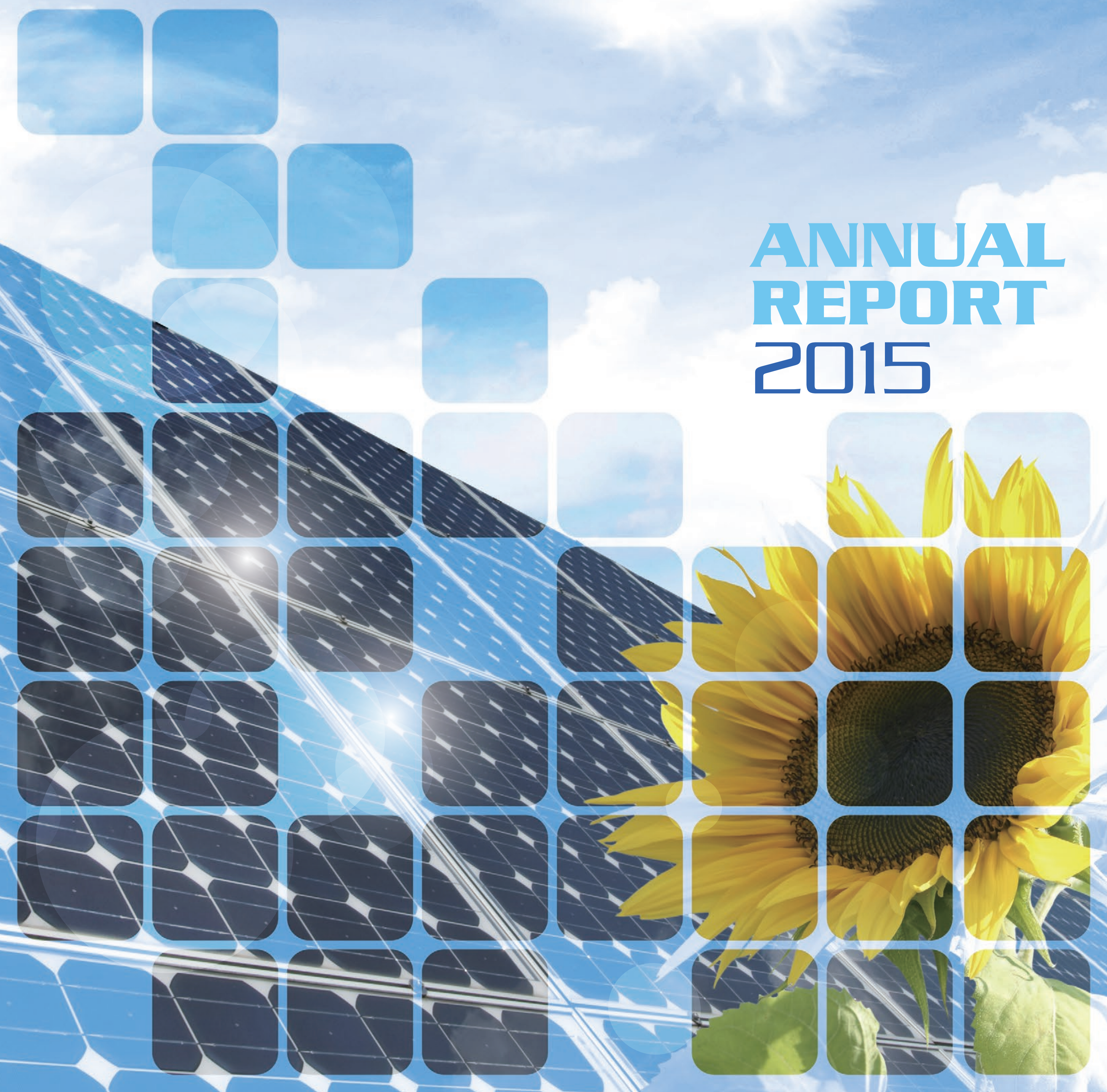
北控清潔能源集團有限公司
Beijing Enterprises Clean Energy Group Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01250)

ANNUAL REPORT 2015



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Hu Xiaoyong *(Chairman)* (appointed on 6 May 2015)
Mr. Shi Xiaobei (appointed on 6 May 2015)
Mr. Liang Yongfeng *(Chief Executive Officer)* (appointed on 6 May 2015)
Mr. Wang Ye (appointed on 13 October 2015)

Independent Non-executive Directors

Professor Lam Sing Kwong Simon
Mr. Tam Tak Kei Raymond
Mr. Xu Honghua (appointed on 6 May 2015)

AUDIT COMMITTEE

Mr. Tam Tak Kei Raymond *(Chairman)*
Professor Lam Sing Kwong Simon
Mr. Xu Honghua (appointed on 6 May 2015)

NOMINATION COMMITTEE

Mr. Hu Xiaoyong *(Chairman)* (appointed on 6 May 2015)
Mr. Tam Tak Kei Raymond
Mr. Xu Honghua (appointed on 6 May 2015)

REMUNERATION COMMITTEE

Professor Lam Sing Kwong Simon *(Chairman)*
Mr. Shi Xiaobei (appointed on 6 May 2015)
Mr. Xu Honghua (appointed on 6 May 2015)

COMPANY SECRETARY

Mr. Sit Hon Cheong (appointed on 27 May 2015)

STOCK CODE

1250

WEBSITE

www.bece.com.hk

INVESTOR RELATIONS CONTACT

Email Address: ir@bece.com.hk

REGISTERED OFFICE

PO Box 1350
Clifton House, 75 Fort Street
Grand Cayman, KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rooms 6706-07
67th Floor, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT OFFICE

Appleby Trust (Cayman) Ltd.
PO Box 1350
Clifton House, 75 Fort Street
Grand Cayman, KY1-1108
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

AUDITORS

Ernst & Young (appointed on 9 October 2015)

PRINCIPAL BANKERS

In Hong Kong:
CIMB Bank Berhad
DBS Bank Ltd., Hong Kong Branch

In Mainland China:
Bank of China
China Citic Bank
China Construction Bank
The Industrial and Commercial Bank of China

Chairman's Statement

Dear Shareholders,

2015 marked the first year for Beijing Enterprises Clean Energy Group Limited (the "Company", together with its subsidiaries, the "Group" or "BE Clean Energy") to develop its clean energy business. Since May 2015, the Company issued shares of the Company to its current major shareholders (i.e. Beijing Enterprises Water Group Limited ("BEWG"), a company listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 371), and private equity funds managed by CITIC Private Equity Funds Management Co., Ltd., together the "Major Shareholders") and other investors and raised approximately HK$1.87 billion, and the name of the Company has been changed to reflect the strategic expansion of the Company's business into the clean energy business.

The Major Shareholders and other investors have committed to contribute additional capital of approximately HK$1.88 billion for development of the photovoltaic power generation business through a series of share subscriptions of the share capital of the Company before the first half of 2017. Such share subscriptions will inject an aggregate amount of approximately HK$3.75 billion into BE Clean Energy, which will scale up the Group's business significantly. Leveraging on its shareholders with strong background and its management team with many years of extensive experience in photovoltaic power, energy storage and micro-grid, the Group will develop clean energy business with photovoltaic power business as its core focus and other clean energy business as its supplementary business. The Group's business comprises development, acquisition, construction and operation of grid-connected and ground-mounted photovoltaic power plants, distributed photovoltaic power plants and micro-grid/off-grid energy storage. Meanwhile, the Group actively explores the opportunities to venture into clean energy areas such as wind power, hydropower and geothermal energy.

RESULTS REVIEW

For the year ended 31 December 2015, the Group recorded revenue of approximately HK$288.9 million, representing an increase of approximately 38.0% compared with last year. The Group achieved a profit attributable to the shareholders of the Company of approximately HK$38.5 million, representing an increase of approximately 33.8% compared with last year. Basic earnings per share for the year was 0.27 HK cents.

As of 31 December 2015, the Group has been developing the photovoltaic power plants with an aggregate installed capacity of approximately 500 megawatt by undertaking projects that will either be developed on its own or jointly developed with other parties or by acquisition. The projects are mainly located in Hebei, Henan, Shandong and Yunnan etc. and the projects will be connected to the grid successively in 2016. The Group has commenced the construction of a 50 megawatt photovoltaic power plant in Yuxian, Hebei, in the second half year of 2015, which is the first grid-connected and ground-mounted power plant developed by the Group on its own and the power plant was successfully connected to the grid in first quarter of 2016. The Group is putting more efforts in developing projects on its own and is gradually switching its development mode to mainly developing projects on its own with projects jointly developed with other parties or by acquisition as complementary development modes. The Group has commenced construction of a 1.5 megawatt photovoltaic power plant in a water treatment plant in Jiaozhou, Shandong, which is the first distributed photovoltaic power plant project of the Group. Looking ahead, the Group will accelerate the development of distributed power plant business and proactively develop the distributed rooftop resources of water treatment plants held by the Major Shareholders as well as distributed rooftop resources owned by Beijing Enterprises Group and CITIC Group.

Chairman's Statement

CORPORATE MANAGEMENT AND CONTROL

In 2015, the Group has endeavoured to improve its management from an operational point of view, increase efficiency in management and gradually establish a management and control system in line with its development strategies by adhering to the successful development model and culture of the Major Shareholders and learning from leading players in China and abroad. In addition, the Group strived to further enhance its management effectiveness and execution abilities by streamlining its functional organisation, optimising its systems and procedures and perfecting its internal systems. Through systematic learning and thinking, industrial researches as well as meetings and discussions, the Group further identified specific business strategies and positioning, and preliminarily formulated its business strategic plans and assurance systems.

By perfecting the principles of corporate culture establishment, the Group not only promotes the excellent traditions and practices inherited from the Major Shareholders' corporate values, but also integrates the personalities of its core management team, so as to gradually develop its core values and unique cultural features.

DEVELOPMENT STRATEGY

BE Clean Energy has positioned itself strategically as a leading corporate in China and abroad with electricity generation and sales from photovoltaic power as its core business. BE Clean Energy will rapidly develop its grid-connected and ground-mounted photovoltaic power plants, proactively develop its businesses of distributed photovoltaic power plant and micro-grid/off-grid energy storage, and focus on seising opportunities from carbon emission trading scheme and power sector reform in time. In addition, BE Clean Energy has been exploring other emerging clean energy power generation business such as geothermal power generation, proactively develop business areas such as wind power and hydropower, and seise international opportunities for strategic development and diversification. BE Clean Energy will make the most of its funding advantages to strengthen the function of capital operation and to improve the overall competitiveness of its core business with respect to the investment, construction and operation. In addition, BE Clean Energy will proactively explore investment opportunities in related businesses, seek rapid growth through diversified cooperation models such as acquisition, equity participation and strategic cooperation, and endeavour to create an environment embraced by value of "being valued, being dedicated and being generous in sharing its success".

FUTURE OUTLOOK

2016 is the beginning year of the thirteen Five-Year-Plans for China and will offer both challenges and opportunities to the photovoltaic power industry.

Despite of issues such as high costs, curtailment, delayed subsidies and land use issue hindering the development of photovoltaic industry and affecting the return of power plants, the photovoltaic industry is expected to face unprecedented development opportunities ahead in view of the strong determination of the governments with long term perspective around the world on energy revolution and development of clean energy, including photovoltaic power, the introduction of Chinese government favorable policies and the increasing demand of clean energy in energy consumption structure, decreasing costs of photovoltaic facilities and less reliance on government subsidies. The installed capacity of photovoltaic power industry is believed to hit another record high in 2016.

In summary we strongly believe there will be more opportunities than threats in the forthcoming year and it will be a year of rapid growth and good harvest for BE Clean Energy in 2016.

At last, I would like to express my sincere gratitude to the shareholders, governments, customers, staff, business partners and other stakeholders for their strong support and high attention to the Group.

Hu Xiaoyong
Chairman

Hong Kong, 29 March 2016

Management Discussion and Analysis

BUSINESS REVIEW

The principal businesses of the Group include investment, development, construction, operation and management of photovoltaic power plants and photovoltaic power-related businesses (the "Photovoltaic Power Business") and the design, printing and sale of cigarette packages in the People Republic of China (the "PRC") (the "Cigarette Packaging Business"). In previous years, the Group was principally engaged in the Cigarette Packaging Business. During the year under review, the Group has expanded into the Photovoltaic Power Business.

Photovoltaic Power Business

The central government of the PRC has been actively promoting renewable energy in recent years in order to mitigate China's reliance on traditional energy sources and to better protect the environment. Since photovoltaic power is one of the important sources of renewable energy in China, the PRC government has devised and refined the core regulations regarding photovoltaic power project approval, grid connection, and subsidies to accelerate the development of photovoltaic power. According to the 能源發展戰略行動計劃 (2014-2020) (Strategic Action Plan for Energy Development (2014-2020)*) issued by the State Council of the PRC in 2014, the installed gross capacity of photovoltaic power generation shall reach 100 gigawatt ("GW") by year 2020. According to the latest statistics released by National Energy Administration, China has the largest installed capacity of photovoltaic power generation in the world. It is expected that China will become the largest market of investment and operation of photovoltaic power stations in the world.

On 27 December 2015, National Development and Reform Commission issued 關於降低燃煤發電上網電價和一般工商業用電價格的通知 (the Notice on the Reduction of On-grid Tariffs for Coal-fired Power Generation and Electricity Prices for General Industrial and Commercial Use*). Pursuant to which, the tariff for renewable energy collected from electricity consumption (other than for the private domestic use and agricultural production) shall be increased by approximately 27% to RMB1.9 cents per kilowatt hour with effect from year 2016. This reaffirms the PRC government's commitment to support the renewable energy and also improves the sustainability of the subsidies to renewable energy including photovoltaic power.

Seeing the growth prospects in the photovoltaic power generation business with policy encouragement from the PRC government, the Group considers that the photovoltaic power generation is a sector with great potential in the PRC. To capitalise on the growth opportunities in the fast-growing photovoltaic power generation industry, the Group strategically expands into the photovoltaic power generation business in different regions of the PRC by developing grid-connected photovoltaic power plants and distributed photovoltaic power generation facilities, which will be the core focus of the Group in coming years.

The Group operates the Photovoltaic Power Business by undertaking projects that will either be developed on its own or jointly with other parties or that the Group may acquire other photovoltaic power plants. As of 31 December 2015, the Group has been developing the photovoltaic power plants with an aggregate installed capacity of approximately 500 megawatt ("MW"). The projects are mainly located in Hebei, Henan, Shandong and Yunnan etc. and the projects will be connected to the grid successively in 2016. During the year under review, for projects developed on its own, the Group commenced construction of a 50 MW photovoltaic power plant in Yuxian, Hebei, and the power plant was successfully connected to the grid in first quarter of 2016. For projects jointly developed with other parties, the Group is developing three photovoltaic power plants in regions of Hebei and Yunnan and the construction is expected to be completed by first half of year 2016. The Group is also looking into opportunities in relation to acquisition of quality power plants, and the Group has signed cooperation agreements with various parties to invest and potentially gain control over photovoltaic power plants. The Group's potential projects for development is more than two GW covering different regions in the PRC including Shandong, Anhui, Hebei, Henan, Hubei, Shanxi, Shaanxi, Sichuan, Yunnan, Guangxi, Guangdong and Inner Mongolia. In addition, as at the date of this annual report, the Group has commenced construction of a 1.5 MW photovoltaic power plant in a water treatment plant in Jiaozhou, Shandong, which is the first distributed photovoltaic power plant project of the Group. Looking ahead, the Group will accelerate the development of distributed power plant business and proactively develop the distributed rooftop resources of water treatment plants held by our Major Shareholders, as well as distributed rooftop resources owned by Beijing Enterprises Group and CITIC Group. During the year under review, the segment revenue of approximately HK$49.2 million is from trading and consultancy services of the Photovoltaic Power Business.

* *For identification purpose only*

BUSINESS REVIEW (CONTINUED)

Photovoltaic Power Business (Continued)

Photovoltaic power plant construction and development is capital intensive in nature and requires significant funding to carry out the construction and development plans. Financing capability is crucial to the fast development of the Group's Photovoltaic Power Business. During the year under review, the Company raised approximately HK$1,861.4 million in net proceeds by issuing ordinary shares of the Company ("Ordinary Shares") and convertible preference shares of the Company ("Convertible Preference Shares") through share subscriptions by various subscribers. The subscribers also conditionally agreed to further subscribe shares of the Company and the gross proceeds from such share subscriptions shall be approximately HK$1,501.0 million and HK$375.2 million in year 2016 and 2017, respectively. The Group has also obtained bank facilities of HK$3 billion as at the date of this annual report for the development. The Company will continue to explore sources of funding from time to time on commercially reasonable terms for the future development.

The PRC government has promulgated a series of laws and regulations to promote and support the development of photovoltaic power business. The development of the business is also subject to oversight and regulation relating to electricity pricing, tariff, building codes, safety, and environmental protection. As the regulatory framework in the PRC for photovoltaic power is still evolving, the Group has been closely monitoring the evolvement to capitalise on the opportunities and mitigate the effect, and the Group has complied, in material aspects, with the relevant laws and regulations regarding the construction, safety and environmental protection that have significant impact on the business during the year.

In addition, the Group has been exploring other emerging clean energy power generation businesses such as geothermal power generation, proactively develop business areas such as wind power and hydropower, and seise international opportunities for strategic development and diversification.

Cigarette Packaging Business

Products of the Group in the Cigarette Packaging Business mainly consist of paper cigarette packages for three cigarette brands. The products are primarily sold to provincial tobacco industrial companies (省級中煙工業公司) which are state-owned cigarette manufacturers in the PRC. During the year under review, Cigarette Packaging Business and relevant industry and market environment remained stable. For the year ended 31 December 2015, the revenue from Cigarette Packaging Business increased by approximately 14.4% to approximately HK$239.7 million, and the segment's gross profit margin decreased from approximately 37.7% to approximately 34.7%. The Group expects that the business environment of the Cigarette Packaging Business will remain stable and the business segment will contribute steadily to the Group's revenue and profit. The Group has complied, in material aspects, with the relevant laws and regulations that have significant impact on the business during the year.

Management Discussion and Analysis

ENVIRONMENTAL POLICY

The Group is committed to sustainable development of the environment, minimising the environmental impact of its operations by reinforcing environmental awareness and implementing measures for the responsible use of resources, energy saving and waste management. The Group is dedicated to environmental sustainability by strategically expanding into photovoltaic power business which offers clean energy and contributes to the widespread use of renewable energy.

The development and construction of the power plants is subject to oversight and regulation relating to environmental protection, and the Group has complied, in all material aspects, with the applicable rules and regulations regarding the environmental protection during the year under review.

Regarding the Cigarette Packaging Business, the Group has taken the initiatives to comply with regulations and policies of the PRC on operation aspects. The production process does not generate hazards that will cause any significant adverse impact on the environment. Wastes generated by the Group's production process primarily consist of paper and ink. The Group takes proactive steps to ensure that industrial wastes and by-products produced as a result of the operations are properly disposed of in order to minimise adverse effects on the environment. As far as the Group is aware, the Group had complied, in all material aspects, with all applicable mandatory local and national environmental protection laws and regulations during the year under review.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognises that the employees, customers and suppliers are the key to corporate sustainability and are keen on developing long-term relationships with these stakeholders.

The Company places significant emphasis on human capital and strives to foster an environment in which the employees can develop to their fullest potential and can assist their personal and professional growth. The Company provides a fair and safe workplace, promotes diversity to our staff, provides competitive remuneration and benefits and career development opportunities based on their merits and performance.

The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

The Group understands that it is important to maintain good relationship with customers and provide the products in a way that satisfy needs and requirements of the customers. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for the products so that the Group can respond proactively. The Group has also established procedures in place for handling customers' complaints to ensure customers' complaints are dealt with in a prompt and timely manner.

The Group is also dedicated to develop good relationship with suppliers and contractors as long-term business partners to ensure stable supply of materials and timely delivery of power plants under construction. We reinforce business partnerships with suppliers and contractors by ongoing communication in a proactive and effective manner so as to ensure quality and timely delivery.

