CSE

CHINA SMARTER ENERGY GROUP HOLDINGS LIMITED

中國智慧能源集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1004)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE PERIOD FROM 1 APRIL 2018 TO 31 DECEMBER 2018

The Board of Directors (the "Board") of China Smarter Energy Group Holdings Limited (the "Company") announces as follows the audited consolidated results of the Company and its subsidiaries (together hereinafter referred to as the "Group") for the period from 1 April 2018 to 31 December 2018 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period from 1 April 2018 to 31 December 2018

	Note	**Period from 1 April 2018 to 31 December 2018** ***HK$'000***	Year ended 31 March 2018 *HK$'000*
Revenue	*3*	**857,277**	345,902
Cost of sales		**(774,552)**	(149,455)
Gross profit		**82,725**	196,447
Other income		**10,049**	8,818
Other gains and losses		**(27,619)**	(182,775)
Impairment losses for trade receivables		**(7,457)**	–
Reversal of impairment losses on other receivables		**15,413**	–
Impairment loss on club membership debentures		**(883)**	–
Gain on bargain purchase of subsidiaries		**–**	7,599
Administrative and operating expenses		**(50,044)**	(64,620)
Profit/(loss) from operations		**22,184**	(34,531)
Finance costs		**(217,794)**	(207,378)
Loss before tax		**(195,610)**	(241,909)
Income tax credit	*5*	**3,232**	5,000

* *For identification purpose only*

	Note	Period from 1 April 2018 to 31 December 2018 HK$'000	Year ended 31 March 2018 HK$'000
Loss for the period/year	*6*	**(192,378)**	(236,909)
Attributable to:			
Owners of the Company		**(194,700)**	(236,738)
Non-controlling interests		**2,322**	(171)
		(192,378)	(236,909)
Loss per share	*8*		
Basic (cents per share)		**HK(2.08) cents**	HK(2.53) cents
Diluted (cents per share)		**HK(2.08) cents**	HK(2.53) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the period from 1 April 2018 to 31 December 2018

	Period from 1 April 2018 to 31 December 2018	Year ended 31 March 2018
	HK$'000	*HK$'000*
Loss for the period/year	**(192,378)**	(236,909)
Other comprehensive income		
Item that will not be reclassified to profit or loss:		
Fair value changes of equity instruments at fair value through other comprehensive income (FVTOCI)	**30,481**	–
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(132,106)**	149,168
Other comprehensive income for the period/year, net of tax	**(101,625)**	149,168
Total comprehensive income for the period/year	**(294,003)**	(87,741)
Attributable to:		
Owners of the Company	**(296,325)**	(87,568)
Non-controlling interests	**2,322**	(173)
	(294,003)	(87,741)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Note	At 31 December 2018 HK$'000	At 31 March 2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**2,289,703**	2,627,292
Prepaid land lease payments		**1,183**	1,376
Intangible assets		**672,683**	765,463
Available-for-sale financial assets		**–**	204,955
Equity instruments at FVTOCI		**265,745**	–
Club membership debenture		**130**	–
Deposits for acquisitions		**334,155**	337,461
Contract assets	*9*	**6,785**	–
Total non-current assets		**3,570,384**	3,936,547
Current assets			
Prepaid land lease payments		**93**	102
Trade and bill receivables	*9*	**396,847**	440,783
Prepayments, deposits and other receivables		**115,513**	195,210
Financial assets at fair value through profit or loss (FVTPL)		**49,058**	99,124
Contract assets	*9*	**29,220**	–
Derivative financial instruments		**5,487**	–
Derivative financial assets – Derivative component of the convertible bonds		**–**	10,958
Loan receivables		**57,800**	–
Restricted bank deposit		**284**	311
Time deposit and cash and bank balances		**125,817**	526,994
Total current assets		**780,119**	1,273,482

	Note	At 31 December 2018 HK$'000	At 31 March 2018 HK$'000
LIABILITIES			
Current liabilities			
Trade payables	*10*	**–**	2
Other payables and accruals		**237,877**	275,666
Customers' deposits		**–**	331
Bank and other borrowings		**787,891**	349,335
Convertible bonds		**–**	375,554
Current tax liabilities		**1,472**	–
Total current liabilities		**1,027,240**	1,000,888
Net current (liabilities)/assets		**(247,121)**	272,594
Total assets less current liabilities		**3,323,263**	4,209,141
LIABILITIES			
Non-current liabilities			
Bank and other borrowings		**1,464,293**	2,004,014
Deferred tax liabilities		**244,181**	273,239
Total non-current liabilities		**1,708,474**	2,277,253
Net assets		**1,614,789**	1,931,888
EQUITY			
Equity attributable to owners of the Company			
Share capital		**23,436**	23,436
Other reserves		**1,584,538**	1,903,959
		1,607,974	1,927,395
Non-controlling interests		**6,815**	4,493
Total equity		**1,614,789**	1,931,888

