



COSLIGHT TECHNOLOGY INTERNATIONAL GROUP LIMITED

Incorporated in Bermuda with limited liability
Stock Code : 1043

A large, abstract digital globe is the central focus of the cover. It is composed of numerous glowing lines and dots in shades of blue, cyan, and magenta, creating a sense of motion and connectivity. The globe is set against a dark blue background with a network of glowing nodes and lines, suggesting a global or digital network.

2019
Interim Report

CORPORATE INFORMATION

DIRECTORS

Executive

Mr. SONG Dian Quan
Ms. LUO Ming Hua
Mr. LI Ke Xue
Mr. XING Kai
Mr. ZHANG Li Ming
Mr. LIU Xing Quan

Independent Non-executive

Mr. LI Zeng Lin
Dr. GAO Yun Zhi
Ms. ZHU Yan Ling

QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

Mr. NG Kar Keung, CPA

AUDIT COMMITTEE

Mr. LI Zeng Lin
Dr. GAO Yun Zhi
Ms. ZHU Yan Ling

REMUNERATION COMMITTEE

Dr. GAO Yun Zhi
Mr. LI Zeng Lin
Mr. ZHANG Li Ming

NOMINATION COMMITTEE

Mr. SONG Dian Quan
Ms. ZHU Yan Ling
Mr. LI Zeng Lin

LEGAL ADVISER

DLA Piper Hong Kong
17th Floor, Edinburgh Tower
The Landmark
15 Queen's Road
Central
Hong Kong

AUDITOR

SHINEWING (HK) CPA Limited
43/F., Lee Garden One,
33 Hysan Avenue,
Causeway Bay,
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 2501-2502, COSCO Tower
181-183 Queen's Road Central
Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
China Construction Bank (Asia)
Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Notes	Six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue	4	853,835	1,695,308
Cost of sales		(626,986)	(1,463,024)
Gross profit		226,849	232,284
Other income		35,019	40,589
Gain on disposal of interest in an associate		–	241,990
Distribution and selling expenses		(37,241)	(41,844)
Administrative and other operating expenses		(158,308)	(173,414)
Finance costs	5	(46,973)	(52,739)
Impairment loss recognised		(40,353)	–
Share of results of associates		(3,509)	12,713
(Loss) profit before tax	6	(24,516)	259,579
Income tax expense	7	(9,959)	(56,302)
(Loss) profit for the period		(34,475)	203,277
Other comprehensive income for the period			
Items that may be subsequently reclassified to profit or loss:			
Exchange difference arising on translation of foreign operations		3,462	19,639
Share of exchange difference reserve of associates		2,125	7,461

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2019

	Notes	Six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Other comprehensive income for the period		5,587	27,100
Total comprehensive (expense) income for the period		(28,888)	230,377
(Loss) profit for the period attributable to:			
Owners of the Company		(33,414)	204,717
Non-controlling interests		(1,061)	(1,440)
		(34,475)	203,277
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(28,408)	229,946
Non-controlling interests		(480)	431
		(28,888)	230,377
(Loss) earnings per share			
– Basic and diluted	9	(RMB8.81 cents)	RMB52.74 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	At 30 June 2019 RMB'000 (Unaudited)	At 31 December 2018 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	10	2,185,134	2,158,064
Right-of-use assets	17	172,581	–
Other intangible assets		4,142	4,109
Goodwill		–	–
Prepaid lease payments		–	143,937
Deposits paid for acquisition of land		9,728	9,728
Interests in associates	11	292,787	302,860
Interest in a joint venture		1,000	1,000
Deposits paid for finance leases		2,152	13,909
Deferred tax assets		45,566	45,728
		2,713,090	2,679,335
Current assets			
Inventories		1,446,067	1,307,453
Trade and other receivables	12	2,276,143	2,453,827
Prepaid lease payments		–	3,613
Right-of-use assets	17	13,244	–
Amounts due from directors	16	637	360
Amounts due from related companies	16	214,618	117,829
Amount due from a joint venture	16	288	–
Amounts due from associates	16	185,817	168,849
Pledged bank deposits		250,858	317,954
Bank balances and cash		154,817	129,023
		4,542,489	4,498,908

