



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)

2020 Interim Report

CONTENTS

	PAGE(S)
CORPORATE INFORMATION	2
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	4
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	7
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	9
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	10
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	11
MANAGEMENT DISCUSSION AND ANALYSIS	33
OTHER INFORMATION	45

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Liang
(Chairman and Chief Executive Officer)

Mr. Hu Hanyang

Mr. Weng Xiaoquan

Mr. Bo Dateng
(appointed on 13 March 2020)

Mr. Gao Fei
(appointed on 13 March 2020)

Mr. Yin Yilin
(appointed on 13 March 2020)

Mr. Ko Tin Kwok *(Vice Chairman)*
(resigned on 13 March 2020)

Independent Non-executive Directors

Mr. Lam Cheung Mau

Mr. Pun Hau Man
(appointed on 4 May 2020)

Mr. Wang Yuzhou
(appointed on 30 June 2020)

Mr. Fok Ho Yin, Thomas
(resigned on 10 June 2020)

COMPANY SECRETARY

Ms. Cheung Hoi Fun

AUTHORISED REPRESENTATIVES

Mr. Zhang Liang

Ms. Cheung Hoi Fun

AUDIT COMMITTEE

Mr. Wang Yuzhou *(Chairman)*
(appointed on 30 June 2020)

Mr. Lam Cheung Mau

Mr. Pun Hau Man
(appointed on 4 May 2020)

Mr. Fok Ho Yin, Thomas *(Chairman)*
(resigned on 10 June 2020)

REMUNERATION COMMITTEE

Mr. Wang Yuzhou *(Chairman)*
(appointed on 30 June 2020)

Mr. Lam Cheung Mau

Mr. Pun Hau Man
(appointed on 4 May 2020)

Mr. Fok Ho Yin, Thomas *(Chairman)*
(resigned on 10 June 2020)

NOMINATION COMMITTEE

Mr. Zhang Liang *(Chairman)*

Mr. Lam Cheung Mau

Mr. Pun Hau Man
(appointed on 4 May 2020)

Mr. Wang Yuzhou
(appointed on 30 June 2020)

Mr. Fok Ho Yin, Thomas
(resigned on 10 June 2020)

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

Room 2609, 26th Floor
Great Eagle Centre
No. 23 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 2020 together with comparative figures for the corresponding period. 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 AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		(Unaudited)	
		Six months ended 30 June	
		2020	2019
	Notes	HK\$'000	HK\$'000
Revenue	4	379,222	183,062
Cost of sales		(343,205)	(130,277)
Gross profit		36,017	52,785
Other income	4	3,195	5,493
Other (losses)gain, net	4	(11,861)	11,360
Administrative and operating expenses		(23,459)	(38,181)
PROFIT FROM OPERATION		3,892	31,457
Finance costs	5	(70,946)	(79,112)
LOSS BEFORE TAX	6	(67,054)	(47,655)
Income tax (expense)/credit	7	(923)	4,484
LOSS FOR THE PERIOD		(67,977)	(43,171)

		(Unaudited)	
		Six months ended 30 June	
		2020	2019
<i>Notes</i>		HK\$'000	HK\$'000
ATTRIBUTABLE TO:			
	Owners of the Company	(63,865)	(39,425)
	Non-controlling interests	(4,112)	(3,746)
		(67,977)	(43,171)
<hr/>			
	PROPOSED INTERIM DIVIDEND	<i>8</i>	–
		–	–
<hr/>			
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
		<i>9</i>	
	Basic	HK(0.68) cents	HK(0.42) cents
	Diluted	HK(0.68) cents	HK(0.42) cents

(Unaudited)
Six months ended 30 June
2020 2019
HK\$'000 **HK\$'000**

LOSS FOR THE PERIOD	(67,977)	(43,171)
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OTHER COMPREHENSIVE INCOME/(EXPENSE):

Item that may be reclassified subsequently to profit or loss:

Exchange differences arising on translation of foreign operations	(1,337)	1,130
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Item that will not be reclassified to profit or loss:

Fair value change on equity instruments at fair value through other comprehensive income (FVTOCI)	(7,267)	(57,434)
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Other comprehensive income for the period, net of tax	(8,604)	(56,304)
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TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	(76,581)	(99,475)
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ATTRIBUTABLE TO:

Owners of the Company	(72,469)	(95,729)
Non-controlling interests	(4,112)	(3,746)

TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	(76,581)	(99,475)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		(Unaudited) 30 June 2020 <i>HK\$'000</i>	(Audited) 31 December 2019 <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,979,261	2,053,798
Right-of-use assets		35,060	35,870
Intangible assets	11	599,551	627,992
Equity instruments at fair value through other comprehensive income ("FVTOCI")	12	224,287	231,554
Club membership debenture		130	130
Contract assets		15,464	7,564
		2,853,753	2,956,908
CURRENT ASSETS			
Trade and bills receivables	13	653,038	695,021
Prepayments, deposits and other receivables	14	95,153	100,033
Refundable deposits		332,910	333,564
Financial assets at fair value through profit or loss ("FVTPL")	15	35	36
Contract assets		45,187	46,085
Derivative financial instruments	16	23,305	1,751
Restricted bank deposit		21,422	6,979
Cash and cash equivalents		23,303	48,523
		1,194,353	1,231,992

		(Unaudited) 30 June 2020 <i>HK\$'000</i>	(Audited) 31 December 2019 <i>HK\$'000</i>
	<i>Notes</i>		
CURRENT LIABILITIES			
Trade payables	17	59,298	185,716
Other payables and accruals		320,702	225,276
Amounts due to related parties	20	37,050	–
Lease liabilities		8,791	8,851
Bank and other borrowings	18	1,292,248	1,277,312
Current tax liabilities		60	1,502
		1,718,149	1,698,657
NET CURRENT LIABILITIES		(523,796)	(466,665)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,329,957	2,490,243
NON-CURRENT LIABILITIES			
Lease liabilities		24,274	26,452
Bank and other borrowings	18	717,657	789,336
Deferred tax liabilities		223,423	233,271
		965,354	1,049,059
NET ASSETS		1,364,603	1,441,184
CAPITAL AND RESERVES			
Share capital	19	23,436	23,436
Reserves		1,338,150	1,410,619
Total equity attributable to owners of the Company		1,361,586	1,434,055
Non-controlling interests		3,017	7,129
TOTAL EQUITY		1,364,603	1,441,184