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The Group changed its financial year end date from 31 March to 31 December in order to align the financial year end date of the Company with those of its principal subsidiaries in the People's Republic of China ("PRC"), which are statutorily required to close their accounts with the financial year end date of 31 December. The Board considered that the change of financial year end date facilitated the preparation of the consolidated financial statements of the Group. The current period of consolidated financial statements cover a nine-month period ended 31 December 2018 and the comparative figures cover a twelve-month period ended 31 March 2018. The comparative amounts are therefore not entirely comparable.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 April 2018. Of these, the following developments are relevant to the Group's consolidated financial statements:

(i) HKFRS 9 Financial Instruments; and

(ii) HKFRS 15 Revenue from Contracts with Customers

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 9 Financial instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

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

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared when HKAS 18 Revenue and the related interpretation.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2018. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 16 Leases	1 January 2019
HK(IFRIC) 23 Uncertainty over Income Tax Treatments	1 January 2019
Annual Improvements to HKFRSs 2015-2017 Cycle	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of HKFRS 16 which may have a significant impact on the consolidated financial statements. While the assessment has been substantially completed for HKFRS 16, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ended 30 June 2019. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that interim financial report.

3. REVENUE

Disaggregation of revenue from contracts with customers by major products or service line for the period/year is as follows:

	Period from 1 April 2018 to 31 December 2018	Year ended 31 March 2018
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Sale of electricity	**232,927**	222,207
– Sale of bulk commodities	**617,569**	–
	850,496	222,207
Revenue from other sources		
Dividend income from unlisted available-for-sale financial assets	**–**	115,166
Dividend income from listed financial assets at FVTPL	**4,784**	8,529
Dividend income from equity instruments at FVTOCI	**1,997**	–
	857,277	345,902

Sale of electricity included HK$172,659,000 (year ended 31 March 2018: HK$162,542,000) tariff subsidy received and receivable from the state grid companies in the PRC based on the prevailing nationwide government policies on renewable energy for solar plants and distributed power stations.

4. SEGMENT INFORMATION

The Group has four operating segments as follows:

Clean energy	–	Sale of electricity
Trading in securities	–	Trading in securities comprise net gains/(losses) from trading of listed securities and dividend income from listed equity investments
Investment	–	Investments comprise dividend income from unlisted equity investments
Trading of bulk commodities	–	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 Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include unallocated corporate expenses, certain other income, finance cost and income tax. Segment assets do not include derivative financial assets, cash and bank balances and unallocated assets. Segment liabilities do not include convertible bonds, some other borrowings and unallocated liabilities. Segment non-current assets do not include equity instruments at FVTOCI and club membership debenture (31 March 2018: available-for-sale financial assets) and deposits for acquisitions.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

Information about operating segment profit or loss, assets and liabilities:

	Clean energy	Trading in securities	Investments	Trading of bulk commodities	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Period from 1 April 2018 to 31 December 2018					
Revenue from external customers	232,927	–	–	617,569	850,496
Dividend income	–	4,784	1,997	–	6,781
Segment profit/(loss)	81,997	(31,712)	(10,007)	9,217	49,495
Depreciation and amortisation	134,342	–	–	83	134,425
Income tax (credit)/expenses	(4,704)	–	–	1,472	(3,232)
Additions to segment non-current assets	1,700	–	–	10	1,710
At 31 December 2018					
Segment assets	3,493,037	85,377	270,050	973	3,849,437
Segment liabilities	1,736,572	546,161	2,528	2,434	2,287,695

	Clean energy	Trading in securities	Investments	Trading of bulk commodities	Trading of fur products	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2018						
Revenue from external customers	222,207	–	–	–	–	222,207
Dividend income	–	8,529	115,166	–	–	123,695
Segment profit/(loss)	56,766	(38,146)	(6,488)	(560)	307	11,879
Depreciation and amortisation	122,463	–	–	–	–	122,463
Income tax credit	(5,000)	–	–	–	–	(5,000)
Additions to segment non-current assets	–	–	–	483	–	483
At 31 March 2018						
Segment assets	4,358,019	99,124	203,943	994	–	4,662,080
Segment liabilities	2,674,819	–	2,492	1,557	–	2,678,868

Reconciliations of segment revenue and profit or loss:

	Period from 1 April 2018 to 31 December 2018	Year ended 31 March 2018
	HK$'000	*HK$'000*
Revenue		
Total revenue of reportable segments	**857,277**	345,902
Elimination of intersegment revenue	**–**	–
Consolidated revenue	**857,277**	345,902
Profit or loss		
Total profit or loss of reportable segments	**49,495**	11,879
Unallocated amounts:		
Interest income	**2,713**	8,069
Change in fair value of derivative components of convertible bonds	**(10,958)**	(14,907)
Gain on bargain purchase	**–**	7,599
Unallocated corporate expenses	**(19,066)**	(47,171)
Finance costs	**(217,794)**	(207,378)
Consolidated loss before tax	**(195,610)**	(241,909)

Reconciliations of segment assets and liabilities:

	At 31 December 2018	At 31 March 2018
	HK$'000	*HK$'000*
Assets		
Total assets of reportable segments	**3,849,437**	4,662,080
Unallocated amounts:		
Bank and cash balances	**125,817**	103,381
Prepayment, deposits, other receivables and other assets	**375,249**	444,568
Consolidated total assets	**4,350,503**	5,210,029
Liabilities		
Total liabilities of reportable segments	**2,287,695**	2,678,868
Unallocated amounts:		
Accruals and other payables	**448,019**	223,719
Borrowings	**–**	375,554
Consolidated total liabilities	**2,735,714**	3,278,141

Geographical information:

The Group's revenue from external customers by location of operations and information about its non-current assets by location are detailed below:

	Revenue		Non-current assets	
	Period from 1 April 2018 to 31 December 2018	Year ended 31 March 2018	**At 31 December 2018**	At 31 March 2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**237,711**	230,578	**3,015,960**	3,424,729
Hong Kong	**1,997**	115,324	**554,014**	511,335
Singapore	**617,569**	–	**410**	483
Consolidated total	**857,277**	345,902	**3,570,384**	3,936,547

Revenue from major customers:

	Period from 1 April 2018 to 31 December 2018	Year ended 31 March 2018
	HK$'000	*HK$'000*
Clean energy segment		
Customer A	**154,040**	148,612
Trading of bulk commodities segment		
Customer B	**171,117**	–
Customer C	**152,588**	–
Customer D	**105,285**	–
Customer E	**123,536**	–

5. INCOME TAX CREDIT

Income tax has been recognised in profit or loss as following:

	Period from 1 April 2018 to 31 December 2018	Year ended 31 March 2018
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the period/year	**–**	–
Current tax – Overseas		
Provision for the period/year	**1,472**	–
	1,472	–
Deferred tax	**(4,704)**	(5,000)
	(3,232)	(5,000)

No provision for Hong Kong Profits Tax is required since the Company has no assessable profit for the period from 1 April 2018 to 31 December 2018 and year ended 31 March 2018.

Singapore Corporate Tax has been provided at a rate of 17% (31 March 2018: Nil) on the estimated assessable profit for the period from 1 April 2018 to 31 December 2018.

PRC Enterprises Income Tax has been provided at a rate of 25% (31 March 2018: 25%). During the period/year, nine (31 March 2018: nine) subsidiaries of the Group which are engaging in the operation of solar power plants and distributed power stations have obtained the relevant preferential tax concession. These subsidiaries are fully exempted from the PRC enterprise income tax for the first three years, followed by a 50% tax exemption for the next three years.

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

6. LOSS FOR THE PERIOD/YEAR

The Group's loss for the period/year is stated after charging the followings:

	Period from 1 April 2018 to 31 December 2018	Year ended 31 March 2018
	HK$'000	*HK$'000*
Auditor's remuneration		
– audit services		
– current period/year	**1,650**	1,600
– under-provision in prior year	**50**	–
– non-audit services	**–**	671
	1,700	2,271
Depreciation	**111,061**	89,259
Amortisation of intangible assets (included in cost of sales)	**25,961**	34,837
Acquisition-related costs (including in administrative and operating expenses)	**–**	8,053
Gain on disposal of property, plant and equipment	**111**	–
Deposits and other receivables written off	**–**	1,415
Reversals of allowance for deposits and other receivables	**(15,413)**	–
Operating lease charges	**10,295**	13,285
Allowance for trade receivables	**7,457**	302

(i) Cost of sales includes depreciation, amortisation of intangible assets and operating lease charges of approximately HK$136,176,000 (year ended 31 March 2018: HK$121,989,000).

7. DIVIDENDS

No dividends have been paid or proposed during the period from 1 April 2018 to 31 December 2018, nor has any dividend been proposed since the end of the reporting period (year ended 31 March 2018: Nil).