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2019

	Notes	At 30 June 2019 RMB'000 (Unaudited)	At 31 December 2018 RMB'000 (Audited)
Current liabilities			
Trade and other payables	13	2,322,760	2,381,808
Contract liabilities		46,398	47,745
Amounts due to directors	16	–	2,834
Amounts due to related companies	16	534,198	413,116
Amounts due to non-controlling interests	16	1,475	1,276
Amounts due to associates	16	419,160	397,796
Tax payables		39,459	108,897
Bank borrowings	14	1,176,923	1,082,777
Lease liabilities	17	13,416	–
Obligations under finance leases		–	26,738
		4,553,789	4,462,987
Net current (liabilities) assets		(11,300)	35,921
		2,701,790	2,715,256
Capital and reserves			
Share capital	15	40,094	40,254
Reserves		2,211,922	2,242,804
Equity attributable to owners of the Company		2,252,016	2,283,058
Non-controlling interests		201,722	202,202
Total equity		2,453,738	2,485,260
Non-current liabilities			
Deferred tax liabilities		23,566	23,141
Lease liabilities	17	38,641	–
Obligations under finance leases		–	18,557
Deferred government grants		185,845	188,298
		248,052	229,996
		2,701,790	2,715,256

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the Company								Total	Non-controlling interests	Total
	Share capital	Share premium	Special reserve	Statutory reserves	Revaluation reserve	Exchange reserve	Other reserve	Accumulated profits			
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
At 1 January 2019 (Audited)	40,254	54,820	92,545	458,578	143,307	(10,573)	(117,927)	1,622,054	2,283,058	202,202	2,485,260
Loss for the period	-	-	-	-	-	-	-	(33,414)	(33,414)	(1,061)	(34,475)
Other comprehensive income for the period											
Exchange difference arising on translating of foreign operations	-	-	-	-	-	2,881	-	-	2,881	581	3,462
Share of exchange reserve of associates	-	-	-	-	-	2,125	-	-	2,125	-	2,125
Total comprehensive income (expense) for the period	-	-	-	-	-	5,006	-	(33,414)	(28,408)	(480)	(28,888)
Share repurchased (note 15)	(160)	(2,474)	-	-	-	-	-	-	(2,634)	-	(2,634)
At 30 June 2019 (Unaudited)	40,094	52,346	92,545	458,578	143,307	(5,567)	(117,927)	1,588,640	2,252,016	201,722	2,453,738
At 1 January 2018 (Audited)	41,012	73,177	92,545	393,773	176,847	(11,246)	(117,927)	1,637,069	2,285,250	175,524	2,460,774
Profit for the period	-	-	-	-	-	-	-	204,717	204,717	(1,440)	203,277
Other comprehensive income for the period											
Exchange difference arising on translating of foreign operations	-	-	-	-	-	17,768	-	-	17,768	1,871	19,639
Share of exchange reserve of associates	-	-	-	-	-	7,461	-	-	7,461	-	7,461
Total comprehensive income for the period	-	-	-	-	-	25,229	-	204,717	229,946	431	230,377
At 30 June 2018 (Unaudited)	41,012	73,177	92,545	393,773	176,847	13,983	(117,927)	1,841,786	2,515,196	175,955	2,691,151

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Net cash (used in) from operating activities	(25,444)	114,539
Net cash (used in) from investing activities	(111,684)	303,585
Net cash from (used in) financing activities	159,948	(423,109)
Net increase (decrease) in cash and cash equivalents	22,820	(4,985)
Cash and cash equivalents as at 1 January	129,023	292,878
Effect of changes in foreign exchange rate	2,974	11,951
Cash and cash equivalents as at 30 June, represented by bank balances and cash	154,817	299,844

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. GENERAL INFORMATION

Coslight Technology International Group Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company’s registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its head office and principal place of business in Hong Kong is located at Room 2501-2502, COSCO Tower, 181-183 Queen’s Road Central, Hong Kong.

The condensed consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company and its People’s Republic of China (the “PRC”) subsidiaries. Other than those PRC subsidiaries, the functional currency of those subsidiaries established in India is denoted in Indian Rupee (“INR”).

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in investment holding and the manufacture and sales of battery products.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2019 have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

3. PRINCIPAL AND CHANGE IN ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain property, plant and equipment which are measured at revalued amounts, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018 except as described below.

Application of new and amendments to HKFRSs

In the current period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2019.

