CSE

CHINA SMARTER ENERGY GROUP HOLDINGS LIMITED
中國智慧能源集團控股有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 1004)

2018
Annual Report

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Sun Liang *(Chairman)*
(appointed on 16 August 2017)
Mr. Ko Tin Kwok *(Vice Chairman)*
Ms. Zhao Li
Mr. Zeng Weibing
(appointed on 16 August 2017)
Mr. Hu Hanyang
Ms. Gao Shujuan
(appointed on 28 December 2017)

Independent Non-executive Directors

Mr. Fok Ho Yin, Thomas
Mr. Li Hui
Mr. Lam Cheung Mau

COMPANY SECRETARY

Mr. Suen To Wai

AUTHORISED REPRESENTATIVES

Ms. Zhao Li
(appointed on 16 August 2017)
Mr. Suen To Wai

AUDIT COMMITTEE

Mr. Fok Ho Yin, Thomas *(Chairman)*
Mr. Li Hui
Mr. Lam Cheung Mau

REMUNERATION COMMITTEE

Mr. Fok Ho Yin, Thomas *(Chairman)*
Mr. Li Hui
Mr. Lam Cheung Mau

NOMINATION COMMITTEE

Mr. Ko Tin Kwok *(Chairman)*
(appointed on 16 August 2017)
Mr. Fok Ho Yin, Thomas
Mr. Li Hui
Mr. Lam Cheung Mau

AUDITORS

RSM Hong Kong
Certified Public Accountants (Practising)
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

China CITIC Bank International Limited
DBS Bank (Hong Kong) Limited
Public Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited

STOCK CODE

1004

COMPANY WEBSITE

www.cse1004.com

Chairman's Statement

Dear Shareholders,

In the financial year of 2017/2018 (the "Year"), the global economy still had a great deal of uncertainties in various aspects as a result of the global economic slowdown and the growing indetermination about international politics and systems. However, the international community unanimously ratified the Paris Agreement, the world's first convention on climate in force in November 2016, for environmental protection. In face of deteriorating climate and environmental conditions, development of clean and renewable energy has become global consensus, and the world has entered into a new phase of green and low-carbon development.

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

In the Year, the domestic new energy industry has entered into a stable development period in an era of opportunity and challenge. As a major driver for energy structure adjustment in China, we have confidence in the future development of the industry. We will be more active in grasping the development opportunities in the industry including merger and acquisition, continuously improving profitability, effectively allocating resources, constantly enhancing the group-oriented management and building core competitive advantages. Moreover, we will adhere to solid financial policies, optimise our debt structure, and proactively and steadily reduce the enterprise leverage ratio, so as to reinforce the foundation for the Company's growth in a sustainable and healthy manner over the longer term. To capitalise in on the market opportunities, the Company will complete the acquisition of a 300MW Projects located in Ningdong, Ningxia Hui Autonomous Region in the near future.

Chairman's Statement

To an active market participant like the Company with core competitiveness, flexible and diversified financing channels are of vital importance. To cope with the complex and ever-changing internal and external economic and financial conditions, we have to continuously adjust our monetary portfolio, adopt diversified financing methods and open up funding channels to reduce borrowing costs and minimise exchange rates and currency risks. Furthermore, we will be further targeting new and financial resourceful strategic investors to widen our shareholding structure on one hand and strengthen our capital base and finance position to pave the way for future development on the other.

To widen the Group's income stream and also as a result of diversifying business risks, the Company is keen on searching new business lines to increase and to improve the Group's top line performance. We are now reviewing the trading operations of the Group and are considering to, among other things, introduce new trading items so as to widen the trading portfolio of the Group. In this regard, in December 2017, the Group entered into a promoters agreement with an independent party, Growth Rings Holdings Pte. Ltd, a company incorporated under the laws of Singapore, to establish a trading company to principally engaged in (i) the trading of solid, liquid and gaseous fuels and other related products; and (ii) the trading of bulk commodities derivatives.

ACKNOWLEDGEMENT

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

Sun Liang
Chairman

Hong Kong, 25 June 2018

EXECUTIVE DIRECTORS

Mr. Sun Liang, aged 60, was appointed as an executive Director of the Company on 16 August 2017. He received his Doctorate Degree in Managerial Science and Engineering from Tianjin University in 2007 and his Master of Philosophy Degree in Corporate Management from Beijing Institute of Technology in 2001, and is currently a senior accountant (Professor Level) a researcher in engineering technology applications (Professor Level), an Affiliated Member of International Accountants, a certified public accountant in China, a China certified assets manager, a senior economist and a Doctor of Philosophy in Management. Mr. Sun started his career in December 1975, and became a member of the Communist Party in December 1990. Currently, he is the chairman and Communist Party secretary of Shandong Hi-Speed Group Co., Ltd. ("Shandong Hi-Speed Group"), a company interested in approximately 16.09% of the issued shares of the Company through companies controlled by it, as well as the chairman and Communist Party secretary of Shandong Expressway Company Limited, a company listed in the Shanghai Stock Exchange (stock code: 600350) and a subsidiary of Shandong Hi-Speed. Mr. Sun is the representative of the 18th National Congress of the Communist Party of China, winner of the CCTV "China Economic Person of the Year 2013", "China Economic Top Ten Person Special Contribution Award of the Year 2017", the National "May 1st Labour Medal", National Outstanding Entrepreneur, National Outstanding Venture Capital Entrepreneur, National Best Trustworthy Entrepreneur and winner of the "Prize for the Outstanding Contribution in National Transportation Industry", Extraordinary Leader of National Transportation Industry Quality Management, Top Ten Influential Entrepreneur in the 30 Years of China Reform and Opening up, Extraordinary Entrepreneur in the 60 Years of New China, and 2009 Top Ten Remarkable Confucian Merchants in China.

Mr. Ko Tin Kwok, aged 66, was appointed as an executive Director of the Company on 1 November 2016. Mr. Ko was graduated from Chongqing University of China. He has been engaging in real estate development, financial investment and new energy sectors since 1994, and possesses extensive work experience and management experience.

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

Ms. Zhao Li, aged 36, was appointed as an executive Director of the Company on 1 November 2016. She is also a director of certain subsidiaries of the Company. Ms Zhao holds a bachelor degree in Trade and Economics, a master degree in Industrial Economics and a degree of Master of Business Administration (International) degree. She has over ten years' experience in the economic and financial sectors and obtains the qualification as a management consultant and the secretary of the board of directors for companies listed in the Shanghai Stock Exchange. From April 2007 to August 2012, Ms. Zhao worked in an economics forecasting research institution, and engaged in strategic planning and management consultation. Subsequently, she has been engaging in financial and investment sectors from October 2012 to February 2017 and has working in a listed financial institute in charge of equity investment business and board affairs management.

Mr. Zeng Weibing, aged 49, was appointed as an executive Director of the Company on 16 August 2017. He is a researcher in engineering technology applications, and a Doctor of Philosophy in Managerial Science and Engineering of Tianjin University. From May 2010 to January 2015, Mr. Zeng worked as the Director of Investment and Development Department of Shandong Hi-Speed Group. He is the General Manager of Shandong Hi-Speed Investment Holdings Co., Ltd since January 2015. Since August 2015, Mr. Zeng is the chairman of Shandong Hi-Speed Investment Fund Management Co., Ltd.（山東高速投資基金管理有限公司）("Shandong Hi-Speed Investment Fund Management"), a company owned by Shandong Hi-Speed as to 49% and is interested in approximately 8.86% of the issued shares of the Company through its wholly-owned subsidiary. Mr. Zeng has nearly 10 years of experience in asset management related business, during which he was mainly responsible for projects such as long-term equity investment business, private share placement business and industrial investment business. Also, he serves as an executive director of Jinchuan Group International Resources Co. Ltd (a company listed on the Main Board of the Stock Exchange, stock code: 2362) from April 2017.

Biographies of Directors and Senior Management

Mr. Hu Hanyang, aged 34, was appointed as an executive Director of the Company on 10 March 2017. Mr. Hu was graduated from the University of Manchester with double bachelor degrees in Mathematics and Statistics in 2006. He further received his master degree in Applied Statistics from University of Oxford in 2008. He is a member of Royal Statistical Society in the United Kingdom. Mr. Hu started his career in 2007 and has extensive investment experience in the past including investments in Guotai Junan Securities, Dazhong Dianping(大眾點評), Meituan(美團網), Hangban Guanjia(航班管家), Gaotie Guanjia(高鐵管家), Dongfang Electronics(東方電子), Taihai Nuclear(台海核電), Gold Phoenix(金麒麟), Poly Group(寶力股份), Shandong Fiberglass(山東玻纖), Fada Flour(發達麵粉)and Telchina(泰華智慧). He is currently the general manager of Yellow River Delta Industrial Investment Fund Management Co., Ltd. since 2011 and the general manager of Shandong Hi-Speed Investment Fund Management, fully responsible for the operation and investment of the funds. Mr. Hu was honored as the "2010 Business Figures of Dongying Economic Development Zone", the only member who was born in the 1980s to receive such honor. In 2011, he obtained the silver award at the evaluation of "2011 Excellent Venture Capitalist" organised by the Special Committee of Venture Capital Investment of the Investment Association of China.

Ms. Gao Shujuan, aged 37, was appointed as an executive Director of the Company on 28 December 2017. She received her Bachelor Degree in 2003 from Tianjin University of Finance and Economics majoring in Finance (Taxation) and Master Degree in Applied Economics (Taxation) from Renmin University of China in 2011. She first started her career in 2003 as a civil servant in the Department of Finance of Henan Province primarily responsible for budgeting work and subsequently worked at the State Administration of Taxation until 2014. In December 2014, Ms. Gao joined China Minsheng New Energy Investment Company Limited, a company interested in approximately 6.93% of the total issued shares of the Company through its wholly-owned subsidiaries as of the date of this announcement, as deputy general manager of finance department. She has been working at China Minsheng New Energy Investment Group Company Limited as general manager of a special task committee since November 2017.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fok Ho Yin, Thomas, aged 47, was appointed as an independent non-executive Director on 31 August 2007. He is also the chairman of each of the Audit Committee, Remuneration Committee and the member of the Nomination Committee of the Company. He is members of Hong Kong Institute of Certified Public Accountants and CPA Australia. Mr. Fok is also a Chartered Financial Analyst. He is an independent non-executive director of each of Landing International Development Limited (a company listed on the Main Board of the Stock Exchange, stock code: 582) and SFund International Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1367). Mr. Fok was an executive director of Jian ePayment Systems Limited (a company listed on the Growth Enterprise Market of the Stock Exchange, stock code: 8165) from 1 September 2007 to 31 July 2016.

Mr. Li Hui, FHKIoD, aged 49, was appointed as an independent non-executive Director on 10 March 2017. He is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Li was graduated from Henan University with a Master of Arts in English Language and Literature in 1995 and from RMIT University (Australia) with a MBA in International Management in 2004, respectively. Mr. Li has been working for Henan Hong Kong (Holdings) Limited since 1995 and is currently the managing director since 2006. From January 2005 to March 2006, Mr. Li worked for Bright Star Resources (Holding) Pte Ltd. in Singapore as executive general manager. Mr. Li is currently also an independent non-executive director of Hua Long Jin Kong Company Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 1682). Mr. Li has extensive experience in corporate management, investment, financing and merger and acquisition in electricity, nonferrous metals, automobiles and biopharmaceuticals businesses. Mr. Li is a fellow of the Hong Kong Institute of Directors.

Mr. Lam Cheung Mau, aged 61, was appointed as an independent non-executive Director on 10 March 2017. He is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Lam graduated from the accounting division of Xiamen University with a bachelor's degree in Economics in 1982. Mr. Lam previously worked as an officer of the audit department of Hua Chiao Commercial Bank and the corporate planning and budgeting division of the finance department of Bank of China (Hong Kong). Mr. Lam also acted as an audit manager of Han's Laser Technology Industry Group Co., Ltd. In 2015, Mr. Lam was appointed as an independent non-executive director of China Huarong Energy Company Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 1101) and is a member of the audit committee and corporate government committee of that company. Mr. Lam has over 30 years of experience in auditing and finance fields.

SENIOR MANAGEMENT

Mr. Zhang Liang, aged 37, was appointed as a chief executive officer on 29 March 2018. He received his bachelor's degree in international law at East China University of Political Science and Law (華東政法大學) and a master's degree in civil and commercial law at Renmin University of China (中國人民大學). He is also recognized as a "leading talent of foreign-related business lawyer" (涉外律師領軍人才) by the Ministry of Justice of the PRC and is a part-time tutor of master students of East China University of Political Science and Law. He has the qualifications to perform business activities in a trust company in the PRC and is admitted to practise law in New York, the United States.

Mr. Zhang has over 10 years of experience in the businesses of financial investment, asset management and domestic and overseas mergers and acquisitions, covering the energy, logistics and healthcare industries in the PRC, Australia, the United States and Latin America, and has extensive experience in investment and management. He currently serves as the vice general manager of the international business department of Anxin Trust Co., Ltd. (安信信託股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600816)), the chief executive officer of each of (i) the Latin American energy regional headquarters of Shanghai Gorgeous Investment Development Company Limited (上海國之杰投資發展有限公司) ("Shanghai Gorgeous") (a company which owns the entire equity interest in Gorgeous Investment Group Holding Co., Limited, ("Gorgeous Investment"), the controlling shareholder of the Company) (ii) Martano Inc. (a company which is wholly-owned by Shanghai Gorgeous) and (iii) Panama Colon Container Port Inc. (a company which is owned by Creaton Holdings Limited as to 49%, which in turn is an indirect controlling shareholder of Gorgeous Investment).