8. LOSS PER SHARE

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

	Period from 1 April 2018 to 31 December 2018	Year ended 31 March 2018
Earnings		
Loss for the period/year attributable to owners of the Company for the purpose of calculating basic earnings per share *(HK$'000)*	**(194,700)**	(236,738)
Weighted average number of ordinary shares in issue *(thousands)*	**9,374,351**	9,374,351

Diluted loss per share for the period from 1 April 2018 to 31 December 2018 is the same as the basic loss per share, as the Company's outstanding convertible bonds have been settled for the period from 1 April 2018 to 31 December 2018.

Diluted loss per share for year ended 31 March 2018 is the same as the basic loss per share, as the Company's outstanding convertible bonds had an anti-dilutive effect on the basic loss per share for the year ended 31 March 2018.

9. TRADE AND BILL RECEIVABLES AND CONTRACT ASSETS

	At 31 December 2018 ***HK$'000***	At 31 March 2018 *HK$'000*
Trade receivables	**410,191**	434,604
Allowance for doubtful debts	**(20,960)**	(302)
	389,231	434,302
Bills receivables	**7,616**	6,481
	396,847	440,783

	At 31 December 2018 ***HK$'000***	At 1 April 2018 *HK$'000*
Contract assets		
Tariff adjustment		
– Non-current	**6,785**	40,402
– Current	**29,220**	70,602
	36,005	111,004

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

	At 31 December 2018 *HK$'000*	At 31 March 2018 *HK$'000*
Unbilled	**386,457**	396,506
Current to 30 days	**2,774**	13,802
31 days to 60 days	**–**	6,359
Over 60 days	**–**	17,635
	389,231	434,302

10. TRADE PAYABLES

The ageing analysis of trade payables, based on invoice date, is as follows:

	At 31 December 2018 *HK$'000*	At 31 March 2018 *HK$'000*
Over 60 days	**–**	2

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

11. CONTINGENT LIABILITIES

At 31 December 2018, the Group did not have any significant contingent liabilities (31 March 2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue by Business Segments

Ratio analysis by business segments for the Group's revenue for the period from 1 April to 31 December 2018 ("Current Period") against the year from 1 April 2017 to 31 March 2018 ("Comparative Year") is as follows:

- Clean Energy: approximately HK$232,927,000 (Comparative Year: HK$222,207,000)
- Trading in securities: approximately HK$4,784,000 (Comparative Year: HK$8,529,000)
- Investments: approximately HK$1,997,000 (Comparative Year: HK$115,166,000)
- Trading of bulk commodities: HK$617,569,000 (Comparative Year: Nil)

Revenue by Geographical Region

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

- Hong Kong: approximately HK$1,997,000 (Comparative Year: HK$115,324,000)
- The People's Republic of China ("PRC"): approximately HK$237,711,000 (Comparative Year: HK$230,578,000)
- The Republic of Singapore ("Singapore"): approximately HK$617,569,000 (Comparative Year: Nil)

BUSINESS REVIEW

Clean Energy

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

During the Comparative Year, the Group completed acquisitions of 3 solar energy projects in Anhui, Jiangxi and Shandong Provinces, respectively, which have an aggregate production capacity of 50MW. Also in November 2017, the Group acquired 100% equity interest in Qingdao Guxin Electricity Investment Company Limited 青島谷欣電力投資有限公司, which in return owns 100% equity interest in Jinchang Disheng Solar Energy Electricity Generation Company Limited 金昌迪生太 陽能發電有限公司 ("Jinchang Disheng"). Jinchang Disheng owns and operates a 100MW solar power station located in Jinchang, Gansu Province, PRC.

During Current Period, the on-grid power generation was approximately 263,413,000 kilowatt hour(s) ("KWh") (Comparative Year: 230,396,000KWh) and generated revenue of approximately HK$232.9 million as compared to revenue of approximately HK$222.2 million in the Comparative Year. The revenue was mainly contributed by two 100% owned subsidiaries, namely Jinchang Jintai Photovoltaic Company Limited 金昌錦泰光伏電力有限公司and Jinchang Disheng, which have an aggregate production capacity of 200MW.

Segment profit of HK$81,997,000 was recorded during the Current Period as compared to a profit of HK$56,766,000 in the Comparative Year. The increase is a combined effect of (i) the increase of revenue; and (ii) difference in comparison base with Current Year representing a nine months period against Comparative Year representing a full year ("Difference in Comparison Base").

