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)

2018
Interim Report

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Sun Liang *(Chairman)*
Mr. Ko Tin Kwok *(Vice Chairman)*
Ms. Zhao Li
Mr. Zeng Weibing
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
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)*
Mr. Fok Ho Yin, Thomas
Mr. Li Hui
Mr. Lam Cheung Mau

AUDITORS

RSM Hong Kong
Certified Public Accountants
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
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
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Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM11
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

China CITIC Bank International Limited
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 2018 together with comparative figures for the corresponding period in 2017. 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 2018

		(Unaudited) Six months ended 30 September	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**792,179**	198,615
Cost of sales		**(726,419)**	(64,775)
Gross profit		**65,760**	133,840
Other income	*4*	**7,502**	5,225
Other losses, net	*4*	**(28,130)**	(124,521)
Gain on bargain purchase of subsidiaries	*25*	**–**	6,683
Administrative and operating expenses		**(39,470)**	(35,309)
PROFIT/(LOSS) FROM OPERATION		**5,662**	(14,082)
Finance costs	*5*	**(169,562)**	(89,482)
LOSS BEFORE TAX	*6*	**(163,900)**	(103,564)
Income tax credit	*7*	**3,382**	2,129
LOSS FOR THE PERIOD		**(160,518)**	(101,435)

	Notes	(Unaudited) Six months ended 30 September 2018 HK$'000	2017 HK$'000
ATTRIBUTABLE TO:			
Owners of the Company		**(162,836)**	(101,432)
Non-controlling interests		**2,318**	(3)
		(160,518)	(101,435)
PROPOSED INTERIM DIVIDEND	*8*	**–**	–
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*9*		
Basic		**HK(1.74) cents**	HK(1.08) cents
Diluted		**HK(1.74) cents**	HK(1.08) cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2018

	(Unaudited) Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
LOSS FOR THE PERIOD	**(160,518)**	(101,435)
OTHER COMPREHENSIVE (EXPENSE)/INCOME:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(87,513)**	57,193
Item that will not be reclassified to profit or loss:		
Fair value change on equity instruments at fair value through other comprehensive income	**14,277**	–
Other comprehensive income for the period, net of tax	**(73,236)**	57,193
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	**(233,754)**	(44,242)
ATTRIBUTABLE TO:		
Owners of the Company	**(236,074)**	(44,239)
Non-controlling interests	**2,320**	(3)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	**(233,754)**	(44,242)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Notes	(Unaudited) 30 September 2018 HK$'000	(Audited) 31 March 2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**2,362,634**	2,627,292
Prepaid lease payments		**962**	1,376
Intangible assets	*11*	**682,894**	765,463
Available-for-sale financial assets	*12*	**–**	204,955
Equity instruments at fair value through other comprehensive income	*12*	**218,219**	–
Club membership debenture		**1,013**	–
Deposits for acquisitions	*13*	**334,267**	337,461
		3,599,989	3,936,547
CURRENT ASSETS			
Trade and bills receivables	*14*	**530,233**	440,783
Contract assets		**32,670**	–
Prepayments, deposits and other receivables	*13*	**93,379**	195,210
Prepaid lease payment		**93**	102
Financial assets at fair value through profit or loss	*15*	**45,857**	99,124
Derivative financial instruments	*16*	**9,410**	–
Derivative financial assets – Derivative component of the convertible bonds	*21*	**–**	10,958
Loan receivable	*17*	**50,000**	–
Restricted bank deposit		**13,178**	311
Cash and cash equivalents		**184,670**	526,994
		959,490	1,273,482

	Notes	(Unaudited) 30 September 2018 HK$'000	(Audited) 31 March 2018 HK$'000
CURRENT LIABILITIES			
Trade payables	18	**75,870**	2
Other payables and accruals		**214,320**	275,666
Customers' deposits		**–**	331
Amount due to a shareholder	19	**70,200**	–
Bank and other borrowings	20	**494,159**	349,335
Convertible bonds	21	**–**	375,554
		854,549	1,000,888
NET CURRENT ASSETS		**104,941**	272,594
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,704,930**	4,209,141
NON-CURRENT LIABILITIES			
Bank and other borrowings	20	**1,770,779**	2,004,014
Deferred tax liabilities		**246,151**	273,239
		2,016,930	2,277,253
NET ASSETS		**1,688,000**	1,931,888
CAPITAL AND RESERVES			
Share capital	22	**23,436**	23,436
Reserves		**1,657,751**	1,903,959
Total equity attributable to owners of the Company		**1,681,187**	1,927,395
Non-controlling interests		**6,813**	4,493
TOTAL EQUITY		**1,688,000**	1,931,888

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)
Six months ended 30 September 2018
Attributable to owner of the Company

	Share capital	Share premium	Contributed surplus	Convertible bonds equity reserve	Investment revaluation 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*	*HK$'000*
Balance at 31 March 2018	23,436	4,157,427	77,102	160,017	–	47,722	3,915	(2,542,224)	1,927,395	4,493	1,931,888
Adjustments on initial application of											
– HKFRS 15 *(Note 2)*	–	–	–	–	–	(564)	–	(9,570)	(10,134)	–	(10,134)
– HKFRS 9 *(Note 2)*	–	–	–	–	(136,654)	–	–	136,654	–	–	–
Restated balance at 1 April 2018	23,436	4,157,427	77,102	160,017	(136,654)	47,158	3,915	(2,415,140)	1,917,261	4,493	1,921,754
Total comprehensive income for the period	–	–	–	–	14,277	(87,515)	–	(162,836)	(236,074)	2,320	(233,754)
Release upon maturity of convertible bonds	–	–	–	(160,017)	–	–	–	160,017	–	–	–
Changes in equity for the period	–	–	–	(160,017)	14,277	(87,515)	–	(2,819)	(236,074)	2,320	(233,754)
Balance at 30 September 2018	23,436	4,157,427	77,102	–	(122,377)	(40,357)	3,915	(2,417,959)	1,681,187	6,813	1,688,000

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

	Share capital	Share premium	Contributed surplus	Convertible bonds equity reserve	Investment revaluation 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*	*HK$'000*
Balance at 1 April 2017	23,436	3,030,470	77,102	160,017	–	(101,448)	12	(1,174,626)	2,014,963	(18)	2,014,945
Total comprehensive income for the period	–	–	–	–	–	57,193	–	(101,432)	(44,239)	(3)	(44,242)
Capital injection to a subsidiary	–	–	–	–	–	–	–	–	–	4	4
Changes in equity for the period	–	–	–	–	–	57,193	–	(101,432)	(44,239)	1	(44,238)
Balance at 30 September 2017	23,436	3,030,470	77,102	160,017	–	(44,255)	12	(1,276,058)	1,970,724	(17)	1,970,707

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	(Unaudited) Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
Net cash flows generated from/(used in) operating activities	**78,510**	(380,672)
Net cash flows used in investing activities	**(38,154)**	(29,960)
Net cash flows (used in)/generated from financing activities	**(377,412)**	493,534
Net (decrease)/increase in cash and cash equivalents	**(337,056)**	82,902
Effect of foreign exchange rate changes	**(5,268)**	17,623
Cash and cash equivalents at beginning of period	**526,994**	884,515
Cash and cash equivalents at end of period	**184,670**	985,040
Analysis of the balances of cash and cash equivalents		
Time deposit and cash and bank balances	**184,670**	985,040

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 September 2018 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 2018, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

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.