Management Discussion and Analysis

FINANCIAL ANALYSIS

Revenue and Gross Profit Margin

For the year ended 31 December 2015, the Group recorded a revenue of approximately HK$288.9 million and gross profit was approximately HK$129.1 million. For the year ended 31 December 2015, majority of the Group's revenue was contributed by the Cigarette Packaging Business, as the Photovoltaic Power Business was still at its initial development stage. The Group's revenue experienced an increase of approximately 38.0% when compared with the corresponding period in 2014 primarily due to the increase in the placing of orders for cigarette packages and the increase in revenue from trading and consultancy services of photovoltaic power-related businesses during the year under review. Gross profit margin was approximately 44.7%, representing an increase of approximately 7.0% as compared with the corresponding period in 2014, which is mainly contributed by Photovoltaic Power Business.

Other income and gains

Other income and gains of the Group mainly comprise interest income and foreign exchange gains. Other income and gains of the Group increased by approximately HK$20.7 million when compared with the corresponding period in 2014, which was mainly attributable to foreign exchange gains of approximately HK$19.5 million during the year ended 31 December 2015.

Selling and distribution expenses

Selling and distribution expenses of the Group for the year ended 31 December 2015 amounted to approximately HK$5.3 million, mainly comprise delivery expenses, staff costs and travelling expenses. Selling and distribution expenses of the Group increased by approximately HK$156,000 when compared with the corresponding period in 2014, which was mainly attributable to the increase in delivery expenses.

Administrative expenses

Administrative expenses of the Group for the year ended 31 December 2015 amounted to approximately HK$76.7 million, increased by approximately HK$51.5 million when compared with the corresponding period in 2014. The increase was mainly attributable to increase in expenses as a result of the development of the Photovoltaic Power Business and increase in staff costs and other administrative expenses.

Finance costs

Finance costs of the Group for the year ended 31 December 2015 amounted to approximately HK$2.5 million, increased slightly by approximately HK$115,000 when compared with last year. The increase was due to increase in the average balances of bank borrowings of the Group during the year under review.

Income tax expense

The income tax expense of the Group for the year ended 31 December 2015 amounted to approximately HK$27.5 million, increased by approximately HK$10.2 million when compared with the corresponding period in 2014. The increase in income tax expense of the Group was mainly due to the increase in taxable profit from operations.

Property, plant and equipment

Property, plant and equipment amounted to approximately HK$397.7 million, increased by approximately HK$326.0 million for the year ended 31 December 2015 which was mainly due to the construction in progress of HK$345.6 million in relation to a 50MW photovoltaic power plant in Yuxian, Hebei during the year under review.

FINANCIAL ANALYSIS (CONTINUED)

Prepayments, deposits and other receivables

Prepayments, deposits and other receivables amounted to HK$403.0 million, increased by HK$401.0 million (non-current portion increased by approximately HK$235.6 million and current portion increased by approximately HK$165.4 million) as compared with the corresponding period in 2014, the increase was mainly due to the net effect of increase in prepayment of approximately HK$100.8 million for acquisition of equity interest of a company holding a photovoltaic power plant and prepayments to suppliers of approximately HK$273.8 million.

Other non-current assets

Other non-current assets amounted to approximately HK$250.4 million, increased by approximately HK$250.4 million as compared with the corresponding period in 2014, which consisted of materials and equipment delivered under sales arrangement to third-party project companies for development of photovoltaic power plants.

Trade and bill receivables

Trade and bill receivables amounted to approximately HK$405.0 million, increased by approximately HK$321.0 million as compared with the corresponding period in 2014, which was mainly due to increase in trade receivables of trading and consultancy services from the newly developed Photovoltaic Power Business of approximately HK$270.2 million.

Cash and cash equivalents

Cash and cash equivalents amounted to approximately HK$1,098.0 million, increased by approximately HK$969.5 million as compared with the corresponding period in 2014, which was mainly due to net cash inflow from net proceeds of HK$1,861.4 million from issue of shares of the Company, cash inflow from drawdown of a new bank loan of approximately HK$300 million and cash outflow in development of the Photovoltaic Power Business, including relevant construction costs and material costs.

Trade payables

Trade payables amounted to approximately HK$185.8 million, increased by approximately HK$90.2 million as compared with the corresponding period in 2014, which was mainly due to the increase in trade payables from purchase of materials and equipment for Photovoltaic Power Business.

Other payables and accruals

Other payables and accruals amounted to approximately HK$122.7 million, increased by approximately HK$116.4 million as compared with the corresponding period in 2014, which was mainly due to the increase in payables to a contractor and suppliers in relation to development of a photovoltaic power plant.

FINANCIAL ANALYSIS (CONTINUED)

Interest-bearing bank borrowings

Interest-bearing bank borrowings amounted to approximately HK$328.7 million, increased by approximately HK$298.2 million (non-current portion increased by approximately HK$147.4 million and current portion increased by approximately HK$150.8 million) as compared with the corresponding period in 2014, which was mainly due to the drawdown of a new bank loan of HK$300 million for development of the Photovoltaic Power Business.

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts conservative treasury policies and controls tightly over its cash and risk management. The Group's cash and cash equivalents are mainly denominated in Hong Kong dollars ("HK$"), Renminbi ("RMB") and United States dollars ("US$"). Surplus cash is generally placed in short term deposits denominated in HK$, RMB and US$.

As at 31 December 2015, the Group's cash and cash equivalents amounted to HK$1,098.0 million (31 December 2014: HK$128.5 million). The increase was mainly due to cash inflow from the net proceeds of approximately HK$1,861.4 million received from the issuance of Ordinary Shares and Convertible Preference Shares through share subscriptions by various subscribers during the year under review.

The Group recorded net current assets of approximately HK$1,342.1 million as at 31 December 2015, as compared with net current assets of approximately HK$142.3 million as at 31 December 2014. The increase in net current assets was primarily due to net effect of increase in cash and cash equivalents, trade receivables, prepayments and payables of the Photovoltaic Power Business.

Development of the Photovoltaic Power Business requires material investments, which the Group funds by means of internal resources of the Group (mainly from the net proceeds received from the issuance of Ordinary Shares and Convertible Preference Shares as detailed in the paragraph headed "Share Subscriptions and Use of Proceeds" under the subsection "Capital Structure" below) and bank borrowings.

The Group's total borrowings amounted to HK$328.7 million (31 December 2014: HK$30.4 million) comprised of bank borrowings of HK$328.7 million (31 December 2014: HK$30.4 million). All bank borrowings bear interest at floating rates. As at 31 December 2015, the Group had banking facilities amounting to HK$2.0 billion and RMB100 million, of which HK$1.7 billion and RMB47.8 million have not been utilised respectively. The banking facilities are of 2 years term and 1 year term respectively. Details of maturity profiles of the Group's bank borrowings are set out in note 24 to the financial statements.

The Group's total equity amounted to HK$2,118.5 million (31 December 2014: HK$257.3 million). The increase was mainly due to the issuance of Ordinary Shares and Convertible Preference Shares during the year. During the year, the Company issued 14,136,452,910 Ordinary Shares and 9,613,216,000 Convertible Preference Shares to various subscribers and raised approximately HK$1,861.4 million as mentioned above. For further details, please refer to the paragraph headed "Share Subscriptions and Use of Proceeds" under the subsection "Capital Structure" below.

The Group's gearing ratio is defined as bank borrowings, net of cash and cash equivalents, divided by the total equity. No gearing ratio is presented as the Group's cash and cash equivalents can fully cover its bank borrowings as at 31 December 2015 and 31 December 2014.

CAPITAL EXPENDITURES

During the year, the Group's total capital expenditure amounted to approximately HK$353.4 million (as compared to the corresponding period in 2014 of approximately HK$6.2 million), of which approximately HK$345.6 million was spent on construction of photovoltaic power plants; approximately HK$7.8 million was mainly paid for the acquisition of other property, plant and equipment.

CAPITAL STRUCTURE

Share subdivision

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company ("EGM") held on 4 March 2015, each of the issued and unissued shares of HK$0.010 each in the share capital of the Company was subdivided into ten shares of HK$0.001 each with effect from 5 March 2015 (the "Share Subdivision"). Upon the completion of the Share Subdivision, the authorised capital of the Company was HK$20,000,000, divided into 20,000,000,000 Ordinary Shares of HK$0.001 each, of which 3,200,000,000 Ordinary Shares were issued and fully paid or credited as fully paid.

Increases in authorised share capital

Subsequent to the Share Subdivision and pursuant to an ordinary resolution passed at the EGM held on 4 May 2015, the authorised share capital of the Company was increased from HK$20,000,000 to HK$500,000,000 by way of the creation of additional Ordinary Shares and Convertible Preference Shares, such that the authorised share capital of the Company of HK$500,000,000 shall comprise 466,637,115,100 Ordinary Shares of HK$0.001 each and 33,362,884,900 Convertible Preference Shares of HK$0.001 each.

The number of Ordinary Shares that holders of Convertible Preference Shares shall be entitled to upon conversion following a conversion event shall be the subscription price of each Convertible Preference Shares multiplied by the number of the Convertible Preference Shares being converted, divided by HK$0.079 (as adjusted in accordance with the conversion adjustment). The conversion is subject to the condition that the holders of the Convertible Preference Shares shall not exercise the conversion right if upon the conversion, the percentage of Ordinary Shares held by the public would drop below the minimum public float requirements under the Rules Governing the Listing of Securities (the "Listing Rules") of the Stock Exchange applicable to the Company.

The holders of Convertible Preference Shares are entitled to participate pari passu in any dividends payable to the holders of the Ordinary Shares on a pro rata as-if-converted basis. The holders of the Convertible Preference Shares shall rank prior to, for return of capital on liquidation, winding up or dissolution of the Company and shall rank pari passu with, for participation in the distribution of surplus assets of the Company, all other Ordinary Shares in the capital of the Company for the time being in issue.

The holders of the Convertible Preference Shares shall not be entitled to attend or vote at general meetings of the Company unless a resolution is to be proposed at a general meeting for the winding-up of the Company or a resolution is to be proposed at a general meeting which if passed would vary or abrogate the rights and privileges of the Convertible Preference Shares.

The Convertible Preference Shares are non-redeemable and are not listed on the Stock Exchange.

CAPITAL STRUCTURE (CONTINUED)

Share Subscriptions and Use of Proceeds

The Company and four subscribers (collectively, the "Subscribers") entered into the principal Subscription Agreement on 9 December 2014, as supplemented by the First Supplemental Agreement on 29 December 2014, the Second Supplemental Agreement on 31 January 2015 and the Third Supplemental Agreement on 30 April 2015 (collectively, the "Subscription Agreements") to raise funds for investment, development, construction and management of photovoltaic power plants and photovoltaic power-related businesses.

The four Subscribers comprise:

(1) Fast Top Investment Limited ("Fast Top"), a company incorporated in the British Virgin Islands. It is an investment holding company wholly owned by Beijing Enterprises Water Group Limited, the shares of which are listed on the Main Board of the Stock Exchange under stock code 371. Fast Top agreed to subscribe for 5,274,166,550 Ordinary Shares and 12,447,352,450 Convertible Preference Shares.

(2) CPEChina Fund II, L.P. and CPE China Fund IIA, L.P., private equity funds with focus on China, are exempted limited partnerships registered under the laws of the Cayman Islands. The general partner of the private equity funds is CITIC PE Associates II, L.P., an exempted limited partnership registered under the laws of the Cayman Islands. The general partner of CITIC PE Associates II, L.P. is CITIC PE Funds II Limited, a company incorporated in the Cayman Islands. CPEChina Fund II, L.P. and CPE China Fund IIA, L.P. agreed to subscribe for 2,260,357,100 Ordinary Shares and 5,334,579,610 Convertible Preference Shares.

(3) 北京中信投資中心（有限合夥）(CITIC Private Equity Fund III (RMB)*), a limited partnership established under the laws of the PRC, is a China-based private equity fund. The general partner of the limited partnership is 北京宥德投資管理中心（有限合夥）(Beijing Youde Investment Management Center (Limited Partnership)*), a limited partnership registered under the laws of the PRC whose general partner is 上海常瑞投資咨詢有限公司(Shanghai Changrui Investment Consulting Company Limited*), a limited liability company incorporated in the PRC. CITIC Private Equity Fund III (RMB) agreed to subscribe for 2,260,357,090 Ordinary Shares and 5,334,579,610 Convertible Preference Shares.

(4) More Surplus Investments Limited ("More Surplus"), a company incorporated in the British Virgin Islands, is owned by Zhao Kexi, Yu Liguo, Yang Guang and Xie Yingze, each as to 25% of its issued share capital. More Surplus agreed to subscribe or procure subscribers to subscribe, for 4,341,572,170 Ordinary Shares and 10,246,373,230 Convertible Preference Shares. More Surplus procured ten subscribers to subscribe for an aggregate of 3,588,640,230 Ordinary Shares and an aggregate of 8,469,408,210 Convertible Preference Shares. Further details of the ten subscribers have been set out in circular of the Company dated 10 April 2015.

The Subscribers had conditionally agreed to subscribe for, or procure subscribers to subscribe for, and the Company has conditionally agreed to allot and issue:

(i) 14,136,452,910 Ordinary Shares and an aggregate of 113,348,440 Convertible Preference Shares at the completion date of 6 May 2015 (the "Completion Date");

(ii) an aggregate of 9,499,867,560 Convertible Preference Shares on 5 November 2015 (being the 183rd day after the Completion Date);

(iii) an aggregate of 9,499,867,560 Convertible Preference Shares on the first anniversary of the Completion Date;

(iv) an aggregate of 9,499,867,560 Convertible Preference Shares on the 183rd day after the first anniversary of the Completion Date; and

(v) an aggregate of 4,749,933,780 Convertible Preference Shares on the second anniversary of the Completion Date.

* *For identification purpose only*

CAPITAL STRUCTURE (CONTINUED)

Share Subscriptions and Use of Proceeds (Continued)

The issue of Ordinary Shares and Convertible Preference Shares, as described in note (i) above, is conditional upon conditions which have had been fulfilled (or waived, as the case may be) and completion of the relevant share subscription has taken place on 6 May 2015. Details of the conditions and the completion have been set out in the Company's circular and announcement dated 10 April 2015 and 6 May 2015, respectively.

The issue of the Convertible Preference Shares, as described in note (ii) to (v) above, is conditional upon the listing of the Ordinary Shares not having been cancelled or withdrawn, the Ordinary Shares continuing to be traded on the Main Board of the Stock Exchange at all times from the Completion Date to the payment dates for the relevant Convertible Preference Shares (save for any temporary suspension for not more than 20 trading days or such other period as such Subscribers may agree), and the Stock Exchange's approval with respect to the listing and dealing in the Ordinary Shares upon conversion of the Convertible Preference Shares not having been revoked or cancelled or amended.

The par value of each of the Ordinary Shares and the Convertible Preference Shares is HK$0.001 and the issue price of each of the Ordinary Shares and the Convertible Preference Shares is HK$0.079. The subscription price of HK$0.079 (as adjusted by the Share Subdivision) represents a discount of approximately 43.57% to the last trading price of HK$0.14 (as adjusted by the Share Subdivision), as quoted on the Stock Exchange on 26 November 2014, before the signing of Subscription Agreements. Pursuant to the Subscription Agreements, the consideration for the Convertible Preference Shares would be payable on the date of issue of the relevant Convertible Preference Shares. Pursuant to the Subscription Agreements, shares of the Company, including Ordinary Shares and the Ordinary Shares converted from the Convertible Preference Shares, subscribed or procured to be subscribed by the Subscribers, and 800,000,000 Ordinary Shares (as adjusted by the Share Subdivision) held by Ocean Ahead International Limited, a controlling shareholder of the Company, are subject to lock-up undertakings from the Completion Date to the first anniversary of the Completion Date (both days inclusive) (the "Lock– Up Undertakings"). Further details of the share subscriptions and the Lock-Up Undertakings have been set out in circular dated 10 April 2015 issued by the Company.

The net proceeds from the share subscriptions upon the issue of all the Ordinary Shares and the Convertible Preference Shares above, after deduction of all related expenses, is approximately HK$3,737.6 million which translates to net price of approximately HK$0.0787 per Ordinary Share and per Convertible Preference Share. The subscription of 14,136,452,910 Ordinary Shares and 9,613,216,000 Convertible Preference Shares was completed during the year under review and the net proceeds of approximately HK$1,861.4 million were received:

(i) The subscription of 14,136,452,910 Ordinary Shares and 113,348,440 Convertible Preference Shares was completed on 6 May 2015 and the net proceeds of approximately HK$1,110.9 million were received, and

(ii) The subscription of 9,499,867,560 Convertible Preference Shares was completed on 5 November 2015 and the net proceeds of approximately HK$750.5 million were received.

The Subscribers shall conditionally further subscribe Convertible Preference Shares and the gross proceeds from such share subscriptions shall be approximately HK$1,501.0 million and HK$375.2 million in year 2016 and 2017, respectively, totalling approximately HK$1,876.2 million.

As at 31 December 2015, approximately HK$1,103.8 million has been utilised for the investment, development, construction, operation and management of photovoltaic power plants and photovoltaic power-related businesses which is consistent with the intended use of proceeds as disclosed in the circular of the Company dated 10 April 2015. The unutilised portion of the net proceeds (i.e. approximately HK$757.6 million) is currently held in cash and cash equivalents and is intended to be applied in a manner consistent with the intended use of proceeds.

Conversion of Convertible Preference Shares

During the year under review, 371,258,260 Convertible Preference Shares were converted into 371,258,260 Ordinary Shares by holders of the Convertible Preference Shares.

CHARGE ON THE GROUP'S ASSETS

As at 31 December 2015, the Group had pledged deposits of approximately HK$15.9 million (as at 31 December 2014: approximately HK$32.3 million) to a bank in the PRC to secure bills issued under banking facilities granted to the Group.

FOREIGN EXCHANGE EXPOSURE

Majority of the subsidiaries of the Company operate in the PRC, with most of the transactions denominated and settled in RMB. Any depreciation of RMB would adversely affect the value of any dividends the Group pays to shareholders outside of the PRC. As at 31 December 2015, the Group has not used any derivative financial instruments to hedge its foreign currency risk.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Fluctuation in currency exchange rates

The Group's transactions are mainly denominated in RMB, while bank borrowings are mainly denominated in HK$. The Group monitors foreign exchange exposures and takes appropriate measures to mitigate and will manage the risk on a timely and effective manner by, including but not limited to, raising debt financing denominated in RMB to match the currency of operating cash flows and bank borrowings in future.

Liquidity risk

Liquidity risk is the potential that the Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding. During the year under review, the Group expands into the Photovoltaic Power Business which requires material funding in investment and development stage. In managing relevant liquidity risk, the Group monitors cash flows and maintains an adequate level of cash and credit facilities to ensure the ability to finance the Group's operations and reduce the effects of fluctuation in cash flows.

Development of Photovoltaic Power Business

The Group's expansion into the Photovoltaic Power Business bears risks and uncertainties that are unique to such business. Photovoltaic Power Business of the Group is relatively new, is heavily dependent on the relevant governmental support measures for fast development and is capital intensive. The risks and uncertainties in the Photovoltaic Power Business include, among others, (i) the Group's ability to continue to acquire suitable project for development, technical team or cooperative partners; (ii) the Group's ability to develop relationship with local governments which are willing to cooperate in the photovoltaic power projects; (iii) the Group's ability to obtain sufficient financing sources for further investment and expansion; and (iv) governmental support measures are changed to the detriment of the business. If any of these risks and uncertainties materialise, overall growth and profitability would be affected.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

In order to facilitate the development and construction of a 50MW photovoltaic power plant in Yuxian, Hebei Province that the Group is undertaking, the Group entered into the following agreements during the year under review:

(a) on 17 July 2015, 北京北控光伏科技發展有限公司 (Beijing Enterprises New Energy Company Limited*) ("BENE"), an indirect wholly-owned subsidiary of the Company, and 光為綠色新能源股份有限公司 (Guangwei Green New Energy Co., Ltd.*) ("GGNE") entered into a purchase contract for the supply of, among other things, the 50MW polysilicon modules and related accessories by GGNE to BENE, at a consideration in an amount of RMB194 million. Further details are set out in the Company's announcement dated 17 September 2015;

* *For identification purpose only*

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES (CONTINUED)

(b) on 8 September 2015, 蔚縣北控新能源開發有限公司 (Yuxian Beijing Enterprises New Energy Development Company Limited*) ("YBENE"), an indirect wholly-owned subsidiary of the Company, entered into an engineering, procurement and construction agreement with 河北省電力勘測設計研究院 (Hebei Electric Power Design and Research Institute*) ("HEPDR") for the provision of engineering, procurement and construction services by HEPDR to YBENE at the aggregate consideration of RMB126.7 million. Further details are set out in the Company's announcement dated 8 September 2015.

