CSE

CHINA SMARTER ENERGY GROUP HOLDINGS LIMITED
中國智慧能源集團控股有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 1004)

2017 Interim Report

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Sun Liang *(Chairman)*
(appointed on 16 August 2017)
Mr. Ko Tin Kwok *(Chief Executive Officer)*
Ms. Zhao Li
Mr. Zeng Weibing
(appointed on 16 August 2017)
Mr. Hu Hanyang

Independent Non-executive Directors

Mr. Fok Ho Yin, Thomas
Mr. Li Hui
Mr. Lam Cheung Mau

COMPANY SECRETARY

Mr. Suen To Wai

AUTHORISED REPRESENTATIVES

Ms. Zhao Li
(appointed on 16 August 2017)
Mr. Suen To Wai

AUDIT COMMITTEE

Mr. Fok Ho Yin, Thomas *(Chairman)*
Mr. Li Hui
Mr. Lam Cheung Mau

REMUNERATION COMMITTEE

Mr. Fok Ho Yin, Thomas *(Chairman)*
Mr. Li Hui
Mr. Lam Cheung Mau

NOMINATION COMMITTEE

Mr. Ko Tin Kwok *(Chairman)*
(appointed on 16 August 2017)
Mr. Fok Ho Yin, Thomas
Mr. Li Hui
Mr. Lam Cheung Mau

AUDITORS

Li, Tang, Chen & Co.
Certified Public Accountants (Practising)
10th Floor, Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 3205-08, 32nd Floor
Harbour Centre
25 Harbour Road
Wan Chai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Public Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited

STOCK CODE

1004

COMPANY WEBSITE

www.cse1004.com

The board (the "Board") of directors (the "Directors") of China Smarter Energy Group Holdings Limited (the "Company") announces the condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2017 together with comparative figures for the corresponding period in 2016. The interim financial report has not been audited but has been reviewed by the Company's audit committee (the "Audit Committee").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2017

	Notes	**(Unaudited) Six months ended 30 September 2017** *HK$'000*	2016 *HK$'000*
CONTINUING OPERATIONS			
Revenue	*4*	**175,218**	23,552
Cost of sales		**–**	(1,723)
Gross profit		**175,218**	21,829
Other income	*4*	**5,225**	210
Other losses	*4*	**(101,124)**	(4,901)
Gain on bargain purchase of subsidiaries	*23*	**6,683**	–
Selling and distribution expenses		**–**	(1,758)
Administrative and operating expenses		**(100,084)**	(92,512)
LOSS BEFORE INTEREST AND TAX FROM CONTINUING OPERATIONS		**(14,082)**	(77,132)
Finance costs	*5*	**(89,482)**	(70,375)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	*6*	**(103,564)**	(147,507)
Income tax credit/(expense)	*7*	**2,129**	(2,164)
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**(101,435)**	(149,671)
DISCONTINUED OPERATION	*24*		
Loss for the period from a discontinued operation		**–**	(480)
LOSS FOR THE PERIOD		**(101,435)**	(150,151)

	Notes	(Unaudited) Six months ended 30 September 2017 HK$'000	2016 HK$'000
ATTRIBUTABLE TO:			
Owners of the Company			
Continuing operations		**(101,432)**	(149,659)
Discontinued operation		**–**	(395)
		(101,432)	(150,054)
Non-controlling interests		**(3)**	(97)
LOSS FOR THE PERIOD		**(101,435)**	(150,151)
PROPOSED INTERIM DIVIDEND	*8*	**–**	–
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*9*		
Basic			
For loss for the period		**HK(1.1) cents**	HK(1.9) cents
For loss for the period from continuing operations		**HK(1.1) cents**	HK(1.9) cents
Diluted			
For loss for the period		**HK(1.1) cents**	HK(1.9) cents
For loss for the period from continuing operations		**HK(1.1) cents**	HK(1.9) cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2017

	(Unaudited) Six months ended 30 September 2017 HK$'000	2016 HK$'000
LOSS FOR THE PERIOD	**(101,435)**	(150,151)
OTHER COMPREHENSIVE INCOME/(EXPENSE):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**57,193**	(105,805)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	**(44,242)**	(255,956)
ATTRIBUTABLE TO:		
Owners of the Company	**(44,239)**	(255,929)
Non-controlling interests	**(3)**	(27)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	**(44,242)**	(255,956)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

	Notes	(Unaudited) 30 September 2017 HK$'000	(Audited) 31 March 2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	**1,391,569**	948,587
Prepaid lease payments		**1,357**	–
Available-for-sale financial assets	11	**240,743**	213,550
Intangible assets	12	**737,012**	724,989
		2,370,681	1,887,126
CURRENT ASSETS			
Trade receivables	13	**279,499**	55,592
Prepayments, deposits and other receivables	14	**491,845**	375,757
Financial assets at fair value through profit or loss	15	**114,390**	200,235
Derivative financial assets – Derivative component of the convertible bonds	18	**9,594**	25,865
Time deposit and cash and bank balances		**985,040**	884,515
		1,880,368	1,541,964
CURRENT LIABILITIES			
Trade payables	16	**2**	2
Other payables and accruals		**316,195**	80,024
Customers' deposits		**331**	317
Bank and other borrowings	17	**259,030**	40,619
Convertible bonds	18	**349,915**	–
		925,473	120,962

	Notes	(Unaudited) 30 September 2017 HK$'000	(Audited) 31 March 2017 HK$'000
NET CURRENT ASSETS		**954,895**	1,421,002
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,325,576**	3,308,128
NON-CURRENT LIABILITIES			
Bank and other borrowings	17	**1,166,956**	792,468
Convertible bonds	18	**–**	326,759
Deferred tax liabilities		**187,913**	173,956
		1,354,869	1,293,183
NET ASSETS		**1,970,707**	2,014,945
CAPITAL AND RESERVES			
Share capital	19	**23,436**	23,436
Reserves		**1,947,288**	1,991,527
Total equity attributable to owners of the Company		**1,970,724**	2,014,963
Non-controlling interests		**(17)**	(18)
TOTAL EQUITY		**1,970,707**	2,014,945

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2017
Attributable to owner of the Company

	Share capital	Share premium	Contributed surplus	Convertible bonds equity reserve	Exchange fluctuation reserve	Statutory reserve fund	Accumulated losses	Sub-total	Non-controlling interests	Total Equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 April 2017 (Audited)	**23,436**	**3,030,470**	**77,102**	**160,017**	**(101,448)**	**12**	**(1,174,626)**	**2,014,963**	**(18)**	**2,014,945**
Loss for the period	–	–	–	–	–	–	**(101,432)**	**(101,432)**	**(3)**	**(101,435)**
Other comprehensive income for the period										
Exchange differences arising on translation for foreign operations	–	–	–	–	**57,193**	–	–	**57,193**	–	**57,193**
Total comprehensive income/(expense) for the period	–	–	–	–	**57,193**	–	**(101,432)**	**(44,239)**	**(3)**	**(44,242)**
Transactions with owners										
Capital injection to a subsidiary	–	–	–	–	–	–	–	–	**4**	**4**
Total transactions with owners	–	–	–	–	–	–	–	–	**4**	**4**
Balance at 30 September 2017 (Unaudited)	**23,436**	**3,030,470**	**77,102**	**160,017**	**(44,255)**	**12**	**(1,276,058)**	**1,970,724**	**(17)**	**1,970,707**

Six months ended 30 September 2016
Attributable to owner of the Company

	Share capital	Share premium	Contributed surplus	Convertible bonds equity reserve	Exchange fluctuation reserve	Statutory reserve fund	Accumulated losses	Sub-total	Non-controlling interests	Total Equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 April 2016 (Audited)	19,536	2,020,370	77,102	256,028	63,904	12	(918,833)	1,518,119	(967)	1,517,152
Loss for the period	–	–	–	–	–	–	(150,054)	(150,054)	(97)	(150,151)
Other comprehensive income/(expense) for the period										
Exchange differences arising on translation for foreign operations	–	–	–	–	(105,875)	–	–	(105,875)	70	(105,805)
Total comprehensive expenses for the period	–	–	–	–	(105,875)	–	(150,054)	(255,929)	(27)	(255,956)
Transactions with owners										
Repurchase of convertible bonds	–	96,011	–	(96,011)	–	–	–	–	–	–
Total transactions with owners	–	96,011	–	(96,011)	–	–	–	–	–	–
Balance at 30 September 2016 (Unaudited)	19,536	2,116,381	77,102	160,017	(41,971)	12	(1,068,887)	1,262,190	(994)	1,261,196

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017

	(Unaudited) Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
Net cash flows (used in)/generated from operating activities	**(380,672)**	96,535
Net cash flows used in investing activities	**(29,960)** *(Note)*	(320,028)
Net cash flows generated from/(used in) financing activities	**493,534**	(33,956)
Net increase/(decrease) in cash and cash equivalents	**82,902**	(257,449)
Effect of foreign exchange rate changes	**17,623**	–
Cash and cash equivalents at beginning of period	**884,515**	294,674
Cash and cash equivalents at end of period	**985,040**	37,225
Analysis of the balances of cash and cash equivalents		
Time deposit and cash and bank balances	**985,040**	37,225

Note: Included in net cash flows used in investing activities was net cash outflows of HK$101,067,000 (see note 23) in respect of the acquisition of subsidiaries during the six months ended 30 September 2017 (six months ended 30 September 2016: HK$Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 September 2017 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

The condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 March 2017, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 March 2017.

The following amendments are mandatory for the financial year beginning 1 April 2017 and have no material impact to these condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these condensed consolidated financial statements.