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2018.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfer of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations. The Group recognises revenue from the following major sources:

- **Sale of electricity**

  The performance obligation to transfer electricity to the customer is satisfied over time as the customer simultaneously receives and consumes the benefits of the electricity provided by the Group as it performs, therefore, revenue arising from the sale of electricity is recognised over time.

  The revenue from sale of electricity is based on the on-grid benchmark tariff rates of local coalfire power plants, which vary across provinces and can be adjusted by the government. It is currently settled by state grid companies for the electricity generated by the solar power plants on a monthly basis.

- **Tariff subsidy**

  Tariff subsidy represents subsidy received and receivable from the government authorities in respect of the Group's solar power generation business. Tariff subsidy is recognised at its fair value where there is a reasonable assurance that the additional tariff will be received and the Group will comply with all attached conditions, if any.

  The revenue from tariff subsidy is based on the difference between the feed-in-tariff regime implemented by the government for the provision of subsidy to the solar power plants operators and the revenue from sales of electricity.

- **Sale of bulk commodities**

  In respect of sale of bulk commodities, the Group recognises the revenue at a point in time when there is persuasive evidence that the control of bulk commodities has been transferred to the customer, the customer has adequate control over the product and the Group has no unfulfilled obligations that could affect customer's acceptance of products.

The Group has adopted HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified goods or service by another party. In this case, the Group does not control the specified goods or service provided by another party before that goods or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Variable consideration

For contracts that contain variable consideration in relation to sale of electricity to the state grid companies which contain tariff adjustments related to solar power plant yet to obtain approval for registration in the Catalogue by the PRC government, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Existence of significant financing component

In respect of sales of electricity, in determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract of sales of electricity and tariff subsidy.

2.1.2 Summary of effects arising from initial application of HKFRS 15

The following table summarises the impact of transition to HKFRS 15 on the Group's accumulated losses as at 1 April 2018.

	Impact of adoption of HKFRS 15 on 1 April 2018 *HK$'000*
Accumulated losses as at 31 March 2018	(2,542,224)
Imputed interest adjustment due to significant financing component arising from sales of electricity *(note (i))*	(9,570)
Adjusted balance as at 1 April 2018	(2,551,794)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2018 *HK$'000*	**Reclassification** *HK$'000*	**Remeasurement** *HK$'000* *(Note (i))*	**Carrying amounts under HKFRS 15 at 1 April 2018** *HK$'000*
Current assets				
Trade and bill receivables *(Note (ii))*	440,783	(113,584)	(7,554)	319,645
Contract assets *(Note (ii))*	–	113,584	(2,580)	111,004
Equity				
Accumulated losses	(2,542,224)	–	(9,570)	(2,551,794)
Exchange fluctuation reserve	47,722	–	(564)	47,158
Current liabilities				
Customers' deposit *(Note (iii))*	331	(331)	–	–
Contract liabilities *(Note (iii))*	–	331	–	331

Notes:

(i) As at 1 April 2018, the remeasurement of approximately HK$9,570,000 and HK$564,000 adjusted to accumulated losses and exchange fluctuation reserve respectively on 1 April 2018, which was resulted from the revenue recognition on tariff subsidy. As a result, significant financing component on sales of electricity, amount of approximately HK$7,554,000 and HK$2,580,000 had been adjusted to trade receivables and contract assets in relation to those accrued revenue of tariff subsidy generating from the solar power plants that had not been registered to the Reusable Energy Tariff Subsidy Catalogue（可再生能源電價附加資金補助目錄）(the "Catalogue") respectively. As the Ministry of Finance does not set out a rigid timetable for the settlement of accrued revenue on tariff subsidy, which is subject to settlement by state grid company upon finalisation of the allocation of funds by relevant government authorities to the state grid company, resulting in the recognition of significant financing component at initial time, and the imputed interest income would be released to other income, accordingly.

(ii) At the date of initial application, approximately HK$111,004,000 represented the accrued revenue on tariff subsidy generating from the solar power plants that has not completed the registration to the Catalogue as at 1 April 2018. Such cumulative balance as at 1 April 2018 was classified as contract assets as the Group had not obtained unconditional right to payment yet.

(iii) As at 1 April 2018, cash received of HK$331,000 previously included in customers' deposits were entirely reclassified to contract liabilities.

The following tables summarise the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 September 2018 and its condensed consolidated statement of profit or loss for the current interim period for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the condensed consolidated statement of financial position

	As reported as at 30 September 2018	**Effect of the adoption of HKFRS 15**	**Amounts without adoption of HKFRS 15 as at 30 September 2018**
	HK$'000	*HK$'000*	*HK$'000*
Current assets			
Trade and bill receivables	530,233	41,987	572,220
Contract assets	32,670	(32,670)	–
Equity			
Accumulated losses	(2,417,959)	9,644	(2,408,315)
Exchange fluctuation reserve	(40,357)	(327)	(40,684)

Impact on the condensed consolidated statement of profit or loss

	As reported for the six months ended 30 September 2018	Effect of the adoption of HKFRS 15	Amounts without adoption of HKFRS 15 for the six months ended 30 September 2018
	HK$'000	*HK$'000*	*HK$'000*
Revenue *(Note)*	792,179	6,152	798,331
Cost of sales	(726,419)	–	(726,419)
Gross profit	65,760	6,152	71,912
Other income *(Note)*	7,502	(6,078)	1,424
Other losses	(28,130)	–	(28,130)
Administrative and operating expenses	(39,470)	–	(39,470)
Profit from operations	5,662	74	5,736
Finance costs	(169,562)	–	(169,562)
Loss before tax	(163,900)	74	(163,826)
Income tax credit	3,382	–	3,382
Loss for the period	(160,518)	74	(160,444)

Note: Taking into account the significant financing component resulted from the recognition of accrued revenue on tariff subsidy, the adjustment of approximately HK$6,152,000 would lower the revenue in the current interim period, while the imputed interest income of approximately HK$6,078,000 was released to other income.