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

The adoption of HKFRS 16 resulted in changes in the Group's accounting policies and adjustments to the amounts recognised in the condensed consolidated financial statements. The new accounting policies are set out below. The application of other new and amendments to HKFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. PRINCIPAL AND CHANGE IN ACCOUNTING POLICIES *(CONTINUED)*

Application of new and amendments to HKFRSs *(Continued)*

HKFRS 16 Leases

HKFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new accounting policies are described below. The Group has applied HKFRS 16 Leases retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of equity, where appropriate, at 1 January 2019, and has not restated comparatives for the 2018 reporting period as permitted under the specific transitional provisions in the standard. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 17 Leases.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which arrangements are, or contain, leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

The major impacts of the adoption of HKFRS 16 on the Group's condensed consolidated financial statements are described below.

The Group as lessee

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases (except for lease of low value assets and lease with remaining lease term of twelve months or less). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was ranged from 4.75% to 5.13%.

3. PRINCIPAL AND CHANGE IN ACCOUNTING POLICIES (CONTINUED)

Application of new and amendments to HKFRSs (Continued)

HKFRS 16 Leases (Continued)

The Group as lessee (Continued)

The Group recognises right-of-use assets and measures them at their carrying amount as if HKFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application.

The Group leases a number of items of production equipment. These leases were classified as finance leases under HKAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under HKAS 17 immediately before that date. Accordingly, the obligations under finance leases previously are now included within lease liabilities, and the carrying amount of the corresponding leased asset is identified as a right-of-use asset. There is no impact on the opening balance of equity.

The following table summarises the impact of transition to HKFRS 16 at 1 January 2019. Line items that were not affected by the adjustments have not been included.

		Carrying amount previously reported at 31 December 2018	Impact on adoption of HKFRS 16	Carrying amount as restated at 1 January 2019
	Notes	RMB'000	RMB'000	RMB'000
Right-of-use assets	(a) & (c)	–	197,789	197,789
Prepaid lease payment	(c)	147,550	(147,550)	–
Obligations under finance leases	(b)	45,295	(45,295)	–
Lease liabilities	(a) & (b)	–	95,534	95,534

3. PRINCIPAL AND CHANGE IN ACCOUNTING POLICIES *(CONTINUED)*

Application of new and amendments to HKFRSs *(Continued)*

HKFRS 16 Leases (Continued)

The Group as lessee (Continued)

Notes:

- (a) As at 1 January 2019, right-of-use assets were measured at an amount equal to the lease liability of approximately RMB50,239,000.
- (b) The obligations under finance leases of approximately RMB45,295,000 as at 31 December 2018 are now included within lease liabilities.
- (c) Prepaid lease payments of approximately RMB147,550,000 as at 31 December 2018 are now reclassified to right-of-use assets.

4. SEGMENT INFORMATION

For management purposes, the Group is currently organised into four major reporting divisions – sealed lead acid batteries and related accessories, lithium-ion batteries, nickel batteries and online game services.

Principal activities are as follows:

Sealed lead acid batteries and related accessories	–	manufacture and sale of sealed lead acid batteries and related accessories
Lithium-ion batteries	–	manufacture and sale of lithium-ion batteries
Nickel batteries	–	manufacture and sale of nickel batteries
Online game services	–	provision of online game services
Others	–	manufacture and sale of signal strength systems, electric and automation system, motor vehicle, pharmaceutical products and online game services

Inter-segment sale transactions are charged at prevailing market rates.

4. SEGMENT INFORMATION (CONTINUED)

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the six months ended 30 June 2019 (Unaudited)

	Sealed lead acid batteries and related accessories RMB'000	Lithium-ion batteries RMB'000	Nickel batteries RMB'000	Online game services RMB'000	Others RMB'000	Elimination RMB'000	Consolidated RMB'000
Revenue							
External sales	231,126	382,228	60,958	94,291	85,232	-	853,835
Inter-segment sales	89,444	32,668	140	-	16,852	(139,104)	-
Total	320,570	414,896	61,098	94,291	102,084	(139,104)	853,835
Results							
Segment (loss) profit	(20,406)	(9,178)	2,901	80,739	(10,550)	-	43,506
Unallocated operating income and expenses							(7,348)
Impairment loss of amount due from associates							(14,356)
Interest income							4,164
Finance costs							(46,973)
Share of results of associates							(3,509)
Loss before tax							(24,516)

4. SEGMENT INFORMATION (CONTINUED)

(a) Segment revenue and results (Continued)

For the six months ended 30 June 2018 (Unaudited)