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses

The following new standards and amendments have been issued but are not effective for the financial year beginning 1 April 2017 and have not been early adopted:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 (Amendments)	Clarifications to HKFRS 15
HKAS 40 (Amendments)	Transfer of Investment Property
HK(IFRIC) Int-22	Foreign Currency Transactions and Advance Consideration
HKFRS 16	Leases
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group will apply the new standards and amendments to existing standards when they become effective.

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

HKFRS 9, Financial instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, Financial instruments: Recognition and measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. Expected impacts of the new requirements on the Group's financial statements are as follows:

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI) as follows:

– The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then effective interest, impairments and gains/losses on disposal will be recognised in profit or loss.

– For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

Based on the preliminary assessment, the Group expects that its financial assets currently measured at amortised cost will continue with their classification and measurements upon the adoption of HKFRS 9.

With respect to the Group's investments in equity securities currently classified as "available-for-sale", these are investments in equity securities which the Group may classify as either FVTPL or irrevocably elect to designate as FVTOCI (without recycling) on transition to HKFRS 9. The Group has not yet decided whether it will irrevocably designate these investments as FVTOCI or classify them as FVTPL.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's own credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement may not have any impact on the Group on adoption of HKFRS 9.

HKFRS 16, Leases

Currently, the Group enters into certain leases as the lessee. Those lease arrangements are classified as operating leases.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of profit or loss over the period of the lease. As disclosed in note 21(a), at 30 September 2017 the Group's future minimum lease payments under non-cancellable operating leases amount to HK$61,337,000 for properties, which are payable within 25 years after the end of the reporting period. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

3. SEGMENT INFORMATION

The chief operating decision makers ("CODMs") (i.e. executive directors of the Company) organise the business units based on their products delivered and services provided, and has reportable operating segments as follows:

a) Clean energy.

b) Trading in securities comprise net gains/(losses) from trading of listed securities and dividend income from listed equity investments.

c) Investments comprise dividend income from unlisted equity investments.

d) Trading of fur related products and others.

e) Mine (classified as discontinued operation during the period ended 30 September 2016 – see note 24).

The CODMs monitor the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that finance costs as well as corporate expenses are excluded from such measurement.

Segment assets consist of property, plant and equipment, available-for-sale financial assets, trade and other receivables, deposits and financial assets at fair value through profit or loss. Unallocated assets comprise derivative financial assets and time deposit and cash and bank balances.

Segment liabilities consist of trade and other payables and accruals, customers' deposits and bank and other borrowings (excluding secured loan). Unallocated liabilities comprise convertible bonds and secured loan.

Inter-segment transactions are on arm's length basis in a manner similar to transactions with third parties.

At the year ended 31 March 2017, CODMs have revised the composition of operating segments in light of the change in the internal organisation and business development. Accordingly, the segment information for the period ended 30 September 2016 were restated.

(a) Segment revenue and results

For the six months ended 30 September 2017 (Unaudited)

	Clean energy *HK$'000*	Trading in securities *HK$'000*	Investments *HK$'000*	Trading *HK$'000*	Consolidated *HK$'000*
Segment revenue:					
Revenue from external customers	86,411	–	–	–	86,411
Investment income and net gain	–	(23,239)	112,046	–	88,807
Consolidated revenue	86,411	(23,239)	112,046	–	175,218
Segment results	12,431	(23,239)	27,163	307	16,662
Reconciliation:					
Interest income					4,553
Change in fair value of derivative components of convertible bonds					(16,271)
Gain on bargain purchase					6,683
Unallocated corporate expenses					(25,709)
Loss before interest and tax					(14,082)
Finance costs					(89,482)
Loss before tax					(103,564)
Income tax credit					2,129
Loss for the period					(101,435)

For the six months ended 30 September 2016 (restated) (Unaudited)

	Continuing Operations					Discontinued operation	
	Clean energy *HK$'000*	Trading in securities *HK$'000*	Investments *HK$'000*	Trading *HK$'000*	Total *HK$'000*	Mine *HK$'000*	Consolidated *HK$'000*
Segment revenue:							
Revenue from external customers	62,247	–	–	972	63,219	–	63,219
Investment income and net loss	–	(39,667)	–	–	(39,667)	–	(39,667)
Reportable segment revenue	62,247	(39,667)	–	972	23,552	–	23,552
Segment results	(2,074)	(39,667)	(2)	(8,197)	(49,940)	(480)	(50,420)
Reconciliation:							
Interest income							64
Change in fair value of derivative components of convertible bonds							(4,901)
Unallocated corporate expenses							(22,355)
Loss before interest and tax							(77,612)
Finance costs							(70,375)
Loss before tax							(147,987)
Income tax expense							(2,164)
Loss for the period							(150,151)

(b) Segment assets and liabilities

At 30 September 2017 (Unaudited)

	Clean energy HK$'000	Trading in securities HK$'000	Investments HK$'000	Trading HK$'000	Unallocated HK$'000	Consolidated HK$'000
Reportable segment assets	**2,822,520**	**181,163**	**240,743**	**1,110**	**1,005,513**	**4,251,049**
Reportable segment liabilities	**1,725,775**	**–**	**2,491**	**1,086**	**550,990**	**2,280,342**

At 31 March 2017 (Audited)

	Clean energy HK$'000	Trading in securities HK$'000	Investments HK$'000	Trading of fur garment HK$'000	Unallocated HK$'000	Consolidated HK$'000
Reportable segment assets	2,091,975	200,235	213,550	2,653	920,677	3,429,090
Reportable segment liabilities	901,073	–	2,491	1,031	509,550	1,414,145

(c) Geographical information:

Revenue from external customers

The Group's activities are conducted predominantly in the People's Republic of China (the "PRC") and Hong Kong. Revenue by geographical location is determined on the basis of the locations of operations.

The following table provides an analysis of the Group's revenue by geographical location:

	(Unaudited) Six months ended 30 September 2017 HK$'000	2016 HK$'000
Hong Kong	**100,661**	(38,695)
Mainland China	**74,557**	62,247
Total revenue	**175,218**	23,552

4. REVENUE, OTHER INCOME AND OTHER LOSSES

	(Unaudited) Six months ended 30 September 2017 HK$'000	2016 HK$'000
Revenue		
Sales of electricity	**86,411**	62,247
Sales of fur garment	**–**	972
Net realised losses on trading securities	**(11,218)**	(262)
Net unrealised losses on trading securities	**(12,179)**	(39,689)
Dividend income from listed financial assets at fair value through profit or loss	**158**	284
Dividend income from unlisted available-for-sale financial assets	**112,046**	–
	175,218	23,552
Other income		
Bank interest income	**4,553**	64
Gain on disposal of plant and equipment	**–**	24
Others	**672**	122
	5,225	210
Other losses		
Impairment on unlisted available-for-sale financial assets	**(84,853)**	–
Fair value change on derivative components of convertible bonds	**(16,271)**	(4,901)
	(101,124)	(4,901)

5. FINANCE COSTS

	(Unaudited) Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
Interest expenses on convertible bonds	**34,884**	45,581
Interest on bank and other borrowings	**54,598**	24,794
	89,482	70,375

6. LOSS BEFORE TAX

	(Unaudited) Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
The Group's loss before tax is arrived at after charging/(crediting):		
Cost of inventories sold	**–**	1,723
Inventories provision (included in administrative and operating expenses)	**–**	1,500
Write-off of deposits and other receivables (included in administrative and operating expenses)	**1,445**	733
Depreciation	**38,480**	29,322
Amortisation of intangible assets	**17,033**	17,313
Release of prepaid lease payments	**26**	–
Operating lease rentals on lands and buildings	**7,642**	6,504
Staff costs (including directors' remuneration)	**7,937**	11,976
Loss on disposal of disposal group classified as held for sale (included in administrative and operating expenses)	**–**	425
Gain on disposal of plant and equipment	**–**	(24)
Exchange gain	**–**	(19)

7. INCOME TAX (CREDIT)/EXPENSE

No provision for Hong Kong profits tax has been made in these condensed consolidated financial statements as the Group did not generate any assessable profits arising in Hong Kong for the six months ended 30 September 2017 and 30 September 2016. Overseas taxes on assessable profits of the Group, if any, are calculated at the rates of tax prevailing in the respective jurisdictions in which they operate, based on the prevailing legislation, interpretations and practices in respect thereof.

The Group's operations in the PRC are subject to the corporate income tax law of the PRC (the "PRC Corporate Income Tax"). The standard PRC Corporate Income Tax rate is 25% (six months ended 30 September 2016: 25%). During the six months ended 30 September 2017, five subsidiaries (2016: one) of the Group which are engaging in the operation of solar power plant and distributed solar power stations have obtained the relevant preferential tax concession. These subsidiaries are fully exempted from the PRC corporate income tax for the first three years, followed by a 50% tax exemption for the next three years.

	(Unaudited) Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
The amount of income tax (credit)/expense represents:		
Deferred tax	**(2,129)**	–
Provision for PRC Corporate Income Tax	**–**	2,164
Income tax (credit)/expense	**(2,129)**	2,164

8. PROPOSED INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: nil).

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share for the period is based on the Group's loss attributable to owners of the Company for the six months ended 30 September 2017 of HK$101,432,000 (six months ended 30 September 2016: HK$150,054,000). The basic loss per share is based on the weighted average number of 9,374,351,360 (six months ended 30 September 2016: 7,814,351,360) ordinary shares in issue during the six months ended 30 September 2017.

Diluted loss per share for the six months ended 30 September 2017 and 2016 are the same as the basic loss per share, as the Company's outstanding convertible bonds had an anti-dilutive effect on the basic loss per share for these periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2017, the Group acquired items of property, plant and equipment with a total cost of HK$433,549,000 (six months ended 30 September 2016: HK$100,144,000) and disposed of items of plant and equipment with a net carrying amount of HK$Nil (six months ended 30 September 2016: HK$106,000), resulting in no gain or loss on disposal for six months ended 30 September 2017 (six months ended 30 September 2016: a gain of HK$24,000).