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments

In the current period, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets, and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Equity instruments designated as at FVTOCI

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with HKFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

The directors of the Company reviewed and assessed the Group's financial assets and financial liabilities as at 1 April 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in Note 2.2.2.

From 1 April 2018, the Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and bill receivables and contract assets arising from HKFRS 15, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.2.2 Summary of effects arising from initial application of HKFRS 9

Set out below is the impact of the adoption of HKFRS 9 on the Group.

The following table and the accompanying notes below explain the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018.

Financial assets	*Note*	**Classification under HKAS 39**	**Classification under HKFRS 9**	**Carrying amount under HKAS 39** *HK$'000*	**Carrying amount under HKFRS 9** *HK$'000*
Equity investments	*(i)*	Available-for-sale	FVTOCI	203,942	203,942
Club membership debenture		Available-for-sale	FVTOCI	1,013	1,013

The impact of these changes on the Group's equity is as follows:

	Note	Effect on investment revaluation reserve HK$'000	Effect on accumulated losses HK$'000
Opening balance – HKAS 39		–	(2,542,224)
Reclassify non-trading equity investments from available-for-sale to financial assets at FVTOCI	*(i)*	(136,654)	136,654
Opening balance – HKFRS 9		(136,654)	(2,405,570)

Notes:

(i) From available-for-sale ("AFS") financial assets to financial assets at FVTOCI

The Group elected to present in OCI for the fair value changes of all its equity investments previously classified as AFS financial assets, of which approximately HK$203,942,000 related to unquoted equity investments previously measured at cost less impairment under HKAS 39. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK$203,942,000 were reclassified from AFS financial assets to equity instruments at FVTOCI, of which HK$203,942,000 related to unquoted equity investments previously measured at cost less impairment under HKAS 39. Accordingly, impairment losses previously recognised of approximately HK$136,654,000 were transferred from accumulated losses to investment revaluation reserve as at 1 April 2018.

2.3 Impacts on opening condensed consolidated statement of financial position arising from the application of HKFRS 15 and HKFRS 9

As a result of the changes in the entity's accounting policies above, the opening condensed consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each individual line item.

	As at 31 March 2018 (Audited) *HK$'000*	HKFRS 15 *HK$'000*	HKFRS 9 *HK$'000*	**As at 1 April 2018 (Restated)** ***HK$'000***
ASSETS				
Non-current assets				
Property, plant and equipment	2,627,292	–	–	**2,627,292**
Prepaid land lease payments	1,376	–	–	**1,376**
Intangible assets	765,463	–	–	**765,463**
Available-for-sale financial assets	204,955	–	(204,955)	**–**
Equity instruments at fair value through other comprehensive income	–	–	203,942	**203,942**
Club membership debenture	–	–	1,013	**1,013**
Deposits for acquisitions	337,461	–	–	**337,461**
Total non-current assets	3,936,547	–	–	**3,936,547**
Current assets				
Prepaid land lease payments	102	–	–	**102**
Trade and bill receivables	440,783	(121,138)	–	**319,645**
Contract assets	–	111,004	–	**111,004**
Prepayments, deposits and other receivables	195,210	–	–	**195,210**
Financial assets at fair value through profit or loss	99,124	–	–	**99,124**
Derivative financial assets –Derivative component of the convertible bonds	10,958	–	–	**10,958**
Restricted bank deposit	311	–	–	**311**
Time deposit and cash and bank balances	526,994	–	–	**526,994**
Total current assets	1,273,482	(10,134)	–	**1,263,348**

	As at 31 March 2018 (Audited) *HK$'000*	HKFRS 15 *HK$'000*	HKFRS 9 *HK$'000*	**As at 1 April 2018 (Restated)** ***HK$'000***
LIABILITIES				
Current liabilities				
Trade payable	2	–	–	**2**
Other payables and accruals	275,666	–	–	**275,666**
Customers' deposits	331	(331)	–	**–**
Contract liabilities	–	331	–	**331**
Bank and other borrowings	349,335	–	–	**349,335**
Convertible bonds	375,554	–	–	**375,554**
Total current liabilities	1,000,888	–	–	**1,000,888**
Net current assets	272,594	(10,134)	–	**262,460**
Total assets less current liabilities	4,209,141	(10,134)	–	**4,199,007**
LIABILITIES				
Non-current liabilities				
Bank and other borrowings	2,004,014	–	–	**2,004,014**
Deferred tax liabilities	273,239	–	–	**273,239**
Total non-current liabilities	2,277,253	–	–	**2,277,253**
Net assets	1,931,888	(10,134)	–	**1,921,754**
EQUITY				
Equity attributable to owners of the company				
Share capital	23,436	–	–	**23,436**
Other reserves	1,903,959	(10,134)	–	**1,893,825**
	1,927,395	(10,134)	–	**1,917,261**
Non-controlling interests	4,493	–	–	**4,493**
Total equity	1,931,888	(10,134)	–	**1,921,754**

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 represent sale of electricity.

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 bulk commodities comprise the trading of solid, liquid and gaseous fuels and other related products and the trading of bulk commodities derivatives.

The CODMs monitor the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include unallocated corporate expenses, certain other income, finance cost and income tax. Segment assets do not include derivative financial assets, cash and cash equivalents, deposits for acquisitions and unallocated assets. Segment liabilities do not include convertible bonds, bank and other borrowings and unallocated liabilities.

(a) Segment revenue and results

For the six months ended 30 September 2018 (Unaudited)

	Clean energy HK$'000	Trading in securities HK$'000	Investments HK$'000	Trading of bulk commodities HK$'000	Trading of fur products HK$'000	Consolidated HK$'000
Segment revenue:						
Revenue from external customers	168,945	–	–	617,569	–	786,514
Dividend income	–	3,668	1,997	–	–	5,665
Reportable segment revenue	168,945	3,668	1,997	617,569	–	792,179
Segment results	57,071	(23,215)	–	8,057	–	41,913
Reconciliation:						
Interest income						1,424
Change in fair value of derivative component of convertible bonds						(10,958)
Unallocated corporate expenses						(26,717)
Profit from operation						5,662
Finance costs						(169,562)
Loss before tax						(163,900)
Income tax credit						3,382
Loss for the period						(160,518)

For the six months ended 30 September 2017 (Unaudited)

	Clean energy *HK$'000*	Trading in securities *HK$'000*	Investments *HK$'000*	Trading of fur-related products *HK$'000*	Consolidated *HK$'000*
Segment revenue:					
Revenue from external customers	86,411	–	–	–	86,411
Dividend income	–	158	112,046	–	112,204
Consolidated revenue	86,411	158	112,046	–	198,615
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 from operations					(14,082)
Finance costs					(89,482)
Loss before tax					(103,564)
Income tax credit					2,129
Loss for the period					(101,435)

