, representing an increase of approximately 207% as compared with approximately HK$7,583,000 for the last year. A loss for the year attributable to the owners of the Company of approximately HK$51,972,000 (2021: loss of approximately HK$65,923,000) was recorded which was mainly attributable to: (i) net allowance for expected credit losses on trade receivables, contract assets and finance lease receivables ("**ECL Provision**") of approximately HK$13,641,000 (2021: approximately HK$35,163,000); (ii) written off of finance lease receivable ("**Written Off**") of approximately HK$26,218,000 (2021: HK$Nil); and (iii) administrative and operating expenses of approximately HK$11,838,000 (2021: approximately HK$10,323,000).

Business performance of the Energy saving solutions business

The Company's subsidiary, Weldtech Technology Co. Limited and its subsidiary, Haoxin Technology (Shanghai) Company Limited (濠信節能科技(上海)有限公司) (collectively, the "**Weldtech Group**") is primarily engaged in design and provision of energy saving solutions business (the "**Energy Saving Business**"). Weldtech Group is engaged in the Energy Saving Business regarding heating, ventilation and air conditioning (the "**HVAC**") system, our customers are mainly commercial properties like hotels, office buildings, shopping malls and industrial plants.

With respect to the segment of design and provision of energy saving solutions, a segment loss of approximately HK$45,837,000 was recorded for the year ended 31 December 2022 (2021: loss of approximately HK$65,280,000). The segment loss was mainly attributable to: (i) net allowance for expected credit losses on trade receivables, contract assets and finance lease receivables of approximately HK$13,641,000 (2021: approximately HK$35,163,000); (ii) an impairment of intangible assets of HK$Nil (2021: approximately HK$21,678,000); (iii) an amortisation of the intangible assets of HK$Nil (2021: approximately HK$2,467,000); and (iv) Written Off of approximately HK$26,218,000. Before deducting the impairment and amortization of the intangible assets, Weldtech Group has generated a segment loss of approximately HK$45,837,000 (2021: segment loss of approximately HK$44,522,000) to the Group.

2022 was a challenging year for Weldtech Group. Not only Weldtech Group but the entire energy saving industry also faced exceptional disruption brought by COVID-19. As stated in our 2021 annual report, Weldtech Group had already undergone intensified competition in the industry prior to the pandemic; government lockdown measures and the economic slowdown in the People's Republic of China (the "**PRC**") in 2022 further adversely affected Weldtech Group's business performance.

The months of lockdown in Shanghai in 2022 caused a complete stoppage of our work. Our officers could not go to offices or factories. Due to the lockdowns, our engineers were grounded and unable to get on-site to commence the work. As such, the implementation of projects was delayed, which is a force majeure event beyond the control of Weldtech Group, which also happened to a bulk majority of the companies in the market. All this constrained our ability to operate as planned. Such delays have in turn delayed payments received or to be received by Weldtech Group, and Weldtech Group's financial position has been adversely affected in the past financial years.

Given that many of Weldtech Group's customers and partners are facing similar financial difficulties caused by the pandemic, the Company can hardly recover receivables due, and likewise, Weldtech Group can hardly get sizeable new orders.

Further, the pandemic has also adversely affected the demand for Weldtech Group's energy saving products, and consumers' requests for discounts or price reductions have also eaten into the Weldtech Group's profit margin on the new contracts.

After the Shanghai government announced an end to its lockdown in June, our operation team resumed work gradually afterward. Our staff worked with the project owners and other partners to update the relevant timetables and resumed implementation of the projects as soon as practicable. Our staff also has contacted potential clients and expects to get more new orders. The situation further improved in the fourth quarter of 2022, especially after the Chinese central government eased most of the domestic COVID-19 restrictions in December 2022.

Other than the pandemic, the financial crisis faced by property developers in the PRC since 2021 still imposed various challenges to Weldtech Group's energy saving businesses. In 2022, many property developers in the PRC faced significant financial pressure. Many of these property developers had to withhold the commencement of or progress in construction works due to liquidity concerns. Since property developers and construction companies are the major customers of Weldtech Group, any withholding of or delay in construction works will adversely affect the implementation of projects undertaken by Weldtech Group. Worse still, some of the Weldtech Group's potential new orders have been canceled as a result. Alternatively, Weldtech Group had to lower its profit margin for projects to get new orders.