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	(Unaudited) 30 September 2017 *HK$'000*	(Audited) 31 March 2017 *HK$'000*
Unlisted equity securities, at cost	**340,596**	228,550
Impairment losses	**(99,853)**	(15,000)
	240,743	213,550

At the end of reporting period, the above unlisted equity securities are stated at cost less any impairment loss because they do not have a quoted market price in an active market and the fair value cannot be reliably measured.

12. INTANGIBLE ASSETS

The net carrying amount of intangible assets at 30 September 2017 represents customer contract of HK$737,012,000 (31 March 2017: HK$724,989,000).

13. TRADE RECEIVABLES

Trade receivables include a balance of HK$66,773,000 which represents the net proceeds receivable from a security broker as a result of disposal of financial assets at fair value through profit or loss during the period ended 30 September 2017.

Excluding the above receivable from a security broker, an ageing analysis of trade receivables at the end of the reporting period based on the invoice date is as follows:

	(Unaudited) 30 September 2017 *HK$'000*	(Audited) 31 March 2017 *HK$'000*
Unbilled	**192,703**	46,513
Current to 30 days	**4,291**	1,822
31 days to 60 days	**1,835**	741
Over 60 days	**13,897**	6,516
	212,726	55,592

Note: Unbilled trade receivables include tariff subsidy to be billed and recovered on prevailing nationwide government policies on renewable energy from the state grid companies.

The ageing analysis of the trade receivables (excluding the amount due by a security broker) that are not considered to be impaired is as follows:

	(Unaudited) 30 September 2017 *HK$'000*	(Audited) 31 March 2017 *HK$'000*
Unbilled and neither past due nor impaired	**196,994**	48,335
Less than 1 month past due	**1,835**	741
1 to 3 months past due	**13,594**	4,516
Over 3 months past due	**303**	2,000
	15,732	7,257
	212,726	55,592

Based on the track record of regular repayment of receivables from sales of electricity, all trade receivable from sales of electricity were expected to be recoverable. In respect of tariff subsidy receivables, the collection of which is supported by the government policy and hence, all tariff subsidy receivables were expected to be recoverable. Accordingly, no provision for impairment of trade receivables was recognised as at 30 September 2017 (31 March 2017: nil). The Group does not hold any collateral over these balances.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	(Unaudited) 30 September 2017 ***HK$'000***	(Audited) 31 March 2017 *HK$'000*
Deposits for acquisitions	**376,675**	300,000
Value-added tax recoverable	**92,597**	61,840
Prepayments, other deposits and receivables	**22,573**	13,917
	491,845	375,757

(a) On 11 December 2015, the Company entered into the Letter of Intent with an independent third party (the "Potential Vendor") for the purpose to acquire the entire equity interest in Jinchang Zhong Xin Neng Photovoltaic Company Limited 金昌中新能電力有限公司, which mainly engaged in operation of solar power plant. Pursuant to the terms of the Letter of Intent, the Company had paid an earnest money of HK$200 million to the Potential Vendor, which is refundable if this acquisition cannot be completed. Details of this acquisition are disclosed in the announcement issued by the Company on 11 December 2015.

On 4 March 2016, the Company had also executed a Supplementary Letter of Intent and an additional earnest money of HK$100 million was paid to the Potential Vendor pursuant to the terms of the said Supplementary Letter of Intent.

As at 30 September 2017, the potential acquisition is still in progress and no sale and purchase agreement is signed between the Company and the Potential Vendor.

(b) The Company also paid 20% of equity consideration amounting to RMB65,311,000 (approximately HK$76,675,000) for the acquisition of Qingdao Guxin Electricity Investment Company Limited 青島谷欣電力投資有限公司 ("Qingdao Guxin") during the period ended 30 September 2017, the details of which are fully mentioned in note 21(b).

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) 30 September 2017 *HK$'000*	(Audited) 31 March 2017 *HK$'000*
Listed equity securities in		
– Hong Kong	**9,864**	88,180
– PRC	**99,267**	65,991
Unlisted investment funds	**5,259**	46,064
	114,390	200,235

The listed equity securities in the PRC and unlisted investment funds are managed as a portfolio by a financial institution.

The fair value of the unlisted investment funds was measured with reference to quoted market price provided by the financial institution managing the funds.

16. TRADE PAYABLES

An ageing analysis of trade payables at the end of the reporting period is as follows:

	(Unaudited) 30 September 2017 *HK$'000*	(Audited) 31 March 2017 *HK$'000*
Over 60 days	**2**	2

The trade payables are non-interest bearing and normally settled on 30 to 60 days terms.

17. BANK AND OTHER BORROWINGS

	(Unaudited) 30 September 2017 *HK$'000*	(Audited) 31 March 2017 *HK$'000*
Bank loans *(i)*	**664,484**	651,029
Secured loan *(ii)*	**200,330**	182,058
Unsecured loan *(iii)*	**561,172**	–
	1,425,986	833,087
Less: bank loans falling due within 1 year	**(259,030)**	(40,619)
Bank and other borrowings falling due more than 1 year	**1,166,956**	792,468

The bank and other borrowings to be repayable as follows:

	(Unaudited) 30 September 2017 *HK$'000*	(Audited) 31 March 2017 *HK$'000*
Within one year	**259,030**	40,619
After 1 year but within 2 years	**58,700**	238,473
After 2 years but within 5 years	**737,272**	169,245
After 5 years	**370,984**	384,750
	1,166,956	792,468
	1,425,986	833,087

i) All bank loans are unsecured, carry interest at Benchmark Borrowing Rate of the PRC and to be repayable by the semi-annual instalments with the last instalments due in 2027 and 2028.

The Company has issued a single guarantee of RMB598,000,000 (HK$702,052,000) (31 March 2017: RMB598,000,000 (HK$674,723,000)) to the bank to support the aforesaid bank loans granted to the Group.

ii) The loan carries interest at 6% per annum and repayable on 29 July 2018. The loan is also secured by the shares charges over share capital of certain subsidiaries of the Group and the floating charges on property, assets, goodwill, rights and revenue of the Company and the wholly-owned subsidiaries, Max Access Limited and Surplus Basic Limited, and is guaranteed by the Group's wholly-owned subsidiaries, Max Access Limited and Rising Group International Limited.

Secured loan denominated in a currency other than the functional currency of entity to which they relate:

	(Unaudited) 30 September 2017 *HK$'000*	(Audited) 31 March 2017 *HK$'000*
United States dollars	**200,330**	182,058

iii) During the six months ended 30 September 2017, the Group obtained a loan of RMB478,000,000 (approximately HK$561,172,000) from a financial institution for the purpose of acquiring the entire equity interest in Qingdao Guxin (please see notes 14(b) and 21(b) for details).

The loan carries interest at 7.6% per annum and repayable on 26 June 2020. The loan is unsecured and is supported by the guarantees executed by Shanghai Gorgeous Investment Development Company Limited 上海國之杰投資發展有限公司 and Shanghai Guxin Investment Limited 上海谷欣投資有限公司.

18. CONVERTIBLE BONDS

a) On 30 July 2015, the Company issued guaranteed secured convertible bonds with an aggregated principal amount of US$80,000,000 ("Convertible Bonds") pursuant to the four conditional subscription agreements (the "Subscription Agreements") each dated 14 July 2015 entered between the Company and four subscribers, which are independent third parties to the Company. The Convertible Bonds were secured by the shares charges over the share capital of the Group's wholly-owned subsidiaries, Rising Group International Limited, China Smarter Energy Investment Limited and Rander International Limited and the first floating charges on property, assets, goodwill, rights and revenue of the Company and is guaranteed under the Deed of Guarantee given by the Company's wholly-owned subsidiaries, Max Access Limited and Rising Group International Limited. The Convertible Bonds bear interest at 6% per annum payable semi-annually in arrears, with maturity date before the third anniversary after the date of first issue of the Convertible Bonds (that is, 30 July 2018) and the bondholders have the right to convert them into shares credited as fully paid at any time from the issue date up to the date which is 7 days prior to the maturity date and convertible into 571,481,039 new shares at the initial conversion price of HK$1.0891 (subject to adjustment). The Company shall have the right at any time on or after the first anniversary of the date of issue of the Convertible Bonds and until the last day immediately preceding the maturity date to redeem all or part of outstanding principal amount of the Convertible Bonds. Further details of the Convertible Bonds are set out in the Company's announcement dated 14 July 2015.

b) On 27 July 2016, the Company repurchased Convertible Bonds in the principle amount of US$30,000,000 in accordance with the terms and conditions of the relevant subscription agreement. The repurchase convertible bonds were cancelled upon completion. After the repurchase, there are outstanding Convertible Bonds in principal amount of US$50,000,000, convertible into 357,175,650 new shares at the initial conversion price of HK$1.0891 (subject to adjustment). Further details are set out in the Company's announcement dated 27 July 2016.

   On 6 December 2016, the company issued 1,560,000,000 new shares at HK$0.65 per share to certain independent third parties under various subscription agreements, each dated 15 November 2016. The terms and conditions of the Convertible Bonds provide that if and whenever the Company issues wholly for cash any shares which is less than 90% of the average of the closing prices for one share for the five consecutive trading days immediately proceeding the date of the announcement of the terms of such issue, the conversion price is to be adjusted. Accordingly, the conversion price of the Convertible Bonds was adjusted to HK$1.0532 and 369,350,550 shares will fall to be issued upon full conversion of the Convertible Bonds. Further details are set out in the Company's announcement dated 6 December 2016.

