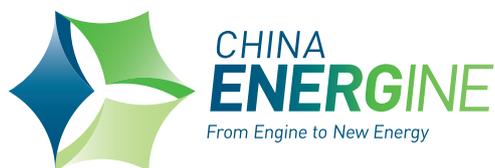


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2023**

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 2023 as follows:

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

| | | 1.1.2023 | 1.1.2022 |
|---|--------------|--------------------|--------------------|
| | | to | to |
| | <i>NOTES</i> | 30.6.2023 | 30.6.2022 |
| | | HK\$'000 | HK\$'000 |
| | | (Unaudited) | (Unaudited) |
| Revenue | 3 | 12,404 | 13,303 |
| Cost of revenue | | (10,429) | (10,050) |
| Gross profit | | 1,975 | 3,253 |
| Other income | 4 | 748 | 936 |
| Reversal of financial guarantee contracts | 5 | 84,222 | – |
| Other gains and losses | 6 | 810 | (122) |
| Selling and distribution expenses | | (345) | (153) |
| Administrative expenses | | (6,383) | (6,627) |

* For identification purpose only

| | | 1.1.2023 | 1.1.2022 |
|--|--------------|-----------------------------|------------------------|
| | | to | to |
| | <i>NOTES</i> | 30.6.2023 | 30.6.2022 |
| | | HK\$'000 | HK\$'000 |
| | | (Unaudited) | (Unaudited) |
| Profit (loss) from operations | | 81,027 | (2,713) |
| Finance costs | | (26) | (33) |
| Share of results of associates | | <u>4,549</u> | <u>3,875</u> |
| Profit before taxation | 7 | 85,550 | 1,129 |
| Income tax expense | 8 | <u>(508)</u> | <u>(875)</u> |
| Profit for the period | | <u>85,042</u> | <u>254</u> |
| Other comprehensive income: | | | |
| Item that will not be reclassified to profit or loss | | | |
| – Exchange differences arising on translation to presentation currency | | <u>32,010</u> | <u>77,732</u> |
| Total comprehensive income for the period | | <u>117,052</u> | <u>77,986</u> |
| Profit (loss) for the period attributable to: | | | |
| – Owners of the Company | | <u>84,435</u> | (844) |
| – Non-controlling interests | | <u>607</u> | <u>1,098</u> |
| | | <u>85,042</u> | <u>254</u> |
| Total comprehensive income/(expense) attributable to: | | | |
| – Owners of the Company | | <u>118,459</u> | 73,259 |
| – Non-controlling interests | | <u>(1,407)</u> | <u>4,727</u> |
| | | <u>117,052</u> | <u>77,986</u> |
| Profit (loss) per share – Basic and Diluted | 10 | <u>HK 1.93 cents</u> | <u>HK (0.02) cents</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2023

| | NOTES | 30.6.2023 HK\$'000 (Unaudited) | 31.12.2022 HK\$'000 (Audited) |
|---|-------|--------------------------------------|-------------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 40,311 | 45,610 |
| Right-of-use assets | | 22,295 | 22,962 |
| Interests in associates | | 189,925 | 191,504 |
| | | <u>252,531</u> | <u>260,076</u> |
| Current assets | | | |
| Inventories | | 2,041 | 2,208 |
| Trade and other receivables, deposits and prepayments | 11 | 32,609 | 34,974 |
| Amounts due from associates | | 3,340 | 6,895 |
| Pledged bank deposits, bank balances and cash | | 41,377 | 44,998 |
| | | <u>79,367</u> | <u>89,075</u> |
| Current liabilities | | | |
| Trade and other payables | 12 | 44,047 | 54,025 |
| Amount due to an intermediate holding company | | 1,191,872 | 1,317,108 |
| Current tax payable | | 86 | 130 |
| Lease liabilities | | 553 | 256 |
| | | <u>1,236,558</u> | <u>1,371,519</u> |
| Net current liabilities | | <u>(1,157,191)</u> | <u>(1,282,444)</u> |
| Total assets less current liabilities | | <u>(904,660)</u> | <u>(1,022,368)</u> |