	Sealed lead acid batteries and related accessories RMB'000	Lithium-ion batteries RMB'000	Nickel batteries RMB'000	Online game services RMB'000	Others RMB'000	Elimination RMB'000	Consolidated RMB'000
Revenue							
External sales	215,442	1,241,459	54,892	80,609	102,906	-	1,695,308
Inter-segment sales	67,993	15,765	111	-	4,779	(88,648)	-
Total	283,435	1,257,224	55,003	80,609	107,685	(88,648)	1,695,308
Results							
Segment (loss) profit	(42,465)	49,175	1,544	69,603	(18,935)	-	58,922
Unallocated operating income and expenses							(5,341)
Gain on disposal of interest in an associate							241,990
Interest income							4,034
Finance costs							(52,739)
Share of results of associates							12,713
Profit before tax							259,579

Segment (loss) profit represents the (loss) profit from each segment without allocation of central administration costs, directors' emoluments, interest income and certain other income, finance costs, gain on disposal of interest in an associate and share of results of associates. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

4. SEGMENT INFORMATION (CONTINUED)

(b) Segments assets and liabilities

The following tables present segment assets and liabilities of the Group's operating segments as at 30 June 2019 and 31 December 2018:

As at 30 June 2019 (Unaudited)

	Sealed lead acid batteries and related accessories RMB'000	Lithium-ion batteries RMB'000	Nickel batteries RMB'000	Online game services RMB'000	Others RMB'000	Consolidated RMB'000
ASSETS						
Segment assets	1,718,115	3,635,927	106,744	4,230	643,086	6,108,102
Interests in associates						292,787
Unallocated assets						854,690
Consolidated assets						7,255,579
LIABILITIES						
Segment liabilities	277,031	1,856,576	57,975	11,745	263,607	2,466,934
Unallocated liabilities						2,334,907
Consolidated liabilities						4,801,841

4. SEGMENT INFORMATION (CONTINUED)

(b) Segments assets and liabilities (Continued)

As at 31 December 2018 (Audited)

	Sealed lead acid batteries and related accessories RMB'000	Lithium-ion batteries RMB'000	Nickel batteries RMB'000	Online game services RMB'000	Others RMB'000	Consolidated RMB'000
ASSETS						
Segment assets	1,794,316	3,613,534	78,961	6,882	600,741	6,094,434
Interests in associates						302,860
Unallocated assets						780,949
Consolidated assets						7,178,243
LIABILITIES						
Segment liabilities	297,838	1,913,397	63,137	7,901	247,330	2,529,603
Unallocated liabilities						2,163,380
Consolidated liabilities						4,692,983

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than interests in associates, deferred tax assets, amounts due from directors, related companies, non-controlling interests and associates, pledged bank deposits, bank balances and cash and other corporate assets; and
- all liabilities are allocated to operating segments other than amounts due to directors, related companies, non-controlling interests and associates, obligations under finance leases, lease liabilities, tax payables, bank borrowings, deferred tax liabilities and other corporate liabilities.

5. FINANCE COSTS

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Interests on:		
– bank borrowings wholly repayable within five years	44,926	49,009
– Interest on lease liabilities/obligations under finance leases	2,047	3,730
	46,973	52,739

6. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting) the following items:

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Depreciation of property, plant and equipment	62,832	46,430
Amortisation of other intangible assets	234	256
Amortisation of prepaid lease payments	–	1,669
Reversal of impairment on trade receivables	–	(7,201)
Bank interest income	(4,164)	(4,034)
Deferred income in respect of government grants	(2,453)	(3,998)
Loss on written off of property, plant and equipment	159	–
Gain on disposal of property, plant and equipment	–	(18,944)
Net exchange gain	(720)	(307)

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Current tax:		
PRC Enterprise Income Tax	9,346	57,856
Deferred tax	613	(1,554)
	9,959	56,302

8. INTERIM DIVIDEND

No dividends were paid, declared or proposed during the reporting periods. The directors of the Company do not recommend the payment of an interim dividend (six months ended 30 June 2018: nil).

9. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share is based on the Group's loss attributable to owners of the Company for the period of approximately RMB33,414,000 (six months ended 30 June 2018: profit of RMB204,717,000) and the weighted average number of ordinary shares of 379,403,000 (six months ended 30 June 2018: 388,184,000) in issue during the period.

Since there were no potential dilutive shares in issue during the six months ended 30 June 2019 and 2018, basic and diluted (loss) earnings per share are the same for both periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB90,061,000 (six months ended 30 June 2018: approximately RMB184,042,000) on additions to property, plant and equipment. Net carrying value of property, plant and equipment amounted to approximately RMB159,000 was written off during the period (six months ended 30 June 2018: nil).