The Convertible Bonds were split into liability, derivative and equity components upon initial recognition by recognising the liability component and derivative component at their fair value and attributing to the equity component the residual amount. The liability component is subsequently carried at amortised cost while the derivative component is carried at fair value to be remeasured at the end of each reporting period. The equity component is recognised in the convertible bonds equity reserve. The fair value of the liability component upon the issuance was calculated at the present value of the estimated interest payments and principal amount. The fair value of the Convertible Bonds were determined as of the date of issue and at the end of the reporting period by reference to the valuations performed by an independent firm of professionally qualified valuers, Eidea Professional Service Company Limited.

The movements of the components of the Convertible Bonds are as follows:

	Total *HK$'000*
Liability component	
Balance at 1 April 2016 (Audited)	**438,064**
Imputed interest expenses	**77,009**
Interest paid	**(30,369)**
Repurchase of Convertible Bonds	**(157,945)**
Balance at 31 March and 1 April 2017 (Audited)	**326,759**
Imputed interest expenses	**34,884**
Interest paid	**(11,728)**
Balance at 30 September 2017 (Unaudited)	**349,915**
Equity component	
Balance at 1 April 2016 (Audited)	**256,028**
Repurchase of Convertible Bonds	**(96,011)**
Balance at 31 March, 1 April 2017 (Audited) and 30 September, 2017 (Unaudited)	**160,017**
Derivative component	
Balance at 1 April 2016 (Audited)	**(13,068)** *(Note)*
Change in fair value	**(12,797)**
Balance at 31 March and 1 April 2017 (Audited)	**(25,865)**
Change in fair value	**16,271**
Balance at 30 September 2017 (Unaudited)	**(9,594)**

Interest expenses on the Convertible Bonds are calculated using the effective interest method by applying the effective interest rate of 21.61% per annum to the liability component.

Note: Pursuant to the Subscription Agreements, the Company should have a right at any time on or after the first anniversary of the date of issue of the Convertible Bonds and until the last day immediate proceeding the maturity date to redeem all or part of outstanding principal amount of the Convertible Bonds. The derivative component is accounted for as derivative financial assets under current assets.

The following tables set out the shareholding structure of the Company (i) at 30 September 2017; and (ii) for illustrative purpose only, immediately after the issue of the 369,350,550 conversion shares to redeem at fair value all of the outstanding Convertible Bonds, assuming that there will be no other changes to the share capital of the Company from 30 September 2017 up to the date of issue of conversion shares (assuming that all the outstanding Convertible Bonds to be redeemed by issuing the conversion shares at the end of the reporting period).

	At 30 September 2017		**Immediately after the issue of conversion shares**	
Shareholders	***No. of shares***	***Approximate (%)***	***No. of shares***	***Approximate (%)***
Gorgeous Investment Group Holdings Co., Limited	**4,092,084,312**	**43.65**	**4,092,084,312**	**42.00**
Shandong Hi-Speed Investment Fund Management Ltd.	**831,000,000**	**8.86**	**831,000,000**	**8.53**
Safe Castle Limited	**677,736,000**	**7.23**	**677,736,000**	**6.96**
Rationale (Holdings) Investment Limited	**650,000,000**	**6.93**	**650,000,000**	**6.67**
Shanghai Electric Hong Kong Co., Limited	**549,569,812**	**5.86**	**549,569,812**	**5.64**
Public shareholders	**2,573,961,236**	**27.47**	**2,573,961,236**	**26.41**
Maximum number of conversion shares may be issued to redeem all the outstanding Convertible Bonds	**–**	**–**	**369,350,550**	**3.79**
	9,374,351,360	**100.00**	**9,743,701,910**	**100.00**

There would be no dilutive impact on the loss per share if the conversion shares of 369,350,550 were issued at 30 September 2017.

The redemption of the Convertible Bonds by issuing the conversion shares will not have any impact on the cash flow of the Group.

The analysis of the Company's share price at which it would be equally financially advantageous for the bondholders to convert the Convertible Bonds based on their implied rate of return at a range of dates in the future is as follows:

Suggested conversion date	**Company's share price**	**Implied rate of return of bondholders *(%)***
31 March 2018	HK$1.1059	10
30 June 2018	HK$1.1322	10

19. SHARE CAPITAL

	Number of shares *'000*	Amount *HK$'000*
Authorised		
Ordinary shares of HK$0.0025 each		
At 1 April 2017 (Audited) and		
30 September 2017 (Unaudited)	120,000,000	300,000
Issued and fully paid		
At 1 April 2017 (Audited) and		
30 September 2017 (Unaudited)	9,374,351	23,436

During the six months ended 30 September 2017 and 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

Share option scheme

The Company has adopted a new share option scheme (the "New Scheme") on 18 December 2014 upon the expiration of the 2004 Scheme. The purpose of the New Scheme is to reward participants who have contributed or will contribute to the Group and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Eligible participants of the New Scheme comprise of (a) any employee(s) (whether full time or part time employee(s), including any executive director but not any non-executive director) of the Company or its subsidiaries; (b) any non-executive director (including independent non-executive directors) of the Company or any of its subsidiaries; (c) any supplier of goods or services to an member of the Group; (d) any customer of the Group; and (e) any person or entity that provides research, development or other technological support to the Group. The New Scheme shall be valid and effective for a period of 10 years commencing on the adoption date after which period no further option shall be offered or granted but the provision of the New Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any option granted or exercised prior thereto or otherwise as may be required the New Scheme.

The principal terms of the New Scheme are:

a) The subscription price for the shares under the share option to be granted will be determined by the directors and will be the highest of:

   i) the closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day;

   ii) the average closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

   iii) the nominal value of the shares on the date of grant.

b) The maximum number of the Company's shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Company shall not, in the absence of shareholders' approval, in aggregate exceed 10% in the nominal amount of the aggregate of shares in issue on the adoption date.

c) No option may be granted to any person such that the total number of the Company's shares issued and to be issued upon exercise of all options granted and to be granted to each participant in any 12-month period up to the date of the latest grant exceeds 1% of the number of the Company's shares in issue.

d) At any time, the maximum number of the Company's shares which may be issued upon exercise of all options which then have been granted and have yet to be exercised under the New Scheme and any other share option schemes of the Company shall not in aggregate exceed 30% of the Company's shares in issue from time to time.

e) Any grant of share options to a director, chief executive or substantial shareholder of the Company or to any of their associates, is subject to approved in advance by the independent non-executive directors.

f) Any grant of share options to a substantial shareholders or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the prices of the shares of the Company at the date of grant) in excess of HK$5 million, within any 12-month period, is subject to shareholders' approval in advance at a general meeting.

g) The offer of a grant of share options may be accepted within 5 days from the date of offer, to be accompanied by the payment of a consideration of HK$1 in total by the grantee.

The share options do not carry any right to vote in general meeting of the Company, or any right, dividend, transfer or any other rights including those arising on the liquidation of the Company.

No share option was granted under the New Scheme during the six months ended 30 September 2017 and 2016.

The total number of the Company's shares available for issue under the New Scheme at the date of these condensed consolidated financial statements was 594,491,440 (31 March 2017: 594,491,440), representing 6.3% (31 March 2017: 6.3%) of the issued share capital of the Company at the date of these condensed consolidated financial statements.

20. CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 30 September 2017 and 31 March 2017.

21. COMMITMENTS

a) Operating lease commitments

The Group leases certain properties under operating lease arrangements. Leases for properties are negotiated for terms of 2 to 26 years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	(Unaudited) 30 September 2017 *HK$'000*	(Audited) 31 March 2017 *HK$'000*
Within one year	**10,622**	11,497
In the second to fifth years, inclusive	**11,204**	13,737
Over five years	**39,511**	30,944
	61,337	56,178

b) Capital commitments

The sale and purchase agreement dated 31 March 2017 entered into between the Group, Shanghai Guxin Asset Management Company Limited 上海谷欣資產管理有限公司 ("Shanghai Guxin") and Qingdao Guxin, pursuant to which the Group conditionally agreed to acquire, and Shanghai Guxin conditionally agreed to sell, the entire equity interest in Qingdao Guxin, a company that owns and operates the 100MW grid-connected solar power plant located in Jinchuan District, Jinchang City, Gansu Province, for the consideration of RMB492,960,000 (approximately HK$578,735,000) and the Group agreed to assume certain liabilities of Shanghai Guxin in the aggregate amount of RMB152,017,000 (approximately HK$178,468,000) and the details of which are disclosed in the announcement issued by the Company on 31 March 2017. During the period ended 30 September 2017, part of the above consideration of RMB65,311,000 (approximately HK$76,675,000) was paid by the Company to Shanghai Guxin pursuant to the terms of the above sale and purchase agreement. This transaction had been completed in November 2017.

22. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

The remuneration of directors and other members of key management of the Group during the period was as follows:

	(Unaudited) Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
Short-term employee benefits	**3,193**	10,560
Post-employment benefits	**32**	72
	3,225	10,632

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

23. BUSINESS COMBINATIONS

30 September 2017

i) In June 2017, the Group acquired 100% equity interest in Dezhou Jiayang New Energy Company Limited 德州佳陽新能源有限公司 ("Dezhou Jiayang") for a cash consideration of RMB15,300,000 (approximately HK$17,548,000) from China Minsheng New Energy (Shanghai) Investment Company Limited 中民新能（上海）投資有限公司.