| | <i>NOTES</i> | 30.6.2023 | 31.12.2022 |
|--|--------------|-------------------------|---------------------------|
| | | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | | (Unaudited) | (Audited) |
| Non-current liabilities | | | |
| Lease liabilities | | 758 | – |
| Warranty provision | | 817 | 843 |
| Deferred tax liabilities | | <u>6,207</u> | <u>6,283</u> |
| | | <u>7,782</u> | <u>7,126</u> |
| NET LIABILITIES | | <u>(912,442)</u> | <u>(1,029,494)</u> |
| Capital and reserves | | | |
| Share capital | | 436,900 | 436,900 |
| Reserves | | <u>(1,411,892)</u> | <u>(1,530,351)</u> |
| Deficiency attributable to owners of the Company | | (974,992) | (1,093,451) |
| Non-controlling interests | | <u>62,550</u> | <u>63,957</u> |
| TOTAL DEFICIENCY | | <u>(912,442)</u> | <u>(1,029,494)</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 profit of HK\$85,042,000 during the period ended 30 June 2023 and, as of 30 June 2023, the Group had net current liabilities and net liabilities of HK\$1,157,191,000 and HK\$912,442,000, respectively. The Group’s amount due to CALT as at 30 June 2023 amounted to HK\$1,191,872,000, which is repayable on demand; while its cash and cash equivalents amounted to HK\$41,377,000 only as at 30 June 2023.

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 2023 of HK\$1,191,872,000 arising from certain counter-guarantee loans borrowed by a former subsidiary of the Company including interest payable from CALT and Aerospace Science and Technology Finance Co., Ltd. (“ASTF”), a fellow subsidiary of the Company, which is repayable on demand. On 14 March 2022, 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 for further period ending on 20 November 2024.

- (ii) On 16 September 2022, CALT provided the Company a letter of intent confirming that CALT would agree to capitalise the amount due to it from the Company of HK\$1,191,872,000 (the “Debt-to-Equity Swap”) if certain criteria are met. The criteria have not been formally agreed between the parties but are expected to include the following:
- (1) Beijing Energine liquidation procedures have been fully completed and the amount to be paid from Beijing Energine to CALT has been fixed.
 - (2) The trading of the Company’s shares has been resumed.
 - (3) Achievement by the Group of specified revenue, net profit and share price targets.
 - (4) Approval of the Debt-to-Equity Swap by CASC and the relevant authority in the PRC.

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.

The Group’s ability to continue as a going concern depends on its ability to generate positive cashflows from operations and on the continued financial support of CALT and completion of the Debt-to-Equity Swap with CALT and successful agreement with the Group’s creditors of settlement arrangements where required.

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 condensed 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 2023 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2022.

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 1 January 2023 for the preparation of the Group’s condensed consolidated financial statements:

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

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. TURNOVER AND SEGMENT INFORMATION

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

| | 1.1.2023 | 1.1.2022 |
|--|------------------------|-----------------|
| | to | to |
| | 30.6.2023 | 30.6.2022 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Revenue from contracts with customers | | |
| within the scope of HKFRS 15 | | |
| Sales of electricity from operation of wind power field | 12,404 | 13,303 |
| Technical service income from new energy development operation | — | — |
| | <u>12,404</u> | <u>13,303</u> |

All sales contracts have an original expected duration of one year or less; or the Group recognises revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the Group's performance completed to date. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Information reported to the Group's Executive 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. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

During the period ended 30 June 2023, the Group has the following two operating and reporting segments.

Operation of Wind Farm – sales of electricity from operation of wind power field

Development of New Energy – provision of technical services for new energy development operation

The following is an analysis of the Group's turnover and results by operating and reportable segments for the period under review:

Six months ended 30 June 2023

| | Operation of Wind Farm <i>HK\$'000</i> | Development of New Energy <i>HK\$'000</i> | Consolidated <i>HK\$'000</i> |
|---|--|---|---------------------------------|
| Turnover | | | |
| External sales | <u>12,404</u> | <u>–</u> | <u>12,404</u> |
| Result | | | |
| Segment result | 5,996 | (1,496) | 4,500 |
| Unallocated other income | | | 47 |
| Unallocated gains from reversal of financial guarantee contracts | | | 84,222 |
| Unallocated other gain and losses | | | 811 |
| Unallocated administrative expenses | | | (4,004) |
| Finance costs | | | <u>(26)</u> |
| Profit (loss) before tax | | | <u><u>85,550</u></u> |

Six months ended 30 June 2022

| | Operation of Wind Farm <i>HK\$'000</i> | Development of New Energy <i>HK\$'000</i> | Consolidated <i>HK\$'000</i> |
|-------------------------------------|--|---|---------------------------------|
| Turnover | | | |
| External sales | <u>13,303</u> | <u>–</u> | <u>13,303</u> |
| Result | | | |
| Segment result | 6,756 | (910) | 5,846 |
| Unallocated other income | | | 108 |
| Unallocated other gain and losses | | | (122) |
| Unallocated administrative expenses | | | (4,670) |
| Finance costs | | | <u>(33)</u> |
| Profit (loss) before tax | | | <u><u>1,129</u></u> |