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 91,864,000KWh, representing a decrease of 25.6% as compared with Comparative Year's sale of electricity of 123,434,000KWh. Sales revenue was HK$75,211,000, representing a decrease of 32.2% as compared with Comparative Year's revenue of HK$110,953,000.

Xin Lan 8MW Project in Shanghai: During the Current Period, sale of electricity was 6,018,000KWh, representing a decrease of 24.4% as compared with Comparative Year's sale of electricity of 7,962,000KWh. Sales revenue was HK$7,274,000, representing a decrease of 21.1% as compared with Comparative Year's revenue of HK$9,218,000.

Guanyang 8.25MW Project in Dezhou, Shandong: During the Current Period, sale of electricity was 5,127,000KWh, representing a decrease of 33.3% as compared with Comparative Year's sale of electricity of 7,694,000KWh. Sales revenue was HK$4,896,000, representing a decrease of 38.1% as compared with Comparative Year's revenue of HK$7,906,000.

Hongxiang 8MW Project in Dezhou, Shandong: During the Current Period, sale of electricity was 6,999,600KWh, representing a decrease of 11.8% as compared Comparative Year's sale of electricity of 7,935,000KWh. Sales revenue was HK$6,322,000, representing a decrease of 14.0% as compared with Comparative Year's revenue of HK$7,350,000.

Jinde 5MW Project in Dezhou, Shandong: During the Current Period, sale of electricity was 4,639,780KWh, representing a decrease of 3.3% as compared with Comparative Year's sale of electricity of 4,797,000KWh. Sales revenue was HK$4,255,000, representing a decrease of 10.7% as compared with Comparative Year's revenue of HK$4,764,000.

Jiayang 10MW Project in Dezhou, Shandong: During the Current Period, sale of electricity was 8,456,490 KWh (Comparative Year: 6,670,000KWh), representing an increase of 26.8%. Sales revenue was HK$9,307,000 (Comparative Year: HK$6,670,000), representing an increase of 39.5%.

Hongyang 20MW Project in Changfeng, Anhui: During the Current Period, sale of electricity was 19,745,866KWh (Comparative Year: 13,689,000KWh), representing an increase of 44.2%. Sales revenue was HK$24,157,000 (Comparative Year: HK$17,500,000), representing an increase of 38.0%.

Jinjian 20 MW Project in Gaoan, Jiangxi: During the Current Period, sale of electricity was 17,369,000KWh (Comparative Year: 13,122,000KWh), representing an increase of 32.4%. Sales revenue was HK$20,566,000 (Comparative Year: HK$18,869,000), representing an increase of 9.0%.

Disheng 100MW Project in Jinchang, Gansu: During the Current Period, sale of electricity was 98,657,713KWh (Comparative Year: 66,042,000KWh), representing an increase of 49.4%. Sales revenue was HK$80,939,000 (Comparative Year: HK$56,046,000), representing an increase of 44.4%.

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

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

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

Trading in securities

During the Current Period, the net realised and unrealised loss resulted from trading of listed equity securities was HK$30,401,000 (Comparative Year: HK$46,676,000). Loss of HK$31,712,000 was recorded from this business segment during the Current Period as compared to a record of segment loss of HK$38,146,000 for the Comparative Year. Dividend income from listed equity securities was HK$4,784,000 (Comparative Year: HK$8,529,000).

Investments

During the Current Period, the Group had investments in certain unlisted companies, the investment of which was to utilise its funds for potential high return on one hand, to diversify its investments and hence reduce business risk on the other. The Group closely monitors the market conditions and may consider to change its portfolio of investments from time to time. A dividend income of HK$1,997,000 is recognised in profit or loss during the Current Period (Comparative Year: HK$112,046,000).

The gain on change of fair value of HK$30,481,000 on these equity instruments at fair value through other comprehensive income was recognised during the Current Period (Comparative Year: an impairment loss of HK$121,654,000 was recognized in the consolidated profit or loss).

Trading of Bulk Commodities

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

During the Current Period, the revenue from this segment was HK$617,569,000 (Comparative Year: Nil) and recorded a segment profit of HK$9,217,000 (Comparative Year: segment loss of HK$506,000).

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. 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 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 so as to enhance its asset management capability.

RESULTS OF THE GROUP

During the Current Period, the Group recorded a revenue of approximately HK$857,277,000 as compared to revenue of approximately HK$345,902,000 in Comparative Year, The change in revenue was a combined effect of i) increase in sales of electricity from HK$222,207,000 to HK$232,927,000, representing an increase of 4.8% when compared to Comparative Year, ii) contribution from sales of bulk commodities (crude oil) of HK$617,569,000 (Comparative Year: Nil); and iii) dividend income of HK$6,781,000 (Comparative Year: HK$123,695,000).