In order to invest in and potentially gain control of photovoltaic power plants, the Group entered into the following agreements during the year under review:

(a) on 15 October 2015, BENE, 河南旭光商貿有限公司 (Henan Xuguang Commerce Company Limited*) ("HXCC"), 淇縣中光太陽能有限公司 (Qixian Zhongguang Solar Energy Co., Ltd.*), 東方日升(寧波)電力開發有限公司 (Dongfang Risheng (Ningbo) Power Development Company Limited*) ("DRPD") and 江蘇新電投資管理有限公司 (Jiangsu New Power Investment Management Co., Ltd.*) ("JNPIM") entered into a cooperation agreement pursuant to which, among other things, BENE conditionally agreed to enter into a sale and purchase agreement to acquire the entire equity interest in the project company (the "Acquisition"), and to make the payment of RMB84 million to HXCC or, as designated by HXCC, to DRPD or JNPIM, as prepayment for the Acquisition. On 15 October 2015, BENE also entered into the product sale agreements pursuant to which BENE agreed to purchase certain equipment at a price of RMB50 million and sell to JNPIM for use in the construction of the project. Further details are set out in the Company's announcement dated 15 October 2015;

(b) on 16 November 2015, BENE, 山東國之晟能源有限公司 (Shandong Guozhicheng Energy Company Limited*) ("SGEC"), 濟南中晟新能源開發有限公司 (Jinan Zhongcheng New Energy Development Company Limited*) ("JZNE") and 中機國能電力工程有限公司 (Zhongji Guoneng Electricity Project Company Limited*) entered into a cooperation agreement pursuant to which it was conditionally agreed, among other things, that SGEC and BENE (or its nominee) shall enter into a sale and purchase agreement for the transfer of the entire equity interest in the project company from SGEC to BENE, and BENE shall purchase and provide certain materials required for the project to JZNE at an aggregate price of RMB228 million. Further details are set out in the Company's announcement dated 16 November 2015.

Save as disclosed above, there were no significant investments, material acquisition and disposal of subsidiaries and associated companies by the Group for the year ended 31 December 2015.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group employed 425 employees (as compared with 299 employees as at 31 December 2014) with total staff cost of approximately HK$54.8 million incurred for the year ended 31 December 2015 (as compared with approximately HK$25.8 million in last year). The Group's remuneration packages are generally structured with reference to market terms and individual merits.

The Company has also adopted a share option scheme as incentives to directors of the Company (the "Director(s)") and eligible employees, details of the scheme are set out in the paragraph headed "Share Option Scheme" under the "Directors' Report" in this annual report.

* *For identification purpose only*

Corporate Governance Report

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The board (the "Board") of Directors of the Company is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 December 2015. The Company focuses on maintaining high standard of corporate governance in order to achieve sustainable development and enhance corporate performance. The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more values for its shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimise return for shareholders.

BOARD OF DIRECTORS

Composition and Role

The Board currently consists of seven Directors: comprising four executive Directors, namely, Mr. Hu Xiaoyong (Chairman), Mr. Shi Xiaobei, Mr. Liang Yongfeng (Chief Executive Officer), and Mr. Wang Ye; and three independent non-executive Directors (the "INED(s)"), namely, Professor Lam Sing Kwong Simon, Mr. Tam Tak Kei Raymond, and Mr. Xu Honghua. One of the INEDs namely, Mr. Tam Tak Kei Raymond, has the professional and accounting qualifications required by the Listing Rules. The biographical details of the Directors are set out in the section headed "Directors and Senior Management" in this annual report.

The function of the Board is to formulate and give direction of the Group's corporate strategy and business development. The Board has met regularly during the year to approve acquisition, material contracts, discloseable and/or connected transactions, director's appointment or reappointment, significant policy and to monitor the financial performance of the Group in pursuit of its strategic goals. Day to day operation of the Company is delegated to the chief executive officer and the management of the Company. There is no relationship among members of the Board in respect of financial, business, family or other material/relevant relationship.

Newly appointed Director would receive a comprehensive induction package covering the statutory and regulatory obligations of a director of a listed company. The Company continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has arranged trainings for Directors in the form of seminar and provision of training materials. Guidance notes and memorandum are issued to Directors where appropriate, to ensure awareness of best corporate governance practices.

BOARD OF DIRECTORS (CONTINUED)

Composition and Role (Continued)

According to the records maintained by the Company, the Directors received the following training in respect of the roles, functions and duties of a director of a listed company in compliance with the requirement of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules on continuous professional development during the year ended 31 December 2015.

Directors	Corporate Governance/ Updates on Laws, Rules & Regulations Read Materials	 Attended Seminars/ Briefings
Executive Directors		
Mr. Hu Xiaoyong (appointed on 6 May 2015)	✔	✔
Mr. Shi Xiaobei (appointed on 6 May 2015)	✔	✔
Mr. Liang Yongfeng (appointed on 6 May 2015)	✔	✔
Mr. Wang Ye (appointed on 13 October 2015)	✔	✔
Mr. Han Songbai (appointed on 6 May 2015 and resigned on 13 October 2015)	✔	✔
Ms. Huang Li (resigned on 23 September 2015)	✔	✔
Mr. Zheng Hua (resigned on 6 May 2015)	✔	
Non-executive Director		
Mr. Huang Chao (resigned on 6 May 2015)	✔	
INEDs		
Professor Lam Sing Kwong Simon	✔	✔
Mr. Tam Tak Kei Raymond	✔	✔
Mr. Xu Honghua (appointed on 6 May 2015)	✔	✔
Mr. Zeng Shiquan (resigned on 6 May 2015)	✔	

BOARD OF DIRECTORS (CONTINUED)

Board Meeting and General Meeting

The Company held ten Board meetings and three general meetings during the financial year ended 31 December 2015. Directors present in those Board meetings were either in person or through electronic means of communication. Attendance records of the relevant Board meetings and general meetings for the year ended 31 December 2015 are set out below:

Directors	Board meetings	General meetings
Executive Directors		
Mr. Hu Xiaoyong (appointed on 6 May 2015)	2/2	1/1
Mr. Shi Xiaobei (appointed on 6 May 2015)	2/2	1/1
Mr. Liang Yongfeng (appointed on 6 May 2015)	2/2	1/1
Mr. Wang Ye (appointed on 13 October 2015)	1/1	N/A
Mr. Han Songbai (appointed on 6 May 2015 and resigned on 13 October 2015)	1/1	1/1
Ms. Huang Li (resigned on 23 September 2015)	9/9	3/3
Mr. Zheng Hua (resigned on 6 May 2015)	8/8	0/2
Non-executive Director		
Mr. Huang Chao (resigned on 6 May 2015)	8/8	0/2
INEDs		
Professor Lam Sing Kwong Simon	10/10	1/3
Mr. Tam Tak Kei Raymond	10/10	1/3
Mr. Xu Honghua (appointed on 6 May 2015)	1/2	1/1
Mr. Zeng Shiquan (resigned on 6 May 2015)	8/8	0/2

BOARD DIVERSITY POLICY

The Board adopted a board diversity policy formulated by the Company in accordance with the requirements of the Listing Rules. It aims to set out the approach to achieve diversity on the Board. The Board endeavours to ensure that it has a balance of skills, experience and diversity of perspectives to the requirements of the Group's business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. There are currently seven Directors with extensive experience and/or professional backgrounds to formulate and give direction of the Group's corporate strategy and business development. The composition, experience and balance of skills on the Board are regularly reviewed by a core of members with longstanding and deep knowledge of the Group alongside new Directors who bring fresh perspectives and diverse experiences to the Board. The process for the nomination of Directors is led by the Nomination Committee. The name of the current Directors and their biographies (including their roles, function, terms of office, skills and experience) are set out in this annual report under the section headed "Directors and Senior Management".

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITY

The Company has arranged appropriate directors' and officers' liability insurance for its directors and officers covering the costs, losses, expenses and liabilities arising from the performance of their duties. The insurance policy covers legal action against its directors and officers to comply with the requirement of the CG Code. During the year, no claim was made against the directors and officers of the Company.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the financial year ended 31 December 2015, the positions of the chairman and the chief executive officer of the Company were held separately. The chairman of the Company was Ms. Huang Li which has been changed to Mr. Hu Xiaoyong effective from 6 May 2015. The chief executive officer of the Company was Mr. Zheng Hua which has been changed to Mr. Liang Yongfeng effective from 27 May 2015.

The segregation of duties of the chairman and the chief executive officer ensures a clear distinction in the chairman's responsibility to provide leadership for the Board and the chief executive officer's responsibility to manage the Company's business. Their roles are clearly defined to ensure their respective independence.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 of the Listing Rules are set out in notes 8 and 9 to the consolidated financial statements in this annual report, respectively.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board considers that the INEDs can provide independent advices on the Company's business strategies, results and management so as to safeguard the interests of the Company and its shareholders.

All INEDs had entered into letters of appointment with the Company for a term of three years but are subject to retirement by rotation and re-election in accordance with the articles of association of the Company (the "Articles").

The Company has received, a written annual confirmation from each of the INEDs confirming his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the INEDs are independent.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as the code of conduct in respect of securities transactions of the Directors (the "Model Code"). Having made specific enquiry of all Directors, the Company has confirmed that all Directors have complied with the required standards set out in the Model Code and its code of conduct regarding Directors' securities transactions during the year under review.

BOARD COMMITTEES

The Board has established three board committees to strengthen its functions and corporate governance practices, namely, audit committee (the "Audit Committee"), nomination committee (the "Nomination Committee") and remuneration committee (the "Remuneration Committee"). The Audit Committee, Nomination Committee and Remuneration Committee perform their specific roles in accordance with their respective written terms of reference.

Audit Committee

The Audit Committee members performed their duties within written terms of reference formulated by the Company in accordance with the requirements of the Listing Rules from time to time.

The Audit Committee is mainly responsible for considering all relationships between the Company and the external auditors (including the provision of non-audit services), monitoring the integrity of the Company's financial statements and issues arising from the audit, and the review of the Group's internal controls and risk management.

Summary of work done during the year under review: reviewed the financial statements for the period from 1 January 2015 to 30 June 2015 and for the year ended 31 December 2015, considered and approved the audit work of the auditors, reviewed the change of auditors of the Company and reviewed the business and financial performance of the Company, the effectiveness of the Company's internal audit function, internal control system and risk management.

The Audit Committee held two meetings during the financial year ended 31 December 2015. The composition of the Audit Committee during the year ended 31 December 2015 and the meeting attendance are as follows:

Name of the Audit Committee Member	Number of meetings attended/ Numbers of relevant meetings	Attendance Rate
Non-executive Director		
Mr. Huang Chao (resigned on 6 May 2015)	1/1	100%
INEDs		
Mr. Tam Tak Kei Raymond *(Chairman of the Audit Committee)*	2/2	100%
Professor Lam Sing Kwong Simon	2/2	100%
Mr. Xu Honghua (appointed on 6 May 2015)	1/1	100%

BOARD COMMITTEES (CONTINUED)

Nomination Committee

The Nomination Committee members performed their duties within written terms of reference formulated by the Company in accordance with the requirements of the Listing Rules from time to time. The Nomination Committee is mainly responsible for formulating policy and making recommendations to the Board on nominations, appointment and re-appointment of Directors and board succession.

Summary of work done during the year under review: based on the policy of the Company on board diversity to review the size, structure and composition of the Board to complement the Group's corporate strategy, assessed the independence of INEDs and made recommendations to the Board on the appointment and re-appointment of Directors.

The Nomination Committee held one meeting during the financial year ended 31 December 2015. Details of attendance of each Nomination Committee member are as follows:

Name of the Nomination Committee Member	Number of meetings attended/ Numbers of relevant meetings	Attendance Rate
Executive Directors		
Mr. Hu Xiaoyong *(Chairman of the Nomination Committee)* (appointed on 6 May 2015)	N/A	N/A
Ms. Huang Li *(Chairman of the Nomination Committee)* (resigned as Chairman of the Nomination Committee on 6 May 2015)	1/1	100%
INEDs		
Mr. Tam Tak Kei Raymond	1/1	100%
Mr. Xu Honghua (appointed on 6 May 2015)	N/A	N/A
Mr. Zeng Shiquan (resigned on 6 May 2015)	1/1	100%

Remuneration Committee

The Remuneration Committee members performed their duties within written terms of reference formulated by the Company in accordance with the requirements of the Listing Rules from time to time. The Remuneration Committee adopted the operation model where it performs an advisory role to the Board and to make recommendations to the Board on the remuneration packages of Directors and senior management with the Board retaining the final authority to approve Directors' and senior management's remuneration. It is the Company's policy to offer remuneration packages which are competitive and sufficient to retain such individuals and no director is involved in decision of his own remuneration.

Summary of work done during the year under review: reviewed the remuneration policy, recommended the remuneration of executive Directors, assessed performance of executive Directors and approved the terms of executive Directors' service contracts.

BOARD COMMITTEES (CONTINUED)

Remuneration Committee (Continued)

The Remuneration Committee held one meeting during the financial year ended 31 December 2015. Details of attendance of each Remuneration Committee member are as follows:

Name of the Remuneration Committee Member	Number of meetings attended/ Numbers of relevant meetings	Attendance Rate
Executive Directors		
Mr. Shi Xiaobei (appointed on 6 May 2015)	N/A	N/A
Non-executive Director		
Mr. Huang Chao (resigned on 6 May 2015)	1/1	100%
INEDs		
Mr. Lam Sing Kwong Simon *(Chairman of the Remuneration Committee)*	1/1	100%
Mr. Xu Honghua (appointed on 6 May 2015)	N/A	N/A
Mr. Zeng Shiquan (resigned on 6 May 2015)	1/1	100%

AUDITORS' REMUNERATION

The Audit Committee of the Company is responsible for considering the appointment of the external auditors and reviewing the non-audit functions performed by the external auditors, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the year under review, external auditors' remuneration for audit services was approximately HK$1.7 million and for non-audit service assignments was approximately HK$0.6 million, which represented agreed-upon procedures engagements such as for the Group's compliance services. The Audit Committee had satisfied that the non-audit services in 2015 did not affect the independence of the external auditors.

INTERNAL CONTROLS

The Board has overall responsibility for reviewing the effectiveness of internal controls systems of the Company. The Board is committed to implementing an effective and sound internal control system to safeguard the interest of shareholders and the Group's assets. The Board has delegated to the management the implementation of the system of internal controls and review of all relevant financial, operational, compliance controls and risk management functions within an established framework. The Board convenes meeting periodically to discuss financial, operational and risk management control.

During the year ended 31 December 2015, the Board reviewed the operational and financial reports, budgets and business plans provided by the management. The Board has conducted a review of the effectiveness of the system of internal controls of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of accounts for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the accounts for the year ended 31 December 2015, the Directors have selected suitable accounting policies and applied them consistently; adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards; made adjustments and estimates that are prudent and reasonable; and have prepared the accounts on a going concern basis. The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

The responsibility of Ernst & Young, the Company's external auditors, is set out on pages 38 to 39 of the "Independent Auditors' Report" in this annual report.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting by shareholders ("EGM")

Pursuant to Article 64 of the Articles, the Board may whenever it thinks fit call an EGM. EGM shall also be convened on the requisition of one or more shareholders of the Company holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company ("Company Secretary") for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for directing shareholders' enquiries to the Board

Shareholders of the Company may at any time send their enquiries to the Board for the attention of the Company Secretary via email (ir@bece.com.hk) or directed to the Company's head office and principal place of business in Hong Kong at Rooms 6706 – 6707, 67th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. Shareholders of the Company may also make enquiries with the Board at general meetings of the Company.

Procedures for putting forward proposals at shareholders' meetings

If a shareholder of the Company wishes to put forward proposals at annual general meeting (the "AGM")/EGM which is to be held, such shareholder, who is duly qualified to attend and vote at such general meeting, shall follow the procedures as set out below which are required in accordance with the Articles and the Listing Rules:

1. A shareholder of the Company shall validly serve on the Company Secretary his/her written and signed notice of intention to propose a resolution at the AGM/EGM.

2. The foregoing documents shall be lodged at the Company's head office and principal place of business in Hong Kong at Rooms 6706 – 6707, 67th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

3. The period for lodgment of the foregoing notices required under the Articles shall commence on the day after the despatch of the notice of the AGM/EGM and end no later than 7 days prior to the date of the AGM/EGM and such period shall be at least 7 days.

SHAREHOLDERS' RIGHTS (CONTINUED)

Procedures for putting forward proposals at shareholders' meetings (Continued)

4. The notice will be verified with the Company's branch share registrar and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to consider to include the proposed resolutions in AGM/EGM.

Shareholders of the Company may take reference to the procedures made available under the "Corporate Governance" section ("Procedure for Shareholders to Propose a Person for Election as a Director") of the Company's website.

INVESTOR RELATIONS

Communication with shareholders

The Board believes that effective and proper investor relations play an important role in creating shareholders' value, enhancing the corporate transparency as well as establishing market confidence.

During the financial year ended 31 December 2015, the Company has proactively taken the following measures to ensure effective shareholders' communication and enhance our transparency:

1. maintained frequent contacts with institutional shareholders and potential investors through various channels such as meetings, telephone and emails; and

2. updated regularly the Company's news and developments through the Company's website.

The above measures will provide them with the latest development of the Group as well as the relevant industry.

Constitutional documents

Pursuant to an ordinary resolution passed at EGM on 4 May 2015, the Company increased the authorised share capital of the Company from HK$20,000,000 to HK$500,000,000 divided into 466,637,115,100 Ordinary Shares of HK$0.001 each and 33,362,884,900 Convertible Preference Shares of HK$0.001 each by (i) the creation of additional Ordinary Shares and (ii) the creation of the Convertible Preference Shares.

In order to facilitate the creation and the issue and allotment of the Convertible Preference Shares, pursuant to a special resolution passed at EGM on 4 May 2015, it was approved to amend the Articles. The effect of the amendments to the Articles is to create a new class of shares of the Company i.e. the Convertible Preference Shares by (i) apportioning the authorised share capital of the Company for the Ordinary Shares and the Convertible Preference Shares; and (ii) incorporating the terms of the Convertible Preference Shares into the Articles. Except to the above, there is no other change on the constitutional documents of the Company.

A consolidated version of the Memorandum of Association of the Company and Articles is available on both the websites of the Company and the Stock Exchange.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain the quality of corporate governance so as to ensure better transparency of the Company, protection of shareholders' and stakeholders' rights and enhance shareholder value. In the opinion of the Board, the Company had complied with all code provisions set out in the CG Code during the financial year ended 31 December 2015 and up to the date of publication of this annual report.

DIRECTORS

Executive Directors

Mr. Hu Xiaoyong ("Mr. Hu"), aged 51, was appointed as the chairman and an executive director of the Company on 06 May 2015. Mr. Hu is also the chairman of the nomination committee of the Company. Mr. Hu graduated from Tsinghua University (清華大學) with an executive master degree of business administration. He has approximately over 20 years' experience in business management. From 2001 to 2013, Mr. Hu worked with 中科成環保集團有限公司 (Zhong Ke Cheng Environment Protection Group Company Limited*) as chairman. Since 2007, he has been the vice chairman of the China Environment Service Industry Association (全國工商聯環境服務業商會). He has been an executive director and the chief executive officer of BEWG, a company listed on the main board of the Stock Exchange, from 1 August 2008 to 30 March 2016. He has been appointed as the honorary chairman of BEWG since 30 March 2016, and is responsible for BEWG's strategic planning and development of corporate culture. He is also an executive director of Beijing Enterprises Medical and Health Industry Group Limited (stock code: 2389), a company listed on the main board of the Stock Exchange.

Mr. Shi Xiaobei ("Mr. Shi"), aged 40, was appointed as an executive director of the Company on 06 May 2015. Mr. Shi is also a member of remuneration committee of the Company. Mr. Shi graduated from University of International Business and Economics (對外經濟貿易大學) with a bachelor's degree of Economics in 1998 and obtained a degree of Master of Science in business administration from The University of British Columbia in 2003. He has approximately 12 years' experience in the field of banking and investment services in Hong Kong and Mainland China. From 2003 to 2004, Mr. Shi joined Macquarie Group, which is a sizable worldwide personal bank, as a manager of Macquarie Service (Hong Kong) Ltd., one of the companies within the Macquarie Group. From 2004 to 2012, he was promoted to the president and the managing director of infrastructure, resources and general industrial business of Macquarie Investment Advisory (Beijing) Co., Ltd., a company within the Macquarie Group situated in the PRC. Since 2012, Mr. Shi has worked with CITIC Private Equity Funds Management Co., Ltd. as the department head of the international investment department.