Management Discussion and Analysis

REVENUE BY BUSINESS SEGMENTS

Ratio analysis by business segments for the Group's revenue for the year ended 31 March 2018 is as follows:

- Clean Energy: approximately HK$222,207,000 (2017: HK$105,700,000)
- Trading in securities: approximately HK$8,529,000 (2017: HK$283,000)
- Investments: approximately HK$115,166,000 (2017: HK$468,000)
- Trading of fur products: HK$Nil (2017: HK$1,215,000)
- Trading of bulk commodities: HK$Nil (2017: N/A)

REVENUE BY GEOGRAPHICAL REGION

Ratio analysis by geographical region for the Group's revenue for the year ended 31 March 2018 is as follows:

- Hong Kong: approximately HK$115,324,000 (2017: HK$1,966,000)
- The PRC: approximately HK$230,578,000 (2017: HK$105,700,000)

BUSINESS REVIEW

Clean Energy

Clean-energy power generation business is the key development of the Group. As at the end of the reporting date, on-grid clean-energy power generation capacity of the Group is approximately 280MW (2017: 130MW), all of which are photovoltaic power generation projects locating in four provinces, Auhui, Jiangxi, Gansu and Shandong, and one municipality, Shanghai.

During the year ended 31 March 2018, the on-grid power generation was approximately 230,396,000 kilowatt hour(s) ("KWh") (2017: 117,745,000KWh) and generated revenue of approximately HK$222.2 million as compared to revenue of approximately HK$105.7 million in 2017. Profit of HK$56,766,000 was recorded during the year as compared to a loss of HK$26,248,000 in last year. The increase in profit was principally due to contribution from newly acquired solar power projects during the year ended 31 March 2018.

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

Jintai 100MW Project in Jinchang, Gansu: During the year, sale of electricity was 123,434,000KWh, representing an increase of 28.1% as compared with last year's sale of electricity of 96,348,000KWh. Sales revenue was HK$110,953,000, representing an increase of 33.8% as compared with last year's revenue of HK$82,900,000.

Xin Lan 8MW Project in Shanghai: During the year, sale of electricity was 7,962,000KWh, representing a decrease of 0.6% as compared with last year's sale of electricity of 8,013,000KWh. Sales revenue was HK$9,218,000, representing a decrease of 2.9% as compared with last year's revenue of HK$9,494,000.

Guanyang 8.25MW Project in Dezhou, Shandong: During the year, sale of electricity was 7,694,000KWh, representing an increase of 27.6% as compared with last year's sale of electricity of 6,032,000KWh. Sales revenue was HK$7,906,000, representing an increase of 24.2% as compared with last year's revenue of HK$6,367,000.

Hongxiang 8MW Project in Dezhou, Shandong: During the year, sale of electricity was 7,935,000KWh, representing an increase of 62.4% as compared last year's sale of electricity of 4,887,000KWh. Sales revenue was HK$7,350,000, representing an increase of 59.4% as compared with last year's revenue of HK$4,610,000.

Jinde 5MW Project in Dezhou, Shandong: During the year, sale of electricity was 4,797,000KWh, representing an increase of 94.6% as compared with last year's sale of electricity of 2,465,000KWh. Sales revenue was HK$4,764,000, representing an increase of 104.6% as compared with last year's revenue of HK$2,329,000.

Jiayang 10MW Project in Dezhou, Shandong: The project was newly acquired in June 2017. During the year, sale of electricity subsequent to acquisition was 7,892,000KWh, sale revenue was HK$8,260,000.

Hongyang 20MW Project in Changfeng, Anhui: The project was newly acquired in June 2017. During the year, sale of electricity subsequent to acquisition was 16,393,000KWh, sale revenue was HK$21,343,000.

Jinjian 20MW Project in Gaoan, Jiangxi: The project was newly acquired in July 2017. During the year, sale of electricity subsequent to acquisition was 13,107,000KWh, sale revenue was HK$14,752,000.

Disheng 100MW Project in Jinchang, Gansu: The project was newly acquired in November 2017. During the year, sales of electricity subsequent to acquisition was 41,182,000KWh, sale revenue was HK$37,661,000.

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

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

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

Trading in securities

During the year, the net realised and unrealised loss resulted from trading of listed equity securities was HK$46,676,000 (2017: HK$232,302,000). Dividend income from listed equity securities was HK$8,529,000 (2017: HK$283,000) during the year. Loss of HK$38,146,000 was recorded from this business sector during the year as compared to a record of segment loss of HK$232,019,000 last year. The decrease in loss was principally due to the realised and unrealised loss from our investment in China Shandong Hi-Speed Financial Group Limited (stock code: 412) decreased from approximately HK$231,081,000 in the year ended 31 March 2017 to approximately HK$12,527,000 in the year ended 31 March 2018.

Investments

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

The Company reviews the recoverable amounts of its investments periodically and subsequent to the assessment, an impairment loss of HK$121,654,000 was recognised for the year.

Trading of Fur Products

Trading is the Group's traditional line of business. The trading of fur-related products once accounted for a significant portion of the Group's operation. However, fur-related products becomes less popular and as such, the Group's fur trading business declines gradually over the years. Trading of fur products was ceased during the year ended 31 March 2017.

Trading of Bulk Commodities

The Group reviews the operation of trading and considers to, among other things, introduce new trading items so as to widen the trading portfolio of the Group. During the Year, the Group develop bulk commodities trading, including but not limited to crude oil and other energy products, as one of the principal business activities of the Group. In this regard, in April 2017, the Group entered into a strategic cooperation agreement with Intelligence Cinda International Investment Limited(融智信達國際投資有限公司), a company incorporated under the laws of Hong Kong with limited liability and an independent third party, pursuant to which the parties concerned agreed to form a strategic alliance in relation to the joint development of an international bulk commodities, including energy products, and trading platform. In December 2017, the Group and Growth Rings Holdings Pte. Ltd., a company incorporated under the laws of Singapore and an independent third party, entered into a Promoters Agreement for the establishment of a trading company, which would be incorporated under the laws of Singapore. The trading company is to be principally engaged in (i) the trading of solid, liquid and gaseous fuels and other related products; and (ii) the trading of bulk commodities derivatives.

PROSPECTS

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

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

RESULTS OF THE GROUP

During the financial year under review, the Group recorded a revenue of approximately HK$345,902,000 as compared to revenue of approximately HK$107,666,000 in last year, The change in revenue was mainly attributable to i) increase in sales of electricity from HK$105,700,000 to HK$222,207,000, representing an increase of 110.2% when compared to last year; and ii) dividend income of HK$115,166,000 (2017: HK$468,000) from unlisted available-for-sale financial assets.

The net loss of the Group for the current year amounted to HK$236,909,000 as compared to a net loss of HK$351,909,000 in last year, representing a decrease in loss of 32.7%.

The decrease in loss was the consolidated effect of i) increase in revenue as stated above; ii) impairment loss of HK$121,654,000 (2017: HK$15,000,000) on unlisted available-for-sale financial assets; and iii) increase in finance costs from HK$143,378,000 to HK$207,378,000, representing an increase of 44.6%.

COST OF SALES

For the year ended 31 March 2018, the amount of cost of sales was approximately HK$149,455,000 (2017 (restated): HK$111,701,000), representing an increase of 33.8%, primarily due to the increase in power generation volume of solar power generation business.

OPERATING AND ADMINISTRATIVE EXPENSES

For the year ended 31 March 2018, the amount of operating and administrative expenses was approximately HK$64,620,000 (2017 (restated): HK$76,457,000). There were no significant changes for the two years under review as the basis from which the operating and administrative expenses primarily incurred was not significantly changed.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally derives cash for operation from internal cash flow and from banks in Hong Kong and the PRC. At 31 March 2018, the Group had time deposit and cash and bank balances of approximately HK$526,994,000 (2017: HK$884,515,000). At 31 March 2018, the Group's interest bearing borrowings (including bank and other borrowings and convertible bonds) amounted to approximately HK$2,728,903,000 (2017: HK$1,159,846,000). Total equity attributable to owners of the Company amounted to approximately HK$1,927,395,000 (2017: HK$2,014,963,000). Accordingly, the gearing ratio is 114.2% (2017: 13.7%).

At 31 March 2018, the Group had net current assets of approximately HK$272,594,000 (2017 (restated): HK$1,121,002,000) and current ratio (being current assets over current liabilities) of 1.3 (2017 (restated): 10.3).

CAPITAL STRUCTURE

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

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

	2018	2017
	HK$'000	*HK$'000*
Borrowings		
Bank and other borrowings	**2,353,349**	833,087
Convertible bonds	**375,554**	326,759
Total borrowings	**2,728,903**	1,159,846
Less: time deposit and cash and bank balances	**(526,994)**	(884,515)
Net debt	**2,201,909**	275,331
Total equity attributable to owners of the Company	**1,927,395**	2,014,963
Gearing ratio	**114.2%**	13.7%

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

Details in the changes of the capital structure of the Group held as at 31 March 2018 are set out in note 36 to the consolidated financial statements.

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

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

Subscription Proceeds used for the following purposes:	**Amount of Subscription Proceeds actually used from the date of completion of the subscription to 31 March 2017** *HK$ million (approximately)*	**Amount of Subscription Proceeds actually used for the year ended 31 March 2018** *HK$ million (approximately)*	**Amount of Subscription Proceeds actually used from 1 April 2018 up to the date of this report** *HK$ million (approximately)*
Development of photovoltaic power-related business	0.0	470.6	4.3
General working capital	8.6	34.8	2.6
Total	8.6	505.4	6.9

As at the date of this report, the total amount of the unutilised Subscription Proceeds was approximately HK$493.1 million. The Group intends to use all the unutilised Subscription Proceeds for the development of photovoltaic power related business.

It is expected that all the unutilised Subscription Proceeds will be used in the financial year ending 31 December 2018.

The Company had not conducted any equity fund raising activities during the year ended 31 March 2018. However, the Group obtained a loan of RMB478,000,000 (approximately HK$561,172,000) from a financial institution in the PRC to finance an acquisition which was completed in November 2017.

CHARGES ON ASSETS

Details of bank and other borrowings and convertible bonds are set out in note 33 and 34 respectively to the consolidated financial statements.

At 31 March 2018, the Group's convertible bonds of US$50 million and secured other loan of US$30 million were secured by the shares charges over the share capital of the Group's wholly-owned subsidiaries and the first floating charges on property, assets, goodwill, rights and revenue of the Company and its certain subsidiaries.

At 31 March 2018, the Group's bank borrowing of HK$525,854,000 was secured by the Group's property plant and equipment with net carrying amount of HK$1,179,005,000 and trade receivables of HK$157,337,000.

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

FOREIGN EXCHANGE EXPOSURE

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

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

SIGNIFICANT INVESTMENTS

The Board provides the information of the Group's investment with the carrying amount exceeding 1% of the total assets of the Group held at 31 March 2018 stated in this report as follow:

Stock code (where applicable)	Name of investment	Principal Business	Nature of Investment	Number of shares	Percentage of total share capital	Investment cost	Fair value	Impairment recognised	Dividends received	Percentage of carrying amounts to the Group's total assets
						HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	
Available-for-sale investments										
Not applicable	Satinu	Investment holding, property investment, commodities dealer, money lending, nominees, integrated financial services	Investment in shares	28,150,048	4.07%	205,796	164,738	(41,058)	–	3.16%

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

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

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

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

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

Details of the significant investments in subsidiaries held by the Group at 31 March 2018 are set out in note 24 to the consolidated financial statements.

MATERIAL ACQUISITION OF SUBSIDIARIES

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

In June 2017, the Group acquired 100% equity interest in Dezhou Jiayang New Energy Company Limited 德州佳陽新能源有限公司 which owns and operates a 10MW rooftop distributed solar power station located in Dezhou City, Shandong Province, PRC.

In June 2017, the Group acquired 100% equity interest in Changfeng Hongyang New Energy Power Generation Company Limited 長豐紅陽新能源發電有限公司 which owns and operates a 20MW solar power station located in Changfeng County, Hefei City, Anhui Province, PRC.

In July 2017, the Group acquired 100% equity interest in Gaoan Jinjian Power Generation Company Limited 高安市金建發電有限公司 which owns and operates a 20MW solar power station located in Jianshan Town, Gaoan City, Jiangxi Province, PRC.

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

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

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

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

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

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

Details of this acquisition are disclosed in the announcements issued by the Company on 13 March 2018 and 24 May 2018.

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

EMPLOYEES

At 31 March 2018, the Group employed around 48 employees in Hong Kong, Singapore and the PRC (31 March 2017: 37 in Hong Kong, Macau and the PRC). The Group's remuneration policies are based primarily on the prevailing market rate and the performance of individual employees. Fringe benefits, including Mandatory Provident Fund, medical benefits and training are provided. The Group has also established a discretionary bonus scheme for its management and staff with awards determined annually based upon the performance of the Group and individual employees.

CONTINGENT LIABILITIES

At 31 March 2018 and 2017, the Group did not have any significant contingent liabilities.

At 31 March 2017, the Company issued a single guarantee of RMB598,000,000 (HK$674,723,000) to a bank in respect of the loans granted by the bank to a wholly-owned subsidiary of the Company. The single guarantee was released during the year ended 31 March 2018.

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

Corporate Governance Report

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

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of all the applicable code provisions of the Code on Corporate Governance Practices (the "Code on CGP") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited as its own code on corporate governance practices. During the year ended 31 March 2018, the Company was in compliance with all code provisions set out in the Code on CGP except for the following deviation.

1. Code provision A.4.1 of the Code on CGP requires the non-executive directors should be appointed for a specific term and subject to re-election. During the year ended 31 March 2018, the terms of appointment of the three independent non-executive Directors, expired and thereafter they are not appointed for a specific term, but they are subject to the retirement by rotation and re-election at the Company's annual general meeting at least once every three years in accordance with the Company's bye-laws (the "Bye-Laws").

