CSE

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

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

2019 Interim Report

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS
Executive Directors
Mr. Zhang Liang
(Chairman and Chief Executive Officer)
(appointed as an executive director on 20 August 2019 and Chairman of the Board on 30 August 2019)
Mr. Ko Tin Kwok *(Vice Chairman)*
Mr. Hu Hanyang
Mr. Weng Xiaoquan
Mr. Sun Liang
(resigned as an executive director and Chairman of the Board on 30 August 2019)
Ms. Zhao Li
(resigned on 6 June 2019)
Mr. Zeng Weibing
(resigned on 16 August 2019)

Independent Non-executive Directors
Mr. Fok Ho Yin, Thomas
Mr. Li Hui
Mr. Lam Cheung Mau

COMPANY SECRETARY
Ms. Lui Mei Yan Winnie
(appointed on 16 April 2019)
Mr. Suen To Wai
(resigned on 16 April 2019)

AUTHORISED REPRESENTATIVES
Mr. Zhang Liang
(appointed on 30 August 2019)
Ms. Lui Mei Yan Winnie
(appointed on 16 April 2019)
Mr. Suen To Wai
(resigned on 16 April 2019)
Ms. Zhao Li
(resigned on 6 June 2019)
Mr. Ko Tin Kwok
(appointed on 6 June 2019 and resigned on 30 August 2019)

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. Zhang Liang *(Chairman)*
(appointed on 30 August 2019)
Mr. Ko Tin Kwok
(resigned as Chairman on 30 August 2019)
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
Wan Chai
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 54, 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 June 2019 together with comparative figures for the corresponding period from 1 April 2018 to 30 September 2018. These condensed consolidated financial statements have not been audited but have been reviewed by the Company's audit committee (the "Audit Committee").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

		(Unaudited)	
		1 January 2019 to 30 June 2019	1 April 2018 to 30 September 2018
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**183,062**	792,179
Cost of sales		**(130,277)**	(726,419)
Gross profit		**52,785**	65,760
Other income	*4*	**5,493**	7,502
Other gain(losses), net	*4*	**11,360**	(28,130)
Administrative and operating expenses		**(38,181)**	(39,470)
PROFIT FROM OPERATION		**31,457**	5,662
Finance costs	*5*	**(79,112)**	(169,562)
LOSS BEFORE TAX	*6*	**(47,655)**	(163,900)
Income tax credit	*7*	**4,484**	3,382
LOSS FOR THE PERIOD		**(43,171)**	(160,518)

	Notes	(Unaudited) 1 January 2019 to 30 June 2019 HK$'000	1 April 2018 to 30 September 2018 HK$'000
ATTRIBUTABLE TO:			
Owners of the Company		**(39,425)**	(162,836)
Non-controlling interests		**(3,746)**	2,318
		(43,171)	(160,518)
PROPOSED INTERIM DIVIDEND	*8*	**–**	–
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*9*		
Basic		**HK(0.42) cents**	HK(1.74) cents
Diluted		**HK(0.42) cents**	HK(1.74) cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	(Unaudited) 1 January 2019 to 30 June 2019 HK$'000	1 April 2018 to 30 September 2018 HK$'000
LOSS FOR THE PERIOD	**(43,171)**	(160,518)
OTHER COMPREHENSIVE INCOME/(EXPENSE):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**1,130**	(87,513)
Item that will not be reclassified to profit or loss:		
Fair value change on equity instruments at fair value through other comprehensive income (FVTOCI)	**(57,434)**	14,277
Other comprehensive income for the period, net of tax	**(56,304)**	(73,236)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	**(99,475)**	(233,754)
ATTRIBUTABLE TO:		
Owners of the Company	**(95,729)**	(236,074)
Non-controlling interests	**(3,746)**	2,320
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	**(99,475)**	(233,754)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	(Unaudited) 30 June 2019 HK$'000	(Audited) 31 December 2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	**2,243,648**	2,289,703
Prepaid lease payments		**–**	1,183
Intangible assets	11	**655,348**	672,683
Equity instruments at fair value through other comprehensive income	12	**208,311**	265,745
Club membership debenture		**130**	130
Deposits for acquisitions	13	**334,128**	334,155
Right-of-use assets		**33,402**	–
Contract assets		**18,000**	6,785
		3,492,967	3,570,384
CURRENT ASSETS			
Trade and bills receivables	14	**504,061**	396,847
Contract assets		**18,459**	29,220
Prepayments, deposits and other receivables	13	**110,939**	115,513
Prepaid lease payment		**–**	93
Financial assets at fair value through profit or loss	15	**17,509**	49,058
Derivative financial instruments	16	**13,277**	5,487
Loan receivable	17	**40,000**	57,800
Restricted bank deposit		**284**	284
Cash and cash equivalents		**27,350**	125,817
		731,879	780,119

	Notes	(Unaudited) 30 June 2019 HK$'000	(Audited) 31 December 2018 HK$'000
CURRENT LIABILITIES			
Trade payables	*18*	**12,151**	–
Other payables and accruals		**263,875**	237,877
Bank and other borrowings	*19*	**1,181,611**	787,891
Current tax liabilities		**589**	1,472
		1,458,226	1,027,240
NET CURRENT LIABILITIES		**(726,347)**	(247,121)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,766,620**	3,323,263
NON-CURRENT LIABILITIES			
Bank and other borrowings	*19*	**979,501**	1,464,293
Lease liabilities		**32,388**	–
Deferred tax liabilities		**239,417**	244,181
		1,251,306	1,708,474
NET ASSETS		**1,515,314**	1,614,789
CAPITAL AND RESERVES			
Share capital	*20*	**23,436**	23,436
Reserves		**1,488,809**	1,584,538
Total equity attributable to owners of the Company		**1,512,245**	1,607,974
Non-controlling interests		**3,069**	6,815
TOTAL EQUITY		**1,515,314**	1,614,789