Mr. Liang Yongfeng ("Mr. Liang"), aged 47, was appointed as an executive director of the Company on 06 May 2015 and was appointed as the chief executive officer of the Company on 27 May 2015. Mr. Liang holds a master's degree of software engineering granted by Beihang University (北京航空航天大學) in 2012. Mr. Liang worked with 北京市機械進出口公司 (Beijing City Machinery Import and Export Corporation*) in respect of international trading from 1991 to 1995. Since May 1995, Mr. Liang has worked with Beijing Holdings Limited (京泰實業(集團)有限公司) as a managing director of Beijing Holdings International Trading Limited (北京京泰國際貿易有限公司), one of the subsidiaries of Beijing Holdings Limited. From May 1995 to February 2015, Mr. Liang was also a general manager of BHL Taipei Limited (京泰發展有限公司), one of the subsidiaries of Beijing Holdings Limited. He has approximately 20 years' experience in the fields of international energy trading, industrial investments, operation and business management.

* *For identification purpose only*

DIRECTORS (CONTINUED)

Executive Directors (Continued)

Mr. Wang Ye ("Mr. Wang"), aged 62, was appointed as the president of the Company on 06 May 2015 and was appointed as the executive director of the Company on 13 October 2015. Mr. Wang is responsible for the implementation of the development strategy for the Company's photovoltaic power business. Mr. Wang is a senior engineer and has received rigorous professional training on nuclear power plants in France and became one of the first generation of nuclear power experts in the PRC. Mr. Wang joined the Company in May 2015 and has over five years of working experience in the photovoltaic power industry. Prior to joining the Company, Mr. Wang was the technology director of 中廣核太陽能開發有限公司 (CGN Solar Energy Development Co., Ltd.*) from October 2009 to March 2014, of which, Mr. Wang was responsible for the construction of nearly 30 photovoltaic power plants in the PRC with the aggregate installed capacity amounting to 600 megawatt. Mr. Wang has also been involved in research projects in relation to the photovoltaic power generation technology, and has participated in the preparation and review of several national standards in the photovoltaic power generation field in PRC; he also led the writing of the technical codes of photovoltaic power generation equipment, which have been widely adopted in the photovoltaic power generation industry. In 2011, Mr. Wang was appointed by 青海省能源開發建設協調領導小組 (Cooperative Lead Group of Energy Development and Construction of the Qinghai Province*) as a committee expert and he is the prestigious technical expert in the photovoltaic power generation field in the PRC.

Independent non-executive Directors

Professor Lam Sing Kwong Simon ("Professor Lam"), aged 57, was appointed as an independent non-executive Director on 10 June 2013. Professor Lam is the chairman of the remuneration committee of the Company and the member of audit committee of the Company. Professor Lam obtained a doctorate degree in commerce from the Faculty of Economics and Commerce at The Australian National University in April 1996. Professor Lam joined The University of Hong Kong as a full-time teaching staff in September 1989 and is now the Professor of Management at the Faculty of Business and Economics of The University of Hong Kong. He has published a number of academic papers and case analysis in the topics of corporate strategy, organisation development and operations management. Before joining The University of Hong Kong, Professor Lam had worked as a Regional Support Manager for the Canadian Imperial Bank of Commerce from 1987 to 1989.

Since May 2009, Professor Lam has been an independent non-executive director of Overseas Chinese Town (Asia) Holdings Limited (stock code: 03366), whose shares are listed on the Main Board of the Stock Exchange. Professor Lam was appointed as an independent non-executive director of Sinomax Group Limited (stock code: 01418), King Force Security Holdings Limited (stock code: 08315), Chun Sing Engineering Holdings Limited (stock code: 02277) and Kwan On Holdings Limited (stock code: 08305), with effect from March 2014, July 2014, December 2014 and March 2015, respectively. The shares of Sinomax Group Limited and Chun Sing Engineering Limited are listed on the Main Board of the Stock Exchange on July 2014 and December 2014 respectively. The shares of King Force Security Holdings Limited and Kwan On Holdings Limited are listed on the Growth Enterprise Market of the Stock Exchange on August 2014, and March 2015 respectively. Professor Lam was also appointed as an independent non-executive director of Glory Flame Holdings Limited (stock code: 08059) since August 2014, until his resignation with effect from March 2016. The shares of Glory Flame Holdings Limited are listed on the Growth Enterprise Market of the Stock Exchange on August 2014.

* *For identification purpose only*

DIRECTORS (CONTINUED)

Independent non-executive Directors (Continued)

Mr. Tam Tak Kei, Raymond ("Mr. Tam"), aged 52, was appointed as an independent non-executive Director on 10 June 2013. Mr. Tam is the chairman of the audit committee of the Company and the member of the nomination committee of the Company. Mr. Tam graduated from University of Kent at Canterbury in the United Kingdom with a Bachelor of Arts degree in accounting with computing in July 1985. He has been a member of The Institute of Chartered Accountants in England and Wales since 1990 and a member of the Hong Kong Institute of Certified Public Accountants since 1995. Mr. Tam acted as the financial controller of international law firms for nine years and has over 28 years of professional accounting experience and is currently the finance director of a Hong Kong-based auction company and the company secretary of Branding China Group Limited (stock code: 00863).

Mr. Tam also acts as an independent non-executive director of CNQC International Holdings Limited (formerly known as Sunley Holdings Limited) (stock code: 01240) since September 2012, Vision Fame International Holding Limited (stock code: 01315) since December 2011; Tianjin Jinran Public Utilities Company Limited (formerly known as Tianjin Tianlian Public Utilities Company Limited) (stock code: 01265, formerly 08290) since February 2011 and Ngai Shun Holdings Limited (stock code: 01246) since September 2013, until his resignation with effect from 16 June 2015 and 15 July 2015 respectively. Mr. Tam had been an independent non-executive director of Digital Domain Holdings Limited (formerly known as Sun Innovation Holdings Limited), shares of which are listed on the Main Board of the Stock Exchange (stock code: 00547) and Zebra Strategic Holdings Limited (stock code 08260), until his resignation with effect from 9 August 2013 and 10 September 2014 respectively. Mr. Tam was appointed as the chief financial officer of King Force Security Holdings Limited, shares of which are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 08315) on 20 August 2014, with effect from April 2014 and has tendered his resignation with effect from 1 December 2014.

Mr. Xu Honghua ("Mr. Xu"), aged 48, was appointed as an independent non-executive Director on 06 May 2015. Mr. Xu is also a member of each of the audit committee, nomination committee and remuneration committee of the Company. Mr. Xu has approximately 28 years' experience in the fields of the power generation. Mr. Xu graduated from Tianjin University with a master's degree of engineering in power system and automation in 1988. Mr. Xu had been appointed by the Institute of Electrical Engineering (電工研究所), Chinese Academy of Sciences ("CAS") as a research fellow in 1999. He was the former deputy director of the Institute of Electrical Engineering (電工研究所), CAS. Currently, Mr. Xu is the president of Beijing Corona Sciences & Technology Co. Ltd (北京科諾偉業科技股份有限公司) and the president of Baoding Corona Control Equipment Co., Ltd (保定科諾偉業控制設備有限公司). Mr. Xu is the researcher of the Institute of Electrical Engineering, the director of Renewable Energy Power Generation Research Center (可再生能源發電系統研究部) and the person-in-charge of CAS Research and Demonstration Center for the Technology of Solar Power Generation (中國科學院太陽能發電研究示範中心), the vice chairman of Chinese Renewable Energy Society (中國可再生能源學會). In addition, Mr. Xu was a member of the Advisory Committee of Energy Experts for National Energy Administration (國家能源專家諮詢委員會), the member of expert team for solar and wind power generation in the 10th Five-year Plan, 11th Five-year Plan and 12th Five-year Plan, the leader of the expert team for the 863 key project and the vice president of the National Technical Committee for Standardisation of Wind Machinery (全國風力機械標準化技術委員會). In 2007, Mr. Xu was selected as a national candidate for the New-Century BaiQian-Wan Talent Project (新世紀百千萬人才工程國家級人選). Mr. Xu also received multiple awards including the Best New Talent Award (最佳新人獎) by World Wide Fund for Nature Beijing office in 2009, the Special Contribution Award by Photovoltaic Professional Committee of China Renewable Energy Society and the honorary title of "National Advanced Individual for Science Popularisation" (全國科普工作先進工作者) in 2010, the First Class Prize for Scientific and Technological Progress of Hebei Province issued by The People's Government of Hebei Province in 2012, the Third Class Prize for National Energy Technology Progress in 2013 and the Scientific Figure Award of the Third Capital Technology Celebration (第三屆首都科技盛典人物獎) in 2014.

Since 1988, Mr. Xu has been involved in the research and/or projects of wind power, photovoltaic and hybrid power generation systems, including grid-connected and off-grid solar photovoltaic plants and the technologies on wind/photovoltaic-integrated power plant systems, electrical control over wind turbines and remote monitoring, control over photovoltaic power generation systems and tracking. Mr. Xu has also engaged in the research and/or projects of the economic and policies on renewable energy technology. He has been in charge of and completed a number of national technology projects, with numerous reports and publications on renewable energy.

Directors' Report

The Directors present their report and the audited financial statements of the Group for the year ended 31 December 2015.

CHANGE OF COMPANY NAME

Following the passing of the special resolution at the annual general meeting of the Company held on 22 June 2015, the English name of the Company has been changed from "Jin Cai Holdings Company Limited" to "Beijing Enterprises Clean Energy Group Limited" and the Chinese name of "北控清潔能源集團有限公司" as the Company's new dual foreign name in place of "金彩控股有限公司" has been adopted.

The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Companies Registry in Hong Kong on 23 July 2015 confirming the registration of the Company's new English and Chinese names of "Beijing Enterprises Clean Energy Group Limited" and "北控清潔能源集團有限公司" respectively in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

PRINCIPAL ACTIVITIES

The Company is an investment company and the holding company of the Group. The Group is principally engaged in the investment, development, construction, operation and management of photovoltaic power plants and photovoltaic power-related businesses and the design, printing and sale of cigarette packages in the PRC. Details of the principal activities of the principal subsidiaries are set out in note 1 to the financial statements.

Further discussion and analysis of these activities, including a review of the Group's business, a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the section of "Chairman's Statement" set out on pages 3 to 4 and "Management Discussion and Analysis" set out on pages 5 to 15 of this annual report. The discussion forms part of this Directors' Report.

RESULTS AND DISTRIBUTIONS

The Group's profit for the year ended 31 December 2015 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 40 to 97. The Board did not recommend the payment of dividend for the year ended 31 December 3015 (2014: Nil).

There is no arrangement that a shareholder of the Company has waived or agreed to waive any dividend.

CLOSURES OF REGISTER OF MEMBERS

To determine who shall be eligible to attend and vote at the forthcoming AGM to be held on Tuesday, 24 May 2016, the register of members of the Company will be closed from Thursday, 19 May 2016 to Tuesday, 24 May 2016 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 18 May 2016.

SUMMARY FINANCIAL INFORMATION

A summary of the published results, assets and liabilities and equity of the Group for the last five financial years, as extracted from the published audited financial statements and the prospectus of the Company and adjusted for the change of presentation currency, is set out on page 98. This summary does not form part of the audited financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers of the Group together accounted for 95% of the Group's revenue and aggregate purchases attributable to the Group's five largest suppliers accounted for 65% of the Group's total purchases for the year. Sales to the largest customer accounted for 68% of the Group's revenue and purchases from the largest supplier accounted for 19% of the Group's purchases.

During the year, none of the Directors, a close associate of the Director or a shareholder of the Company which (to the best knowledge of the Directors) owns more than 5% of the Company's share capital, had a beneficial interest in any of the Group's five largest customers or suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 13 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year, together with the reasons therefor, are set out in note 26 to the financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 37 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

Pursuant to the relevant rules of Cayman Islands, the Company's reserves available for distribution to shareholders as at 31 December 2015 amounted to approximately HK$1,894.8 million.

DIRECTORS

The Directors during the year and up to the date of this annual report were:

Executive Directors

Mr. Hu Xiaoyong (appointed on 6 May 2015)
Mr. Shi Xiaobei (appointed on 6 May 2015)
Mr. Liang Yongfeng (appointed on 6 May 2015)
Mr. Wang Ye (appointed on 13 October 2015)
Mr. Han Songbai (appointed on 6 May 2015 and resigned on 13 October 2015)
Ms. Huang Li (resigned on 23 September 2015)
Mr. Zheng Hua (resigned on 6 May 2015)

Non-executive Director

Mr. Huang Chao (resigned on 6 May 2015)

Independent Non-executive Directors

Professor Lam Sing Kwong Simon
Mr. Tam Tak Kei Raymond
Mr. Xu Honghua (appointed on 6 May 2015)
Mr. Zeng Shiquan (resigned on 6 May 2015)

DIRECTORS (CONTINUED)

In accordance with Article 108 of the Company, Mr. Liang Yongfeng, Professor Lam Sing Kwong Simon and Mr. Tam Tak Kei Raymond shall retire by rotation from office as Directors at the forthcoming AGM and being eligible, offer themselves for re-election.

In accordance with Article 112 of the Company, Mr. Wang Ye shall retire by rotation from office as a Director at the forthcoming AGM and being eligible, offer themselves for re-election.

The Company has received annual confirmations of independence from each of the INEDs, and as at the date of this report still considers them to be independent.

BOARD CHANGES

Since the date of the interim report of the Company for the six months ended 30 June 2015 and up to the date of this report, there have been changes to the Board as follows:

Ms. Huang Li resigned as an executive director of the Company with effect from 23 September 2015.

Mr. Wang Ye was appointed as an executive director of the Company with effect from 13 October 2015.

Mr. Han Songbai resigned as an executive director of the Company with effect from 13 October 2015.

CHANGES IN DIRECTORS' INFORMATION

Changes in information of the Directors since the date of the interim report of the Company for the six months ended 30 June 2015 up to the date of this report, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Mr. Hu Xiaoyong, an executive director of the Company, has resigned as an executive director and the chief executive officer of BEWG with effect from 30 March 2016 and has been appointed as the honorary chairman of BEWG with effect from 30 March 2016.

Professor Lam Sing Kwong Simon, an independent non-executive director of the Company, has resigned as an independent non-executive director of Glory Flame Holdings Limited (stock code: 08059), a company listed on the Growth Enterprise Market of the Stock Exchange, with effect from 22 March 2016.

Save as disclosed above, there is no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the directors and the senior management of the Company are set out on pages 25 to 27 of this annual report.

DIRECTORS' SERVICE CONTRACTS

All executive Directors had entered into service agreements and all INEDS had entered into letters of appointment with the Company for a term of three years but are subject to retirement by rotation and re-election in accordance with the Articles.

Apart from the foregoing, no director proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group as well as the recommendation of the remuneration committee of the Company. During the year ended 31 December 2015, none of the Directors waived his/her emoluments nor has agreed to waive his/her emoluments for the year. Further details of the Company's directors' remuneration are set out on pages 68 to 70 of this annual report.

Further details of the Company's remuneration committee are set out in the corporate governance report on pages 21 to 22 of this annual report.

DISCLOSURE OF INTERESTS

Directors' Interests in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations

As at 31 December 2015, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code, were as follows:

Long positions in the shares and/or underlying shares of the Company

Name of Directors	Capacity in which shares are held	Number of Ordinary Shares held	Number of underlying shares held *(Note 4)*	Approximate percentage of the Company's issued share capital *(Note 1)*
Mr. Hu Xiaoyong *(Note 2)*	Interest of controlled corporation	595,227,370	1,404,772,630	7.42%
Mr. Wang Ye *(Note 3)*	Interest of controlled corporation	237,469,350	560,442,050	2.96%

Notes:

(1) The percentage represents the aggregate number of Ordinary shares held and underlying shares held over the total issued shares of the Company of 26,949,668,910 shares as at 31 December 2015.

(2) As at 31 December 2015, Zhihua Investments Limited, a company wholly and beneficially owned by Mr. Hu Xiaoyong, an executive director of the Company, holds 595,227,370 Ordinary Shares of HK$0.001 each and 404,772,630 Convertible Preference Shares of HK$0.001 each and has agreed to further subscribe to 1,000,000,000 Convertible Preference Shares.

(3) As at 31 December 2015, 北京倍思泰科新能源科技開發有限公司 (Beijing Bestech New Energy Technology Development Co., Ltd.*) ("Bestech"), a company incorporated in the PRC of which Mr. Wang Ye, an executive director of the Company, is its controlling shareholder (as defined under the Listing Rules), holds 237,469,350 Ordinary Shares of HK$0.001 each and 161,486,350 Convertible Preference Shares of HK$0.001 each and has agreed to further subscribe to 398,955,700 Convertible Preference Shares.

(4) The number of underlying shares held includes Convertible Preference Shares held and Convertible Preference Shares to be subscribed under the Subscription Agreements as disclosed in the paragraph headed "Share Subscriptions and Use of Proceeds" of subsection "Capital Structure" under the section of the "Management Discussion and Analysis" of this annual report.

Save as disclosed above, as at 31 December 2015, there were no interest or short position of the directors or chief executives of the Company in the shares, the underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), that are required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code or the SFO.

* *For identification purpose only*

SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution passed on 11 June 2013 for the primary purpose of attracting and retaining the best available personnel, providing additional incentive to employees (full-time or part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners, service providers or substantial shareholders ("Eligible Participants") of the Group and promoting the success of the business of the Group and will remain in force for a period of ten years commencing on the adoption date and shall expire on 10 June 2023 subject to early termination provisions contained in the Share Option Scheme. The Board may grant options to Eligible Participants to subscribe for shares in the Company subject to the terms of the Share Option Scheme.

The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Further, the total maximum number of the shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Company must not exceed 30% of the issued share capital of the Company from time to time. Options granted to a substantial shareholder or an independent non-executive Director, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares as stated in the daily quotation sheets issued by the Stock Exchange at the date of the grant) in excess of HK$5 million, within any 12-month period up to and including the date of grant, are subject to shareholders' approval in advance in a general meeting.

Options granted must be taken up within 7 days inclusive of the day on which offer was made, upon payment of HK$1 by the grantee. Options may be exercised at any time for a period determined by its directors which shall not be later than the day immediately preceding the tenth anniversary of the date of grant. The exercise price of the share options shall be a price solely determined by the Board and notified to an Eligible Participant and shall be at least the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange on the date of the grant of the options; (ii) the average closing price of the Company's shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the date of the grant of the option; and (iii) the nominal value of a share of the Company on the date of grant.

