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)

2017 Annual Report

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Hao *(Chairman & Chief Executive Officer)*
Mr. Ko Tin Kwok (appointed on 1 November 2016)
Ms. Zhao Li (appointed on 1 November 2016)
Mr. Lam Kwan Sing
Mr. Hon Ming Sang
Mr. Hu Hanyang (appointed on 10 March 2017)
Mr. Lai Leong (resigned on 10 March 2017)
Mr. Wong Nga Leung (resigned on 1 November 2016)
Mr. Zhou Chengrong (resigned on 1 November 2016)

Independent Non-executive Directors

Mr. Fok Ho Yin, Thomas
Mr. Li Hui (appointed on 10 March 2017)
Mr. Lam Cheung Mau (appointed on 10 March 2017)
Mr. Tsui Ching Hung (resigned on 10 March 2017)
Ms. Cheung Oi Man, Amelia (resigned on 10 March 2017)

COMPANY SECRETARY

Mr. Suen To Wai (appointed on 10 February 2017)
Mr. Hon Ming Sang (resigned on 10 February 2017)

AUTHORISED REPRESENTATIVES

Mr. Lam Kwan Sing
Mr. Suen To Wai (appointed on 10 February 2017)
Mr. Hon Ming Sang (resigned on 10 February 2017)

AUDIT COMMITTEE

Mr. Fok Ho Yin, Thomas *(Chairman)*
Mr. Li Hui (appointed on 10 March 2017)
Mr. Lam Cheung Mau (appointed on 10 March 2017)
Mr. Tsui Ching Hung (resigned on 10 March 2017)
Ms. Cheung Oi Man, Amelia (resigned on 10 March 2017)

REMUNERATION COMMITTEE

Mr. Fok Ho Yin, Thomas *(Chairman)*
Mr. Li Hui (appointed on 10 March 2017)
Mr. Lam Cheung Mau (appointed on 10 March 2017)
Mr. Tsui Ching Hung (resigned on 10 March 2017)
Ms. Cheung Oi Man, Amelia (resigned on 10 March 2017)

NOMINATION COMMITTEE

Mr. Wang Hao *(Chairman)*
Mr. Fok Ho Yin, Thomas
Mr. Li Hui (appointed on 10 March 2017)
Mr. Lam Cheung Mau (appointed on 10 March 2017)
Mr. Tsui Ching Hung (resigned on 10 March 2017)
Ms. Cheung Oi Man, Amelia (resigned on 10 March 2017)

AUDITORS

Li, Tang, Chen & Co.
Certified Public Accountants (Practising)
10th Floor, Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 3205-08, 32nd Floor
Harbour Centre
25 Harbour Road
Wan Chai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Bank of Communications Co., Ltd., Hong Kong Branch
HSBC
Industrial Bank Company Limited
Shanghai Pudong Development Bank
DBS Bank (Hong Kong) Limited
Public Bank (Hong Kong) Limited

STOCK CODE

1004

COMPANY WEBSITE

www.cse1004.com

Dear Shareholders,

In the financial year of 2016/2017 (the "Year"), the global economy still had a great deal of uncertainties in various aspects as a result of the global economic slowdown and the growing indetermination about international politics and systems. However, the international community unanimously ratified the Paris Agreement, the world's first convention on climate in force in November 2016, for environmental protection during the financial year. In face of deteriorating climate and environmental conditions, development of clean and renewable energy has become global consensus, and the world has entered into a new phase of green and low-carbon development.

Meanwhile, as a big and responsible developing country, China attaches great importance to its international and domestic obligations in the process of green development. China's paramount leaders solemnly undertook at the United Nations Climate Change Conference and other international occasions that the proportion of non-fossil energy in primary energy consumption will reach about 15% by 2020 and about 20% by 2030. As the Paris Agreement has come into force, the commitments will be promoted to national legal obligations and binding indicators to be fulfilled. In order to put these targets into practice, the government of the Peoples's Republic of China (the "PRC") has made internal adjustment and innovation and strengthened the external cooperation with other countries using methods such as "the Belt and Road" initiative.

In the Year, the domestic new energy industry has entered into a stable development period in an era of opportunity and challenge. As a major driver for energy structure adjustment in China, we have confidence in the future development of the industry. We will be more active in grasping the development opportunities in the industry including through merger and acquisition, continuously improve profitability, effectively allocate resources, constantly enhance the group-oriented management and build core competitive advantages. Moreover, we will adhere to solid financial policies, optimise our debt structure, and proactively and steadily reduce the enterprise leverage ratio, so as to reinforce the foundation for the Company's growth in a sustainable and healthy manner over the longer term. To capitalise in on the market opportunities, the Company will gradually complete the acquisition of four solar power projects (a total of 150 MW) that have commenced on-grid power generation in the near future, of which, a 100MW Project is located in Jinchuan District, Jinchang City, Gansu Province, the PRC, a 10 MW Project is located in Dezhou, Shandong Province, a 20 MW Project is located in Changfeng County, Hefei City, Anhui Province and a 20 MW Project is located in Jianshan Town, Gaoan City, Jiangxi Province.

Chairman's Statement

To an active market participant like the Company with core competitiveness, flexible and diversified financing channels are of vital importance. To cope with the complex and ever-changing internal and external economic and financial conditions, we have to continuously adjust our monetary portfolio, and adopt diversified financing methods and open up funding channels to reduce borrowing costs in comprehensive consideration of the interest rates, exchange rates and currency market conditions. To this end, in November 2016, the Company entered into subscription agreements with three subscribers, namely Rationale (Holdings) Investment Limited controlled by China Minsheng Investment Company Limited, Shandong Hi-Speed Investment Fund Management Ltd. controlled by Shandong Hi-Speed Group Co., Ltd and Multiple Upbeat Investments Limited, a company which mainly engaged in investment in clean energy and environment protection related sectors, and those companies are independent third parties, pursuant to the said agreements, the subscribers subscribed for a total of 1,560,000,000 shares of the Company having a par value of HK$0.0025 each at a subscription price of HK$0.65 per share, amounting to approximately HK$1,014,000,000 in total before expenses. We will be further targeting new and financial resourceful strategic investors to widen our shareholding structure on one hand and strengthen our capital base and finance position to pave the way for future development on the other.

To widen the Group's income stream and also as a result of diversifying business risks, the Company is keen on searching new business lines to increase and to improve the Group's top line performance. We are now reviewing the trading operations of the Group and are considering to, among other things, introduce new trading items so as to widen the trading portfolio of the Group. In this regard, in April 2017, 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, trading platform.

ACKNOWLEDGEMENT

I would like to express my sincere thanks to all our shareholders, investors, bankers, business associates and customers for their continuous supports to the Group. I would also like to express my sincere thanks to all our directors, senior management and staff for the contributions. In the new financial year, I hope all of you will work together with our Group to achieve new development and create a brilliant future.

Wang Hao
Chairman

Hong Kong, 12 June 2017

EXECUTIVE DIRECTORS

Mr. Wang Hao, aged 53, was appointed as an Executive Director, the Chief Executive Officer and the Chairman of the Company on 11 March 2015. He is also a member and the chairman of the Nomination Committee of the Company. Mr. Wang is also a director of certain subsidiaries of the Company. Mr. Wang holds a bachelor of economics degree majoring in economic management and a master's degree in business administration. He has been engaged as a director and investment consultant of several listed companies in the PRC and has extensive experience in serving the statistical investigation institutions, financial institutions and investment and asset management companies in the PRC for almost 31 years. Since 2006, Mr. Wang primarily engage in new energy investment and management. Mr. Wang was an executive director and member of Executive committee of China Power New Energy Development Company Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 735) from 4 February 2002 to 20 March 2015.

Mr. Ko Tin Kwok, aged 65, was appointed as an executive Director of the Company on 1 November 2016. Mr. Ko was graduated from Chongqing University of China. He has been engaging in real estate development, financial investment and new energy sectors since 1994, and possesses extensive work experience and management experience.

Mr. Ko is also the beneficial owner of Gorgeous Investment Group Holdings Co., Limited, the controlling shareholder of the Company.

Ms. Zhao Li, aged 35, was appointed as an executive Director of the Company on 1 November 2016. She is also a director of certain subsidiaries of the Company. Ms Zhao holds a bachelor degree in Trade and Economics, a master degree in Industrial Economics and a degree of Master of Business Administration (International) degree. She has over nine years' experience in the economic and financial sectors and obtains the qualification as a management consultant and the secretary of the board of directors for companies listed in the Shanghai Stock Exchange. From April 2007 to August 2012, Ms. Zhao worked in an economics forecasting research institution, and engaged in strategic planning and management consultation. Subsequently, she has been engaging in financial and investment sectors since October 2012 and has working in a listed financial institute in charge of equity investment business and board affairs management. She has been a director of Luzhou City Commercial Bank Co., Ltd. since August 2015.

Mr. Lam Kwan Sing, aged 47, was appointed as an executive Director on 1 August 2010. He is also a director of certain subsidiaries of the Company. Mr. Lam has obtained a Bachelor of Arts in Accountancy degree from the City University of Hong Kong. He has over 18 years of experience in the commercial and corporate finance field. In addition, Mr. Lam is a director of China Natural Resources Inc., a company listed on NASDAQ, since 2003, an executive director and chief executive officer of Hanbo Enterprises Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1367) and an independent non-executive director of Hao Tian Development Group Limited (a company listed on the Main Board of the Stock Exchange, stock code: 474). He was an executive director and chief executive officer of Enterprise Development Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1808) from 13 February 2012 to 31 May 2015 and from 8 May 2013 to 31 May 2015 respectively.

Biographies of Directors

Mr. Hon Ming Sang, aged 38, was appointed as an independent non-executive Director on 3 August 2012 and re-designated from independent non-executive Director to an executive Director and the Company Secretary of the Company on 31 December 2012. Mr. Hon was resigned as Company Secretary of the Company on 9 February 2017. He is also a director of certain subsidiaries of the Company. He graduated with an honor degree of Professional Accountancy in the School of Accountancy from The Chinese University of Hong Kong. Mr. Hon is a CFA charter. He is also a member of The Hong Kong Society of Financial Analysts, a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants, an associate member of The Hong Kong Institute of Chartered Secretaries and an associate member of The Institute of Chartered Secretaries and Administrators in the United Kingdom. Mr. Hon has previously worked in an international audit firm and has several years of working experience in listed companies and financial institutions. He has extensive experience in corporate finance, merger and acquisition, investment and financial management and compliance services. Mr. Hon is an executive director of Hanbo Enterprises Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1367) ("Hanbo Enterprises") and an independent non-executive director of Runway Global Holdings Company Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1520). He was an executive director, financial controller and qualified accountant of Carnival Group International Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 996) from January 2010 to January 2014. He was an independent non-executive director of Hanbo Enterprises from 29 November 2016 to 6 February 2017.

Mr. Hu Hanyang, aged 33, was appointed as an executive Director of the Company on 10 March 2017. Mr. Hu was graduated from the University of Manchester with double bachelor degrees in Mathematics and Statistics in 2006. He further received his master degree in Applied Statistics from University of Oxford in 2008. He is a member of Royal Statistical Society in the United Kingdom. Mr. Hu started his career in 2007 and has extensive investment experience in the past including investments in Guotai Junan Securities, Dazhong Dianping (大眾點評), Meituan (美團網), Hangban Guanjia (航班管家), Gaotie Guanjia (高鐵管家), Dongfang Electronics (東方電子), Taihai Nuclear (台海核電), Gold Phoenix (金麒麟), Poly Group (寶力股份), Shandong Fiberglass (山東玻纖), Fada Flour (發達麵粉) and Telchina (泰華智慧). He is currently the general manager of Yellow River Delta Industrial Investment Fund Management Co., Ltd. since 2011, fully responsible for the operation and investment of the fund. Mr. Hu was honored as the "2010 Business Figures of Dongying Economic Development Zone", the only member who was born in the 1980s to receive such honor. In 2011, he obtained the silver award at the evaluation of "2011 Excellent Venture Capitalist" organised by the Special Committee of Venture Capital Investment of the Investment Association of China.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fok Ho Yin, Thomas, aged 46, was appointed as an independent non-executive Director on 31 August 2007. He is also the chairman of each of the Audit Committee, Remuneration Committee and the member of the Nomination Committee of the Company. He is members of Hong Kong Institute of Certified Public Accountants and CPA Australia. Mr. Fok is also a Chartered Financial Analyst. He is an independent non-executive director of each of Landing International Development Limited (a company listed on the Main Board of the Stock Exchange, stock code: 582) and Hanbo Enterprises Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1367). Mr. Fok was an executive director and the company secretary of Jian ePayment Systems Limited (a company listed on the Growth Enterprise Market of the Stock Exchange, stock code: 8165) from 1 September 2007 to 31 July 2016 and from 5 February 2008 to 5 July 2016 respectively.

Mr. Li Hui, aged 48, was appointed as an independent non-executive Director on 10 March 2017. He is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Li was graduated from Henan University with a Master of Arts in English Language and Literature in 1995 and from RMIT University (Australia) with a MBA in International Management in 2004, respectively. Mr. Li has been working for Henan Hong Kong (Holdings) Limited since 1995 and is currently the managing director since 2006. From January 2005 to March 2006, Mr. Li worked for Bright Star Resources (Holding) Pte Ltd. in Singapore as executive general manager. Mr. Li is currently also an independent non-executive director of Highlight China IoT International Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 1682). Mr. Li has extensive experience in corporate management, investment, financing and merger and acquisition in electricity, nonferrous metals, automobiles and biopharmaceuticals businesses.

Mr. Lam Cheung Mau, aged 60, was appointed as an independent non-executive Director on 10 March 2017. He is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Lam graduated from the accounting division of Xiamen University with a bachelor's degree in Economics in 1982. Mr. Lam previously worked as an officer of the audit department of Hua Chiao Commercial Bank and the corporate planning and budgeting division of the finance department of Bank of China (Hong Kong). Mr. Lam also acted as an audit manager of Han's Laser Technology Industry Group Co., Ltd. In 2015, Mr. Lam was appointed as an independent non-executive director of China Huarong Energy Company Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 1101) and is a member of the audit committee and corporate government committee of that company. Mr. Lam has over 30 years of experience in auditing and finance fields.

Management Discussion and Analysis

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue by Business Segments

Ratio analysis by business segments for the Group's revenue for the year ended 31 March 2017 is as follows:

- Clean Energy Business: approximately HK$105,700,000 (2016: HK$115,095,000, 45.46% of revenue)

- Trading in securities: negative revenue of approximately HK$232,019,000 (2016: HK$130,088,000, 51.39% of revenue)

- Investments: approximately HK$468,000 (2016: HK$1,560,000, 0.62% of revenue)

- Trading business: approximately HK$1,215,000 (2016: HK$6,414,000, 2.53% of revenue)

Revenue by Geographical Region

Ratio analysis by geographical region for the Group's revenue for the year ended 31 March 2017 is as follows:

- Hong Kong: negative revenue of approximately HK$229,543,000 (2016: HK$138,062,000, 54.54% of revenue)

- Mainland China: approximately HK$104,907,000 (2016: HK$115,095,000, 45.46% of revenue)

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 130MW, all of which are photovoltaic power generation projects locating in two provinces, Gansu and Shandong, and one municipality, Shanghai.

During the Year, the on-grid power generation was approximately 117,745,000 kilowatt hour(s) ("KWh") (2016: 112,256,000KWh) and generated revenue of approximately HK$105.7 million as compared to revenue of approximately HK$115.1 million in 2016. The revenue was primarily 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. Loss of HK$26,248,000 was recorded during the Year as compared to a loss of HK$195,000 in last year. The significant increase in loss was mainly due to decrease of revenue as a result of restriction of power output during the year ended 31 March 2017 and increase of depreciation as a result of new power plants came into operation during the year ended 31 March 2017.

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

Gansu Jinchang Jintai 100MW Project: During the Year, sale of electricity was 96,348,000KWh, representing a decrease of 12.0% as compared with last year's sale of electricity of 109,466,000KWh. Sales revenue was HK$82,900,000, representing a decrease of 25.7% as compared with last year's revenue of HK$111,830,000.

Shanghai Xin Lan 8MW Project: The project commenced on-grid connection for power generation in November 2015. During the Year, sale of electricity was 8,013,000KWh, representing an increase of 209.0% as compared with last year's sale of electricity of 2,593,000KWh. Sales revenue was HK$9,494,000, representing an increase of 211.3% as compared with last year's revenue of HK$3,050,000.

Guanyang Phase I 5.5MW Project in Dezhou, Shandong: This project commenced on-grid connection for power generation in March 2016. During the Year, sale of electricity was 4,282,000KWh (2016: 197,000KWh). The significant increase in sale of electricity was resulted from the full year operation of the project this year. Sales revenue increased to HK$4,556,000 as compared to last year's revenue of HK$215,000.

Guanyang Phase II 2.75MW Project in Dezhou, Shandong: During the Year, this project has commenced on-grid connection for power generation. Sale of electricity was 1,750,000KWh and sales revenue was HK$1,811,000. Last year, this project had yet to complete its on-grid connection for power generation.

Hongxiang 8MW Project in Dezhou, Shandong: During the Year, this project has commenced on-grid connection for power generation. Sale of electricity was 4,887,000KWh and sales revenue was HK$4,610,000. Last year, this project had yet to complete its on-grid connection for power generation.

Jinde 5MW Project in Dezhou, Shandong: During the Year, this project has commenced on-grid connection for power generation. Sale of electricity was 2,465,000KWh and sales revenue was HK$2,329,000. Last year, this project had yet to complete its on-grid connection for power generation.

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

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

Management Discussion and Analysis

On 29 December 2016, the board of Directors of the Company announced that the Company's wholly-owned subsidiary, Shanghai Gorgeous Smarter Energy Co., Ltd entered into a letter of intent with China Minsheng New Energy Investment Co., Ltd. ("CM New Energy") in respect of possible acquisitions for companies holding solar power plant projects in the PRC.

On 3 March 2017, the Company announced that further to the Company's announcement dated 20 March 2014 in relation to the entering into by the Group and Hareon Solar Technology Co., Limited ("Hareon Solar") of an equity transfer agreement pursuant to which the Group acquired 51% equity interest in Jilin Hareon Electronic Development Company Limited ("JHEL") from Hareon Solar and a corporation agreement, in view of the protracted delay in the project, the Group and Hareon Solar have agreed not to proceed with the project contemplated under the corporation agreement. On 3 March 2017, the Group and Hareon Solar entered into an agreement whereby parties have agreed to terminate the corporation agreement and to liquidate JHED.

The solar power plant business is capital intensive in nature. The Group has been rigorously exploring various financing channels to enhance its financing capability and reduce its finance cost. During the Year, the Group has raised approximately HK$1.014 billion through share subscriptions to, among other things, finance its future acquisitions.

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.

Investment Business

Trading in securities

During the Year, the net realised and unrealised loss resulting from trading of listed equity securities was HK$232,302,000 (2016: realised and unrealised gain of HK$130,072,000). The loss was mainly due to realised and unrealised loss resulting from decrease in market value of our investment in China Innovative Finance Group Limited (stock code: 412) as compared to 2016 which had an unrealised gain from increase in market value.

Investments

During the Year, the Group invested HK$220.75 million in three unlisted companies so as 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 will closely monitor the market conditions and may consider to change its portfolio of investment from time to time. Subsequent to an assessment towards the investments, an impairment loss of HK$15 million was recorded for the Year.

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 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.

Management Discussion and Analysis

RESULTS OF THE GROUP

During the financial year under review, the Group recorded a negative revenue of approximately HK$124,636,000 as compared to the revenue of approximately HK$253,157,000 in last year, which was primarily attributable to the realised and unrealised loss on listed trading securities of approximately HK$232,302,000 as compared to the realised and unrealised gain on listed trading securities of approximately HK$130,072,000 in 2016.

The net loss of the Company for the current year amounted to HK$351,909,000 as compared to a net loss of HK$320,080,000 in last year. The loss was mainly due to the significant impairment loss of the financial assets at fair value through profit or loss of approximately HK$232,302,000 as partly offset by an exchange gain of approximately HK$107,292,000 and as compared to a significant loss from a discontinued operation of approximately HK$223,618,000 in last year.

OPERATING AND ADMINISTRATIVE EXPENSES

For the year ended 31 March 2017, the amount of operating and administrative expenses was approximately HK$183,807,000 (2016: HK$184,776,000). There were no significant changes for the two years under review as the operation scale from which the operating and administrative expenses primarily incurred were not significantly changed.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally derives cash for operation from internal cash flow from banks in Hong Kong and the PRC. At 31 March 2017, the Group had time deposit and cash and bank balances of approximately HK$884,515,000 (2016: HK$294,674,000). At 31 March 2017, the Group's interest bearing borrowings (including bank and other borrowings and convertible bonds) amounted to approximately HK$1,159,846,000 (2016: HK$1,149,117,000). Total equity attributable to owners of the Company amounted to approximately HK$2,014,963,000 (2016: HK$1,518,119,000). Accordingly, the gearing ratio (as calculated in note 39 to the consolidated financial statements) was 13.7% (2016: 56.3%).

At 31 March 2017, the Group had net current assets of approximately HK$1,421,002,000 (2016: HK$1,062,918,000) and current ratio (being current assets over current liabilities) of 13 (2016: 12).