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)
Six months ended 30 June 2019
Attributable to owner of the Company

	Share capital *HK$'000*	Share premium *HK$'000*	Contributed surplus *HK$'000*	Investment revaluation reserve *HK$'000*	Exchange fluctuation reserve *HK$'000*	Statutory reserve fund *HK$'000*	Accumulated losses *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total Equity *HK$'000*
Balance at 1 January 2019	**23,436**	**4,157,427**	**77,102**	**(74,849)**	**(87,413)**	**6,934**	**(2,494,663)**	**1,607,974**	**6,815**	**1,614,789**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(39,425)**	**(39,425)**	**(3,746)**	**(43,171)**
Other comprehensive (expense) income for the period:										
Exchange difference on translation of foreign operations	**–**	**–**	**–**	**–**	**1,130**	**–**	**–**	**1,130**	**–**	**1,130**
Fair value change on non-trading equity investments	**–**	**–**	**–**	**(57,434)**	**–**	**–**	**–**	**(57,434)**	**–**	**(57,434)**
Changes in equity for the period	**–**	**–**	**–**	**(57,434)**	**1,130**	**–**	**(39,425)**	**(95,729)**	**(3,746)**	**(99,475)**
Balance at 30 June 2019	**23,436**	**4,157,427**	**77,102**	**(132,283)**	**(86,283)**	**6,934**	**(2,534,088)**	**1,512,245**	**3,069**	**1,515,314**

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

	Share capital *HK$'000*	Share premium *HK$'000*	Contributed surplus *HK$'000*	Convertible bonds equity reserve *HK$'000*	Investment revaluation reserve *HK$'000*	Exchange fluctuation reserve *HK$'000*	Statutory reserve fund *HK$'000*	Accumulated losses *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total Equity *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	–	–	–	–	–	(564)	–	(9,570)	(10,134)	–	(10,134)
– HKFRS 9	–	–	–	–	(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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	(Unaudited) 1 January 2019 to 30 June 2019 HK$'000	1 April 2018 to 30 September 2018 HK$'000
Net cash flows generated from operating activities	**18,730**	78,510
Net cash flows from(used in) investing activities	**51,638**	(38,154)
Net cash flows used in financing activities	**(168,787)**	(377,412)
Net decrease in cash and cash equivalents	**(98,419)**	(337,056)
Effect of foreign exchange rate changes	**(48)**	(5,268)
Cash and cash equivalents at beginning of period	**125,817**	526,994
Cash and cash equivalents at end of period	**27,350**	184,670
Analysis of the balances of cash and cash equivalents		
Time deposit and cash and bank balances	**27,350**	184,670

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2019 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 nine-month period ended 31 December 2018, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

The Group changed its financial year end date from 31 March to 31 December in order to align the financial year end date of the Company with those of its principal subsidiaries in the People's Republic of China (the "PRC"), which are statutorily required to close their accounts with the financial year end date of 31 December. Upon the adoption, the subsequent interim period end date changed to 30 June accordingly. In this regard, the current interim period of condensed consolidated financial statements covered a six-month period ended 30 June 2019 and the comparative figures covered a six-month period ended 30 September 2018. The comparative amounts therefore may not be entirely comparable.

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 June 2019 are the same as those followed in the preparation of the Group's annual financial statements for the nine months ended 31 December 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 January 2019 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interest in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 Leases , Amendments to HKAS 28 Long-term Interests in Associates and Joint Ventures and HK(IFRIC)-Int 23 Uncertainty over Income Tax Treatments , the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

(a) HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases – Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 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.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of properties. As a lessee, the Group previously classified leases as operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings.

The right-of-use assets for most leases were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured at fair value applying HKAS 40.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	Increase/ (decrease) *HK$'000* (Unaudited)
Assets	
Increase in right-of-use assets	38,106
Decrease in prepaid land lease payments	(1,276)
Increase in total assets	36,830
Liabilities	
Increase in lease liabilities	36,830
Increase in total liabilities	36,830

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	HK$'000 (Unaudited)
Operating lease commitments as at 31 December 2018	58,707
Weighted average incremental borrowing rate as at 1 January 2019	6.0%
Discounted operating lease commitments as at 1 January 2019	36,830

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for 'investment properties'.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities, and the movement during the period are as follow:

	Right-of-use assets			**Lease liabilities**
	Land	**Buildings**	**Sub-total**	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January 2019	1,276	36,830	38,106	36,830
Depreciation charge	(55)	(4,649)	(4,704)	–
Interest expense	–	–	–	989
Payments	–	–	–	(5,431)
As at 30 June 2019	1,221	32,181	33,402	32,388

(b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continue to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the Group's interim condensed consolidated financial information.

(c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

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, other gain(loss), net, 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 bank and other borrowings and unallocated liabilities.

(a) Segment revenue and results

For the six months ended 30 June 2019 (Unaudited)

	Clean energy *HK$'000*	Trading in securities *HK$'000*	Investments *HK$'000*	Trading of bulk commodities *HK$'000*	Consolidated *HK$'000*
Segment revenue:					
Revenue from external customers	157,786	–	–	23,762	181,548
Dividend income	–	1,171	343	–	1,514
Reportable segment revenue	157,786	1,171	343	23,762	183,062
Segment results	58,017	7,367	(21)	(11,115)	54,248
Reconciliation:					
Interest income					2,491
Unallocated corporate expenses					(25,282)
Profit from operation					31,457
Finance costs					(79,112)
Loss before tax					(47,655)
Income tax credit					4,484
Loss for the period					(43,171)

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*	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)

(b) Segment assets and liabilities

At 30 June 2019 (Unaudited)

	Clean energy HK$'000	Trading in securities HK$'000	Investments HK$'000	Trading of bulk commodities HK$'000	Unallocated HK$'000	Consolidated HK$'000
Reportable segment assets	**3,510,241**	**29,269**	**208,441**	**25,826**	**451,069**	**4,224,846**
Reportable segment liabilities	**2,065,129**	**375,955**	**2,457**	**25,985**	**240,006**	**2,709,532**