Despite the unfavorable market factors abovementioned, including less than expected cash inflow from receivables collection and possible impact on customers' repayment ability, Weldtech Group reminded focused on taking new orders in 2022, resulting in an increase in revenue of approximately 207% when compared to 2021. However, as a cost of getting more new orders to capture more market shares and opportunities during the difficult times, Weldtech Group's gross profit margin was adversely affected when compared to 2021. Weldtech Group expects the such situation will be improved in the second half of 2023 as the overall market conditions are improving after the central government has gradually eased the pandemic control regimes since December 2022.

During the year ended 31 December 2022, Weldtech Group recognized the ECL Provision of approximately HK$13.64 million and Written Off approximately HK$26.22 million for the year ended 31 December 2022. In 2022, the ECL Provision and Written Off for the receivables were mainly due from two individual projects, namely:

1. Wuhan data center; and

2. Suqian insurance town project

The carrying amount of and the ECL Provision and Written Off provided for each of the above two projects are set out hereunder:

Project	**Carrying amount as at 31 December 2021** *RMB 'million*	**(ECL Provision)/ Reversal of ECL Provision in 2022** *RMB 'million*	**Written Off in 2022** *RMB 'million*	**Settlement during the year** *RMB 'million*	**Carrying amount as at 31 December 2022** *RMB 'million*	**Outstanding balance to be settled pursuant to the signed settlement agreement** *RMB 'million*
Wuhan data center	**11.8**	**(11.8)**	**–**	**–**	**–**	**50.5**
Suqian insurance town project	**32.9**	**0.4**	**(22.3)**	**(0.4)**	**10.6**	**N/A**

The Written Off is related to Suqian insurance town project.

Details of these two individual projects are described below:

1. *The Wuhan data center project:*

The Wuhan data center situates in Hubei Province of the PRC (the "**Data Centre**"), and Weldtech Group was engaged to install an air-conditioning system for the Data Center. Although Weldtech Group had performed its contractual duty by completing installation of the air-conditioning system for the Data Centre, the developer had only made a partial payment of the agreed contractual costs to Weldtech Group, with the balance thereof remaining outstanding. After having paid instalments in an aggregated sum of approximately RMB18.7 million to Weldtech Group, the developer has failed to make further repayments.

The developer defaulted in repayment since November 2021, and as at the juncture of the developer's default, an aggregate sum of approximately RMB43 million remained due and owing to Weldtech Group. Weldtech Group, therefore, instituted proceedings against the developer in the Shanghai Pudong People's Court (the "**Shanghai Court**") in 2021 for recovery of the outstanding receivable.

The developer negotiated with Weldtech Group for the amicable resolution of the outstanding receivable, and eventually, the developer executed a settlement agreement with Weldtech Group in February 2022 under and pursuant to which the developer shall repay RMB50.5 million to Weldtech Group by instalments before 30 April 2022 for the amicable resolution of the outstanding receivable (the "**Settlement Agreement**"). The Settlement Agreement was approved by the Shanghai Court in February 2022.

The developer has breached the Settlement Agreement by failing to make the scheduled instalment payment since March 2022, and Weldtech Group has duly reported the developer's breach to the Shanghai Court. As of the date of this announcement, due to the pandemic and other reasons, the Shanghai Court is yet to give its ruling on the developer's breach. Weldtech Group will continue to pursue the Recovery Proceedings against the developer with the Shanghai Court.

Further and/or alternative to the Company's pursuance of legal proceedings in the Shanghai Court, the Company has also engaged a collection agent to assist the Company in recovering the outstanding amount from the developer.

Given that there is uncertainty on whether Weldtech Group could collect the outstanding receivable from the developer in the coming months, therefore, the Company has provided full provision on this project based on the suggestions from the auditor and the independent valuer.