CAPITAL STRUCTURE

(1) On 30 July 2015, the Company issued guaranteed secured convertible bonds with an aggregated principal amount of US$80,000,000 (the "Convertible Bonds II") pursuant to the four conditional subscription agreements each dated 14 July 2015 entered between the Company and four subscribers, which are independent third parties to the Company, raising net proceeds of approximately US$79.8 million (approximately HK$622 million). The Convertible Bonds II bear interest at 6% per annum payable semi-annually in arrears, with maturity date before the third anniversary after the date of first issue of Convertible Bonds II (that is, 30 July 2018) and the bondholders have the right to convert them into shares credited as fully paid at any time from the issue date up to the date which is 7 days prior to the maturity date and convertible into 571,481,039 new shares at the initial conversion price of HK$1.0891 (subject to adjustments). The proceeds were mainly used in acquisitions or investments in solar energy businesses. The Company has the right at any time on or after the first anniversary of the date of issue of the Convertible Bonds II and until the last day immediately preceding the maturity date to redeem all or part of outstanding convertible bonds. The effective interest rate of the liability component was 24.04% per annum as at 31 March 2016.

    On 27 July 2016, the Company repurchased Convertible Bonds II in the principal amount of US$30,000,000 in accordance with the terms and conditions of the Convertible Bond II (the "Repurchase of Convertible Bonds II"). Immediately after the Repurchase of Convertible Bonds II, there are outstanding Convertible Bonds II in the principal amount of US$50,000,000, convertible into 357,175,650 new shares at the initial conversion price of HK$1.0891 (subject to adjustments). The net proceeds of the outstanding Convertible Bonds II with the principal amount of US$50,000,000 of US$49.8 million (approximately HK$388 million) have been utilised: (i) as to HK$200 million as cash deposit for the proposed acquisition of Jinchang Zhong Xin Neng Photovoltaic Company Limited; (ii) as to approximately HK$37 million for the payment of Convertible Bonds II interest; (iii) as to approximately HK$90 million for the acquisitions or investments in the solar energy business; and (iv) as to approximately HK$61 million as general working capital of the Group in solar energy business. The net proceeds in respect of the Convertible Bonds II has been fully utilised.

The Convertible Bonds II were split into liability, derivative and equity components upon initial recognition by recognising the liability component and derivative component at their fair value and attributing to the equity component the residual amount. The liability component is subsequently carried at amortised cost while the derivative component is carried at fair value to be remeasured at the end of each reporting period. The equity component is recognised in the convertible bonds equity reserve. The fair value of the liability component upon the issuance was calculated at the present value of the estimated interest payments and principal amount. The fair value of the convertible bonds were determined as of the date of issue and at the end of the reporting period by reference to the valuations performed by an independent firm of professionally qualified valuers, Eidea Professional Service Company Limited.

(2) On 6 December 2016, the Company allocated and issued 1,560,000,000 shares of the Company of HK$0.0025 each in aggregate, at a subscription price of HK$0.65 per share, pursuant to the subscription agreements dated 15 November 2016 with three subscribers, which are independent third parties to the Company, raising net proceeds of appropriately HK$1,014,000,000.

The details of subscribers of the above subscription are as follows:

(a) Rationale (Holdings) Investment Limited ("Subscriber A"), a company incorporated in Hong Kong with limited liability and principally engaged in investment holdings. It is a 90% indirectly owned subsidiary of China Minsheng Investment Group ("CMIG"). CMIG is one of the leading international private investment groups. It was founded in Shanghai in 2014 with a registered capital of RMB50 billion and total assets of approximately RMB200 billion. The establishment of CMIG by 59 renowned private enterprises was initiated by the All-China Federation of Industry and Commerce and approved by the State Council of the PRC.

(b) Shandong Hi-Speed Investment Fund Management Ltd. ("Subscriber B"), a company incorporated in the Cayman Islands with limited liability and principally engaged in investment holdings. It is indirectly owned by Shandong Hi-Speed Group Co., Ltd ("Shandong Hi-Speed"), Dongying Yellow River Delta Investment Fund Management Ltd.（東營市黃河三角洲投資基金管理有限公司）and Yunan Rongqi Investment Management Ltd.（雲南榮琪投資管理有限公司）with shareholdings of 49%, 41% and 10%, respectively. Shandong Hi-Speed is a state-owned enterprise wholly-owned by Shandong State-owned Assets Supervision and Administration Commission and is mainly engaged in investment, construction and operation of highways, bridges, railways, rail transits, ports, airports and logistics, and investment in construction, building materials, information, financing, real estate and other sectors related to its main business. It has a registered capital of RMB20 billion and total assets of approximately RMB500 billion. As at 15 November 2016, Shandong Hi-Speed indirectly owns 28.45% shareholdings in China Innovative Finance Group Ltd. (stock code: 412), a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), which in turn holds 9.95% of the issued share capital of the Company. Dongying Yellow River Delta Investment Fund Management Ltd.（東營市黃河三角洲投資基金管理有限公司）is wholly-owned by an individual and is mainly engaged in investment and fund management. Yunan Rongqi Investment Management Ltd.（雲南榮琪投資管理有限公司）is wholly-owned by an individual and is mainly engaged in investment and fund management.

(c) Multiple Upbeat Investments Limited ("Subscriber C"), a company incorporated in the British Virgin Islands with limited liability. Its shareholders are Mr. Chen Lei and Mr. Wang Kai with shareholdings of 51% and 49%, respectively. It is mainly engaged in investment in clean energy and environment protection related sectors.

The net proceeds from the above subscription are intended to be used by the Group for the development of its photovoltaic power-related business and for general working capital purposes. The Directors consider that the subscription represents a valuable opportunity for the Company to raise additional funds to facilitate its business development especially in its photovoltaic power-related business, as well as to introduce the subscribers as strategic shareholders and to strengthen the capital base and the financial position of the Company.

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:

	2017 ***HK$'000***	2016 *HK$'000*
Borrowings		
Bank and other borrowings	**833,087**	711,053
Convertible bonds	**326,759**	438,064
Total borrowings	**1,159,846**	1,149,117
Less: time deposit and cash and bank balances	**(884,515)**	(294,674)
Net debt	**275,331**	854,443
Total equity attributable to owners of the Company	**2,014,963**	1,518,119
Gearing ratio	**13.7%**	56.3%

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

Details in the changes of the capital structure of the Group held as at 31 March 2017 are set out in note 29, 30, 31, 33 and 39 to the consolidated financial statements.

CHARGES ON ASSETS

Details of unsecured short term loans, bank loans, secured loans and convertible bonds are set out in note 29, 30 and 31 respectively to the consolidated financial statements.

At 31 March 2017, the Group's convertible bonds of US$50 million and secured other loan of US$30 million were secured by the shares charges over the share capital of the Group's wholly-owned subsidiaries and the first floating charges on property, assets, goodwill, rights and revenue of the Company and its certain subsidiaries. No assets of the Group and the Company had been pledged to secure the bank loans at 31 March 2017.

FOREIGN EXCHANGE EXPOSURE

The Group's businesses are mainly conducted in Hong Kong dollars, United States dollars and Renminbi.

The Group is exposed to foreign exchange risk arising from its investments in the PRC.

SIGNIFICANT INVESTMENTS

The Board provides the information of the Group's investments with the carrying amounts exceeding 1% of the total assets of the Group held at 31 March 2017 stated in this report as follow:

Stock code (where applicable)	Name of investment	Principal Business or Investment Scope (as the case may be)	Nature of Investment	Number of shares	Percentage of total share capital	Investment cost	Market value	Unrealised gain (loss) on change in fair value/ impairment recognised	Dividends received	Percentage to the Group's total assets
						HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	
Financial assets at fair value through profit or loss										
412	China Innovative Finance Group Limited	Securities investments, money lending and financial leasing	Investment in listed shares	240,304,000	1.25%	228,289	79,300	(148,989)	-	2.31%
Not applicable	CSC Zhiduoxin Asset Management Fund (中信建投智多鑫集合資產管理計劃)	Bank saving, monetary fund, bond, fixed income asset management products and short term fixed income financial products	Unlisted investment fund	Not applicable	Not applicable	46,064	46,064	-	-	1.34%
Avaliable-for-sale investments										
Not applicable	Satinu Resources Group Ltd.	Investment holding, property investment, commodities dealer, money lending, nominees, integrated financial services	Investment in shares	12,500,000	1.03%	93,750	93,750	-	-	2.73%
Not applicable	Freewill Holdings Limited	Investment holding, property investment, money lending and forestry in the PRC	Investment in shares	25,000,000	4.36%	105,000	90,000	(15,000)	-	2.62%

The Hong Kong stock market has been volatile during the year due to poor sentiment and worse-than-expected macro data in China. The Company expects that the performance of the Group's investment portfolio (including the investments 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) The market price of each stock will be affected by the financial performance and development plans of the relevant company, as well as the outlook of the industry in which such company operates.

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 investment and maximise value for the shareholders.

Details of the significant investments in subsidiaries held by the Group at 31 March 2017 are set out in note 18 to the consolidated financial statements.

MATERIAL ACQUISITION OF SUBSIDIARIES

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

On 31 March 2017, the Group and Shanghai Guxin Asset Management Company Limited, entered into a sale and purchase agreement, pursuant to which the Group conditionally agreed to purchase the entire equity interest in Qingdao Guxin Electricity Investment Company Limited, which in turn holds a grid-connected solar power project with an installed capacity of 100MW located in Jinchuan District, Gansu Province, the PRC.

Details of this acquisition are disclosed in the announcement issued by the Company on 31 March 2017.

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

On 29 December 2016, Shanghai Gorgeous Smarter Energy Co., Ltd., an indirect wholly-owned subsidiary of the Company, entered into a letter of intent with CM New Energy in respect of the possible acquisitions of solar power plant projects (with production capacity of not less than 100MW in aggregate) in the PRC.

On 31 March 2017, Shanghai Gorgeous Smarter Energy Co., Ltd. and CM New Energy entered into 3 sale and purchase agreements, conditionally agreed to acquire the entire equity interest in Dezhou Jiayang New Energy Company Limited, Changfeng Hongyang New Energy Power Generation Company Limited and Gaoan Jinjian Power Generation Company Limited, respectively, each of which owns and operates solar power project in Shangdong Province, Anhui Province and Jiangxi Province, respectively.

On 31 May 2017, all conditions precedent under the sale and purchase agreement in relation to the acquisition of Dezhou Jiayang New Energy Company Limited have been fulfilled.

Details of these acquisitions are disclosed in the announcements issued by the Company on 29 December 2016, 2 April 2017 and 31 May 2017.

EMPLOYEES

At 31 March 2017, the Group employed around 37 employees in Hong Kong, Macau and Mainland China (31 March 2016: 79). 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 March 2017 and 2016, the Group did not have any significant contingent liabilities.

At 31 March 2017 and 2016, the Company has issued a single guarantee of RMB598,000,000 (HK$674,723,000) (2016: RMB598,000,000 (HK$715,627,000)) to a bank in respect of the loans granted by the bank to a wholly-owned subsidiary of the Company (note 30).

The Company has not recognised any deferred income in respect of the single guarantee as its fair value cannot be reliably measured using observable market data and its transaction price was HK$Nil.

Corporate Governance Report

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.

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 as its own code on corporate governance practices. During the year ended 31 March 2017, the Company was in compliance with all code provisions set out in the Code on CGP except for the deviations from code provisions A.2.1, A.4.1 and A.4.2 of the Code on CGP, which are explained below.

1. Code provision A.2.1 of the Code on CGP requires the roles of the Chairman of the Board and Chief Executive Officer should be separate and should not be performed by the same individual.

   On 11 March 2015, Mr. Wang Hao was appointed as an Executive Director and was elected Chairman of the Board. Upon his appointment as the Chairman of the Board, he takes up the role of the Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman of the Board and Chief Executive Officer in the same person provides the Company with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as the execution of long-term business strategies. The Board considers that such an arrangement will not impair the balance of power and authority between the Board and the management of the Company.

2. 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 year ended 31 March 2017, 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").

3. Code provision A.4.2 of the Code on CGP requires every director, including those appointed for a specific term, to be subject to retirement by rotation at least once every three years. Pursuant to the Bye-Laws, all directors, excluding the Chairman of the Board, shall retire from office by rotation at least once every three years. The Board considers that, though there is a deviation from the code provision A.4.2 of the Code on CGP, the aforementioned provision in the Bye-Laws is appropriate to the Company since the continuous leadership by the Chairman of the Board allows for effective and efficient planning and implementation of business decisions and strategies which is significant for stability and growth of the Group.

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 year ended 31 March 2017.

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 year ended 31 March 2017.

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.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company, and is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group. The Board reserved for its decision or consideration matters covering overall Group strategy, major acquisitions and disposals, annual budgets, annual and interim results, recommendations on Directors' appointment or re-appointment, approval of major capital transactions and other significant operational and financial matters. The management was delegated the authority and responsibility by the Board for the daily management of the Group. In addition, the Board has also delegated various responsibilities to the Board committees. Further details of these committees are set out in this report.

The Board currently consists of nine Directors including six executive Directors and three independent non-executive Directors:

Executive Directors

Mr. Wang Hao *(Chairman & Chief Executive Officer)*
Mr. Ko Tin Kwok (appointed on 1 November 2016)
Ms. Zhao Li (appointed on 1 November 2016)
Mr. Lam Kwan Sing
Mr. Hon Ming Sang
Mr. Hu Hanyang (appointed on 10 March 2017)
Mr. Lai Leong (resigned on 10 March 2017)
Mr. Wong Nga Leung (resigned on 1 November 2016)
Mr. Zhou Chengrong (resigned on 1 November 2016)

Independent Non-executive Directors

Mr. Fok Ho Yin, Thomas
Mr. Li Hui (appointed on 10 March 2017)
Mr. Lam Cheung Mau (appointed on 10 March 2017)
Mr. Tsui Ching Hung (resigned on 10 March 2017)
Ms. Cheung Oi Man, Amelia (resigned on 10 March 2017)

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced Board composition is formed to ensure strong independence exists across the Board. The composition of the Board reflects the balanced skills and experience for effective leadership. The biographical information of the Directors are set out on pages 5 to 7 under the section headed "Biographies of Directors".

In addition, the Directors have followed the guidelines set out in the guidelines set out in "A Guide on Directors' Duties" and "Guide for Independent Non-Executive Directors" (if applicable) issued by the Companies Registry and "Guidelines for Directors" published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors of the Company. Besides, the Directors actively comply with the requirements under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive directors are expressly identified in all corporate communications of the Company.

Directors' Training

According to the code provision A.6.5 of the Code on CGP, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant.

All Directors have participated in continuous professional development and provided a record of training they received for the financial year ended 31 March 2017 to the Company.

The individual training record of each Director received for the year ended 31 March 2017 is set out below:

Name of Director	Attending or participating in seminars/in-house briefing or reading materials relevant to the Company's business/director's duties
Executive Directors	
Mr. Wang Hao *(Chairman & Chief Executive Officer)*	✓
Mr. Ko Tin Kwok	✓
Ms. Zhao Li	✓
Mr. Lam Kwan Sing	✓
Mr. Hon Ming Sang	✓
Mr. Hu Hanyang	✓
Mr. Lai Leong	✓
Mr. Wong Nga Leung	✓
Mr. Zhou Chengrong	✓
Independent Non-executive Directors	
Mr. Fok Ho Yin, Thomas	✓
Mr. Li Hui	✓
Mr. Lam Cheung Mau	✓
Mr. Tsui Ching Hung	✓
Ms. Cheung Oi Man, Amelia	✓

Chairman and Chief Executive Officer

Mr. Wang Hao was appointed as the Chairman of the Board of the Company on 11 March 2015. Upon his appointment as the Chairman of the Board, he takes up the role of the Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman of the Board and Chief Executive Officer in the same person provides the Company with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as the execution of long-term business strategies. The Board considers that such an arrangement will not impair the balance of power and authority between the Board and the management of the Company.

Non-executive Directors

The three independent non-executive Directors are persons of high calibre, with academic and professional qualifications in the fields of accounting, finance and law. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive Director gives an annual confirmation of his/her independence to the Company, and the Company considered each of them is independent under Rule 3.13 of the Listing Rules. During the year ended 31 March 2017, all the independent non-executive Directors of the Company are not appointed for a specific term, but they are subject to retirement by rotation and re-election by shareholders at annual general meeting pursuant to the Bye-Laws.

Board Diversity Policy

The Board has adopted a Board Diversity Policy on 22 November 2013 (the "Policy") which sets out the approach to achieve diversity on the Board. The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Board delegated certain duties under the Policy to the Nomination Committee. The Nomination Committee will discuss and review the measurable objectives for implementing the Policy from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

Board Meetings

The Board has four scheduled meetings a year at approximately quarterly interval and additional meetings will be held as and when required. The four scheduled Board meetings for a year are planned in advance. During the regular meetings of the Board, the Board reviewed the operation and financial performance and reviewed and approved the annual and interim results. During the year ended 31 March 2017, the Board held 13 meetings. All Directors were given an opportunity to include any matters in the agenda for regular Board meetings, and were given sufficient time to review documents and information relating to matters to be discussed in Board meetings in advance.

Name of Directors	Number of attendance
Executive Directors	
Mr. Wang Hao *(Chairman & Chief Executive Officer)*	8/13
Mr. Ko Tin Kwok *(Note 1)*	5/8
Ms. Zhao Li *(Note 1)*	6/8
Mr. Lam Kwan Sing	13/13
Mr. Hon Ming Sang	12/13
Mr. Hu Hanyang *(Note 2)*	1/2
Mr. Lai Leong *(Note 4)*	5/11
Mr. Wong Nga Leung *(Note 5)*	5/5
Mr. Zhou Chengrong *(Note 5)*	1/5
Independent Non-executive Directors	
Mr. Fok Ho Yin, Thomas	9/13
Mr. Li Hui *(Note 3)*	2/2
Mr. Lam Cheung Mau *(Note 3)*	2/2
Mr. Tsui Ching Hung *(Note 6)*	7/11
Ms. Cheung Oi Man, Amelia *(Note 6)*	6/11

Notes:

1. Mr. Ko Tin Kwok and Ms. Zhao Li were appointed as executive Directors on 1 November 2016, and 8 Board meetings were held after their appointments.

2. Mr. Hu Hanyang were appointed as an executive Director on 10 March 2017, and 2 Board meetings were held after his appointment.

3. Mr. Li Hui and Mr. Lam Cheung Mau were appointed as independent non-executive Directors and members of Audit Committee, Remuneration Committee and Nomination Committee on 10 March 2017, and 2 Board meetings were held after their appointments.

4. Mr. Lai Leong resigned as an executive Director on 10 March 2017, and 11 Board meetings were held before his resignation.

5. Mr. Wong Nga Leung and Mr. Zhou Chengrong resigned as executive Directors on 1 November 2016, and 5 Board meetings were held before their resignations.

6. Mr. Tsui Ching Hung and Ms. Cheung Oi Man, Amelia resigned as independent non-executive Directors and members of Audit Committee, Remuneration Committee and Nomination Committee on 10 March 2017, and 11 Board meetings were held before their resignations.

Board minutes are kept by the Company Secretary and are open for inspection by the Directors. Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Company Secretary, and has the liberty to seek external professional advice if so required.

Appropriate insurance cover has been arranged by the Company in respect of relevant actions against its Directors.

General Meetings

During the year ended 31 March 2017, 1 general meeting of the Company, being 2016 annual general meeting ("2016 AGM") was held on 15 August 2016.

Name of Directors	Number of attendance
Executive Directors	
– Mr. Wang Hao *(Chairman & Chief Executive Officer)*	1/1
– Mr. Ko Tin Kwok *(Note 1)*	N/A
– Ms. Zhao Li *(Note 1)*	N/A
– Mr. Lam Kwan Sing	1/1
– Mr. Hon Ming Sang	1/1
– Mr. Hu Hanyang *(Note 2)*	N/A
– Mr. Lai Leong *(Note 4)*	0/1
– Mr. Wong Nga Leung *(Note 5)*	1/1
– Mr. Zhou Chengrong *(Note 5)*	0/1
Independent Non-executive Directors	
– Mr. Fok Ho Yin, Thomas	0/1
– Mr. Li Hui *(Note 3)*	N/A
– Mr. Lam Cheung Mau *(Note 3)*	N/A
– Mr. Tsui Ching Hung *(Note 6)*	1/1
– Ms. Cheung Oi Man, Amelia *(Note 6)*	1/1

Notes:

1. Mr. Ko Tin Kwok and Ms. Zhao Li were appointed as executive Directors on 1 November 2016, and no general meeting was held after their appointments.

2. Mr. Hu Hanyang were appointed as an executive Director on 10 March 2017, and no general meeting was held after his appointment.

3. Mr. Li Hui and Mr. Lam Cheung Mau were appointed as independent non-executive Directors and members of Audit Committee, Remuneration Committee and Nomination Committee on 10 March 2017, and no general meeting was held after their appointments.

4. Mr. Lai Leong resigned as an executive Director on 10 March 2017, and 1 general meeting was held before his resignation.

5. Mr. Wong Nga Leung and Mr. Zhou Chengrong resigned as executive Directors on 1 November 2016, and 1 general meeting was held before their resignations.

6. Mr. Tsui Ching Hung and Ms. Cheung Oi Man, Amelia resigned as independent non-executive Directors and members of Audit Committee, Remuneration Committee and Nomination Committee on 10 March 2017, and 1 general meeting was held before their resignations.

The Board is responsible for maintaining an on-going dialogue with shareholders and in particular, uses annual general meetings or other general meetings to communicate with them and encourage their participation.

NOMINATION COMMITTEE

In considering the nomination of new Directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates.

The Company established the Nomination Committee with written terms of reference on 14 March 2012 and currently consists of three independent non-executive Directors, namely Mr. Fok Ho Yin, Thomas, Mr. Li Hui (appointed on 10 March 2017) and Mr. Lam Cheung Mau (appointed on 10 March 2017), and one executive Director, namely Mr. Wang Hao (as chairman). Mr. Tsui Ching Hung and Ms. Cheung Oi Man, Amelia resigned as members of the Nomination Committee on 10 March 2017.