   Dezhou Jiayang owns and operates a 10MW rooftop distributed solar power station located in Dezhou City, Shandong Province, PRC. Further details of this acquisition are set out in the Company's announcement dated 2 April 2017.

ii) In June 2017, the Group acquired 100% equity interest in Changfeng Hongyang New Energy Power Generation Company Limited 長豐紅陽新能源發電有限公司 ("Changfeng Hongyang") for a cash consideration of RMB75,525,000 (approximately HK$86,167,000) from China Minsheng New Energy Investment Company Limited 中民新能投資集團有限公司("Minsheng New Energy Investment").

   Changfeng Hongyang owns and operates a 20MW solar power station located in Changfeng County, Hefei City, Anhui Province, PRC. Further details of this acquisition are set out in the Company's announcement dated 2 April 2017.

iii) In July 2017, the Group acquired 100% equity interest in Gaoan Jinjian Power Generation Company Limited 高安市金建發電有限公司("Gaoan Jinjian") for a cash consideration of RMB51,941,000 (approximately HK$59,820,000) from Minsheng New Energy Investment.

   Gaoan Jinjian owns and operates a 20MW solar power station located in Jianshan Town, Gaoan City, Jiangxi Province, PRC. Further details of this acquisition are set out in the Company's announcement dated 2 April 2017.

The following table summarises the purchase consideration for the acquisition of each of the above subsidiaries and the fair values of assets acquired and liabilities recognised at the respective acquisition date (determined on a provisional basis):

	Dezhou Jiayang *HK$'000*	**Changfeng Hongyang** *HK$'000*	**Gaoan Jinjian** *HK$'000*	**Total** *HK$'000*
Purchase consideration				
Cash paid	**15,793**	**60,317**	**41,874**	**117,984**
Consideration payable	**1,755**	**25,850**	**17,946**	**45,551**
	17,548	**86,167**	**59,820**	**163,535**
Fair values of assets acquired and liabilities recognised at the date of the acquisitions (determined on a provisional basis) are as follows:				
Property, plant and equipment	**80,328**	**182,561**	**170,286**	**433,175**
Prepaid lease payment	**–**	**883**	**465**	**1,348**
Trade receivables	**5,562**	**33,746**	**31,289**	**70,597**
Prepayments, deposits and other receivables	**8,458**	**16,459**	**17,226**	**42,143**
Cash and bank balances	**3,538**	**4,903**	**8,473**	**16,914**
Other payables and accruals	**(74,522)**	**(146,678)**	**(163,891)**	**(385,091)**
Deferred tax liabilities	**(1,709)**	**(3,316)**	**(3,843)**	**(8,868)**
	21,655	**88,558**	**60,005**	**170,218**
Gain on bargain purchase	**4,107**	**2,391**	**185**	**6,683**
Net cash outflow arising from the acquisitions				
Consideration paid in cash	**(15,793)**	**(60,317)**	**(41,874)**	**(117,984)**
Less: cash and cash equivalents acquired	**3,538**	**4,903**	**8,473**	**16,914**
Net cash outflow	**(12,255)**	**(55,414)**	**(33,401)**	**(101,070)**

Notes:

(a) Impact of acquisition on the results of the Group

The table below illustrates the revenue on sales of electricity and the profits included in the condensed consolidated statement of profit or loss since the acquisition dates contributed by each acquisition.

	Dezhou Jiayang *HK$'000*	Changfeng Hongyang *HK$'000*	Gaoan Jinjian *HK$'000*	Total *HK$'000*
Revenue	4,881	6,752	6,080	17,713
Profits contributed to the Group	3,327	2,822	3,136	9,285

Had the acquisitions as mentioned in (i) to (iii) above been effected at the beginning of the period, total amount of the revenue and loss for the period of the Group would have been further increased and decreased by HK$13,335,000 and HK$3,044,000 respectively. Such pro-forma information is for illustrative purpose only and is not necessarily an indicator of revenue and results of operation of the Group that actually would have been achieved had the acquisition been completed at the beginning of the period, nor is it intended to be a projection of the future results.

(b) Fair values of assets acquired and liabilities recognised (determined on a provisional basis)

The initial accounting of these acquisitions is not yet completed and the assets acquired and liabilities recognised and the amounts recognised in these condensed consolidated financial statements for these acquisitions have been determined provisionally. The purchase price allocation exercise in respect of the above acquisitions has not yet been finalised on the date when these condensed consolidated financial statements are issued.

(c) Acquisition-related costs of HK$2,410,000 have been recognised in the condensed consolidated statement of profit or loss.

24. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION

The Group planned to focus its resources on its clean energy business and had decided to cease and sell its mining business during the year ended 31 March 2016. The Group's business in mining segment was mainly undertaken by 陝西久權礦業有限公司 (Shaanxi Jiuquan Mining Company Limited), an indirect-owned subsidiary of Perfect Fair Limited, which was also an indirect-owned subsidiary of the Company.

The Perfect Fair Limited and its subsidiaries (the "Perfect Fair Group") was regarded as a disposal group classified as held for sale and mining segment was classified as a discontinued operation during the year ended 31 March 2016.

In June 2016, the Group had completed the disposal of its 100% equity interest (with relevant shareholder's loan) in the Perfect Fair Group to an independent third party for a cash consideration of HK$1 million.

(a) The results of a discontinued operation dealt with in the condensed consolidated financial statements for the six months ended 30 September 2016 is as follows:

	(Unaudited) Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
Loss before tax	–	(480)
Income tax credit	–	–
Loss for the period	–	(480)
Attributable to:		
Owners of the Company	–	(395)
Non-controlling interests	–	(85)
	–	(480)

(b) The net cash flow of the discontinued operation dealt with in the condensed consolidated financial statements for the six months ended 30 September 2016 is as follows:

	(Unaudited) Six months ended 30 September **2017** ***HK$'000***	2016 *HK$'000*
Operating activities	–	(480)
Investing activities	–	–
Financing activities	–	892
Net cash inflow attributable to a discontinued operation	–	412

(c) Loss per share from a discontinued operation

	(Unaudited) Six months ended 30 September **2017**	2016
Basic and diluted	**n/a**	HK(0.005) cents

The calculation of the basic loss per share from a discontinued operation is based on the loss for the six months ended 30 September 2016 from discontinued operation attributable to owners of the Company of HK$395,000 and the weighted average number of 7,814,357,360 ordinary shares in issue during the six months ended 30 September 2016.

No adjustment had been made to the basic loss per share from a discontinued operation presented for the six months ended 30 September 2016 in respect of a dilution as the Company's outstanding convertible bonds during that period had an anti-dilutive effect on the basic loss per share from a discontinued operation presented.

(d) Disposal of a disposal group

Further details of consideration and the value of interest in the Perfect Fair Group at the date of disposal during the six months ended 30 September 2016 are as follows:

	HK$'000
Net assets disposed of	1,425
Loss on disposal of the Perfect Fair Group	(425)
Total consideration	1,000
Satisfied by:	
Cash received	1,000
Net cash inflow arising on disposal:	
Total cash consideration received	1,000
Less: bank balances and cash disposed of	(657)
	343

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Fair value measurement

i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following tables present the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified and is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group had engaged an independent firm of professionally qualified valuer performing valuation for the derivative component in respect of convertible bonds which are categorised into Level 3 of the fair value hierarchy. A valuation report with analysis of changes in fair value measurement is prepared by the valuers at each interim and annual reporting date, and was reviewed and approved by the Directors.

	Fair value at 30 September 2017	**Fair value measurement at 30 September 2017 categorised into**			**Total carrying amount at 30 September 2017**	**Valuation technique and key input**
		Level 1	**Level 2**	**Level 3**		
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	
Recurring fair value measurements						
Assets						
Financial assets at fair value through profit or loss						
Equity securities listed in Hong Kong and the PRC	109,131	109,131	–	–	109,131	Quoted bid prices in active markets
Unlisted investment funds	5,259	–	5,259	–	5,259	Quoted prices from a financial institution

	Fair value at 31 March 2017	Fair value measurement at 31 March 2017 categorised into			Total carrying amount at 31 March 2017	Valuation technique and key input
		Level 1	Level 2	Level 3		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	
Recurring fair value measurements						
Assets						
Financial assets at fair value through profit or loss						
Equity securities listed in Hong Kong and the PRC	154,171	154,171	–	–	154,171	Quoted bid prices in active markets
Unlisted investment funds	46,064	–	46,064	–	46,064	Quoted prices from a financial institution

Recurring fair value measurements

Derivative financial assets – derivative component of convertible bonds

	HK$'000
At 1 April 2016 (Audited)	(13,068)
Change in fair value recognised in consolidated statement of profit or loss	(12,797)
At 31 March 2017 and 1 April 2017 (Audited)	(25,865)
Change in fair value recognised in condensed consolidated statement of profit or loss	16,271
At 30 September 2017 (Unaudited)	(9,594)

	30 September 2017	31 March 2017
Share price of the Company	**HK$0.60**	HK$0.79
Conversion price	**HK$1.0532**	HK$1.0532
Stock price volatility	**37.58%**	55.08%
Time to maturity	**0.83 years**	1.33 year
Risk-free rate	**0.51%**	0.74%
Credit spread	**16.38%**	17.17%
Dividend yield	**0.00%**	0.00%

Valuation of the conversion option derivative component of convertible bonds, which were categorized into Level 3 of the fair value hierarchy were prepared by an independent valuer using Binomial Tree Model.

There is not transfer between the different levels of the fair value hierarchy for the six months ended 30 September 2017.

ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values at 30 September 2017 and 31 March 2017.

26. EVENTS AFTER REPORTING PERIOD

In November 2017, the Group had completed the acquisition of 100% equity interest in Qingdao Guxin.