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)
Six months ended 30 June 2020
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 2020	23,436	4,157,427	77,102	(109,040)	(104,966)	7,814	(2,617,718)	1,434,055	7,129	1,441,184
Loss for the period	-	-	-	-	-	-	(63,865)	(63,865)	(4,112)	(67,977)
Other comprehensive (expense) income for the period:										
Exchange difference on translation of foreign operations	-	-	-	-	(1,337)	-	-	(1,337)	-	(1,337)
Fair value change on non-trading equity investments	-	-	-	(7,267)	-	-	-	(7,267)	-	(7,267)
Changes in equity for the period	-	-	-	(7,267)	(1,337)	-	(63,865)	(72,469)	(4,112)	(76,581)
Balance at 30 June 2020	23,436	4,157,427	77,102	(116,307)	(106,303)	7,814	(2,681,583)	1,361,586	3,017	1,364,603

(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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	(Unaudited)	
	1 January 2020 to 30 June 2020 <i>HK\$'000</i>	1 January 2019 to 30 June 2019 <i>HK\$'000</i>
Net cash flows generated from operating activities	80,706	18,730
Net cash flows (used in) from investing activities	(40,641)	51,638
Net cash flows used in financing activities	(65,070)	(168,787)
Net decrease in cash and cash equivalents	(25,005)	(98,419)
Effect of foreign exchange rate changes	(215)	(48)
Cash and cash equivalents at beginning of period	48,523	125,817
Cash and cash equivalents at end of period	23,303	27,350
Analysis of the balances of cash and cash equivalents		
Time deposit and cash and bank balances	23,303	27,350

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2020 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 do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2019.

These condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss, which have been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in Hong Kong dollar (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies and the basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial information are consistent with those adopted in the Group’s annual financial statements for the year ended 31 December 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

Amendments to HKFRS 3

Amendments to HKFRS 9,
HKAS 39 and HKFRS 7

Amendment to HKFRS 16

Amendments to HKAS 1 and
HKAS 8

Definition of a Business

Interest Rate Benchmark Reform

Covid-19-Related Rent Concessions (early adopted)

Definition of Material

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.
- (c) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any rent concessions.
- (d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any 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 representing 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 (loss)gain, 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 2020 (Unaudited)

	Clean energy <i>HK\$'000</i>	Trading in securities <i>HK\$'000</i>	Investments <i>HK\$'000</i>	Trading of bulk commodities <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue:					
Revenue from external customers	138,938	-	-	240,284	379,222
Dividend income	-	-	-	-	-
Reportable segment revenue	138,938	-	-	240,284	379,222
Segment results	26,426	(5,541)	(31)	(1,733)	19,121
Reconciliation:					
Interest income					2,362
Unallocated corporate expenses					(17,591)
Profit from operation					3,892
Finance costs					(70,946)
Loss before tax					(67,054)
Income tax expense					(923)
Loss for the period					(67,977)

For the six months ended 30 June 2019 (Unaudited)

	Clean energy <i>HK\$'000</i>	Trading in securities <i>HK\$'000</i>	Investments <i>HK\$'000</i>	Trading of bulk commodities <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
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)

(b) Segment assets and liabilities

At 30 June 2020 (Unaudited)

	Clean energy <i>HK\$'000</i>	Trading in securities <i>HK\$'000</i>	Investments <i>HK\$'000</i>	Trading of bulk commodities <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Reportable segment assets	3,261,716	50,496	231,554	95,469	408,871	4,048,106
Reportable segment liabilities	1,378,856	527,521	2,491	83,892	690,743	2,683,503

At 31 December 2019 (Audited)

	Clean energy <i>HK\$'000</i>	Trading in securities <i>HK\$'000</i>	Investments <i>HK\$'000</i>	Trading of bulk commodities <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Reportable segment assets	3,366,947	5,760	231,554	189,505	395,134	4,188,900
Reportable segment liabilities	1,588,611	542,618	2,491	188,985	425,011	2,747,716

(c) Geographical information

Revenue from external customers

The Group's activities are conducted predominantly in the People's Republic of China ("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)	
	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	–	343
Singapore	240,284	23,762
The PRC	138,938	158,957
Total revenue	379,222	183,062

4. REVENUE, OTHER INCOME AND OTHER (LOSSES)GAIN, NET

	(Unaudited)	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Revenue from contracts with customers		
Disaggregated by major products or service lines		
– Sale of electricity	138,938	157,786
– Sale of bulk commodities	240,284	23,762
	379,222	181,548
Revenue from other sources		
Dividend income from listed financial assets at FVTPL	–	1,171
Dividend income from equity instruments at FVTOCI	–	343
	–	1,514
	379,222	183,062
Other income		
Bank interest income	25	105
Interest income from loan receivable	–	2,386
Imputed interest income of accrued revenue on tariff subsidy	2,337	3,002
Others	833	–
	3,195	5,493
Other (losses) gain, net		
Exchange loss, net	138	(157)
Net realised and unrealised gain on listed equity securities	–	6,196
Net realised and unrealised gain on derivative financial instruments	(4,669)	5,321
Impairment loss on trade receivables	(7,679)	–
Government grant	384	–
Others	(35)	–
	(11,861)	11,360

5. FINANCE COSTS

	(Unaudited)	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Interest expense on lease liabilities	956	989
Interest on bank and other borrowings	69,990	78,123
	70,946	79,112

6. LOSS BEFORE TAX

	(Unaudited)	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
The Group's loss before tax is arrived at after charging:		
Depreciation of property, plant and equipment	67,438	71,828
Depreciation of right-of-use assets	4,230	4,683
Amortisation of intangible assets	16,302	17,072
Operating lease rentals on lands and buildings	–	2,203
Staff costs (including directors' remuneration and directors and staff retirement benefit scheme contributions)	8,688	11,481

7. INCOME TAX (EXPENSE) CREDIT

No provision for Hong Kong Profits Tax is required since the Company has no assessable profit for the period (six months ended 30 June 2019: nil).

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

PRC Enterprises Income Tax has been provided at a rate of 25% (six months ended 30 June 2019: 25%). During the period, eight (six months ended 30 June 2019: 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 having 50% tax exemption from the PRC enterprise income tax for the coming three years or being taxed at 15% in PRC enterprise income tax.

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

	(Unaudited)	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Current tax	(6,258)	–
Deferred tax credit	5,335	4,484
	(923)	4,484

8. PROPOSED INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: 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)	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Earnings		
Loss for the period attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	(63,865)	(39,425)
Weighted average number of ordinary shares in issue (<i>thousands</i>)	9,374,351	9,374,351

Diluted loss per share for the period is the same as the basic loss per share (six months ended 30 June 2019: same).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group did not acquire additional items of property, plant and equipment (six months ended 30 June 2019: HK\$nil).