The net loss of the Group for the Current Period amounted to HK$192,378,000 (Comparative Year: HK$236,909,000), representing a decrease in loss of 18.8%.

The decrease in loss was a combined effect of i) increase in revenue as stated above; ii) net effect of impairment loss and reversal of impairment loss of HK$7,073,000 (Comparative Year: Nil); and iii) Difference in Comparison Base.

COST OF SALES

For the Current Period, the amount of cost of sales was approximately HK$774,552,000 (Comparative Year: HK$149,455,000), representing an increase of 418.3%, primarily due to the introduction of trading business of bulk commodities (crude oil) for the Current Period.

OPERATING AND ADMINISTRATIVE EXPENSES

For the Current Period, the amount of operating and administrative expenses was approximately HK$50,044,000 (Comparative Year: HK$64,620,000). There were no significant changes for the two periods under review as the basis with which the operating and administrative expenses primarily incurred was not significantly changed. The decrease was mainly due to the Difference in Comparison Base.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally derives cash for operation from internal cash flow and from banks and financial institutions in Hong Kong and the PRC. As at 31 December 2018, the Group had time deposit and cash and bank balances of approximately HK$125,817,000 (At 31 March 2018: HK$526,994,000). As at 31 December 2018, the Group's interest bearing borrowings (including bank and other borrowings) amounted to approximately HK$2,252,184,000 (At 31 March 2018: HK$2,728,903,000, including both bank and other borrowings and convertible bonds). Total equity attributable to owners of the Company amounted to approximately HK$1,607,974,000 (At 31 March 2018: HK$1,927,395,000). Accordingly, the gearing ratio is 132.2% (At 31 March 2018: 114.2%).

As at 31 December 2018, the Group had net current liabilities of approximately HK$247,121,000 (At 31 March 2018: net current assets of approximately HK$272,594,000) and current ratio (being current assets over current liabilities) of 0.76 (At 31 March 2018: 1.27).

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 (At 31 March 2018: interest-bearing bank and other borrowings and convertible bonds), 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 is as follows:

	31 December 2018	31 March 2018
	HK$'000	*HK$'000*
Bank and other borrowings	**2,252,184**	2,353,349
Convertible bonds	**–**	375,554
Total borrowings	**2,252,184**	2,728,903
Less: time deposit and cash and bank balances	**(125,817)**	(526,994)
Net debt	**2,126,367**	2,201,909
Total equity attributable to owners of the Company	**1,607,974**	1,927,395
Gearing ratio	**132.2%**	114.2%

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

As disclosed in the announcements of the Company dated 15 November 2016 and 6 December 2016, (i) the Company entered into subscription agreements dated 15 November 2016 with three subscribers, which were then independent third parties of the Company, pursuant to which the Company allotted and issued 1,560,000,000 shares of the Company of HK$0.0025 each in aggregate under general mandate at a subscription price of HK$0.65 per share (the "Subscription"), and (ii) the net proceeds of the Subscription are approximately HK$1,014,000,000 (the "Subscription Proceeds"), which were intended to be used by the Company for the development of its photovoltaic power-related business and for general working capital purposes.

The breakdown of the actual uses of the Subscription Proceeds (i) from the date of completion of the Subscription (being 6 December 2016) to 31 March 2017, (ii) for the year ended 31 March 2018 and (iii) from 1 April 2018 to 31 December 2018 and (iv) from 1 January 2019 up to the date of this announcement are set out as follows:

Subscription Proceeds used for the following purposes:	**Amount of Subscription Proceeds actually used from the date of completion of the subscription to 31 March 2017** *HK$ million (approximately)*	**Amount of Subscription Proceeds actually used for the year ended 31 March 2018** *HK$ million (approximately)*	**Amount of Subscription Proceeds actually used for the period ended 31 December 2018** *HK$ million (approximately)*	**Amount of Subscription Proceeds actually used from 1 January 2019 up to the date of this announcement** *HK$ million (approximately)*
Development of photovoltaic power-related business	0.0	470.6	5.2	–
General working capital	8.6	34.8	381.5	15.6
Total	8.6	505.4	386.7	15.6

As at the date of this announcement, the total amount of the unutilised Subscription Proceeds was approximately HK$97.8 million. The Group intends to use all the unutilised Subscription Proceeds for the development of photovoltaic power related business.

It is expected that all the unutilised Subscription Proceeds will be used in the financial year ending 31 December 2019.