At 31 December 2018 (Audited)

	Clean energy HK$'000	Trading in securities HK$'000	Investments HK$'000	Trading of bulk commodities HK$'000	Unallocated HK$'000	Consolidated HK$'000
Reportable segment assets	3,493,037	85,377	270,050	973	501,066	4,350,503
Reportable segment liabilities	1,736,572	546,161	2,528	2,434	448,019	2,735,714

(c) Geographical information

Revenue from external customers

The Group's activities are conducted predominantly in the PRC, the Republic of Singapore ("Singapore") 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) **1 January 2019 to 30 June 2019** ***HK$'000***	1 April 2018 to 30 September 2018 *HK$'000*
Hong Kong	**343**	1,997
Singapore	**23,762**	617,569
The PRC	**158,957**	172,613
Total revenue	**183,062**	792,179

4. REVENUE, OTHER INCOME AND OTHER LOSSES

	(Unaudited) 1 January 2019 to 30 June 2019 HK$'000	1 April 2018 to 30 September 2018 HK$'000
Revenue from contracts with customers		
Disaggregated by major products or service lines		
– Sale of electricity	**157,786**	168,945
– Sale of bulk commodities	**23,762**	617,569
	181,548	786,514
Revenue from other sources		
Dividend income from listed financial assets at fair value through profit or loss ("FVTPL")	**1,171**	3,668
Dividend income from unlisted equity instruments at FVTOCI	**343**	1,997
	1,514	5,665
	183,062	792,179
Other income		
Bank interest income	**105**	574
Interest income from loan receivable	**2,386**	850
Imputed interest income of accrued revenue on tariff subsidy	**3,002**	6,078
	5,493	7,502
Other gain(losses), net		
Exchange loss, net	**(157)**	(2,560)
Fair value change on derivative components of convertible bonds	**–**	(10,958)
Net realised and unrealised gain(loss) on listed equity securities	**6,196**	(26,883)
Net realised and unrealised gain on derivative financial instruments	**5,321**	12,271
	11,360	(28,130)

5. FINANCE COSTS

	(Unaudited) 1 January 2019 to 30 June 2019 HK$'000	1 April 2018 to 30 September 2018 HK$'000
Interest expenses and redemption costs on convertible bonds	**–**	75,649
Interest on bank and other borrowings	**79,112**	93,913
	79,112	169,562

6. LOSS BEFORE TAX

	(Unaudited) 1 January 2019 to 30 June 2019 HK$'000	1 April 2018 to 30 September 2018 HK$'000
The Group's loss before tax is arrived at after charging:		
Depreciation of property, plant and equipment	**71,828**	76,013
Depreciation of right-of-use assets	**4,683**	–
Amortisation of intangible assets	**17,072**	17,451
Release of prepaid lease payments	**–**	52
Operating lease rentals on lands and buildings	**2,203**	8,885
Staff costs (including directors' remuneration)	**11,481**	5,758

7. INCOME TAX CREDIT

No provision for Hong Kong Profits Tax is required since the Company has no assessable profit for the period from 1 January 2019 to 30 June 2019 and comparative period from 1 April 2018 to 30 September 2018.

Singapore Corporate Tax has been provided at a rate of 17% on the estimated assessable profit for the period from 1 January 2019 to 30 June 2019 (six months ended 30 September 2018: 17%).

PRC Enterprises Income Tax has been provided at a rate of 25% (six months ended 30 September 2018: 25%). During the period, nine (six months ended 30 September 2018: nine) subsidiaries of the Group which are engaging in the operation of solar power plants and distributed 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.

Tax charge on profits assessable elsewhere was calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

	(Unaudited) **1 January 2019 to 30 June 2019** ***HK$'000***	1 April 2018 to 30 September 2018 *HK$'000*
Deferred tax credit	**4,484**	3,382

8. PROPOSED INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2019 (six months ended 30 September 2018: nil).

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic and diluted earnings per share is based on the following:

	(Unaudited) 1 January 2019 to 30 June 2019 HK$'000	1 April 2018 to 30 September 2018 HK$'000
Earnings		
Loss for the period attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	**(39,425)**	(162,836)
Weighted average number of ordinary shares in issue *(thousands)*	**9,374,351**	9,374,351

Diluted loss per share for the period from 1 January 2019 to 30 June 2019 is the same as the basic loss per share.

Diluted loss per share for period from 1 April 2018 to 30 September 2018 is the same as the basic loss per share, as the Company's outstanding convertible bonds had an anti-dilutive effect on the basic loss per share for the period then ended.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group did not acquire additional items of property, plant and equipment (six months ended 30 September 2018: HK$28,000).

11. INTANGIBLE ASSETS

The net carrying amount of intangible assets at 30 June 2019 represents customer contract of HK$655,348,000 (31 December 2018: HK$672,683,000).

12. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	(Unaudited) 30 June 2019 *HK$'000*	(Audited) 31 December 2018 *HK$'000*
Equity instruments at fair value through other comprehensive income comprise:		
Unlisted equity securities, at fair value	**208,311**	265,745

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	(Unaudited) 30 June 2019 *HK$'000*	(Audited) 31 December 2018 *HK$'000*
Deposits for acquisitions *(Note)*	**334,128**	334,155
Value-added tax recoverable	**78,749**	91,826
Prepayments, other deposits and receivables	**42,190**	23,687
	455,067	449,668
Less: current portion	**(110,939)**	(115,513)
Non-current Portion	**334,128**	334,155

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 June 2019, 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 June 2019 *HK$'000*	(Audited) 31 December 2018 *HK$'000*
Trade receivables		
Unbilled	**487,322**	386,547
Current to 30 days	**12,189**	2,774
	499,511	389,231
Bills receivables	**4,550**	7,616
	504,061	396,847