11. INTANGIBLE ASSETS

The net carrying amount of intangible assets at 30 June 2020 represents customer contract of HK\$599,551,000 (31 December 2019: HK\$627,992,000).

12. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	(Unaudited) 30 June 2020 HK\$'000	(Audited) 31 December 2019 <i>HK\$'000</i>
Equity instruments at fair value through other comprehensive income comprise:		
Unlisted equity securities, at fair value	224,287	231,554

13. 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 2020 HK\$'000	(Audited) 31 December 2019 <i>HK\$'000</i>
Trade receivables		
Unbilled	647,572	685,980
Current to 30 days	4,370	4,491
	651,942	690,471
Bills receivables	1,096	4,550
	653,038	695,021

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)	(Audited)
	30 June	31 December
	2020	2019
	HK\$'000	HK\$'000
Unbilled and neither past due nor impaired	647,572	685,980
Less than 1 month past due	4,370	4,491
	651,942	690,471

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.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	(Unaudited)	(Audited)
	30 June	31 December
	2020	2019
	HK\$'000	HK\$'000
Value-added tax recoverable	51,031	59,918
Amount due from a related company (i)	3,000	3,000
Prepayments, other deposits and receivables	41,122	37,115
	95,153	100,033

- (i) Amount due from a related company was unsecured, interest-free and repayable on demand.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited)	(Audited)
	30 June	31 December
	2020	2019
	HK\$'000	HK\$'000
Unlisted investment funds	35	36

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, principally 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. TRADE PAYABLES

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

	(Unaudited) 30 June 2020 HK\$'000	(Audited) 31 December 2019 HK\$'000
Over 60 days	59,298	185,716

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

18. BANK AND OTHER BORROWINGS

	(Unaudited) 30 June 2020 HK\$'000	(Audited) 31 December 2019 HK\$'000
Current		
Bank loans – secured (note i)	82,165	55,940
Bank loan – secured (note ii)	86,619	58,894
Other loan – secured (note iii)	179,400	180,380
Other loan – secured (note iv)	524,366	534,786
Other loan – secured (note v)	293,338	299,167
Other loan – secured (note vi)	126,360	148,145
	1,292,248	1,277,312
Non-current		
Bank loans – secured (note i)	474,518	465,421
Bank loan – secured (note ii)	243,139	323,915
	717,657	789,336
	2,009,905	2,066,648

The bank and other borrowings to be repayable as follows:

	(Unaudited) 30 June 2020 HK\$'000	(Audited) 31 December 2019 HK\$'000
Within one year	1,292,248	1,277,312
After 1 year but within 2 years	112,596	114,834
After 2 years but within 5 years	383,862	363,520
After 5 years	221,199	310,982
	717,657	789,336
	2,009,905	2,066,648

Notes:

- (i) At 30 June 2020, the Group's bank borrowings of HK\$556,683,000 (31 December 2019: HK\$521,361,000) were guaranteed by a subsidiary up to the amount the loan balance outstanding (31 December 2019: 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 2019: same).
- (ii) At 30 June 2020, the Group's bank borrowing of HK\$329,758,000 (31 December 2019: HK\$382,809,000) was secured by the Group's property, plant and equipment with net carrying amount of HK\$899,435,000 (31 December 2019: HK\$945,150,000), trade receivables of HK\$375,350,000 (31 December 2019: HK\$235,742,000), 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 2020, the entire equity interest in a subsidiary in the PRC was pledged to the bank (31 December 2019: 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) As at 30 June 2020, the loan carried an interest at 7.5% per annum and was secured by (1) pledge of the share capital of certain subsidiaries of the Group and the floating charges on property, assets, rights and revenue of the Company and its wholly-owned subsidiaries, Max Access Limited and Surplus Basic Limited, and was guaranteed by the Group's wholly-owned subsidiaries, Max Access Limited and Rising Group International Limited and the individual share charge; (2) personal guarantee of Mr. Ko Tin Kwok, a then director of the Company; (3) shares of the Company held by two shareholders who hold less than 10% of the shares of the Company; (4) certain loan covenants, inter alia, the total equity attributable to owners of the Company is no less than HK\$1.6 billion. As the loan contained a repayment on demand clause effective one year from the date of borrowing, it is classified as current liabilities in the consolidated statement of financial position. Unless previously purchased or redeemed, the Company shall redeem the 2019 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 of the principal.

As at 31 December 2019, the Group's total equity attributable to owners of the Company was less than HK\$1.6 billion, rendering it technically breached the loan covenant. In November 2019, the Group received a statutory demand issued by the legal representative of lender in respect of an alleged claim for a total amount of US\$26,402,000 (equivalent to approximately HK\$205,936,000), being, inter alia, the unpaid principal amount of the coupon bonds issued by the Company to lender together with interest accrued thereon. The Group has been in negotiation with the lender not to proceed with further steps of legal actions by providing solutions of fundraising for settlement, including but not limited to, disposal of subsidiary companies.

During the period ended 30 June 2020, the Company 1) received a petition issued in the Court of First Instance of the High Court of Hong Kong ("High Court") by the lender (being the petitioner) against the Company that the Company may be wound up by the High Court on the ground that the Company was unable to pay its debts. The petition concerns a sum of US\$26,401,747.22 (equivalent to approximately HK\$205,933,628.32), being the outstanding principal amount of the coupon bonds issued by the Company to the lender together with interest accrued thereon. The petition is scheduled to be heard at the High Court on 12 August 2020; 2) the Company had made a partial repayment in the sum of HKD533,159.00 to lender in respect of the unpaid principal of the coupon bonds issued by the Company in accordance with its debt obligations on 22 January 2020. The Company had made a further payment to the sum of RMB2,000,000.00 to the lender on 6 April 2020 in accordance with its debt obligations. The Company is in the course of seeking legal advice in relation to the petition. Since having received the petition, the Company has actively been communicating with the management of the lender for an amicable settlement of the petition.

In connection with the petition, on 11 August 2020, the Company and the petitioner had filed a consent summons to the Court for adjournment of the hearing date originally scheduled on 12 August 2020 (the "Hearing Date"). The court made an order approving the Hearing Date to be adjourned to 18 November 2020.