4. OTHER INCOME

| | 1.1.2023 | 1.1.2022 |
|-----------------------------------|------------------|-----------------|
| | to | to |
| | 30.6.2023 | 30.6.2022 |
| | HK\$'000 | HK\$'000 |
| Bank interest income | 47 | 36 |
| Government grants (<i>note</i>) | <u>701</u> | <u>900</u> |

note: The government grants mainly represent operating subsidies granted to the Group by the PRC government/authorities for operation of windfarm and other technology development, and reduction approval from the PRC tax authorities on Value Added Tax (“VAT”). There are no unfulfilled conditions attached to those grants.

5. REVERSAL OF FINANCIAL GUARANTEE CONTRACTS

| | 1.1.2023 | 1.1.2022 |
|---|------------------|-----------------|
| | to | to |
| | 30.6.2023 | 30.6.2022 |
| | HK\$'000 | HK\$'000 |
| Reversal of financial guarantee contracts | <u>84,222</u> | <u>–</u> |

On 1 March 2023, a former subsidiary of the Company repaid a loan of approximately HK\$84,222,000 or RMB77,651,000 to China Academy of Launch Vehicle Technology (“CALT”) and a gain of approximately HK\$84,222,000 or RMB77,651,000 was recognised on the reversal of the amount due to CALT by the Company in the same amount.

6. OTHER GAIN AND LOSSES

| | 1.1.2023 | 1.1.2022 |
|---|------------------|-----------------|
| | to | to |
| | 30.6.2023 | 30.6.2022 |
| | HK\$'000 | HK\$'000 |
| Net exchange gain/(loss) recognised | 47 | (142) |
| Impairment losses, net of reversal, on financial assets and contract assets | 702 | – |
| Sundry gain and losses, net | <u>61</u> | <u>20</u> |

7. PROFIT BEFORE TAXATION

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

| | 1.1.2023 | 1.1.2022 |
|---|--------------------------|--------------------------|
| | to | to |
| | 30.6.2023 | 30.6.2022 |
| | HK\$'000 | HK\$'000 |
| Depreciation of property, plant and equipment | 5,460 | 6,312 |
| Bank interest income | (47) | (36) |
| | <u> </u> | <u> </u> |

8. INCOME TAX EXPENSE

| | 1.1.2023 | 1.1.2022 |
|-----------------------------------|--------------------------|--------------------------|
| | to | to |
| | 30.6.2023 | 30.6.2022 |
| | HK\$'000 | HK\$'000 |
| The tax charge comprises: | | |
| PRC Enterprise Income Tax ("EIT") | | |
| – Current period | 383 | 565 |
| Deferred taxation charge | 125 | 310 |
| | <u> </u> | <u> </u> |

No provision for Hong Kong Profits Tax has been made as the Group 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% (1.1.2022 to 30.6.2022: 25%) for the six months ended 30 June 2023.

9. DIVIDENDS

No dividend was paid or declared for the six months ended 30 June 2023 and 2022. The directors do not recommend the payment of an interim dividend for the interim period.

10. PROFIT (LOSS) PER SHARE

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

| | 1.1.2023 | 1.1.2022 |
|---|-----------------------------|----------------------|
| | to | to |
| | 30.6.2023 | 30.6.2022 |
| | HK\$'000 | HK\$'000 |
| Profit (loss) for the period attributable to owners of the Company for the purpose of basic profit (loss) per share | <u>84,435</u> | <u>(844)</u> |
| | Number of shares | |
| | 2023 | 2022 |
| Weighted average number of shares for the purpose of basic loss per share | <u>4,368,995,668</u> | <u>4,368,995,668</u> |

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

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

As at 30 June 2023, the Group's total trade and other receivables, deposits and prepayments comprised of trade receivables, other receivables, deposits and prepayments of HK\$25,372,000, HK\$4,292,000 and HK\$2,945,000 (31.12.2022: HK\$25,999,000, HK\$6,227,000 and HK\$2,748,000), respectively.