Save as those mentioned above and in the opinion of the Directors, the Company has met the code provisions set out in the Code on CGP during the year ended 31 March 2018.

DIRECTORS' SECURITIES TRANSACTIONS

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

Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year ended 31 March 2018.

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

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

BOARD OF DIRECTORS

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

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

Executive Directors

Mr. Sun Liang *(Chairman)* (appointed on 16 August 2017)
Mr. Ko Tin Kwok *(Vice Chairman)*
Ms. Zhao Li
Mr. Zeng Weibing (appointed on 16 August 2017)
Mr. Hu Hanyang
Ms. Gao Shujuan (appointed on 28 December 2017)
Mr. Wang Hao (resigned on 16 August 2017)
Mr. Lam Kwan Sing (resigned on 16 August 2017)
Mr. Hon Ming Sang (resigned on 16 August 2017)

Independent Non-executive Directors

Mr. Fok Ho Yin, Thomas
Mr. Li Hui
Mr. Lam Cheung Mau

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

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

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

Directors' Training

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

All Directors have participated in continuous professional development and provided a record of training they received for the financial year ended 31 March 2018 to the Company.

The individual training record of each Director received for the year ended 31 March 2018 is set out below:

Name of Director	Attending or participating in seminars/in-house briefing or reading materials relevant to the Company's business/director's duties
Executive Directors	
Mr. Sun Liang *(Chairman)*	✓
Mr. Ko Tin Kwok *(Vice Chairman)*	✓
Ms. Zhao Li	✓
Mr. Zeng Weibing	✓
Mr. Hu Hanyang	✓
Ms. Gao Shujuan	✓
Mr. Wang Hao	✓
Mr. Lam Kwan Sing	✓
Mr. Hon Ming Sang	✓
Independent Non-executive Directors	
Mr. Fok Ho Yin, Thomas	✓
Mr. Li Hui	✓
Mr. Lam Cheung Mau	✓

Chairman and Chief Executive Officer

As at the date of this report, Mr. Sun Liang acted as the Chairman while Mr. Zhang Liang acted as the Chief Executive Officer. The roles of Chairman and Chief Executive Officer are separately and exercised by different individuals.

Non-executive Directors

The three independent non-executive Directors are persons of high calibre, with academic and professional qualifications in the fields of accounting, finance and law. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive Director gives an annual confirmation of his/her independence to the Company, and the Company considered each of them is independent under Rule 3.13 of the Listing Rules. During the year ended 31 March 2018, all the independent non-executive Directors of the Company are not appointed for a specific term, but they are subject to retirement by rotation and re-election by shareholders at annual general meeting pursuant to the Bye-Laws.

Board Diversity Policy

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

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

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

Board Meetings

The Board has four scheduled meetings a year at approximately quarterly interval and additional meetings will be held as and when required. The four scheduled Board meetings for a year are planned in advance. During the regular meetings of the Board, the Board reviewed the operation and financial performance and reviewed and approved the annual and interim results. During the year ended 31 March 2018, the Board held 11 meetings. All Directors were given an opportunity to include any matters in the agenda for regular Board meetings, and were given sufficient time to review documents and information relating to matters to be discussed in Board meetings in advance.

Name of Directors	Number of attendance
Executive Directors	
Mr. Sun Liang *(Chairman) (Note 1)*	8/8
Mr. Ko Tin Kwok *(Vice Chairman)*	7/11
Ms. Zhao Li	9/11
Mr. Zeng Weibing *(Note 1)*	8/8
Mr. Hu Hanyang	7/11
Ms. Gao Shujuan *(Note 2)*	3/3
Mr. Wang Hao *(Note 3)*	2/3
Mr. Lam Kwan Sing *(Note 3)*	2/3
Mr. Hon Ming Sang *(Note 3)*	2/3
Independent Non-executive Directors	
Mr. Fok Ho Yin, Thomas	11/11
Mr. Li Hui	11/11
Mr. Lam Cheung Mau	11/11

Notes:

1. Mr. Sun Liang and Mr. Zeng Weibing were appointed as executive Directors on 16 August 2017, and 8 Board meetings were held after their appointments.

2. Ms. Gao Shujuan was appointed as an executive Director on 28 December 2017, and 3 Board meetings were held after her appointment.

3. Mr. Wang Hao, Mr. Lam Kwan Sing and Mr. Hon Ming Sang resigned as executive Directors on 16 August 2017, and 3 Board meetings were held before their resignations.

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

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

General Meetings

During the year ended 31 March 2018, 2 general meetings of the Company, being 2017 annual general meeting ("2017 AGM") and 1 special general meeting both held on 4 August 2017.

Name of Directors	Number of attendance
Executive Directors	
Mr. Sun Liang *(Chairman) (Note 1)*	N/A
Mr. Ko Tin Kwok *(Vice Chairman)*	0/2
Ms. Zhao Li	0/2
Mr. Zeng Weibing *(Note 1)*	N/A
Mr. Hu Hanyang	0/2
Ms. Gao Shujuan *(Note 2)*	N/A
Mr. Wang Hao *(Note 3)*	2/2
Mr. Lam Kwan Sing *(Note 3)*	2/2
Mr. Hon Ming Sang *(Note 3)*	2/2
Independent Non-executive Directors	
Mr. Fok Ho Yin, Thomas	2/2
Mr. Li Hui	2/2
Mr. Lam Cheung Mau	2/2

Notes:

1. Mr. Sun Liang and Mr. Zeng Weibing were appointed as executive Directors on 16 August 2017, and no general meeting was held after their appointments.

2. Ms. Gao Shujuan was appointed as an executive Director on 28 December 2017, and no general meeting was held after her appointment.

3. Mr. Wang Hao, Mr. Lam Kwan Sing and Mr. Hon Ming Sang resigned as executive Directors on 16 August 2017, and 2 general meetings were held before their resignations.

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

NOMINATION COMMITTEE

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

The Company established the Nomination Committee with written terms of reference on 14 March 2012 and currently consists of three independent non-executive Directors, namely Mr. Fok Ho Yin, Thomas, Mr. Li Hui and Mr. Lam Cheung Mau, and one executive Director, namely Mr. Ko Tin Kwok (as chairman). Mr. Ko Tin Kwok was appointed as the Chairman of the Nomination Committee on 16 August 2017. Mr. Wang Hao resigned as Chairman and member of the Nomination Committee on 16 August 2017.

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

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

During the year ended 31 March 2018, the Nomination Committee held 2 meetings to assess the independence of the independent non-executive Directors; to consider the re-election of Directors; to review the composition of the Board; and to consider and make recommendation to the board on the appointment of Director(s).

Name of Members	Number of attendance
– Mr. Ko Tin Kwok *(Chairman) (Note 1)*	1/1
– Mr. Fok Ho Yin, Thomas	2/2
– Mr. Li Hui	2/2
– Mr. Lam Cheung Mau	2/2
– Mr. Wang Hao *(Note 2)*	1/1

Notes:

1. Mr. Ko Tin Kwok was appointed as the Chairman of Nomination Committee on 16 August 2017, and 1 meeting was held after their appointment.

2. Mr. Wang Hao resigned as members of Nomination Committee on 16 August 2017, and 1 meeting was held before his resignation.

REMUNERATION COMMITTEE

The Remuneration Committee comprises the three independent non-executive Directors, namely Mr. Fok Ho Yin, Thomas (as chairman), Mr. Li Hui and Mr. Lam Cheung Mau.

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

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

During the year ended 31 March 2018, the Remuneration Committee held 2 meetings to review the remuneration of Directors and senior management; and to consider and make recommendation to the Board on the remuneration of new Director(s).

Name of Members	**Number of attendance**
– Mr. Fok Ho Yin, Thomas *(Chairman)*	2/2
– Mr. Li Hui	2/2
– Mr. Lam Cheung Mau	2/2

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

AUDIT COMMITTEE

The Audit Committee comprises the three independent non-executive Directors, namely Mr. Fok Ho Yin, Thomas (as chairman), Mr. Li Hui and Mr. Lam Cheung Mau.

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

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

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

During the year ended 31 March 2018, the Audit Committee held 2 meetings.

Name of Members	Number of attendance
– Mr. Fok Ho Yin, Thomas *(Chairman)*	2/2
– Mr. Li Hui	2/2
– Mr. Lam Cheung Mau	2/2

During the year ended 31 March 2018, the Audit Committee reviewed the annual and interim results of the Group, which were in the opinion of the Audit Committee that the preparation of such results complied with the applicable accounting standards and the Listing Rules.

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

EXTERNAL AUDITOR

The statement of the external auditor of the Company about its reporting responsibilities on the Company's financial statements for the year ended 31 March 2018 is set out in the section headed "Independent Auditor's Report" in this annual report.

Messrs. Li, Tang, Chen & Co. ("Li Tang Chen") has tendered its resignation as the auditor of the Company with effect from 29 March 2018. On 29 March 2018, the Board resolved to appoint RSM Hong Kong as the new auditor of the Company with effect from 29 March 2018 to fill the casual vacancy following the resignation of Li Tang Chen and to hold office until the conclusion of the forthcoming annual general meeting of the Company.

Save as disclosed above, there has been no other change of auditor in the past three years.

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

- determined the framework for the type and authorisation of non-audit services for which the external auditor may provide; and

- agreed with the Board on the policy relating to the hiring of employees or former employees of the external auditor and monitored the applications of such policy.

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

REMUNERATION OF AUDITOR

For the year ended 31 March 2018, the fees payable by the Group to the auditors (Li Tang Chen and RSM Hong Kong) for their statutory audit services amounted to approximately HK$1,600,000. The non-audit service fees included the fees for the following services:

	2018
	HK$'000
Tax services	61
Services in connection with acquisition of Ningxia Guxin Electricity Investment Company Limited	340
Services in connection with acquisition of Qingdao Guxin Electricity Investment Company Limited	270
	671

COMPANY SECRETARY

During the year ended 31 March 2018, Mr. Suen To Wai has attended relevant professional training to update his skills and knowledge, he met the training requirement set out in Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

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

SHAREHOLDERS TO CONVENE A SPECIAL GENERAL MEETING

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

PUTTING ENQUIRIES BY SHAREHOLDERS TO THE BOARD

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

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, all the resolutions to be set out in the notice of the forthcoming annual general meeting of the Company ("2018 AGM") will be vote by poll.

INVESTOR RELATIONS

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

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

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

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

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

Members of the Board and Chairman of various Board Committee will attend the 2018 AGM to answer questions of the meeting and collect views of shareholders.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flows of the Group for that year. In preparing the consolidated financial statements for the year ended 31 March 2018, the Board has selected suitable accounting policies and applied them consistently; made judgements and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements on a going concern basis.

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

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

REGULATORY COMPLIANCE

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

CONSTITUTIONAL DOCUMENTS

There is no change in the Company's constitutional documents during the year ended 31 March 2018.

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

This Environment, Social and Governance Report ("ESG Report") has been prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in the Appendix 27 of the Listing Rules. This ESG report, which covers the period from 1 April 2017 to 31 March 2018, aims to provide the Group's stakeholders with an overview of the Group's efforts regarding environmental, social and governance impacts arising from its daily operations.

This ESG report mainly covers the Group's major operating revenue activities, representing its business of solar power plants. The Group will continue to assess the major environmental, social and governance aspects of different businesses to determine whether it needs to be included in the environmental, social and governance reporting.

A. ENVIRONMENTAL

A1. Emission

Pollutants Management

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

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

The main sources of pollutants are indirect emissions from purchased electricity and the insignificant amount of gas emissions from motor vehicles.

The total purchased electricity consumed by the Group was about 1.5% of our annual electricity generation. The emissions attributable to our energy consumption is relatively small compared with our annual contribution to emissions reduction. The Group also carries out regular examination and maintenance for motor vehicles to maintain their engine efficiency and ensures that there is no idle engine, so as to avoid the waste of fuel and minimise the pollutants generated.

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

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

Wastes Management

The hazardous wastes generated by the Group are mainly electronic wastes while non-hazardous wastes are mainly household garbage. For hazardous wastes, we arrange qualified recyclers to collect hazardous wastes for proper treatment to avoid serious pollution to the environment. For non-hazardous waste, the Group implements wastes management by properly handling the recyclable and non-recyclable wastes. The Group separates recyclable waste, such as paper, metal and plastic, from non-recyclable waste. The Group collects and delivers the recyclable waste to third parties for recycling

During the year ended 31 March 2018, the non-hazardous wastes generated by the Group are approximately 1.4 tonnes and the hazardous wastes generated by the Group are insignificant and less than 0.1 tonnes.

GHG Emission

During the year ended 31 March 2018, the total amount greenhouse gas emissions of the Group was 2,976 tonnes, with average CO_2 emission of 12.9 kg per MWh of electricity sold.

	2018 (unit: tonnes of CO_2e)
Total carbon emission	2,976
Scope 1 (Direct) carbon emission	51
Scope 2 (Indirect) carbon emission	2,925

Annual Emissions Reduction Contribution

During the year ended 31 March 2018, the Group has generated electricity volume of 230,396 MWh. The environmentally harmful by-products has been reduced in comparison with coal-burning power plants in China.