- (iv) At 30 June 2020, the Group's other loan of HK\$524,336,000 (31 December 2019: HK\$534,786,000) was interest-bearing at 7.90% per annum, and was guaranteed by an independent company and Shanghai Gorgeous. According to the repayment terms, the other loan would be repayable in June 2020.
- (v) At 30 June 2020, the Group's other loans of HK\$293,338,000 (31 December 2019: HK\$299,167,000) were interest-bearing at 7.00% per annum, and were guaranteed by a subsidiary of the Group. According to the repayment terms, the other loans were due for repayment in November 2019. However, the Group was in default of these loans in November 2019. On 27 March 2020, the Group obtained a confirmation from the lender to extend the maturity date to 30 June 2021.
- (vi) The Group's other borrowing of HK\$148,145,000 as at 31 December 2019 (initially having a principal amount of US\$20 million, as subsequently reduced to US\$19.2 million in July 2019 and US\$19.0 million in November 2019) from a financial institution in Hong Kong was due in August 2019. The Group had been in negotiation with the lender for renewal/extension. However, on 15 August 2019, the lender 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 borrowing 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 borrowing are paid by the Company.

In accordance with a settlement agreement dated November 2019 between the lender and the Group, the outstanding balance (both outstanding principal and interests) is to be settled in batches with the last batch of settlement in March 2020. However, the Group was in default and subsequently another settlement agreement reached and entered into between the lender and the Group in April 2020 that the outstanding balance (both outstanding principal and interests) is to be fully settled by batches with the last batch of settlement in June 2020.

On 19 May 2020, the Company had received a statutory demand issued by the legal representative of the lender pursuant to section 178(1)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) in respect of an alleged claim for a total amount of US\$7,600,666.67 (equivalent to approximately HK\$58,910,107.13), being, inter alia, the outstanding sum to a settlement agreement dated 29 November 2019 and a supplemental settlement agreement dated 7 April 2020, entered into between, inter alia, the Company and the lender. If the Company fails to repay the Debt within three weeks after the date of service of the statutory demand, a winding-up order may be made in respect of the Company. The Company is in the course of seeking legal advice on the matter and will adopt all effective measures to safeguard the interest of investors and the Company.

On 9 July 2020, the Company received a petition (the “Petition”) issued in the Court of First Instance of the High Court of Hong Kong (the “High Court”) by the lender (being the petitioner) against the Company that the Company may be wound up by the High Court on the ground that the Company is unable to pay its debts. The Petition concerns a sum of US\$7,600,666.67 (equivalent to approximately HK\$58,910,107.13), being the outstanding sum to a settlement agreement dated 29 November 2019 and a supplemental settlement agreement dated 7 April 2020 entered into between, inter alia, the Company and the lender. The Petition is scheduled to be heard at the High Court on 14 October 2020.

19. SHARE CAPITAL

	(Unaudited)	
	Number of	Amount
	shares	HK\$ '000
	<i>'000</i>	<i>HK\$ '000</i>
Authorised		
Ordinary shares of HK\$0.0025 each		
At 1 January 2020 and 30 June 2020	120,000,000	300,000
Issued and fully paid		
At 1 January 2020 and 30 June 2020	9,374,351	23,436

During the six months ended 30 June 2020 and 30 June 2019, 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 2020 and 30 June 2019.

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 2019: 594,491,440), representing 6.3% (31 December 2019: 6.3%) of the issued share capital of the Company at the date of these condensed consolidated financial statements.

20. AMOUNTS DUE TO RELATED PARTIES

	(Unaudited)	(Audited)
	30 June	31 December
	2020	2019
	HK\$'000	HK\$'000
Amount due to a director of a subsidiary company	9,360	–
Amount due to a holding company of Creaton Holdings (<i>note</i>)	27,690	–
	37,050	–

Note: Gorgeous Investment Group Holding Co., Limited (“Gorgeous Investment”) is the immediate holding company of the Company. The amount was due to Creaton Holdings Limited (“Creaton Holdings”), a company incorporated in Hong Kong with limited liability and directly held by Mr. Ko Tin Kwok, a then director of the Company, which indirectly held 40.21% of equity interest in Gorgeous Investment.

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

21. 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 2020 to 30 June 2020 HK\$'000	1 January 2019 to 30 June 2019 HK\$'000
Short-term employee benefits	932	1,560
Post-employment benefits	39	53
	971	1,613

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.

22. 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:

At 30 June 2020 (unaudited)	Fair value measurements using:			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
Unlisted investment funds	–	35	–	35
Derivative financial instruments				
– commodity futures	–	23,305	–	23,305
	–	23,400	–	23,340
Financial assets at FVTOCI				
Unlisted equity securities				
Company A	–	–	178,363	178,363
Company B	–	–	32,222	32,222
Company C	–	–	13,702	13,702
Total	–	23,340	224,287	247,627

At 30 June 2019 (unaudited)	Fair value measurements using:			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 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

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

Description	Financial assets at FVTOCI – unlisted equity securities (unaudited) HK\$'000
At 1 January 2020	231,554
Fair value change recognised in other comprehensive income	(7,267)
At 30 June 2020	224,287

Description	Financial assets at FVTOCI – unlisted equity securities (audited) HK\$'000
At 1 January 2019	231,554
Total gains or losses recognised in other comprehensive income	(34,191)
At 31 December 2019	231,554

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

The directors of the Company is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements and holds discussions of valuation processes and results 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 2020 HK\$'000 (unaudited)	At 31 December 2019 HK\$'000 (audited)
Unlisted investment funds	Market approach	Price quoted by a financial institution in the PRC	35	36
Derivative financial instruments – commodity futures	Market approach	Price quoted by the dealers	23,305	1,751

Level 3 fair value measurements

Description	Unobservable inputs	Range	Valuation technique	Effect on fair value for increase of inputs	Fair value	
					At 30 June 2020 HK\$'000 (unaudited)	At 31 December 2019 HK\$'000 (audited)
Private equity investments classified as financial assets at FVTOCI	Discount for lack of marketability	20%	Market approach	–	178,363	182,398
	Discount for lack of marketability	20%		Decrease	32,222	32,362
	Discount for lack of marketability	20%		Decrease	13,702	16,794

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 2020 to 30 June 2020 ("Current Period") against the period from 1 January 2019 to 30 June 2019 ("Comparative Period") is as follows:

- Clean Energy: approximately HK\$138,938,000 (Comparative Period: HK\$157,786,000)
- Trading in securities: nil (Comparative Period: HK\$1,171,000)
- Investments: nil (Comparative Period: HK\$343,000)
- Trading of bulk commodities: approximately HK\$240,284,000 (Comparative Period: 23,762,000)

Revenue by Geographical Region

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

- Hong Kong: nil (Comparative Period: HK\$343,000)
- PRC: approximately HK\$138,938,000 (Comparative Period: HK\$158,957,000)
- Singapore: approximately HK\$240,284,000 (Comparative Period: HK\$23,762,000)

The net loss for the Current Period attributed to owners of the Company was approximately HK\$63,865,000, as compared to net loss of approximately HK\$39,425,000 for the Comparative Period, representing an increase in net loss of 62.0%.