As at the date of this report, the total number of shares available for issue under the Share Option Scheme was 320,000,000 shares, which represents approximately 1.8% of the Ordinary Shares in issue and approximately 1.2% of the issued share capital of the Company as at the date of this annual report. From the adoption date of the Share Option Scheme on 11 June 2013 to 31 December 2015, no share option was granted, exercised, cancelled or lapsed, and there was no outstanding option under the Share Option Scheme as at 31 December 2015.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed under the heading "Directors' Interests in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations", at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debenture of the Company granted to any director or their respective spouse or children under the age of 18, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contracts of significance to which the Company or any of its holding companies, subsidiaries and fellow subsidiaries was a party and in which a Director or an entity connected with the Director had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year, none of the Directors had interest in any business constituting competing business to the Group.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2015, so far as was known to the Directors or chief executives of the Company, the following persons (not being a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long position in the shares and/or underlying shares of the Company

Name of shareholders	Capacity in which shares and underlying shares are held	Number of Ordinary Shares held	Number of underlying shares held *(Note 6)*	Approximate percentage of the Company's issued share capital *(Note 1)*
Beijing Enterprises Group Company Limited ("BE Group") *(Note 2)*	Interest of controlled corporation	5,274,166,550	12,447,352,450	65.76%
Beijing Enterprises Holdings Limited ("BEHL") *(Note 2)*	Interest of controlled corporation	5,274,166,550	12,447,352,450	65.76%
Beijing Enterprises Water Group Limited ("BEWG") *(Note 2)*	Interest of controlled corporation	5,274,166,550	12,447,352,450	65.76%
Fast Top Investment Limited ("Fast Top") *(Note 2)*	Beneficial interest	5,274,166,550	12,447,352,450	65.76%
CITIC PE Funds II Limited *(Note 3)*	Interest of controlled corporation	2,260,357,100	5,334,579,610	28.18%
CITIC PE Associates II, L.P. *(Note 3)*	Interest of controlled corporation	2,260,357,100	5,334,579,610	28.18%
CPEChina Fund II, L.P. *(Note 3)*	Interest held jointly with another person	2,260,357,100	5,334,579,610	28.18%
CPEChina Fund IIA, L.P. *(Note 3)*	Interest held jointly with another person	2,260,357,100	5,334,579,610	28.18%
上海常瑞投資諮詢有限公司 (Shanghai Changrui Investment Consulting Company Limited*) *(Note 4)*	Interest of controlled corporation	2,260,357,090	5,334,579,610	28.18%

* *For identification purpose only*

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES (CONTINUED)

Long position in the shares and/or underlying shares of the Company (Continued)

Name of shareholders	Capacity in which shares and underlying shares are held	Number of Ordinary Shares held	Number of underlying shares held *(Note 6)*	Approximate percentage of the Company's issued share capital *(Note 1)*
北京宥德投資管理中心（有限合夥） (Beijing Youde Investment Management Center (Limited Partnership)*) *(Note 4)*	Interest of controlled corporation	2,260,357,090	5,334,579,610	28.18%
北京中信投資中心（有限合夥） (CITIC Private Equity Fund III (RMB)*) ("CITIC PEF III") *(Note 4)*	Interest of controlled corporation	2,260,357,090	5,334,579,610	28.18%
Ms. Huang Li *(Note 5)*	Interest of controlled corporation	2,279,580,000	–	8.46%

Notes:

(1) The percentage represents the aggregate number of Ordinary Shares held and underlying shares held over the total issued shares of the Company of 26,949,668,910 shares as at 31 December 2015.

(2) As at 31 December 2015, BE Group is deemed to be interested in 17,721,519,000 shares as a result of its indirect holding of such shares through the following entities including its wholly-owned subsidiaries:

Name	Number of Ordinary Shares held	Number of underlying shares held *(Note 6)*
Fast Top	5,274,166,550	12,447,352,450
BEWG	5,274,166,550	12,447,352,450
Beijing Enterprises Environmental Construction Limited ("BE Environmental")	5,274,166,550	12,447,352,450
BEHL	5,274,166,550	12,447,352,450
Beijing Enterprises Group (BVI) Company Limited	5,274,166,550	12,447,352,450
BE Group	5,274,166,550	12,447,352,450

(a) As at 31 December 2015, Fast Top, a wholly-owned subsidiary of BEWG, beneficially holds 5,274,166,550 Ordinary Shares and 3,586,592,950 Convertible Preference Shares and has agreed to further subscribe to 8,860,759,500 Convertible Preference Shares. As at 31 December 2015, BEWG is directly held as to approximately 43.84% (representing 3,824,367,831 shares of BEWG) by BE Environmental. BE Environmental is a wholly-owned subsidiary of BEHL, which is in turn directly held as to approximately 40.24% by Beijing Enterprises Group (BVI) Company Limited as at 31 December 2015, and which is in turn wholly owned by BE Group. Beijing Enterprises Group (BVI) Company Limited also directly holds 510,000 shares in the share capital of BEWG.

(b) BEHL and BEWG entered into a sale and purchase agreement dated 9 December 2015 whereby BEWG has conditionally agreed to allot and issue 300,001,592 shares of BEWG to BEHL or BEHL nominee(s) at completion of acquisition of entire interest in Golden State Water Group Corporation, which has not been completed as at the date of this annual report.

(c) The long positions in BEWG held by BE Group include: (i) the 3,824,877,831 shares of BEWG as described in note (a) above; and (ii) 300,001,592 shares of BEWG as described in note (b) above; BE Group is deemed to be interested in 300,001,592 shares of BEWG as its indirect holding of shares of BEHL as described in note (a) above.

(d) The long positions in BEWG held by BEHL include: (i) the 3,824,367,831 shares of BEWG as described in note (a) above; and (ii) 300,001,592 shares of BEWG as described in note (b) above.

* *For identification purpose only*

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES (CONTINUED)

Long position in the shares and/or underlying shares of the Company (Continued)

Notes: (Continued)

(3) As at 31 December 2015, CTSL Green Power Investment Limited, a company jointly controlled by CPEChina Fund II, L.P. and CPEChina Fund IIA, L.P., beneficially holds 2,260,357,100 Ordinary shares and 1,537,111,260 Convertible Preference Shares and has agreed to further subscribe 3,797,468,350 Convertible Preference Shares. CPEChina Fund II L.P. and CPEChina Fund IIA, L.P. are two exempted limited partnerships registered under the laws of the Cayman Islands. The general partner of the CPEChina Fund II L.P. and CPEChina Fund IIA, L.P. is CITIC PE Associates II, L.P., an exempted limited partnership registered under the laws of the Cayman Islands. The general partner of CITIC PE Associates II, L.P. is CITIC PE Funds II Limited.

(4) As at 31 December 2015, CTSL New Energy Investment Limited, a wholly–owned subsidiary of CITIC PEF III, beneficially holds 2,260,357,090 Ordinary shares and 1,537,111,260 Convertible Preference Shares and has agreed to further subscribe 3,797,468,350 Convertible Preference Shares. CITIC PEF III is a limited partnership registered under the laws of the PRC. The general partner of CITIC PEF III is 北京宥德投資管理中心（有限合夥）(Beijing Youde Investment Management Center (Limited Partnership)*), a limited partnership registered under the laws of the PRC whose general partner is 上海常瑞投資諮詢有限公司 (Shanghai Changrui Investment Consulting Company Limited*), a limited liability company incorporated in the PRC.

(5) As at 31 December 2015, 2,279,580,000 Ordinary Shares are held by Ocean Ahead International Limited, the entire issued share capital of which is wholly and beneficially owned by Ms. Huang Li.

(6) The number of underlying shares held includes Convertible Preference Shares held by shareholders of the Company and Convertible Preference Shares to be subscribed by certain shareholders of the Company under the Subscription Agreements as disclosed in the paragraph headed "Share Subscriptions and Use of Proceeds" of subsection "Capital Structure" under the section of the "Management Discussion and Analysis" of this annual report.

Save as disclosed above, as at 31 December 2015, the Company had not been notified by any persons (other than the directors or the chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2015.

EMOLUMENT POLICY

The emolument of each of directors and the employees of the Group is on the basis of their merit, qualification, competence and experience in the industry, the profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions. Directors and employees also participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual's performance.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued capital was held by the public as at the date of this report.

MANAGEMENT CONTRACTS

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

* *For identification purpose only*

RELATED PARTY TRANSACTION

The Group entered into certain activities with parties regarded as "Related Parties" under applicable accounting principles. These mainly relate to the activities in the ordinary course of the Group's business and were negotiated on normal commercial terms and an arm's length basis. Details of the related party transactions are set out in the note 31 to the financial statements. The transactions do not constitute connected transactions (as defined under the Listing Rules).

CONNECTED TRANSACTION

There were no connected transactions and continuing connected transactions between the Group and its connected persons (as defined under the Listing Rules) which are subject to the reporting, announcement and the independent shareholders' approval requirement under the Listing Rules for the year ended 31 December 2015.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

As at the date of this report, details of the agreements (the "Agreement(s)") with covenants relating to specific performance of the controlling shareholder which constitute disclosure obligation pursuant to Rules 13.18 and 13.21 of the Listing Rules are as follows:

Date of the Agreement(s)	Nature of the Agreement(s)	Aggregate amount (million)	Final Maturity	Specific performance obligations
2 November 2015	Term loan facility with a bank	HK$2,000	November 2017	*Note 1*
12 January 2016	Term loan facility with a bank	HK$1,000	May 2017	*Note 2*

Notes:

1. (i) BEWG shall or shall not cease to own, directly or indirectly, at least 27% of the beneficial shareholding carrying at least 27% of the voting rights in the Company, free from any security; (ii) BEWG shall or shall not cease to be the, direct or indirect, single largest shareholder of the Company; (iii) BEWG shall or shall not cease to supervise the Company and/or have management control over the Company; (iv) BEHL shall or shall not cease to own, directly or indirectly, at least 35% of the beneficial shareholding carrying at least 35% of the voting rights in BEWG, free from any security; (v) BEHL shall or shall not cease to be the, direct or indirect, single largest shareholder of BEWG; (vi) BEHL shall or shall not cease to supervise BEWG and/or have management control over BEWG; (vii) BE Group shall or shall not cease to own, directly or indirectly, at least 40% of the beneficial shareholding carrying at least 40% of the voting rights in BEHL, free from any security; (viii) BE Group shall or shall not cease to be the, direct or indirect, single largest shareholder of BEHL and/or shall or shall not cease to supervise BEHL; and (ix) BE Group shall or shall not cease to be wholly-owned, supervised and controlled by 北京市人民政府國有資產監督管理委員會 (the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality*).

2. (i) BEHL shall beneficially own, directly or indirectly, at least 35% of the issued share capital of BEWG; (ii) BEWG shall beneficially own, directly or indirectly, at least the minimum proportion of shares amounting to (a) an aggregate of 32.88% of the issued share capital of the Company from the date of the Agreement to and including 6 May 2016; (b) an aggregate of 34.03% of the issued share capital of the Company from 7 May 2016 to and including 7 November 2016; and (c) an aggregate of 34.71% of the issued share capital of the Company from 8 November 2016 onwards, each determined on an as-converted basis (assuming conversion in full of all preference shares of the Company in issue from time to time); (iii) BEWG shall, directly or indirectly, be the single largest shareholder of the Company; and (iv) Fast Top shall undertake to subscribe for, or procure the subscription of, the preference shares of the Company in the amounts and at the times stipulated in the Subscription Agreements.

According to the respective terms and conditions of the Agreements, the banks may declare any commitment under the Agreements to be cancelled and/or declare all outstanding amounts together with interest accrued thereon and all others sums to be immediately due and payable or payable on demand for any breach of the above specific performance obligations.

* *For identification purpose only*

EQUITY-LINKED AGREEMENTS

Other than the Subscription Agreements entered into during the year under review as disclosed in the paragraph headed "Share Subscriptions and Use of Proceeds" of subsection "Capital Structure" under the section of the "Management Discussion and Analysis" of this annual report, no equity-linked agreements that will or may result in the Company issuing share capital of the Company, or that require the Company to enter into any agreements that will or may result in the Company issuing share capital of the Company, were entered into by the Company during the year or subsisted at the end of the year.

CORPORATE GOVERNANCE

The Company is committed to maintaining the quality of corporate governance so as to ensure better transparency of the Company, protection of shareholders' and stakeholders' rights and enhance shareholder value. In the opinion of the Board, the Company had complied with all code provisions set out in the CG Code contained in Appendix 14 of the Listing Rules during the financial year ended 31 December 2015 and up to the date of publication of this annual report.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding Directors' securities transactions. Having made specific enquiry of the Directors, the Company confirms that all of the Directors have complied with, for any part of the accounting period covered by this annual report, the required standard set out in the Model Code.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in note 35 to the financial statements.

AUDITORS

During the year, Messers. Deloitte Touche Tohmatsu resigned as auditors of the Company and Ernst & Young were appointed by the Directors to fill the casual vacancy so arising. There have been no other changes of auditors in the past three years. A resolution for the reappointment of Ernst & Young as auditors of the Company will be proposed at the forthcoming AGM.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Group for the year ended 31 December 2015 were approved by the board of directors on 29 March 2016.

On behalf of the Board

Hu Xiaoyong
CHAIRMAN

Hong Kong
29 March 2016

Independent Auditors' Report

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To the shareholders of Beijing Enterprises Clean Energy Group Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Beijing Enterprises Clean Energy Group Limited (the "Company") and its subsidiaries set out on pages 40 to 97, which comprise the consolidated statement of financial position as at 31 December 2015, and 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 a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY 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 Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong
29 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 (Restated) HK$'000
REVENUE	5	**288,930**	209,426
Cost of sales		**(159,837)**	(130,556)
Gross profit		**129,093**	78,870
Other income and gains	5	**21,494**	803
Selling and distribution expenses		**(5,299)**	(5,143)
Administrative expenses		**(76,726)**	(25,204)
Other operating expenses		**(85)**	(903)
Finance costs	7	**(2,514)**	(2,399)
PROFIT BEFORE TAX	6	**65,963**	46,024
Income tax expense	10	**(27,471)**	(17,255)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**38,492**	28,769
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investment:			
Changes in fair value		**492**	–
Exchange differences on translation of foreign operations		**(39,188)**	(563)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(38,696)**	(563)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(204)**	28,206
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	12		
Basic		**HK0.27 cents**	HK0.90 cents
Diluted		**HK0.12 cents**	HK0.90 cents

Consolidated Statement of Financial Position

31 December 2015

	Notes	**31 December 2015 HK$'000**	31 December 2014 (Restated) HK$'000	1 January 2014 (Restated) HK$'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	**397,666**	71,640	74,926
Prepaid land lease payments	14	**20,616**	22,291	22,889
Other intangible assets	15	**77**	–	–
Available-for-sale investment	16	**24,482**	25,353	–
Prepayments, deposits and other receivables	20	**235,874**	278	293
Other non-current assets	17	**250,359**	–	–
Total non-current assets		**929,074**	119,562	98,108
CURRENT ASSETS				
Inventories	18	**29,601**	35,111	18,666
Trade and bills receivables	19	**404,963**	83,917	125,781
Prepaid land lease payments	14	**494**	521	523
Prepayments, deposits and other receivables	20	**167,123**	1,765	1,145
Other tax recoverable		**134,267**	–	–
Pledged bank deposits	21	**15,857**	32,261	17,497
Cash and cash equivalents	21	**1,098,040**	128,501	129,845
Total current assets		**1,850,345**	282,076	293,457
CURRENT LIABILITIES				
Trade and bills payables	22	**185,820**	95,580	82,638
Other payables and accruals	23	**122,739**	6,335	14,154
Interest-bearing bank borrowings	24	**181,212**	30,423	30,525
Tax payable		**18,456**	7,479	10,994
Total current liabilities		**508,227**	139,817	138,311
NET CURRENT ASSETS		**1,342,118**	142,259	155,146
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,271,192**	261,821	253,254

Consolidated Statement of Financial Position

31 December 2015

	Notes	31 December 2015 HK$'000	31 December 2014 (Restated) HK$'000	1 January 2014 (Restated) HK$'000
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	24	**147,444**	–	–
Deferred tax liabilities	25	**5,241**	4,496	4,935
Total non-current liabilities		**152,685**	4,496	4,935
Net assets		**2,118,507**	257,325	248,319
EQUITY				
Equity attributable to owners of the Company				
Share capital	26	**26,950**	3,200	3,200
Reserves	28	**2,091,557**	254,125	245,119
Total equity		**2,118,507**	257,325	248,319

Hu Xiaoyong
Director

Shi Xiaobei
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2015

	Attributable to owners of the Company								
	Ordinary shares HK$'000 (Restated)	**Convertible preference shares** HK$'000 (Restated)	**Share premium account** HK$'000 (Restated)	**Special reserves** HK$'000 (Restated) (note 28)	**Available-for-sale investment revaluation reserve** HK$'000 (Restated)	**Statutory surplus reserve** HK$'000 (Restated) (note 28)	**Exchange fluctuation reserve** HK$'000 (Restated)	**Retained earnings** HK$'000 (Restated)	**Total** HK$'000 (Restated)
At 1 January 2014	3,200	–	57,146	82,400	–	24,553	21,995	59,025	248,319
Profit for the year	–	–	–	–	–	–	–	28,769	28,769
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(563)	–	(563)
Total comprehensive income/(loss) for the year	–	–	–	–	–	–	(563)	28,769	28,206
Final 2013 dividend (note 11)	–	–	–	–	–	–	–	(19,200)	(19,200)
Transfer from retained profits	–	–	–	–	–	4,483	–	(4,483)	–
At 31 December 2014	3,200#	–#	57,146*	82,400*	–*	29,036*	21,432*	64,111*	257,325

	Notes	Attributable to owners of the Company								
		Ordinary shares HK$'000	**Convertible preference shares** HK$'000	**Share premium account** HK$'000	**Special reserves** HK$'000 (note 28)	**Available-for-sale investment revaluation reserve** HK$'000	**Statutory surplus reserve** HK$'000 (note 28)	**Exchange fluctuation reserve** HK$'000	**Retained earnings** HK$'000	**Total** HK$'000
At 1 January 2015		**3,200#**	**–#**	**57,146***	**82,400***	**–***	**29,036***	**21,432***	**64,111***	**257,325**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**38,492**	**38,492**
Other comprehensive income for the year:										
Available-for-sale investment:										
Change in fair value of available-for-sale investment, net of tax	16	**–**	**–**	**–**	**–**	**492**	**–**	**–**	**–**	**492**
Exchange differences on translation of foreign operations		**–**	**–**	**–**	**–**	**–**	**–**	**(39,188)**	**–**	**(39,188)**
Total comprehensive income/(loss) for the year		**–**	**–**	**–**	**–**	**492**	**–**	**(39,188)**	**38,492**	**(204)**
Issue of new ordinary shares	26(c)	**14,137**	**–**	**1,102,643**	**–**	**–**	**–**	**–**	**–**	**1,116,780**
Issue of new convertible preference shares	26(c)	**–**	**9,613**	**749,831**	**–**	**–**	**–**	**–**	**–**	**759,444**
Share issue expenses		**–**	**–**	**(14,838)**	**–**	**–**	**–**	**–**	**–**	**(14,838)**
Conversion of convertible preference shares	26(c)	**371**	**(371)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transfer from retained profits		**–**	**–**	**–**	**–**	**–**	**7,480**	**–**	**(7,480)**	**–**
At 31 December 2015		**17,708#**	**9,242#**	**1,894,782***	**82,400***	**492***	**36,516***	**(17,756)***	**95,123***	**2,118,507**

\# These accounts comprise the consolidated share capital of HK$26,950,000 (2014: HK$3,200,000 (restated)) in the consolidated statement of financial position.

* These reserve accounts comprise the consolidated reserves of HK$2,091,557,000 (2014: HK$254,125,000 (restated)) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 (Restated) HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**65,963**	46,024
Adjustments for:			
Finance costs		**2,514**	2,399
Interest income	5	**(1,592)**	(399)
Depreciation	6	**9,087**	8,437
Loss/(gain) on disposal of items of property, plant and equipment	6	**84**	(50)
Amortisation of prepaid land lease payments	6	**514**	521
Amortisation of other intangible assets	6	**6**	–
Reversal of write-down of inventories to net realisable value		**(72)**	(275)
		76,504	56,657
Decrease/(increase) in inventories		**3,722**	(16,232)
Decrease/(increase) in trade and bills receivables		**(325,492)**	41,443
Increase in prepayments, deposits and other receivables		**(168,612)**	(401)
Increase in other tax recoverable		**(134,267)**	–
Increase in trade and bills payables		**95,304**	13,219
Increase/(decrease) in other payables and accruals		**117,214**	(7,771)
Cash generated from/(used in) operations		**(335,627)**	86,915
The People's Republic of China tax paid		**(15,084)**	(21,209)
Net cash from/(used in) operating activities		**(350,711)**	65,706
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**1,592**	399
Purchases of items of property, plant and equipment	13	**(353,322)**	(6,187)
Proceeds from disposal of items of property, plant and equipment		**855**	838
Addition of other intangible assets		**(87)**	–
Addition of available-for-sale investment		**–**	(25,395)
Increase in deposits for acquisition of property, plant and equipment		**(3,784)**	(210)
Prepayments for the purchase of equipment of photovoltaic power plant projects		**(130,855)**	–
Deposit for potential acquisition of a photovoltaic power plant	20(b)	**(100,840)**	–
Increase in other non-current assets		**(250,359)**	–
Decrease/(increase) in pledged bank deposits		**14,695**	(14,846)
Net cash used in investing activities		**(822,105)**	(45,401)

Consolidated Statement of Cash Flows

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 (Restated) HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of new ordinary shares		**1,116,780**	–
Proceeds from issue of new convertible preference shares		**759,444**	–
Share issue expenses		**(14,838)**	–
New bank loans		**337,500**	38,093
Repayment of a bank loan		**(35,000)**	(38,093)
Dividends paid		**–**	(19,200)
Interest paid		**(2,514)**	(2,399)
Net cash from/(used in) financing activities		**2,161,372**	(21,599)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**988,556**	(1,294)
Cash and cash equivalents at beginning of year		**128,501**	129,845
Effect of foreign exchange rate changes, net		**(19,017)**	(50)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,098,040**	128,501
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	**290,108**	83,501
Non-pledged time deposits with original maturity of less than three months when acquired	21	**807,932**	45,000
Cash and cash equivalents as stated in the statement of financial position and statement of cash flows		**1,098,040**	128,501

1. CORPORATE AND GROUP INFORMATION

Beijing Enterprises Clean Energy Group Limited (the "Company") is a limited liability incorporated in the Cayman Islands. The registered office of the Company is located at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

– investment, development, construction, operation and management of photovoltaic power plants and photovoltaic power-related businesses

– design, printing and sale of cigarette packages in the People's Republic of China (the "PRC")

Pursuant to a special resolution passed at the annual general meeting of the Company held on 22 June 2015 and approved by the Companies Registry in Hong Kong on 23 July 2015, the English name and the Chinese name of the Company have been changed from "Jin Cai Holdings Company Limited" to "Beijing Enterprises Clean Energy Group Limited" and from "金彩控股有限公司" to "北控清潔能源集團有限公司", respectively.