RESULTS OF THE GROUP

During the first six months, the Group's revenue was HK$175,218,000 (2016: HK$23,552,000), an increase of 644.0% compared to the corresponding period last year. The increase in revenue was mainly attributable to i) increase in sales of electricity from HK$62,247,000 to HK$86,411,000 representing an increase of 38.8% when compared to corresponding period in last year; ii) decrease in net loss on investments in listed financial assets at fair value through profit and loss from HK$39,951,000 for the six months period ended 30 September 2016 to HK$23,397,000 for the six months period ended 30 September 2017, representing a decrease of 41.4%; and iii) dividend income of HK$112,046,000 (2016: nil) from unlisted available-for-sale financial assets.

The net losses from continuing operations attributed to owners of the Company was HK$101,432,000, as compared to net losses of HK$149,659,000, for the last corresponding period, representing a decrease in loss of 32.2% for continuing operations.

The decrease in loss for continuing operations was the consolidated effect of i) increase in revenue as stated above; ii) impairment loss of HK$84,853,000 (2016: nil) on unlisted available-for-sale financial assets; and iii) increase in finance costs from HK$70,375,000 for the six months period ended 30 September 2016 to HK$89,482,000 for the six months period ended 30 September 2017, representing an increase of 27.2%.

The basic loss per share for the current period is HK1.1 cents (2016: a basic loss per share of HK1.9 cents), representing a decrease by 42.1%.

BUSINESS REVIEW

Clean Energy Business

Clean-energy power generation business is the key development of the Group at this stage. Up till now, the clean-energy power generation controllable on-grid production capacity of the Group is approximately 180 megawatt(s) ("MW") (2016: 130MW), all of which are photovoltaic power generation projects locating in four provinces, Gansu, Anhui, Jiangxi and Shandong, and one municipality, Shanghai.

During the period, the Group completed acquisitions of 3 solar energy projects in Anhui, Jiangxi and Shandong Provinces, respectively, which have an aggregate production capacity of 50MW.

During the period, the on-grid power generation was approximately 95,478,000 kilowatt hour(s) ("KWh") (2016: 67,532,000KWh) and generated revenue of approximately HK$86,411,000 as compared to revenue of approximately HK$62,247,000 in the corresponding period in last year. The revenue was mainly contributed by a 100% owned subsidiary, Jinchang Jintai Photovoltaic Company Limited 金昌錦泰光伏電力有限公司, which has an aggregate production capacity of 100MW.

Segment results of HK$12,431,000 was recorded during the period as compared to a loss of HK$2,074,000 in the corresponding period in last year. The increase in gain was mainly attributable to the profits before interest and tax of HK$11,069,000 contributed by 3 solar plants newly acquired during the current period. Details of the Group's solar plant stations are as follows:

Jintai 100MW Project in Jinchang, Gansu: During the period, sale of electricity was 60,555,000KWh, representing an increase of 10.1% as compared with the corresponding period in last year of 55,005,000KWh. Sales revenue was HK$49,981,000, representing an increase of 1.0% as compared with the corresponding period in last year of HK$49,464,000.

Xin Lan 8MW Project in Shanghai: During the period, sale of electricity was 5,023,000KWh, representing a decrease of 1.8% as compared with the corresponding period in last year of 5,115,000KWh. Sales revenue was HK$5,770,000, representing a decrease of 4.1% as compared with the corresponding period in last year of HK$6,019,000.

Guanyang 8.25MW Project in Dezhou, Shandong: During the period, sale of electricity was 5,204,000KWh, representing an increase of 33.4% as compared with the corresponding period in last year of 3,902,000KWh. Sales revenue was HK$5,260,000, representing an increase of 50.1% as compared with the corresponding period in last year of HK$3,504,000.

Hongxiang 8MW Project in Dezhou, Shandong: During the period, sale of electricity was 5,162,000KWh, representing an increase of 98.2% as compared with the corresponding period in last year of 2,604,000KWh. Sales revenue was HK$4,729,000, representing an increase of 86.2% as compared with the corresponding period in last year of HK$2,540,000.

Jinde 5MW Project in Dezhou, Shandong: During the period, sale of electricity was 3,208,000KWh, representing an increase of 254.1% as compared with the corresponding period in last year of 906,000KWh. Sales revenue was HK$2,958,000, representing an increase of 310.8% as compared with the corresponding period in last year of HK$720,000.

Jiayang 10MW Project in Dezhou, Shandong: The project was acquired in June 2017. During the period, sale of electricity was 4,334,000KWh, sale revenue was HK$4,881,000.

Hongyang 20MW Project in Changfeng, Anhui: The project was acquired in June 2017. During the period, sale of electricity was 6,851,000KWh, sale revenue was HK$6,752,000.

Jinjian 20MW Project in Gaoan, Jiangxi: The project was acquired in July 2017. During the period, sale of electricity was 5,141,000KWh, sale revenue was HK$6,080,000.

The electricity volume generated during the period was stable and the average utilisation hours of our solar power plants also remained stable and were approximately 1,000 hours over the past two years.

During the period, the Group continued to focus its resources on the expansion of solar power business and explore further opportunities for growth.

The Group is actively seeking refinancing opportunities that may provide the Group with optimal capital structure to pursue further growth and development, while lowering the finance costs.

Trading in securities

During the period, the net realised loss resulted from trading of listed equity securities was HK$11,218,000 (2016: HK$262,000). The unrealised losses resulted from trading of listed equity securities was HK$12,179,000 (2016: 39,689,000). Loss of HK$23,239,000 was recorded from this business sector during the period as compared to a record of segment loss of HK$39,667,000 for the same period in last year. The loss was mainly due to realised loss resulted from disposal of our investment in China Innovative Finance Group Limited (stock code: 412) amounting to HK$12,527,000.

Investments

During the period, the Group had investments in certain unlisted companies, the investment of which was to utilise its funds for potential high return on one hand, to diversify its investments and hence reduce business risk on the other. The Group closely monitors the market conditions and may consider to change its portfolio of investment from time to time. During the period, Freewill Holdings Limited ("Freewill"), an available-for-sale investment of the Group, declared and paid dividend by way of distribution of specie in terms of shares in Satinu Resources Group Limited ("Satinu") on a pro-rata basis in proportion to respective shareholdings in Freewill (the "Distribution"). A dividend income of HK$112,046,000 is recognised in profit or loss during the period. Satinu's shares as a result of the Distribution are recognised as available-for-sale investments.

The Company reviews the recoverable amounts of its investments periodically and subsequent to the assessment, an impairment loss of HK$84,853,000 was recognised for the period.

Trading Business

Trading is the Group's traditional line of business. The trading of fur-related products once accounted for a significant portion of the Group's operation. However, fur-related products becomes less popular and as such, the Group's fur trading business declines gradually over the years. In an attempt to revive the trading business, the Group reviews the operation of trading and considers to, among other things, introduce new trading items so as to widen the trading portfolio of the Group. In this regard, the Group entered into a strategic cooperation agreement with Intelligence Cinda International Investment Limited（融智信達國際投資有限公司）, a company incorporated under the laws of Hong Kong with limited liability and an independent third party, pursuant to which the parties concerned agreed to form a strategic alliance in relation to the joint development of an international bulk commodities, including energy products and trading platform.

PROSPECTS

Response to global climate change has become a major topic around the world in recent years. Under such background, the global energy system accelerated the transition to low-carbon energy. As such, utilisation of renewable energy at large-scale as well as cleansing and low-carbonisation of traditional energy use will be the basic trend in energy development, and expediting the development of renewable energy has become a mainstream strategy in the global energy transition. The Paris Agreement came into effect in November 2016, which meant that the development of new energy will be further accelerated. In addition, the PRC government expressly stated in its basic national policy that the country shall persist in saving resources and protecting the environment, and set the fundamental target for energy development, that is, the carbon dioxide emission of the PRC will reach the peak by 2030, and the proportion of non-fossil energy in primary energy consumption will increase to 20%. With the new urbanisation development, the construction of a green, recycling and low-carbon energy system has become necessary for the social development, which provided a favourable social environment and a broad market for the development of renewable energy such as solar power. Solar power enjoys unique advantages in terms of accessibility and energy structure adjustment, and has been widely applied all over the world, and the photovoltaic industry has entered into a new phase of large-scale development.

In future, the Group will speed up the development and investment progress of its principal businesses, adhere firmly to its corporate strategy, intensify its efforts in project mergers and acquisitions as well as cooperative development, improve project operation management standard to fully enhance its asset management capability.

The Group establishes the vision of "strategy is core competitiveness" and focus on the collection, research and analysis of information, which includes domestic and overseas clean energy related industrial policies, regional electric energy market and industry development prospect. On this basis, the Group will establish the practicable development strategies with strategic forward-looking prospective that are in line with its own actual situation, laying the foundation in maintaining its leading position in the competitive environment.

LIQUIDITY AND FINANCIAL RESOURCES

The Group derives fund for operation both from internally generated cash flows and from banks in Hong Kong and PRC. As at 30 September 2017, the Group had time deposit and cash and bank balances of approximately HK$985,040,000 (31 March 2017: HK$884,515,000). As at 30 September 2017, the Group's interest bearing borrowings (including bank and other borrowings and convertible bonds) amounted to approximately HK$1,775,901,000 (31 March 2017: HK$1,159,846,000). As at 30 September 2017, total equity attributable to owners of the Company amounted to approximately HK$1,970,724 (31 March 2017: HK$2,014,963,000). The gearing ratio was 40.1% (31 March 2017: 13.7%) as at 30 September 2017.

CAPITAL STRUCTURE

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to Shareholders through the optimisation of the debt and equity balance.