The increase in net loss for the Current Period was principally due to a combined effect of 1) decrease in operation scale, inter alia, disposal of a solar plant in October 2019, resulting in decrease of turnover and corresponding segment profits; 2) decrease in finance costs; 3) decrease in administrative expenses; and 4) income tax expense in the Current Period against income tax credit in the Comparative Period.

The basic loss per share for the Current Period is HK0.68 cents (Comparative Period: HK0.42 cents), representing an increase of 62.0%.

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 271 megawatt(s) ("MW") (Comparative Period: 280MW), all of which are photovoltaic power generation projects locating in four provinces, Gansu, Anhui, Jiangxi and Shandong, (Comparative Period: four provinces, Gansu, Anhui, Jiangxi and Shandong, and one municipality, Shanghai).

During the Current Period, the on-grid power generation was approximately 175,205,000 kilowatt hour(s) ("KWh") (Comparative Period: 182,654,000KWh) and generated revenue of approximately HK\$138.9 million as compared to revenue of approximately HK\$157.8 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 approximately HK\$26,426,000 was recorded during the Current Period as compared to a segment profit of approximately HK\$58,017,000 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 approximately 69,779,000KWh, representing a decrease of 0.2% as compared to sale of electricity of approximately 69,917,000KWh in the Comparative Period. Sales revenue was approximately HK\$50,839,000, representing a decrease of 13.9% as compared to revenue of approximately HK\$59,075,000 in the Comparative Period.

Guanyang 8.25MW Project in Dezhou, Shandong: During the Current Period, sale of electricity was approximately 3,890,000KWh, representing a decrease of 16.7% as compared to sale of electricity of approximately 4,671,000KWh in the Comparative Period. Sales revenue was approximately HK\$3,113,000, representing a decrease of 33.6% as compared to revenue of approximately HK\$4,687,000 in the Comparative Period.

Hongxiang 8MW Project in Dezhou, Shandong: During the Current Period, sale of electricity was approximately 2,771,000 KWh, representing a decrease of 42.9% as compared to sale of electricity of approximately 4,848,000KWh in the Comparative Period. Sales revenue was approximately HK\$2,694,000, representing a decrease of 32.7% as compared to revenue of approximately HK\$4,002,000 in the Comparative Period.

Jinde 5MW Project in Dezhou, Shandong: During the Current Period, sale of electricity was approximately 2,611,000KWh, representing a decrease of 13.1% as compared to sale of electricity of approximately 3,003,000KWh in the Comparative Period. Sales revenue was approximately HK\$2,185,000, representing a decrease of 20.3% as compared to revenue of approximately HK\$2,741,000 in the Comparative Period.

Jiayang 10MW Project in Dezhou, Shandong: During the Current Period, sale of electricity was approximately 3,760,000KWh (Comparative Period: 5,535,000KWh), representing a decrease of 32.1%. Sales revenue was approximately HK\$3,797,000 (Comparative Period: HK\$5,975,000), representing a decrease of 36.5%.

Hongyang 20MW Project in Changfeng, Anhui: During the Current Period, sale of electricity was approximately 12,036,000KWh (Comparative Period: 11,782,000KWh), representing an increase of 2.2%. Sales revenue was approximately HK\$13,986,000 (Comparative Period: HK\$12,809,000), representing an increase of 9.2%.

Jinjian 20MW Project in Gaoan, Jiangxi: During the Current Period, sale of electricity was approximately 9,558,000KWh (Comparative Period: 7,860,000KWh), representing an increase of 21.6%. Sales revenue was approximately HK\$10,068,000 (Comparative Period: HK\$8,557,000), representing an increase of 17.7%.

Disheng 100MW Project in Jinchang, Gansu: During the Current Period, sale of electricity was approximately 70,800,000KWh (Comparative Period: 71,656,000KWh), representing a decrease of 1.2%. Sales revenue was approximately HK\$52,256,000 (Comparative Period: HK\$60,856,000), representing a decrease of 14.1%.

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

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 nil as the listed equity securities invested by the Group had been suspended from trading (Comparative Period: gain of HK\$6,196,000). Dividend income from listed equity securities was nil (Comparative Period: HK\$1,171,000).

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. No dividend income was recognised in profit or loss during the Current Period (Comparative Period: HK\$343,000).

The lose on change of fair value of HK\$7,267,000 on these equity instruments at fair value through other comprehensive income was recognised during the Current Period (Comparative Period: HK\$57,434,000).

Trading of Bulk Commodities

During the Current Period, the revenue from this segment was HK\$240,284,000 (Comparative Period: HK\$23,762,000) and recorded a segment loss of HK\$1,733,000 (Comparative Period: segment loss of HK\$11,115,000).

PROSPECTS

Responding to global climate change has become a major topic around the world in recent years. Under such circumstances, the global energy system accelerated the transition to low-carbon energy. As such, large-scale use of renewable energy 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 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 out 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 fuel 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 the 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 2020, the Group had cash and bank balances of approximately HK\$23,303,000 (31 December 2019: HK\$48,523,000) and interest bearing borrowings of approximately HK\$2,009,905,000 (31 December 2019: HK\$2,066,648,000). As at 30 June 2020, total equity attributable to owners of the Company amounted to approximately HK\$1,361,586,000 (31 December 2019: HK\$1,434,055,000). The gearing ratio was 145.9% as at 30 June 2020 (31 December 2019: 140.7%).

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 the shareholders of the Company 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 2020 HK\$'000	(Audited) 31 December 2019 HK\$'000
Bank and other borrowings	2,009,905	2,066,648
Less: cash and cash equivalents	(23,303)	(48,523)
Net debt	1,986,602	2,018,125
Total equity attributable to owners of the Company	1,361,586	1,434,055
Gearing ratio	145.9%	140.7%

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

The Company had not conducted any equity fund raising activities during the period ended 30 June 2020. However, the Group conducted certain refinancing activities as follow:

- a) One of the Group's other borrowings of US\$30,000,000 ("US\$30M Loan") was also matured at the end of July 2018. The Group had been in a series of discussion with the lender to renew/extend/refinance the borrowing. In February 2019, the Group and the lender finally entered into a renewal agreement upon, inter alia, an early settlement of USD30,000,000 in December 2018. The renewed borrowing 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 then 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.

In March and June 2019, the Group settled a principal of US\$4,000,000 in aggregate, leaving the principal amount reduced to HK\$179,367,000 (US\$23,000,000) as at 31 December 2019.