The Company had not conducted any equity fund raising activities during the nine months ended 31 December 2018. However, the Group conducted certain refinancing activities as follow:

One of the Group's other borrowings having a principal amount of US$30 million was due in July 2018. The other loan was finally renewed under certain conditions: i) a principal amount of US$3 million is to be settled in December 2018; ii) interest rate is an aggregate internal rate of return of 10% per annum on the principal amount of the principal to be redeemed; and iii) other than the existing collaterals remain unchanged, namely pledge of the share capital of certain subsidiaries of the Group and floating charges on property, assets, goodwill, rights and revenue of the Company and certain wholly-owned subsidiaries of the Company, Max Access Limited and Surplus Basic Limited, and guarantee by the Company's wholly-owned subsidiaries, Max Access Limited and Rising Group International Limited, it is also secured by Mr. Ko's guarantee. On 25 February 2019, the renewal was completed and the other loan will be mature in 24 February 2021 ("US$30m Loan").

The Group's convertible bonds comprise three subscribers and had an aggregate principal amount of US$50 million, which were due in July 2018. Upon the maturity, i.e. 30 July 2018, of the principal amounts of US$50 million, US$30 million was fully settled with two subscribers. On 3 August 2018, the Company and the remaining convertible bonds subscriber entered into a deed of amendments of convertible bonds in the principal amount of US$20,000,000 to further extend the maturity date to 29 July 2019 on the conditions of (i) the conversion period of the convertible bonds shall be the period commencing from the issue date of the convertible bonds, being 30 July 2015, and up to 23 July 2018 only; and (ii) the coupon rate of the convertible bonds shall be increased from 6% per annum to 10% per annum. Other terms and conditions of the original convertible bonds remain unchanged. Upon the change, the convertible bond was derecognised and other loan of US$20,000,000 was recognized ("US$20m Loan").

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, goodwill, 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 31 December 2018, the Group's bank borrowing of HK$449,480,000 was secured by the Group's property plant and equipment with net carrying amount of HK$1,020,075,000 and trade receivables of HK$167,029,000.

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

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 investment with the carrying amount exceeding 5% of the total assets of the Group held at 31 December 2018 stated in this announcement as follow:

Stock code (where applicable)	Name of investment	Principal Business	Nature of Investment	Number of shares	Percentage of total share capital	Fair value as at 31 December 2018	Dividends received	Percentage of carrying amounts to the Group's total assets
						HK$'000	*HK$'000*	
Financial assets at FVTOCI								
Not applicable	Satinu Resources Group Limited	Investment holding, property investment, commodities dealer, money lending, nominees, integrated financial services	Investment in shares	28,150,048	2.72%	225,120	–	5.17%

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.

MATERIAL ACQUISITION OF SUBSIDIARIES

Discloseable Transaction in relation to the Acquisition of Companies that hold Solar Power Projects in the PRC

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 which owns and operates a 10MW rooftop distributed solar power station located in Dezhou City, Shandong Province, PRC.

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 which owns and operates a 20MW solar power station located in Changfeng County, Hefei City, Anhui Province, PRC.

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 which owns and operates a 20MW solar power station located in Jianshan Town, Gaoan City, Jiangxi Province, PRC.

Details of these acquisitions are set out in the Company's announcement dated 2 April 2017.

Major Transaction in relation to the Acquisition of 100 MW Solar Power Project in the PRC

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 100MW located in Jinchuan District, Jinchang City, Gansu Province in the PRC.

Details of the acquisition are set out in the Company's announcement dated 31 March 2017.

Major Transaction in relation to the Acquisition of 300 MW Solar Power Project in the PRC

In March 2018, the Group and Shanghai Guxin Asset Management Company Limited and Shandong Runfeng Group Co. Ltd, entered into a sale and purchase agreement, pursuant to which the Group conditionally agreed to purchase the entire equity interest in Ningxia Guxin Electricity Investment Company Limited, which in turn holds a grid-connected solar power project with an installed capacity of 300MW located in Ningdong, Ningxia, the PRC.

In May 2018, the Group and the vendors entered into a supplemental agreement to the sale and purchase agreement, pursuant to which the parties agreed to (i) include an additional condition; and (ii) amend certain terms of the sale and purchase agreement regarding the rights and obligations of the first vendor and the second vendor.

On 27 June 2018, as additional time is required to prepare and finalise certain information to be included in the circular for the acquisition, the Group announced that it expected that the despatch date of the circular will be postponed to a date falling on or before 30 September 2018.