The Group monitors capital using a gearing ratio, which is net debt divided by the total equity of the Group. Net debt includes interest-bearing bank and other borrowings and convertible bonds, less time deposit and cash and bank balances and excludes discontinued operations. Capital includes equity attributable to owners of the Company. The gearing ratio at the end of the reporting period was as follows:

	(Unaudited) 30 September 2017 *HK$'000*	(Audited) 31 March 2017 *HK$'000*
Borrowings		
Bank and other borrowings	**1,425,986**	833,087
Convertible bonds	**349,915**	326,759
Total borrowings	**1,775,901**	1,159,846
Less: time deposit and cash and bank balances	**(985,040)**	(884,515)
Net debt	**790,861**	275,331
Total equity attributable to owners of the Company	**1,970,724**	2,014,963
Gearing ratio	**40.1%**	13.7%

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

The Company had not conducted any equity fund raising activities in the past six months period ended 30 September 2017. During the six months ended 30 September 2017, the Group obtained a loan of RMB478,000,000 (approximately HK$561,172,000) from a financial institution for financing an acquisition which was completed in November 2017.

CHARGES ON ASSETS

Details of bank and other borrowings and convertible bonds are set out in note 17 and 18 respectively to the condensed consolidated financial statements.

At 30 September 2017, the Group's convertible bonds of US$50 million and secured other loan of US$30 million were secured by the shares charges over the share capital of the Group's wholly-owned subsidiaries and the first floating charges on property, assets, goodwill, rights and revenue of the Company and its certain subsidiaries. No assets of the Group and the Company had been pledged to secure the bank loans at 30 September 2017.

FOREIGN EXCHANGE EXPOSURE

The Group's businesses are mainly conducted in Renminbi, with minimal exposure to fluctuations in foreign exchanges.

SIGNIFICANT INVESTMENTS

The Board provides the information of the Group's investments with the investment costs exceeding 1% of the total assets of the Group held at 30 September 2017 stated in this report as follow:

Stock code (where applicable)	Name of investment	Principal Business	Nature of Investment	Number of shares	Percentage of total share capital	Investment cost	Fair value	Impairment recognised	Dividends received	Percentage of carrying amounts to the Group's total assets
						HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	
Available-for-sale investments										
Not applicable	Satinu	Investment holding, property investment,commodities dealer, money lending, nominees, integrated financial services	Investment in shares	28,150,048	2.32%	205,796	201,538	(4,258)	–	4.74%
Not applicable	Freewill	Investment holding and money lending business	Investment in shares	25,000,000	5.07%	105,000	9,405	(80,595)	112,046	0.22%

The Company expects that the performance of the Group's investment portfolio (including the investment described above) to be affected by the following external factors:

1) Market risk arising from fluctuations in global stock markets and changes in the global economy.

2) Policy risks in China that may materially and adversely affect the outlook for companies in its portfolio.

3) Financial performance and development plans of the relevant companies, as well as the outlook of the industry in which such companies operate.

The Board will continue to review the Group's investment portfolio, implement strict risk control to minimise the impact of market volatility and closely monitor the performance of its investments from time to time in order to reduce the possible financial risk related to its investments and maximise value for the shareholders.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

In November 2017, the Group had completed the acquisition of 100% equity interest in Qingdao Guxin Electricity Investment Company Limited 青島谷欣電力投資有限公司 which owns and operates a grid-connected solar power project with an installed capacity of 100MW located in Jinchuan District, Jinchang City, Gansu Province in the PRC.

EMPLOYEES

As at 30 September 2017, the Group employed approximately 45 (31 March 2017: 37) employees in Hong Kong, Macau and the PRC. The Group's remuneration policies are based primarily on the prevailing market rate and the performance of individual employees. Fringe benefits, including Mandatory Provident Fund, medical benefits and training are provided. The Group has also established a discretionary bonus scheme for its management and staff with awards determined annually based upon the performance of the Group and individual employees.

CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 30 September 2017.

MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed above, the Group did not carry out any material acquisition and disposal during the period.

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

As at 30 September 2017, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO") (i) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be and were entered in the register required to be kept by the Company referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

(a) Interests in the ordinary shares of HK$0.0025 each of the Company (the "Shares")

Name of Director/ chief executive	Capacity	Number of Shares interested *(Note 1)*	Approximate percentage of the issued Shares
Mr. Ko Tin Kwok	Interest of controlled corporation *(Note 2)*	4,092,084,312 (L)	43.65%

Notes:

1. The letter "L" denotes a long position in the Shares.

2. As at 30 September 2017, Gorgeous Investment Group Holding Co., Limited ("Gorgeous Investment") was the beneficial owner of 4,092,084,312 Shares. Gorgeous Investment was a wholly-owned subsidiary of Shanghai Gorgeous Investment Development Company Limited*（上海國之杰投資發展有限公司）("Shanghai Gorgeous"), which in turn was held by Shanghai Gu Yuan Property Development Company Limited*（上海谷元房地產開發有限公司）("Shanghai Gu Yuan") as to 75.66%. The equity interest of Shanghai Gu Yuan was held by Rich Crown International Industries Limited（富冠國際實業有限公司）("Rich Crown") and Creaton Holdings Limited ("Creaton Holdings") as to 59.79% and 40.21%, respectively. The equity interest of each of Rich Crown and Creaton Holdings was held by Mr. Ko Tin Kwok as to 99%. Mr. Ko Tin Kwok was therefore deemed to be interested in the Shares beneficially owned by Gorgeous Investment under the SFO.

* *For identification purposes only.*

(b) Interests in the underlying Shares of the Company – physically settled unlisted equity derivatives

Details of the interests of Directors and chief executive in share options of the Company are disclosed under the section "Share Option Scheme" in this report.

No share options were granted to, or exercised by, the Directors and chief executive during the six months ended 30 September 2017. There was no outstanding option granted to the Directors and chief executive at the beginning and at the six months ended 30 September 2017.

Save as disclosed above, as at 30 September 2017, (a) none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register required to be kept by the Company referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code; (b) nor had there been any grant or exercise of rights of such interests during the six months ended 30 September 2017.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above and "Share option scheme" below, at no time during the period or up to the date of this report were there any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

A share option scheme (the "Scheme") which complied with Chapter 17 of the Listing Rules was adopted at the annual general meeting held on 30 July 2004. No share option has been granted by the Company under the Scheme. The Scheme remained in force for 10 years from 11 August 2004 and was expired on 10 August 2014.

A new share option scheme (the "New Scheme") was adopted at the special general meeting of the Company held on 18 December 2014, being the date on which the Stock Exchange granted the listing of and permission to deal in the shares to be issued pursuant to the exercise of options under the New Scheme. There were no outstanding share options granted pursuant to the New Scheme.

DIRECTORS' INTERESTS IN CONTRACTS

No transaction, arrangement or contract of significance in which any Director or any entity connected with the Director is or was materially interested, either directly or indirectly, subsisted during the period.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to the Directors and chief executives of the Company, as at 30 September 2017, the following persons (other than Directors and chief executives of the Company) had, or were deemed or taken to have an interest or short position in the Shares and underlying Shares of the Company, which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	**Capacity**	**Number of Shares interested** *(Note 1)*	**Approximate percentage of issued Shares**
Gorgeous Investment	Beneficial owner	4,092,084,312 (L)	43.65%
Shanghai Gorgeous	Interest in a controlled corporation *(Note 2)*	4,092,084,312 (L)	43.65%
Shanghai Gu Yuan	Interest in a controlled corporation *(Note 3)*	4,092,084,312 (L)	43.65%
Rich Crown	Interest in a controlled corporation *(Note 4)*	4,092,084,312 (L)	43.65%
Creaton Holdings	Interest in a controlled corporation *(Note 4)*	4,092,084,312 (L)	43.65%
Shandong Hi-Speed Investment Fund	Beneficial owner	831,000,000 (L)	8.86%

Name of Shareholders	Capacity	Number of Shares interested *(Note 1)*	Approximate percentage of issued Shares
Shandong Hi-Speed Investment Fund Management	Interest of controlled Corporation *(Note 5)*	831,000,000 (L)	8.86%
Shandong Hi-Speed Investment Holding	Interest of controlled Corporation *(Note 6)*	831,000,000 (L)	8.86%
Shandong Hi-Speed Group	Interest of controlled Corporation *(Note 7)*	831,000,000 (L)	8.86%
Dongying Yellow River	Interest of controlled Corporation *(Note 8)*	831,000,000 (L)	8.86%
Mr. Qin Zhongyue	Interest of controlled Corporation *(Note 9)*	831,000,000 (L)	8.86%
Safe Castle Limited	Beneficial owner *(Note 10)*	677,736,000 (L)	7.23%
Coupeville Limited	Interest of controlled Corporation *(Note 10)*	677,736,000 (L)	7.23%
China Innovative Finance Group Limited	Interest of controlled Corporation *(Note 10)*	677,736,000 (L)	7.23%
Rationale (Holdings) Investment	Beneficial owner	650,000,000 (L)	6.93%
Rationale Investment (Shanghai)	Interest of controlled Corporation *(Note 11)*	650,000,000 (L)	6.93%
China Minsheng New Energy	Interest of controlled Corporation *(Note 12)*	650,000,000 (L)	6.93%
China Minsheng Investment	Interest of controlled Corporation *(Note 13)*	650,000,000 (L)	6.93%
Shanghai Electric Hongkong	Beneficial owner *(Note 14)*	549,569,812 (L)	5.86%

Name of Shareholders	Capacity	Number of Shares interested (*Note 1*)	Approximate percentage of issued Shares
Shanghai Electric Group	Interest of controlled Corporation *(Note 14)*	549,569,812 (L)	5.86%
Shanghai Electric Corporation	Interest of controlled Corporation *(Note 14)*	549,569,812 (L)	5.86%

Notes:

1. The letter "L" denotes a long position in the shares.

2. As at 30 September 2017, Gorgeous Investment was a wholly-owned subsidiary of Shanghai Gorgeous and Shanghai Gorgeous was therefore deemed to have an interest in all the Shares beneficially owned by Gorgeous Investment under the SFO.