The terms of reference of the Nomination Committee are currently made available on the websites of the Stock Exchange and the Company. Terms of reference adopted by the Nomination Committee are aligned with the code provisions set out in the Code on CGP.

The function of the Nomination Committee is to review and monitor the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; to identify qualified individuals to become members of the Board; to assess the independence of the independent non-executive Directors; to review the Policy, and review the measurable objectives that the Board has set for implementing the Policy, the progress on achieving the objective; and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer.

During the year ended 31 March 2017, the Nomination Committee held 2 meetings to assess the independence of the independent non-executive Directors; to consider the re-election of Directors; to review the composition of the Board; and to consider and make recommendation to the board on the appointment of Director(s).

Name of Members	**Number of attendance**
– Mr. Wang Hao *(Chairman)*	2/2
– Mr. Fok Ho Yin, Thomas	2/2
– Mr. Li Hui *(Note 1)*	N/A
– Mr. Lam Cheung Mau *(Note 1)*	N/A
– Mr. Tsui Ching Hung *(Note 2)*	2/2
– Ms. Cheung Oi Man, Amelia *(Note 2)*	2/2

Notes:

1. Mr. Li Hui and Mr. Lam Cheung Mau were appointed as members of Nomination Committee on 10 March 2017, and no meeting was held after their appointments.

2. Mr. Tsui Ching Hung and Ms. Cheung Oi Man, Amelia resigned as members of Nomination Committee on 10 March 2017, and 2 meetings were held before their resignations.

REMUNERATION COMMITTEE

The Remuneration Committee comprises the three independent non-executive Directors, namely Mr. Fok Ho Yin, Thomas (as chairman), Mr. Li Hui (appointed on 10 March 2017) and Mr. Lam Cheung Mau (appointed on 10 March 2017). Mr. Tsui Ching Hung and Ms. Cheung Oi Man, Amelia resigned as members of the Remuneration Committee on 10 March 2017.

The terms of reference of the Remuneration Committee are currently made available on the websites of the Stock Exchange and the Company. Terms of reference adopted by the Remuneration Committee are aligned with the code provisions set out in the Code on CGP.

The functions of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure on the remuneration packages for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

During the year ended 31 March 2017, the Remuneration Committee held 2 meetings to review the remuneration of Directors and senior management; and to consider and make recommendation to the Board on the remuneration of new Director(s).

Name of Members	Number of attendance
– Mr. Fok Ho Yin, Thomas *(Chairman)*	2/2
– Mr. Li Hui *(Note 1)*	N/A
– Mr. Lam Cheung Mau *(Note 1)*	N/A
– Mr. Tsui Ching Hung *(Note 2)*	2/2
– Ms. Cheung Oi Man, Amelia *(Note 2)*	2/2

Notes:

1. Mr. Li Hui and Mr. Lam Cheung Mau were appointed as members of Remuneration Committee on 10 March 2017, and no meeting was held after their appointments.

2. Mr. Tsui Ching Hung and Ms. Cheung Oi Man, Amelia resigned as members of Remuneration Committee on 10 March 2017, and 2 meetings were held before their resignations.

The emoluments payable to Directors and senior management depend on their respective contractual terms under the employment agreements, if any, and is fixed by the Board with reference to the recommendation of the Remuneration Committee, the performance of the Group and the prevailing market conditions. Details of the remuneration of the Directors and senior management are set out in note 14 to the consolidated financial statements.

AUDIT COMMITTEE

The Audit Committee comprises the three independent non-executive Directors, namely Mr. Fok Ho Yin, Thomas (as chairman), Mr. Li Hui (appointed on 10 March 2017) and Mr. Lam Cheung Mau (appointed on 10 March 2017). Mr. Tsui Ching Hung and Ms. Cheung Oi Man, Amelia resigned as members of the Audit Committee on 10 March 2017.

The terms of reference of the Audit Committee are currently made available on the websites of the Stock Exchange and the Company. Terms of reference adopted by the Audit Committee are aligned with the code provisions set out in the Code on CGP.

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor; reviewing the interim and annual reports and consolidated financial statements of the Group; and overseeing the Company's financial reporting system including the adequacy of resources, qualifications and experience of staff in charge of the Company's financial reporting function and their training arrangement and budget, and internal control procedures.

The Audit Committee meets the external auditor regularly to discuss any area of concern during the audit. The Audit Committee reviews the interim and annual reports before submission to the Board. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Company's interim and annual report.

During the year ended 31 March 2017, the Audit Committee held 2 meetings.

Name of Members	**Number of attendance**
– Mr. Fok Ho Yin, Thomas *(Chairman)*	2/2
– Mr. Li Hui *(Note 1)*	N/A
– Mr. Lam Cheung Mau *(Note 1)*	N/A
– Mr. Tsui Ching Hung *(Note 2)*	2/2
– Ms. Cheung Oi Man, Amelia *(Note 2)*	2/2

Notes:

1. Mr. Li Hui and Mr. Lam Cheung Mau were appointed as members of Audit Committee on 10 March 2017, and no meeting was held after their appointments.

2. Mr. Tsui Ching Hung and Ms. Cheung Oi Man, Amelia resigned as members of Audit Committee on 10 March 2017, and 2 meetings were held before their resignations.

During the year ended 31 March 2017, the Audit Committee reviewed the annual and interim results of the Group, which were in the opinion of the Audit Committee that the preparation of such results complied with the applicable accounting standards and the Listing Rules.

The Audit Committee noted the existing internal control system of the Group and also noted that review of the same will be carried out annually.

EXTERNAL AUDITOR

The statement of the external auditor of the Company about its reporting responsibilities on the Company's financial statements for the year ended 31 March 2017 is set out in the section headed "Independent Auditor's Report" in this annual report.

There has been no other change of auditor in the past three years.

The Audit Committee is mandated to ensure continuing auditor's objectivity and safeguard independence of the auditors, and it has:

- determined the framework for the type and authorisation of non-audit services for which the external auditor may provide; and
- agreed with the Board on the policy relating to the hiring of employees or former employees of the external auditor and monitored the applications of such policy.

The Group has not employed any staff who was formerly involved in the Group's statutory audit.

REMUNERATION OF AUDITOR

For the year ended 31 March 2017, the fees payable by the Group to Li, Tang, Chen & Co. for their statutory audit services amounted to approximately HK$830,000 (2016: HK$800,000). The non-audit service fees included the fees for the following services:

	2017	2016
	HK$'000	*HK$'000*
Tax services	**62**	58
Report on Statement of Indebtedness	**40**	–
	102	58

COMPANY SECRETARY

Mr. Hon Ming Sang resigned as the Company secretary and Mr. Suen To Wai was appointed as the company secretary of the Company, both with effect on 10 February 2017.

The primary contact person of the Company is Ms. Zhao Li, an executive director of the Company.

During the year ended 31 March 2017, Mr. Hon Ming Sang and Mr. Suen To Wai have attended relevant professional training to update their skills and knowledge, they met the training requirement set out in Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called special general meeting.

SHAREHOLDERS TO CONVENE A SPECIAL GENERAL MEETING

Shareholders may convene a special general meeting of the Company according to the provisions as set out in the Bye-Laws and the Companies Act 1981 of Bermuda. The procedures shareholders can use to convene a special general meeting are set out in the document entitled "Procedures for Shareholder to Propose a Person for Election as a Director" of the Company, which is currently available on the Company's website.

PUTTING ENQUIRIES BY SHAREHOLDERS TO THE BOARD

Shareholders may send written enquiries to the Company for the attention of the Company Secretary at the Company's principal place of business in Hong Kong.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, all the resolutions to be set out in the notice of the forthcoming annual general meeting of the Company ("2017 AGM") will be vote by poll.

INVESTOR RELATIONS

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its shareholders.

Information of the Company is disseminated to the shareholders in the following manner:

- Delivery of annual and interim results and reports to all shareholders;

- Publication of announcements on the annual and interim results on the Stock Exchange website, and issue of other announcements and shareholders' circulars in accordance with the continuing disclosure obligations under the Listing Rules; and

- The general meeting of the Company is also an effective communication channel between the Board and shareholders.

Members of the Board and Chairman of various Board Committee will attend the 2017 AGM to answer questions of the meeting and collect views of shareholders.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flows of the Group for that year. In preparing the consolidated financial statements for the year ended 31 March 2017, the Board has selected suitable accounting policies and applied them consistently; made judgements and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements on a going concern basis.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for risk management and internal control systems of the Group and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition, the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publications and the compliance of applicable laws, rules and regulations.

The Group has set principles and guidelines of risk management framework for an effective and adequate approach to be applied across the Group to manage the risks associated with its business and operations. This framework is designed to enhance risk management of the Group through an integrated framework so that all material risks faced by the Group are identified and appropriately managed.

Each department is responsible for identifying, assessing and managing risks within its business, ensuring that appropriate internal control for effective risk management are implemented. The management is responsible for overseeing the risk management and internal control activities of the Group. In terms of review of the Group's internal control system, an internal control self-assessment process is in place, requiring the management team of each significant and material unit to review and evaluate the effectiveness of the controls over the operations and devise action plans to address the issues (if any). The internal audit department of the Group is responsible for evaluating the effectiveness of the Group's policies and procedures in relation to risk management and internal control systems, submitting their reports of their findings and recommendations to the Board at the meetings for necessary actions, and follow up on issues arising from their finding. The Audit Committee provides independent review on effectiveness of the risk management and internal control systems of the Group and gives their recommendation to the Board. The Board is responsible for reviewing the internal audit report and approving policies and procedures designed by the management. The Group also engaged an external consultant specialising in identifying and evaluation of significant risk of the Group's business and operation. The external consultant does not have any connection with the Group and the Board believes that their involvement could enhance the objectivity and transparency of evaluation process. In conjunction with our internal audit department and senior management, the external consultant conducts an annual assessment on risk management and internal control systems of the Group together with suggestion and solutions and submit to the Board for their consideration. During the year under review, the management assisted the Board in the implementation of the Group's policies and procedures within the Board's delegation by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control such risks. The Board conducted reviews and discussed with the management on the effectiveness of the Group's risk management and internal control systems as required by paragraph C.2 of the Code, covering adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions and any resolutions for material internal control defects. The risk management and internal control systems are reviewed and assessed on an on-going basis by the Audit Committee and the executive Directors, and will be further reviewed and assessed at least once each year by the Board. These systems were considered effective and adequate.

The Board has implemented procedures and internal controls for handling and dissemination of inside information. Since shares of the Company listed on the Main Board of the Stock Exchange, the Company has adopted a policy which aims to set out guidelines to the Group's directors, officers and all relevant employees to ensure inside information of the Company is to be disseminated to the public in equal and timely manner in accordance with the Securities and Futures Ordinance and the Listing Rules.

REGULATORY COMPLIANCE

The Group have established a system to ensure the management and the relevant personnel have sufficient up-to-date knowledge of relevant laws and regulations. Under such system, the Directors and members of the management in charge of the Group's construction projects shall be informed of the changes to the laws, regulations and government policies applicable to the Group's business and the implications thereof by email and written notice as soon as practicable and, where the Directors consider necessary, a briefing on such changes to the executive Directors and members of the management in charge of the Group's solar plant operation (the "Relevant Personnel") shall be conducted. Moreover, the Group will organise seminars to be attended by the Relevant Personnel semi-annually on a compulsory basis for each of the two full financial years disregard whether there will be any changes to the relevant PRC laws and regulations. Thereafter, training session would be held when there is a change or update to the relevant PRC laws and regulations. In addition, the Company had engaged an external PRC legal adviser to, among others, monitor the Group's compliance with the PRC laws and regulations applicable to its business operation.

CONSTITUTIONAL DOCUMENTS

There is no change in the Company's constitutional documents during the year ended 31 March 2017.

The Group is mainly engaged in solar energy business and operates solar power plants in the People's Republic of China. The Group is committed to becoming a corporation with high level of social responsibility and strives to integrate corporate social responsibility into its business strategy and management approach. The Group continuously encourages environmental protection, energy-saving and promote environmental awareness among the Group, our community and employees.

This is the first time for the Group to issue the environment, social and governance report which is made as of 31 March 2017. This report aims to provide the Group's stakeholders with an overview of the Group's efforts regarding environmental, social and governance impacts arising from its daily operations.

A. ENVIRONMENTAL PROTECTION

Emission

The Group aims to make its best endeavours to protect the environment from its solar plant operation and workplace.

Solar energy is an eco-friendly and renewable energy. The solar power generation process is green and produces minimal wastes, such as waste gas and waste residue. The Group seeks to identify and manage environmental impacts attributable to its operation in order to minimise the impacts whenever possible. Various measures have been implemented by the Group to minimise, reuse and recycle the waste before final necessary disposal.

The main source of waste water during plant operation is cleaning water for solar panels. The cleaning water contains little suspended solids that have limited environmental impact and the water would be evaporated naturally and harmlessly.

The Group gives high attention to the enforcement of all relevant environmental laws and regulations and ensures the compliance to these laws and regulations.

Use of Resources

The Group aims to minimise the resource consumption in its solar plants and offices by promoting efficient use of resources. The Group emphasises on saving energy, water and materials in day to day operation. The Group also educates its employees and suppliers on their awareness of promoting a "green" environment.

The main resource utilised in the solar power plant is "sunlight". The sunlight is an inexhaustible and renewable resource. The non-renewable resource consumed in the solar power generation process is minimal.

In offices, the Group continues to promote paper-less working environment. Not only reducing the paper consumed in daily office operation, the paper-less working environment can also reduce printing cost, save physical space and facilitate information sharing via electronic documents. The Company also strongly recommends shareholders to access its corporate communications through the websites of the Company or the Stock Exchange instead of printed documents. The quantity of printed materials has been significantly reduced by the use of electronic publication.

The Environment and Natural Resources

The Group aims to promote environmental awareness and the use of renewable energy source.

Thermal power generation, which combusts coal as the energy source, is one of the main source of our electricity. The thermal power generation process has severely damaged and polluted our environment in recent decades. Unlike the thermal power generation process, the solar power generation process is clean and the pollutants generated is minimal. The Group believes the development of solar energy will reduce the reliance on thermal power and minimise the adverse effect of thermal power to our society and environment.

B. WORKPLACE QUALITY

Employment

The Group believes employees are one of our most valuable assets and essential to our growth and success. The Group aims to create a motivated and balanced working environment to attract and retain talents for achieving sustainable growth.

The Group believes that maintaining a work-life balance is essential for a sound body and mind for every employee. The Group adopts a working system based on 5 working days per week and 8 working hours per day. If employees have to work overtime, they will receive certain compensation. All employees of the Group are entitled to all the holidays as required by the national and regional governments. The employers are granted 12 to 24 days paid leave annually depending on their seniorities and service life in the Group.

During the year under review, the Group is complied with all relevant labour law and regulations in respective regions.

Health and Safety

The Group aims to improve safety management and safety awareness of the staff on solar plants and promote work safety. The Group arranges various trainings and practical exercise for its employees, especially for staff working in solar power plants. All employees are also required to comply with health and safety policies in order to ensure the overall safety of our working environment.

To the best knowledge of the Group, there is no material violation of relevant standards, rules and regulations regarding provision of safe working environment and protecting employees from occupational damage during the year.

Development and Training

The Group believes that development and training are the key factors for business success. Given the growing complexity and sophistication of the business environment, the Group supports its staff to develop and enhance their knowledge and skills. During the year under review, the Group conducts in-house seminars and trainings covering updates to both general and industry-specific knowledges and skills in order to enhance the competence and capabilities of employees.

Labour Standards

The Group is committed to advocate gender equality and prevent child and forced labour in the workplace. The gender and age of workforce are well diversified and they are contributing a variety ideas to the Group. The Group also regularly reviews the recruitment and performance evaluation processes to make sure that it is in compliance with national and regional employment law and regulation.

C. OPERATING PRACTICE

Supply Chain Management

The Group believes that comprehensive and solid supply chain management system are essential for the smooth cooperation between the upstream and downstream on the industry chain and for the overall improvement and efficient operation of business.

The Group has devised a comprehensive and systematic mechanism in supplier selection process. Not only considering the cost factor, the comprehensive assessment is also based on investigation of suppliers' reputation, capacities, creditiabilities and past experience.

Product Responsibility

The production output of the solar plant is electricity. Product Responsibility is not a relevant area to the Group.

Anti-corruption

The Group consistently maintains an ethical corporate culture and practices. The Group is committed to achieving high standards of openness and integrity. In order to ensure that every employee can comply with the Group's rules in the daily operation to avoid them falling into the net of justice, the Group has established policies and procedures for anti-corruption. The Group also conducts training or briefing covering relevant laws and regulation in order to maintain the highest standard of professional conduct and ethics by employees.

The Group has adopted a whistleblowing policy and procedures for all levels and operations under the Group to raise concerns about possible improprieties in any matter related to the Group such as misconduct and malpractice.

During the year under review, no legal case regarding corrupt practices was brought against the Group or its employees. Also, no whistleblowing concerning a criminal offence or misconduct was reported.

D. COMMUNITY INVOLVEMENT

The Group actively promotes the involvement in community activities among our colleague and business partners. The Group believes that by encouraging and supporting the colleague to participate in volunteer service and concern for our community will be inspiring more people to take part in serving the community.

Directors' Report

The Board of Directors has pleasure in presenting their report together with the audited consolidated financial statements of the Group for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 18 to the consolidated financial statements.

BUSINESS REVIEW

"Management Discussion and Analysis" on pages 8 to 17 and "Five Year Financial Summary" on pages 133 to 134 form part of this directors' report.

Principal Risks and Uncertainties Facing the Company

The Group's business in the year under review is affected by the volatility and uncertainty of macro-economic conditions in the PRC and Hong Kong.

The Group's business is also exposure to credit, liquidity, interest rate, foreign currency and equity price risks. An analysis of the Group's financial risk management is provided in note 38 to the consolidated financial statements.

Environmental Policies and Performance

The Group recognises its responsibility to protect the environment from its business activities. The Group continually seeks to identify and manage environmental impacts attributable from our operational activities in order to minimise these impacts if possible.

Compliance with the Relevant Laws and Regulations

During the year ended 31 March 2017 and up to the date of this report, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on our business and operation.

Key relationships with Employees, Customers and Suppliers

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During the year ended 31 March 2017, there were no material and significant disputes between the Group and its employees, customers and suppliers.

FINANCIAL STATEMENTS

The financial performance of the Group for the year ended 31 March 2017 and the Company's and the Group's financial position at that date are set out in the consolidated financial statements on pages 51 to 132.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: 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, 4 August 2017 ("2017 AGM"), the register of members of the Company will be closed from Tuesday, 1 August 2017 to Friday, 4 August 2017, 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, 31 July 2017.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution to Shareholders at the end of the reporting period were as follows:

	2017	2016
	HK$'000	*HK$'000*
Contributed surplus	**154,440**	154,440
Accumulated losses	**(2,022,819)**	(1,194,713)
	(1,868,379)	(1,040,273)

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium.

In addition, under the laws of Bermuda, the Company's share premium, with a balance of approximately HK$3,030,470,000 at 31 March 2017, may be distributed in the form of fully paid bonus shares.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the past five financial years is set out on pages 133 to 134 of this report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital during the year are set out in note 33 to the consolidated financial statements.

DIRECTORS

The list of Directors of the Company during the year and up to the date of this annual report is set out below:

Executive Directors

Mr. Wang Hao *(Chairman & Chief Executive Officer)*
Mr. Ko Tin Kwok (appointed on 1 November 2016)
Ms. Zhao Li (appointed on 1 November 2016)
Mr. Lam Kwan Sing
Mr. Hon Ming Sang
Mr. Hu Hanyang (appointed on 10 March 2017)
Mr. Lai Leong (resigned on 10 March 2017)
Mr. Wong Nga Leung (resigned on 1 November 2016)
Mr. Zhou Chengrong (resigned on 1 November 2016)

Independent Non-executive Directors

Mr. Fok Ho Yin, Thomas
Mr. Li Hui (appointed on 10 March 2017)
Mr. Lam Cheung Mau (appointed on 10 March 2017)
Mr. Tsui Ching Hung (resigned on 10 March 2017)
Ms. Cheung Oi Man, Amelia (resigned on 10 March 2017)

In accordance with clause 115 of the Company's Bye-Laws, Mr. Ko Tin Kwok, Ms. Zhao Li, Mr. Hu Hanyang, Mr. Li Hui and Mr. Lam Cheung Mau, being Directors appointed after the 2016 AGM, shall retire from office as Directors and, being eligibles, offer themselves for re-election at the 2017 AGM.

In accordance with clause 111 of the Company's Bye-Laws, Mr. Wang Hao and Mr. Hon Ming Sang shall retire from office by rotation at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the 2017 AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors, a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

DIRECTORS' EMOLUMENTS

Details of the remuneration of the directors for the year ended 31 March 2017 are set out in note 14 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Details of the movements in convertible bonds during the year are set out in note 31 to the consolidated financial statements.

A share option scheme (the "Share Option Scheme") was adopted at the Special General Meeting held on 18 December 2014, the date of the Stock Exchange's granting of the listing of and permission to deal in the shares to be issued pursuant to the exercise of options under the Share Option Scheme. There were no outstanding share options granted pursuant to the Share Option Scheme.