2. *Suqian insurance town project*

In 2017, Weldtech Group signed a 20 years service contract with the main contractor for the Suqian insurance town project (the "**Service Contract**"). The Suqian insurance town project situates in Gansu Province of the PRC; Weldtech Group was engaged to build a power station to provide an air-conditioning/heat system for buildings located in the Suqian insurance town (the "**Power Station**"). Under the Service Contract, Weldtech Group will charge service fees annually with reference to the occupied areas of the related buildings.

Weldtech Group started its contractual installation works in 2017 and completed much of it in 2018 and 2019. The Power Station was put into use in 2019.

However, due to the outbreak of COVID-19 in late 2019, the central government of the PRC imposed various lockdown measures as well as travel restrictions in the past three years. These measures and restrictions affected the overall the PRC economy severely. These measures, combined with different work-from-home arrangements, further led to a decrease in demand for office space in different cities in the PRC, including the Suqian insurance town. Lower than expected occupancy rate resulted in Weldtech Group receiving lower service fees than expected in the past three years.

Although Weldtech Group considers it may take months for the market to regain momentum before seeing growth in demand for office space in Suqian insurance town in the coming months, market conditions started to improve after the Chinese central government eased most of the COVID-19-related restrictions in December 2022. It is expected that the overall occupancy rate in the Suqian insurance town will see improvement in the second half of 2023.

In accordance with the project nature of the Suqian insurance town project, the Company applied the income approach to determine the estimated finance lease receivable amount for this project. Under the income approach, a discounted cash flow model (the "**DCF model**") was prepared to assess the estimated finance lease receivable for this project by forecasting its expected cash flows and discounting the cash flows to arrive at a current, present value. The Company prepared the DCF model based on the business forecast of Suqian insurance town project in the coming years with inputs on discount-related factors.

The Company recognized an aggregated finance lease receivable of approximately RMB33.9 million for the Suqian insurance town project in years 2018/2019. Under the original forecast, Weldtech Group expects the occupancy rate of the Suqian insurance town will rise gradually and will reach its full capacity in years 2022/2023, and the Weldtech Group will be able to generate an expected income of approximately RMB3.9 million per year. However, due to the outbreak of the pandemic, the development of the Suqian insurance town was delayed; thus, the growth in the overall occupancy rate of the office buildings in the Suqian insurance town was affected. As a result, Weldtech Group received fewer service fees than expected in the past years.

Therefore, the Company revisited the DCF model with a more conservative approach to forecasting future revenue in coming years with reference to the actual amount of service fee received from the project in past years. Based on the revised results the Company had Written Off and reversal of ECL Provision of approximately RMB22.3 million and RMB0.4 million respectively for the Suqian insurance town project in 2022.

Loan financing and treasury investments businesses

With respect to the segment of loan financing and treasury investments businesses, the Company is in the process of locating opportunities in both the loan financing and treasury investments segments. However, there is no desirable opportunity raised and found fit for the Company. The Company will continue to explore business opportunities in the market for the development of the Group's business.

TOTAL ASSETS AND TOTAL LIABILITIES

As 31 December 2022, the total assets decreased to approximately HK$60,171,000 (2021: approximately HK$82,311,000). The decrease was mainly attributable to: (i) net allowance for expected credit losses on trade receivable, contract assets and finance lease receivables of approximately HK$13,641,000 (2021: approximately HK$35,163,000); (ii) Written Off of finance lease receivables of approximately HK$26,218,000 (2021: HK$Nil) (iii) an impairment of intangible assets of HK$Nil (2021: approximately HK$21,678,000); (iv) an amortisation of intangible assets of HK$Nil (2021: approximately HK$2,467,000).

As at 31 December 2021, the Group made full impairment on intangible assets. The intangible assets represent 7 patents related to the UPPC System used by the Energy Saving Business.

As at 31 December 2022, the Group held finance lease receivables amounting to approximately HK$14,324,000 (2021: approximately HK$45,476,000).

