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)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 September 2017

		(Unaudited) Six months ended 30 September	
		2017	2016
	Notes	***HK$'000***	*HK$'000*
CONTINUING OPERATIONS			
Revenue	*4*	**175,218**	23,552
Cost of sales		**–**	(1,723)
Gross profit		**175,218**	21,829
Other income	*4*	**5,225**	210
Other losses	*4*	**(101,124)**	(4,901)
Gain on bargain purchase of subsidiaries	*11*	**6,683**	–
Selling and distribution expenses		**–**	(1,758)
Administrative and operating expenses		**(100,084)**	(92,512)
LOSS BEFORE INTEREST AND TAX FROM CONTINUING OPERATIONS		**(14,082)**	(77,132)
Finance costs		**(89,482)**	(70,375)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	*5*	**(103,564)**	(147,507)
Income tax credit/(expense)	*6*	**2,129**	(2,164)
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**(101,435)**	(149,671)
DISCONTINUED OPERATION			
Loss for the period from a discontinued operation		**–**	(480)
LOSS FOR THE PERIOD		**(101,435)**	(150,151)

	Notes	(Unaudited) Six months ended 30 September **2017** ***HK$'000***	2016 *HK$'000*
ATTRIBUTABLE TO:			
Owners of the Company			
Continuing operations		**(101,432)**	(149,659)
Discontinued operation		**–**	(395)
		(101,432)	(150,054)
Non-controlling interests		**(3)**	(97)
LOSS FOR THE PERIOD		**(101,435)**	(150,151)
PROPOSED INTERIM DIVIDEND	*7*	**–**	–
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*8*		
Basic			
For loss for the period		**HK(1.1) cents**	HK(1.9) cents
For loss for the period from continuing operations		**HK(1.1) cents**	HK(1.9) cents
Diluted			
For loss for the period		**HK(1.1) cents**	HK(1.9) cents
For loss for the period from continuing operations		**HK(1.1) cents**	HK(1.9) cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2017

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

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

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

3. SEGMENT INFORMATION

(a) Segment revenue and results

For the six months ended 30 September 2017 (Unaudited)

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

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

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

(b) Segment assets and liabilities

At 30 September 2017 (Unaudited)

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

At 31 March 2017 (Audited)

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

(c) Geographical information

Revenue from external customers

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

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

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

4. REVENUE, OTHER INCOME AND OTHER LOSSES

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

5. LOSS BEFORE TAX

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

6. INCOME TAX (CREDIT)/EXPENSE

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

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

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

7. PROPOSED INTERIM DIVIDEND

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

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

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

9. TRADE RECEIVABLES

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

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

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

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

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

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

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

10. TRADE PAYABLES

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

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

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

11. BUSINESS COMBINATIONS

30 September 2017

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

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

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

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

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

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

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

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

Notes:

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

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF THE GROUP

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

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

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

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

BUSINESS REVIEW

Clean Energy Business

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Trading in securities

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

Investments

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

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

Trading Business

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

PROSPECTS

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

CAPITAL STRUCTURE

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

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

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

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

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

FOREIGN EXCHANGE EXPOSURE

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

SIGNIFICANT INVESTMENTS

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

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

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

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

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

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

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

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

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

EMPLOYEES

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

CONTINGENT LIABILITIES

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

CORPORATE GOVERNANCE PRACTICES

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

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

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

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

CHANGE IN INFORMATION OF DIRECTORS

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

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

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

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

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

REMUNERATION COMMITTEE

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

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

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

AUDIT COMMITTEE

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

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

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

NOMINATION COMMITTEE

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

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

INTERIM DIVIDEND

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

PUBLICATION OF INTERIM REPORT

The interim report will be published on the website of the Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company's website at www.cse1004.com in due course. Printed copies in both languages will be posted to shareholders.

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

Hong Kong, 24 November 2017

As at the date of this announcement, Mr. Sun Liang, Mr. Ko Tin Kwok, Ms. Zhao Li, Mr. Zeng Weibing and Mr. Hu Hanyang are the executive directors of the Company; and Mr. Fok Ho Yin, Thomas, Mr. Li Hui and Mr. Lam Cheung Mau are the independent non-executive directors of the Company.

* *For identification purpose only*