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 June 2019 *HK$'000*	(Audited) 31 December 2018 *HK$'000*
Unbilled and neither past due nor impaired	**487,322**	386,457
Less than 1 month past due	**12,189**	2,774
	499,511	389,231

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. The Group does not hold any collateral over these balances.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) 30 June 2019 *HK$'000*	(Audited) 31 December 2018 *HK$'000*
Listed equity securities in		
– Hong Kong	**–**	5,616
– PRC	**17,495**	39,093
Unlisted investment funds	**14**	4,349
	17,509	49,058

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

	(Unaudited) **30 June** **2019** ***HK$'000***	(Audited) 31 December 2018 *HK$'000*
Shareholder's loan receivable, with the principal amount of HK$50,000,000	**40,000**	50,000
Loan receivable with the principal amount of USD1,000,000	**–**	7,800
	40,000	57,800

On 31 July 2018, the Group entered into a HK$50 million loan agreement ("HK$50M Loan") with a then shareholder, a Hong Kong individual holding less than 10% shares of the Company. The HK$50M Loan carried an interest rate of 10% per annum and was secured by equity interests of a company incorporated in the British Virgin Islands and 100% owned by the then shareholder. The loan was originally repayable on 31 October 2018. It was extended by mutual agreements to 31 January 2019 and further extended to 30 April 2019. All the other terms of the HK$50M loan remain unchanged upon the extensions. During the six months ended 30 June 2019, HK$10 million was settled by the then shareholder with the remaining balance to be settled, as agreed upon negotiations, in the following way: 1) HK$20 million by 31 December 2019; and 2) HK$20 million by 31 March 2020.

On 17 December 2018, the Group entered into a USD1,000,000 loan agreement ("USD1M Loan") with a Hong Kong company, which is an independent third party to the Group. The USD1M Loan carried an interest rate of 10% per annum and will be repayable in June 2019 and was secured by personal guarantee from the director of the borrowing company. The loan was fully settled during the six months ended 30 June 2019.

18. TRADE PAYABLES

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

	(Unaudited) 30 June 2019 *HK$'000*	(Audited) 31 December 2018 *HK$'000*
Less than 60 days	**12,151**	–

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

19. BANK AND OTHER BORROWINGS

	(Unaudited) 30 June 2019 *HK$'000*	(Audited) 31 December 2018 *HK$'000*
Current		
Bank loans – secured *(Note i)*	**56,883**	56,925
Bank loan – secured *(Note ii)*	**59,886**	59,931
Other loan – secured *(Note iii)*	**179,400**	210,600
Other loan – secured *(Note iv)*	**156,000**	156,000
Other loan – secured *(Note v)*	**729,442**	304,435
	1,181,611	787,891
Non-current		
Bank loans – secured *(Note i)*	**501,707**	530,541
Bank loan – secured *(Note ii)*	**359,317**	389,549
Other loan – secured *(Note v)*	**118,477**	544,203
	979,501	1,464,293
	2,161,112	2,252,184

The bank and other borrowings to be repayable as follows:

	(Unaudited) 30 June 2019 *HK$'000*	(Audited) 31 December 2018 *HK$'000*
Within one year	**1,181,611**	787,891
After 1 year but within 2 years	**116,769**	661,059
After 2 years but within 5 years	**480,728**	358,536
After 5 years	**382,004**	444,698
	979,501	1,464,293
	2,161,112	2,252,184

Notes:

(i) At 30 June 2019, the Group's bank borrowings of HK$558,590,000 (31 December 2018: HK$587,466,000) were guaranteed by a subsidiary up to the amount the loan balance outstanding (31 December 2018: same). According to the repayment terms set out in two separate agreements, the bank borrowings are repayable by semi-annual instalments with the last instalments due in July 2027 and September 2028, respectively. The bank borrowings were 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 (31 December 2018: same).

(ii) At 30 June 2019, the Group's bank borrowing of HK$419,203,000 (31 December 2018: HK$449,480,000) was secured by the Group's property, plant and equipment with net carrying amount of HK$997,523,000 (31 December 2018: HK$1,026,460,000), trade receivables of HK$222,050,000 (31 December 2018: HK$162,288,000), and was 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 is a substantial shareholder of the Company and managed by a director of the Company, Mr. Ko Tin Kwok. At 30 June 2019, the entire equity interest in a subsidiary in the PRC was pledged to the bank (31 December 2018: same). According to the repayment terms, the bank borrowing is repayable by semi-annual instalments with the last instalment due in January 2026. The bank borrowing was interest-bearing at 4.41% per annum.

(iii) At 31 December 2018, the carrying amount of the Group's other loan of HK$210,600,000 (equivalent to USD27 million) carried an interest of 7.5% per annum and was secured by i) the personal guarantee of Mr. Ko Tin Kwok, a director of the Company; ii) pledge of the share capital of certain subsidiaries of the Group and the floating charges on property, assets, goodwill, rights and revenue of the Company and its wholly-owned subsidiaries, Max Access Limited and Surplus Basic Limited; iii) guaranteed by the Group's wholly-owned subsidiaries, Max Access Limited and Rising Group International Limited; iv) shares of the Company held by two shareholders who hold less than 10% of the shares of the Company; and v) bound by certain loan covenants, inter alia, the total equity attributable to owners of the Company is no less than HK$1.6 billion. Unless previously purchased or redeemed, the Company shall redeem such loan on 21 February 2021 (date of maturity) at the redemption amount which equals to the sum of the principal, and return of 10% per annum on the principal. As the loan contains a repayment on demand clause effective one year from borrowing. it is classified as current liability in the condensed consolidated financial statement of financial position.

During the six months ended 30 June 2019, the Group settled USD4 million and the loan balance was reduced to HK$179,400,000 (equivalent to USD23 million).