As at 31 December 2022, total liabilities increased to approximately HK$40,726,000 (2021: approximately HK$34,101,000). The total liabilities mainly represented the trade and other payables of approximately HK$9,533,000 (2021: approximately HK$8,451,000); contract liabilities of approximately HK$8,819,000 (2021: approximately HK$935,000), and other borrowings of approximately HK$22,374,000 (2021: approximately HK$24,486,000).

FOREIGN EXCHANGE EXPOSURE

The Group conducts its business transactions mainly in the PRC and Hong Kong. The Group's assets were mainly denominated in Renminbi ("**RMB**") and Hong Kong Dollars ("**HK$**"). HK$ is the Group's presentation currency. During the year, the revenue, cost of operations and operating expenses of the Group are mainly denominated in RMB. Therefore, the Group is exposed to potential foreign exchange risk as a result of fluctuation of RMB against HK$. The Group has not entered into any significant foreign exchange contract. Management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the year ended 31 December 2022, the Group finances its operations mainly through internally generated cashflows, other borrowings and proceeds from right issues and placing of new shares. As at 31 December 2022, the Group has net current assets of approximately HK$8,035,000 (2021: approximately HK$7,493,000). As at 31 December 2022, the Group's cash and bank balances amounted to approximately HK$26,985,000 (2021: approximately HK$18,886,000).

As at 31 December 2022, the Group has net cash of approximately HK$4,611,000, therefore, the gearing ratio is not applicable as at 31 December 2022. The gearing ratio of the Group as at 31 December 2021, which is calculated as net debt (as calculated as other borrowings less cash bank balances) divided by total capital (as calculated by total equity plus net debts) was 10.4%.

As at 31 December 2022, the Group's other borrowings of approximately HK$22,374,000 (2021: approximately HK$24,486,000) were secured by the corporate guarantees granted by the Company.

The share capital of the Group is only comprised of ordinary shares. On 13 October 2022, the Company has completed the placing of 104,666,181 new shares. As at 31 December 2022, the Company's number of issued ordinary shares was 627,997,089 ("**Share(s)**") (2021: 523,330,908 Shares).

On 28 November 2022, the Company entered into the underwriting agreement with the underwriter for the proposed rights issue of not less than 313,998,544 rights shares (the "**Rights Share(s)**") at the subscription price of HK$0.10 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares in issue (the "**Rights Issue**"). The Rights Issue transaction had been completed on 16 January 2023, and an aggregate of 313,998,544 new shares had been allotted and issued by the Company. As at 27 March 2023, the Company's number of issued ordinary shares was 941,995,633.

CHARGE ON GROUP ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2022 and 31 December 2021, the Group did not have material contingent liabilities and charge on group assets.

CAPITAL COMMITMENT

As at 31 December 2022, the Group had capital commitments, which were contracted but not provided for, in respect of construction contract of approximately HK$954,000 (2021: approximately HK$5,807,000).

MATERIAL INVESTMENTS, ACQUISITION AND DISPOSALS

Save as disclosed elsewhere in this announcement, there were no material investments, acquisitions or disposals of subsidiaries during the year ended 31 December 2022.

STAFF AND REMUNERATION

The Group had 14 (2021: 19) employees as at 31 December 2022 and total staff costs during the year ended 31 December 2022 amounted to approximately HK$6,399,000 (2021: approximately HK$6,579,000). The Group offers competitive remuneration packages to its employees Other benefits include share options granted or to be granted under the share option scheme of the Company.

FINANCIAL KEY PERFORMANCE INDICATORS

The Group's net asset value is a key indicator of the financial performance and it decreased to approximately HK$19,445,000 as at 31 December 2022 (2021: approximately HK$48,210,000). During the year ended 31 December 2022, the Group recorded a loss attributable to the owners of the Company of approximately HK$51,972,000 (2021: loss of approximately HK$65,923,000). The net asset value per share was HK$0.031, which was calculated on the above net assets value and the Company's number of 627,997,089 issued ordinary shares as at 31 December 2022.

EVENTS AFTER REPORTING PERIOD

The rights issue completed on 16 January 2023 (the "2023 Rights Issue")

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

Repayment of other borrowing

Subsequent to the financial reporting date, the Group settled its other borrowing including outstanding loan principal and accrued interests in aggregate amount of approximately HK$27.8 million on 14 March 2023.