The Group's trade receivables as at 30 June 2023 are net of allowance for credit losses of HK\$22,620,000 (31.12.2022: HK\$23,336,000). 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\$25,372,000 (31.12.2022: HK\$25,999,000) 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 approximate the respective revenue recognition dates:

| | 30.6.2023 | 31.12.2022 |
|-------------|------------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Over 1 year | <u>6,229</u> | <u>6,430</u> |

12. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK\$41,486,000 (31.12.2022: HK\$50,577,000). The Group normally receives credit period for 30 to 90 days from its suppliers. The following is an aging analysis of trade payables based on the invoice date at the end of the reporting period:

| | 30.6.2023 | 31.12.2022 |
|-------------|------------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Over 1 year | <u>41,036</u> | <u>42,974</u> |

Included in the Group's other payables as at 30 June 2023 are amounts due to ex-subsidiaries of the Company of HK\$319,000 (31.12.2022: HK\$329,000).

BUSINESS REVIEW

On behalf of the Board of Directors, the business performance of China Engine International (Holdings) Limited (the “Company”) and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2023 is summarised in the following paragraphs.

RESULTS SUMMARY

The revenue for the six months ended 30 June 2023 was approximately HK\$12,404,000 compared to HK\$13,303,000 for the six months ended 30 June 2022. The profit for the six months ended 30 June 2023 was approximately HK\$85,042,000 as compared to HK\$254,000 for the six months ended 30 June 2022, mainly resulted from the gains from reversal of financial guarantee contracts of HK\$84,222,000.

PROSPECTS

Looking into the development prospect of China’s energy industry, the task of ensuring energy safety and transforming into green and low-carbon energy has become more urgent, industrial support policies have been further clarified, clean energy technology and energy storage technology have been rapidly iterated, construction of power generation, transmission, loading, and storage has been simultaneously promoted, new energy power absorption and transmission capacity has been rapidly improved, and the development of clean energy industry has entered a period of rapid growth.

The Chinese government is actively and steadily promoting the energy revolution, accelerating the planning and construction of a new energy system, pushing forward the transformation of the power system by increasing the proportion of new energy, and steadily promoting carbon neutrality in power sector, so as to facilitate the realisation of the “dual carbon goal”.

At the Paris Climate Summit, the Chinese government announced the goal of achieving “carbon emissions peaking” by 2030 and “carbon neutrality” by 2060 (referred to as the “double carbon goal”), and promoting the transformation to green energy is an inevitable way to achieve the “dual carbon goal”. The Report of the 20th National Congress of the Communist Party of China emphasised: “We must actively and steadily promote carbon emissions peaking and carbon neutrality, further promote energy revolution, and accelerate the planning and construction of a new energy system”. Promote the transformation of the power system and increase the proportion of new energy through deepening reform, steadily promote carbon neutrality in power sector, and help implement the “dual carbon goal” as planned.

China has successively issued certain policies, including the Outline of the Fourteenth Five-Year Plan for the National Economic and Social Development and the Long-Range Objectives Through the Year 2025 of the People's Republic of China, the 14th Five-Year Plan for Modern Energy System, the 14th Five-Year Plan for Renewable Energy Development, and the Implementation Plan for Promoting High-quality Development of New Energy in the New Era, to point out the direction for building a safe and efficient, clean and low-carbon, flexible, and intelligent and integrated new power system. According to the 2023 Energy Work Guidance issued by the National Energy Administration, it is expected that the installed capacity of wind power and photovoltaic will increase by about 160 million kilowatts in 2023, and it will steadily promote the construction of integrated energy stations and terminal energy storage mainly using renewable energy in areas where conditions permit. In June 2023, the National Energy Administration issued the Administrative Measures for Wind Farm Renovation, Upgrading and Decommissioning, which is helpful for the Group to further improve the development quality of wind farm business.

From now until 2030, China is entering a new stage of development to build a modern socialist country in all aspects, and the energy consumption of various industries will develop towards low carbon, the proportion of non-fossil energy consumption will reach 25%, the development of new energy will be conducted in centralised and distributed ways simultaneously, and the industry will be relocated from East China to Central and Western China. At present, the government authorities are continuously strengthening the construction of the efficient development and utilisation system of new energy and the large-scale deployment and application system of energy storage.

On the basis of maintaining the sound operation of wind farm business, the Group will strive to promote the market development of new energy projects, and steadily push forward the feasibility study of moderately expanding the operation scale of new energy projects. In addition, the Group will continuously promote and demonstrate the research and development of energy storage systems, and continue to promote the exploration of the integration of "Wind, Photovoltaic, Hydrogen, and Energy Storage".