(b) Segment assets and liabilities

At 30 September 2018 (Unaudited)

	Clean energy HK$'000	Trading in securities HK$'000	Investments HK$'000	Trading of bulk commodities HK$'000	Trading of fur products HK$'000	Unallocated HK$'000	Consolidated HK$'000
Reportable segment assets	3,802,405	45,857	218,219	165,371	–	327,627	4,559,479
Reportable segment liabilities	2,733,426	–	2,491	74,465	–	61,097	2,871,479

At 31 March 2018 (Audited)

	Clean energy HK$'000	Trading in securities HK$'000	Investments HK$'000	Trading of bulk commodities HK$'000	Trading of fur products HK$'000	Unallocated HK$'000	Consolidated HK$'000
Reportable segment assets	4,358,019	99,124	203,943	994	–	547,949	5,210,029
Reportable segment liabilities	2,674,819	–	2,491	1,557	–	599,274	3,278,141

(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 2018 HK$'000	2017 HK$'000
Hong Kong	**1,997**	112,046
Singapore	**617,569**	–
The PRC	**172,613**	86,569
Total revenue	**792,179**	198,615

4. REVENUE, OTHER INCOME AND OTHER LOSSES

	(Unaudited) Six months ended 30 September **2018** *HK$'000*	2017 *HK$'000*
Revenue		
Sales of electricity	**168,945**	86,411
Sales of bulk commodities	**617,569**	–
Dividend income from listed financial assets at fair value through profit or loss	**3,668**	158
Dividend income from unlisted available-for-sale financial assets	**–**	112,046
Dividend income from equity instruments at fair value through other comprehensive income	**1,997**	–
	792,179	198,615
Other income		
Bank interest income	**574**	4,553
Interest income from loan receivable	**850**	–
Imputed interest income of accrued revenue on tariff subsidy	**6,078**	–
Others	**–**	672
	7,502	5,225
Other losses, net		
Exchange loss, net	**(2,560)**	–
Impairment on unlisted available-for-sale financial assets	**–**	(84,853)
Fair value change on derivative components of convertible bonds	**(10,958)**	(16,271)
Net realised and unrealised loss on listed equity securities	**(26,883)**	(23,397)
Net realised and unrealised gains on derivative financial instruments	**12,271**	–
	(28,130)	(124,521)

5. FINANCE COSTS

	(Unaudited) Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
Interest expenses and redemption costs on convertible bonds	**75,649**	34,884
Interest on bank and other borrowings	**93,913**	54,598
	169,562	89,482

6. LOSS BEFORE TAX

	(Unaudited) Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
The Group's loss before tax is arrived at after charging:		
Write-off of deposits and other receivables (included in administrative and operating expenses)	**–**	1,445
Depreciation	**76,013**	38,480
Amortisation of intangible assets	**17,451**	17,033
Release of prepaid lease payments	**52**	26
Operating lease rentals on lands and buildings	**8,885**	7,642
Staff costs (including directors' remuneration)	**5,758**	7,937

7. INCOME TAX CREDIT

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 2018 and 30 September 2017. 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 enterprise income tax law of the PRC (the "PRC Enterprise Income Tax"). The standard PRC Enterprise Income Tax rate is 25% (six months ended 30 September 2017: 25%). During the six months ended 30 September 2018, nine subsidiaries (six months ended 30 September 2017: five) of the Group engaged 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 Enterprise Income Tax for the first three years, followed by a 50% tax exemption for the next three years.

	(Unaudited) Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
Deferred tax credit	**3,382**	2,129

8. PROPOSED INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: 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 2018 of HK$162,836,000 (six months ended 30 September 2017: HK$101,432,000). The basic loss per share is based on the weighted average number of 9,374,351,360 (six months ended 30 September 2017: 9,374,351,360) ordinary shares in issue during the six months ended 30 September 2018.

Diluted loss per share for the six months ended 30 September 2018 and 2017 are the same as the basic loss per share, as the Company's convertible bonds existed in the respective period 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 2018, the Group acquired items of property, plant and equipment with a total cost of approximately HK$28,000 (six months ended 30 September 2017: HK$433,549,000).

11. INTANGIBLE ASSETS

The net carrying amount of intangible assets at 30 September 2018 represents customer contract of HK$682,894,000 (31 March 2018: HK$765,463,000).

12. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/ AVAILABLE-FOR-SALE FINANCIAL ASSETS

	(Unaudited) 30 September 2018 *HK$'000*	(Audited) 31 March 2018 *HK$'000*
Equity instruments at fair value through other comprehensive income comprise:		
Unlisted equity securities, at fair value	**218,219**	–
Available-for-sale financial assets comprise:		
Club membership debenture, at fair value	**–**	1,013
Unlisted equity securities, at cost	**–**	203,942
	–	204,955

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	(Unaudited) 30 September 2018 *HK$'000*	(Audited) 31 March 2018 *HK$'000*
Deposits for acquisitions *(Note)*	**334,267**	337,461
Value-added tax recoverable	**59,666**	140,479
Prepayments, other deposits and receivables	**33,713**	54,731
	427,646	532,671
Less: current portion	**(93,379)**	(195,210)
Non-current Portion	**334,267**	337,461

Note:

On 11 December 2015, the Company entered into a letter of intent (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 the 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 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.

On 25 June 2018, the Company executed a second supplementary letter of intent such that the total amount of earnest money of HK$300 million can be used in other potential acquisition of solar power plants owned by the Potential Vendor.

On 13 March 2018, the Group entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with, inter alia, the Potential Vendor to acquire the entire equity interest in Ningxia Guxin Electricity Investment Company Limited 寧夏谷欣電力投資有限公司 which was mainly engaged in operation of solar power plant. Pursuant to the terms of the Sale and Purchase Agreement, the Company paid a deposit of RMB30,000,000 to the Potential Vendor, which is refundable if the acquisition cannot be completed. Details of the transaction are disclosed in the announcement issued by the Company on 13 March 2018. As at 30 September 2018, the potential acquisition is still in progress.