Details of the Share Option Scheme of the Company are set out in note 33 to the consolidated financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" and in the share option scheme disclosures in note 33 to the consolidated financial statements, at no time during the year or up to the date of this report were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party, and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

At 31 March 2017, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules, are set out below:

(a) Long positions in the ordinary shares of HK$0.0025 each of the Company

Name of Director	Capacity	Number of ordinary shares interested	Percentage of the Company's issued share capital
Mr. Ko Tin Kwok *(Note 1)*	Interest of controlled corporation *(Note 2)*	4,092,084,312	43.65%

Notes:

1. Mr. Ko Tin Kwok has been appointed as an Executive Director of the Company with effect from 1 November 2016. He is also the ultimate controlling shareholder of Gorgeous Investment Group Holdings Co., Limited.

2. These shares are owned by Gorgeous Investment Group Holdings Co., Limited.

(b) Long positions in the underlying shares of the Company – physically settled unlisted equity derivatives

Details of the Company's share option scheme are set out in note 33 to the consolidated financial statements.

No share options were granted to, or exercised by, the Directors and chief executive during the year. There was no outstanding option granted to the Directors and chief executive at the beginning and at the end of the year.

Save as disclosed above, at 31 March 2017 none of the Directors, chief executives of the Company or their associates had interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations as defined in Part XV of the SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2017, so far as is known to any Director or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

(a) Aggregate long position in the shares and underlying shares of the Company

Name	Nature of interest	Number of shares of the Company held	Approximate percentage of shareholding in the Company	*Notes*
Creaton Holdings Limited	Interest of controlled corporation	4,092,084,312	43.65%	*1*
Gorgeous Investment Group Holdings Co., Limited	Beneficial owner	4,092,084,312	43.65%	*1*
Ko Tin Kwok	Interest of controlled corporation	4,092,084,312	43.65%	*1*
Rich Crown International Industries Limited	Interest of controlled corporation	4,092,084,312	43.65%	*1*
Shanghai Gorgeous Investment Development Company Limited	Interest of controlled corporation	4,092,084,312	43.65%	*1*
Shanghai Gu Yuan Property Development Company Limited	Interest of controlled corporation	4,092,084,312	43.65%	*1*
Haitong International Holdings Limited	Interest of controlled corporation	1,800,000,000	19.20%	*2*

Name	Nature of interest	Number of shares of the Company held	Approximate percentage of shareholding in the Company	*Notes*
Haitong International New Energy VIII Limited	Security interest in shares	1,800,000,000	19.20%	*2*
Haitong International Securities Group Limited	Interest of controlled corporation	1,800,000,000	19.20%	*2*
Haitong Securities Co., Ltd	Interest of controlled corporation	1,800,000,000	19.20%	*2*
Shanghai Electric (Group) Corporation	Interest of controlled corporation	825,958,700	8.81%	*3*
Shanghai Electric Group Company Limited	Interest of controlled corporation	825,958,700	8.81%	*3*
Shanghai Electric Hongkong Co., Limited	Beneficial owner	825,958,700	8.81%	*3*
China Innovative Finance Group Limited	Interest of controlled corporation	777,736,000	8.30%	*4*
Coupeville Limited	Interest of controlled corporation	777,736,000	8.30%	*4*
Safe Castle Limited	Beneficial owner	777,736,000	8.30%	*4*
Shandong Hi-Speed Investment Fund Management Ltd.	Beneficial owner	831,000,000	8.86%	*5*
Shandong Hi-Speed Investment Fund Management Company Limited	Interest of controlled corporation	831,000,000	8.86%	*5*
Shandong Hi-Speed Investment Holding Company Limited	Interest of controlled corporation	831,000,000	8.86%	*5*

Name	Nature of interest	Number of shares of the Company held	Approximate percentage of shareholding in the Company	*Notes*
Shandong Hi-Speed Group Co., Ltd.	Interest of controlled corporation	831,000,000	8.86%	*5*
Dongying Yellow River Delta Investment Fund Management Ltd.	Interest of controlled corporation	831,000,000	8.86%	*5*
Mr. Qing Zhongyue	Interest of controlled corporation	831,000,000	8.86%	*5*
Rationale (Holdings) Investment Limited	Beneficial owner	650,000,000	6.93%	*6*
Rationale Investment (Shanghai) Company Limited	Interest of controlled corporation	650,000,000	6.93%	*6*
China Minsheng New Energy Investment Co., Ltd.	Interest of controlled corporation	650,000,000	6.93%	*6*
China Minsheng Investment Company Limited	Interest of controlled corporation	650,000,000	6.93%	*6*

Notes:

1. These 4,092,084,312 shares were held by Gorgeous Investment Group Holdings Co., Limited as the beneficial owner. Gorgeous Investment Group Holdings Co., Limited is directly wholly-owned by Shanghai Gorgeous Investment Development Company Limited, which is directly owned by Shanghai Gu Yuan Property Development Company Limited as to 75.66%. Shanghai Gu Yuan Property Development Company Limited is directly owned by Creaton Holdings Limited and Rich Crown International Industries Limited as to 40.21% and 59.79%, respectively, both of which are directly owned by Mr. Ko Tin Kwok as to 99%.

   On 9 September 2016, Gorgeous Investment Group Holdings Co., Limited has made a mandatory unconditional cash offer of HK$0.33 in cash for each share for all the issued shares not already owned and/or agreed to be acquired by it and/or parties acting in concert with it. Gorgeous Investment Group Holdings Co., Limited also made a mandatory unconditional cash offer of HK$2,357,359.29 in cash for every US$1,000,000 face value of the outstanding convertible bonds. Details refer to the circulars dated 9 September 2016 jointly issued by the Company and Gorgeous Investment Group Holdings Co., Limited.

2. These Shares are charged in favour of Haitong International Securities Company Limited pursuant to the loan facility and in favour of Haitong International New Energy VIII Limited to secure the bonds issued by Gorgeous Investment Group Holdings Co., Limited. Haitong International New Energy VIII Limited is wholly-owned subsidiary of Haitong International Securities Group Limited, which is directly owned by Haitong International Holdings Limited as to 60.91%. Haitong International Holdings Limited is directly owned by Haitong Securities Co., Limited as to 100%.

3. On 12 September 2014, the Company issued to Shanghai Electric Hongkong Co. Limited ("Shanghai Electric"), an independent third party, Convertible bonds ("Convertible Bonds") in the principal amount of HK$700,000,000 which are convertible into 825,958,700 conversion shares at the adjusted conversion price of HK$0.8475 (subject to further adjustments, if any) as adjusted following the share subdivision effective on 19 December 2014. As disclosed in the Company's announcement dated 8 October 2014, a put event has occurred pursuant to the terms and conditions of the Convertible Bonds, and the Company has the right to issue conversion shares in satisfaction of its obligations to repay or redeem at the face value all or part of the outstanding Convertible Bonds during the 90 days period from the first anniversary of the date of the initial issue date of the Convertible Bonds. On 10 December 2015, all of the Convertible Bonds have been converted. Shanghai Electric is a wholly-owned subsidiary of Shanghai Electric Group Co. Limited (Stock Code: 2727), which is in turn 55.05% owned by Shanghai Electric (Group) Corporation.

4. These 777,736,000 shares were held by Safe Castle Limited, a wholly-owned subsidiary of Coupeville Limited, which in turn was a wholly-owned subsidiary of China Innovative Finance Group Limited. China Innovative Finance Group Limited (stock code:412) is a listed company in the Hong Kong Stock Exchange. Accordingly, Coupeville Limited and China Innovative Finance Group Limited were deemed to be interested in these shares pursuant to Part XV of the SFO.

5. These 831,000,000 shares were held by Shandong Hi-Speed Investment Fund Management Limited as the beneficial owner. Shandong Hi-Speed Investment Fund Management Limited was a wholly-owned subsidiary of Shandong Hi-Speed Investment Fund Management Company Limited, which is directly owned by Shandong Hi-Speed Investment Holding Company Limited and Dongying Yellow River Delta Investment Fund Management Ltd. as to 49% and 41%, respectively. Shandong Hi-Speed Investment Holding Company Limited is a wholly-owned subsidiary of Shandong Hi-Speed Group Co., Ltd.. Dongying Yellow River Delta Investment Fund Management Ltd. is wholly-owned by Mr. Qin Zhongyue.

6. These 650,000,000 shares were held by Rationale (Holdings) Investment Limited as the beneficial owner. Rationale (Holdings) Investment Limited was a wholly-owned subsidiary of Rationale Investment (Shanghai) Company Limited, which in turn was a wholly-owned subsidiary of China Minsheng New Energy Investment Co. Ltd.. China Minsheng New Energy Investment Co. Ltd. was directly held by China Minsheng Investment Company Limited as to 90%.

(b) Aggregate short position in the shares and underlying shares of the Company

At 31 March 2017, the Company had not been notified of any short positions being held by any substantial shareholders in the shares or underlying shares of the Company.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company at 31 March 2017.

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 transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year ended 31 March 2017.

CONNECTED TRANSACTION

For the year ended 31 March 2017, the Group had no connected transaction as defined in the Listing Rules.

SUBSIDIARIES

Particulars of the principal subsidiaries of the Company at 31 March 2017 are set out in note 18 to the consolidated financial statements.

BORROWINGS

Particulars of borrowings of the Group at 31 March 2017 are set out in note 41 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Contracts with the Group's five largest customers combined by value, accounted for 96.95% in value of total revenue during the year ended 31 March 2017, while contracts with the Group's largest customer by value, accounted for 77.54% in value of total revenue during the year ended 31 March 2017.

The Group has no major suppliers as defined under the Listing Rules.

Save as disclosed above, none of the Directors, their associates or any other shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

HUMAN RESOURCES AND STAFF REMUNERATION

The Group has a dedicated management team with extensive experience and extensive service, and has a technological talent team with high technological standard and abundant practicable experience. They are the force for the rapid growth and expansion of the Group since its establishment.

For the year ended 31 March 2017, total staff cost for the year was approximately HK$17,734,000, of which contributions to defined contribution retirement schemes were approximately HK$1,033,000. The Group has been able to retain and motivate outstanding technological and management talents through remuneration at a competitive level, as well as training and development plans.

The Company's subsidiaries in the PRC provide retirement, medical, employment injury, unemployment and maternity benefits to its employees in accordance with a state-managed social welfare scheme operated by the local government of the PRC, and the relevant PRC rules and regulations. At the same time, the employees of the Company's subsidiaries in the PRC are members of a long-term dormitory provident fund scheme operated by the local government of the PRC. According to the scheme, the Group provides dormitory provident fund to the employees in the PRC in accordance with the relevant PRC rules and regulations.

Certain executive Directors and members of the senior management of the Group, being non-PRC citizens, may elect not to participate in the state-managed social welfare scheme operated by the local government of the PRC. If there is any change in the PRC rules and regulations with respect to the retirement scheme upon which the Group is required to contribute to the social welfare scheme for non-PRC citizens, the Group shall comply with such new rules and regulations within the time limit prescribed by the relevant authorities.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

Directors' Report

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws of the Company, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company against all losses and liabilities & etc which they may incur or sustain by reason about the execution of their duties, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors. The Company has also arranged appropriate directors' and liability insurance coverage for the Directors and officers of the Group.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules during the year and up to the date of this report.

SUBSEQUENT EVENT

Details of the non-adjusting event after the reporting period are set out in note 46 to the consolidated financial statements.

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 year ended 31 March 2017.

AUDITORS

Messrs. Li, Tang, Chen & Co. retire and, being eligible, offer themselves for re-appointment. Save as disclosed above, there was no change in auditor during the past three years.

A resolution will be submitted to the 2017 AGM to re-appoint Messrs. Li, Tang, Chen & Co. as auditor of the Company.

ANNUAL REPORT

This Annual Report is printed in English and Chinese and is available on the Stock Exchange's website at "www.hkexnews.hk" under the "Listed Company Information" and our Company's website at "www.cse1004.com". Printed copies in both languages are posted to shareholders.

ANNUAL GENERAL MEETING

2017 AGM will be held on 4 August 2017. Details of 2017 AGM are set out in the notice of 2017 AGM which constitutes part of the circular to be sent to the Company's shareholders together with the Annual Report. Notice of 2017 AGM and the proxy form will also be available on websites of both the Stock Exchange and the Company.

On behalf of the Board

China Smarter Energy Group Holdings Limited
Wang Hao
Chairman

Hong Kong, 12 June 2017

李湯陳會計師事務所
LI, TANG, CHEN & CO.
Certified Public Accountants (Practising)

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30 Harbour Road, Wanchai
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHINA SMARTER ENERGY GROUP HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of China Smarter Energy Group Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 51 to 132, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (cont'd)

Assessment of impairment of property, plant and equipment ("PP&E") and the intangible assets

Refer to notes 17 and 21 to the consolidated financial statements and accounting policy note 5, property, plant and equipment and intangible assets

The Key Audit Matter

The carrying values of property, plant and equipment ("PP&E") and the intangible assets as at 31 March 2017 were HK$948,587,000 and HK$724,989,000 respectively. The Group sustained a loss for the year ended 31 March 2017 of HK$351,909,000. The management concluded that there was no impairment of them. For the impairment assessment, it involved the significant management assumptions and judgements with respect to underlying cash flows, discount rates and future growth rates for calculation of value in use in respect of each relevant cash generating unit.

Management performs an impairment assessment when indicators of impairment are identified. When performing an impairment assessment, management uses the value in use model and compares the aggregate carrying values of PP&E and the intangible assets with the value in use of the cash generating units ("CGUs") to which these assets are allocated, to determine the impairment loss which should be recognised for the year, if any.

Value in use is calculated by preparing discounted cash flows for each CGU. The determination of value in use requires the exercise of significant management judgement in determining the assumptions adopted in the cash flow forecasts, in particular in relation to future revenue growth rates and the discount rates applied. Independent external valuations were obtained in order to support management's estimates.

We identified the assessment of potential impairment of PP&E and the intangible assets as a key audit matter because the impairment assessments prepared by management are complex and contain certain judgemental and subjective assumptions which may be inherently uncertain and could be subject to management bias.

How the matter was addressed in our audit

Our audit procedures to assess potential impairment of PP&E and the intangible assets included the following:

- evaluating management's identification of CGUs and the allocation of PP&E and the intangible assets to the corresponding CGUs;
- evaluating competence, capabilities and objectivity of the independent valuer;
- comparing the revenue and operating costs included in the discounted cash flow forecasts with the current year's performance to assess the accuracy of management's forecasting process and considering the nature of any significant differences;
- comparing the future revenue growth rates adopted in the discounted cash flow forecasts with historical performance and external market data;
- challenging the reasonableness of key assumptions based on our knowledge of the business and industry; and
- checking, on the sample basis, the accuracy and relevance of the input data used.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon ("Other Information").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process on behalf of the Board of Directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Wai Hei.

Li, Tang, Chen & Co.
Certified Public Accountants (Practising)
10/F Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

Consolidated Statement of Profit or Loss

For the year ended 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
CONTINUING OPERATIONS			
REVENUE	8	**(124,636)**	253,157
Cost of sales		**(4,351)**	(4,056)
GROSS (LOSS)/PROFIT		**(128,987)**	249,101
Other income	8	**2,802**	7,435
Other losses, net	8	**(4,450)**	(13,441)
Gain on bargain purchase of subsidiaries	37	**–**	1,685
Selling and distribution expenses		**(3,102)**	(3,110)
Administrative and operating expenses		**(183,807)**	(184,776)
(LOSS)/PROFIT FROM OPERATING ACTIVITIES OF CONTINUING OPERATIONS		**(317,544)**	56,894
Finance costs	9	**(143,378)**	(154,478)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	10	**(460,922)**	(97,584)
INCOME TAX CREDIT	11	**4,174**	1,122
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(456,748)**	(96,462)
DISCONTINUED OPERATION			
Profit/(loss) for the year from a discontinued operation:	12		
Loss for the year		**(480)**	(223,618)
Loss on disposal of subsidiaries		**(1,973)**	–
Gain on release of exchange fluctuation reserve upon disposal of subsidiaries		**107,292**	–
		104,839	(223,618)
LOSS FOR THE YEAR		**(351,909)**	(320,080)

Consolidated Statement of Profit or Loss

For the year ended 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
(LOSS)/PROFIT ATTRIBUTABLE TO:			
Owners of the Company			
Continuing operations		**(456,728)**	(96,405)
Discontinued operation		**104,924**	(179,132)
		(351,804)	(275,537)
Non-controlling interests			
Continuing operations		**(20)**	(57)
Discontinued operation		**(85)**	(44,486)
		(105)	(44,543)
LOSS FOR THE YEAR		**(351,909)**	(320,080)
LOSS PER SHARE	*16*		
Basic			
For loss for the year		**HK(4.23) cents**	HK(3.80) cents
For loss for the year from continuing operations		**HK(5.50) cents**	HK(1.33) cents
Diluted			
For loss for the year		**HK(4.23) cents**	HK(3.80) cents
For loss for the year from continuing operations		**HK(5.50) cents**	HK(1.33) cents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2017

	2017 HK$'000	2016 HK$'000
LOSS FOR THE YEAR	**(351,909)**	(320,080)
OTHER COMPREHENSIVE EXPENSE		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(58,025)**	(50,977)
Reclassification adjustments on release of exchange fluctuation reserve upon disposal of subsidiaries	**(107,292)**	–
	(165,317)	(50,977)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	**(517,226)**	(371,057)
ATTRIBUTABLE TO:		
Owners of the Company	**(517,156)**	(325,366)
Non-controlling interests	**(70)**	(45,691)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	**(517,226)**	(371,057)

Consolidated Statement of Financial Position

As at 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*17*	**948,587**	959,621
Available-for-sale financial assets	*19*	**213,550**	7,800
Intangible assets	*21*	**724,989**	804,293
		1,887,126	1,771,714
CURRENT ASSETS			
Inventories	*22*	**–**	2,112
Trade receivables	*23*	**55,592**	18,343
Prepayments, deposits and other receivables	*24*	**375,757**	463,940
Financial assets at fair value through profit or loss	*25*	**200,235**	367,573
Derivative financial assets			
– Derivative component of the convertible bonds	*31*	**25,865**	13,068
Time deposit and cash and bank balances	*26*	**884,515**	294,674
		1,541,964	1,159,710
Assets of disposal group classified as held for sale	*12(b)*	**–**	1,132
		1,541,964	1,160,842
CURRENT LIABILITIES			
Trade payables	*27*	**2**	2
Other payables and accruals	*28*	**80,024**	76,827
Customers' deposits		**317**	406
Unsecured short term loans	*29*	**–**	5,000
Bank and other borrowings	*30*	**40,619**	15,557
		120,962	97,792
Liabilities of disposal group classified as held for sale	*12(b)*	**–**	132
		120,962	97,924
NET CURRENT ASSETS		**1,421,002**	1,062,918
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,308,128**	2,834,632
NON-CURRENT LIABILITIES			
Bank and other borrowings	*30*	**792,468**	690,496
Convertible bonds	*31*	**326,759**	438,064
Deferred tax liabilities	*32(a)*	**173,956**	188,920
		1,293,183	1,317,480
NET ASSETS		**2,014,945**	1,517,152

Consolidated Statement of Financial Position

As at 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
CAPITAL AND RESERVES			
Share capital	*33*	**23,436**	19,536
Reserves	34(a)	**1,991,527**	1,498,583
Total equity attributable to owners of the Company		**2,014,963**	1,518,119
Non-controlling interests		**(18)**	(967)
TOTAL EQUITY		**2,014,945**	1,517,152

Wang Hao	**Lam Kwan Sing**
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	Attributable to owners of the Company									
	Share capital	Share premium	Contributed surplus	Convertible bonds equity reserve	Exchange fluctuation reserve	Statutory reserve fund	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 April 2016	**19,536**	**2,020,370**	**77,102**	**256,028**	**63,904**	**12**	**(918,833)**	**1,518,119**	**(967)**	**1,517,152**
Comprehensive income:										
Loss for the year	–	–	–	–	–	–	(351,804)	(351,804)	(105)	(351,909)
Other comprehensive expense for the year:										
Exchange differences arising on translation of foreign operations	–	–	–	–	(58,060)	–	–	(58,060)	35	(58,025)
Reclassification adjustment on release of exchange fluctuation reserve upon disposal of subsidiaries	–	–	–	–	(107,292)	–	–	(107,292)	–	(107,292)
Total comprehensive expense for the year	–	–	–	–	(165,352)	–	(351,804)	(517,156)	(70)	(517,226)
Transactions with owners:										
Disposal of subsidiaries *(note 12(e))*	–	–	–	–	–	–	–	–	1,548	1,548
Capital returned to non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	(529)	(529)
Repurchase of convertible bonds *(note 31)*	–	–	–	(96,011)	–	–	96,011	–	–	–
Issue of new shares *(note 33)*	3,900	1,010,100	–	–	–	–	–	1,014,000	–	1,014,000
Total transactions with owners	3,900	1,010,100	–	(96,011)	–	–	96,011	1,014,000	1,019	1,015,019
Balance at 31 March 2017	**23,436**	**3,030,470**	**77,102**	**160,017**	**(101,448)**	**12**	**(1,174,626)**	**2,014,963**	**(18)**	**2,014,945**

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	Attributable to owners of the Company									
	Share capital *HK$'000*	Share premium *HK$'000*	Contributed surplus *HK$'000*	Convertible bonds equity reserve *HK$'000*	Exchange fluctuation reserve *HK$'000*	Statutory reserve fund *HK$'000*	Accumulated losses *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1 April 2015	17,471	1,283,770	77,102	57,815	113,733	12	(643,296)	906,607	44,724	951,331
Comprehensive income:										
Loss for the year	–	–	–	–	–	–	(275,537)	(275,537)	(44,543)	(320,080)
Other comprehensive expense for the year:										
Exchange differences arising on translation of foreign operations	–	–	–	–	(49,829)	–	–	(49,829)	(1,148)	(50,977)
Total comprehensive expense for the year	–	–	–	–	(49,829)	–	(275,537)	(325,366)	(45,691)	(371,057)
Transactions with owners:										
Conversion of HK$700,000,000 convertible bonds *(note 31)*	2,065	736,600	–	(57,815)	–	–	–	680,850	–	680,850
Issue of US$80,000,000 guaranteed secured convertible bonds *(note 31)*	–	–	–	256,028	–	–	–	256,028	–	256,028
Total transactions with owners	2,065	736,600	–	198,213	–	–	–	936,878	–	936,878
Balance at 31 March 2016	19,536	2,020,370	77,102	256,028	63,904	12	(918,833)	1,518,119	(967)	1,517,152