In mid 2019, the Group's total equity attributable to owners of the Company was less than HK\$1.6 billion, rendering it technically in breach of one of the loan covenants. In addition, the default of US\$20M Loan (see below) cross-defaulted this borrowing. In November 2019, the Group received a statutory demand issued by the legal representative of lender in respect of an alleged claim for a total amount of US\$26,401,747.22 (equivalent to approximately HK\$205,933,628.32), being, inter alia, the unpaid principal amount of the coupon bonds issued by the Company to lender together with interest accrued thereon. The Group has been in negotiation with the lender not to proceed with further legal actions by providing solutions of fundraising for settlement, including but not limited to, disposal of subsidiary companies. Details are set out in the Company's announcement dated 29 November 2019.

During the period ended 30 June 2020, the Company 1) received a petition issued in the Court of First Instance of the High Court of Hong Kong (“High Court”) by the lender (being the petitioner) against the Company that the Company may be wound up by the High Court on the ground that the Company is unable to pay its debts on 15 May 2020 (“Petition A”). Petition A concerns a sum of US\$26,401,747.22 (equivalent to approximately HK\$205,933,628.32), being the outstanding principal amount of the coupon bonds issued by the Company to the lender together with interest accrued thereon. Petition A was scheduled to be heard at the High Court on 12 August 2020; 2) the Company had made a partial repayment in the sum of HK\$533,159.00 to lender in respect of the unpaid principal of the coupon bonds issued by the Company in accordance with its debt obligations on 22 January 2020. The Company had made a further payment to the sum of RMB2,000,000.00 to the lender on 6 April 2020 in accordance with its debt obligations. The Company is in the course of seeking legal advice in relation to Petition A. The Company has been actively communicating with the management of the lender for an amicable settlement. Details are set in the Company’s announcements dated 15 May 2020 and 20 May 2020, respectively.

- b) The Group’s other borrowing of HK\$148,145,000 as at 31 December 2019 (initially having a principal amount of US\$20 million, as subsequently reduced to US\$19.2 million in July 2019 and US\$19.0 million in November 2019) from a financial institution in Hong Kong was due in August 2019 (“US\$20M Loan”). The Group had been in negotiation with the lender for renewal/extension. However, on 15 August 2019, the lender 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 borrowing 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 borrowing are paid by the Company. Details are set out in the Company’s announcement dated 22 August 2019.

In accordance with a settlement agreement dated November 2019 between the lender and the Group, the outstanding balance (both outstanding principal and interests) was to be settled in batches with the last batch of settlement in March 2020. However, the Group was in default and subsequently another settlement agreement reached and entered into between the lender and the Group in April 2020 that the outstanding balance (both outstanding principal and interests) was to be fully settled by batches with the last batch of settlement in June 2020.

On 19 May 2020, the Company received a statutory demand issued by the legal representative of the lender pursuant to section 178(1)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) in respect of an alleged claim for a total amount of US\$7,600,666.67 (equivalent to approximately HK\$58,910,107.13), being, inter alia, the outstanding sum to a settlement agreement dated 29 November 2019 and a supplemental settlement agreement dated 7 April 2020, entered into between, inter alia, the Company and the lender. If the Company fails to repay the Debt within three weeks after the date of service of the statutory demand, a winding-up order may be made in respect of the Company. The Company is in the course of seeking legal advice on the matter and will adopt all effective measures to safeguard the interest of investors and the Company. Details are set out in the Company's announcement dated 7 April 2020 and 20 May 2020, respectively.

- c) The Group's other borrowings having an aggregate principal amount of HK\$375,350,000 (RMB342,160,000) from a bank in the PRC and to be settled by 2 installments each year till January 2020 had been renewed in July 2020 with 1) the principal amount to be settled in each installment be reduced and 2) the last installment be extended to January 2028.

CHARGES ON ASSETS

The Group's US\$30M Loan and US\$20M Loan were secured by pledge of the share capital of certain subsidiaries of the Group and floating charges on property, assets, rights and revenue of the Company and certain wholly-owned subsidiaries of the Company, Max Access Limited and Surplus Basic Limited, and guarantee by the Company's wholly-owned subsidiaries, Max Access Limited and Rising Group International Limited.

At 30 June 2020, the Group's bank borrowing of HK\$375,350,000 (31 December 2019: HK\$382,809,000) was secured by the Group's property plant and equipment with net carrying amount of HK\$819,904,000 (31 December 2019: HK\$945,150,000) and trade receivables of HK\$276,624,000 (31 December 2019: HK\$235,742,000).

Saved as above, no assets of the Group and the Company had been pledged to secure the bank loans at 30 June 2020.

FOREIGN EXCHANGE EXPOSURE

The Group's businesses are mainly conducted in Renminbi and USD. Currently the Group has not implemented 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 2020 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 2020 HK\$'000	Fair value as at 30 June 2020 HK\$'000	FVTOCI HK\$'000	Dividends received HK\$'000	Percentage of carrying amounts to the Group's total assets
<i>Equity instrument at fair value through other comprehensive income</i>									
Not applicable	Satinu	Investment holding, property investment, commodities dealer, money lending, nominees, integrated financial services	Investment in shares	1.83%	182,398	178,363	4,035	-	4.4%

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 of the Company.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

- (1) On 9 July 2020, the Company received a petition (“Petition B”) issued in the Court of First Instance of the High Court of Hong Kong (the “High Court”) by AI Global (being the petitioner and the lender of the US\$20M Loan) against the Company that the Company may be wound up by the High Court on the ground that the Company is unable to pay its debts. Petition B concerns a sum of US\$7,600,666.67 (equivalent to approximately HK\$58,910,107.13), being the outstanding sum to a settlement agreement dated 29 November 2019 and a supplemental settlement agreement dated 7 April 2020 entered into between, inter alia, the Company and AI Global. Petition B is scheduled to be heard at the High Court on 14 October 2020. Details of the repayment notice are set out in the Company’s announcement dated 10 July 2020.
- (2) The board of directors of the Company announces that on 6 August 2020, 上海國之杰智慧能源有限公司 (Shanghai Gorgeous Smarter Energy Company Limited*), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company (the “Seller”) entered into a memorandum of understanding with 新疆絲路坤元能源有限責任公司 (Xinjiang Silk Road Kunyuan Energy Company Limited*) (the “Potential Purchaser”) in respect of the mutual intention on the possible disposal of all of the equity interests beneficially held by the Seller in its direct wholly-owned subsidiary 青島谷欣電力投資有限公司 (Qingdao Guxin Electricity Investment Company Limited*) to the Potential Purchaser.
- (3) In connection with Petition A, on 11 August 2020, the Company and the petitioner had filed a consent summons to the Court for adjournment of the hearing date originally scheduled on 12 August 2020 (the “Hearing Date”). The court made an order approving the Hearing Date to be adjourned to 18 November 2020. Details are set out in the Company’s announcement dated 12 August 2020.