14. TRADE AND BILLS RECEIVABLES

An ageing analysis of trade receivables at the end of the reporting period based on the invoice date is as follows:

	(Unaudited) 30 September 2018 *HK$'000*	(Audited) 31 March 2018 *HK$'000*
Trade receivables		
Unbilled	**406,344**	396,506
Current to 30 days	**86,208**	13,802
31 days to 60 days	**1,213**	6,359
Over 60 days	**20,271**	17,635
	514,036	434,302
Bills receivables	**16,197**	6,481
	530,233	440,783

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 that are not considered to be impaired is as follows:

	(Unaudited) 30 September 2018 *HK$'000*	(Audited) 31 March 2018 *HK$'000*
Unbilled and neither past due nor impaired	**492,552**	410,308
Less than 1 month past due	**1,213**	6,359
1 to 3 months past due	**4,870**	3,750
Over 3 months past due	**15,401**	13,885
	21,484	23,994
	514,036	434,302

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 2018 (31 March 2017: nil). The Group does not hold any collateral over these balances.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) 30 September 2018 *HK$'000*	(Audited) 31 March 2018 *HK$'000*
Listed equity securities in		
– Hong Kong	**5,616**	8,160
– PRC	**40,241**	84,084
Unlisted investment funds	**–**	6,880
	45,857	99,124

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. DERIVATIVE FINANCIAL INSTRUMENTS

The Group's derivative financial instruments, denominated in United State dollars ("USD"), represent publicly traded contracts for crude oil-related products and are measured at fair value at the end of the reporting period based on quoted rates.

17. LOAN RECEIVABLE

On 31 July 2018, the Group entered into a HK$50,000,000 loan agreement ("HK$50M Loan") with a Hong Kong individual, who is an independent third party to the Group. The HK$50M Loan carries an interest rate of 10% and will be repayable for three months. The HK$50M Loan was secured by equity interests of a company incorporated in the British Virgin Island ("BVI") and 100% owned by the individual.

Upon the maturity, the HK$50M Loan's repayment date was extended for another three months with the other terms unchanged.

18. TRADE PAYABLES

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

	(Unaudited) 30 September 2018 *HK$'000*	(Audited) 31 March 2018 *HK$'000*
Less than 60 days	**75,868**	–
Over 60 days	**2**	2
	75,870	2

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

19. AMOUNT DUE TO A SHAREHOLDER

On 27 July 2018, the Group entered into a USD9,000,000 loan agreement (the "USD9M Loan") with a shareholder, Gorgeous Investment Group Holding Co., Limited ("Gorgeous Investment"), a company incorporated in the BVI and held 43.65% of the shares of the Company. The USD9M Loan was unsecured, carried an interest rate of 10% per annum and had a repayment term of three months. The USD9M Loan was fully settled upon maturity in October 2018.

20. BANK AND OTHER BORROWINGS

	(Unaudited) 30 September 2018 *HK$'000*	(Audited) 31 March 2018 *HK$'000*
Current		
Bank loans – secured *(Note i)*	**56,991**	62,435
Bank loan – secured *(Note ii)*	**60,000**	65,732
Other loans – secured *(Note iii)*	**377,168**	221,168
	494,159	349,335
Non-current		
Bank loans – secured *(Note i)*	**531,156**	613,112
Bank loan – secured *(Note ii)*	**390,001**	460,122
Other loan – secured *(Note iv)*	**544,834**	596,880
Other loan – secured *(Note v)*	**304,788**	333,900
	1,770,779	2,004,014
	2,264,938	2,353,349

The bank and other borrowings to be repayable as follows:

	(Unaudited) 30 September 2018 *HK$'000*	(Audited) 31 March 2018 *HK$'000*
Within one year	**494,159**	349,335
After 1 year but within 2 years	**849,622**	462,068
After 2 years but within 5 years	**358,952**	983,876
After 5 years	**562,205**	558,070
	1,770,779	2,004,014
	2,264,938	2,353,349

Notes:

(i) At 30 September 2018, the Group's bank borrowings of HK$588,147,000 (at 31 March 2018: HK$675,547,000) were guaranteed by a subsidiary company up to a total amount of the loan balance outstanding. According to the repayment terms set out in two separate agreements, the bank borrowings are repayable by semi-annual installments with the last installment due in July 2027 and September 2028, respectively. The bank borrowings are interest-bearing per annum at the benchmark interest rate for loans over 5 years determined by the People's Bank of China to financial institutions (at 31 March 2018: same).

(ii) At 30 September 2018, the Group's bank borrowing of HK$450,001,000 (at 31 March 2018: HK$525,854,000) was i) secured by the Group's property plant and equipment with net carrying amount of HK$1,058,092,000 (at 31 March 2018: HK$1,179,005,000) and trade receivables of HK$177,281,000 (at 31 March 2018: HK$157,337,000), respectively; ii) guaranteed by a related company, Shanghai Gorgeous Investment Development Company Limited（上海國之杰投資發展有限公司）("Shanghai Gorgeous"), which holds the entire equity interest of Gorgeous Investment and is managed by a common director of the Company, Mr. Ko Tin Kwok; and iii) secured by pledge of the entire equity interest of a PRC subsidiary company of the Company. The bank borrowing is repayable by semi-annual installments with the last installment due in January 2026 and is interest-bearing at 4.41% per annum.

(iii) At 30 September 2018, the Group's other borrowings, comprising two loans ("Loan A" and "Loan B", the details of Loan B is set out in Note 21 below) from two separate financial institutions in Hong Kong, carry interest at 10% per annum and are repayable within one year from the end of the reporting period. The principal amount of Loan A is USD30,000,000 which was mature in July 2018. The lender in principle agreed not to charge default interest to the Company as a series of discussion is underway between the Group and the lender to renew/extend the borrowing, which is expected to be concluded in due course.

Both the loans were secured by pledge of the share capital of certain subsidiaries of the Group and floating charges on property, assets, goodwill, rights and revenue of the Company and certain wholly-owned subsidiaries of the Company, Max Access Limited and Surplus Basic Limited, and were guaranteed by the Company's wholly-owned subsidiaries, Max Access Limited and Rising Group International Limited.

(iv) At 30 September 2018, the Group's other borrowing of HK$544,834,000 (at 31 March 2018: HK$596,880,000) was interest-bearing at 7.60% per annum, and was guaranteed by an independent company and Shanghai Gorgeous. According to the repayment terms, the other borrowing will be repayable in June 2020.

(v) At 30 September 2018, the Group's other borrowing of HK$304,788,000 (at 31 March 2018: HK$333,900,000) was interest-bearing at 7.00% per annum, and was guaranteed by a subsidiary of the Group. According to the repayment terms, the other borrowing will be repayable in November 2019.

21. CONVERTIBLE BONDS

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.

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 from a subscriber. The repurchased convertible bonds were cancelled upon completion. After the repurchase, there are three outstanding Convertible Bonds in principal amount of US$50,000,000 in total, 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.

Upon the Convertible Bonds' maturity, i.e. 30 July 2018, of the principal amount of US$50,000,000, US$30,000,000 was fully settled with 2 subscribers.

On 3 August 2018, the Company and the remaining Convertible Bonds subscriber entered into a deed of amendments of Convertible Bonds in the principal amount of US$20,000,000 to further extend the maturity date to 29 July 2019. The conversion period of the Convertible Bonds shall be the period commencing from the issue date of the Convertible Bonds, being 30 July 2015, up to 23 July 2018. The coupon rate of the Convertible Bonds shall be increased from 6% per annum to 10% per annum. Other terms and conditions of the original Convertible Bonds remain unchanged.