	2018
Annual Total Volume of Electricity Generation (MWh)	230,396
Annual Contribution of:	
Carbon Dioxide Emission Reduction (tonnes)	189,386
Sulfur Dioxide Emission Reduction (tonnes)	90
Nitrogen Oxides Emission Reduction (tonnes)	83
Smoke and Dust Emission Reduction (tonnes)	18

A2. Use of Resources

Green Office and Business

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

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

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

Resource Conservation

The Group emphasises the importance of maintaining sustainable development of the environment in its daily operation. The Group has adopted the following energy and water conservation measures in offices and solar power plants:

Energy Conservation:

- To fully utilise natural lighting during the day time
- To switch off unnecessary lighting and idle electronic equipment
- To set electronic equipment such as computers, photocopier and air purifier, to energy-saving mode
- To set the air-conditioning temperature within a range of 23-25ºC in order to save energy
- To install highly energy-efficient electronic equipment and consider its energy labels during the procurement process
- To carry out regular maintenance and cleaning solar panels to maximise power generation efficiency

Water Conservation:

- To examine the faucets and water dispensers for leakages on a regular basis
- To put up water-saving signs in the lavatories to remind employees to conserve water
- To educate and promote employees to use faucets with water conservation label at home

Resource Consumption

The energy consumption of the Group during the year ended 31 March 2018 is as follows:

Consumption Index	**2018**
Consumption of purchased electricity (MWh)	3,498
Less: unit of electricity sold (MWh)	230,396
Total direct and indirect energy consumption (MWh)	(226,898)
Average direct and indirect energy consumption per unit of electricity sold (MWh/MWh)	(0.98)
Total water consumption (cubic metre)	7,669
Average water consumption per unit of electricity sold (cubic metre/MWh)	0.03

A3. The Environment and Natural Resources

Protection to Environment

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

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

B. SOCIAL

B1. Employment

Employment of Our Talents

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

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

During the year ended 31 March 2018, the Group is complied with all relevant labour law and regulations in respective regions.

B2. Health and Safety

Health and Safety of Our Talents

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

To the best knowledge of the Group, there is no material violation of relevant standards, rules and regulations regarding provision of safe working environment and protecting employees from occupational damage during the year ended 31 March 2018.

B3. Development and Training

Development of Our Talents

The Group believes that development and training are the key factors for business success. Given the growing complexity and sophistication of the business environment, the Group supports its employees to develop and enhance their knowledge and skills. During the year ended 31 March 2018, the Group conducts in-house seminars and trainings covering updates to both general and industry-specific knowledges and skills in order to enhance the competence and capabilities of employees.

B4. Labour Standards

Equality of Our Talents

The Group is committed to advocate gender equality and prevent child and forced labour in the workplace. The gender and age of workforce are well diversified and they are contributing a variety ideas to the Group. The Group also regularly reviews the recruitment and performance evaluation processes to make sure that it is in compliance with national and regional employment law and regulation. During the year ended 31 March 2018, the Group complied with all the laws and regulations relating to the prevention of child labor or forced labor. The Group was not aware of any material non-compliance with laws and regulations relating to employment and labour practices.

B5. Supply Chain Management

Supply Chain Management

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

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

The Group maintains close communication with its suppliers to monitor its performance to ensure that it is consistent with its service commitment.

B6. Product Responsibility

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

B7. Anti-corruption

Integrity to Community

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

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

During the year ended 31 March 2018, no legal case regarding corrupt practices was brought against the Group or its employees. Also, no whistleblowing concerning a criminal offence or misconduct was reported.

B8. Community involvement

Responsibility to Community

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

As a moral and responsible enterprise, the Group will consider from time to time to make donations to charities when the Group records after-tax profits and has sufficient funds.

Context Index of the "Environmental, Social and Governance Reporting Guide" of the HKEX

Subject Areas, Aspects, General Disclosures and KPIs Description		Chapters/Statements	Page
Environmental			
Aspect A1: Emissions			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		Pollutants Management, Wastes Management, GHG Emission, Annual Emissions Reduction Contribution	page 27 & 28
KPI A1.1	The types of emissions and respective emissions data.	Pollutants Management, GHG Emission	page 27 & 28
KPI A1.2	Greenhouse gas emissions (in tonnes) in total and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GHG Emission	page 28
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Wastes Management	page 27
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Wastes Management	page 27
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Pollutants Management, Annual Emissions Reduction Contribution	page 27 & 28
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Wastes Management	page 27

Subject Areas, Aspects, General Disclosures and KPIs Description		Chapters/Statements	Page
Aspect A2: Use of Resources			
General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, storage, transportation, buildings, electronic equipment, etc.		Green Office and Business, Resource Consumption	page 28 & 29
KPI A2.1	Direct and/or indirect energy (e.g. electricity, gas or oil) consumption (KWh in '000s) by type in total and intensity (e.g. per unit of production volume, per facility).	Resource Consumption	page 29
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resource Consumption	page 29
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Resource Conservation	page 29
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Resource Conservation	page 29
KPI A2.5	Total packaging material used for finished products (in tonnes) and, where appropriate, with reference to per unit produced.	Irrelevant to the Group	N/A
Aspect A3: The Environment and Natural Resources			
General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.		Wastes Management, Annual Emissions Reduction Contribution, Green Office and Business, Resource Conservation, Protection to Environment	page 27, 28 & 29
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Wastes Management, Annual Emissions Reduction Contribution, Green Office and Business, Resource Conservation, Protection to Environment	page 27, 28 & 29

Subject Areas, Aspects, General Disclosures and KPIs Description		Chapters/Statements	Page
Social			
Employment and Labour Practices			
Aspect B1: Employment			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		Employment of Our Talents	page 30
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	No disclosure of relevant information has been made for this year.	N/A
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	No disclosure of relevant information has been made for this year.	N/A
Aspect B2: Health and Safety			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		Health and Safety of Our Talents	page 30
KPI B2.1	Number and rate of work-related fatalities.	No disclosure of relevant information has been made for this year.	N/A
KPI B2.2	Lost days due to work injury.	No disclosure of relevant information has been made for this year.	N/A
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	No disclosure of relevant information has been made for this year.	N/A

Subject Areas, Aspects, General Disclosures and KPIs Description		Chapters/Statements	Page
Aspect B3: Development and Training			
General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		Development of Our Talent	page 30
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle-level management).	No disclosure of relevant information has been made for this year.	N/A
KPI B3.2	The average training hours completed per employee by gender and employee category.	No disclosure of relevant information has been made for this year.	N/A
Aspect B4: Labour Standards			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		Equality of Our Talents	page 30
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	No disclosure of relevant information has been made for this year.	N/A
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	No child labour or force labour has come to the awareness of the Group during the year ended 31 March 2018.	N/A
Operating Practices			
Aspect B5: Supply Chain Management			
General Disclosure Policies on managing environmental and social risks of the supply chain.		Supply Chain Management	page 31
KPI B5.1	Number of suppliers by geographical region.	No disclosure of relevant information has been made for this year.	N/A
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	No disclosure of relevant information has been made for this year.	N/A

Subject Areas, Aspects, General Disclosures and KPIs Description		Chapters/Statements	Page
Aspect B6: Product Responsibility			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		Irrelevant to the Group	N/A
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Irrelevant to the Group	N/A
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Irrelevant to the Group	N/A
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Irrelevant to the Group	N/A
KPI B6.4	Description of quality assurance process and recall procedures.	Irrelevant to the Group	N/A
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Irrelevant to the Group	N/A
Aspect B7: Anti-corruption			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to prevention of bribery, extortion, fraud and money laundering.		Integrity to Community	page 31
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Integrity to Community	page 31
KPI B7.2	Description of preventive measures and whistle blowing procedures, how they are implemented and monitored.	Integrity to Community	page 31

Subject Areas, Aspects, General Disclosures and KPIs Description		Chapters/Statements	Page
Community			
Aspect B8: Community Investment			
General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		Responsibility to Community	page 31
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	No disclosure of relevant information has been made for this year.	N/A
KPI B8.2	Resources contributed to the focus area (e.g. money or time).	No disclosure of relevant information has been made for this year.	N/A

Directors' Report

The Board of Directors has pleasure in presenting their report together with the audited consolidated financial statements of the Group for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 24 to the consolidated financial statements.

BUSINESS REVIEW

"Management Discussion and Analysis" on pages 8 to 15 and "Five Year Financial Summary" on pages 135 to 136 form part of this directors' report.

Principal Risks and Uncertainties Facing the Company

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

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

Environmental Policies and Performance

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

Compliance with the Relevant Laws and Regulations

During the year ended 31 March 2018 and up to the date of this report, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on our business and operation.

Key relationships with Employees, Customers and Suppliers

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During the year ended 31 March 2018, there were no material and significant disputes between the Group and its employees, customers and suppliers.

FINANCIAL STATEMENTS

The financial performance of the Group for the year ended 31 March 2018 and the Company's and the Group's financial position at that date are set out in the consolidated financial statements on pages 54 to 134.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2018 (2017: Nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders of the Company entitled to attend and vote at the annual general meeting of the Company to be held on Friday, 31 August 2018 ("2018 AGM"), the register of members of the Company will be closed from Tuesday, 28 August 2018 to Friday, 31 August 2018, both days inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 27 August 2018.

DISTRIBUTABLE RESERVES

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

	2018 ***HK$'000***	2017 *HK$'000* (restate)
Contributed surplus	**154,440**	154,440
Accumulated losses	**(3,341,759)**	(3,149,776)
	(3,187,319)	(2,995,336)

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

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

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

In addition, under the laws of Bermuda, the Company's share premium, with a balance of approximately HK$4,157,427,000 at 31 March 2018, may be distributed in the form of fully paid bonus shares.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the past five financial years is set out on pages 135 to 136 of this report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group are set out in note 21 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital during the year are set out in note 36 to the consolidated financial statements.

DIRECTORS

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

Executive Directors

Mr. Sun Liang *(Chairman)*(appointed on 16 August 2017)
Mr. Ko Tin Kwok *(Vice Chairman)*
Ms. Zhao Li
Mr. Zang Weibing (appointed on 16 August 2017)
Mr. Hu Hanyang
Ms. Gao Shujuan (appointed on 28 December 2017)
Mr. Wang Hao (resigned on 16 August 2017)
Mr. Lam Kwan Sing (resigned on 16 August 2017)
Mr. Hon Ming Sang (resigned on 16 August 2017)

Independent Non-executive Directors

Mr. Fok Ho Yin, Thomas
Mr. Li Hui
Mr. Lam Cheung Mau

In accordance with clause 115 of the Company's Bye-Laws, Mr. Sun Liang, Mr. Zeng Weibing and Ms. Gao Shujuan, being Directors appointed after the 2017 AGM, shall retire from office as Directors and, being eligibles, offer themselves for re-election at the 2018 AGM.

In accordance with clause 111 of the Company's Bye-Laws, Ms. Zhao Li, Mr. Hu Hanyang and Mr. Fok Ho Yin, Thomas shall retire from office by rotation at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the 2018 AGM has a service contract with the Company which is not terminable within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE

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

DIRECTORS' EMOLUMENTS

Details of the remuneration of the directors for the year ended 31 March 2018 are set out in note 17 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Details of the movements in convertible bonds during the year are set out in note 34 to the consolidated financial statements.

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

Details of the Share Option Scheme of the Company are set out in note 37 to the consolidated financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" and in the share option scheme disclosures in note 37 to the consolidated financial statements, at no time during the year or up to the date of this report were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

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

As at 31 March 2018, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO") (i) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be and were entered in the register required to be kept by the Company referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

(a) Interests in the ordinary shares of HK$0.0025 each of the Company (the "Shares")

Name of Director/ chief executive	Capacity	Number of Shares interested *(Note 1)*	Approximate percentage of the issued Shares
Mr. Ko Tin Kwok	Interest of controlled corporation *(Note 2)*	4,092,084,312 (L)	43.65%

Notes:

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

2. As at 31 March 2018, Gorgeous Investment Group Holding Co., Limited ("Gorgeous Investment") was the beneficial owner of 4,092,084,312 Shares. Gorgeous Investment was a wholly-owned subsidiary of Shanghai Gorgeous, which in turn was held by Shanghai Gu Yuan Property Development Company Limited（上海谷元房地產開發有限公司）("Shanghai Gu Yuan") as to 75.66%. The equity interest of Shanghai Gu Yuan was held by Rich Crown International Industries Limited（富冠國際實業有限公司）("Rich Crown") and Creaton Holdings Limited ("Creaton Holdings") as to 59.79% and 40.21%, respectively. The equity interest of each of Rich Crown and Creaton Holdings was held by Mr. Ko Tin Kwok as to 99%. Mr. Ko Tin Kwok was therefore deemed to be interested in the Shares beneficially owned by Gorgeous Investment under the SFO.

(b) Interests in the underlying Shares of the Company – physically settled unlisted equity derivatives

Details of the interests of Directors and chief executive in share options of the Company are disclosed under the section "Share Option Scheme" in this report.

No share options were granted to, or exercised by, the Directors and chief executive during the year ended 31 March 2018. There was no outstanding option granted to the Directors and chief executive at the beginning and at the end of the Year.