Information about subsidiaries

Particulars of the Company's principal subsidiaries as at 31 December 2015 are as follows:

Name	Place of registration and business	Registered share capital	Percentage of equity attributable to the Company: Direct	Indirect	Principal activities
深圳大洋洲印務有限公司#π (Shenzhen Oceania Printing Company Limited*)	PRC	RMB64,000,000	–	100	Manufacture and sale of cigarette packages
惠州金彩印務有限公司# (Huizhou Jin Cai Printing Company Limited*)	PRC	RMB22,000,000	–	100	Manufacture and sale of cigarette packages
北京北控光伏科技發展有限公司π (Beijing Enterprises New Energy Company Limited*)	PRC	RMB500,000,000	–	100	Trade of equipment and provision of consultancy services in relation to photovoltaic power business
蔚縣北控新能源開發有限公司π (Yuxian Beijing Enterprises New Energy Development Company Limited*)	PRC	HK$350,000,000	–	100	Infrastructure development of photovoltaic power plants

Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network

π Company registered as a wholly-foreign-owned enterprise under PRC law

* For identification purposes only

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These 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 (the "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 available-for-sale investment which has been measured at fair value as further explained in note 2.4. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has, rights, to variable returns, from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group has directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Impact of revised HKFRSs

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendment to HKAS 19 *Defined Benefit Plans: Employee Contributions* (which is not applicable to the Group)
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

The changes of *Annual Improvements to HKFRSs 2010-2012 Cycle* and *Annual Improvements to HKFRSs 2011-2013 Cycle* are described below:

(a) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(b) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the Group did not have any investment properties and so this amendment is not applicable.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities (the "Listing Rules") issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Changes in functional currency of the Company and presentation currency of the Group

The Company changed its functional currency from RMB to HK$ during the year. The reason for the change in functional currency of the Company was after taking into consideration, inter alia, the share subscriptions on 6 May 2015 which was conducted in HK$. The change in functional currency was prospectively applied.

As the Group's business transactions in terms of investing and financing activities have been mainly in Hong Kong with effect from 2015 onwards, the presentation currency of the Group has been changed from RMB to HK$ for a more appropriate presentation.

The change in presentation currency of the Group has been applied retrospectively, and the comparative figures in these consolidated financial statements have been restated from RMB to HK$ accordingly, using the closing rates for items except for equity items in consolidated statement of financial position, and average rates for the year for items in consolidated statement of profit or loss and other comprehensive income. Such changes in presentation currency has no significant impact on the financial positions of the Group as at 31 December 2015 and 31 December 2014, or the results and cash flows of the Group for years ended 31 December 2015 and 2014.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016

2 Effective for annual periods beginning on or after 1 January 2018

3 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

4 No mandatory effective date is determined but is available for adoption

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

(a) In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard.

(b) HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

(c) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

   (i) the materiality requirements in HKAS 1;

   (ii) that specific line items in profit or loss and the statement of financial position may be disaggregated;

   (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

   (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

   Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

(d) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement

The Group measures its available-for-sale investment at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, other tax recoverable and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, 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 estimated 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 period in which it arises in those expense categories consistent with the function of the impaired asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets (Continued)

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an 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, but 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 an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

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

(a) the party is a person or a close member of that person's family and 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 of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group 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 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); and
- (viii) the entity, or any member of a group of which it is part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Building	Over the lease terms
Leasehold improvement	Over the shorter of the lease terms and 20%
Plant and machinery	10% to 20%
Motor vehicles	10%
Furniture, fixtures and equipment	20%

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. Residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a photovoltaic power plant 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 borrowed 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.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Computer software

Computer software are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 5 years.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating 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 lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables and available-for-sale investment. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell 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.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised as finance costs in profit or loss for loans and in other expenses for receivables.

Available-for-sale investment

Available-for-sale investment is a non-derivative financial asset in an unlisted equity investment. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss.

After initial recognition, available-for-sale investment is subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to profit or loss in other gains or losses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (Continued)

Available-for-sale investment (Continued)

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale investment in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

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 primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them 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.

The amount of any impairment loss identified 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 yet been incurred). The present value of the estimated future cash flows is 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 through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

Available-for-sale investment

For available-for-sale investment, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale investment 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 removed from other comprehensive income and recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

Available-for-sale investment (Continued)

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals and interest-bearing bank borrowings.

Subsequent measurement

After initial recognition, loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

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 that are readily convertible into known amounts of cash, 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.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 bases:

(a) from the sale of cigarette packages and trading agency income in relation to photovoltaic power business, 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;

(b) from the rendering of services, on the percentage of completion basis, as further explained in the accounting policy for "Contracts for services" below; and

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contracts for services

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise labour and other costs of personnel directly engaged in providing the services and attributable overheads.

Revenue from the rendering of services is recognised based on the percentage of completion of the transaction, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction. Where the outcome of a contract cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Other Employee benefits

Defined contribution plans

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions 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 assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. Contributions are made based on a percentage of the participating employees' salaries and are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The employer contributions vest fully once made.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the construction in progress, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

Foreign currencies

These financial statements are presented in HK$, which is the Company's functional currency from 2015 onwards. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in 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 measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain Mainland China subsidiaries are currencies other than HK$. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their profit or loss and other comprehensive income are translated into HK$ at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income 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 Mainland China subsidiaries are translated into HK$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of Mainland China subsidiaries which arise throughout the year are translated into HK$ at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The major judgements, estimates and assumptions, that have the most significant effect on the amounts recognised in the financial statements and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are set out below:

Impairment of trade and bills receivables in relation to cigarette packaging business

In determining whether an impairment loss on trade and other receivables is required, the Group takes into consideration the ageing status and the likelihood of collection. Following the identification of doubtful debts, the Group's responsible personnel discuss with the relevant customers and debtors and report to management on the recoverability. An impairment loss is only made for receivables that are unlikely to be collected. The carrying amount of trade and bills receivables was HK$134,724,000 (2014: HK$83,917,000). No impairment has been recognised for trade and bills receivables for the years ended 31 December 2015 and 2014.

Impairment of trade receivables in relation to consultancy services

The Group performed consultancy services to certain contractors for construction of photovoltaic power plants in the Mainland China. The carrying amount of trade receivables in respect of consultancy services was HK$25,630,000 (2014: Nil). In determining whether an impairment loss on the related trade receivables is required, the Group takes into consideration the ageing status and the likelihood of collection.

According to the terms of the original agreements, such receivables shall be settled by the contractors within one month upon the delivery of the consultancy services, which were past due as at 31 December 2015 (2014: Nil). Subsequent to the reporting period, supplementary agreements were entered into to revise the settlement date of the remaining balances to 30 June 2016.

In the opinion of the Directors, the construction of the respective photovoltaic power plants is expected to be completed by 30 June 2016 and to be operated afterwards and the receivables will then be settled by the contractors. The management considered that the outstanding balances shall be recoverable and no impairment is considered necessary for the year ended 31 December 2015.

Impairment of available-for-sale investment

The Group classifies a financial asset as available-for-sale investment and recognises movements of their fair values in other comprehensive income. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in profit or loss. At 31 December 2015, no impairment has been recognised for available-for-sale investment (2014: Nil). The carrying amount of available-for-sale investment was HK$24,482,000 (2014: HK$25,353,000).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Classification of other non-current assets

Other non-current assets represented cost of equipment delivered to third-party project companies under certain equipment sales arrangements for photovoltaic power plant development, but risk and ownership of equipment has not yet been substantially transferred to third-party project companies and there is a possibility that third-party project companies would be acquired by the Group after discussion and negotiation or upon certain conditions are met. In determining the classification of other non-current assets, the Group takes into consideration the linkage between supply of equipment and possibility of acquisition, reclassification may have to be made resulted from the update of the projects status.

Provision for obsolete and slow-moving inventories

The Group has a general provision policy on inventories based on ageing. The Group's sales and marketing managers review the inventory ageing list on a periodical basis for those aged inventories. This involves a comparison of the carrying values of aged inventory items with their respective net realisable values. The purpose is to ascertain whether allowance is required to be made in the financial statements for any obsolete and slow-moving items. In addition, physical counts on all inventories are carried out on a periodical basis in order to determine whether allowance needs to be made in respect of any obsolete and defective inventories identified. At 31 December 2015, reversal of write-down of inventories to net realisable value of HK$72,000 was recognised (2014: HK$275,000) and the carrying amount of inventories was HK$29,601,000 (2014: HK$35,111,000), details of which are set out in note 18 to the financial statements.

Current tax and deferred tax

The Group is subject to income taxes in Hong Kong and Mainland China. The Group carefully evaluates tax implications of transactions in accordance with the prevailing tax regulations and makes tax provision accordingly. However, judgement is required in determining the Group's provision for income taxes as there are many transactions and calculations of which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provision in the periods in which such determination is made. The carrying amount of income tax payable carried as a liability in the consolidated statement of financial position as at 31 December 2015 was HK$18,456,000 (2014: HK$7,479,000).

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) investment, development, construction, operation and management of photovoltaic power plants and photovoltaic power-related businesses; and

(b) design, printing and sale of cigarette packages in the PRC

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

Segment assets exclude available-for-sale investment and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Year ended 31 December 2015 and 2014

	Photovoltaic power business		Cigarette packaging business		Total	
	2015	2014 (Restated)	**2015**	2014 (Restated)	**2015**	2014 (Restated)
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue	**49,243**	–	**239,687**	209,426	**288,930**	209,426
Segment interest income	**179**	–	**1,391**	396	**1,570**	396
Segment results	**43,128**	–	**46,301**	54,236	**89,429**	54,236
Reconciliation:						
Unallocated gains					**11**	3
Corporate and other unallocated expenses					**(20,963)**	(5,816)
Finance costs					**(2,514)**	(2,399)
Profit before tax					**65,963**	46,024
Income tax expense					**(27,471)**	(17,255)
Profit for the year					**38,492**	28,769

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2015 and 2014

	Photovoltaic power business		Cigarette packaging business		Total	
	2015	2014 (Restated)	**2015**	2014 (Restated)	**2015**	2014 (Restated)
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**2,395,992**	–	**311,569**	374,271	**2,707,561**	374,271
Reconciliation:						
Corporate and other unallocated assets						
– Property, plant and equipment					**1,220**	–
– Available-for-sale investment					**24,482**	25,353
– Prepayments, deposits and other receivables					**21,306**	144
– Cash and bank balances					**24,850**	1,870
Total assets					**2,779,419**	401,638
Segment liabilities	**229,522**	–	**131,256**	143,247	**360,778**	143,247
Reconciliation:						
Corporate and other unallocated liabilities						
– Interest-bearing bank borrowings					**297,444**	–
– Other payables and accruals					**2,690**	1,066
Total liabilities					**660,912**	144,313
Other segment information:						
Depreciation and amortisation						
– Operating segments	**48**	–	**9,472**	8,958	**9,520**	8,958
– Amount unallocated					**87**	–
Capital expenditures*						
– Operating segments	**347,186**	–	**4,916**	6,187	**352,102**	6,187
– Amount unallocated					**1,307**	–
Addition of other non-current assets	**250,359**	–	–	–	**250,359**	–

* Capital expenditures consists of additions to property, plant and equipment and other intangible assets.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers is generated in Mainland China and over 90% of the assets of the Group are located in Mainland China. Accordingly, in the opinion of the Directors, the presentation of geographical information would provide no additional useful information to the users of these financial statements.

Information about major customers

Revenue derived from cigarette packaging business and photovoltaic power business which individually accounted for more than 10% of the Group's total revenue is as follows:

	2015	2014 (Restated)
	HK$'000	HK$'000
Customer A*	**197,421**	158,930
Customer B*	**33,737**	33,948

* Both customers are under control of a state-owned entity in the PRC.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the aggregate of (i) the net invoiced value of goods sold, after allowances for returns and trade discounts; (ii) trading agency income from photovoltaic power business; and (iii) the value of consultancy services rendered from photovoltaic power business, net of value-added tax and government surcharges.

An analysis of the Group's revenue, other income and gains is as follows:

	2015	2014 (Restated)
	HK$'000	HK$'000
Revenue		
Sales of cigarette packages	**239,687**	209,426
Photovoltaic power business:		
Trading agency income	**22,828**	–
Consultancy services	**26,415**	–
	288,930	209,426

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

	2015 HK$'000	2014 (Restated) HK$'000
Other income and gains		
Bank interest income	**1,592**	399
Sale of scrap materials	**73**	79
Gain on disposal of items of property, plant and equipment, net	**–**	50
Reversal of write-down of inventories to net realisable value	**72**	275
Foreign exchange gains, net	**19,454**	–
Others	**303**	–
	21,494	803

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2015 HK$'000	2014 (Restated) HK$'000
Cost of inventories sold in relation to cigarette packaging business		**128,558**	105,507
Cost of consultancy services in relation to photovoltaic power business		**3,202**	–
Depreciation	13	**9,087**	8,437
Amortisation of prepaid land lease payments	14	**514**	521
Amortisation of other intangible assets*	15	**6**	–
Minimum lease payments under operating leases		**3,406**	2,790
Auditors' remuneration		**1,700**	1,112
Employee benefit expenses (excluding directors' remuneration (note 8)):			
Wages and salaries		**45,366**	20,792
Pension scheme contributions		**4,911**	2,823
Welfare and other expenses		**4,535**	2,137
		54,812	25,752
Foreign exchange differences, net		**(19,454)**	814
Loss/(gain) on disposal of items of property, plant and equipment		**84**	(50)

* The amortisation of other intangible assets for the year is included in "Administrative expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.

7. FINANCE COSTS

The finance costs recognised during the year represented interest on bank loans.

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2015	2014
		(Restated)
	HK$'000	HK$'000
Fees	**1,027**	870
Other emoluments:		
Salaries, allowances and benefits in kind	**1,338**	174
Performance related bonuses*	**5,973**	27
Pension scheme contributions	**61**	38
	7,372	239
Total	**8,399**	1,109

* Certain directors of the Company are entitled to bonus payments which are determined by reference to the performance of the Group and individual's performance.

No director was granted share options in respect of their services to the Group, under the share option scheme of the Company during the years ended 31 December 2015 and 2014, further details of the share option scheme are included in the disclosures in note 27 to the financial statements.

8. DIRECTORS' REMUNERATION (CONTINUED)

(a) Independent non-executive directors

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

	2015 HK$'000	2014 (Restated) HK$'000
Professor Lam Sing Kwong Simon	**144**	144
Mr. Tam Tak Kei Raymond	**144**	144
Mr. Xu Honghua*	**95**	–
Mr. Zeng Shiquan[#]	**61**	146
	444	434

* appointed as an independent non-executive director of the Company on 6 May 2015.

[#] resigned as an independent non-executive director of the Company on 6 May 2015.

There were no other emoluments payable to the independent non-executive directors during the year (2014: Nil).

(b) Executive directors and a non-executive director

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2015					
Executive directors:					
Mr. Hu Xiaoyong[π]	95	–	–	–	95
Mr. Shi Xiaobei[π]	95	–	–	–	95
Mr. Liang Yongfeng[π]	95	828	–	29	952
Mr. Wang Ye[§]	32	196	–	–	228
Mr. Han Songbai[Ω]	63	302	–	21	386
Ms. Huang Li*	105	12	5,000	5	5,122
Mr. Zheng Hua[#]	49	–	766	6	821
Non-executive director:					
Mr. Huang Chao[@]	49	–	207	–	256
	583	1,338	5,973	61	7,955

8. DIRECTORS' REMUNERATION (CONTINUED)

(b) Executive directors and a non-executive director (Continued)

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2014 (Restated)					
Executive directors:					
Mr. Hu Xiaoyong π	–	–	–	–	–
Mr. Shi Xiaobei π	–	–	–	–	–
Mr. Liang Yongfeng π	–	–	–	–	–
Mr. Wang Ye §	–	–	–	–	–
Mr. Han Songbai Ω	–	–	–	–	–
Ms. Huang Li*	144	166	–	8	318
Mr. Zheng Hua#	146	8	14	30	198
Non-executive director:					
Mr. Huang Chao@	146	–	13	–	159
	436	174	27	38	675

π appointed as an executive director of the Company on 6 May 2015.
§ appointed as an executive director of the Company on 13 October 2015.
Ω appointed as an executive director of the Company on 6 May 2015 and resigned on 13 October 2015.
* resigned as an executive director of the Company on 23 September 2015.
# resigned as an executive director of the Company on 6 May 2015.
@ resigned as a non-executive director of the Company on 6 May 2015.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2014: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included 3 directors (2014: 1 director), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining 2 (2014: 4) non-director highest paid employees are as follows:

	2015 HK$'000	2014 (Restated) HK$'000
Salaries, allowances and benefits in kind	**1,478**	1,461
Performance related bonuses	**800**	113
Pension scheme contributions	**30**	184
	2,308	1,758

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2015	2014 (Restated)
Nil to HK$1,000,000	**1**	4
HK$1,500,001 to HK$2,000,000	**1**	–
	2	4

10. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2014: Nil).

The PRC corporate income tax provision in respect of operations in Mainland China is calculated at the applicable tax rates on the estimated assessable profits for the year based on the prevailing legislation, interpretations and practices in respect thereof.

	2015 HK$'000	2014 (Restated) HK$'000
Current – Mainland China	**25,568**	15,151
Current – Withholding tax	**889**	2,526
Deferred (note 25)	**1,014**	(422)
Total tax expense for the year	**27,471**	17,255

10. INCOME TAX (CONTINUED)

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e. the statutory tax rates) to the effective tax rates, are as follows:

2015

	Hong Kong		**Mainland China**		**Total**	
	HK$'000	**%**	**HK$'000**	**%**	**HK$'000**	**%**
Profit/(loss) before tax	**(30,466)**	**100%**	**96,429**	**100%**	**65,963**	**100%**
Tax expense at the statutory tax rate	**(5,027)**	**16.5%**	**24,107**	**25.0%**	**19,080**	**28.9%**
Withholding tax on the distributable profits of the Group's PRC subsidiaries (note 25)	**1,903**	**(6.2%)**	**–**	**–**	**1,903**	**2.9%**
Income not subject to tax	**(7)**	**0.0%**	**(31)**	**(0.1%)**	**(38)**	**(0.1%)**
Expenses not deductible for tax	**27**	**(0.1%)**	**760**	**0.8%**	**787**	**1.2%**
Tax losses not recognised as deferred tax assets	**5,007**	**(16.4%)**	**732**	**0.8%**	**5,739**	**8.7%**
Tax expense at the Group's effective tax rate	**1,903**	**(6.2%)**	**25,568**	**26.5%**	**27,471**	**41.6%**

2014 (Restated)

	Hong Kong		Mainland China		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	(7,581)	100%	53,605	100%	46,024	100%
Tax expense at the statutory tax rate	(1,251)	16.5%	13,401	25.0%	12,150	26.4%
Taxation in other jurisdiction	–	–	1,010	1.9%	1,010	2.2%
Withholding tax on the distributable profits of the Group's PRC subsidiaries (note 25)	2,104	(27.8%)	–	–	2,104	4.6%
Income not subject to tax	–	–	–	–	–	–
Expenses not deductible for tax	–	–	89	0.2%	89	0.2%
Tax losses not recognised as deferred tax assets	1,251	(16.5%)	651	1.2%	1,902	4.1%
Tax expense at the Group's effective tax rate	2,104	(27.8%)	15,151	28.3%	17,255	37.5%

11. DIVIDENDS

The 2013 final dividend of HK6 cents per share totally HK$19,200,000 was declared and distributed by the Company during the year ended 31 December 2014. The Directors do not recommend the payment of any dividend for the year ended 31 December 2015.

12. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to equity holders of the Company, and the weighted average number of ordinary shares and convertible preference shares in issue during the year.

The calculation of the diluted earnings per share amount for the year is based on the profit for the year attributable to equity holders of the Company, and the weighted average number of ordinary shares and convertible preference shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued as a result of the effect from the forward contract of the convertible preference shares.

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

	2015	2014
		(Restated)
	HK$'000	HK$'000
Earnings		
Profit for the year attributable to shareholders of the Company, used in the basic and diluted earnings per share calculation	**38,492**	28,769

12. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (CONTINUED)

	2015	2014 (Restated)
Number of ordinary shares and convertible preference shares		
Weighted average number of ordinary shares and convertible preference shares in issue during the year, used in the basic earnings per share calculation and adjusted for share subdivision (note)	**14,053,273,355**	3,200,000,000
Effect of dilution – weighted average number of ordinary shares from forward contract on convertible preference shares	**18,854,225,211**	–
Weighted average number of ordinary shares and convertible preference shares, used in the diluted earnings per share calculation and adjusted for share subdivision (note)	**32,907,498,566**	3,200,000,000

	2015	2014 (Restated)
Basic earnings per share	**HK0.27 cents**	HK0.90 cents
Diluted earnings per share	**HK0.12 cents**	HK0.90 cents

Note:

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 4 March 2015, each of the issued and unissued shares of HK$0.010 each in the share capital of the Company was subdivided into ten shares of HK$0.001 each with effect from 5 March 2015. As at the completion of the share subdivision, the authorised capital of the Company was HK$20,000,000, divided into 20,000,000,000 ordinary shares of HK$0.001 each, of which 3,200,000,000 ordinary shares were issued and fully paid or credited as fully paid.

13. PROPERTY, PLANT AND EQUIPMENT

	Building HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Furniture, fixtures and equipment HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2015							
At 31 December 2014 and 1 January 2015:							
Cost	**30,895**	**–**	**97,586**	**3,802**	**4,189**	**–**	**136,472**
Accumulated depreciation	**(211)**	**–**	**(59,797)**	**(1,279)**	**(3,545)**	**–**	**(64,832)**
Net carrying amount	**30,684**	**–**	**37,789**	**2,523**	**644**	**–**	**71,640**
At 1 January 2015, net of accumulated depreciation	**30,684**	**–**	**37,789**	**2,523**	**644**	**–**	**71,640**
Additions	**–**	**1,089**	**1,060**	**3,943**	**1,601**	**345,629**	**353,322**
Disposals	**–**	**–**	**(939)**	**–**	**–**	**–**	**(939)**
Depreciation provided during the year	**(623)**	**(73)**	**(7,271)**	**(970)**	**(150)**	**–**	**(9,087)**
Exchange realignment	**(1,600)**	**–**	**(1,719)**	**(127)**	**(84)**	**(13,740)**	**(17,270)**
At 31 December 2015, net of accumulated depreciation	**28,461**	**1,016**	**28,920**	**5,369**	**2,011**	**331,889**	**397,666**
At 31 December 2015:							
Cost	**29,258**	**1,089**	**91,644**	**7,242**	**5,513**	**331,889**	**466,635**
Accumulated depreciation	**(797)**	**(73)**	**(62,724)**	**(1,873)**	**(3,502)**	**–**	**(68,969)**
Net carrying amount	**28,461**	**1,016**	**28,920**	**5,369**	**2,011**	**331,889**	**397,666**
31 December 2014 (restated)							
At 1 January 2014:							
Cost	–	–	97,151	3,304	4,872	30,769	136,096
Accumulated depreciation	–	–	(54,362)	(2,780)	(4,028)	–	(61,170)
Net carrying amount	–	–	42,789	524	844	30,769	74,926
At 1 January 2014, net of accumulated depreciation	–	–	42,789	524	844	30,769	74,926
Additions	–	–	3,276	2,596	85	230	6,187
Disposal	–	–	(504)	(209)	(75)	–	(788)
Transfer from construction in progress	30,947	–	–	–	–	(30,947)	–
Depreciation provided during the year	(211)	–	(7,636)	(383)	(207)	–	(8,437)
Exchange realignment	(52)	–	(136)	(5)	(3)	(52)	(248)
At 31 December 2014, net of accumulated depreciation	30,684	–	37,789	2,523	644	–	71,640
At 31 December 2014:							
Cost	30,895	–	97,586	3,802	4,189	–	136,472
Accumulated depreciation	(211)	–	(59,797)	(1,279)	(3,545)	–	(64,832)
Net carrying amount	30,684	–	37,789	2,523	644	–	71,640

14. PREPAID LAND LEASE PAYMENTS

	2015 HK$'000	2014 (Restated) HK$'000
Carrying amount at 1 January	**22,812**	23,412
Amortisation provided during the year	**(514)**	(521)
Exchange realignment	**(1,188)**	(79)
Carrying amount at 31 December	**21,110**	22,812
Current portion	**(494)**	(521)
Non-current portion	**20,616**	22,291

15. OTHER INTANGIBLE ASSETS

	Computer software HK$'000
At 1 January 2014, 31 December 2014 and 1 January 2015:	
Cost	–
Accumulated amortisation	–
Net carrying amount	–
Net carrying amount:	
At 1 January 2014, 31 December 2014 and 1 January 2015	–
Additions	**87**
Amortisation provided during the year	**(6)**
Exchange realignment	**(4)**
At 31 December 2015	**77**
At 31 December 2015:	
Cost	**83**
Accumulated amortisation	**(6)**
Net carrying amount	**77**

16. AVAILABLE-FOR-SALE INVESTMENT

	2015 HK$'000	2014 (Restated) HK$'000
Unlisted equity investments, at fair value (2014: at cost)	**24,482**	25,353

The above unlisted equity investment represented approximately 3.79% interest in 深圳市鵬鼎創盈金融信息服務股份有限公司 (Shenzhen Peng Ding Chuang Ying Financial Information Services Stock Company Limited*, "Peng Ding") which was established in the PRC. Ms. Huang Li, a former executive director and a shareholder of the Company, is also a director of Peng Ding.

During the year, the gross gain in respect of the Group's available-for-sale investment recognised in other comprehensive income amounted to RMB393,000 (equivalent to HK$492,000) (2014: Nil).

The available-for-sale investment was stated at cost less impairment as at 31 December 2014, because in the opinion of the directors, the fair value of Peng Ding could not be measured reliably due to the fact that it was incorporated in the second half of 2014.

17. OTHER NON-CURRENT ASSETS

Other non-current assets represented cost of equipment delivered to third-party project companies under certain equipment sales arrangements for development of photovoltaic power plants, further details of this classification are explained in note 3 to the financial statements.

In addition, the Group's contractual obligations to purchase of the remaining equipment amounted to HK$87,745,000 as at 31 December 2015 (2014: Nil).

18. INVENTORIES

	2015 HK$'000	2014 (Restated) HK$'000
Raw materials	**1,070**	5,212
Work in progress	**11,493**	10,085
Finished goods	**17,038**	19,814
	29,601	35,111

* *For identification purposes only*

19. TRADE AND BILLS RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The Group generally allows (a) credit periods of 90 days to its customers in cigarette packaging business and accepts settlement of certain trade receivables by bank bills with maturity period from 90 days to 180 days; and (b) credit periods from 90 days to 180 days to its customers in photovoltaic power business.

The management seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2015	2014
		(Restated)
	HK$'000	HK$'000
Within 3 months	**397,912**	83,914
4 to 6 months	**4,955**	3
7 to 12 months	**2,094**	–
Over 1 year	**2**	–
	404,963	83,917

19. TRADE AND BILLS RECEIVABLES (CONTINUED)

The aged analysis of the trade and bills receivables that are not individually nor collectively considered to be impaired is as follows:

	2015 HK$'000	2014 (Restated) HK$'000
Neither past due nor impaired	**317,770**	62,213
Less than 1 month past due	**27,813**	15,310
1 to 3 months past due	**52,328**	6,391
4 to 6 months past due	**5,991**	3
7 months to 1 year past due	**1,059**	–
Over 1 year past due	**2**	–
	404,963	83,917

The trade and bills receivables were not impaired because they relate to those customers who have long-term relationship with the Group or with no history of default. The Directors are 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 trade receivables of consultancy services in relation to photovoltaic power business were aged 1 to 3 months past due. Subsequent to the reporting period, supplementary agreements were entered into to revise the settlement date of the balances to 30 June 2016. The management considered that the outstanding balances shall be recoverable and no impairment is considered necessary for the year ended 31 December 2015.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	2015 HK$'000	2014 (Restated) HK$'000
Prepayments	(a)	**296,199**	278
Deposits and other receivables	(b)	**106,798**	1,765
		402,997	2,043
Portion classified as current assets		**(167,123)**	(1,765)
Non-current portion		**235,874**	278

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

Note:

(a) The Group's prepayments as at 31 December 2015 included, inter alia, prepayments of HK$130,855,000 (2014: Nil) for the purchase of equipment of photovoltaic power plant projects. The prepayments were classified as non-current assets.

(b) The Group's deposits and other receivables as at 31 December 2015 included, inter alia, the following:

(i) a deposit of RMB84,000,000 (equivalent to HK$100,840,000) (2014: Nil) in total paid to an independent third party for the potential acquisition of a photovoltaic power plant project located in Qi County. The deposit was classified as non-current asset.

(ii) receivables of HK$2,950,000 from 北京倍思泰科新能源科技開發有限公司 ("Bestech", or Beijing Bestech New Energy Technology Development Company Limited*), in which the Bestech is incorporated in the PRC and Mr. Wang Ye, an executive director of the Company appointed on 13 October 2015, is its controlling shareholder.

Receivables from related party, pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

Name	At 31 December 2015 HK$'000	Maximum amount outstanding during the year HK$'000	At 31 December 2014 and 1 January 2015 HK$'000	Maximum amount outstanding during the prior year HK$'000	At 1 January 2014 HK$'000
Bestech (controlled by Mr. Wang Ye)	**2,950**	**6,250**	–	–	–

21. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	2015 **HK$'000**	2014 (Restated) HK$'000
Pledged bank deposits	**15,857**	32,261
Cash and bank balances	**290,108**	83,501
Time deposits	**807,932**	45,000
Total cash and bank balances	**1,113,897**	160,762
Less: Pledged bank deposits (Note)	**(15,857)**	(32,261)
Cash and cash equivalents	**1,098,040**	128,501

Note: The bank deposits were pledged to secure certain banking facilities in form of bills payables granted to the Company's indirect wholly-owned subsidiary (note 22).

* *For identification purposes only*

21. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS (CONTINUED)

At the end of the reporting period, the cash and cash equivalents of the Group denominated in RMB amounted to HK$68,438,000 (2014: HK$52,003,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

22. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2015	2014
		(Restated)
	HK$'000	HK$'000
Within 3 months	**178,881**	66,140
3 to 6 months	**6,698**	28,985
6 to 12 months	**–**	–
1 to 2 years	**–**	455
2 to 3 years	**241**	–
	185,820	95,580

The trade and bills payables for cigarette packaging business and photovoltaic power business are non-interest-bearing and are normally settled on terms of 60 days to 90 days and 91 days to 180 days, respectively.

The Group's bills payables amounted to HK$25,557,000 (2014: HK$43,332,000) were secured by the pledged bank deposits as at 31 December 2015.

23. OTHER PAYABLES AND ACCRUALS

	2015 HK$'000	2014 (Restated) HK$'000
Deposits received	388	143
Other payables	116,532	2,971
Accruals	5,819	3,221
	122,739	6,335

Other payables are non-interest-bearing and are normally settled within three months.

24. INTEREST-BEARING BANK BORROWINGS

	2015			2014 (Restated)		
	Effective interest rate (%)	Maturity	HK$'000	Effective interest rate (%)	Maturity	HK$'000
Current						
Bank loans – unsecured	RMB benchmark loan rate +1.15%	1 year	31,212	130% of RMB benchmark loan rate	1 year	30,423
	HIBOR +1.7%	1 year	150,000			
			181,212			30,423
Non-Current						
Bank loan – unsecured	HIBOR +1.7%	2 years	147,444			–

	2015 HK$'000	2014 (Restated) HK$'000
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year	181,212	30,423
In the second year	147,444	–
	328,656	30,423

Notes:

(a) The Group's general banking facilities amounted to HK$2,000,000,000 and RMB100,000,000 (2014: RMB100,000,000), of which HK$362,652,000 (2014: HK$81,995,000) had been utilised as at the end of the reporting period in the form of bank loans and bills payables. Subsequent to the reporting period, a new loan facility amounted to HK$1,000,000,000 was provided by a bank, details of which are set out in note 35(a) to the financial statements.

(b) Except for the HIBOR + 1.7% unsecured bank loan which is denominated in HK$, all borrowings are in RMB.

24. INTEREST-BEARING BANK BORROWINGS (CONTINUED)

Notes: (Continued)

(c) Loan agreement of a bank loan of the Group in an carrying amount of HK$297,444,000 (2014: Nil) as at 31 December 2015 include covenants imposing specific performance obligations on substantial beneficial owners of the Company, among which are the following events which would constitute an event of default on the loan facilities:

(i) Beijing Enterprises Water Group Limited ("BEWG") does not or ceases to own, directly or indirectly, at least 27% of the beneficial shareholding carrying at least 27% of the voting rights in the Company, free from any security;

(ii) BEWG is not or ceases to be the, direct or indirect, single largest shareholder of the Company;

(iii) BEWG does not or ceases to supervise the Company and/or have management control over the Company;

(iv) Beijing Enterprises Holdings Limited ("BEHL") does not or ceases to own, directly or indirectly, at least 35% of the beneficial shareholding carrying at least 35% of the voting rights in BEWG, free from any security;

(v) BEHL is not or ceases to be the, direct or indirect, single largest shareholder of BEWG;

(vi) BEHL does not or ceases to supervise BEWG and/or have management control over BEWG;

(vii) Beijing Enterprises Group Company Limited ("BE Group") does not or ceases to own, directly or indirectly, at least 40% of the beneficial shareholding carrying at least 40% of the voting rights in BEHL, free from any security;

(viii) BE Group is not or ceases to be the, direct or indirect, single largest shareholder of BEHL and/or does not or ceases to supervise BEHL; and/or

(ix) BE Group is not or ceases to be wholly-owned, supervised and controlled by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.

Within the best knowledge of the directors, none of the above events took place during the year and as at the date of approval of these financial statements.

Further details of the bank loan are set out in the Company's announcement dated 2 November 2015.

25. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the year are as follows:

	Withholding tax HK$'000
2014 (Restated)	
At 1 January 2014	4,935
Deferred tax charged to profit or loss during the year (note 10)	2,104
Reversal upon payment	(2,526)
Exchange realignment	(17)
At 31 December 2014	4,496
2015	
At 1 January 2015	**4,496**
Deferred tax charged to profit or loss during the year (note 10)	**1,903**
Reversal upon payment	**(889)**
Exchange realignment	**(269)**
At 31 December 2015	**5,241**

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For a subsidiary of cigarette packaging business, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by the subsidiary established in Mainland China in respect of earnings generated from 1 January 2008.

Deferred tax has not been fully recognised for withholding taxes that would be payable on certain portions of the unremitted earnings that are subject to withholding taxes of certain of the Group's subsidiaries established in Mainland China. In the option of the directors, it is not probable that these subsidiaries will distribute these unremitted earnings in the foreseeable future. The aggregate amount of temporary differences associated with the investments in subsidiaries, in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$29,854,000 (2014: Nil) as at 31 December 2015.

The Group also has tax losses arising in Mainland China of HK$12,715,000 (2014: HK$9,789,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in a subsidiary which had not yet commenced business during the year. In the opinion of the directors, it is not considered probable that taxable profits will be available against which the tax losses can be utilised in the foreseeable future.

26. SHARE CAPITAL

	Notes	2015 HK$'000	2014 (Restated) HK$'000
Authorised			
Ordinary shares:			
466,637,115,100 (2014: 2,000,000,000) shares of HK$0.001 (2014: HK$0.01) each	(a), (b)(i)	**466,637**	20,000
Convertible preference shares:			
33,362,884,900 shares of HK$0.001 each	(b)(i), (ii)	**33,363**	–
		500,000	20,000
Issued and fully paid			
Ordinary shares:			
17,707,711,170 (2014: 320,000,000) shares of HK$0.001 (2014: HK$0.01) each	(a), (c)	**17,708**	3,200
Convertible preference shares:			
9,241,957,740 shares of HK$0.001 each	(c)	**9,242**	–
		26,950	3,200

A summary of movements in the Company's share capital is as follows:

	Notes	Number of ordinary shares in issue	Number of convertible preference shares in issue	Ordinary shares HK$'000	Convertible preference shares HK$'000	Total HK$'000
At 1 January 2014, 31 December 2014 and 1 January 2015		320,000,000	–	3,200	–	3,200
Share subdivision	(a)	2,880,000,000	–	–	–	–
Issue of new ordinary shares	(c)	14,136,452,910	–	14,137	–	14,137
Issue of new convertible preference shares	(c)	–	9,613,216,000	–	9,613	9,613
Conversion of convertible preference shares	(c)	371,258,260	(371,258,260)	371	(371)	–
At 31 December 2015		17,707,711,170	9,241,957,740	17,708	9,242	26,950

26. SHARE CAPITAL (CONTINUED)

Notes:

(a) Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 4 March 2015, each of the authorised ordinary shares and the issued ordinary shares of HK$0.01 in the share capital of the Company was subdivided into ten ordinary shares of HK$0.001 each with effect from 5 March 2015 (the "Share Subdivision"). As at the completion of the Share Subdivision, the authorised share capital of ordinary shares of the Company was divided into 20,000,000,000 ordinary shares of HK$0.001 each, and the issued share capital of ordinary shares was divided into 3,200,000,000 ordinary shares of HK$0.001 each, respectively.

(b) (i) Pursuant to an ordinary resolution passed at an extraordinary general meeting of the Company held on 4 May 2015, the authorised share capital of the Company was increased from HK$20,000,000 to HK$500,000,000 by way of creation of additional ordinary shares and convertible preference shares. As at the completion of the increase of authorised share capital, the authorised share capital of the Company was increased to 466,637,115,100 ordinary shares of HK$0.001 each and 33,362,884,900 convertible preference shares of HK$0.001 each.

(ii) The number of ordinary shares that holders of convertible preference shares shall be entitled to following a conversion event shall be the subscription price of each convertible preference share multiplied by the number of the convertible preference shares being converted, divided by HK$0.079 (as adjusted in accordance with the conversion adjustment). The conversion is subject to the condition that the holders of the convertible preference shares shall not exercise the conversion rights if upon the conversion, the percentage of the ordinary shares held by the public would drop below the minimum public float requirements under the Listing Rules applicable to the Company.

The holders of the convertible preference shares are entitled to participate pari passu in any dividends payable to the holders of the ordinary shares on a pro rata as-if-converted basis. The holders of the convertible preference shares shall rank prior to, for return of capital on liquidation, winding up or dissolution of the Company and shall rank pari passu with, for participation in the distribution of surplus assets of the Company, all other ordinary shares in the capital of the Company for the time being in issue.

The holders of the convertible preference shares shall not be entitled to vote at general meetings of the Company unless a resolution is to be proposed at a general meeting for winding up the Company or a resolution is to be proposed at a general meeting which if passed would vary or abrogate the rights and privileges of the convertible preference shares.