The extension of the debt is considered to be a substantial modification after taking into account all relevant facts and circumstances. As such, the Convertible Bonds were derecognised and other loan of approximately US$20,000,000 was recognised ("Loan B"). Further details are set out in the Company's announcements dated 3 August 2018 and 8 August 2018.

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.

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

	(Unaudited) Total
	HK$'000
Liability component	
Balance at 1 April 2017	**326,759**
Imputed interest expenses	**72,195**
Interest paid	**(23,400)**
Balance at 31 March and 1 April 2018	**375,554**
Transferred to other loan *(Note 20)*	**(156,000)**
Maturity of Convertible Bonds	**(234,000)**
Imputed interest expenses	**75,649**
Interest and redemption cost paid	**(61,203)**
Balance at 30 September 2018	**–**
Equity component	
Balance at 1 April 2017, 31 March and 1 April 2018	**160,017**
Maturity of Convertible Bonds	**(160,017)**
Balance at 30 September 2018	**–**
Derivative component – financial assets	
Balance at 1 April 2017	**25,865**
Change in fair value	**(14,907)**
Balance at 31 March and 1 April 2018	**10,958**
Change in fair value	**(10,958)**
Balance at 30 September 2018	**–**

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.

22. SHARE CAPITAL

	(Unaudited) Number of shares '000	Amount HK$'000
Authorised		
Ordinary shares of HK$0.0025 each		
At 1 April 2018 and 30 September 2018	120,000,000	300,000
Issued and fully paid		
At 1 April 2018 and 30 September 2018	9,374,351	23,436

During the six months ended 30 September 2018 and 2017, 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 2018 and 2017.

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 2018: 594,491,440), representing 6.3% (31 March 2018: 6.3%) of the issued share capital of the Company at the date of these condensed consolidated financial statements.

23. COMMITMENTS

a) Operating lease commitments

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 2018 ***HK$'000***	(Audited) 31 March 2018 *HK$'000*
Within one year	**10,046**	9,051
In the second to fifth years, inclusive	**12,225**	8,599
Over five years	**32,768**	37,007
	55,039	54,657

b) Capital commitments

At 30 September 2018 and 31 March 2018

The sale and purchase agreement dated 13 March 2018 entered into between the Group, Shanghai Guxin, Shangdong Runfeng Group Co. Ltd. 山東潤峰集團有限公司 ("Shangdong Runfeng"), Ningxia Guxin and Ningxia Ningdong Xinrun Photovoltaic Power Generation Company Limited 寧夏寧東欣潤光伏發電有限公司 ("Ningxia Ningdong"), pursuant to which the Group conditionally agreed to acquire, and Shanghai Guxin and Shangdong Runfeng conditionally agreed to sell, the entire equity interest in Ningxia Guxin, which wholly owns Ningxia Ningdong, a company that owns and operates the 300MW grid-connected solar power plant located in Ningdong, Ningxia, for the consideration of RMB834,781,000 (approximately HK$1,042,391,000) and the Group agreed to assume certain liabilities of Shanghai Guxin in the aggregate amount of RMB14,311,000 (approximately HK$17,870,000) and the details of which are disclosed in the announcements issued by the Company on 13 March 2018 and 24 May 2018.

24. 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	
	2018	2017
	HK$'000	*HK$'000*
Short-term employee benefits	**1,019**	3,193
Post-employment benefits	**45**	32
	1,064	3,225

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.

25. BUSINESS COMBINATIONS

During the six months ended 30 September 2017, the Group completed the following acquisitions:

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.

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.

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.

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
	(12,255)	(55,414)	(33,401)	(101,070)

Notes:

(a) Impact of acquisition on the results of the Group for the six months period ended 30 September 2017

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.

26. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

- Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

	(Unaudited)			
	Fair value measurement using:			Total 30 September 2018
	Level 1	Level 2	Level 3	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurements				
Financial assets				
Financial assets at fair value through profit or loss				
Equity securities listed in Hong Kong and the PRC	**45,857**	**–**	**–**	**45,857**
Financial assets at fair value through other comprehensive income				
Unlisted equity securities	**–**	**–**	**218,219**	**218,219**
Club membership debenture	**–**	**1,013**	**–**	**1,013**
	–	**1,013**	**218,219**	**219,232**
Derivative financial assets – commodity futures	**–**	**9,410**	**–**	**9,410**
Total recurring fair value measurements	**45,857**	**10,423**	**218,219**	**274,499**

	Fair value measurements using Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total 31 March 2018 HK$'000
Recurring fair value measurements				
Financial assets				
Financial assets at fair value through profit or loss				
Equity securities listed in Hong Kong and the PRC	92,244	–	–	92,244
Unlisted investment funds	–	6,880	–	6,880
	92,244	6,880	–	99,124
Derivatives				
Derivative component of the convertible bonds	–	–	10,958	10,958
Available-for-sale financial assets				
Club membership debenture	–	1,013	–	1,013
	–	1,013	10,958	11,971
	92,244	7,893	10,958	111,095

Reconciliation of assets measured at fair value based on level 3:

	Equity instruments at FVTOCI *HK$'000*	Derivative financial assets – derivative component of convertible bonds *HK$'000*
At 1 April 2018	203,942	10,958
Change in fair value recognised in condensed consolidated statement of profit or loss	–	(10,958)
Change in fair value recognised in other comprehensive income	14,277	–
At 30 September 2018	218,219	–

	31 March 2018
Share price of the Company	HK$0.88
Conversion price	HK$1.0532
Stock price volatility	33.03%
Time to maturity	0.33 years
Risk-free rate	1.77%
Credit spread	16.61%
Dividend yield	0.00%

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

There is no transfer between the different levels of the fair value hierarchy for the six months ended 30 September 2018.

27. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation. The changes included the reclassification of the net realised and unrealised losses on listed equity securities previously classified as revenue to other losses and the operating expenses for clean energy segment previously classified as administrative and operating expenses to cost of sales. The new classification of the accounting items was considered to provide a more appropriate presentation of the state of affairs of the Group.

RESULTS OF THE GROUP

During the first six months, the Group's revenue was HK$792,179,000 (2017: HK$198,615,000), an increase of 298.9% compared to the corresponding period last year. The increase in revenue was mainly attributable to i) increase in sales of electricity from HK$86,411,000 to HK$168,945,000 representing an increase of 95.5% when compared to corresponding period in last year; ii) increase in sales of bulk commodities (crude oil) of HK$617,569,000 (2017: Nil); and iii) dividend income of HK$5,665,000 (2017: HK$112,204,000) from financial assets.