Save as disclosed above, as at 31 March 2018, (a) none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register required to be kept by the Company referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code; (b) nor had there been any grant or exercise of rights of such interests during the year ended 31 March 2018.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to the Directors and chief executives of the Company, as at 31 March 2018, the following persons (other than Directors and chief executives of the Company) had, or were deemed or taken to have an interest or short position in the Shares and underlying Shares of the Company, which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Capacity	Number of Shares interested *(Note 1)*	Approximate percentage of issued Shares
Gorgeous Investment	Beneficial owner	4,092,084,312 (L)	43.65%
Shanghai Gorgeous	Interest in a controlled corporation *(Note 2)*	4,092,084,312 (L)	43.65%
Shanghai Gu Yuan	Interest in a controlled corporation *(Note 3)*	4,092,084,312 (L)	43.65%
Rich Crown	Interest in a controlled corporation *(Note 4)*	4,092,084,312 (L)	43.65%
Creaton Holdings	Interest in a controlled corporation *(Note 4)*	4,092,084,312 (L)	43.65%
Shandong Hi-Speed Investment Fund	Beneficial owner	831,000,000 (L)	8.86%
Shandong Hi-Speed Investment Fund Management	Interest of controlled Corporation *(Note 5)*	831,000,000 (L)	8.86%
Shandong Hi-Speed Investment Holding	Interest of controlled Corporation *(Note 6)*	831,000,000 (L)	8.86%
Shandong Hi-Speed Group	Interest of controlled Corporation *(Note 7)*	1,508,736,000 (L)	16.09%
Dongying Yellow River	Interest of controlled Corporation *(Note 8)*	831,000,000 (L)	8.86%
Mr. Qin Zhongyue	Interest of controlled Corporation *(Note 9)*	831,000,000 (L)	8.86%

Name of Shareholders	Capacity	Number of Shares interested *(Note 1)*	Approximate percentage of issued Shares
Safe Castle Limited	Beneficial owner *(Note 10)*	677,736,000 (L)	7.23%
Coupeville Limited	Interest of controlled Corporation *(Note 10)*	677,736,000 (L)	7.23%
China Shandong Hi-Speed Financial Group Limited	Interest of controlled Corporation *(Note 10)*	677,736,000 (L)	7.23%
Rationale (Holdings) Investment	Beneficial owner	650,000,000 (L)	6.93%
Rationale Investment (Shanghai)	Interest of controlled Corporation *(Note 11)*	650,000,000 (L)	6.93%
China Minsheng New Energy	Interest of controlled Corporation *(Note 12)*	650,000,000 (L)	6.93%
China Minsheng Investment	Interest of controlled Corporation *(Note 13)*	650,000,000 (L)	6.93%

Notes:

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

2. As at 31 March 2018, Gorgeous Investment was a wholly-owned subsidiary of Shanghai Gorgeous and Shanghai Gorgeous was therefore deemed to have an interest in all the Shares beneficially owned by Gorgeous Investment under the SFO.

3. As at 31 March 2018, the equity interest of Shanghai Gorgeous was held by Shanghai Gu Yuan as to 75.66% and Shanghai Gu Yuan was therefore deemed to have an interest in all the Shares in which Shanghai Gorgeous was interested under the SFO.

4. As at 31 March 2018, the equity interest of Shanghai Gu Yuan was held by Rich Crown and Creaton Holdings as to 59.79% and 40.21%, respectively. Rich Crown and Creaton Holdings were therefore deemed to have an interest in the Shares in which Shanghai Gu Yuan was interested under the SFO.

5. As at 31 March 2018, Shandong Hi-Speed Investment Fund Management Ltd. ("Shandong Hi-Speed Investment Fund") was a wholly-owned subsidiary of Shandong Hi-Speed Investment Fund Management and Shandong Hi-Speed Investment Fund Management was therefore deemed to have an interest in all the Shares beneficially owned by Shandong Hi-Speed Investment Fund under the SFO.

6. As at 31 March 2018, the equity interest of Shandong Hi-Speed Investment Fund Management was held by Shandong Hi-Speed Investment Holding Company Limited（山東高速投資控股有限公司）("Shandong Hi-Speed Investment Holding") as to 49% and Shandong Hi-Speed Investment Holding was therefore deemed to have an interest in all the Shares in which Shandong Hi-Speed Investment Fund Management was interested under the SFO.

7. As at 31 March 2018, (i) Shandong Hi-Speed Investment Holding was a wholly-owned subsidiary of Shandong Hi-Speed Group and Shandong Hi-Speed Group was therefore deemed to have an interest in all the Shares in which Shandong Hi-Speed Investment Holding was interested under the SFO; (ii) China Shandong Hi-Speed Financial Group Limited was a listed company in the Stock Exchange (Stock Code: 412), and the equity interest of which was held by Shandong International (Hong Kong) Limited as to 20.67% and Shandong Hi-Speed (Hong Kong) International Capital Limited as to 22.57%; and (iii) each of Shandong International (Hong Kong) Limited and Shandong Hi-Speed (Hong Kong) International Capital Limited was an indirect wholly-owned subsidiary of Shandong Hi-Speed Group and Shandong Hi-Speed Group was therefore deemed to have an interest in all the Shares in which China Shandong Hi-Speed was interested in.

8. As at 31 March 2018, the equity interest of Shandong Hi-Speed Investment Fund Management was held by Dongying Yellow River Delta Investment Fund Management Ltd.（東營市黃河三角洲投資基金管理有限公司）("Dongying Yellow River") as to 41% and Dongying Yellow River was therefore deemed to have an interest in all the Shares in which Shandong Hi-Speed Investment Fund Management was interested under the SFO.

9. As at 31 March 2018, the entire equity interest of Dongying Yellow River was owned by Mr. Qin Zhongyue and Mr. Qin Zhongyue was therefore deemed to have an interest in all the Shares in which Dongying Yellow River was interested under the SFO.

10. As at 31 March 2018, 677,736,000 Shares were held by Safe Castle Limited, a wholly-owned subsidiary of Coupeville Limited, which in turn was a wholly-owned subsidiary of China Shandong Hi-Speed Financial Group Limited. Accordingly, Coupeville Limited and China Shandong Hi-Speed Financial Group Limited were deemed to be interested in these Shares under the SFO.

11. As at 31 March 2018, Rationale (Holdings) Investment Limited ("Rationale (Holdings) Investment") was a wholly-owned subsidiary of Rationale Investment (Shanghai) Company Limited（睿烜投資（上海）有限公司）("Rationale Investment (Shanghai)") and Rationale Investment (Shanghai) was therefore deemed to have an interest in all the Shares beneficially owned by Rationale (Holdings) Investment under the SFO.

12. As at 31 March 2018, Rationale Investment (Shanghai) was a wholly-owned subsidiary of China Minsheng New Energy Investment Co., Ltd.（中民新能投資有限公司）("China Minsheng New Energy") and China Minsheng New Energy was therefore deemed to have an interest in all the Shares in which Rationale Investment (Shanghai) was interested under the SFO.

13. As at 31 March 2018, the equity interest of China Minsheng New Energy was held by China Minsheng Investment Company Limited（中國民生投資股份有限公司）("China Minsheng Investment") as to 90% and China Minsheng Investment was therefore deemed to have an interest in all the Shares in which China Minsheng New Energy was interested under the SFO.

Save as disclosed above, as at 31 March 2018, the Directors were not aware of any other person (other than the Directors and chief executives of the Company) who had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares of the Company which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year ended 31 March 2018.

CONNECTED TRANSACTION

For the year ended 31 March 2018, the Group had no connected transaction as defined in the Listing Rules.

SUBSIDIARIES

Particulars of the principal subsidiaries of the Company at 31 March 2018 are set out in note 24 to the consolidated financial statements.

BORROWINGS

Particulars of borrowings of the Group at 31 March 2018 are set out in note 33 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Contracts with the Group's five largest customers combined by value, accounted for 97.9% in value of total revenue during the year ended 31 March 2018, while contracts with the Group's largest customer by value, accounted for 66.9% in value of total revenue during the year ended 31 March 2018.

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

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

HUMAN RESOURCES AND STAFF REMUNERATION

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

For the year ended 31 March 2018, total staff cost, including directors' remuneration, for the year was approximately HK$18,866,000, of which contributions to defined contribution retirement schemes were approximately HK$1,278,000. The Group has been able to retain and motivate outstanding technological and management talents through remuneration at a competitive level, as well as training and development plans.

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

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

MANAGEMENT CONTRACTS

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

PERMITTED INDEMNITY PROVISION

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

PUBLIC FLOAT

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

SUBSEQUENT EVENT

Details of the non-adjusting event after the reporting period are set out in note 45 to the consolidated financial statements.

AUDIT COMMITTEE AND REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

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

The Audit Committee has reviewed with the Group's senior management and external auditors the accounting principles and practices adopted by the Group and reviewed the Company's consolidated financial statements for the year ended 31 March 2018.

AUDITORS

The consolidated financial statements of the Company for the two years ended 31 March 2016 and 2017 were audited by Li Tang Chen.

The consolidated financial statements of the Company for the year ended 31 March 2018 were audited by RSM Hong Kong.

On 29 March 2018, Li Tang Chen resigned as auditor of the Company and RSM Hong Kong was appointed as the auditor of the Company to fill the casual vacancy and to hold office until the conclusion of the forthcoming annual general meeting of the Company.

A resolution for the re-appointment of RSM Hong Kong as auditor of the Company will be proposed at the forthcoming annual general meeting.

ANNUAL REPORT

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

ANNUAL GENERAL MEETING

2018 AGM will be held on 31 August 2018. Details of 2018 AGM are set out in the notice of 2018 AGM which constitutes part of the circular to be sent to the Company's shareholders together with the Annual Report. Notice of 2018 AGM and the proxy form will also be available on websites of both the Stock Exchange and the Company.

On behalf of the Board

China Smarter Energy Group Holdings Limited
Sun Liang
Chairman

Hong Kong, 25 June 2018

RSM

TO THE MEMBERS OF CHINA SMARTER ENERGY GROUP HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of China Smarter Energy Group Holdings Limited and its subsidiaries (the "Group") set out on pages 54 to 134, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

1. Impairment assessment of property, plant and equipment and intangible assets attributable to a clean energy cash generating unit ("Energy CGU")

2. Accounting for acquisitions of subsidiaries

KEY AUDIT MATTERS (cont'd)

Key Audit Matter	How our audit addressed the Key Audit Matter
1. Impairment assessment of property, plant and equipment and intangible assets Refer to note 21 and 23 to the consolidated financial statements The Group has an Energy CGU located in Jinchang, Gansu Province, the People's Republic of China (the "PRC") containing property, plant and equipment of HK$725,475,000 and intangible assets of HK$765,463,000 as at 31 March 2018. Due to continuous loss making in the Energy CGU, management performed an impairment test based on cash flow projections and no impairment was made for the year ended 31 March 2018. The impairment assessment is based on value in use model which is dependent on certain key assumptions that require significant management judgement and estimation.	Our procedures in relation to impairment assessment included: • Evaluating the independent external valuers' competence, capabilities and objectivity; • Assessing the integrity of the valuation model; • Evaluating management's identification of CGU and the allocation of property, plant and equipment and intangible assets to the corresponding CGU; • Understanding the projected cash flows, and challenging the reasonableness of key assumptions based on our knowledge of the business and industry, and our consideration of market data; • Reconciling input data to supporting evidence including approved budgets and considering the historical accuracy of management's budgets; and • Assessing the appropriateness of the discount rate used with the assistance of our internal valuation specialists.

KEY AUDIT MATTERS (cont'd)

Key Audit Matter	How our audit addressed the Key Audit Matter
2. Accounting for acquisitions of subsidiaries Refer to note 40(a) to the consolidated financial statements During the year, the Group acquired 100% equity interests in each of the four subsidiaries, including Dezhou Jiayang New Energy Company Limited, Changfeng Hongyang New Energy Power Generation Company Limited, Gaoan Jinjian Power Generation Company Limited and Qingdao Guxin Electricity Investment Company Limited. All newly acquired subsidiaries are principally engaged in operations of distributed solar power generation station/plants in the PRC. Upon acquisitions of the subsidiaries, management determined the fair values of identifiable assets and liabilities and the goodwill/gain on bargain purchase resulted. This requires the exercise of significant management judgement to ensure the completeness of assets and liabilities identified and in relation to any fair value adjustments to the book values of the acquired subsidiaries' identified assets and liabilities. The management engaged an independent external valuer to assist with the determination of the fair values.	Our procedures in relation to accounting for acquisitions of subsidiaries included: • Evaluation of the independent external valuers' competence, capabilities and objectivity; • Assessing the integrity of the valuation model; • Understanding the projected cash flows, and challenging the reasonableness of key assumptions based on our knowledge of the business and industry, and our consideration of market data; • Reconciling input data to supporting evidence, including approved budgets and considering the historical accuracy of management's budgets; and • Assessing the appropriateness of the discount rate used with the assistance of our internal valuation specialists.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Chris Wong Wo Cheung.