(iv) At 31 December 2018, the Group's other loan of US$20,000,000 (equivalent to HK$156,000,000) was interest-bearing at 10% per annum, and the loan was 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 was guaranteed by the Company's wholly-owned subsidiaries, Max Access Limited and Rising Group International Limited, a related company, Shanghai Gorgeous, and Mr. Ko Tin Kwok, a director of the Company.

Upon closing to its maturity, i.e., July 2019, the Company had been discussing with the subscriber on the repayment schedule of the loan, including an early repayment of principal amounting USD800,000. The subsequent development is further set out in the section headed "Significant Event After the Reporting Period".

(v) The Group's other loans comprise borrowings from two financial institutions in the PRC ("Loan A and Loan B"). At 30 June 2019, Loan A had a carrying amount of approximately HK$543,800,000 (31 December 2018: HK$544,203,000), was interest-bearing at 7.90% per annum, and was guaranteed by an independent company and Shanghai Gorgeous. At 30 June 2019, Loan B had a carrying amount of approximately HK$304,119,000 (31 December 2018: HK$304,435,000), was interest-bearing at 7.00% per annum, and was guaranteed by a subsidiary of the Group. The loans will be substantially repayable by June 2020.

20. SHARE CAPITAL

	(Unaudited) Number of shares '000	Amount HK$'000
Authorised		
Ordinary shares of HK$0.0025 each		
At 1 January 2019 and 30 June 2019	120,000,000	300,000
Issued and fully paid		
At 1 January 2019 and 30 June 2019	9,374,351	23,436

During the six months ended 30 June 2019 and 30 September 2018, 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 June 2019 and 30 September 2018.

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

21. COMMITMENTS

Capital commitments

At 30 June 2019 and 31 December 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, 29 March 2018, 24 May 2018, 27 June 2018, 27 September 2018 and 29 March 2019.

22. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

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

	(Unaudited)	
	1 January 2019 to 30 June 2019	1 April 2018 to 30 September 2018
	HK$'000	*HK$'000*
Short-term employee benefits	**1,560**	1,019
Post-employment benefits	**53**	45
	1,613	1,064

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

23. 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.

(a) Disclosures of level in fair value hierarchy:

	Fair value measurements using:			
At 30 June 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
Listed securities in Hong Kong and the PRC	**17,495**	**–**	**–**	**17,495**
Unlisted investment funds	**–**	**14**	**–**	**14**
Derivative financial instruments – commodity futures	**–**	**13,277**	**–**	**13,277**
	17,495	**13,291**	**–**	**30,786**
Financial assets at FVTOCI				
Unlisted equity securities				
Company A	**–**	**–**	**168,900**	**168,900**
Company B	**–**	**–**	**21,999**	**21,999**
Company C	**–**	**–**	**17,412**	**17,412**
Total	**17,495**	**13,291**	**208,311**	**239,097**

At 31 December 2018	Fair value measurements using: Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
Listed securities in Hong Kong and the PRC	44,709	–	–	44,709
Unlisted investment funds	–	4,349	–	4,349
Derivative financial instruments – commodity futures	–	5,487	–	5,487
	44,709	9,836	–	54,545
Financial assets at FVTOCI				
Unlisted equity securities				
Company A	–	–	225,120	225,120
Company B	–	–	26,306	26,306
Company C	–	–	14,319	14,319
Total	44,709	9,836	265,745	320,290

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

Description	**Financial assets at FVTOCI – unlisted equity securities** *HK$'000*
At 1 January 2019	265,745
Fair value change recognised in other comprehensive income	(57,434)
At 30 June 2019	208,311

Description	Financial assets at FVTOCI – unlisted equity securities	Derivative financial assets – Derivative component of convertible bonds	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2018	235,264	10,958	246,222
Total gains or losses recognised			
in profit or loss	–	(10,958)	(10,958)
in other comprehensive income	30,481	–	30,481
At 31 December 2018	265,745	–	265,745

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value At 30 June 2019	Fair value At 31 December 2018
			HK$'000	*HK$'000*
Unlisted investment funds	Market approach	Price quoted by a financial institution in the PRC	**14**	4,349
Derivative financial instruments – commodity futures	Market approach	Price quoted by the dealers	**13,277**	5,487

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value At 30 June 2019 HK$'000	Fair value At 31 December 2018 HK$'000
					Assets	
Private equity investments classified as financial assets at FVTOCI	Market approach	–	–	–	**168,900**	225,120
		Adjustment to historical transactions				
		(i) discount for lack of control premium	30%	Decrease	**21,999**	26,306
		(ii) time adjustment	11.73%	Increase		
		discount for lack of marketability	20%	Decrease	**17,412**	14,319

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF THE GROUP

Revenue by Business Segments

Ratio analysis by business segments for the Group's revenue for the period from 1 January 2019 to 30 June 2019 ("Current Period") against the period from 1 April 2018 to 30 September 2018 ("Comparative Period") is as follows:

- Clean Energy: approximately HK$157,786,000 (Comparative Period: HK$168,945,000)
- Trading in securities: HK$1,171,000 (Comparative Period: HK$3,668,000)
- Investments: approximately HK$343,000 (Comparative Period: HK$1,997,000)
- Trading of bulk commodities: HK$23,762,000 (Comparative Period: 617,569,000)

Revenue by Geographical Region

Ratio analysis by geographical region for the Group's revenue for the Current Period against Comparative Period is as follows:

- Hong Kong: approximately HK$343,000 (Comparative Year: HK$1,997,000)
- PRC: approximately HK$158,957,000 (Comparative Period: HK$172,613,000)
- Singapore: approximately HK$23,762,000 (Comparative Period: HK$617,569,000)

The net losses for the period attributed to owners of the Company was HK$39,425,000, as compared to net losses of HK$162,836,000 for the Comparative Period, representing a decrease in net loss of 75.8%.