Except for above mentioned, there were no material events occurred after the financial reporting date.

OUTLOOK AND PROSPECT

Going forward, the Company considers green technology and the environmental service industry to remain the two key focus markets of the PRC government.

Weldtech Group will continue to target potential customers for sizable buyout projects and explore secondary sales from existing customers, enhancing the portfolio of the Company. Also, Weldtech Group will continue to develop new reusable energy platforms as well as get new orders in construction/engineering-related projects in order to expand the Group's business. Our team has worked hard to secure contracts in order to keep the business momentum during the pandemic.

On the other hand, following up on the outstanding receivables is still one of the top priorities for the management in 2023. Weldtech Group will remain cautious, especially in terms of project screening and evaluating the impact of the pandemic as well as the financial squeeze on customers' business and financial position in order to secure recoverability.

The Group will continue to explore and capture business opportunities in the green technology sector, including HVAC energy saving projects and also the related construction, clean energy procurement, sales, and solutions. The Company is actively seeking and exploring other business opportunities in other sectors in the PRC as well as outside the PRC, if appropriate. As stated in the announcement dated 17 January 2023, CCIAM Coating Company Limited ("**CCIAM Coating**"), a wholly-owned subsidiary of the Company, is currently in negotiations in respect of potential co-operations and/or joint venture with certain potential strategic business partners based in Hong Kong, Europe and the PRC respectively to explore business opportunities in the segment of supply of energy saving devices, low carbon services products, and the development and management of carbon sink resources, agricultural and forestry development in Asia including the PRC.

Our management team will continue to explore various funding sources, including project financing, debt financing and/or equity fundraising, to provide adequate financial resources to support the Group's existing businesses as well as capture and develop new business opportunities.

Management expects that although there will be an improvement in the PRC and the global economy in 2023, the Group still will have to face challenges and disruptions in view of the uncertainties. Also, it is expected that market sentiment in the energy saving industry will take time to resume back to normal. Notwithstanding these challenges, Management believes the situation will improve as 2023 progresses.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022.

CORPORATE GOVERNANCE CODE

Throughout the year, the Company applied the principles of and complied with the code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules of the Stock Exchange save for the following deviations:

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive ("**CE**") should be separate and should not be performed by the same individual. The Company did not appoint any chairman or CE during the year, reason being the functions of the chairman and CE are performed by the three executive Directors collectively. The Board will review the current practice from time to time and make appropriate changes if considered necessary.

Under code provision A.2.7 of the CG Code, the chairman of the board should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. As the Company does not have a chairman, no such meeting was held in the year.

Under code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Some Directors were absent from the last annual general meeting of the Company held on 2 June 2022 due to their other important engagements at the relevant time.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "**Model Code**") as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the year.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Tuesday, 30 May 2023 to Friday, 2 June 2023, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the forthcoming annual general meeting, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 29 May 2023.

AUDIT COMMITTEE REVIEW

The audit committee of the Company (the "**Audit Committee**") consists of three independent non-executive Directors, namely Mr. Choy Hiu Fai, Eric (the chairman of the Audit Committee), Mr. Lam Yau Fung, Curt and Mr. Yeung Wai Hung, Peter.

The primary duties of the Audit Committee are to review the Group's annual reports and accounts, half-year reports and internal control and risk management systems, and to review significant financial reporting judgments contained in its reports and to provide advice and comments thereon to the Board.

The audited final results for the year ended 31 December 2022 of the Company have been reviewed by the Audit Committee.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2022 have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2022. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

By order of the Board
CCIAM Future Energy Limited
Chong Kok Leong
Executive Director

Hong Kong, 27 March 2023

As at the date hereof, the Board comprises Mr. Cheng Lut Tim, Mr. Chong Kok Leong and Mr. Zhuang Miaozhong being the executive Directors; and Mr. Choy Hiu Fai, Eric, Mr. Lam Yau Fung, Curt and Mr. Yeung Wai Hung, Peter being the independent non-executive Directors.