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
OPERATING ACTIVITIES			
Loss before tax			
From continuing operations		**(460,922)**	(97,584)
From a discontinued operation		**104,839**	(296,806)
Adjustments for:			
Dividend income from unlisted available-for-sale financial assets		**(468)**	(1,560)
Dividend income from listed financial assets at fair value through profit or loss		**(283)**	(16)
Bank interest income		**(505)**	(446)
Unrealised loss/(gain) on investments in financial assets at fair value through profit or loss		**149,936**	(130,072)
Gain on bargain purchase of subsidiaries	*37*	**–**	(1,685)
Depreciation		**61,280**	46,141
Amortisation of intangible assets		**34,074**	35,909
Loss/(gain) on disposal of property, plant and equipment		**274**	(65)
Property, plant and equipment written off		**–**	16
Impairment on unlisted available-for-sale financial assets		**15,000**	–
Impairment losses on exploration and evaluation assets	*20*	**–**	294,237
Write-off of trade receivables		**343**	–
Deposits and other receivables written off		**3,207**	–
Realised loss on financial assets at fair value through profit or loss		**82,366**	–
Fair value changes in derivative component of convertible bonds		**(12,797)**	13,441
Interest expenses		**143,378**	154,590
Gain on disposal of subsidiaries		**(103,072)**	–
Operating profit before working capital changes		**16,650**	16,100
Decrease in inventories		**2,112**	1,122
Increase in financial assets at fair value through profit or loss		**(112,882)**	(19,830)
(Increase)/decrease in trade receivables		**(39,408)**	5,555
Decrease/(increase) in prepayments, deposits and other receivables		**75,282**	(218,165)
Increase in other payables and accruals		**8,330**	52,677
Decrease in customers' deposits		**(89)**	(396)
Net cash used in operating activities		**(50,005)**	(162,937)

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
INVESTING ACTIVITIES			
Dividend received from unlisted available-for-sale financial assets		**468**	1,560
Dividend received from listed financial assets at fair value through profit or loss		**283**	16
Bank interest received		**505**	446
Other interest received		**–**	–
Purchases of property, plant and equipment		**(106,382)**	(188,511)
Proceeds from disposal of property, plant and equipment		**140**	65
Cash outflows from disposal of subsidiaries	*12&36*	**(283)**	–
Acquisition of available-for-sale financial assets		**(220,750)**	–
Net proceeds from disposal of financial assets at fair value through profit or loss		**47,883**	–
Acquisition of subsidiaries	*37*	**–**	(11,252)
Net cash used in investing activities		**(278,136)**	(197,676)
FINANCING ACTIVITIES			
Interest paid		**(72,621)**	(93,051)
Repayment of bank loans		**(14,994)**	(4,862)
Repayment of other loans		**(5,000)**	(2,431)
Net proceeds from issue of convertible bonds		**–**	622,219
Capital returned to non-controlling interests of a subsidiary		**(540)**	–
Issue of shares		**1,014,000**	–
Net cash generated from financing activities		**920,845**	521,875
NET INCREASE IN CASH AND CASH EQUIVALENTS		**592,704**	161,262
Effect of foreign exchange rate changes		**(3,108)**	(4,351)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**294,919**	138,008
CASH AND CASH EQUIVALENTS AT END OF YEAR		**884,515**	294,919
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Time deposit and cash and bank balances attributable to continuing operations		**884,515**	294,674
Cash and cash balances attributable to a discontinued operation		**–**	245
		884,515	294,919

Notes to the Consolidated Financial Statements

1. CORPORATE INFORMATION

China Smarter Energy Group Holdings Limited (the "Company") was incorporated in Bermuda on 8 August 1997 as an exempted company with limited liability under the Companies Act (as amended) of Bermuda. The principal office of the Company is located at Rooms 3205-3208, 32/F., Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

The Company is engaged in investment holding and trading of listed equity securities. The principal activities of the subsidiaries were clean energy operation, share investment and trading of fur garment during the year. The Group's mining natural resources business was discontinued during the year ended 31 March 2016 (see note 12) and disposed of in June 2016.

The consolidated financial statements are presented in Hong Kong dollars which is the same as the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial assets and liabilities which have been measured at fair value as specified in the significant accounting policies as set out in note 5.

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 3 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 financial statements.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 6.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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

4. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2017

The HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 March 2017 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 9, *Financial instruments*	1 January 2018
HKFRS 15, *Revenue from contracts with customers*	1 January 2018
Amendments to HKFRS 2, *Share-based payment: Classification and measurement of share-based payment transactions*	1 January 2018
HKFRS 16, *Leases*	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 the new standards which may have a significant impact on the consolidated financial statements. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

HKFRS 9, Financial instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, Financial instruments: Recognition and measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. Expected impacts of the new requirements on the Group's financial statements are as follows:

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI) as follows:

– The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then effective interest, impairments and gains/losses on disposal will be recognised in profit or loss.

– For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

Based on the preliminary assessment, the Group expects that its financial assets currently measured at amortised cost will continue with their classification and measurements upon the adoption of HKFRS 9.

4. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2017 (cont'd)

HKFRS 9, Financial instruments (cont'd)

With respect to the Group's investments in equity securities currently classified as "available-for-sale", these are investments in equity securities which the Group may classify as either FVTPL or irrevocably elect to designate as FVTOCI (without recycling) on transition to HKFRS 9. The Group has not yet decided whether it will irrevocably designate these investments as FVTOCI or classify them as FVTPL.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's own credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement may not have any impact on the Group on adoption of HKFRS 9.

HKFRS 16, Leases

Currently, the Group enters into certain leases as the lessee. Those lease arrangements are classified as operating leases.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of profit or loss over the period of the lease. As disclosed in note 43(a), at 31 March 2017 the Group's future minimum lease payments under non-cancellable operating leases amount to HK$56,178,000 for properties, which are payable within 25 years after the end of the reporting period. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-company balances and transactions and any profits and losses arising from intra-company transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-company transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets and liabilities measured initially at their fair values at the acquisition date and the equity interests issued by the Group. Acquisition-related costs are expensed as incurred. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Group, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate.

In the Company's statement of financial position, the Company's interests in subsidiaries are stated at cost less impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Goodwill

Goodwill arising on acquisition is recognised in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill at the end of the reporting period. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Excess over the cost of business combinations

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of subsidiaries (previously referred to as negative goodwill), after reassessment, is recognised immediately in profit or loss as a gain on bargain purchase.

Non-current assets held for sale and discontinued operations

i) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Non-current assets held for sale and discontinued operations (cont'd)

i) Non-current assets held for sale (cont'd)

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 5.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

ii) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see (i) above), if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowings costs.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Buildings	The shorter of the lease terms and 50 years
Leasehold improvements	The shorter of the lease terms and 5 years
Solar power generation plant/station	10 to 20 years
Plant and machinery	3 to 5 years
Furniture, fixtures, office equipment and motor vehicles	3 to 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Both the useful life of an asset and its residual value, if any, are reviewed annually.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Construction in progress represents property, plant and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowing funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment losses.

Exploration and evaluation assets include the cost of exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources.

When the technical feasibility and commercial viability for extracting a mineral resource becomes demonstrable, any previously recognised exploration and evaluation assets are reclassified as property, plant and equipment, mining rights or other intangible assets. These assets are assessed for impairment and any impairment loss is recognised before reclassification.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Intangible assets

Intangible assets with finite useful lives that are acquired in business combinations are stated in the consolidated statement of financial position at fair value at the acquisition date less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives of 24 years.

Inventories

Inventories are stated at the lower of cost and net realisable value after allowances for obsolete or slow-moving items. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads based on a normal level of operating activity. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the end of the reporting period.

All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationship as defined by HKAS 39. Derivatives, including separated embedded derivative, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39. Gains or losses on investments held for trading are recognised in profit or loss.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative that are either designated or not classified as any of the other categories. At the end of each reporting period subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in other comprehensive income and accumulated separately in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse to profit or loss in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairments losses at the end of each reporting period subsequent to initial recognition. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

Impairment on assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment on assets carried at amortised cost (cont'd)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Impairment on available-for-sale financial assets

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss. Impairment losses on equity instruments classified as available-for-sale are not reversed through profit or loss.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised as well as through the amortisation process.

Convertible bonds contains liability component, equity component and derivative component

Convertible bonds issued by the Company that contain liability component, equity component and derivative component are classified separately into respective item on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument. On initial recognition, both the liability and derivative components are measured at fair value. The fair value of the liability component on initial recognition is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair values assigned to the liability and derivative components respectively, representing the conversion option for the holder to convert the convertible bonds into equity, is included in equity.

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in the equity until the conversion option is exercised, in which case the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the expiry date, the balance recognised in equity will be released to the accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

When the convertible bonds are converted, the carrying amounts of the liability component and the derivative component at the time of conversion are transferred to share capital and share premium as consideration for the shares issued. When the convertible bonds are redeemed, the difference between the redemption amount and the carrying amounts of both components is recognised in profit or loss.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Convertible bonds contains liability component, equity component and derivative component (cont'd)

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability, equity and derivative components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the derivative component are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss for the year.

Impairment of assets other than exploration and evaluation assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, deferred tax assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows, that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimate future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the year in which it arises.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of assets other than exploration and evaluation assets (cont'd)

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to profit or loss in the period in which it arises.

Impairment of exploration and evaluation assets

In the following cases, or similar cases, the Group shall test exploration and evaluation assets for impairment.

(a) The period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

(b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

(c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;

(d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

For the purpose of impairment testing exploration and evaluation assets are allocated to the relevant cash-generating units expected to benefit from the assets. Cash-generating units to which exploration and evaluation assets have been allocated are tested for impairment when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of exploration and evaluation assets allocated to the unit.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income tax (cont'd)

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Trade and other payables

Liabilities for trade and other payables which are normally settled on 30 to 60 days terms are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Provisions and contingent liabilities

i) Contingent liabilities acquired in business combinations

Contingent liabilities acquired as part of a business combination are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note (ii) below. Contingent liabilities that cannot be reliably fair valued are disclosed in accordance with note (ii) below.

ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following basis:

(a) Revenue arising from the sale of electricity is recognised in the accounting period when electricity has been delivered on grid and is measured based on the tariff rates determined by the relevant local authority. Tariff subsidy on sale of electricity is recognised when there is a reasonable assurance that the additional tariff will be received and the Group will comply with all attached conditions, if any.

(b) Sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

(c) Net gains/(losses) from equity securities trading arise from the disposal and remeasurement of financial instruments at fair value through profit or loss are included in "Revenue". All transactions related to equity securities trading are record in the consolidated financial statements based on trade dates. Accordingly, only those trade dates falling within the accounting year have been taken into account.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue recognition (cont'd)

(d) Interest income is recognised as it accrues using the effective interest method.

(e) Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

Employee benefits

i) The Group joins a defined contribution Mandatory Provident Fund ("MPF") retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance. Contributions to the MPF scheme are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF scheme. The Group's employer contributions are fully and immediately vested in favour of the employees.

ii) The Group's subsidiaries which operate in the PRC are required to make contributions to defined contribution retirement plans managed by the local government authorities for their employees. The contributions are calculated at fixed rate of the relevant employees' salary cost. The Group's contributions to these plans are charged to profit or loss when incurred. The Group has no obligation for the payment of retirement and other post-employment benefits of staff other than contributions described above.

iii) Equity share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (employee share-based compensation reserve).

At the time when the share options are exercised, the amount previously recognised in employee share-based compensation reserve will be transferred to share premium. When the share options are still not exercised at the expiry date, the amount previously recognised in employee share-based compensation reserve will be transferred to retained profits.

iv) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to profit or loss on the straight-line basis over the lease terms.

Foreign currencies

These consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency at the exchange rates ruling at the end of the reporting period. All differences are taken to profit or loss. Non-monetary items that are measured in the terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than Hong Kong dollars. At the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates ruling at the end of the reporting period and, their profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in equity in the exchange fluctuation reserve (attributable to minority interests as appropriate). On disposal of a foreign entity, the cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated to Hong Kong dollars at the weighted average exchange rates for the year.

Dividends

Interim dividend is simultaneously proposed and declared, because the Company's bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividend is recognised immediately as a liability when it is proposed and declared.

Final dividend proposed by the directors is classified as a separate allocation of retained profits within capital and reserves in the consolidated statement of financial position, until it has been approved by the shareholders in a general meeting. When the dividend has been approved by the shareholders and declared, it is recognised as a liability.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Related parties

A party is considered to be related to the Group if:

(a) A person, or a close member of that person's family, is related to the Group if that person:

i) has control or joint control over the Group;

ii) has significant influence over the Group; or

iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

iii) Both entities are joint ventures of the same third party.

iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

vi) The entity is controlled or jointly controlled by a person identified in (a).

vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker reviews the performance of the Group on regular basis and reviews the Group's internal reporting in order to assess performance and allocate resources.

6. SUMMARY ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Purchase accounting

Accounting for acquisitions requires the Group to allocate the costs of acquisition to identifiable assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The Group has undertaken process to identify all assets and liabilities acquired, including acquired intangible assets. Judgements made in identifying all acquired assets, determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset's useful lives, could materially impact the calculation of gain on bargain purchase and depreciation and amortisation charges in subsequent periods. Estimated fair values are based on information available near the acquisition date and on expectations and assumptions that have been deemed reasonable by management. Determining the estimated useful lives of tangible and intangible assets acquired also requires judgement.

Useful lives of property, plant and equipment

Depreciation of property, plant and equipment is calculated to write off the cost of property, plant and equipment over their estimated useful lives on a straight-line basis. Management reviews the estimated useful lives and residual values of property, plant and equipment to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and taking into account anticipated changes.

Impairment of property, plant and equipment and intangible assets

The Group conducts reviews for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on the higher of value-in-use calculations or fair value less costs of disposal. These calculations require the use of judgements and estimates. Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations.

6. SUMMARY ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

Revenue recognition on tariff subsidy on sale of electricity

Tariff subsidy represents subsidy received and receivable from the government authorities in respect of the Group's solar power generation business.

In August 2013, the National Development and Reform Commission of the PRC released the New Tariff Notice (the "New Tariff Notice") to launch a new subsidising policy for distributed solar power plants and adjust benchmark on-grid price for electricity generated by centralised solar power plants (which is known as the ground solar plants).

Pursuant to New Tariff Notice, a set of standardised procedures for the settlement of the tariff subsidy has come into force since 2013 and approvals for the registration in the Catalogue on a project-by-project basis are required before the allocation of funds to the state grid companies, which then would make settlement to the Group.

Tariff subsidy is recognised based on the management judgement that all of the Group's operating solar farms had been qualified for, and had met, all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plants.

In making their judgement, the Directors considered that all of the Group's solar farm currently in operation had met the requirement and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff adjustments when the electricity was delivered on grid.

Income taxes

(1) The Group recognises liabilities for anticipated tax issues for which the ultimate tax determination may be uncertain based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact current and deferred tax provisions in the financial period in which such determination is made.

(2) At 31 March 2017, the Group had estimated unused tax losses of approximately HK$646,752,000 (2016: HK$404,506,000) available for offset against future profits. No deferred tax asset has been recognised on such tax losses due to unpredictability of future profits streams. The reliability of the deferred tax asset mainly depends on whether sufficient future taxable profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are more or less than expected, a material reversal or recognition of deferred tax asset may arise.

Allowances for inventories

The management makes allowance for obsolete and slow-moving inventories that are identified as no longer salable. The management estimates the net realisable value of inventories based primarily on the latest invoice prices and current market conditions. The Group carries out review of inventories on a product-by-product basis at the end of each reporting period and makes allowance for obsolete and slow-moving items.

6. SUMMARY ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on current market conditions and the historical experience of trading and selling products of similar nature. Management reassesses those estimates at the end of each reporting period.

Impairment assessment for receivables

The policy for impairment assessment for receivables of the Group is based on the evaluation of collectability and an ageing analysis of receivables and on the judgement of the management. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. The directors are confident that all the tariff subsidy receivables are fully recoverable but just subject to timing of allocation of funds from the government, after considering that there were no bad debt experiences with the state grid companies in the past and the tariff subsidy was fully funded by the PRC government.

7. SEGMENT INFORMATION

The chief operating decision makers ("CODMs") (i.e. executive directors of the Company) organise the business units based on their products delivered and services provided, and has reportable operating segments as follows:

a) Clean energy.

b) Trading in securities comprise net gains/(losses) from trading of listed securities and dividend income from listed equity investments.

c) Investments comprise dividend income from unlisted equity investments.

d) Trading of fur related products and others.

e) Mine (classified as discontinued operation during the year ended 31 March 2016 – see note 12).

The CODMs monitor the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that finance costs as well as corporate expenses are excluded from such measurement.

Segment assets consist of property, plant and equipment, available-for-sale financial assets, exploration and evaluation assets, inventories, trade and other receivables, deposits and financial assets at fair value through profit or loss. Unallocated assets comprise derivative financial assets and time deposit and cash and bank balances.

Segment liabilities consist of trade and other payables and accruals, customers' deposits and bank and other borrowings. Unallocated liabilities comprise convertible bonds.

Inter-segment transactions are on arm's length basis in a manner similar to transactions with third parties.

During the year, CODMs revised the composition of operating segments in light of the change in the internal organisation and business development. Accordingly, the segment information for the year ended 31 March 2016 were restated.

7. SEGMENT INFORMATION (cont'd)

a) Operating segment information

For the year ended 31 March 2017

	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*
Consolidated revenue							
Revenue from external customers	105,700	–	–	1,215	106,915	–	106,915
Investment income and net loss	–	(232,019)	468	–	(231,551)	–	(231,551)
Consolidated revenue	105,700	(232,019)	468	1,215	(124,636)	–	(124,636)
Segment results	(26,248)	(232,019)	(14,541)	(13,076)	(285,884)	(480)	(286,364)
Reconciliation:							
Interest income							505
Change in fair value of derivative component of convertible bonds							12,797
Net gain on disposal of subsidiaries (including a gain on disposal of a disposal group (note 12(e)))							103,072
Unallocated corporate expenses							(42,715)
Loss from operating activities							(212,705)
Finance costs							(143,378)
Loss before tax							(356,083)
Income tax credit							4,174
Loss for the year							(351,909)
Other segment information							
Depreciation and amortisation							
Reportable segment total	94,534	–	–	19	94,553	–	94,553
Corporate headquarter	–	–	–	–	–	–	801
							95,354

7. SEGMENT INFORMATION (cont'd)

a) Operating segment information (cont'd)

For the year ended 31 March 2016 (Restated)

	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	115,095	–	–	6,414	121,509	–	121,509
Investment income and net gain	–	130,088	1,560	–	131,648	–	131,648
Consolidated revenue	115,095	130,088	1,560	6,414	253,157	–	253,157
Segment results	(195)	126,560	1,554	(10,546)	117,373	(223,618)	(106,245)
Reconciliation:							
Interest income							443
Change in fair value of derivative component of convertible bonds							(13,441)
Unallocated corporate expenses							(47,481)
Loss from operating activities							(166,724)
Finance costs							(154,478)
Loss before tax							(321,202)
Income tax credit							1,122
Loss for the year							(320,080)
Other segment information							
Depreciation and amortisation							
Reportable segment total	81,594	–	–	61	81,655	84	81,739
Corporate headquarter	–	–	–	–	–	–	311
							82,050
Impairment loss on exploration and evaluation assets	–	–	–	–	–	294,237	294,237

7. SEGMENT INFORMATION (cont'd)

b) The segment assets and liabilities based on the reportable segments at the end of the reporting period are as follows:

At 31 March 2017

	Continuing operations					
	Clean energy HK$'000	Trading in securities HK$'000	Investments HK$'000	Trading HK$'000	Unallocated HK$'000	Consolidated HK$'000
Reportable segment assets	**2,091,975**	**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**
Other segment information						
Additions to property, plant and equipment during the year	**95,489**	**–**	**–**	**–**	**8,784**	**104,273**

At 31 March 2016 (Restated)

	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	Unallocated HK$'000	Consolidated HK$'000
Reportable segment assets	2,239,561	367,574	8,112	5,916	2,621,163	1,132	310,261	2,932,556
Reportable segment liabilities	968,462	–	2,827	853	972,142	132	443,130	1,415,404
Other segment information								
Additions to property, plant and equipment during the year	184,771	–	–	–	184,771	684	153	185,608

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

- all assets are allocated to operating segments other than time deposit and cash and bank balances, derivative financial assets and some other unallocated assets; and
- all liabilities are allocated to operating segments other than convertible bonds and some other unallocated liabilities.

7. SEGMENT INFORMATION (cont'd)

c) Geographical information

i) Revenue from external customers

The Group's activities are conducted predominantly in Hong Kong and Mainland China. 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:

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**(229,543)**	138,062
Mainland China	**104,907**	115,095
Total revenue	**(124,636)**	253,157

ii) Non-current assets

The non-current assets information is based on the location of assets and excludes financial instruments.