EMPLOYEES

As at 30 June 2020, the Group employed approximately 39 (31 December 2019: 38) 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 2020.

MATERIAL ACQUISITION AND DISPOSAL

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this interim report, the Group does not have other plans for material investment or capital assets as at 30 June 2020.

LEGAL PROCEEDINGS

- (a) During the year ended 31 December 2019, Gansu Jintai and 林范有, who were the former shareholders (collectively the "Former Shareholders") of Jinchang Jintai, a subsidiary of the Group, initiated arbitrations against 上海典陽光伏電力有限公司 ("上海典陽"), an indirectly owned subsidiary of the Group, for outstanding receivables of RMB146,000,000 (equivalent to approximately HK\$163,344,000) and RMB41,000,000 (equivalent to approximately HK\$45,871,000), respectively, in respect of the acquisition of Jinchang Jintai in 2014. According to the opinion from the Group's legal advisor, 上海典陽 already paid the consideration in accordance with the said sale and purchase contract and the Former Shareholders did not have a valid ground for the claim.

- (b) On 11 November 2019, Jinchang Disheng received an arbitration petition dated 11 October 2019 from Gansu Jintai due to, inter alia, an alleged late payment on the part of Jinchang Disheng and a third party in aggregate of RMB21,986,000 (equivalent to approximately HK\$24,185,000) pursuant to various service agreements entered into between, inter alia, Jinchang Disheng and Gansu Jintai. On 7 November 2019, the bank account of Jinchang Disheng of HK\$6,699,000 was ordered by the court to be frozen. The legal process of the aforesaid case is in the preliminary stage. The Group is seeking legal advice on the aforesaid case and evaluating the potential impact. The Group is concurrently in the process of negotiating with Gansu Jintai for a settlement and an amicable disposal of the matter. As at the date of this report, no settlement regarding the aforesaid case has been reached.
- (c) The Group has initiated a lawsuit against Hongxiang New Materials Company Limited (宏祥新材料及股份有限公司) (“Hongxiang”) for the recovery of, inter alia, electricity charges and late payment fee in the aggregate amount of RMB10,533,000 (equivalent to approximately HK\$11,586,000) pursuant to a rooftop rental agreement dated 28 August 2015 and its supplemental agreement dated 6 June 2017 entered into between Hongxiang and Dezhou Miaoli, an indirect wholly-owned subsidiary of the Company.

In connection with the lawsuit against Hongxiang for the recovery of, inter alia, electricity charges and late payment fee (滯納金), a judgement was granted in favour to the Group in April 2020 that, Hongxiang was ordered and agreed to,

- (1) pay the electricity charges of RMB6,833,153.5 (equivalent to approximately HK\$7,516,468.9) (“Electricity Charges”) and the late payment fee of RMB3,699,977.21 (equivalent to approximately HK\$4,069,974.9), in the aggregate amount of RMB10,533,130.7 (equivalent to approximately HK\$11,586,443.8) and collectively (the “Claimed Amounts”) to Dezhou Miaoli New Energy Company Limited* (德州妙理新能源有限公司) (“Dezhou”), an indirect wholly-owned subsidiary of the Company; and
- (2) pay to Dezhou further late payment fee at a rate of 0.1% each day on an amount of the Electricity Charges since from 15 October 2019 until the Claimed Amounts are fully settled to Dezhou; and
- (3) pay all legal fees of RMB100,000 (equivalent to approximately HK\$110,000) and all fees relation to this litigation case to Dezhou.

OTHER INFORMATION

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

As at 30 June 2020, 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
Nil	N/A	N/A	N/A

Notes:

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

(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 2020. There was no outstanding option granted to the Directors and chief executive at the beginning and at the six months ended 30 June 2020.

Save as disclosed above, as at 30 June 2020, (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 2020.

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 2020, 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 <i>(Note 1)</i>	Approximate percentage of issued Shares
Gorgeous Investment	Beneficial owner	4,092,084,312 (L)	43.65%
Shanghai Gorgeous	Interest in a controlled corporation <i>(Note 2)</i>	4,092,084,312 (L)	43.65%
Shanghai Gu Yuan	Interest in a controlled corporation <i>(Note 3)</i>	4,092,084,312 (L)	43.65%
Rich Crown	Interest in a controlled corporation <i>(Note 4)</i>	4,092,084,312 (L)	43.65%
Creaton Holdings	Interest in a controlled corporation <i>(Note 4)</i>	4,092,084,312 (L)	43.65%
Mr. Ko Tin Kwok	Interest of controlled corporation <i>(Note 25)</i>	4,092,084,312 (L)	43.65%
Shandong Hi-Speed Investment Fund	Beneficial owner	831,000,000 (L)	8.86%
Shandong Hi-Speed Investment Fund Management	Interest of controlled Corporation <i>(Note 5)</i>	831,000,000 (L)	8.86%
Shandong Hi-Speed Investment Holding	Interest of controlled Corporation <i>(Note 6)</i>	831,000,000 (L)	8.86%
Shandong Hi-Speed Group	Interest of controlled Corporation <i>(Note 7)</i>	1,497,372,364 (L)	15.97%

Name of Shareholders	Capacity	Number of Shares interested <i>(Note 1)</i>	Approximate percentage of issued Shares
Dongying Yellow River	Interest of controlled Corporation <i>(Note 8)</i>	831,000,000 (L)	8.86%
Mr. Qin Zhongyue	Interest of controlled Corporation <i>(Note 9)</i>	831,000,000 (L)	8.86%
Safe Castle Limited	Beneficial owner <i>(Note 10)</i>	666,372,364 (L)	7.11%
Coupeville Limited	Interest of controlled Corporation <i>(Note 10)</i>	666,372,364 (L)	7.11%
China Shandong Hi-Speed Financial Group Limited	Interest of controlled Corporation <i>(Note 10)</i>	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 <i>(Note 11)</i>	650,000,000 (L)	6.93%
Shenzhen Dachang Fund Management Co., Ltd.	Interest of controlled corporation <i>(Note 12)</i>	650,000,000 (L)	6.93%
Shenzhen Yukai Industrial Co., Ltd.	Interest of controlled corporation <i>(Note 13)</i>	650,000,000 (L)	6.93%
Li Qinggao	Interest of controlled corporation <i>(Note 14)</i>	650,000,000 (L)	6.93%
Wang Leilei	Interest of controlled corporation <i>(Note 15)</i>	650,000,000 (L)	6.93%
Rationale (Holdings) Investment	Interest of controlled Corporation <i>(Note 16)</i>	650,000,000 (L)	6.93%
Rationale Investment (Shanghai)	Interest of controlled Corporation <i>(Note 17)</i>	650,000,000 (L)	6.93%