During the period, net carrying value of property, plant and equipment amounted to nil (six months ended 30 June 2018: RMB18,157,000) were disposed of, with no gain on disposal of property, plant and equipment was recognised in profit or loss (six months ended 30 June 2018: RMB18,944,000).

In the opinion of the directors of the Company, the aggregate carrying amount of the Group's buildings, plant and machinery, furniture, fixtures and equipment and motor vehicles as at 30 June 2019 and 2018 that is carried at revalued amount does not differ significantly from their estimated fair value. Consequently, no revaluation surplus or deficit has been recognised in the current period.

11. INTERESTS IN ASSOCIATES

	At 30 June 2019 RMB'000 (Unaudited)	At 31 December 2018 RMB'000 (Audited)
Costs of investments in unlisted associates	36,320	36,320
Share of post-acquisition profit and other comprehensive income, net of dividend received	256,467	266,540
	292,787	302,860

12. TRADE AND OTHER RECEIVABLES

	At 30 June 2019 RMB'000 (Unaudited)	At 31 December 2018 RMB'000 (Audited)
Trade and bills receivables	2,109,517	2,292,662
Less: impairment loss recognised	(294,036)	(267,985)
	1,815,481	2,024,677
Other receivables	460,662	429,150
	2,276,143	2,453,827

The Group allows credit period ranging from 90 to 270 days (2018: 90 to 270 days) to its trade customers. The Group granted a longer credit period to individual customers based on financial strength of customers to maintain the loyal customers. The following is an ageing analysis of trade and bills receivables net of impairment loss recognised on trade and bills receivables presented based on invoice date at the end of the reporting period.

	At 30 June 2019 RMB'000 (Unaudited)	At 31 December 2018 RMB'000 (Audited)
Within 90 days	391,483	720,187
91 days – 180 days	324,480	448,722
181 days – 270 days	277,458	318,784
271 days – 360 days	298,552	254,784
Over 1 year, but not exceeding 2 years	523,508	282,200
Trade and bills receivables	1,815,481	2,024,677

13. TRADE AND OTHER PAYABLES

The following is an ageing analysis of trade and bills payables presented based on the invoice received date at the end of the reporting period:

	At 30 June 2019 RMB'000 (Unaudited)	At 31 December 2018 RMB'000 (Audited)
Within 30 days	737,683	607,018
31 days – 60 days	83,141	355,962
61 days – 90 days	102,666	251,203
91 days – 180 days	415,234	317,602
Over 180 days	424,507	341,620
Trade and bills payables	1,763,231	1,873,405
Other payables	559,529	508,403
	2,322,760	2,381,808

14. BANK BORROWINGS

During the period, the Group obtained new bank borrowings of approximately RMB666,100,000 (six months ended 30 June 2018: approximately RMB532,190,000) and repaid bank borrowings of approximately RMB571,954,000 (six months ended 30 June 2018: approximately RMB889,703,000).

Bank borrowings carry interest at variable market rates ranging from 4.35% to 5.96% per annum (31 December 2018: 4.44% to 6.09% per annum) and have maturity periods ranging from one month to four years (31 December 2018: one month to four years).

14. BANK BORROWINGS (CONTINUED)

Approximately RMB240,000,000 (31 December 2018: approximately RMB250,000,000) of the Group's bank borrowings are secured by land use rights, property, plant and equipment and trade receivables and guaranteed by the executive director, Mr. Song Dian Quan. The proceeds were used to finance the operation of the Group.

15. SHARE CAPITAL

	Number of shares '000	Amount in original currency HK\$'000	Shown in the financial statements as RMB'000
Ordinary shares of HK\$0.10 each			
<i>Authorised:</i>			
At 31 December 2018 and 30 June 2019	1,000,000	100,000	107,000
<i>Issued and fully paid:</i>			
At 31 December 2018	379,584	37,958	40,254
Share repurchased	(1,810)	(181)	(160)
At 30 June 2019	377,774	37,777	40,094

16. RELATED PARTY TRANSACTIONS AND BALANCES

During the period, the Group had certain transactions and balances with related parties. Certain directors of the Company have beneficial interests in these related parties. Details of transactions and balances with these related parties are as follows:

(a) Transactions

Transactions with related parties

Name of related parties	Nature of transactions	Six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
哈爾濱光宇電纜電纜有限公司 Harbin Guangyu Electric Wire and Cable Company Limited ("HGEWC")*	Purchase of raw materials	3,516	5,690
瀋陽東北蓄電池有限公司	Sales of goods	46,701	39,330
瀋陽東北蓄電池有限公司	Purchase of raw materials	39,583	12,073

* *Direct translation of name in Chinese for identification only and is not official name in English.*

16. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Balances

(1) Amounts due from related companies

<u>Name of related companies</u>	At 30 June 2019 RMB'000 (Unaudited)	At 31 December 2018 RMB'000 (Audited)
哈爾濱開關有限責任公司 Harbin Switch Company Limited*	18,782	18,056
石家莊光宇高能電池材料有限公司 Shijia Zhuang Guangyu Battery Material Company Limited*	543	543
哈爾濱亞光新型隔板有限公司 Harbin Ya Guang Modern Separators Company Limited*	71	71
Global Universal Development Limited	83,686	77,467
光宇延邊蓄電池有限責任公司	5,052	5,034
杭州光宇電源有限公司 Hangzhou Guangyu Power Supply Limited*	482	482
北京光宇在線有限公司 Beijing Guangyu Online Limited*	14,994	-
天津盤龍科技有限責任公司	57,768	-
天津啟新明動科技有限責任公司	14,819	-
天津鳳舞雲動科技有限責任公司	1,000	-
光宇電源廠	478	-
哈爾濱光宇電池廠 Harbin Guangyu Battery Factory*	5	5
哈爾濱光宇開關廠	251	-

16. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Balances (Continued)

(1) Amounts due from related companies (Continued)

Name of related companies	At 30 June 2019 RMB'000 (Unaudited)	At 31 December 2018 RMB'000 (Audited)
哈爾濱光宇集團有限公司 Harbin Guangyu Group Company Limited*	20,000	18,194
哈爾濱光宇電線電纜有限公司 Harbin Guangyu Electric Wire and Cable Company Limited*	2,410	3,753
	220,341	123,605
Less: allowance for doubtful debts	(5,723)	(5,776)
	214,618	117,829

The amounts are unsecured, interest-free and repayable on demand.

* *Direct translation of name in Chinese for identification only and is not official name in English.*

16. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Balances (Continued)

(2) Amounts due from/to associates/directors/non-controlling interests, a joint venture, amounts due to related companies

The amounts are unsecured, interest-free and repayable on demand.

(c) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management are as follows:

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Short-term benefits	820	895
Post-employment benefits	13	17
	833	912

The remuneration of directors of the Company and other members of key management were determined by the remuneration committee having regard to the performance of individuals and market trends.

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

Upon adoption of HKFRS 16, on 1 January 2019, the Group recognised right-of-use assets approximately of RMB197,789,000 in respect of the leased properties. As at 30 June 2019, the carrying amounts of right-of-use assets were approximately of RMB185,825,000 in respect of the leased properties.

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(ii) Lease liabilities

Upon adoption of HKFRS 16, on 1 January 2019, the Group recognised lease liabilities approximately of RMB95,534,000. As at 30 June 2019, the carrying amount of lease liabilities was approximately of RMB52,057,000.

18. CAPITAL COMMITMENTS

	At 30 June 2019 RMB'000 (Unaudited)	At 31 December 2018 RMB'000 (Audited)
Capital expenditure contracted for but not provided in the financial statements in respect of:		
Acquisition of property, plant and equipment	523	5,480
Acquisition of additional equity interest in a subsidiary	69,230	69,230
	69,753	74,710

19. CONTINGENT LIABILITIES

The Group has issued guarantees in respect of banking facilities granted to an independent third party and an associate of approximately RMB185,000,000 (31 December 2018: approximately RMB154,000,000) without charge.

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair value.

REPORT OF THE BOARD

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the period ended 30 June 2019 (the “Period”), turnover of the Group’s continuing operation amounted to approximately RMB853,835,000 (2018: RMB1,695,308,000), representing a decrease of 50% over the corresponding period last year. The loss attributable to owners of the Company for the Period was RMB33,414,000 (2018: Profits, RMB204,717,000). This was mainly due to the disposal of stakes in one of our associates, Zhuhai Coslight Battery Company Limited which resulted in a gain of RMB241,990,000 in the same period of 2018. Loss per share for the Period was RMB8.81 cents (2018: Earnings, RMB52.74 cents).