RSM Hong Kong
Certified Public Accountants
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

25 June 2018

Consolidated Statement of Profit or Loss

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000 (Restated)
Continuing operations			
Revenue	*9*	**345,902**	107,666
Cost of sales		**(149,455)**	(111,701)
Gross profit/(loss)		**196,447**	(4,035)
Other income	*10*	**8,818**	2,802
Other gains and losses	*11*	**(182,775)**	(236,752)
Gain on bargain purchase of subsidiaries	*40(a)*	**7,599**	–
Selling and distribution expenses		**–**	(3,102)
Administrative and operating expenses		**(64,620)**	(76,457)
Loss from operations		**(34,531)**	(317,544)
Finance costs	*13*	**(207,378)**	(143,378)
Loss before tax		**(241,909)**	(460,922)
Income tax credit	*14*	**5,000**	4,174
Loss for the year from continuing operations	*15*	**(236,909)**	(456,748)
Discontinued operations			
Loss for the year from discontinued operations	*18*	**–**	(480)
Loss on disposal of subsidiaries	*18*	**–**	(1,973)
Gain on release of exchange fluctuation reserve upon disposal of subsidiaries	*18*	**–**	107,292
		–	104,839
Loss for the year		**(236,909)**	(351,909)

Consolidated Statement of Profit or Loss

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000 (Restated)
Attributable to:			
Owners of the Company		**(236,738)**	(351,804)
Non-controlling interests		**(171)**	(105)
		(236,909)	(351,909)
Loss per share	20		
From continuing and discontinued operations			
Basic (cents per share)		**HK(2.53) cents**	HK(4.23) cents
Diluted (cents per share)		**HK(2.53) cents**	HK(4.23) cents
From continuing operations			
Basic (cents per share)		**HK(2.53) cents**	HK(5.50) cents
Diluted (cents per share)		**HK(2.53) cents**	HK(5.50) cents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
Loss for the year	**(236,909)**	(351,909)
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**149,168**	(58,025)
Reclassification adjustments on release of exchange fluctuation reserve upon disposal of subsidiaries	**–**	(107,292)
Other comprehensive income for the year, net of tax	**149,168**	(165,317)
Total comprehensive income for the year	**(87,741)**	(517,226)
Attributable to:		
Owners of the Company	**(87,568)**	(517,156)
Non-controlling interests	**(173)**	(70)
	(87,741)	(517,226)

Consolidated Statement of Financial Position

As at 31 March 2018

	Note	**31 March 2018 HK$'000**	31 March 2017 HK$'000 (Restated)	1 April 2016 HK$'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	*21*	**2,627,292**	948,587	959,621
Prepaid land lease payments	*22*	**1,376**	–	–
Intangible assets	*23*	**765,463**	724,989	804,293
Available-for-sale financial assets	*25*	**204,955**	213,550	7,800
Deposits for acquisitions	*27*	**337,461**	300,000	300,000
Total non-current assets		**3,936,547**	2,187,126	2,071,714
Current assets				
Prepaid land lease payments	*22*	**102**	–	–
Inventories		**–**	–	2,112
Trade and bill receivables	*26*	**440,783**	55,592	18,343
Prepayments, deposits and other receivables	*27*	**195,210**	75,757	163,940
Financial assets at fair value through profit or loss	*28*	**99,124**	200,235	367,573
Derivative financial assets – Derivative component of the convertible bonds	*34*	**10,958**	25,865	13,068
Restricted bank deposit	*29*	**311**	–	–
Time deposit and cash and bank balances	*30*	**526,994**	884,515	294,674
		1,273,482	1,241,964	859,710
Assets of disposal group classified as held for sale		**–**	–	1,132
Total current assets		**1,273,482**	1,241,964	860,842
LIABILITIES				
Current liabilities				
Trade payables	*31*	**2**	2	2
Other payables and accruals	*32*	**275,666**	80,024	76,827
Customers' deposits		**331**	317	406
Unsecured short term loans		**–**	–	5,000
Bank and other borrowings	*33*	**349,335**	40,619	15,557
Convertible bonds	*34*	**375,554**	–	–
		1,000,888	120,962	97,792
Liabilities of disposal group classified as held for sale		**–**	–	132
Total current liabilities		**1,000,888**	120,962	97,924
Net current assets		**272,594**	1,121,002	762,918
Total assets less current liabilities		**4,209,141**	3,308,128	2,834,632

Consolidated Statement of Financial Position

As at 31 March 2018

	Note	**31 March 2018** *HK$'000*	31 March 2017 *HK$'000* (Restated)	1 April 2016 *HK$'000* (Restated)
LIABILITIES				
Non-current liabilities				
Bank and other borrowings	*33*	**2,004,014**	792,468	690,496
Convertible bonds	*34*	**–**	326,759	438,064
Deferred tax liabilities	*35*	**273,239**	173,956	188,920
Total non-current liabilities		**2,277,253**	1,293,183	1,317,480
Net assets		**1,931,888**	2,014,945	1,517,152
EQUITY				
Equity attributable to owners of the Company				
Share capital	*36*	**23,436**	23,436	19,536
Other reserves	*39*	**1,903,959**	1,991,527	1,498,583
		1,927,395	2,014,963	1,518,119
Non-controlling interests		**4,493**	(18)	(967)
Total equity		**1,931,888**	2,014,945	1,517,152

Approved by the Board of Directors on 25 June 2018 and are signed on its behalf by:

Sun Liang **Ko Tin Kwok**

Consolidated Statement of Changes in Equity

For the year ended 31 March 2018

	Attributable to owners of the Company									
	Share capital (note 36)	Share premium (note 39(b)(i))	Contributed surplus (note 39(b)(ii))	Convertible bonds equity reserve (note 39(b)(iii))	Exchange fluctuation reserve (note 39(b)(iv))	Statutory reserve fund (note 39(b)(v))	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2016										
As previously reported	19,536	2,020,370	77,102	256,028	63,904	12	(918,833)	1,518,119	(967)	1,517,152
Prior year adjustments	–	1,126,957	–	–	–	–	(1,126,957)	–	–	–
As restated	19,536	3,147,327	77,102	256,028	63,904	12	(2,045,790)	1,518,119	(967)	1,517,152
Total comprehensive income for the year	–	–	–	–	(165,352)	–	(351,804)	(517,156)	(70)	(517,226)
Issue of new shares (note 36)	3,900	1,010,100	–	–	–	–	–	1,014,000	–	1,014,000
Repurchase of convertible bonds (note 34)	–	–	–	(96,011)	–	–	96,011	–	–	–
Disposal of subsidiaries (note 40(b))	–	–	–	–	–	–	–	–	1,548	1,548
Capital returned to non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	(529)	(529)
Change in equity for the year	3,900	1,010,100	–	(96,011)	(165,352)	–	(255,793)	496,844	949	497,793
At 31 March 2017	23,436	4,157,427	77,102	160,017	(101,448)	12	(2,301,583)	2,014,963	(18)	2,014,945
At 1 April 2017										
As previously reported	23,436	3,030,470	77,102	160,017	(101,448)	12	(1,174,626)	2,014,963	(18)	2,014,945
Prior year adjustments	–	1,126,957	–	–	–	–	(1,126,957)	–	–	–
As restated	23,436	4,157,427	77,102	160,017	(101,448)	12	(2,301,583)	2,014,963	(18)	2,014,945
Total comprehensive income for the year	–	–	–	–	149,170	–	(236,738)	(87,568)	(173)	(87,741)
Appropriation to statutory reserve	–	–	–	–	–	3,903	(3,903)	–	–	–
Incorporation of subsidiaries	–	–	–	–	–	–	–	–	4,684	4,684
Change in equity for the year	–	–	–	–	149,170	3,903	(240,641)	(87,568)	4,511	(83,057)
At 31 March 2018	23,436	4,157,427	77,102	160,017	47,722	3,915	(2,542,224)	1,927,395	4,493	1,931,888

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax			
Continuing operations		**(241,909)**	(460,922)
Discontinued operations		**–**	104,839
		(241,909)	(356,083)
Adjustments for:			
Dividend income from unlisted available-for-sale financial assets		**(115,166)**	(468)
Bank interest income		**(8,069)**	(505)
Gain on bargain purchase of subsidiaries	*40(a)*	**(7,599)**	–
Depreciation		**89,259**	61,280
Amortisation of intangible assets		**34,837**	34,074
Amortisation of prepaid land lease payments		**81**	–
Loss on disposal of property, plant and equipment		**–**	274
Property, plant and equipment written off		**1,103**	–
Impairment loss on unlisted available-for-sale financial assets		**121,654**	15,000
Write-off of trade receivables		**–**	343
Allowance for trade receivables		**302**	–
Deposits and other receivables written off		**1,415**	3,207
Net realised and unrealised losses on listed trading equity securities		**46,676**	232,302
Fair value changes in derivative component of convertible bonds		**14,907**	(12,797)
Interest expenses		**207,378**	143,378
Gain on disposal of subsidiaries		**–**	(103,072)
Operating profit before working capital changes		**144,869**	16,933
Decrease in inventories		**–**	2,112
Decrease/(increase) in financial assets at fair value through profit or loss		**64,553**	(64,999)
Increase in trade receivables		**(157,243)**	(39,408)
Decrease in prepayments, deposits and other receivables		**12,404**	75,282
Increase in restricted bank deposit		**(311)**	–
Increase in other payables and accruals		**27,929**	8,330
Decrease in customers' deposits		**–**	(89)
Net cash generated from/(used in) operating activities		**92,201**	(1,839)

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received from unlisted available-for-sale financial assets		**3,120**	468
Bank interest received		**8,069**	505
Purchases of property, plant and equipment		**(483)**	(106,382)
Proceeds from disposal of property, plant and equipment		**–**	140
Cash outflows from disposal of subsidiaries		**–**	(283)
Acquisition of available-for-sale financial assets		**(1,013)**	(220,750)
Deposit paid for potential acquisition of a subsidiary		**(37,461)**	–
Acquisition of subsidiaries	*40(a)*	**(586,878)**	–
Net cash used in investing activities		**(614,646)**	(326,302)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(110,858)**	(72,621)
Repayment of other payables		**(537,270)**	–
Proceeds from bank and other borrowings		**862,143**	–
Repayment of bank loans		**(76,659)**	(14,994)
Repayment of other loans		**–**	(5,000)
Capital returned to non-controlling interests of a subsidiary		**–**	(540)
Issue of shares		**–**	1,014,000
Net cash generated from financing activities		**137,356**	920,845
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(385,089)**	592,704
Effect of foreign exchange rate changes		**27,568**	(3,108)
CASH AND CASH EQUIVALENTS AT 1 APRIL		**884,515**	294,919
CASH AND CASH EQUIVALENTS AT 31 MARCH		**526,994**	884,515

1. GENERAL INFORMATION

China Smarter Energy Group Holdings Limited (the "Company") was incorporated in Bermuda under the Companies Act (as amended) of Bermuda as an exempted company with limited liabilities on 8 August 1997. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is Rooms 3205-3208, 32/F., Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 24 to the consolidated financial statements.

2. BASIS OF PREPARATION

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

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

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 April 2017. Of these, the following new or revised HKFRSs are relevant to the Group.

Amendments to HKAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has provided this information in note 40(d).

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (cont'd)

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

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2017. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 9 Financial Instruments	1 January 2018
HKFRS 15 Revenue from Contracts with Customers	1 January 2018
HKFRS 16 Leases	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below.

While the assessment has been substantially completed for HKFRS 9 and HKFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ended 30 September 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that interim financial report.

HKFRS 9 Financial Instruments

HKFRS 9 will replace HKAS 39 Financial Instruments: Recognition and Measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, new rules for hedge accounting and a new impairment model for financial assets.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to adopt the new standard on the required effective date and will not restate comparative information.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 March 2018 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed the impact of HKFRS 9 to the Group's consolidated financial statements as follows:

(a) Classification and measurement

The Group expects to irrevocably designate those unlisted equity securities currently classified as available-for-sale as at fair value through other comprehensive income.

Fair value gains and losses on these instruments will no longer be recycled to profit or loss on disposal. Impairment losses on equity securities will no longer be recognised in profit or loss but rather in other comprehensive income. In addition, the Group currently measures certain unlisted equity securities at cost less impairment. Under HKFRS 9 these instruments will be measured at fair value.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (cont'd)

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

HKFRS 9 Financial Instruments (cont'd)

(b) Impairment

HKFRS 9 requires the Group to recognise and measure either a 12-month expected credit loss or lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects that the application of the expected credit loss model will result in earlier recognition of credit losses. Based on a preliminary assessment, if the Group were to adopt the new impairment requirements at 31 March 2018, accumulated impairment loss at that date would not materially change as compared with that recognised under HKAS 39.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 April 2018 and that comparatives will not be restated.

Based on the assessment completed to date, the Group has identified the following areas which are expected to be affected:

Timing of revenue recognition

Currently, revenue arising from the sale of electricity is recognised over time.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (cont'd)

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

HKFRS 15 Revenue from Contracts with Customers (cont'd)

Timing of revenue recognition (cont'd)

The Group has assessed that the new revenue standard is not likely to have significant impact on how it recognises revenue from the sale of electricity.

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. The Group's office property and staff quarter leases are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

As disclosed in note 43, the Group's future minimum lease payments under non-cancellable operating leases for its office properties amounted to HK$54,657,000 as at 31 March 2018. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

4. PRIOR YEAR ADJUSTMENTS

During the preparation of the Group's consolidated financial statements for the year ended 31 March 2018, the directors of the Group has discovered errors in its consolidated financial statements for the years ended 31 March 2015, 2016 and 2017. Such errors were related to the accounting treatments of the 1,043,478,260 consideration shares ("Consideration Shares") that were issued by the Company in relation to the Group's acquisition ("Acquisition") of Rander International Limited ("Rander") completed on 17 February 2015 ("Acquisition Date") in the consolidated financial statements of the Group.

4. PRIOR YEAR ADJUSTMENTS (cont'd)

The consideration for the Acquisition involved a combination of cash of approximately HK$322,000,000 and Consideration Shares. The consolidated financial statements of the Group for the year ended 31 March 2015 accounted for the Consideration Shares at HK$0.23 per share based on a memorandum of understanding entered into between the Company and the then vendor of Rander on 28 January 2014 ("Agreement Date") followed by certain subsequent supplementary agreements for the Acquisition. The directors recently came into a view that the Consideration Shares should have been accounted for at HK$1.31 per share as at the Acquisition Date in accordance with HKFRS 3 (Revised) Business Combination. The difference in accounting for the Consideration Shares based on Agreement Date and Acquisition Date is approximately HK$1,126,957,000, representing the difference between HK$0.23 per share and HK$1.31 per share times the 1,043,478,260 Consideration Shares issued for the Acquisition.

The directors, upon discussion with current auditor, are of the view that the Group should have accounted for the Consideration Shares at HK$1.31 per share, and the Company should have recognised a goodwill of approximately HK$834,877,000, representing the total consideration of approximately HK$1,688,957,000 (based on HK$1.31 per share) minus the fair value of net assets acquired of approximately HK$854,080,000, against a gain on bargain purchase of approximately HK$292,080,000, representing the total consideration of approximately HK$562,000,000 (based on HK$0.23 per share) minus the fair value of net assets acquired of approximately HK$854,080,000. As at Acquisition Date, the Company should have reviewed the recoverable amount of the cash-generating unit to which the goodwill has been allocated and the Company should have determined that the whole amount of the goodwill is to impair to the consolidated statement of profit or loss. The overall effect would be an additional loss of approximately HK$1,126,957,000 and the overall effect on the consolidated statement of financial position would be a simultaneous increase in both share premium and accumulated losses of the same amount of approximately HK$1,126,957,000 for the financial year ended 31 March 2015, which result in no difference in net assets and total equity but would have a carry-forward effect of understatement in both share premium and accumulated losses of approximately HK$1,126,957,000 on the consolidated statements of financial position as at 31 March 2016 and 2017.