Name of Shareholders	Capacity	Number of Shares interested <i>(Note 1)</i>	Approximate percentage of issued Shares
China Minsheng New Energy	Interest of controlled Corporation <i>(Note 18)</i>	650,000,000 (L)	6.93%
China Minsheng Investment	Interest of controlled Corporation <i>(Note 19)</i>	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 <i>(Note 20)</i>	688,900,000 (L)	7.35%
CCB International (Holdings) Limited	Interest of controlled Corporation <i>(Note 21)</i>	688,900,000 (L)	7.35%
CCB Financial Holdings Limited	Interest of controlled Corporation <i>(Note 22)</i>	688,900,000 (L)	7.35%
CCB International Group Holdings Limited	Interest of controlled Corporation <i>(Note 23)</i>	688,900,000 (L)	7.35%
Central Huijin Investment Ltd.	Interest of controlled Corporation <i>(Note 24)</i>	688,900,000 (L)	7.35%

Notes:

1. The letter "L" denotes a long position in the Shares.
2. As at 30 June 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 2020, Shenzhen Yukai Industrial Co., Ltd.* (深圳裕開實業有限公司) (“Shenzhen Yukai”) was the controlling shareholder of Shenzhen Dachang and was therefore deemed to have an interest in all the Shares in which Shenzhen Dachang was interested under the SFO.
14. As at 30 June 2020, 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 2020, 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 2020, 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 2020, Rationale (Holdings) Investment Limited (“Rationale (Holdings) Investment”) was a wholly-owned subsidiary of Rationale Investment (Shanghai) Company Limited* (睿恒投資(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 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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.
25. As at 30 June 2020, 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, a former director of the Company, was therefore deemed to be interested in the Shares beneficially owned by Gorgeous Investment under the SFO.

Save as disclosed above, as at 30 June 2020, 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 2020.

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 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 2020.

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 deviations:

- (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 2020, the three independent non-executive Directors were not appointed for a specific term, but they were subject to 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; and
- ii) Under code provision A.2.1 of the CG Code, the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual.

During the period ended 30 June 2020, the Company had not separated the roles of chairman and chief executive officer of the Company since 30 August 2019. Mr. Zhang Liang ("Mr. Zhang") is acting as the chairman of the Board and our chief executive officer of the Company who is responsible for overseeing the operations of the Group during reporting period. In view of the present composition of the Board, Mr. Zhang's in-depth knowledge and experience in the industry in which the Group operates and his familiarity with the operations of the Group, the Company believes that it is in the best interest of the Group for Mr. Zhang to assume both roles as the Chairman and the chief executive officer of the Company. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole; and

- iii) (a) Following the resignation of Mr. Li Hui on 5 December 2019, the number of independent non-executive directors (“INEDs”) on the Board and the Audit Committee had fallen below the minimum of three members as required under Rules 3.10(1) and 3.21 of the Listing Rules and the Company had not yet appointed an additional INED within three months from 5 December 2019 under Rules 3.11 and 3.23 of the Listing Rules. On 11 March 2020, the Stock Exchange granted to the Company a waiver from strict compliance with Rules 3.10(1), 3.11, 3.21 and 3.23 of the Listing Rules and have granted additional time ending on 4 May 2020 to appoint an additional INED.

After the appointment of Mr. Pun Hau Man as an INED and member of the Audit Committee on 4 May 2020, the Company was in compliance with Rules 3.10(1) and 3.21 of the Listing Rules.

- (b) Following the resignation of Mr. Fok Ho Yin, Thomas on 10 June 2020, (i) the number of INEDs on the Board and the Audit Committee had fallen below the minimum of three members as required under Rules 3.10(1) and 3.21 of the Listing Rules and (ii) the absence of the Chairman for each of the Audit Committee and the remuneration committee of the Company (the “Remuneration Committee”) does not meet the requirements under Rules 3.21 and 3.25 of the Listing Rules.

After the appointment of Mr. Wang Yuzhou as an INED and chairman of each of the Audit Committee and the Remuneration Committee on 30 June 2020, the Company was in compliance with Rules 3.10(1), 3.21 and 3.25 of the Listing Rules.

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 2020.

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 13 March 2020, Mr. Bo Dateng, Mr. Gao Fei and Mr. Yin Yilin were appointed as executive directors of the Company.

On 13 March 2020, Mr. Ko Tin Kwok (“Mr. Ko”) resigned as an executive director as he would like to devote more time to pursue his own business. Accordingly, Mr. Ko ceased to be the Vice Chairman of the Board with effect from the same date.

On 4 May 2020, Mr. Pun Hau Man was appointed as an independent non-executive director of the Company and a member of each of the audit committee, the nomination committee and the remuneration committee of the Company.

On 10 June 2020, Mr. Thomas Fok Ho Yin (“Mr. Fok”) resigned as an independent non-executive director of the Company. Accordingly, Mr. Fok ceased to be the chairman of each of the audit committee and remuneration committee and a member of the nomination committee of the Company.

On 30 June 2020, Mr. Wang Yuzhou was appointed as an independent non-executive director of the Company and chairman of each of the audit committee and remuneration committee and member of the nomination committee of the Company.

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. Wang Yuzhou, Mr. Lam Cheung Mau and Mr. Pun Hau Man. The chairman of the Remuneration Committee is Mr. Wang Yuzhou.

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 2020.

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. Wang Yuzhou, Mr. Lam Cheung Mau and Mr. Pun Hau Man. The chairman of the Audit Committee is Mr. Wang Yuzhou.

NOMINATION COMMITTEE

The Nomination Committee has reviewed and supervised the structure, size and composition of the Board, identified qualified individuals to become members of the Board, assessed the independence of the independent non-executive directors and made 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. Wang Yuzhou, Mr. Lam Cheung Mau and Mr. Pun Hau Man. 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 2020 (six months ended 30 June 2019: 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 of the Company.

BOARD OF DIRECTORS

As at the date of this report, Mr. Zhang Liang, Mr. Hu Hanyang, Mr. Weng Xiaoquan, Mr. Bo Dateng, Mr. Gao Fei and Mr. Yin Yilin are the executive directors of the Company; and Mr. Lam Cheung Mau, Mr. Pun Hau Man and Mr. Wang Yuzhou are the independent non-executive directors of the Company.

By Order of the Board
China Smarter Energy Group Holdings Limited
Zhang Liang
Chairman and Chief Executive Officer

Hong Kong, 31 August 2020

* *For identification purposes only*