DIVIDEND

The Board does not recommend the payment of an interim dividend to the shareholders for the Period (2018: nil).

BUSINESS REVIEW

Storage Lithium Battery and Lithium Power Battery

During the Period, the main customers of our storage lithium battery for communication were the telecom operators in India, Vietnam, South Africa and South Korea. During the Period, a total of approximately 55,000 sets of battery packs for base stations were delivered. This was a decrease of approximately 45% compared to approximately 100,000 units in the same period last year. This was mainly due to the supply of telecom operators in India last year was concentrated in the first half of the year. This year, they delayed some orders from the Period to the second half of the year. On the other hand, the PRC government 2019 new energy vehicles subsidies policy adjustments gave the electric vehicles industry a significant impact. Due to the decline in subsidies and weak demand for products, coupled with fierce market competition, product prices were under pressure and gross profit margins fell sharply.

Online Games

During the Period, “問道” revenue increased slightly compared with the same period of 2018. In the first half of the year, we updated the new paid game “浮生錄”, which is popular with players. In order to attract more players, based on the three featured servers, fixed digital server, anniversary server and PK server, we have used the high-end player PK competition this year to create a new star costume of “星耀中洲”, attracting a large number of celebrity players and their followers.

On the mobile side, we have started the construction of the mobile official website. At the same time, we further optimized the functions of the Guangyu APP, added related functions such as binding on the mobile phone, and re-planned the Guangyu APP finishing function and interface, further increasing users experience and enhance players’ adherence.

In addition, due to the policy adjustment of the government regulatory authorities, the suspension of the game version number, the Company’s self research and development products “創世三” and several mobile games, H5 game promotion plan has been affected to a certain extent. As the release of the game version is gradually restored, the promotion and operation of new products will gradually back to normal.

The online game business contributed a segment profit of RMB80,739,000 (2018: RMB69,603,000) to the Group, representing an increase of 16% over the corresponding period last year.

FINANCIAL REVIEW

Assets and liabilities

As at 30 June 2019, the Group had total assets of RMB7,255,579,000 (31.12.2018: RMB7,178,243,000) which were financed by current liabilities of RMB4,553,789,000 (31.12.2018: RMB4,462,987,000), non-current liabilities of RMB248,052,000 (31.12.2018: RMB229,996,000), equity attributable to owners of the Company of RMB2,252,016,000 (31.12.2018: RMB2,283,058,000) and non-controlling interests of RMB201,722,000 (31.12.2018: RMB202,202,000).

Liquidity, financial resources and capital structure

During the Period, the Group adopted prudent treasury policies in managing cash resources and bank borrowings. As at 30 June 2019, the Group had bank and cash balances amounted to RMB154,817,000 (31.12.2018: RMB129,023,000). The current bank borrowings of the Group as at 30 June 2019 were approximately RMB1,176,923,000 (31.12.2018: RMB1,082,777,000). These borrowings carry interest ranging from 4.35% to 5.96% (31.12.2018: from 2.92% to 6.09%) per annum. All bank and other borrowings were used to finance the Group's capital expenditures and working capital requirements.

Gearing and liquidity ratio

The Group's gearing ratio, defined as the ratio between sum of bank borrowing and obligations under finance leases or lease liabilities and shareholders' equity, was 50% (31.12.2018: 45%). The current ratio of the Group, represented by a ratio between current assets over current liabilities, was 100% (31.12.2018: 101%).

Charges on group assets

As at 30 June 2019, property, plant and equipment and trade receivables of the Group with carrying values of RMB540,732,000 (31.12.2018: RMB779,612,000) and RMBNil (31.12.2018: RMB34,256,000) respectively, were pledged to secure bank borrowings of approximately RMB623,144,000 (31.12.2018: RMB697,146,000). In addition, pledged bank deposits were used to secure trade and loan financing facilities granted to the Group.

Foreign currency risk

The Group did not have any significant exposure to foreign currency risk as most of the Group's operations are in the PRC and transactions are denominated in Renminbi.

PROSPECTS

Driven by the marketization of the PRC's new energy policy, the industry has gradually separated from the impact of subsidies. We expect the price of new energy electric vehicles to bottom out in the second half of 2019, and demand will restore to grow. According to our orders on hand and current market conditions, our power battery delivery and sales revenue in the second half of the year will be expected to increase compared with the first half.