The following table provides an analysis of the Group's non-current assets by geographical location:

	2017	2016
	HK$'000	*HK$'000*
Mainland China	**1,665,471**	1,763,655
Hong Kong	**8,105**	259
	1,673,576	1,763,914

Information about major customers

For the year ended 31 March 2017, revenue from sale of electricity with one (2016: one) customer has exceeded 10% of the Group's total revenue. Revenue from this customer amounted to HK$82,900,000 (2016: HK$111,830,000) for the year ended 31 March 2017. No other single customer had transactions which contributed 10% or more of the Group's total revenue for the years ended 31 March 2017 and 2016.

8. REVENUE, OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

An analysis of the Group's revenue, other income and other (losses)/gain, net is as follows:

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Sale of electricity	**105,700**	115,095
Sale of fur garment	**1,215**	6,414
Net realised and unrealised (losses)/gains on listed trading equity securities	**(232,302)**	130,072
Dividend income from unlisted available-for-sale financial assets	**468**	1,560
Dividend income from listed financial assets at fair value through profit or loss	**283**	16
	(124,636)	253,157
Other income		
Bank interest income	**505**	443
Recovery of other receivables	**1,845**	6,341
Others	**452**	651
	2,802	7,435
Other (losses)/gain, net		
Impairment on unlisted available-for-sale financial assets	**(15,000)**	–
Disposal of subsidiaries	**(2,247)**	–
Fair value change on derivative components of convertible bonds	**12,797**	(13,441)
	(4,450)	(13,441)

Sale of electricity included HK$79,777,000 (2016: HK$79,311,000) 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.

9. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**66,369**	44,208
Imputed interest on convertible bonds	**77,009**	110,270
	143,378	154,478

10. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

The loss before tax from continuing operations is arrived at after charging:

	2017	2016
	HK$'000	*HK$'000*
Auditor's remuneration		
– audit services	**830**	800
– non-audit services	**102**	58
	932	858
Depreciation	**61,280**	46,057
Amortisation of intangible assets	**34,074**	35,909
Loss on disposal of property, plant and equipment	**274**	–
Write-off of trade receivables	**343**	–
Deposits and other receivables written off	**3,207**	–
Minimum lease payments under operating leases on land and buildings	**13,180**	6,535
Staff salaries and allowances (excluding directors' remuneration)	**16,701**	14,474
Pension contributions	**1,033**	920
Exchange loss	**–**	3,063

11. TAXATION

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the Group did not generate any assessable profits arising in Hong Kong for the years ended 31 March 2017 and 2016. Overseas taxes on assessable profits of the Company or its subsidiaries, 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 Peoples's Republic of China (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% (2016: 25%). During the year, five (2016: one) 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 corporate income tax for the first three years, followed by a 50% tax exemption for the next three years.

11. TAXATION (cont'd)

The amount of income tax credit in the consolidated statement of profit or loss:

	2017 HK$'000	2016 HK$'000
Deferred tax *(note 32)*	**(4,174)**	(1,122)

The reconciliation between the loss before tax and the income tax credit per consolidated statement of profit or loss is as follows:

	2017 HK$'000	2016 HK$'000
Loss before tax	**(460,922)**	(97,584)
Tax effect at Hong Kong profits tax rate of 16.5% (2016: 16.5%)	**(76,052)**	(16,102)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(5,116)**	(3,624)
Effect on tax holiday on assessable profit of subsidiaries incorporated in the PRC	**(395)**	–
Income not subject to tax	**(3,344)**	(23,609)
Expenses not deductible for tax purposes	**34,808**	33,243
Unrecognised tax losses	**60,751**	19,610
Unrecognised temporary differences	**(14,742)**	(10,638)
Utilisation of tax losses previously not recognised	**(170)**	(2)
Others	**86**	–
Income tax credit	**(4,174)**	(1,122)

12. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION

The Group planned to focus its resources on its clean energy and other businesses and had decided to cease and sell its mining business during the year ended 31 March 2016. The Group's business in mining segment is mainly undertaken by 陝西久權礦業有限公司(Shaanxi Jiuquan Mining Company Limited), an indirect-owned subsidiary of Perfect Fair Limited, which in turn was an indirect wholly-owned subsidiary of the Company.

The Perfect Fair Limited and its subsidiaries ("the Perfect Fair Group") was regarded as a disposal group classified as held for sale and mining segment was classified as a discontinued operation during the year ended 31 March 2016.

In June 2016, the Group had completed the disposal of its 100% equity interest (with relevant shareholder's loan) in Perfect Fair Group to an independent third party for a cash consideration of HK$1 million.

12. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION (cont'd)

(a) The results of a discontinued operation for the years ended 31 March 2017 and 2016 are as follows:

	2017 **HK$'000**	2016 *HK$'000*
Revenue	**Nil**	Nil
Other income	**–**	73
Net gain on disposal of a disposal group *(note 12(e))*	**105,319**	–
Administrative and operating expenses	**(480)**	(296,767)
Finance costs	**–**	(112)
Profit/(loss) before taxation	**104,839**	(296,806)
Tax credit	**–**	73,559
Profit/(loss) after taxation	**104,839**	(223,247)
Loss recognised on the measurement to fair value less costs to sell on disposal group	**–**	(371)
Profit/(loss) for the year from a discontinued operation	**104,839**	(223,618)
Profit/(loss) for the year from a discontinued operation includes the following:		
Staff salaries and allowances	**219**	1,237
Retirement benefit scheme contributions	**13**	77
Total staff costs	**232**	1,314
Depreciation of property, plant and equipment	**–**	84
Impairment loss on property, plant and equipment	**–**	33
Impairment loss on exploration and evaluation assets	**–**	294,237

12. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION (cont'd)

(b) The major classes of assets and liabilities of a disposal group classified as held for sale at 31 March 2016 were as follows:

	HK$'000
Assets	
Property, plant and machinery	841
Exploration and evaluation assets *(note 20)*	–
Prepayments, deposits and other receivables	46
Cash and bank balances	245
Assets of disposal group classified as held for sale	1,132
Liabilities	
Other payables and accruals	132
Liabilities of disposal group classified as held for sale	132
Net assets of disposal group classified as held for sale	1,000

(c) The net cash flow of the discontinued operation dealt with in the consolidated financial statements for the years ended 31 March 2017 and 2016 are as follows:

	2017 ***HK$'000***	2016 *HK$'000*
Operating activities	**(480)**	1,572
Investing activities	**–**	(616)
Financing activities	**–**	(2,543)
Net cash outflow attributable to a discontinued operation	**(480)**	(1,587)

12. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION (cont'd)

(d) Profit/(loss) per share from a discontinued operation

	2017	2016
	HK$'000	*HK$'000*
Basic and diluted	**HK1.27 cents**	HK(2.47) cents

The calculation of the basic profit (2016: loss) per share from a discontinued operation is based on the profit for the year from a discontinued operation attributable to owners of the Company of HK$104,924,000 (2016: loss of HK$179,132,000) and the weighted average number of 8,310,132,000 (2016: 7,243,402,000) ordinary shares in issue during the year.

No adjustment has been made to the basic loss per share from a discontinued operation presented for the years ended 31 March 2017 and 2016 in respect of a dilution as the Company's outstanding convertible bonds during the periods have an anti-dilutive effect on the basic loss per share from a discontinued operation presented.

(e) Disposal of a disposal group

Further details of consideration and the value of interest in the Perfect Fair Group at the date of disposal during the year ended 31 March 2017 are as follows:

	2017
	HK$'000
Consideration	**1,000**
Net assets disposal of	**(1,425)**
Non-controlling interests	**(1,548)**
Loss on disposal of subsidiaries	**(1,973)**
Adjustment for:	
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity to profit or loss	**107,292**
Net gain on disposal of a disposal group	**105,319**
Satisfied by:	
Cash received	**1,000**
Net cash inflow arising on disposal:	
Cash consideration received	**1,000**
Less: bank balances and cash disposed of	**(657)**
	343

13. DIVIDEND

The board of directors does not recommend the payment of any dividend for the year ended 31 March 2017 and 2016.

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, are as follows:

	2017	2016
	HK$'000	*HK$'000*
Fees	**393**	360
Other emoluments		
Basic salaries and allowances	**8,251**	8,552
Retirement scheme contributions	**105**	107
	8,356	8,659
	8,749	9,019

a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2017	2016
	HK$'000	*HK$'000*
Fok Ho Yin, Thomas	**120**	120
Li Hui *(Note 1)*	**22**	–
Lam Cheung Mau *(Note 1)*	**21**	–
Tsui Ching Hung *(Note 2)*	**115**	120
Cheung Oi Man, Amelia *(Note 2)*	**115**	120
	393	360

There were no other emoluments payable to the independent non-executive directors during the year (2016: Nil).

Note 1: Mr. Li Hui and Mr. Lam Cheung Mau were appointed as independent non-executive directors of the Company on 10 March 2017.

Note 2: Mr. Tsui Ching Hung and Ms. Cheung Oi Man, Amelia resigned as independent non-executive directors of the Company on 10 March 2017.

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (cont'd)

b) Executive directors

	Fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000* *(Note 1)*	Retirement scheme contributions *HK$'000*	Total *HK$'000*
2017				
Wang Hao	**–**	**2,600**	**18**	**2,618**
Ko Tin Kwok *(Note 2)*	**–**	**375**	**8**	**383**
Zhao Li *(Notes 1 and 2)*	**–**	**375**	**4**	**379**
Lam Kwan Sing	**–**	**1,560**	**18**	**1,578**
Hon Ming Sang	**–**	**390**	**18**	**408**
Hu Hanyang *(Note 3)*	**–**	**–**	**–**	**–**
Lai Leong *(Note 4)*	**–**	**1,252**	**18**	**1,270**
Zhou Chengrong *(Note 5)*	**–**	**750**	**11**	**761**
Wong Nga Leung *(Notes 1 and 5)*	**–**	**949**	**10**	**959**
	–	**8,251**	**105**	**8,356**
2016				
Wang Hao	–	2,562	17	2,579
Lai Leong	–	1,300	18	1,318
Zhou Chengrong	–	1,180	18	1,198
Lam Kwan Sing	–	1,560	18	1,578
Wong Nga Leung	–	1,560	18	1,578
Hon Ming Sang	–	390	18	408
	–	8,552	107	8,659

Note 1: Includes housing allowances and quarter provided.

Note 2: Mr. Ko Tin Kwok and Ms. Zhao Li were appointed as executive directors of the Company on 1 November 2016.

Note 3: Mr. Hu Hanyang was appointed as an executive director of the Company on 10 March 2017.

Note 4: Mr. Lai Leong resigned as an executive director of the Company on 10 March 2017.

Note 5: Mr. Zhou Chengrong and Mr. Wong Nga Leung resigned as executive directors of the Company on 1 November 2016.

No director has waived or agreed to waive any emoluments and no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2017 and 2016.

15. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals during the year ended 31 March 2017 included five directors (2016: five directors), details of whose emoluments are disclosed in note 14 above.

16. LOSS PER SHARE

a) For loss for the year

Basic loss per share for the years ended 31 March 2017 and 2016 is calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 March 2017 and 2016 respectively. Calculation is as follows:

	2017	2016
Loss for the year attributable to owners of the Company (HK$'000)	**(351,804)**	(275,537)
Weighted average number of ordinary shares in issue (thousands)	**8,310,132**	7,243,402
Basic loss per share (HK cents per share)	**(4.23) cents**	(3.80) cents

b) For loss for the year from continuing operations

Basic loss per share for the years ended 31 March 2017 and 2016 is calculated by dividing the loss for the year from continuing operations attributable to owners of the Company by the weighted average numbers of ordinary shares in issue during the years ended 31 March 2017 and 2016 respectively. Calculation is as follows:

	2017	2016
Loss for the year from continuing operations attributable to the owners of the Company (HK$'000)	**(456,728)**	(96,405)
Weighted average number of ordinary shares in issue (thousand)	**8,310,132**	7,243,402
Basic loss per share (HK cents per share)	**(5.50) cents**	(1.33) cents

c) Diluted loss per share

Diluted loss per share for the years ended 31 March 2017 and 2016 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 years ended 31 March 2017 and 2016 respectively.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings HK$'000	Leasehold improvements HK$'000	Solar power generation plant/station HK$'000	Plant and machinery HK$'000	Furniture, fixtures, office equipment and motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost							
At 1.4.2015	362	2,609	859,648	2,064	8,172	–	872,855
Exchange adjustments	(15)	–	(35,930)	(3)	(64)	–	(36,012)
Additions	–	–	152,937	–	8,189	24,329	185,455
Disposal/written off	–	–	–	–	(623)	–	(623)
Acquisition of subsidiaries *(note 37)*	–	–	–	–	153	–	153
Transferred to disposal group classified as held for sale	(347)	–	–	(77)	(1,250)	–	(1,674)
At 31.3.2016 and 1.4.2016	–	2,609	976,655	1,984	14,577	24,329	1,020,154
Exchange adjustments	–	–	(57,213)	–	(492)	–	(57,705)
Additions	–	3,862	93,316	–	5,277	1,818	104,273
Disposal of subsidiaries *(note 36)*	–	(80)	–	–	(26)	–	(106)
Disposal/written off	–	–	–	–	(467)	–	(467)
Transfer	–	–	24,329	–	–	(24,329)	–
At 31.3.2017	**–**	**6,391**	**1,037,087**	**1,984**	**18,869**	**1,818**	**1,066,149**
Accumulated depreciation							
At 1.4.2015	124	2,592	5,124	2,027	6,886	–	16,753
Exchange adjustments	(5)	–	(902)	(3)	(44)	–	(954)
Charge for the year	8	17	44,544	30	1,542	–	46,141
Amount written back	–	–	–	–	(607)	–	(607)
Transferred to disposal group classified as held for sale	(127)	–	–	(70)	(603)	–	(800)
At 31.3.2016 and 1.4.2016	–	2,609	48,766	1,984	7,174	–	60,533
Exchange adjustments	–	–	(4,054)	–	(124)	–	(4,178)
Charge for the year	–	187	58,244	–	2,849	–	61,280
Disposal of subsidiaries *(note 36)*	–	–	–	–	(20)	–	(20)
Amount written back	–	–	–	–	(53)	–	(53)
At 31.3.2017	–	2,796	102,956	1,984	9,826	–	117,562
Net carrying amount							
At 31.3.2017	**–**	**3,595**	**934,131**	**–**	**9,043**	**1,818**	**948,587**
At 31.3.2016	–	–	927,889	–	7,403	24,329	959,621

The Group's leasehold buildings at 31 March 2016 (included in assets of disposal group classified as held for sale) were held in the PRC.

18. SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31 March 2017 are as follows:

Name of subsidiary	Place of incorporation and operation*	Issued and fully paid ordinary share capital/ registered capital	Percentage of equity attributable to the Group	Principal activities
Directly held				
Max Access Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding
Rising Group International Limited	British Virgin Islands/ Hong Kong	Ordinary US$4,000	100%	Investment holding
China Smarter Energy Holdings Limited	British Virgin Islands	Ordinary US$1	100%	Investment holding
Indirectly held				
China Smarter Energy Investment Limited	Hong Kong	Ordinary HK$10,000	100%	Investment holding
Rising Development Limited	Hong Kong	Ordinary HK$100 Non-voting deferred** HK$5,000,000	100%	Trading of fur garment and investment holding
Mega Asset Developments Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding
Legend Sense Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Securities dealing
Smarty Express Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Trading of fur garment
Billion Worth Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding
Surplus Basic Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding
Elite Plus Worldwide Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding

18. SUBSIDIARIES (cont'd)

Name of subsidiary	Place of incorporation and operation*	Issued and fully paid ordinary share capital/ registered capital	Percentage of equity attributable to the Group	Principal activities
Legacy Billion Investment Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding
Shanghai Gorgeous Smarter Energy Company Limited (formerly, Tianhe Smarter Energy Company Limited)*** 上海國之杰智慧能源有限公司（前稱為天合智慧能源有限公司）	PRC/Mainland China	RMB800,000,000	100%	Investment holding
Jinchang Jintai Photovoltaic Company Limited*** 金昌錦泰光伏電力有限公司	PRC/Mainland China	RMB160,000,000	100%	Operation of solar power plant
Shanghai Xin Lan Electric Company Limited*** 上海昕嵐電力有限公司	PRC/Mainland China	RMB10,000,000	100%	Operation of distributed solar power station
Dezhou Guanyang Solar Energy Technology Company Limited 德州冠陽太陽能科技有限公司***	PRC/Mainland China	RMB2,000,000	100%	Operation of distributed solar power station
Linyi Xinlan Electric Company Limited 臨邑昕嵐電力有限公司***	PRC/Mainland China	RMB5,000,000	100%	Operation of distributed solar power station
Dezhou Miaoli Energy Company Limited 德州妙理新能源有限公司***	PRC/Mainland China	RMB10,000,000	100%	Operation of distributed solar power station

* Where different

** The non-voting deferred shares carry no rights to dividends, no rights to vote at general meetings and no rights to receive any surplus in a return of capital in a winding-up or otherwise.

*** These subsidiaries are incorporated in the PRC and are limited liability companies.

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017	2016
	HK$'000	*HK$'000*
Unlisted equity securities, at cost	**228,550**	7,800
Impairment losses	**(15,000)**	–
	213,550	7,800

At the end of the reporting period, the above unlisted equity investments are stated at cost less any impairment loss because they do not have a quoted market price in an active market and the fair value cannot be reliably measured.

20. EXPLORATION AND EVALUATION ASSETS

	Exploration rights
	HK$'000
Balance at 1 April 2015	300,985
Exchange adjustments	(6,748)
Impairment loss	(294,237)
Transferred to disposal group classified as held for sale *(note 12)*	–
Balance at 31 March 2016	–

The exploration rights represented the carrying amount of the mining rights for mining, exploration and exploitation in a Vanadium mine located in Shaanxi, the PRC.

The directors considered that the fair value of exploration and evaluation assets at 31 March 2016 was nominal due to the market price of Vanadium Pentoxide that was used in refining of steel was about RMB41,000 MT. In view of the depressed market price of Vanadium, the directors decided to cease and dispose of the Vanadium mine business during the year ended 31 March 2016. The carrying amount of the exploration and evaluation assets of HK$0 was transferred to assets of disposal group classified as held for sale during the year ended 31 March 2016 (details refer to note 12)

21. INTANGIBLE ASSETS

	Customer contract *HK$'000*
Cost	
At 1 April 2015	880,885
Exchange adjustments	(36,819)
At 31 March 2016 and 1 April 2016	844,066
Exchange adjustments	(48,244)
At 31 March 2017	**795,822**
Accumulated amortisation	
At 1 April 2015	4,613
Exchange adjustments	(749)
Amortisation for the year	35,909
At 31 March 2016 and 1 April 2016	39,773
Exchange adjustments	(3,014)
Amortisation for the year	34,074
At 31 March 2017	**70,833**
Net carrying amount	
At 31 March 2017	**724,989**
At 31 March 2016	804,293

22. INVENTORIES

	2017	2016
	HK$'000	HK$'000
Raw materials	–	278
Finished goods	–	1,834
	–	2,112

The analysis of the amount of inventories recognised as expense is as follows:

	2017	2016
	HK$'000	HK$'000
Carrying amount of inventories sold	1,233	3,620
Write-down of inventories	3,792	1,325
Reversal of write-down of inventories	(674)	(889)
	4,351	4,056

23. TRADE RECEIVABLES

Sale of electricity

Included in the Group's trade receivables are tariff subsidy receivables amounting to HK$43,371,000 (2016: HK$8,585,000) recognised based on the prevailing nationwide government policies on renewable energy for solar plants and distributed power stations, which is subject to the settlement by the state grid companies upon finalisation of the allocation of funds by the relevant authorities to the state grid companies. The directors expected all of the tariff subsidy will be recovered within twelve months from the end of the reporting period.

Generally, sales of electricity are settled within one month from the date of billing.

Sale of fur garment

The Group normally granted a credit period ranging from 30 to 60 days to major customers.

No credit to be granted by the Group to small customers.

23. TRADE RECEIVABLES (cont'd)

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

	2017	2016
	HK$'000	*HK$'000*
Unbilled	**46,513**	–
Current to 30 days	**1,822**	13,681
31 days to 60 days	**741**	3,213
Over 60 days	**6,516**	1,449
	55,592	18,343

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.

At 31 March 2017 and 2016, there were no impairment losses in respect of trade receivables.

The ageing analysis of the trade receivables that are not considered to be impaired is as follows:

	2017	2016
	HK$'000	*HK$'000*
Unbilled and neither past due nor impaired	**48,335**	16,799
Less than 1 month past due	**741**	215
1 to 3 months past due	**4,516**	1,143
Over 3 months past due	**2,000**	186
	7,257	1,544
	55,592	18,343

Receivables that were neither past due nor impaired relate to certain customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the management is of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Deposits for acquisitions	**300,000**	300,000
Value added tax recoverable	**61,840**	70,557
Prepayments, deposits and other receivables	**13,917**	93,383
	375,757	463,940

The amount of the Group's prepayments, deposits and other receivables expected to be recovered or recognised as expense after more than one year is HK$8,247,000 (2016: HK$2,489,000). All of the remaining prepayments, deposits and other receivables are expected to be recovered or recognised as expense within one year.

On 11 December 2015, the Company entered into the Letter of Intent with an independent third party ("the Potential Vendor") for the purpose to acquire the entire equity interest in Jinchang Zhong Xin Neng Photovoltaic Company Limited 金昌中新能電力有限公司 which mainly engaged in operation of solar power plant. Pursuant to the terms of the Letter of Intent, the Company had paid an earnest money of HK$200 million to the Potential Vendor, which is refundable if this acquisition cannot be completed. Details of this acquisition are disclosed in the announcement issued by the Company on 11 December 2015.