Consequently, the Group's consolidated statements of financial position as at 31 March 2017 and 2016, the consolidated statement of changes in equity for the year ended 31 March 2017, and certain explanatory notes have been restated to reflect the correction of these errors.

The correction of these errors did not impact the consolidated statement of comprehensive income for the year ended 31 March 2017.

Impact on the consolidated statement of financial position as at 31 March 2017 is as follows:

	As previously reported *HK$'000*	Prior year adjustments *HK$'000*	As restated *HK$'000*
Capital and reserve			
Reserves			
– Share premium	3,030,470	1,126,957	4,157,427
– Accumulated losses	(1,174,626)	(1,126,957)	(2,301,583)

4. PRIOR YEAR ADJUSTMENTS (cont'd)

Impact on the consolidated statement of financial position as at 31 March 2016 is as follows:

	As previously reported *HK$'000*	Prior year adjustments *HK$'000*	As restated *HK$'000*
Capital and reserve			
Reserves			
– Share premium	2,020,370	1,126,957	3,147,327
– Accumulated losses	(918,833)	(1,126,957)	(2,045,790)

5. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. financial assets at fair value through profit or loss are measured at fair value).

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 6.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Consolidation (cont'd)

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

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

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings under construction and plant and equipment pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Intangible assets (acquired separately)

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

(f) Leases

The Group as lessee

Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Prepaid lease payments are stated at cost and subsequently amortised on the straight-line basis over the remaining term of the lease.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(h) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial assets within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either financial assets classified as held for trading or designated as at fair value through profit or loss upon initial recognition. These financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these financial assets are recognised in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically trade and other receivables, bank balances and cash are classified in this category.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Financial assets (cont'd)

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income and accumulated in the investment revaluation reserve, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss. Interest calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less impairment losses.

(i) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

(j) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(k) Non-current assets held for sale and discontinued operations

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. The Group must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets or disposal groups classified as held for sale are measured at the lower of the asset's or disposal group's previous carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Group (i.e. the operations and cash flows of which can be clearly distinguished from the rest of the Group) that either has been disposed of, or is classified as held for sale, and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Classification as a discontinued operation occurs upon disposal or when the component meets the criteria to be classified as held for sale in accordance with HKFRS 5, if earlier. It also occurs when the component is abandoned.

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

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

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

(l) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(n) Convertible bonds

Convertible bonds which entitle the holder to convert the bonds into a fixed number of equity instruments at a fixed conversion price are regarded as compound instruments consisting of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible bonds and the fair value assigned to the liability component, representing the embedded option for the holder to convert the bonds into equity of the Group, is included in equity as convertible bonds reserve. The liability component is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption.

Transaction costs are apportioned between the liability and equity components of the convertible loans based on their relative carrying amounts at the date of issue. The portion related to the equity component is charged directly to equity.

(o) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(q) Derivative financial instruments

All derivatives are initially recognised and subsequently measured at fair value.

Changes in the fair value of derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss as they arise.

Derivatives embedded in other financial instruments or non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the combined instrument is not carried at fair value with changes in fair value recognised in profit or loss.

(r) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

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

Revenue from the sales of manufactured goods is recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised when the shareholders' rights to receive payment are established.

(s) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Employee benefits (cont'd)

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are 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, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(u) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(v) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Taxation (cont'd)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(w) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount 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. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(w) Impairment of non-financial assets (cont'd)

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(x) Impairment of financial assets

At the end of each reporting period, the Group assesses whether its financial assets (other than those at fair value through profit or loss) are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered also to be objective evidence of impairment.

In addition, for trade receivables that are assessed not to be impaired individually, the Group assesses them collectively for impairment, based on the Group's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for trade receivables, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

In respect of available-for-sale equity securities, an increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated in revaluation reserve; impairment losses are not reversed through profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(y) Provisions and contingent liabilities

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

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

(z) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

6. CRITICAL JUDGEMENTS AND KEY ESTIMATES

(i) Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimates, which are dealt with below).

(a) Revenue recognition on tariff subsidy on sale of electricity

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

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

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

6. CRITICAL JUDGEMENTS AND KEY ESTIMATES (cont'd)

(i) Critical judgements in applying accounting policies (cont'd)

(a) Revenue recognition on tariff subsidy on sale of electricity (cont'd)

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

In making their judgement, the Directors, taking into account the legal opinion as advised by the Group's legal advisor and the fact that all previous registrations of the group entities operating the solar power plants to the Catalogue were successfully completed with reference to the requirements and conditions for the registration in the Catalogue, considered that all of the Group's solar farm currently in operation had met the requirement and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff adjustments when the electricity was delivered on grid.

In the opinion of the Directors, the recognition of accrued revenue on tariff subsidy is proper based on their judgement and by reference to those previous successful registrations of the Group's operating solar power plants to the Catalogue, as well as taking into account the opinion from the Group's legal advisor, that the Group's operating power plants had been qualified for, and had met, all the requirements and conditions as required according to the requirements and conditions for the registration in the Catalogue. The Directors are confident that all the Group's operating solar farms were able to be registered in the Catalogue in due course. Further, the accrued revenue on tariff subsidy are fully recoverable but just subject to timing of allocation of funds from the PRC government, after considering that there were no bad debt experiences with the state grid companies in the past and the tariff subsidy was fully funded by the PRC government.

(b) Purchase accounting

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

6. CRITICAL JUDGEMENTS AND KEY ESTIMATES (cont'd)

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The carrying amount of property, plant and equipment as at 31 March 2018 was approximately HK$2,627,292,000 (2017: HK$948,587,000).

(b) Impairment of property, plant and equipment and intangible assets

The Group assesses annually whether property, plant and equipment and intangible assets have any indication of impairment. The recoverable amounts, if required, are determined based on value-in-use calculations or market valuations. These calculations require the use of judgement and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates, could materially affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations. If there is a significant adverse change in the projected performance and affecting future cash flow projections, it may be necessary to take an impairment charge to the consolidated statement of profit or loss.

No impairment was made for the year ended 31 March 2017 and 2018.

(c) Income taxes

The Group is subject to income taxes mainly in statutory jurisdictions of Hong Kong and the PRC. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for 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 the income tax and deferred tax provisions in the period in which such determination is made. During the year, HK$5,000,000 (2017: HK$4,174,000) of income tax was credited to profit or loss based on the estimated profit from continuing operations.

6. CRITICAL JUDGEMENTS AND KEY ESTIMATES (cont'd)

(ii) Key sources of estimation uncertainty (cont'd)

(d) Impairment of investments in available-for-sale financial assets

At the end of each reporting period, the Group reviews internal and external sources of information to identify indicators that the Group's investments in available-for-sale financial assets may be impaired.

The amount of the impairment loss is measured as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment loss of HK$121,654,000 was made for available-for-sale financial assets for the year ended 31 March 2018 (2017: HK$15,000,000).

(e) Impairment loss of bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairment arises where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts, in particular of a loss event requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

The directors are confident that all the tariff subsidy receivables are fully recoverable but just subject to timing of allocation of funds from the government, after considering that there was no bad debt experiences with the state grid companies in the past and the tariff subsidy was fully funded by the PRC government.

As at 31 March 2018, accumulated impairment loss for bad and doubtful debts amounted to HK$302,000 (2017: Nil).

(f) Fair value of derivative component

As disclosed in note 34 to the consolidated financial statements, the fair value of the derivative component of the redeemable convertible cumulative preference shares at the date of issue and the end of the reporting period were determined using option pricing models. Application of option pricing models requires the Group to estimate the prominent factors affecting the fair value, including but not limited to, the expected life of the derivative component, the expected volatility of the share prices of the Company and the potential dilution in the share prices of the Company. Where the estimation of these factors is different from those previously estimated, such differences will impact the fair value gain or loss on the derivative component in the period in which such determination is made.

The carrying amount of the derivative financial assets as at 31 March 2018 was HK$10,958,000 (2017: HK$25,865,000).

7. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are denominated in currencies other than the functional currency of the Group entities such as United States dollars ("US$") and Reminbi ("RMB"). The directors have assessed the impact of foreign currency risk and considered that it is insignificant to the Group. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Price risk

The Group is exposed to equity price risk mainly through its investment in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on listed equity securities quoted on the Stock Exchange in Hong Kong and the PRC.

The Group is also exposed to equity price risk arising from changes in the Company's own share to the extent that the Company's own equity instruments underline the fair values of derivatives of the Group. At 31 March 2018, the Group is exposed to the risk through the conversion rights attached to US$50,000,000 (2017: US$50,000,000) convertible bonds issued by the Company as disclosed in note 34.

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If the share price of relevant listed equity securities at fair value through profit or loss or the Company's own share price (for the derivative component of US$50,000,000 (2017: US$50,000,000) convertible bonds) had been 5% higher/lower (2017: 5% higher/lower), the loss after tax for the year ended 31 March 2018 would decrease/increase by HK$3,922,000/HK$3,680,000 (2017: decrease/increase by HK$12,360,000/HK$11,782,000).

7. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Credit risk

The Group's credit risk is primarily attributable to its trade and bill receivables, other receivables, restricted bank deposit and cash and bank balances. In order to minimise credit risk, the directors have delegated a team to be responsible for determination of credit limits, credit approvals and other monitoring procedures. In addition, the directors review the recoverable amount of each individual trade and other receivables regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

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

At 31 March 2018, 33.85% (2017: 69.00%) and 90.65% (2017: 94.74%) of the total trade receivables was due from the Group's largest customer and five largest customers respectively.

It has policies in place to ensure that sales are made to customers with an appropriate credit history.

The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's financial liabilities is as follows:

	Less than 1 year and on demand	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2018					
Trade payables	**2**	**–**	**–**	**–**	**2**
Other payables and accruals	**275,666**	**–**	**–**	**–**	**275,666**
Bank and other borrowings	**487,535**	**578,400**	**1,107,504**	**621,763**	**2,795,202**
Convertible bonds	**401,700**	**–**	**–**	**–**	**401,700**
At 31 March 2017					
Trade payables	2	–	–	–	2
Other payables and accruals	80,024	–	–	–	80,024
Bank and other borrowings	86,640	326,966	241,093	447,323	1,102,022
Convertible bonds	23,400	401,700	–	–	425,100

7. FINANCIAL RISK MANAGEMENT (cont'd)

(e) Interest rate risk

At 31 March 2018, the Group had bank and other borrowings of HK$1,677,802,000 (2017: HK$182,058,000) and guaranteed secured convertible bonds with an aggregated principal amount of US$50,000,000 (2017: US$50,000,000), which were interest bearing with fixed interest rates and therefore are subject to fair value interest rate risks.

The Group's exposure to interest-rate risk arises from its bank deposits and bank and other borrowings. These deposits and borrowings bear interests at variable rates that vary with the then prevailing market condition.

At 31 March 2018, the Group had bank deposits of HK$235,702,000 (2017: HK$419,631,000) and bank loans of HK$675,547,000 (2017: HK$651,029,000), which are interest bearing with floating interest rates. If interest rates had been 100 basis points higher/lower with all other variables held constant, consolidated loss after tax for the year would have been HK$3,624,000 (2017: HK$2,500,000) higher/lower.

(f) Categories of financial instruments at 31 March

	2018	2017
	HK$'000	*HK$'000*
Financial assets:		
Financial assets at fair value through profit or loss:		
Held for trading	**99,124**	200,235
Derivative financial assets – Derivative component of the convertible bonds	**10,958**	25,865
Loans and receivables (including cash and cash equivalents)	**1,145,512**	1,007,800
Available-for-sale financial assets	**204,955**	213,550
Financial liabilities:		
Financial liabilities at amortised cost	**3,004,571**	1,239,872

(g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

8. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy at 31 March:

2018	**Fair value measurements using:**			
				Total
	Level 1	**Level 2**	**Level 3**	**2018**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through profit or loss				
Listed securities in Hong Kong and the PRC	**92,244**	**–**	**–**	**92,244**
Unlisted investment funds	**–**	**6,880**	**–**	**6,880**
	92,244	**6,880**	**–**	**99,124**
Derivatives				
Derivative component of the convertible bonds	**–**	**–**	**10,958**	**10,958**
Available-for-sale financial assets				
Club membership debenture	**–**	**1,013**	**–**	**1,013**
Total	**92,244**	**7,893**	**10,958**	**111,095**

8. FAIR VALUE MEASUREMENTS (cont'd)

(a) Disclosures of level in fair value hierarchy at 31 March: (cont'd)

2017	Fair value measurements using:			
	Level 1	Level 2	Level 3	Total 2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through profit or loss				
Listed securities in Hong Kong and the PRC	154,171	–	–	154,171
Unlisted investment funds	–	46,064	–	46,064
	154,171	46,064	–	200,235
Derivatives				
Derivative component of the convertible bonds	–	–	25,865	25,865
Total	154,171	46,064	25,865	226,100

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

	Derivative financial assets – derivative component of convertible bonds	
	2018	2017
	HK$'000	*HK$'000*
At beginning of year	**25,865**	13,068
Total gains or losses recognised in profit or loss	**(14,907)**	12,797
At end of year	**10,958**	25,865

8. FAIR VALUE MEASUREMENTS (cont'd)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 March 2018:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Level 2 fair value measurements

Description	**Valuation technique**	**Inputs**	**Fair value**	
			2018	2017
			HK$'000	*HK$'000*
Club membership debenture	Market approach	Price in open market taking into account the estimated transfer fee of the club membership upon sale	**1,013**	–
Unlisted investment funds	Market approach	Price quoted by a financial institution in the PRC	**6,880**	46,064

Level 3 fair value measurements

Description	**Valuation technique**	**Inputs**	**Fair value**	
			2018	2017
			HK$'000	*HK$'000*
Derivative financial assets – derivative component of convertible bonds	Binomial Tree Model	Stock price volatility	**10,958**	25,865

During the two years, there were no changes in valuation techniques used.