On 27 September 2018, the Group announced that 1) as additional time is required for the parties to satisfy the conditions for completion, the purchaser, the first vendor, the target company and the project company have entered into a second supplemental agreement to the sale and purchase agreement dated 27 September 2018, pursuant to which the parties have agreed to extend the long stop date to 30 June 2019. Save as disclosed above, all other terms of the sale and purchase agreement shall remain unchanged and in full force and effect; 2) as additional time is required to prepare and finalise certain information to be included in the circular, it is expected that the despatch date of the circular will be postponed to a date falling on or before 31 March 2019.

On 29 March 2019, as additional time is required for the parties to satisfy the conditions for completion, the purchaser, the first vendor, the target company and the project company have entered into a third supplemental agreement to the sale and purchase agreement dated 29 March 2019, pursuant to which the parties have agreed to extend the long stop date to 31 December 2019.

Details of this acquisition are disclosed in the announcements issued by the Company on 13 March 2018, 24 May 2018, 27 June 2018, 27 September 2018 and 29 March 2019.

Save as disclosed above, the Group did not carry out any material acquisition and disposal during the Current Period and the Comparative Year.

EMPLOYEES

At 31 December 2018, the Group employed around 36 employees in Hong Kong, Singapore and the PRC (31 March 2018: 48). 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

At 31 December 2018 and 31 March 2018, the Group did not have any significant contingent liabilities.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Current Period (Comparative Year: Nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders of the Company entitled to attend and vote at the annual general meeting of the Company to be held on Friday, 28 June 2019 ("2019 AGM"), the register of members of the Company will be closed from Tuesday, 25 June 2019 to Friday, 28 June 2019, both days inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 24 June 2019.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of all the applicable code provisions of the Code on Corporate Governance Practices (the "Code on CGP") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited as its own code on corporate governance practices. During the Current Period, the Company was in compliance with all code provisions set out in the Code on CGP except for the following deviation.

1. Code provision A.4.1 of the Code on CGP requires the non-executive directors should be appointed for a specific term and subject to re-election. During the Current Period, the terms of appointment of the three independent non-executive Directors, expired and thereafter they 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 Code on CGP during the Current Period.

Further information on the Company's corporate governance practices will be detailed in the corporate governance report contained in the annual report of the Company for the Current Period, which shall be sent to the Company's shareholders in due course.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transaction 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 throughout the Current Period.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines"), governing securities transactions by employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by relevant employees was noted by the Company.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and relevant employees in advance.

CHANGE IN INFORMATION TO DIRECTORS AND CHIEF EXECUTIVE

During the Current Period, pursuant to Rule 13.51B(1) of the Listing Rule, the changes in information of the Directors and Chief Executive are set out below:

On 14 September 2018, Ms. Gao Shujuan resigned as an Executive Director of the Company. Details of the resignation of the above-mentioned Director are set out in the announcements dated 14 September 2018.

On 17 December 2018, Mr. Weng Xiaoquan was appointed as an Executive Director of the Company. Details of appointment of the above-mentioned Director are set out in the announcement dated 17 December 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Current Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE AND REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's consolidated financial statements and review of the relationship with the auditors of the Company. The Audit Committee comprises all three independent non-executive Directors of the Company.

The Audit Committee has reviewed with the Group's senior management and external auditors the accounting principles and practices adopted by the Group and reviewed the Company's consolidated financial statements for the Current Period.

SCOPE OF WORK OF RSM HONG KONG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the nine months ended 31 December 2018 as set out in the preliminary announcement have been agreed by the Group's auditors, RSM Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the Current Period.

The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by RSM Hong Kong on the preliminary announcement.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY

This results announcement is published on the website of The Stock Exchange of Hong Kong Limited at http://www.hkexnews.hk under "Latest Information" and the Company's website at http://www.cse1004.com.

The printed copy of the Annual Report will be sent to shareholders of the Company and the soft copy of the Annual Report will be published on websites of both The Stock Exchange of Hong Kong Limited and the Company in due course.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held on 28 June 2019. Details of the AGM are set out in the notice of the AGM which constitutes part of the circular to be sent to the Company's shareholders together with the Annual Report. Notice of the AGM and the proxy form will also be available on websites of both The Stock Exchange of Hong Kong Limited and the Company.

DIRECTORS OF THE COMPANY

Mr. Sun Liang, Mr. Ko Tin Kwok, Ms. Zhao Li, Mr. Zeng Weibing, Mr. Hu Hanyang and Mr. Weng Xiaoquan are the executive Directors of the Company; and Mr. Fok Ho Yin, Thomas, Mr. Li Hui and Mr. Lam Cheung Mau are the independent non-executive Directors of the Company.

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

Hong Kong, 29 March 2019