On 4 March 2016, the Company had also executed a Supplementary Letter of Intent and an additional earnest money of HK$100 million was paid to the Potential Vendor pursuant to the terms of the said Supplementary Letter of Intent.

At the end of the reporting period, the potential acquisition is still in progress and no sale and purchase agreement is signed between the Company and the Potential Vendor.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	2016
	HK$'000	*HK$'000*
Listed equity securities in		
– Hong Kong	**88,180**	367,573
– the PRC	**65,991**	–
Unlisted investment funds	**46,064**	–
	200,235	367,573

The listed equity securities in the PRC and unlisted investment funds are managed as a portfolio by a financial institution.

The fair value of the unlisted investment funds was measured with reference to quoted market price provided by the financial institution managing the funds.

26. TIME DEPOSIT AND CASH AND BANK BALANCES

	2017	2016
	HK$'000	*HK$'000*
Time deposit with bank	**–**	14,695
Cash and bank balances	**884,515**	279,979
	884,515	294,674

Time deposit and cash and bank balances include the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2017	2016
	HK$'000	*HK$'000*
Euro	**46**	46
United States dollars	**937**	15,991
Canadian dollars	**–**	37
Danish Krone	**–**	20
Yen	**–**	63

Cash at banks earns interest at floating rates based on daily bank deposit rates. At 31 March 2016, short-term time deposit was made one month depending on the immediate cash requirements of the Group, and earned interest at the short-term time deposit rate.

27. TRADE PAYABLES

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

	2017	2016
	HK$'000	*HK$'000*
Over 60 days	**2**	2

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

28. OTHER PAYABLES AND ACCRUALS

	2017	2016
	HK$'000	*HK$'000*
Amount due to an investee company	**2,491**	2,491
Others	**77,533**	74,336
	80,024	76,827

Amount due to an investee company is unsecured, non-interest bearing and has no fixed terms of repayment.

Other payables and accruals include the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2017	2016
	HK$'000	*HK$'000*
United States dollars	**2,491**	2,491

29. UNSECURED SHORT TERM LOANS

At 31 March 2016, unsecured short-term loan carried interest at 12% per annum. These loans had been fully repaid during the year ended 31 March 2017.

30. BANK AND OTHER BORROWINGS

	2017	2016
	HK$'000	*HK$'000*
Bank loans *(i)*	**651,029**	706,053
Secured loan *(ii)*	**182,058**	–
	833,087	706,053
Less: bank loans falling due within 1 year	**(40,619)**	(15,557)
Bank and other borrowings falling due more than 1 year	**792,468**	690,496

30. BANK AND OTHER BORROWINGS (cont'd)

The bank and other borrowings to be repayable as follows:

	2017	2016
	HK$'000	*HK$'000*
Within one year	**40,619**	15,557
After 1 year but within 2 years	**238,473**	43,081
After 2 years but within 5 years	**169,245**	179,505
After 5 years	**384,750**	467,910
	792,468	690,496
	833,087	706,053

i) All bank loans are unsecured, carry interest at Benchmark Borrowing Rate of the PRC and to be repayable by the semi-annual instalments with the last instalments due in 2027 and 2028.

The Company has issued a single guarantee of RMB598,000,000 (HK$674,723,000) (2016: RMB598,000,000 (HK$715,627,000)) to the bank to support the aforesaid bank loans granted to the Group.

ii) The loan carries interest at 6% per annum and repayable on 29 July 2018. The loan is also secured by pledge of the share capital of certain subsidiaries of the Group and the floating charges on property, assets, goodwill, rights and revenue of the Company and the wholly-owned subsidiaries, Max Access Limited and Surplus Basic Limited, and is guaranteed by the Group's wholly-owned subsidiaries, Max Access Limited and Rising Group International Limited.

Secured loan denominated in a currency other than the functional currency of entity to which they relate:

	2017	2016
	HK$'000	*HK$'000*
United States dollars	**182,058**	–

31. CONVERTIBLE BONDS

a) On 12 September 2014, the Company issued convertible bonds to an independent third party, Shanghai Electric Hongkong Co. Limited, in the principal amount of HK$700,000,000 ("Convertible Bonds I") which are convertible into 206,489,675 new shares at the initial conversion price of HK$3.39 per share (subject to adjustment). The Convertible Bonds I bear interest at 3 months HIBOR plus 5.5% per annum payable quarterly with maturity date on the 716th day after the date of first issue of Convertible Bonds I. Further details of the Convertible Bonds I are set out in the Company's announcement dated 22 August 2014.

   The bondholder shall have the right to convert its bonds into the Company's shares credited as fully paid at any time from the issue date up to the maturity date at the conversion price.

   On 10 December 2015, the Company converted the Convertible Bonds I at the conversion price of HK$0.8475 per share. Accordingly, the Company issued 825,958,700 conversion shares of HK$0.0025 each in respect of the above conversion (see note 33). The corresponding liability component of Convertible Bonds I with carrying amount HK$680,850,182, together with corresponding equity component with carrying amount of HK$57,814,613, were transferred to share capital and share premium for the new ordinary shares issued.

b) On 30 July 2015, the Company issued guaranteed secured convertible bonds with an aggregated principal amount of US$80,000,000 ("Convertible Bonds II") pursuant to the four conditional subscription agreements each dated 14 July 2015 entered between the Company and four subscribers, which are independent third parties to the Company. The Convertible Bonds II were secured by the shares charges over the share capital of the Group's wholly-owned subsidiaries, Rising Group International Limited, China Smarter Energy Investment Limited and Rander International Limited and the first floating charges on property, assets, goodwill, rights and revenue of the Company and its wholly-owned subsidiaries, Max Access Litmited and Surplus Basic Limited and is guaranteed under the Deed of Guarantee given by the Company's wholly-owned subsidiaries, Max Access Limited and Rising Group International Limited. The Convertible Bonds II bear interest at 6% per annum payable semi-annually in arrears, with maturity date before the third anniversary after the date of first issue of the Convertible Bonds II (that is, 30 July 2018) and the bondholders have the right to convert them into shares credited as fully paid at any time from the issue date up to the date which is 7 days prior to the maturity date and convertible into 571,481,039 new shares at the initial conversion price of HK$1.0891 (subject to adjustment). The Company shall have the right at any time on or after the first anniversary of the date of issue of the Convertible Bonds II and until the last day immediately preceding the maturity date to redeem all or part of outstanding principal amount of the Convertible Bonds II. Further details of the Convertible Bonds II are set out in the Company's announcement dated 14 July 2015.

31. CONVERTIBLE BONDS (cont'd)

c) On 27 July 2016, the Company repurchased Convertible Bonds II in the principle amount of US$30,000,000 in accordance with the terms and conditions of the relevant subscription agreement. The repurchase convertible bonds were cancelled upon completion. After the repurchase, there are outstanding Convertible Bonds II in principal amount of US$50,000,000, convertible into 357,175,650 new shares at the initial conversion price of HK$1.0891 (subject to adjustment). Further details are set out in the Company's announcement dated 27 July 2016.

On 6 December 2016, the company issued 1,560,000,000 new shares at HK$0.65 per share to certain independent third parties under various subscription agreements, each dated 15 November 2016. The terms and conditions of the Convertible Bonds II provide that if and whenever the Company issues wholly for cash any shares which is less than 90% of the average of the closing prices for one share for the five consecutive trading days immediately proceeding the date of the announcement of the terms of such issue, the conversion price is to be adjusted. Accordingly, the conversion price of the Convertible Bonds II was adjusted to HK$1.0532 and 369,350,550 shares will fall to be issued upon full conversion of the Convertible Bonds. Further details are set out in the Company's announcement dated 6 December 2016.

The Convertible Bonds I and II were split into liability, derivative and equity components upon initial recognition by recognising the liability component and derivative component at their fair value and attributing to the equity component the residual amount. The liability component is subsequently carried at amortised cost while the derivative component is carried at fair value to be remeasured at the end of each reporting period. The equity component is recognised in the convertible bonds equity reserve. The fair value of the liability component upon the issuance was calculated at the present value of the estimated interest payments and principal amount. The fair value of the Convertible Bonds II were determined as of the date of issue and at the end of the reporting period by reference to the valuations performed by an independent firm of professionally qualified valuers, Eidea Professional Service Company Limited.

Binominal Tree Model is used for valuation of derivative component of the Convertible Bonds I and II.

The inputs into the model for Convertible Bonds I and II.

31. CONVERTIBLE BONDS (cont'd)

Convertible Bonds I

	12.9.2014 (date of initial recognition)	31.3.2016
Share price of the Company	HK$6.53	)
Conversion price	HK$3.39	)
Stock price volatility	97.54%	)
Time to maturity	1.96 years	) Not applicable
Risk-free rate	0.43%	)
Credit spread	9.67%	)
Dividend yield	0.00%	)

Convertible Bonds II

	30.7.2015 (date of initial recognition)	**31.3.2017**
Share price of the Company	HK$1.09	**HK$0.79**
Conversion price	HK$1.0891	**HK$1.0532**
Stock price volatility	101.03%	**55.08%**
Time to maturity	3 years	**1.33 years**
Risk-free rate	1.05%	**0.74%**
Credit spread	24.64%	**17.17%**
Dividend yield	0.00%	**0.00%**

31. CONVERTIBLE BONDS (cont'd)

The movements of the components of the Convertible Bonds I and II are as follows:

	Convertible Bonds I *HK$'000*	Convertible Bonds II *HK$'000*	Total *HK$'000*
Liability component			
Balance at 1 April 2015	663,246	–	663,246
Issued on 30 July 2015	–	393,778	393,778
Transactions costs	–	(1,078)	(1,078)
Imputed interest expenses	46,186	64,084	110,270
Interest paid	(28,582)	(18,720)	(47,302)
Conversion of Convertible Bonds I	(680,850)	–	(680,850)
Balance at 31 March 2016 and 1 April 2016	–	438,064	438,064
Imputed interest expenses	–	77,009	77,009
Interest paid	–	(30,369)	(30,369)
Repurchase of Convertible Bonds II	–	(157,945)	(157,945)
Balance at 31 March 2017	**–**	**326,759**	**326,759**
Equity component			
Balance at 1 April 2015	57,815	–	57,815
Issued on 30 July 2015	–	256,731	256,731
Transactions costs	–	(703)	(703)
Conversion of Convertible Bonds I	(57,815)	–	(57,815)
Balance at 31 March 2016 and 1 April 2016	–	256,028	256,028
Repurchase of Convertible Bonds II	–	(96,011)	(96,011)
Balance at 31 March 2017	**–**	**160,017**	**160,017**
Derivative component			
Balance at 1 April 2015	– *(Note 1)*	–	–
Issued on 30 July 2015	–	(26,509)	(26,509)
Change in fair value	–	13,441	13,441
Balance at 31 March 2016 and 1 April 2016	–	(13,068)	(13,068)
Change in fair value	–	(12,797)	(12,797)
Balance at 31 March 2017	**–**	**(25,865)** *(Note 2)*	**(25,865)**

Interest expenses on the Convertible Bonds I and II were calculated using the effective interest method by applying the effective interest rate of Nil% (2016: 9.97%) and 21.61% (2016: 24.04%) per annum respectively to the liability component.

31. CONVERTIBLE BONDS (cont'd)

Note (1): As the put event had been occurred the put feature of the Convertible Bonds I will be exercised immediate after the first anniversary of the initial issue date of the Convertible Bonds I. Accordingly, the fair value of derivative component at 31 March 2015 was HK$Nil.

(2): Pursuant to the subscription agreement in respect of issue of Convertible Bonds II, the Company should have a right at any time on or after the first anniversary of the date of issue of the Convertible Bonds II and until the last day immediate proceeding the maturity date to redeem all or part of outstanding principal amount of the Convertible Bonds II. The derivative component is accounted for as derivative financial assets under current assets.

Convertible Bonds II

Year ended 31 March 2017

The following tables set out the shareholding structure of the Company (i) at 31 March 2017; and (ii) for illustrative purpose only, immediately after the issue of the 369,350,550 conversion shares to redeem at fair value all of the outstanding Convertible Bonds II, assuming that there will be no other changes to the share capital of the Company from 31 March 2017 up to the date of issue of conversion shares (assuming that all the outstanding Convertible Bonds II to be redeemed by issuing the conversion shares at the end of the reporting period).

	At 31.3.2017		Immediately after the issue of conversion shares	
Shareholders	***No. of shares***	***Approximate (%)***	***No. of shares***	***Approximate (%)***
Gorgeous Investment Group Holdings Co., Limited	**4,092,084,312**	**43.65**	**4,092,084,312**	**42.00**
Shanghai Electric Hong Kong Co., Limited	**825,958,700**	**8.81**	**825,958,700**	**8.48**
Safe Castle Limited	**777,736,000**	**8.30**	**777,736,000**	**7.98**
Shandong Hi-Speed Investment Fund Management Ltd.	**831,000,000**	**8.86**	**831,000,000**	**8.53**
Rationale (Holdings) Investment Limited	**650,000,000**	**6.93**	**650,000,000**	**6.67**
Public shareholders	**2,197,572,348**	**23.45**	**2,197,572,348**	**22.55**
Maximum number of conversion shares may be issued to redeem all the outstanding Convertible Bonds II	**–**	**–**	**369,350,550**	**3.79**
	9,374,351,360	**100.00**	**9,743,701,910**	**100.00**

There will be no dilutive impact on the loss per share if the conversion shares of 369,350,550 were issued at 31 March 2017.

The redemption of the Convertible Bonds II by issuing the conversion shares will not have any impact on the cash flow of the Group.

31. CONVERTIBLE BONDS (cont'd)

The analysis of the Company's share price at which it would be equally financially advantageous for the bondholders to convert the Convertible Bonds II based on their implied rate of return at a range of dates in the future:

Suggested Conversion date	Company's share price	Implied rate of return of bondholders (%)
30 September 2017	HK$1.1059	10
31 March 2018	HK$1.1585	10

Year ended 31 March 2016

The following tables set out the shareholding structure of the Company (i) at 31 March 2016; and (ii) for illustrative purpose only, immediately after the issue of the 571,481,039 conversion shares to redeem at fair value all of the outstanding Convertible Bonds II, assuming that there will be no other changes to the share capital of the Company from 31 March 2016 up to the date of issue of conversion shares (assuming that all the outstanding Convertible Bonds II to be redeemed by issuing the conversion shares at the end of the reporting period).

	At 31.3.2016		Immediately after the issue of conversion shares	
Shareholders	*No. of shares*	*Approximate (%)*	*No. of shares*	*Approximate (%)*
Oriental Day International Limited	1,411,446,400	18.06	1,411,446,400	16.83
Linkage Group Limited	1,043,478,260	13.35	1,043,478,260	12.44
Ms. Cao Zhiying	960,000,000	12.29	960,000,000	11.45
Shanghai Electric Hong Kong Co., Limited	825,958,700	10.57	825,958,700	9.85
Safe Castle Limited	777,736,000	9.95	777,736,000	9.27
Public shareholders	2,795,732,000	35.78	2,795,732,000	33.35
Maximum number of conversion shares may be issued to redeem all the outstanding Convertible Bonds II	–	–	571,481,039	6.81
	7,814,351,360	100.00	8,385,832,399	100.00

There will be no dilutive impact on the loss per share if the conversion shares of 571,481,039 were issued at 31 March 2016.

The redemption of the Convertible Bonds II by issuing the conversion shares will not have any impact on the cash flow of the Group.

31. CONVERTIBLE BONDS (cont'd)

The analysis of the Company's share price at which it would be equally financially advantageous for the bondholders to convert the Convertible Bonds II based on their implied rate of return at a range of dates in the future:

Suggested Conversion date	Company's share price	Implied rate of return of bondholders *(%)*
30 September 2016	HK$1.1436	10
31 March 2017	HK$1.1980	10

32. DEFERRED TAX LIABILITIES

a) The followings are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

	Fair value gains on customer contract *HK$'000*	**Fair value gains on exploration rights component** *HK$'000*	**Total** *HK$'000*
At 1 April 2015	198,314	74,393	272,707
Exchange adjustments	(8,272)	(834)	(9,106)
Credited to profit or loss *(notes 11 and 12)*	(1,122)	(73,559)	(74,681)
At 31 March 2016 and 1 April 2016	188,920	–	188,920
Exchange adjustments	(10,790)	–	(10,790)
Credited to profit or loss *(note 11)*	(4,174)	–	(4,174)
At 31 March 2017	**173,956**	**–**	**173,956**

b) At 31 March 2017, the Group had unused tax losses of HK$646,752,000 (2016: HK$404,506,000) available to offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. The unrecognised tax losses of HK$573,044,000 (2016: HK$308,940,000) can be carried forward infinitively. The remaining HK$73,708,000 (2016: HK$95,566,000) will expire in next one to five years.

No provision for deferred taxation has been made for other temporary differences as the effect is not material.

33. SHARE CAPITAL

	Note	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.0025 each			
Authorised share capital:			
At 1 April 2015, 31 March 2016, 1 April 2016 and 31 March 2017		**120,000,000**	**300,000**
Issued and fully paid share capital:			
At 1 April 2015		6,988,392	17,471
Issue of shares upon conversion of convertible bonds	*(a)*	825,959	2,065
At 31 March 2016 and 1 April 2016		7,814,351	19,536
Issue of new shares	*(b)*	1,560,000	3,900
At 31 March 2017		**9,374,351**	**23,436**

Except for the above, during the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

Notes:

a) During the year ended 31 March 2016, additional 825,958,700 ordinary shares of HK$0.0025 each were issued at par upon conversion of the convertible bonds at a conversion price of HK$0.8475 per share. The ordinary shares issued had the same rights as other shares in issue.

b) On 6 December 2016, the Company issued 1,560,000,000 new ordinary shares of HK$0.0025 each at HK$0.65 pursuant to the terms of the Subscription Agreement dated 15 November 2016. These ordinary shares issued have the same rights as other shares in issue. Details of the issue of new ordinary shares are disclosed in the announcements dated 15 November 2016 and 6 December 2016.

33. SHARE CAPITAL (cont'd)

Share option scheme

The Company has adopted a new share option scheme (the "New Scheme") on 18 December 2014 upon the expiration of the 2004 Scheme. The purpose of the New Scheme is to reward participants who have contributed or will contribute to the Group and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Eligible participants of the New Scheme comprise of (a) any employee(s) (whether full time or part time employee(s), including any executive director but not any non-executive director) of the Company or its subsidiaries; (b) any non-executive director (including independent non-executive directors) of the Company or any of its subsidiaries; (c) any supplier of goods or services to an member of the Group; (d) any customer of the Group; and (e) any person or entity that provides research, development or other technological support to the Group. The New Scheme shall be valid and effective for a period of 10 years commencing on the adoption date after which period no further option shall be offered or granted but the provision of the New Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any option granted or exercised prior thereto or otherwise as may be required the New Scheme.

The principal terms of the New Scheme are:

a) The subscription price for the shares under the share option to be granted will be determined by the directors and will be the highest of:

    i) the closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day;

    ii) the average closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

    iii) the nominal value of the shares on the date of grant.

b) The maximum number of the Company's shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Company shall not, in the absence of shareholders' approval, in aggregate exceed 10% in the nominal amount of the aggregate of shares in issue on the adoption date.

c) No option may be granted to any person such that the total number of the Company's shares issued and to be issued upon exercise of all options granted and to be granted to each participant in any 12-month period up to the date of the latest grant exceeds 1% of the number of the Company's shares in issue.

d) At any time, the maximum number of the Company's shares which may be issued upon exercise of all options which then have been granted and have yet to be exercised under the New Scheme and any other share option schemes of the Company shall not in aggregate exceed 30% of the Company's shares in issue from time to time.

33. SHARE CAPITAL (cont'd)

Share option scheme (cont'd)

e) Any grant of share options to a director, chief executive or substantial shareholder of the Company or to any of their associates, is subject to approved in advance by the independent non-executive directors.

f) Any grant of share options to a substantial shareholders or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the prices of the shares of the Company at the date of grant) in excess of HK$5 million, within any 12-month period, is subject to shareholders' approval in advance at a general meeting.

g) The offer of a grant of share options may be accepted within 5 days from the date of offer, to be accompanied by the payment of a consideration of HK$1 in total by the grantee.

The share options do not carry any right to vote in general meeting of the Company, or any right, dividend, transfer or any other rights including those arising on the liquidation of the Company.

No share option was granted under the New Scheme during the years ended 31 March 2017 and 2016.

The total number of the Company's shares available for issue under the New Scheme at the date of these consolidated financial statements was 594,491,440 (2016: 594,491,440), representing 6.3% (2016: 7.6%) of the issued share capital of the Company at the date of these consolidated financial statements.

34. RESERVES

a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 56 and 57 of the consolidated financial statements.

34. RESERVES (cont'd)

b) Company

	Share premium	Contributed surplus	Convertible bonds equity reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2015	1,283,770	154,440	57,815	(670,234)	825,791
Conversion of convertible bonds	736,600	–	(57,815)	–	678,785
Issue of US$80 million convertible bonds	–	–	256,028	–	256,028
Loss and total comprehensive expense for the year	–	–	–	(524,479)	(524,479)
At 31 March 2016 and 1 April 2016	2,020,370	154,440	256,028	(1,194,713)	1,236,125
Issue of new shares	1,010,100	–	–	–	1,010,100
Repurchase of convertible bonds	–	–	(96,011)	96,011	–
Loss and total comprehensive expense for the year	–	–	–	(924,117)	(924,117)
At 31 March 2017	3,030,470	154,440	160,017	(2,022,819)	1,322,108

The contributed surplus arose (i) as a result of the Group reorganisation carried out on 12 September 1997 and represents the difference between the nominal value of shares of the subsidiaries acquired pursuant to the Group reorganisation, over the nominal value of the Company's shares issued in exchange therefore and (ii) as a result of another Group capital reorganisation carried out on 3 April 2009 in respect of capital reduction which became effective on 6 April 2009.