The decrease in net loss for the period was principally due to 1) decrease in finance costs HK$90,450,000, representing a decrease of 53.3% as a result of settlements in the past year; and 2) net realised and unrealised gain on listed equity securities of HK$6,196,000 in Current Period against net realised and unrealised losses on list equity securities of HK$26,883,000 in Comparative Period.

The basic loss per share for the current period is HK0.42 cents (Comparative Period: HK1.74 cents), representing a decrease of 75.9%.

BUSINESS REVIEW

Clean Energy

Clean-energy power generation business is the principal business of the Group. During the Current Period, the Group's power generation capacity is approximately 280 megawatt(s) ("MW") (Comparative Period: 280MW), all of which are photovoltaic power generation projects locating in four provinces, Gansu, Anhui, Jiangxi and Shandong, and one municipality, Shanghai.

During Current Period, the on-grid power generation was approximately 182,654,000 kilowatt hour(s) ("KWh") (Comparative Period: 184,134,000KWh) and generated revenue of approximately HK$157.8 million as compared to revenue of approximately HK$168.9 million in the Comparative 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 Solar Energy Electricity Generation Company Limited（金昌迪生太陽能發電有限公司）, which have an aggregate production capacity of 200MW.

Segment profit of HK$58,017,000 was recorded during the Current Period as compared to a segment profit of HK$57,071,000 in the Comparative Period.

Details of the operation of the Group's solar power projects are as follows:

Jintai 100MW Project in Jinchang, Gansu: During the Current Period, sale of electricity was 69,917,000KWh, representing an increase of 6.6% as compared to sale of electricity of 65,478,000KWh in Comparative Period. Sales revenue was HK$59,075,000, representing an increase of 5.0% as compared to revenue of HK$56,266,000 in Comparative Period.

Xin Lan 8MW Project in Shanghai: During the Current Period, sale of electricity was 3,482,000KWh, representing a decrease of 32.0% as compared to sale of electricity of 5,119,000KWh in Comparative Period. Sales revenue was HK$3,195,000, representing a decrease of 45.2% as compared to revenue of HK$5,829,000 in Comparative Period.

Guanyang 8.25MW Project in Dezhou, Shandong: During the Current Period, sale of electricity was 4,671,000KWh, representing a decrease of 3.0% as compared to sale of electricity of 4,813,000KWh in Comparative Period. Sales revenue was HK$4,687,000, representing a decrease of 5.5% as compared to revenue of HK$4,962,000 in Comparative Period.

Hongxiang 8MW Project in Dezhou, Shandong: During the Current Period, sale of electricity was 4,848,000 KWh, representing a decrease of 12.3% as compared to sale of electricity of 5,531,000KWh in Comparative Period. Sales revenue was HK$4,002,000, representing a decrease of 23.5% as compared to revenue of HK$5,233,000 in Comparative Period.

Jinde 5MW Project in Dezhou, Shandong: During the Current Period, sale of electricity was 3,003,000KWh, representing a decrease of 18.1% as compared to sale of electricity of 3,669,000KWh in Comparative Period. Sales revenue was HK$2,741,000, representing a decrease of 3.3% as compared to revenue of HK$2,836,000 in Comparative Period.

Jiayang 10MW Project in Dezhou, Shandong: During the Current Period, sale of electricity was 5,535,000 KWh (Comparative Period: 6,670,000KWh), representing a decrease of 17.0%. Sales revenue was HK$5,975,000 (Comparative Period: HK$7,555,000), representing a decrease of 20.9%.

Hongyang 20MW Project in Changfeng, Anhui: During the Current Period, sale of electricity was 11,781,866KWh (Comparative Period: 13,689,000KWh), representing a decrease of 13.9%. Sales revenue was HK$12,809,000 (Comparative Period: HK$17,500,000), representing a decrease of 26.8%.

Jinjian 20 MW Project in Gaoan, Jiangxi: During the Current Period, sale of electricity was 7,860,000KWh (Comparative Period: 13,122,000KWh), representing a decrease of 40.1%. Sales revenue was HK$8,557,000 (Comparative Period: HK$18,869,000), representing a decrease of 54.7%.

Disheng 100MW Project in Jinchang, Gansu: During the Current Period, sale of electricity was 71,656,000KWh (Comparative Period: 66,042,000KWh), representing an increase of 8.5%. Sales revenue was HK$60,856,000 (Comparative Period: HK$56,046,000), representing an increase of 8.6%.

The electricity volume generated during the Current Period was stable and the average utilisation hours of our solar power plants was approximately 1,300.

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

The Group is also 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 Current Period, the net realised and unrealised gain resulted from trading of listed equity securities was HK$6,196,000 (Comparative Period: loss of HK$26,883,000). Gain of HK$7,367,000 was recorded from this business segment during the Current Period as compared to a segment loss of HK$23,215,000 for the Comparative Period, resulting from the price upward of trading securities during the Current Period. Dividend income from listed equity securities was HK$1,171,000 (Comparative Period: HK$3,668,000).

Investments

During the Current 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 investments from time to time. A dividend income of HK$343,000 is recognised in profit or loss during the Current Period (Comparative Period: HK$1,997,000).

The lose on change of fair value of HK$57,434,000 on these equity instruments at fair value through other comprehensive income was recognised during the Current Period (Comparative Period: a gain of HK$14,277,000).

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 Current Period, the revenue from this segment was HK$23,762,000 (Comparative Period: HK$617,569,000) and recorded a segment loss of HK$11,115,000 (Comparative Period: segment profit of HK$8,057,000), resulting from the decrease of trading magnitude during the Current Period.

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.

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, PRC and Singapore. As at 30 June 2019, the Group had cash and bank balances of approximately HK$27,350,000 (31 December 2018: HK$125,817,000) and interest bearing borrowings (including bank and other borrowings) of approximately HK$2,161,112,000 (31 December 2018: HK$2,252,184,000). As at 30 June 2019, total equity attributable to owners of the Company amounted to approximately HK$1,512,245,000 (31 December 2018: HK$1,607,974,000). The gearing ratio was 141.1% as at 30 June 2019 (31 December 2018: 132.2%).