The net losses for the period attributed to owners of the Company was HK$162,836,000, as compared to net losses of HK$101,432,000 for the last corresponding period, representing an increase in loss of 60.5%.

The increase in loss for the period was the combined effect of i) increase in revenue as stated above; and ii) increase in finance costs from HK$89,482,000 for the six months period ended 30 September 2017 to HK$169,562,000 for the six months period ended 30 September 2018, representing an increase of 89.5%.

The basic loss per share for the current period is HK1.74 cents (2017: a basic loss per share of HK1.08 cents), representing an increase by 61.1%.

BUSINESS REVIEW

Clean Energy Business

Clean-energy power generation business is the principal business of the Group. As at the end of the reporting period, the Group's power generation capacity is approximately 280 megawatt(s) ("MW") (2017: 180MW), all of which are photovoltaic power generation projects locating in four provinces, Gansu, Anhui, Jiangxi and Shandong, and one municipality, Shanghai.

During the period ended 30 September 2017, the Group completed acquisitions of 3 solar energy projects in Anhui, Jiangxi and Shandong Provinces, respectively, which have an aggregate production capacity of 50MW.

In November 2017, the Group acquired 100% equity interest in Qingdao Guxin Electricity Investment Company Limited 青島谷欣電力投資有限公司, which in return owns 100% equity interest in Jinchang Disheng Solar Energy Electricity Generation Company Limited 金昌迪生太陽能發電有限公司 ("Jinchang Disheng"). Jinchang Disheng owns and operates a 100MW solar power station located in Jinchang, Gansu Province, PRC.

During the period, the on-grid power generation was approximately 184,134,000 kilowatt hour(s) ("KWh") (2017: 95,478,000KWh) and generated revenue of approximately HK$168,945,000 as compared to revenue of approximately HK$86,411,000 in the corresponding period in last period. The revenue was mainly contributed by two 100% owned subsidiaries, namely Jinchang Jintai Photovoltaic Company Limited 金昌錦泰光伏電力有限公司and Jinchang Disheng, which have an aggregate production capacity of 200MW.

Segment profit of HK$57,071,000 was recorded during the period as compared to a profit of HK$12,431,000 in the corresponding period in last year. The increase was mainly attributable to 3 newly acquired solar plants in June 2017 and 1 newly acquired solar plant in November 2017, respectively.

Details of the Group's principal solar plants are as follows:

Jintai 100MW Project in Jinchang, Gansu: During the period, sale of electricity was 65,478,000 KWh (2017: 66,555,000 KWh), revenue was HK$56,266,000 (2017: HK$49,981,000), representing an increase of 12.6%.

Jiayang 10MW Project in Dezhou, Shandong: During the period, sale of electricity was 6,670,000 KWh (2017: 4,334,000 KWh), revenue was HK$7,555,000 (2017: HK$4,881,000), representing an increase of 54.8%.

Hongyang 20MW Project in Changfeng, Anhui: During the period, sale of electricity was 13,689,000 KWh (2017: 6,851,000 KWh), revenue was HK$17,500,000 (2017: HK$6,752,000), representing an increase of 159.2%.

Jinjian 20 MW Project in Gaoan, Jiangxi: During the period, sale of electricity was 13,122,000 KWh (2017: 5,141,000 KWh), revenue was HK$18,869,000 (2017: HK$6,080,000), representing an increase of 210.3%.

Disheng 100MW Project in Jinchang, Gansu: The project was newly acquired in November 2017. During the period, sales of electricity was 66,042,000 KWh, revenue was HK$56,046,000.

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 and unrealised loss resulted from trading of listed equity securities was HK$26,883,000 (2017: HK$23,397,000). Loss of HK$23,215,000 was recorded from this business sector during the period as compared to a record of segment loss of HK$23,239,000 for the same period in last year.

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. A dividend income of HK$1,997,000 (2017:HK$112,046,000) is recognised in profit or loss during the period.

The gain on change of fair value on these equity instruments at fair value through other comprehensive income of HK$14,277,000 (2017: an impairment loss of HK$84,853,000) was recognised during the period.

Trading of Bulk Commodities

In December 2017, the Group and Growth Rings Holdings Pte. Ltd., a company incorporated under the laws of Singapore and an independent third party, entered into a Promoters Agreement for the establishment of a trading company, which would be incorporated under the laws of Singapore. The trading company is to be principally engaged in (i) the trading of solid, liquid and gaseous fuels and other related products; and (ii) the trading of bulk commodities derivatives. Subsequent to that, in January 2018, the Group established a non-wholly owned subsidiary company, Gravifield Energy Trading Pte Ltd, in Singapore, which is held as to 70% by the Group and 30% by Growth Rings Holdings Pte. Ltd. Gravifield Energy Trading Pte Ltd commenced its business, principally crude oil trading and derivative trading, in Singapore in May 2018.

During the period, the revenue from this segment was HK$617,569,000 (2017: Nil) and recorded a segment profit of HK$8,057,000 (2017: Nil).

PROSPECTS

Response to global climate change has become a major topic around the world in recent years. Under the 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 and financial institutions in Hong Kong and PRC. As at 30 September 2018, the Group had cash and bank balances of approximately HK$184,670,000 (31 March 2018: HK$526,994,000). As at 30 September 2018, the Group's interest bearing borrowings (including bank and other borrowings and convertible bonds) amounted to approximately HK$2,264,938,000 (31 March 2018: HK$2,728,903,000). As at 30 September 2018, total equity attributable to owners of the Company amounted to approximately HK$1,681,187,000 (31 March 2018: HK$1,927,395,000). The gearing ratio was 123.7% as at 30 September 2018 (31 March 2018: 114.2%).

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 2018 *HK$'000*	(Audited) 31 March 2018 *HK$'000*
Bank and other borrowings	**2,264,938**	2,353,349
Convertible bonds	**–**	375,554
Total borrowings	**2,264,938**	2,728,903
Less: cash and cash equivalents	**(184,670)**	(526,994)
Net debt	**2,080,268**	2,201,909
Total equity attributable to owners of the Company	**1,681,187**	1,927,395
Gearing ratio	**123.7%**	114.2%

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

The Company had not conducted any equity fund raising activities both in the six months period ended 30 September 2017 and 2018.

During the six months period ended 30 September 2018, The Group's convertible bonds amounting to USD50,000,000 as held by three subscribers were mature in July 2018. Of the USD50,000,000, USD30,000,000 was settled with the remaining USD20,000,000 the expiry date be extended and certain terms changed including the removal of the convertible options, rendering the extended convertible bonds to become a borrowing. The details are in the Company's announcement dated 3 August 2018 and 8 August 2018. In addition, the Group's other borrowing of USD30,000,000 (HK$221,168,000) was also mature in end of July 2018. The lender in principle agreed not to charge default interest to the Company as a series of discussion is underway between the Group and the lender to renew/extend the borrowing, which is expected to be concluded in due course.