Under the Companies Act 1981 (as amended) of Bermuda, the Company may make distributions to its members out of the contribution surplus under certain circumstances.

35. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

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

	2017 HK$'000	2016 HK$'000
Short-term employee benefits	**8,894**	9,822
Post-employment benefits	**109**	143
	9,003	9,965

Further details of directors' remuneration are disclosed in note 14 to the consolidated financial statements.

The remuneration of directors and senior executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

36. DISPOSAL OF SUBSIDIARIES

Group's 100% equity interest in Empower Success Trading Limited and its subsidiaries

	Note	2017 HK$'000
Consideration		– (Note)
Net liabilities disposed of:		
Property, plant and equipment	17	**80**
Prepayment, deposits and other receivables		**650**
Other payables and accruals		**(843)**
Gain on disposal		**113**
Satisfied by:		
Cash received		– (Note)
Cash inflow arising on disposal		
Cash received		– (Note)
Less: Cash and bank disposed of		**Nil**
		–

Note: The cash consideration is HK$1

36. DISPOSAL OF SUBSIDIARIES (cont'd)

Group's 100% equity interest in Wealth Vantage Investments Limited

	Note	2017 HK$'000
Consideration		–(Note)
Net assets disposed of:		
Property, plant and equipment	17	6
Prepayment, deposits and other receivables		1,728
Cash and bank balances		626
Loss on disposal		**(2,360)**
Satisfied by:		
Cash received		–(Note)
Net cash outflow arising on disposal		
Cash received		–(Note)
Less: Cash and bank disposed of		(626)
		(626)

Note: The cash consideration is HK$1

37. BUSINESS COMBINATIONS

Year ended 31 March 2017

The Group did not acquire any subsidiary during the year ended 31 March 2017.

Year ended 31 March 2016

On 17 June 2015, the Group acquired 100% equity interest in Shanghai Xin Lan Electric Company Limited 上海昕嵐電力有限公司 ("Shanghai Xin Lan") for a cash consideration of RMB10,000,000 from an independent third party. Shanghai Xin Lan and its subsidiary hold (i) two distributed solar power stations (of 3MW and 5MW respectively) in Shanghai and; (ii) one distributed solar power station in Dezhou, Shandong (of up to 11 MW). Further details of this acquisition are set out in the Company's announcement dated 17 June 2015.

On 10 August 2015, the Group had also acquired 100% equity interest in Wealth Vantage Investments Limited ("Wealth Vantage"), which is holding a lease agreement for the Group's office premises.

37. BUSINESS COMBINATIONS (cont'd)

The following table summarises the purchase consideration paid for the acquisition of each of the above subsidiaries, the fair value of identifiable assets acquired and liabilities assumed at the respective acquisition date:

	Shanghai Xin Lan *HK$'000*	Wealth Vantage *HK$'000*	Total *HK$'000*
Purchase consideration			
Cash paid	12,483	–(Note)	12,483

Note: The purchase consideration is HK$1.

	Shanghai Xin Lan *HK$'000*	Wealth Vantage *HK$'000*	Total *HK$'000*
The fair values of the identifiable assets acquired and liabilities assumed at the date of acquisition			
Property, plant and equipment	–	153	153
Prepayments, deposits and other receivables	123,602	1,527	125,129
Cash and bank balances	1,231	–	1,231
Other payables and accruals	(112,345)	–	(112,345)
Total identifiable net assets at fair value	12,488	1,680	14,168
Gain on bargain purchase	5	1,680	1,685
Net cash outflow on the acquisition			
Consideration paid in cash	12,483	–	12,483
Less: cash and cash equivalents acquired	(1,231)	–	(1,231)
Net cash outflow	11,252	–	11,252

Acquisition-related costs of HK$170,500 have been excluded from the above considerations transferred and have been recognised as an expense in the consolidated statement of profit or loss for the year ended 31 March 2016.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's interest rate risk relates primarily to interest-bearing bank and other borrowings. The bank deposit and balances carry interest at prevailing rates. Bank loan carries interest at commercial lending rate expose the Group to cash flow interest rate risk. As at 31 March 2017, if the interest rate had been 100 basis points (2016: 100 basis points) higher/lower, the Group's loss after tax would increase/decrease by HK$6,510,00 (2016: HK$7,061,000). Secured loans bearing interest at fixed rate expose the Group to fair value interest rate risk. The US$50,000,000 (2016: US$80,000,000) guaranteed secured convertible bonds also carry interest at fixed rate of 6% (2016: 6%) per annum.

The sensitivity analysis above is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2016: 100 basis points) increase or decrease is used when reporting interest rate internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Foreign currency risk

The Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars, United States dollars and Renminbi ("RMB").

The foreign currency exchange exposure on assets and liabilities denominated in United States dollars is considered to be minimal as Hong Kong dollars is currently pegged to United States dollars.

The Group is exposed to foreign exchange risk arising from its investments which are located in the PRC.

For the translation risk at 31 March 2017, if RMB had strengthened/weakened by 5% (2016: 5%) against Hong Kong dollars, with all other variables held constant, total equity would have been HK$45,528,000 (2016: HK$55,980,000) higher/lower respectively.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Trade receivables arising from sales of electricity were mainly due from state grid companies. Given the track record of regular repayment of receivables from sales of electricity and the collection of tariff subsidy receivables is well supported by the prevailing nationwide government policies on renewable energy for solar farms and distributed power stations, which is subject to the settlement by the state grid companies upon finalisation of the allocation of funds by the relevant authorities to the state grid companies. Based on the Group's experience with respect to the collection of tariff adjustment receivables, the directors are of the opinion that the risk of default by these customers is not significant.

At 31 March 2017, 69.00% (2016: 67.76%) and 94.74% (2016: 94.32%) of the total trade receivables was due from the Group's largest customer and five largest customers respectively.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 23 to the consolidated financial statements.

The Group's cash balances are placed with reputable financial institutions and the directors consider the Group's exposure to credit risk on bank deposit and balances is limited.

Liquidity risk

For the management of the liquidity risk, the Group monitors and maintains a sufficient level of cash and bank balances deemed adequate by the directors to finance the Group's operations and mitigate the effects of fluctuation in cash flows. The directors review and monitor the Group's working capital requirements regularly.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Liquidity risk (cont'd)

At 31 March 2017

	Contractual undiscounted cash flow							
	On demand HK$'000	Less than 3 months HK$'000	3 to 12 months HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
Trade payables	2	–	–	–	–	–	2	2
Other payables and accruals	80,024	–	–	–	–	–	80,024	80,024
Bank and other borrowings	–	7,975	78,165	326,516	239,901	446,334	1,098,891	833,087
Convertible bonds	–	–	23,400	401,700	–	–	425,100	326,759
	80,026	7,975	101,565	728,216	239,901	446,334	1,604,017	1,239,872

The contractual maturity analysis on the convertible bonds are prepared with the assumption that the Company will redeem all the convertible bonds at the maturity date.

At 31 March 2016

	Contractual undiscounted cash flow							
	On demand HK$'000	Less than 3 months HK$'000	3 to 12 months HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
Trade payables	2	–	–	–	–	–	2	2
Other payables and accruals	76,827	–	–	–	–	–	76,827	76,827
Unsecured short term loans	5,000	–	–	–	–	–	5,000	5,000
Bank and other borrowings	–	11,562	50,091	87,714	291,437	584,694	1,025,498	706,053
Convertible bonds	–	–	37,440	37,440	642,720	–	717,600	438,064
	81,829	11,562	87,531	125,154	934,157	584,694	1,824,927	1,225,946

The contractual maturity analysis on the convertible bonds are prepared with the assumption that the Company will redeem all the convertible bonds at the maturity date.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Equity price risk

The Group is exposed to equity price changes arising from listed financial assets at fair value through profit or loss. The Group's listed equity securities are listed in Hong Kong and the PRC.

The Group is also exposed to equity price risk arising from changes in the Company's own share to the extent that the Company's own equity instruments underline the fair values of derivatives of the Group. At 31 March 2017, the Group is exposed to the risk through the conversion rights attached to US$50,000,000 (2016: US$80,000,000) convertible bonds issued by the Company as disclosed in note 31.

At 31 March 2017, it is estimated that an increase/(decrease) of 5% (2016: 5%) in the share price of relevant listed equity securities at fair value through profit or loss or the Company's own share price (for the derivative component of US$50,000,000 (2016: US$80,000,000) convertible bonds) as applicable, with all other variables held constant would have increased/decreased the Group's loss for the year as follows:

	2017		2016	
	Effect on loss for the year and accumulated losses		Effect on loss for the year and accumulated losses	
Changes in the relevant equity price risk variable				
Increase	**5%**	**(12,360,000)**	5%	(18,701,000)
Decrease	**5%**	**11,782,000**	5%	18,701,000

The sensitivity analysis indicates the instantaneous change in the Group's loss for the year (and accumulated losses) that would arose assuming that the changes in the share prices had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. The analysis is performed on the same basis for 2016.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Fair value measurement

i) Financial assets measured at fair value

Fair value hierarchy

The following tables present the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement.* The level into which a fair value measurement is classified and is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group had engaged an independent firm of professionally qualified valuer performing valuation for the derivative component in respect of convertible bonds which are categorised into Level 3 of the fair value hierarchy. A valuation report with analysis of changes in fair value measurement is prepared by the valuers at each interim and annual reporting date, and was reviewed and approved by the directors.

	Fair value at 31 March 2017	Fair value measurement at 31 March 2017 categorised into			Total carrying amount at 31 March 2017	Valuation technique and key input
		Level 1	Level 2	Level 3		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	
Recurring fair value measurements						
Assets						
Financial assets at fair value through profit or loss						
Equity securities listed in Hong Kong and the PRC	154,171	154,171	–	–	154,171	Quoted bid prices in active markets
Unlisted investment funds	46,064	–	46,064	–	46,064	Quoted prices from a financial institution

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Fair value measurement (cont'd)

i) *Financial assets and liabilities measured at fair value* (cont'd)

	Fair value at 31 March 2016	Fair value measurement at 31 March 2016 categorised into Level 1	Level 2	Level 3	Total carrying amount at 31 March 2016	Valuation technique and key input
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	
Recurring fair value measurements						
Assets						
Financial assets at fair value through profit or loss	367,573	367,573	–	–	367,573	Quoted bid prices in an active market

Recurring fair value measurements

Derivative financial assets – derivative component of convertible bonds

	HK$'000
At 1 April 2015	–
US$80 million convertible bonds issued on 30 July 2015	(26,509)
Change in fair value recognised in profit or loss	13,441
At 31 March 2016 and 1 April 2016	(13,068)
Change in fair value recognised in profit or loss	(12,797)
At 31 March 2017	**(25,865)**

Valuation of the conversion option derivative component of convertible bonds, which were categorised into Level 3 of the fair value hierarchy were prepared by an independent valuer using Binomial Tree Model.

During the years ended 31 March 2017 and 2016, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period in which they occur.

ii) *Fair value of financial assets and liabilities carried at other than fair value*

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values at 31 March 2017 and 2016.

39. CAPITAL RISK MANAGEMENT

The primary objective of the Group's capital risk management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2017 and 2016.

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 operation. Capital includes equity attributable to owners of the Company. The gearing ratio at the end of the reporting period was as follows:

	2017	2016
	HK$'000	*HK$'000*
Borrowings		
Bank and other borrowings	**833,087**	711,053
Convertible bonds	**326,759**	438,064
Total borrowings	**1,159,846**	1,149,117
Less: time deposit and cash and bank balances	**(884,515)**	(294,674)
Net debt	**275,331**	854,443
Total equity attributable to owners of the Company	**2,014,963**	1,518,119
Gearing ratio	**13.7%**	56.3%

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

40. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

2017

	Financial assets at fair value through profit or loss *HK$'000*	Loans and receivables *HK$'000*	Available-for-sale financial assets *HK$'000*	Total *HK$'000*
Financial assets				
Available-for-sale financial assets	–	–	213,550	213,550
Trade receivables	–	55,592	–	55,592
Deposits and other receivables	–	367,693	–	367,693
Financial assets at fair value through profit or loss	200,235	–	–	200,235
Derivative financial assets	25,865	–	–	25,865
Time deposit and cash and bank balances	–	884,515	–	884,515
	226,100	1,307,800	213,550	1,747,450

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities	
Trade payables	2
Other payables and accruals	80,024
Bank and other borrowings	833,087
Convertible bonds	326,759
	1,239,872

40. FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

2016

	Financial assets at fair value through profit or loss *HK$'000*	Loans and receivables *HK$'000*	Available-for-sale financial assets *HK$'000*	Total *HK$'000*
Financial assets				
Available-for-sale financial assets	–	–	7,800	7,800
Trade receivables	–	18,343	–	18,343
Deposits and other receivables	–	454,900	–	454,900
Financial assets at fair value through profit or loss	367,573	–	–	367,573
Derivative financial assets	13,068	–	–	13,068
Time deposit and cash and bank balances	–	294,674	–	294,674
	380,641	767,917	7,800	1,156,358

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities	
Trade payables	2
Other payables and accruals	76,827
Unsecured short term loans	5,000
Bank and other borrowings	706,053
Convertible bonds	438,064
	1,225,946

41. BANK AND OTHER BORROWINGS

Details of the unsecured short term loans, bank loans, secured loan and convertible bonds are set out in note 29, 30 and 31 respectively.

42. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2016, the Company issued 825,958,700 conversion shares to redeem all of the outstanding Convertible Bonds I due to put event had occurred (see notes 31 and 33).

43. COMMITMENTS

a) Operating commitments

The Group leases certain properties under operating lease arrangements. Leases for properties are negotiated for terms of 2 to 25 years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2017	2016
	HK$'000	*HK$'000*
Within one year	**11,497**	11,801
In the second to fifth years, inclusive	**13,737**	16,497
Over five years	**30,944**	35,195
	56,178	63,493

b) Capital commitments

i) the sale and purchase agreement dated 31 March 2017 entered into between the Group, China Minsheng New Energy (Shanghai) Investment Company Limited 中民新能（上海）投資有限公司 ("Minsheng New Energy Shanghai") and Dezhou Jiayang New Energy Company Limited 德州佳陽新能源有限公司 ("Dezhou Jiayang"), pursuant to which the Group conditionally agreed to acquire, and Minsheng New Energy Shanghai conditionally agreed to sell, the entire equity interest in Dezhou Jiayang, a company that owns and operates the 10MW rooftop distributed solar power station located in Dezhou City, Shandong Province, for the consideration of RMB15,300,000 (approximately HK$17,263,000) and the Group agreed to assume certain liabilities of Minsheng New Energy Shanghai in the aggregate amount of RMB66,614,000 (approximately HK$75,161,000) and the details of which are disclosed in the announcement issued by the Company on 2 April 2017;

43. COMMITMENTS (cont'd)

b) Capital commitments (cont'd)

ii) the sale and purchase agreement dated 31 March 2017 entered into between the Group, China Minsheng New Energy Investment Company Limited 中民新能投資集團有限公司 ("Minsheng New Energy Investment") and Changfeng Hongyang New Energy Power Generation Company Limited 長豐紅陽新能源發電有限公司 ("Changfeng Hongyang"), pursuant to which the Group conditionally agreed to acquire, and Minsheng New Energy Investment conditionally agreed to sell, the entire equity interest in Changfeng Hongyang, a company that owns and operates the 20MW distributed solar power station located in Changfeng County, Hefei City, Anhui Province, for the consideration of RMB75,525,000 (approximately HK$85,215,000) and the Group agreed to assume certain liabilities of Minsheng New Energy Investment in the aggregate amount of RMB136,317,000 (approximately HK$153,806,000) the details of which are disclosed in the announcement issued by the Company on 2 April 2017;

iii) the sale and purchase agreement dated 31 March 2017 entered into between the Group, Minsheng New Energy Investment and Gaoan Jinjian Power Generation Company Limited 高安市金建發電有限公司 (Gaoan Jinjian), pursuant to which the Group conditionally agreed to acquire, and Minsheng New Energy Investment conditionally agreed to sell, the entire equity interest in Gaoan Jinjian, a company that owns and operates the 20MW distributed solar power station located in Jianshan Town, Gaoan City, Jiangxi Province, for the consideration of RMB51,941,000 (approximately HK$58,605,000) and the Group agreed to assume certain liabilities of Minsheng New Energy Investment in the aggregate amount of RMB118,471,000 (approximately HK$133,671,000) and the details of which are disclosed in the announcement issued by the Company on 2 April 2017; and

iv) the sale and purchase agreement dated 31 March 2017 entered into between the Group, Shanghai Guxin Asset Management Company Limited 上海谷欣資產管理有限公司 ("Shanghai Guxin") and Qingdao Guxin Electricity Investment Company Limited 青島谷欣電力投資有限公司 ("Qingdao Guxin"), pursuant to which the Group conditionally agreed to acquire, and Shanghai Guxin conditionally agreed to sell, the entire equity interest in Qingdao Guxin, a company that owns and operates the 100MW grid-connected solar power plant located in Jinchuan District, Jinchang City, Gansu Province, for the consideration of RMB492,960,000 (approximately HK$556,207,000) and the Group agreed to assume certain liabilities of Shanghai Guxin in the aggregate amount of RMB152,017,000 (approximately HK$171,521,000) and the details of which are disclosed in the announcement issued by the Company on 31 March 2017.

44. CONTINGENT LIABILITIES

At 31 March 2017 and 2016, the Group did not have any significant contingent liabilities.

45. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	**2017**	2016
		As at 31 March	
	Note	***HK$'000***	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**–**	–
Interests in subsidiaries		**992,369**	996,736
		992,369	996,736
CURRENT ASSETS			
Prepayments, deposits and other receivables		**300,375**	300,312
Financial assets at fair value through profit or loss		**88,180**	367,573
Derivative financial assets			
– Derivative component of convertible bonds		**25,865**	13,068
Time deposit and cash and bank balances		**456,474**	24,695
		870,894	705,648
CURRENT LIABILITIES			
Amount due to a subsidiary		**7,680**	7,680
Other payables and accruals		**1,222**	979
		8,902	8,659
NET CURRENT ASSETS		**861,992**	696,989
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,854,361**	1,693,725
NON-CURRENT LIABILITIES			
Secured loan		**182,058**	–
Convertible bonds		**326,759**	438,064
		508,817	438,064
NET ASSETS		**1,345,544**	1,255,661
CAPITAL AND RESERVES			
Share capital	*33*	**23,436**	19,536
Reserves	*34(b)*	**1,322,108**	1,236,125
TOTAL EQUITY		**1,345,544**	1,255,661

Wang Hao
Director

Lam Kwan Sing
Director

46. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

Upon signing the four sale and purchase agreements as fully described in note 43(b)(i) to (iv), the Group had paid RMB93,864,000 (HK$105,907,000) to various vendors in April 2017, which represents approximately 20% of the total considerations in respect of these four acquisitions of distributed solar power stations and solar power plant.

47. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 12 June 2017.

The following is a summary of the consolidated results and the assets, liabilities and non-controlling interests of the Group for the last five financial years.

RESULTS

	Year ended 31 March				
	2017	2016	2015	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(Restated)	(Restated)	(Restated)
REVENUE	**(124,636)**	253,157	202,410	12,273	80,721
Continuing operations	**(124,636)**	253,157	202,410	12,273	80,721
Discontinued operations	**–**	–	–	–	–
	(124,636)	253,157	202,410	12,273	80,721
(LOSS)/PROFIT FROM OPERATING ACTIVITIES FROM CONTINUING OPERATIONS	**(317,544)**	56,894	421,430	(21,944)	(49,899)
Finance costs	**(143,378)**	(154,478)	(43,186)	(15,651)	(14,311)
	(460,922)	(97,584)	378,244	(37,595)	(64,210)
Income tax credit/(expense)	**4,174**	1,122	(4,825)	–	–
(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**(456,748)**	(96,462)	373,419	(37,595)	(64,210)
PROFIT/(LOSS) FOR THE YEAR FROM A DISCONTINUED OPERATION	**104,839**	(223,618)	(502,342)	(100,405)	(187,621)
LOSS FOR THE YEAR	**(351,909)**	(320,080)	(128,923)	(138,000)	(251,831)
Attributable to:					
Owners of the Company	**(351,804)**	(275,537)	(28,778)	(118,084)	(214,500)
Non-controlling interests	**(105)**	(44,543)	(100,145)	(19,916)	(37,331)
	(351,909)	(320,080)	(128,923)	(138,000)	(251,831)

Five Year Financial Summary

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2017	2016	2015	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS	**1,887,126**	1,771,714	2,041,159	976,166	1,109,908
CURRENT ASSETS	**1,541,964**	1,160,842	625,435	91,002	87,545
TOTAL ASSETS	**3,429,090**	2,932,556	2,666,594	1,067,168	1,197,453
CURRENT LIABILITIES	**120,962**	97,924	42,459	45,566	28,255
NON-CURRENT LIABILITIES	**1,293,183**	1,317,480	1,672,804	240,995	336,069
TOTAL LIABILITIES	**1,414,145**	1,415,404	1,715,263	286,561	364,324
NET ASSETS	**2,014,945**	1,517,152	951,331	780,607	833,129
EQUITY ATTRIBUTABLE TO:					
Owners of the Company	**2,014,963**	1,518,119	906,607	635,574	669,960
Non-controlling interests	**(18)**	(967)	44,724	145,033	163,169
	2,014,945	1,517,152	951,331	780,607	833,129