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, less time deposit and cash and bank balances. Capital includes equity attributable to owners of the Company. The gearing ratio at the end of the reporting period was as follows:

	(Unaudited) **30 June** **2019** ***HK$'000***	(Audited) 31 December 2018 *HK$'000*
Bank and other borrowings	**2,161,112**	2,252,184
Less: cash and cash equivalents	**(27,350)**	(125,817)
Net debt	**2,133,762**	2,126,367
Total equity attributable to owners of the Company	**1,512,245**	1,607,974
Gearing ratio	**141.1%**	132.2%

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

During the six months ended 30 September 2018, the Group's convertible bonds amounting to USD50,000,000 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 to 29 July 2019 and certain terms changed including the removal of the convertible options, rendering the extended convertible bonds into become a borrowing. The details are set out in the Company's announcement dated 3 August 2018 and 8 August 2018.

Upon closing to its maturity, i.e., July 2019, the Company had kept discussing with the subscriber on the repayment schedule of the convertible bonds, including an early repayment of principal amounting USD800,000. The subsequent development is further set out in the section headed "Significant Event After the Reporting Period".

In addition, the Group's other borrowing of USD30,000,000 (approximately 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 was underway between the Group and the lender to renew/extend the borrowing. In February 2019, the Group and the lender finally entered into a renewal agreement with which the USD30,000,000 (as reduced to USD27,000,000 in December 2018 as part of the conditions towards renewal) will carry an interest rate of 7.5% per annum and is additionally secured, as a result of the renewal, by 1) personal guarantee of Mr. Ko Tin Kwok, a director of the Company; 2) shares of the Company held by two shareholders who hold less than 10% of the shares of the Company; and 3) certain loan covenants, inter alia, the total equity attributable to owners of the Company is no less than HK$1.6 billion, in addition to the prior securities brought forward. Unless previously purchased or redeemed, the Group shall redeem such borrowing in February 2021 (date of maturity) at the redemption amount which equals to the sum of the principal, and return of 10% per annum on the principal. During the six months ended 30 June 2019, the Group settled USD4,000,000, leaving the principal amount reduced to USD23,000,000 as at 30 June 2019.

CHARGES ON ASSETS

The Group's charges on assets are fully disclosed in Note 19 to the condensed consolidated financial statements.

Saved as above, no assets of the Group and the Company had been pledged to secure the bank loans at 30 June 2019 and 31 December 2018.

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 June 2019 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 January 2019 *HK$'000*	Fair value as at 30 June 2019 *HK$'000*	FVTOCI *HK$'000*	Dividends received *HK$'000*	Percentage of carrying amounts to the Group's total assets
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	1.83%	225,120	168,900	(56,220)	–	4.03%

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

On 15 August 2019, Haitong International Investment Fund SPC, a convertible bonds subscriber in 2015, served a repayment notice to the Company requesting the Company to repay the full amount of USD19,404,000 (being the sum of the outstanding principal amount of the convertible bonds and the default interest as of 15 August 2019) and the default interest accrued on the convertible bonds from and including 15 August 2019 until the day on which all sums due in respect of the convertible bonds are paid by the Company.

In order to meet the repayment obligation, the Company has been considering various fundraising actions including but not limited to disposal of assets such as properties, plant and equipment and equity interest in certain investment entities, speeding up the collection of the deposits for acquisition previously paid by the Group of approximately HK$334 million as at 31 December 2018 and other receivables and planning of equity financing.

Details of the repayment notice are set out in the Company's announcement dated 22 August 2019.

EMPLOYEES

As at 30 June 2019, the Group employed 45 (31 December 2018: 36) 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

Save as disclosed, the Group had no contingent liabilities as at 30 June 2019.

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 June 2019, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO") (i) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be and were entered in the register required to be kept by the Company referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

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

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

Notes:

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

2. As at 30 June 2019, 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, 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 100%. Mr. Ko Tin Kwok was therefore deemed to be interested in the Shares beneficially owned by Gorgeous Investment under the SFO.

(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 June 2019. There was no outstanding option granted to the Directors and chief executive at the beginning and at the six months ended 30 June 2019.

Save as disclosed above, as at 30 June 2019, (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 June 2019.

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 June 2019, 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)*	1,497,372,364 (L)	15.97%
Dongying Yellow River	Interest of controlled Corporation *(Note 8)*	831,000,000 (L)	8.86%
Mr. Qin Zhongyue	Interest of controlled Corporation *(Note 9)*	831,000,000 (L)	8.86%
Safe Castle Limited	Beneficial owner *(Note 10)*	666,372,364 (L)	7.11%
Coupeville Limited	Interest of controlled Corporation *(Note 10)*	666,372,364 (L)	7.11%
China Shandong Hi-Speed Financial Group Limited	Interest of controlled Corporation *(Note 10)*	666,372,364 (L)	7.11%
DayShine Agricultural Supply Chain Investment Fund L.P.	Beneficial owner	650,000,000 (L)	6.93%
DayShine Fund Management (Cayman) Limited	Interest of controlled corporation *(Note 11)*	650,000,000 (L)	6.93%
Shenzhen Dachang Fund Management Co., Ltd.	Interest of controlled corporation *(Note 12)*	650,000,000 (L)	6.93%
Shenzhen Yukai Industrial Co., Ltd.	Interest of controlled corporation *(Note 13)*	650,000,000 (L)	6.93%
Li Qinggao	Interest of controlled corporation *(Note 14)*	650,000,000 (L)	6.93%