3. As at 30 September 2017, the equity interest of Shanghai Gorgeous was held by Shanghai Gu Yuan as to 75.66% and Shanghai Gu Yuan was therefore deemed to have an interest in all the Shares in which Shanghai Gorgeous was interested under the SFO.

4. As at 30 September 2017, the equity interest of Shanghai Gu Yuan was held by Rich Crown and Creaton Holdings as to 59.79% and 40.21%, respectively. Rich Crown and Creaton Holdings were therefore deemed to have an interest in the Shares in which Shanghai Gu Yuan was interested under the SFO.

5. As at 30 September 2017, Shandong Hi-Speed Investment Fund Management Ltd.* ("Shandong Hi-Speed Investment Fund") was a wholly-owned subsidiary of Shandong Hi-Speed Investment Fund Management Company Limited*（山東高速投資基金管理有限公司）("Shandong Hi-Speed Investment Fund Management") and Shandong Hi-Speed Investment Fund Management was therefore deemed to have an interest in all the Shares beneficially owned by Shandong Hi-Speed Investment Fund under the SFO.

6. As at 30 September 2017, the equity interest of Shandong Hi-Speed Investment Fund Management was held by Shandong Hi-Speed Investment Holding Company Limited*（山東高速投資控股有限公司）("Shandong Hi-Speed Investment Holding") as to 49% and Shandong Hi-Speed Investment Holding was therefore deemed to have an interest in all the Shares in which Shandong Hi-Speed Investment Fund Management was interested under the SFO.

7. As at 30 September 2017, Shandong Hi-Speed Investment Holding was a wholly-owned subsidiary of Shandong Hi-Speed Group Co., Ltd.*（山東高速集團有限公司）("Shandong Hi-Speed Group") and Shandong Hi-Speed Group was therefore deemed to have an interest in all the Shares in which Shandong Hi-Speed Investment Holding was interested under the SFO.

8. As at 30 September 2017, the equity interest of Shandong Hi-Speed Investment Fund Management was held by Dongying Yellow River Delta Investment Fund Management Ltd.*（東營市黃河三角洲投資基金管理有限公司）("Dongying Yellow River") as to 41% and Dongying Yellow River was therefore deemed to have an interest in all the Shares in which Shandong Hi-Speed Investment Fund Management was interested under the SFO.

9. As at 30 September 2017, the entire equity interest of Dongying Yellow River was owned by Mr. Qin Zhongyue and Mr. Qin Zhongyue was therefore deemed to have an interest in all the Shares in which Dongying Yellow River was interested under the SFO.

10. As at 30 September 2017, 677,736,000 Shares were held by Safe Castle Limited, a wholly-owned subsidiary of Coupeville Limited, which in turn was a wholly-owned subsidiary of China Innovative Finance Group Limited. China Innovative Finance Group Limited (Stock Code: 412) is a listed company in the Stock Exchange. Accordingly, Coupeville Limited and China Innovative Finance Group Limited were deemed to be interested in these Shares under the SFO.

11. As at 30 September 2017, Rationale (Holdings) Investment Limited ("Rationale (Holdings) Investment") was a wholly-owned subsidiary of Rationale Investment (Shanghai) Company Limited*（睿烜投資（上海）有限公司）("Rationale Investment (Shanghai)") and Rationale Investment (Shanghai) was therefore deemed to have an interest in all the Shares beneficially owned by Rationale (Holdings) Investment under the SFO.

12. As at 30 September 2017, Rationale Investment (Shanghai) was a wholly-owned subsidiary of China Minsheng New Energy Investment Co., Ltd.*（中民新能投資有限公司）("China Minsheng New Energy") and China Minsheng New Energy was therefore deemed to have an interest in all the Shares in which Rationale Investment (Shanghai) was interested under the SFO.

13. As at 30 September 2017, the equity interest of China Minsheng New Energy was held by China Minsheng Investment Company Limited*（中國民生投資股份有限公司）("China Minsheng Investment") as to 90% and China Minsheng Investment was therefore deemed to have an interest in all the Shares in which China Minsheng New Energy was interested under the SFO.

14. As at 30 September 2017, Shanghai Electric Hongkong Co. Limited（上海電氣香港有限公司）("Shanghai Electric Hongkong") was a wholly-owned subsidiary of Shanghai Electric Group Company Limited（上海電氣集團股份有限公司）(Stock Code: 2727) ("Shanghai Electric Group"), which was in turn 58.12% owned by Shanghai Electric (Group) Corporation*（上海電氣（集團）總公司）("Shanghai Electric Corporation"). Accordingly, Shanghai Electric Group and Shanghai Electric Corporation were deemed to be interested in all the Shares in which Shanghai Electric Hongkong was interested under the SFO.

Save as disclosed above, as at 30 September 2017, the Directors were not aware of any other person (other than the Directors and chief executives of the Company) who had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares of the Company which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its the code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the six months ended 30 September 2017.

CORPORATE GOVERNANCE PRACTICES

The Board of the Company believes that good corporate governance practices are increasingly important for maintaining and promoting shareholder value and investor confidence. The Board sets appropriate policies and implements corporate governance practices which are considered appropriate to the conduct and growth of the Group's business.

The Company has applied the principles of all the applicable code provisions of the Corporate Governance Codes (the "CG Code") as set out in Appendix 14 of the Listing Rules as its own code on corporate governance practices. During the period, the Company complied with all the CG Code, except the following deviation:

(i) Code provision A.4.1 of the CG Code, requires the non-executive directors should be appointed for a specific term and subject to re-election. During the six months ended 30 September 2017, the three independent non-executive Directors are not appointed for a specific term, but they are subject to the retirement by rotation and re-election at the Company's annual general meeting at least once every three years in accordance with the Company's bye-laws (the "Bye-Laws").

Save as those mentioned above and in the opinion of the Directors, the Company has met the code provisions set out in the CG Code during the six months ended 30 September 2017.

CHANGE IN INFORMATION OF DIRECTORS

During the period, pursuant to Rule 13.51B(1) of the Listing Rule, the changes in information of the Directors are set out below:

On 16 August 2017, Mr. Sun Liang ("Mr. Sun") and Mr. Zeng Weibing ("Mr. Zeng") have been appointed as an Executive Director of the Company.

Mr. Sun and Mr. Zeng have entered into a letter of appointment with the Company on 16 August 2017. Mr. Sun and Mr. Zeng will not receive any director's fee under their respective letter of appointment. Mr. Sun and Mr. Zeng are not appointed for a specific term and either party to the appointment letter may terminate the appointment by giving the other party one-month's prior written notice. Mr. Sun and Mr. Zeng will hold office until the first general meeting after their appointment and will be subject to retirement by rotation and re-election in accordance with the Bye-laws of the Company.

On 16 August 2017, Mr. Wang Hao, Mr. Lam Kwan Sing ("Mr. Lam") and Mr. Hon Ming Sang have tendered their resignation as an executive director of the Company as they would like to devote more time to purse their own businesses.

After their resignation, Mr. Lam remains as a director of certain subsidiaries within the Group.

REMUNERATION COMMITTEE

The Remuneration Committee has been established by the Company in accordance with the requirements of the CG Code.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Group's policy and structure for the overall remuneration of directors and management, including the policy of granting of share options to employees under the Company's share option scheme. No director or any of his/her associates may be involved in any decisions as to his/her own remuneration.

The Remuneration Committee currently comprises the three independent non-executive directors, namely Mr. Fok Ho Yin, Thomas, Mr. Li Hui and Mr. Lam Cheung Mau. The chairman of the Remuneration Committee is Mr. Fok Ho Yin, Thomas.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited condensed interim consolidated financial statements for the six months ended 30 September 2017.

The main duties of the Audit Committee include review of the effectiveness of financial reporting system, internal control systems and risk management system of the Group, review of the Group's financial information and compliance, making recommendation to the Board on the appointment and removal of external auditors and assessing their independence and performance.

The Audit Committee comprises the three independent non-executive directors, namely Mr. Fok Ho Yin, Thomas, Mr. Li Hui and Mr. Lam Cheung Mau. The chairman of the Audit Committee is Mr. Fok Ho Yin, Thomas.

NOMINATION COMMITTEE

The Nomination Committee has reviewed and supervising the structure, size and composition of the Board, identifying qualified individuals to become members of the Board, assessing the independence of the independent non-executive directors and making recommendations to the Board on the appointment or re-appointment of Directors.

The Nomination Committee comprises one executive Director, namely Mr. Ko Tin Kwok, and three independent non-executive Directors, namely Mr. Fok Ho Yin, Thomas, Mr. Li Hui and Mr. Lam Cheung Mau. The chairman of the Nomination Committee is Mr. Ko Tin Kwok.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 September 2017 (six months ended 30 September 2016: nil). No dividend was paid during the period under review.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement and interim report are published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.cse1004.com. Printed copies in both languages are posted to shareholders.

BOARD OF DIRECTORS

As at the date of this report, the Board of the Company comprises five executive Directors, namely Mr. Sun Liang, Mr. Ko Tin Kwok, Ms. Zhao Li, Mr. Zeng Weibing and Mr. Hu Hanyang; three independent non-executive Directors, namely, Mr. Fok Ho Yin, Thomas, Mr. Li Hui and Mr. Lam Cheung Mau.

By Order of the Board
China Smarter Energy Group Holdings Limited
Sun Liang
Chairman

Hong Kong, 24 November 2017