The convertible preference shares shall be non-redeemable and the convertible preference shares are not listed on the Stock Exchange.

(c) On 9 December 2014, 29 December 2014, 31 January 2015 and 30 April 2015, a principal and several supplemental subscription agreements (collectively the "Subscription Agreements") were entered into by the Company and four subscribers (the "Subscribers"). Pursuant to which, the Subscribers had conditionally agreed to subscribe for, or procure subscribers to subscribe for, and the Company has conditionally agreed to allot and issue:

(i) 14,136,452,910 ordinary shares and an aggregate of 113,348,440 convertible preference shares at the completion date of 6 May 2015 (the "Completion Date");

(ii) an aggregate of 9,499,867,560 convertible preference shares on the 183rd day after the Completion Date;

(iii) an aggregate of 9,499,867,560 convertible preference shares on the first anniversary of the Completion Date;

(iv) an aggregate of 9,499,867,560 convertible preference shares on the 183rd day after the first anniversary of the Completion Date; and

(v) an aggregate of 4,749,933,780 convertible preference shares on the second anniversary of the Completion Date.

The par value of each of the ordinary shares and the convertible preference shares is HK$0.001 and the issue price of each of the ordinary shares and the convertible preference shares is HK$0.079.

The subscription of 14,136,452,910 ordinary shares and 113,348,440 convertible preference shares was completed on 6 May 2015 and the net proceeds of approximately HK$1,111 million (net of share issue expenses of HK$14,838,000) were received. On 9 June 2015, 4,675,980 convertible preference shares were converted into 4,675,980 ordinary shares by the holders of the convertible preference shares. The subscription of 9,499,867,560 Convertible Preference Shares was completed on 5 November 2015 and the net proceeds of approximately HK$750 million were received. On 10 November 2015, 366,582,280 convertible preference shares were converted into 366,582,280 ordinary shares by the holders of the convertible preference shares and further 161,486,350 convertible preference shares were converted into 161,486,350 ordinary shares by the holders of convertible preference shares on 3 February 2016.

Pursuant to the Subscription Agreements, the consideration for the convertible preference shares would be payable on the date of issue of the relevant convertible preference shares. The Subscribers shall conditionally subscribe convertible preference shares and the gross proceeds from such share subscriptions shall be approximately HK$1,501 million and HK$375 million in year 2016 and 2017, respectively, totalling approximately HK$1,876 million.

27. SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution passed on 11 June 2013 for the primary purpose of attracting and retaining the best available personnel, providing additional incentive to employees (full-time or part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners, service providers or substantial shareholders ("Eligible Participants") of the Group and promoting the success of the business of the Group and will remain in force for a period of ten years commencing on the adoption date and shall expire on 10 June 2023 subject to early termination provisions contained in the Share Option Scheme. The board of directors of the Company may grant options to Eligible Participants to subscribe for shares in the Company subject to the terms of the Share Option Scheme.

The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Further, the total maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Company must not exceed 30% of the issued share capital of the Company from time to time. Options granted to a substantial shareholder or an independent non-executive Director, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares as stated in the daily quotation sheets issued by the Stock Exchange at the date of the grant) in excess of HK$5 million, within any 12-month period up to and including the date of grant, are subject to shareholders' approval in advance in a general meeting.

Options granted must be taken up within 7 days inclusive of the day on which offer was made, upon payment of HK$1 by the grantee. Options may be exercised at any time for a period determined by its directors which shall not be later than the day immediately preceding the tenth anniversary of the date of grant. The exercise price of the share options shall be a price solely determined by the board of directors of the Company and notified to an Eligible Participant and shall be at least the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange on the date of the grant of the options; (ii) the average of the closing prices of the Company's shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the date of the grant of the option; and (iii) the nominal value of a share of the Company on the date of grant.

As at the date of this report, the total number of shares available for issue under the Share Option Scheme was 320,000,000 shares, which represents approximately 1.8% of the ordinary shares in issue and approximately 1.2% of the issued share capital of the Company as at the date of this annual report. From the adoption date of the Share Option Scheme on 11 June 2013 to 31 December 2015, no share option was granted, exercised, cancelled or lapsed, and there was no outstanding option under the Share Option Scheme as at 31 December 2015.

28. RESERVES

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 page 43 of this annual report.

Special reserves

The Group's special reserves represent:

(i) the difference between the issued paid-up capital of a subsidiary of the Company and the fair value of the property, plant and equipment invested in a subsidiary by ex-shareholder of the subsidiary;

(ii) paid-in capital of a subsidiary which has been transferred to special reserve as part of the corporate reorganisation;

(iii) the difference between the carrying amount of the share of net assets acquired and the consideration in respect of the acquisition of additional interests in subsidiaries. The consideration was treated as deemed contribution from the controlling shareholder; and

(iv) the amount due to Ms. Huang Li, being waived during the year ended 31 December 2013. The waiver was accounted for as deemed contribution from a shareholder as Ms. Huang Li was a controlling shareholder of the Company at the time the amount being waived.

Statutory Surplus reserve

Pursuant to the relevant laws and regulations applicable to Mainland China, the Group's subsidiaries established in Mainland China are required to transfer part of their profit after tax to the reserve funds, which are non-distributable and restricted as to use.

29. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases its manufacturing plants, office properties, a motor vehicle and a land situated in the PRC under operating lease arrangements. The leases for the manufacturing facilities, office properties and land are negotiated for a term of 1 to 20 years (2014: 2 to 5 years).

At 31 December 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015	2014 (Restated)
	HK$'000	HK$'000
Within one year	**1,566**	2,341
In the second to fifth years, inclusive	**1,157**	617
After five years	**3,781**	–
	6,504	2,958

30. COMMITMENTS

(a) In addition to the operating lease commitments detailed in note 29 above, the Group had the following capital commitments at the end of the reporting period:

	2015 HK$'000	2014 (Restated) HK$'000
Contracted, but not provided for:		
Buildings for cigarette packaging business	**226**	–
Plant and machinery for cigarette packaging business	**456**	82
Construction, material and equipment costs for development of photovoltaic power plants	**594,022**	–
	594,704	82

(b) The Group entered into certain cooperative agreements pursuant to which, subject to certain conditions including successful grid-connected power generation, among others, the Group may enter into sale and purchase agreements for acquisitions of equity interest of several photovoltaic power plants. In the opinion of the directors, the aggregate maximum amount of consideration for the potential acquisitions are expected to be HK$1,623 million, of which a prepayment of HK$100,840,000 has been made as at 31 December 2015.

31. RELATED PARTY DISCLOSURES

(a) Save as disclosed elsewhere in these financial statements and the balances as disclosed in note 20 to the financial statements, the Group had no other material transactions and outstanding balances with related parties during the years ended 31 December 2015 and 2014.

(b) Compensation of key management personnel of the Group:

In the opinion of the directors, the directors represented the key management personnel of the Group. Details of directors' remuneration are included in note 8 to the financial statements.

32. FINANCIAL INSTRUMENTS BY CATEGORY

Except for the available-for-sale investment which is measured at fair value, the financial assets and liabilities of Group as at 31 December 2015 and 2014 are loans and receivables, and financial liabilities at amortised cost, respectively.

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents and pledged deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, approximate to their carrying amounts largely due to the short term maturities of these instruments.

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The Group's finance department headed by the financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the directors and audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the directors. The valuation process and results are discussed with audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair value of the non-current portion of prepayments, deposits and other receivables and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. In the opinion of the directors, since their carrying amounts are not significantly different from their respective fair values, no disclosure of the fair values of these financial instruments is made.

The fair value of unlisted available-for-sale investment has been estimated using a direct comparison method, which is comparisons based on market prices of comparable entities is made. Comparable entities of similar size and character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each entity in order to arrive at a fair comparison. The directors believe that the estimated fair value resulting from the valuation technique, which is recorded in the consolidated statement of financial position, and the related changes in fair value, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Fair value hierarchy disclosure

The fair value measurement of the Group's unlisted available-for-sale investment is categorised within Level 3 of the fair value hierarchy. During the period, there was no transfer into or out of Level 3.

Below is a summary of the significant unobservable input to the valuation of the investment together with a quantitative sensitivity analysis as at 31 December 2015:

	Valuation technique	Significant unobservable input	Percentage	Sensitivity of fair value to the input
Unlisted available-for-sale investment	Direct comparison method	Discount for lack of marketability	2015: 20%	1% increase in discount would result in decrease in fair value by HK$306,000

The discount for lack of marketability represents the amounts and discounts determined by the Group that market participants would take into account when pricing the investment.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include cash and cash equivalents, trade and bills receivables, deposits and other receivables, trade and bills payables, other payables and accruals and interest-bearing bank borrowings. Details of the major financial instruments and the Group's relevant accounting policies are disclosed in note 2.4 to the financial statements.

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

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK$'000	Increase/ (decrease) in equity HK$'000
2015			
HK$	**100**	**(2,974)**	**(2,974)**
RMB	**100**	**(312)**	**(312)**
HK$	**(100)**	**2,974**	**2,974**
RMB	**(100)**	**312**	**312**
2014 (Restated)			
HK$	100	–	–
RMB	100	(304)	(304)
HK$	(100)	–	–
RMB	(100)	304	304

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. As a result of its significant business operations in Mainland China, the consolidated statement of financial position can be affected significantly by movements in the RMB/HK$ exchange rate.

RMB is not a freely convertible currency. Future exchange rates of RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally, and the demand and supply of RMB. The appreciation or depreciation of RMB against HK$ may have impact on the operating results of the Group.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rates, with all other variables held constant, of the Group's profit before tax and the Group's equity.

	Increase/ (decrease) in foreign exchange rate %	Increase/ (decrease) in profit before tax HK$'000	Increase/ (decrease) in equity HK$'000
2015			
If HK$ weakens against RMB	**1.00%**	**963**	**17,343**
If HK$ strengthens against RMB	**1.00%**	**(963)**	**(17,343)**
2014 (Restated)			
If HK$ weakens against RMB	1.00%	536	1,869
If HK$ strengthens against RMB	1.00%	(536)	(1,869)

Credit risk

The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, trade and bills receivable balances are monitored on an ongoing basis to ensure that follow-up action is taken to recover overdue debts and the Group's exposure to bad debts is not significant. The Group's maximum exposures to credit risk are the carrying amounts of trade and bills receivables and other receivables as disclosed in notes 19 and 20 to the financial statements, respectively. In addition, the Group reviews the recoverable amount of each individual trade debtor at the end of the reporting period to ensure that adequate impairment losses have been made for irrecoverable amounts.

At the end of the reporting period, the Group had certain concentrations of credit risk as 25% (2014: 73%) and 97% (2014: 100%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through cash receipts from the issue of new ordinary shares and convertible preference shares, and the raising of bank loans to cover expected cash demands, as well as the strict control over its daily operating expenses. Accordingly, the Group expects to have adequate sources of funding to finance the Group's operations and manage its liquidity position.

The maturity profile of the Group's financial liabilities as at the end of the reporting period based on the contractual undiscounted payments is as follows:

	On demand HK$'000	Within 1 year HK$'000	More than 1 year HK$'000	Total HK$'000
2015				
Trade and bills payables	**–**	**185,820**	**–**	**185,820**
Other payables and accruals	**–**	**118,262**	**–**	**118,262**
Interest-bearing bank borrowings	**–**	**187,585**	**152,405**	**339,990**
	–	**491,667**	**152,405**	**644,072**
2014 (Restated)				
Trade and bills payables	–	95,580	–	95,580
Other payables and accruals	–	4,037	–	4,037
Interest-bearing bank borrowings	–	31,415	–	31,415
	–	131,032	–	131,032

Capital management

The primary objectives of the Group's capital management are 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 shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may issue new ordinary shares and convertible preference shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2015 and 2014.

35. EVENTS AFTER REPORTING PERIOD

(a) Pursuant to a credit agreement (the "Credit Agreement") dated 12 January 2016 entered into between the Company and a bank (the "Lender"), the Lender agreed to provide a maximum of HK$1,000,000,000 term loan facility to the Company with a final maturity date on 8 May 2017. The purpose of the term loan facility is to fulfill general corporate funding requirements, including but not limited to the Group's investment in photovoltaic projects in the PRC.

Any loan drawn in relation to the Credit Agreement bears interest at HIBOR+2.20% (if the bank loan drawn is denominated in HK$) or LIBOR+2.20% (if the bank loan drawn is denominated in US$), respectively, with a final maturity date on 8 May 2017.

The Credit Agreement includes certain conditions imposing specific performance obligations on a substantial shareholder and the substantial shareholder's holding company, among which the following events would constitute events of default on the Credit Agreement:

(i) if the BEHL does not or ceases to own, directly or indirectly, at least 35% of the beneficiary interest of the BEWG;

(ii) if the BEWG does not or ceases to own, at least (a) an aggregate of 32.88% of the issued share capital of the Company from the date of the Credit Agreement to and including 6 May 2016; (b) an aggregate of 34.03% of the issued share capital of the Company from 7 May 2016 to and including 7 November 2016; and (c) an aggregate of 34.71% of the issued share capital of the Company from 8 November 2016 onwards, each determined on an as-converted basis (assuming conversion in full of all preference shares of the Company in issue from time to time);

(iii) if the BEWG shall, directly or indirectly, not be the single largest shareholder of the Company; and

(iv) if Fast Top Investment Limited, a shareholder of the Company, does not subscribe for, or procure the subscription of, the convertible preference shares of the Company in the amounts and at the times stipulated in the subscription agreement dated 9 December 2014, as amended from time to time.

According to the respective terms and conditions of the Agreements, the banks may declare any commitment under the Agreements to be cancelled and/or declare all outstanding amounts together with interest accrued thereon and all others sums to be immediately due and payable or payable on demand for any breach of the above specific performance obligations.

Details of the Credit Agreement are disclosed in the Company's announcement dated 12 January 2016.

35. EVENTS AFTER REPORTING PERIOD (CONTINUED)

(b) In order to invest in and potentially gain control of photovoltaic power plants, the Group entered into the following agreements after the reporting period:

(i) On 16 February 2016, 北清清潔能源投資有限公司 (Beiqing Clean Energy Investment Company Limited*) ("BCEI"), an indirect wholly-owned subsidiary of the Company, 天津中興能源綠谷科技有限公司 (Tianjin Zhongxing Energy Lvgu Technologies Company Limited*) ("TZEL"), 曲陽綠谷能源科技有限公司 (Quyang Lvgu Energy Technologies Company Limited*) and 重慶四聯新能源有限公司 (Chongqing Silian New Energy Company Limited*) ("CSNE") entered into a cooperation framework agreement pursuant to which the parties agreed to collaborate in relation to the construction of a 30MW photovoltaic power plant in the Hebei Province, the PRC, and, subject to, among other things, full completion of the construction of the power plant with successful grid-connected power generation, BCEI and TZEL shall enter into a sale and purchase agreement for the transfer of entire equity interest in the project company from TZEL to BCEI, and BCEI will make the first prepayment of RMB40,725,000 to CSNE after signing of the cooperation framework agreement, and will make the second prepayment of RMB108,600,000 to CSNE upon initial successful grid-connected power generation of the power plant. Further details are set out in the Company's announcement dated 16 February 2016;

(ii) On 16 February 2016, the BCEI, 江蘇迪盛四聯新能源投資有限公司 (Jiangsu Disheng Silian New Energy Investment Company Limited*) ("JDSNE"), 武小華 (Wu Xiaohua*), 張鑫 (Zhang Xin*) (together the "Owners"), 唐縣東昊新能源開發有限公司 (Tangxian Donghao New Energy Development Company Limited*) and 江蘇溧陽建設集團有限公司 (Jiangsu Liyang Construction Group Company Limited*) ("JLCG") entered into a cooperation framework agreement pursuant to which the parties agreed to collaborate in relation to the construction of a 30MW photovoltaic power plant in the Hebei Province, the PRC. BCEI and the Owners subject to, among other things, full completion of the construction of the power plant with successful grid-connected power generation, shall enter into a sale and purchase agreement for the transfer of entire equity interest in the project company from the Owners to BCEI, and BCEI will make the first prepayment of RMB68,250,000 to JDSNE and JLCG after signing of the cooperation framework agreement, and will make the second prepayment of RMB40,950,000 to JDSNE and JLCG upon successful grid-connected power generation of the power plant up to 15MW. Further details are set out in the Company's announcement dated 16 February 2016.

36. COMPARATIVE AMOUNTS

The presentation currency of the Group has been changed from RMB to HK$, further details for the change in presentation currency have been set out in note 2.2 to financial statements. The change in presentation currency of the Group has been applied retrospectively, and the comparative figures in these consolidated financial statements have been restated from RMB to HK$ accordingly to conform to the current year's presentation and accounting treatment. Besides, certain comparative amounts have been reclassified to conform to current year's presentation.

* *For identification purposes only*

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	31 December 2015 HK$'000	31 December 2014 (Restated) HK$'000	1 January 2014 (Restated) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	**1,220**	–	–
Investments in subsidiaries	**–**	–	–
CURRENT ASSETS			
Prepayments, deposits and other receivables	**2,192,018**	45,020	206
Cash and cash equivalents	**22,430**	1,870	49,952
Total current assets	**2,214,448**	46,890	50,158
CURRENT LIABILITIES			
Interest-bearing bank borrowings	**150,000**	–	–
Other payables and accruals	**2,691**	1,066	4,159
Total current liabilities	**152,691**	1,066	4,159
NET CURRENT ASSETS	**2,061,757**	45,824	45,999
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,062,977**	45,824	45,999
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	**147,444**	–	–
Net assets	**1,915,533**	45,824	45,999
EQUITY			
Equity attributable to owners of the Company			
Share capital	**26,950**	3,200	3,200
Reserves (note)	**1,888,583**	42,624	42,799
Total equity	**1,915,533**	45,824	45,999

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's share capital and reserves is as follows:

	Attributable to owners of the Company					
	Ordinary shares (Restated) HK$'000	**Convertible preference shares** (Restated) HK$'000	**Share premium account** (Restated) HK$'000	**Special reserves** (Restated) HK$'000	**Retained earnings** (Restated) HK$'000	**Total** (Restated) HK$'000
At 1 January 2014	3,200	–	57,146	2,799	(17,146)	45,999
Profit and total comprehensive income for the year	–	–	–	–	19,025	19,025
Final 2013 dividend	–	–	–	–	(19,200)	(19,200)
At 31 December 2014	3,200	–	57,146	2,799	(17,321)	45,824

	Attributable to owners of the Company					
	Ordinary shares HK$'000	**Convertible preference shares** HK$'000	**Share premium account** HK$'000	**Special reserves** HK$'000	**Retained earnings** HK$'000	**Total** HK$'000
At 1 January 2015	3,200	–	57,146	2,799	(17,321)	45,824
Profit and total comprehensive income for the year	–	–	–	–	8,323	8,323
Issue of new ordinary shares	14,137	–	1,102,643	–	–	1,116,780
Issue of new convertible preference shares	–	9,613	749,831	–	–	759,444
Share issue expenses	–	–	(14,838)	–	–	(14,838)
Conversion of convertible preference shares	371	(371)	–	–	–	–
At 31 December 2015	17,708	9,242	1,894,782	2,799	(8,998)	1,915,533

38. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the board of directors on 29 March 2016.

Five Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below.

RESULTS

	Years ended 31 December				
	2015	2014 (Restated)	2013 (Restated)	2012 (Restated)	2011 (Restated)
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**288,930**	209,426	213,284	223,159	219,398
PROFIT BEFORE TAX	**65,963**	46,024	45,395	62,456	68,499
Income tax expense	**(27,471)**	(17,255)	(18,786)	(18,706)	(17,564)
PROFIT FOR THE YEAR	**38,492**	28,769	26,609	43,750	50,935
Attributable to owners of the Company	**38,492**	28,769	26,609	38,148	40,238

ASSETS AND LIABILITIES

	As at 31 December				
	2015	2014 (Restated)	2013 (Restated)	2012 (Restated)	2011 (Restated)
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**2,779,419**	401,638	391,565	281,818	230,544
Total liabilities	**(660,912)**	(144,313)	(143,246)	(134,241)	(79,252)
	2,118,507	257,325	248,319	147,577	151,292

The summary of the consolidated results and of the assets and liabilities of the Group for the last five financial years, has been extracted from the published audited financial statements and the prospectus of the Company and adjusted for the change of presentation currency.