Name of Shareholders	Capacity	Number of Shares interested *(Note 1)*	Approximate percentage of issued Shares
Wang Leilei	Interest of controlled corporation *(Note 15)*	650,000,000 (L)	6.93%
Rationale (Holdings) Investment	Interest of controlled Corporation *(Note 16)*	650,000,000 (L)	6.93%
Rationale Investment (Shanghai)	Interest of controlled Corporation *(Note 17)*	650,000,000 (L)	6.93%
China Minsheng New Energy	Interest of controlled Corporation *(Note 18)*	650,000,000 (L)	6.93%
China Minsheng Investment	Interest of controlled Corporation *(Note 19)*	650,000,000 (L)	6.93%
Cheer Hope Holdings Limited	Beneficiary of a trust	688,900,000 (L)	7.35%
CCBI Investments Limited	Interest of controlled Corporation *(Note 20)*	688,900,000 (L)	7.35%
CCB International (Holdings) Limited	Interest of controlled Corporation *(Note 21)*	688,900,000 (L)	7.35%
CCB Financial Holdings Limited	Interest of controlled Corporation *(Note 22)*	688,900,000 (L)	7.35%
CCB International Group Holdings Limited	Interest of controlled Corporation *(Note 23)*	688,900,000 (L)	7.35%
Central Huijin Investment Ltd.	Interest of controlled Corporation *(Note 24)*	688,900,000 (L)	7.35%

Notes:

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

2. As at 30 June 2019, Gorgeous Investment was a wholly-owned subsidiary of Shanghai Gorgeous Investment Development Company Limited ("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 June 2019, the equity interest of Shanghai Gorgeous was held by Shanghai Gu Yuan Property Development Company Limited ("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 June 2019, the equity interest of Shanghai Gu Yuan was held by Rich Crown International Industries Limited ("Rich Crown") and Creaton Holdings Limited（創安集團有限公司）("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 June 2019, Shandong Hi-Speed Investment Fund Management Ltd. ("Shandong Hi-Speed Investment Fund") was a wholly-owned subsidiary of 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 June 2019, 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 June 2019, 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 June 2019, 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 June 2019, 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 June 2019, 666,372,364 Shares were held by Safe Castle Limited, a wholly-owned subsidiary of Coupeville 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, Coupeville Limited and China Shandong Hi-Speed Financial Group Limited were deemed to be interested in these Shares under the SFO.

11. As at 30 June 2019, 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").

12. As at 30 June 2019, 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.

13. As at 30 June 2019, 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 wastherefore deemed to have an interest in all the Shares in which Shenzhen Dachang was interested under the SFO.

14. As at 30 June 2019, 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.

15. As at 30 June 2019, 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.

16. As at 30 June 2019, 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.

17. As at 30 June 2019, 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.

18. As at 30 June 2019, 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.

19. As at 30 June 2019, 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.

20. As at 30 June 2019, Cheer Hope Holdings Limited was a wholly-owned subsidiary of CCBI Investments Limited and CCBI Investments Limited was therefore deemed to have an interest in all the Shares beneficially owned by trust by Cheer Hope Holdings Limited under the SFO.

21. As at 30 June 2019, CCBI Investments Limited was a wholly-owned subsidiary of CCB International (Holdings) Limited and CCB International (Holdings) Limited was therefore deemed to have an interest in all the Shares beneficially owned by trust by CCBI Investments Limited under the SFO.

22. As at 30 June 2019, CCB International (Holdings) Limited was a wholly-owned subsidiary of CCB Financial Holdings Limited and CCB Financial Holdings Limited was therefore deemed to have an interest in all the Shares beneficially owned by trust by CCB International (Holdings) Limited under the SFO.

23. As at 30 June 2019, CCB Financial Holdings Limited was a wholly-owned subsidiary of CCB International Group Holdings Limited and CCB International Group Holdings Limited was therefore deemed to have an interest in all the Shares beneficially owned by trust by CCB Financial Holdings Limited under the SFO.

24. As at 30 June 2019, CCB International Group Holdings Limited was held by Central Huijin Investment Ltd. as to 57.11% and Central Huijin Investment Ltd. was therefore deemed to have an interest in all the Shares beneficially owned by trust by CCB Financial Holdings Limited under the SFO.

Save as disclosed above, as at 30 June 2019, 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 June 2019.

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 June 2019.

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 June 2019, 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"); and

(ii) Code provision A.5.1 of the CG Code requires the Nomination Committee to be chaired by the Chairman of the Board or an independent non-executive director. During the six months ended 30 June 2019, the chairman of the Nomination Committee was Mr. Ko Tin Kwok, an Executive Director and Vice Chairman of the Board. In this regard, Mr. Zhang Liang, an Executive Director and Chairman of the Board, was appointed to replace Mr. Ko Tin Kwok as the chairman of the Nomination Committee, details of which are set out in the Company's announcement dated 30 August 2019.

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 June 2019.

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 6 June 2019, Ms. Zhao Li tendered her resignation as an executive director of the Company as she would like to devote more time to pursue her own businesses.

On 16 August 2019, Mr. Zeng Weibing tendered his resignation as an executive director of the Company as he would like to devote more time to pursue his own businesses.

On 20 August 2019, Mr. Zhang Liang was appointed as an executive director of the Company and was subsequently appointed as the Chairman of the Board and Chairman of the Nomination Committee of the Company on 30 August 2019.

On 30 August 2019, Mr. Sun Liang tendered his resignation as an executive director of the Company as he would like to devote more time to pursue his own business. Accordingly, Mr. Sun Liang also ceased to be the Chairman of the Board with effect from the same date.

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 June 2019.

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. Zhang Liang, 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. Zhang Liang.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2019 (six months ended 30 September 2018: 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, Mr. Zhang Liang, Mr. Ko Tin Kwok, Mr. Hu Hanyang and Mr. Weng Xiaoquan are the executive directors of the Company; and Mr. Fok Ho Yin, Thomas, Mr. Li Hui and Mr. Lam Cheung Mau are the independent non-executive directors of the Company.

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

Hong Kong, 30 August 2019