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2023, the Group had 8 employees (31 December 2022: 8 employees) at the Hong Kong head office and 22 employees (31 December 2022: 29 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 2023, the amount due to China Academy of Launch Vehicle Technology ("CALT"), by the Company of HK\$1,191,872,000 arising from certain counter-guarantee loans borrowed by a former subsidiary of the Company including interest payable from CALT and ASTF, which is repayable on demand.

On 14 March 2022, CALT issued the Company a letter undertaking not to demand immediate repayment from the Company for the aforesaid guarantee obligations and to provide all necessary financial support to the Company for further period ending on 20 November 2024.

Trade and Other Receivables

As at 30 June 2023, the Group's trade and other receivables, deposits and prepayments were HK\$25,372,000, HK\$4,292,000 and HK\$2,945,000, respectively (31 December 2022: HK\$25,999,000, HK\$6,227,000 and HK\$2,748,000).

The Group's trade receivables as at 30 June 2023 are net of allowance for credit losses of HK\$22,620,000 (31 December 2022: HK\$23,336,000).

Pledge of Assets

As at 30 June 2023, no material assets have been pledged (31 December 2022: 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.

The Company was aware of that the actual loan principal amounted to RMB295 million (two loans with a principal of RMB230 million and a principal of RMB65 million) in relation to the proceeding.

The Company received the judgement of first instance made by the Intermediate People’s Court of Lanzhou City, Gansu Province on 19 August 2022 regarding the breach of the loan contract amounting to RMB230 million: (1) the project company, as the borrower, shall repay the loan principal and interest accrued thereon and related expenses to the bank of approximately RMB208 million; (2) the parent company of the project company, as the guarantor, shall be jointly and severally liable for repayment; and (3) the Company shall be jointly and severally liable for repayment.

The Company received the judgement of first instance made by the Intermediate People’s Court of Lanzhou City, Gansu Province of the PRC on 19 December 2022 regarding the breach of a loan contract amounting to RMB65,000,000 or HK\$72,766,000: (1) the Project Company, as the borrower, shall repay the loan principal and interest accrued thereon and related expenses to the commercial bank of approximately RMB56,000,000 or HK\$62,691,000; and the commercial bank has priority of claim for the cash and receivables in the charge account of the Project Company, as well as the priority of claim for the income from disposal of the assets of the photovoltaic power station pledged by the Project Company; (2) the parent company of the Project Company, as the guarantor, shall be jointly and severally liable for repayment in the event that the above liabilities cannot be fully discharged; and (3) the Company shall assume the liability for guarantee in the event that the borrower is still unable to pay off after being enforced in accordance with the law of the PRC.

The above proceedings have been heard but not been finally adjudicated as of the date of this announcement.

The Company has engaged a professional legal counsel to assist in responding to the appeal to the above judgements, which have been further analysed after being received by the Company. According to the legal opinion given by the legal counsel of the Company, the claim of joint and several liabilities against the Company is unlikely to be valid.

On 8 September 2022 and 6 February 2023, the Group made appeal to the judgements, and while the final outcome of the proceedings is uncertain, it is the directors' opinion that the claim is not probable to succeed and the amount of ultimate liability, if any, cannot be measured with sufficient reliability and accordingly no provision in respect of the proceedings was made by the Group as at 30 June 2023.

Saved as disclosed above, the Group did not have any significant contingent liabilities as at 30 June 2023.

Legal Proceedings

The Company has received the judgment made by Beijing No.1 Intermediate People's Court (the "Judgment") in July 2023 regarding a claim against New Image Development Limited, a former subsidiary of the Group, for its unpaid capital contribution and claiming joint and several liability of the Company. The Company was notified that the plaintiff has submitted the application to withdraw the claim against New Image Development Limited and the Company. Beijing No.1 Intermediate People's Court approved the withdrawal of the claim.

According to the analysis of the professional legal counsel appointed by the Group, the claim against the Company is unlikely to be valid and no provision regarding the claim was made to the Company. The withdraw of the claim have no financial impact to the Group's consolidated financial statements.

Saved as disclosed above, the Group did not have any significant legal proceedings as at 30 June 2023.

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 2023.

Model Code for Securities Transactions by Directors

Throughout the six-month period ended 30 June 2023, 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 financial reporting matters including the review of the unaudited interim financial statements for the six months ended 30 June 2023.

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 2023.

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.energine.hk>) and the interim report for the six months ended 30 June 2023 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 Energine International (Holdings) Limited
Han Qingping
Chairman and Executive Director

Hong Kong, 31 August 2023

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. Shen Jian; and three independent non-executive Directors, namely Mr. Lau Fai Lawrence, Mr. Gordon Ng and Mr. Li Dapeng.