In the second half of 2019, we will launch a new expansion pack, new feature suits and different featured servers to meet the needs of different players. At the same time, we will also carry out a comprehensive revision of our Guangyu APP to create a small Guangyu community. In addition, the company's PC game “創世三” also entered into the preparatory stage of operation. It will be launched at the end of 2019.

OTHER INFORMATION

Employees and remuneration policies

As of 30 June 2019, the number of Group's employee in PRC reduces to 5,996 (2018: 6,969) due to an automated production process and reduced production volume. The Group has adopted continuous human resources development and training programmes to maintain high level of product quality and customer services. Remuneration package is generally structured by reference to market conditions and individual performance.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the Period, the Company repurchased an aggregate of 1,810,000 shares of its own issued ordinary shares, none of which have been cancelled during the period, through the Hong Kong Stock Exchange at an aggregate consideration of approximately HKD2.96 million excluding transaction costs. Save for the aforesaid, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

Details of the shares repurchases are as follows:

Date	number of shares repurchase	Highest price per share HKD	lowest price per share HKD	Aggregate Consideration HKD
11 June 2019	610,000	1.64	1.60	993,200
12 June 2019	600,000	1.64	1.63	981,000
13 June 2019	600,000	1.64	1.64	984,000

CORPORATE GOVERNANCE CODE

Throughout the reporting period, the Company has applied and complied with the code provisions in the Corporate Governance Code (the “CG Code”) set out in Appendix 14 of the Listing Rules except for the deviation from Code provision A.4.1 in respect of the service term of directors of the Company.

Code provision A.4.1 stipulates that non-executive directors of the Company should be appointed for a specific term and subject to re-election. None of the existing independent non-executive directors of the Company is appointed for specific term and this constitutes a deviation from Code provision A.4.1. However, in accordance with the bye-laws of the Company, at each annual general meeting one-third of the directors of the Company for the time being (or, if their number is not a multiply of three, the number nearest to but not less than one-third) shall retire from office by rotation such that each director of the Company (including those appointed for a specific term) will be subject to retirement by rotation at least every three years at the annual general meeting. As such, the Company considers that sufficient measures have been taken to ensure the Company’s corporate governance code are similar to those in the Code.

SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all directors of the Company, the Company was not aware of any non-compliance with the required standard set out in the Model Code and its code of conduct regarding directors’ securities transactions.

DISCLOSURE OF INTERESTS

(1) Directors

As at 30 June 2019, the interests of each Director in the shares, underlying shares and debentures of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which have been notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director was taken or deemed to have under such provisions of the SFO) or as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Long Position

Ordinary shares of HK\$0.10 each of the Company

<u>Name of Director</u>	<u>Type of interests</u>	<u>Capacity</u>	<u>No. of shares held</u>	<u>Percentage of interest</u>
SONG Dian Quan	Personal	Beneficial owner	261,523,300	68.90%
LUO Ming Hua	Personal	Beneficial owner	3,186,027	0.84%
LI Ke Xue	Personal	Beneficial owner	512,793	0.14%
XING Kai	Personal	Beneficial owner	370,793	0.10%
LIU Xing Quan	Personal	Beneficial owner	793	0.00%

Save as disclosed above, as at 30 June 2019, there were no other interests or short positions of the Directors and chief executive of the Company in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which have been notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director was taken or deemed to have under such provisions of the SFO) or recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

(2) Substantial Shareholders and Others

As at 30 June 2019, there were no other interest and short positions of every person, other than the Directors and chief executive of the Company, in the shares and underlying shares of the Company which have been notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept under section 336 of the SFO.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive directors, namely Mr. Li Zeng Lin, Dr. Gao Yun Zhi and Ms. Zhu Yan Ling with Mr. Li Zeng Lin as the chairman. The primary duties of the Audit Committee are to review and monitor the Group's financial reporting process and internal control system, as well as to provide relevant recommendations and advices to the Board. The unaudited interim results of the Group for the six months ended 30 June 2019 have been reviewed by the Audit Committee.

BOARD OF DIRECTORS

As at the date of this report, the executive directors of the Company are Mr. Song Dian Quan, Ms. Luo Ming Hua, Mr. Li Ke Xue, Mr. Xing Kai, Mr. Zhang Li Ming and Mr. Liu Xing Quan; and the independent non-executive directors are Mr. Li Zeng Lin, Dr. Gao Yun Zhi and Ms. Zhu Yan Ling.

By Order of the Board
SONG Dian Quan
Chairman

Harbin, the PRC, 30 August 2019