During the six months period ended 30 September 2017, the Group obtained a loan of RMB478,000,000 (approximately HK$561,172,000) from a financial institution to finance the acquisition of Jinchang Disheng, the acquisition of which was completed in November 2017.

CHARGES ON ASSETS

Details of bank and other borrowings and convertible bonds are set out in note 20 and 21 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 and USD. Currently the Group has not implement any foreign currency forward contracts to hedge the Group's exchange rate exposure. However, the Group will consider necessary policies, where needed, to minimise its foreign currency exposure in the future.

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 2018 stated in this report as follow:

Stock code (where applicable)	Name of investment	Principal Business	Nature of Investment	Percentage of total share capital	Carrying amount as at 1 April 2018	Fair value as at 30 September 2018	FVTOCI	Dividends received	Percentage of carrying amounts to the Group's total assets
					HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	
Equity instrument at fair value through other comprehensive income									
Not applicable	Satinu	Investment holding, property investment,commodities dealer, money lending, nominees, integrated financial services	Investment in shares	4.07%	164,738	164,835	97	–	3.6%

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

No significant event noted subsequent to the reporting period.

EMPLOYEES

As at 30 September 2018, the Group employed approximately 44 (31 March 2018: 45) employees in Hong Kong, Singapore 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 2018.

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 2018, 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$0.025 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 2018, 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 2018. There was no outstanding option granted to the Directors and chief executive at the beginning and at the six months ended 30 September 2018.

Save as disclosed above, as at 30 September 2018, (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

Save as disclosed in the condensed consolidated financial statements, 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 2018, 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%
Lai Leong	Beneficial owner	85,200,000	0.90%
	Interest of controlled corporation *(Note 10)*	677,736,000	7.23%
Oriental Day International Limited	Beneficial owner	677,736,000	7.23%
Safe Castle Limited	Beneficial owner *(Note 11)*	677,736,000 (L)	7.23%
China Shandong Hi-Speed Capital Limited	Interest of controlled Corporation *(Note 11)*	677,736,000 (L)	7.23%
China Shandong Hi-Speed Financial Group Limited	Interest of controlled Corporation *(Note 11)*	677,736,000 (L)	7.23%
DayShine Agricultural Supply Chain Investment Fund L.P.	Beneficial owner	650,000,000	6.93%
DayShine Fund Management (Cayman) Limited	Interest of controlled corporation *(Note 12)*	650,000,000	6.93%

Name of Shareholders	**Capacity**	**Number of Shares interested** *(Note 1)*	**Approximate percentage of issued Shares**
Shenzhen Dachang Fund Management Co., Ltd.	Interest of controlled corporation *(Note 13)*	650,000,000	6.93%
Shenzhen Yukai Industrial Co., Ltd.	Interest of controlled corporation *(Note 14)*	650,000,000	6.93%
Li Qinggao	Interest of controlled corporation *(Note 15)*	650,000,000	6.93%
Wang Leilei	Interest of controlled corporation *(Note 16)*	650,000,000	6.93%
Rationale (Holdings) Investment	Interest of controlled Corporation *(Note 17)*	650,000,000 (L)	6.93%
Rationale Investment (Shanghai)	Interest of controlled Corporation *(Note 18)*	650,000,000 (L)	6.93%
China Minsheng New Energy	Interest of controlled Corporation *(Note 19)*	650,000,000 (L)	6.93%
China Minsheng Investment	Interest of controlled Corporation *(Note 20)*	650,000,000 (L)	6.93%

Notes:

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

2. As at 30 September 2018, 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 2018, 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 2018, 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 2018, 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 2018, 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 2018, 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 2018, 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 2018, 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 2018, Oriental Day International Limited was held by Lai Leong as to 100% and Lai Leong was therefore deemed to have an interest in all the Shares in which Oriental Day International Limited was interested under the SFO.

11. As at 30 September 2018, 677,736,000 Shares were held by Safe Castle Limited, a wholly-owned subsidiary of China Shandong Hi-Speed Capital Limited, which in turn was a wholly-owned subsidiary of China Shandong Hi-Speed Financial Group Limited. China Shandong Hi-Speed Financial Group Limited (Stock Code: 412) is a listed company in the Stock Exchange. Accordingly, China Shandong Hi-Speed Capital Limited and China Shandong Hi-Speed Financial Group Limited were deemed to be interested in these Shares under the SFO.

12. As at 30 September 2018, DayShine Fund Management (Cayman) Limited ("DayShine Fund Management") was the general partner of DayShine Fund and was therefore deemed to have an interest in all the Shares beneficially owned by DayShine Agricultural Supply Chain Investment Fund L.P. ("DayShine Fund").

13. As at 30 September 2018, Shenzhen Dachang Fund Management Co., Ltd.*（深圳達昌基金管理有限公司）("Shenzhen Dacheng") was the sole shareholder of DayShine Fund Management and was therefore deemed to have an interest in all the Shares in which DayShine Fund Management was interested under the SFO.

14. As at 30 September 2018, Shenzhen Yukai Industrial Co., Ltd.*（深圳裕開實業有限公司）("Shenzhen Yukai") was the controlling shareholder of Shenzhen Dachang and was therefore deemed to have an interest in all the Shares in which Shenzhen Dachang was interested under the SFO.

15. As at 30 September 2018, Li Qinggao was the controlling shareholder of each of Shenzhen Dachang and Shenzhen Yukai and was therefore deemed to have an interest in all the Shares in which Shenzhen Dachang was interested under the SFO.

16. As at 30 September 2018, Wang Leilei was the controlling shareholder of Shenzhen Yukai and was therefore deemed to have an interest in all the Shares in which Shenzhen Yukai was interested under the SFO.

17. As at 30 September 2018, Rationale (Holdings) Investment Limited ("Rationale (Holdings) Investment") was the limited partner interested in 100% of DayShine Fund, and was therefore deemed to have an interest in all the Shares beneficially owned by DayShine Fund.

18. As at 30 September 2018, 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 in which Rationale (Holdings) Investment was interested under the SFO.

19. As at 30 September 2018, 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.

20. As at 30 September 2018, 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.

Save as disclosed above, as at 30 September 2018, 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 2018.

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 2018.

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 2018, 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 2018.

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 14 September 2018, Ms. Gao Shujuan tendered her resignation as an executive director of the Company as she would like to devote more time to purse her own businesses.

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 2018.

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 2018 (six months ended 30 September 2017: 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, 23 November 2018