9. REVENUE

An analysis of the Group's revenue for the year from continuing operations is as follows:

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Sale of electricity	**222,207**	105,700
Sale of fur garment	**–**	1,215
Dividend income from unlisted available-for-sale financial assets	**115,166**	468
Dividend income from listed financial assets at fair value through profit or loss	**8,529**	283
	345,902	107,666

Sale of electricity included HK$162,542,000 (2017: HK$79,777,000) tariff subsidy received and receivable from the state grid companies in the PRC based on the prevailing nationwide government policies on renewable energy for solar plants and distributed power stations.

10. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Bank interest income	**8,069**	505
Recovery of other receivables	**259**	1,845
Others	**490**	452
	8,818	2,802

11. OTHER GAINS AND LOSSES

	2018 *HK$'000*	2017 *HK$'000* (Restated)
Continuing operations		
Fair value change on derivative components of convertible bonds	**(14,907)**	12,797
Loss on disposal of subsidiaries	**–**	(2,247)
Net realised and unrealised losses on listed trading equity securities	**(46,676)**	(232,302)
Impairment on unlisted available-for-sale financial assets	**(121,654)**	(15,000)
Others	**462**	–
	(182,775)	(236,752)

12. SEGMENT INFORMATION

The Group has four operating segments as follows:

Clean energy	–	Sale of electricity
Trading in securities	–	Trading in securities comprise net gains/(losses) from trading of listed securities and dividend income from listed equity investments
Investment	–	Investments comprise dividend income from unlisted equity investments
Trading of bulk commodities	–	Trading of bulk commodities comprise the trading of solid, liquid and gaseous fuels and other related products and the trading of bulk commodities derivatives
Trading of fur products	–	Trading of fur related products (ceased during the year ended 31 March 2017)

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 5 to the consolidated financial statements. Segment profits or losses do not include unallocated corporate expenses, certain other income, finance cost and income tax. Segment assets do not include derivative financial assets, cash and bank balances and unallocated assets. Segment liabilities do not include convertible bonds, some other borrowings and unallocated liabilities. Segment non-current assets do not include available-for-sale financial assets and deposits for acquisitions.

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

12. SEGMENT INFORMATION (cont'd)

(a) Information about reportable segment profit or loss, assets and liabilities:

For the year ended 31 March 2018

	Continuing operations					
	Clean energy	Trading in securities	Investments	Trading of bulk commodities	Trading of fur products	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Consolidated revenue						
Revenue from external customers	222,207	–	–	–	–	222,207
Dividend income	–	8,529	115,166	–	–	123,695
Consolidated revenue	222,207	8,529	115,166	–	–	345,902
Segment results	56,766	(38,146)	(6,488)	(560)	307	11,879
Reconciliation:						
Interest income						8,069
Change in fair value of derivative components of convertible bonds						(14,907)
Gain on bargain purchase						7,599
Unallocated corporate expenses						(47,171)
Loss from operating activities						(34,531)
Finance costs						(207,378)
Loss before tax						(241,909)
Income tax credit						5,000
Loss for the year						(236,909)
Other segment information						
Depreciation and amortisation						
Reportable segment total	122,463	–	–	–		122,463
Corporate headquarter	–	–	–	–		1,714
						124,177

12. SEGMENT INFORMATION (cont'd)

(a) Information about reportable segment profit or loss, assets and liabilities: (cont'd)

For the year ended 31 March 2017

	Continuing operations					Discontinued operation	
	Clean energy	Trading in securities	Investments	Trading of fur products	Total	Mine	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Consolidated revenue							
Revenue from external customers	105,700	–	–	1,215	106,915	–	106,915
Dividend income	–	283	468	–	751	–	751
Consolidated revenue	105,700	283	468	1,215	107,666	–	107,666
Segment results	(26,248)	(232,019)	(14,541)	(13,076)	(285,884)	(480)	(286,364)
Reconciliation:							
Interest income							505
Change in fair value of derivative components of convertible bonds							12,797
Net gain on disposal of subsidiaries (including a gain on disposal of a disposal group *(note 18(c))*)							103,072
Unallocated corporate expenses							(42,715)
Loss from operating activities							(212,705)
Finance costs							(143,378)
Loss before tax							(356,083)
Income tax credit							4,174
Loss for the year							(351,909)
Other segment information							
Depreciation and amortisation							
Reportable segment total	94,534	–	–	19	94,553	–	94,553
Corporate headquarter	–	–	–	–	–	–	801
							95,354

12. SEGMENT INFORMATION (cont'd)

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

At 31 March 2018

	Clean energy *HK$'000*	Trading securities *HK$'000*	Investments *HK$'000*	Trading of bulk commodities *HK$'000*	Trading of fur products *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Reportable segment assets	**4,358,019**	**99,124**	**203,943**	**994**	**–**	**547,949**	**5,210,029**
Reportable segment liabilities	**2,674,819**	**–**	**2,492**	**1,557**	**–**	**599,273**	**3,278,141**
Other segment information							
Additions to property, plant and equipment during the year	**–**	**–**	**–**	**483**	**–**	**–**	**483**

At 31 March 2017

	Clean energy *HK$'000*	Trading in securities *HK$'000*	Investments *HK$'000*	Trading of bulk commodities *HK$'000*	Trading of fur products *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Reportable segment assets	2,091,975	200,235	213,550	–	2,653	920,677	3,429,090
Reportable segment liabilities	901,073	–	2,491	–	1,031	509,550	1,414,145
Other segment information							
Additions to property, plant and equipment during the year	95,489	–	–	–	–	8,784	104,273

12. SEGMENT INFORMATION (cont'd)

(c) Geographical information:

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

	2018 *HK$'000*	2017 *HK$'000* (Restated)
Revenue		
The PRC	**230,578**	105,700
Hong Kong	**115,324**	1,966
Consolidated total	**345,902**	107,666

	2018 *HK$'000*	2017 *HK$'000*
Non-current assets		
The PRC	**3,387,268**	1,665,471
Hong Kong	**6,863**	8,105
Consolidated total	**3,394,131**	1,673,576

(d) Revenue from major customers:

An analysis of revenue from major customers which account for 10 percent or more of the Group's revenue is as follows:

	2018 *HK$'000*	2017 *HK$'000*
Clean energy segment		
Customer A	**148,612**	82,900

13. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**135,183**	66,369
Imputed interest on convertible bonds	**72,195**	77,009
	207,378	143,378

14. INCOME TAX CREDIT

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

	2018	2017
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**–**	–
Current tax – Overseas		
Provision for the year	**–**	–
	–	–
Deferred tax (note 35)	**(5,000)**	(4,174)
	(5,000)	(4,174)

No provision for Hong Kong Profits Tax is required since the Company has no assessable profit for the years ended 31 March 2018 and 2017.

PRC Enterprises Income Tax has been provided at a rate of 25% (2017: 25%). During the year, nine (2017: five) subsidiaries of the Group which are engaging in the operation of solar power plants and distributed power stations have obtained the relevant preferential tax concession. These subsidiaries are fully exempted from the PRC corporate income tax for the first three years, followed by a 50% tax exemption for the next three years.

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

14. INCOME TAX CREDIT (cont'd)

The reconciliation between the income tax credit and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2018	2017
	HK$'000	*HK$'000*
Loss before tax	**(241,909)**	(460,922)
Tax at the Hong Kong Profits Tax rate of 16.5% (2017: 16.5%)	**(39,915)**	(76,052)
Tax effect of income that is not taxable	**(20,526)**	(3,344)
Tax effect of expenses that are not deductible	**54,864**	34,808
Tax effect of temporary differences not recognised	**72**	(14,742)
Effect on tax holiday on assessable profit of subsidiaries established in the PRC	**(6,557)**	(395)
Tax effect of utilisation of tax losses not previously recognised	**(4,298)**	(170)
Tax effect of tax losses not recognised	**15,670**	60,751
Effect of different tax rates of subsidiaries	**(4,310)**	(5,116)
Others	**–**	86
Income tax credit	**(5,000)**	(4,174)

15. LOSS FOR THE YEAR

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

	2018	2017
	HK$'000	*HK$'000*
Auditor's remuneration		
– audit services	**1,600**	830
– non-audit services	**671**	102
	2,271	932
Depreciation	**89,259**	61,280
Amortisation of intangible assets (included in cost of sales)	**34,837**	34,074
Acquisition-related costs (including in administrative and operating expenses)	**8,053**	2,574
Loss on disposal of property, plant and equipment	**–**	274
Deposits and other receivables written off	**1,415**	3,207
Operating lease charges	**13,285**	13,180
Allowance for trade receivables	**302**	–

(i) Cost of sales includes depreciation, amortisation of intangible assets and operating lease charges of approximately HK$121,989,000 (2017: HK$94,573,000).

16. EMPLOYEE BENEFITS EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Employee benefits expense (including directors' remuneration):		
Salaries, bonuses and allowances	**17,588**	24,952
Retirement benefit scheme contributions	**1,278**	1,138
	18,866	26,090

Five highest paid individuals:

The five highest paid individuals in the Group during the year included three (2017: five) directors whose emoluments are reflected in the analysis presented in note 17(a).

The remaining two (2017: Nil) individuals during the year are as follows:

	2018	2017
	HK$'000	*HK$'000*
Salaries and allowances	**2,015**	–
Pension costs – defined contribution plans	**36**	–
	2,051	–

The emoluments of the two (2017: Nil) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2018	2017
Emoluments band (in HK dollar)		
Nil – HK$1,000,000	**1**	–
HK$1,000,001 to HK$1,500,000	**1**	–

17. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of every director is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking							Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	
	Fees	Salaries	Discretionary bonus	Estimated money value of other benefits	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Housing allowance		Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Name of director									
Executive directors									
Sun Liang *(note (i))*	–	–	–	–	–	–	–	–	–
Ko Tin Kwok *(note (ii))*	–	–	–	–	–	–	–	–	–
Zhao Li	–	910	–	–	18	–	660	–	1,588
Zeng Weibing *(note (i))*	–	–	–	–	–	–	–	–	–
Hu Hanyang *(note (ii))*	–	–	–	–	–	–	–	–	–
Gao Shujuan *(note (iv))*	–	–	–	–	–	–	–	–	–
Wang Hao *(note iii))*	–	1,133	–	–	8	–	–	–	1,141
Lam Kwan Shing *(note (iii))*	–	680	–	–	8	–	–	–	688
Hon Ming Sang *(note (iii))*	–	170	–	–	7	–	–	–	177
Independent non-executive directors									
Fok Ho Yin, Thomas	280	–	–	–	–	–	–	–	280
Li Hui	360	–	–	–	–	–	–	–	360
Lam Cheung Mau	360	–	–	–	–	–	–	–	360
Total for 2018	1,000	2,893	–	–	41	–	660	–	4,594

Notes:

(i) Appointed on 16 August 2017

(ii) Agreed to waive his entitlement to director's fee for the year ended 31 March 2018

(iii) Resigned on 16 August 2017

(iv) Appointed on 28 December 2017

17. BENEFITS AND INTERESTS OF DIRECTORS (cont'd)

(a) Directors' emoluments (cont'd)

The remuneration of every director is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking							Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	
	Fees	Salaries	Discretionary bonus	Estimated money value of other benefits	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Housing allowance		Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Name of director									
Executive directors									
Wang Hao	–	2,600	–	–	18	–	–	–	2,618
Ko Tin Kwok *(note (i))*	–	375	–	–	8	–	–	–	383
Zhao Li *(note (i))*	–	375	–	–	4	–	–	–	379
Lam Kwan Sing	–	1,560	–	–	18	–	–	–	1,578
Hon Ming Sang	–	390	–	–	18	–	–	–	408
Hu Hanyang *(note (ii))*	–	–	–	–	–	–	–	–	–
Lai Leong *(note (iv))*	–	1,252	–	–	18	–	–	–	1,270
Zhou Chengrong *(note (iv))*	–	750	–	–	11	–	–	–	761
Wong Nga Leung *(note (iv))*	–	949	–	–	10	–	–	–	959
Independent non-executive directors									
Fok Ho Yin, Thomas	120	–	–	–	–	–	–	–	120
Li Hui *(note (ii))*	22	–	–	–	–	–	–	–	22
Lam Cheung Mau *(note (ii))*	21	–	–	–	–	–	–	–	21
Tsui Ching Hung *(Note (iii))*	115	–	–	–	–	–	–	–	115
Cheung Oi Man, Amelia *(Note (iii))*	115	–	–	–	–	–	–	–	115
Total for 2017	393	8,251	–	–	105	–	–	–	8,749

Notes:

(i) Appointed on 1 November 2016

(ii) Appointed on 10 March 2017

(iii) Resigned on 10 March 2017

(iv) Resigned on 1 November 2016

Saved as disclosed above, neither the chief executive nor any of the directors waived any emoluments during the year (2017: Nil).

17. BENEFITS AND INTERESTS OF DIRECTORS (cont'd)

(b) Directors' material interests in transactions, arrangements or contracts

Save for those disclosed in note 44 to the consolidated financial statements, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

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

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

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

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

	2017 *HK$'000*
Net gain on disposal of a disposal group *(note 18(c))*	105,319
Administrative and operating expenses	(480)
Profit for the year from discontinued operation	104,839
Profit for the year from discontinued operation includes the following:	
Staff salaries and allowances	219
Retirement benefit scheme contributions	13
Total staff costs	232

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

(b) The net cash flow of the discontinued operation dealt with in the consolidated financial statements for the year ended 31 March 2017 is as follows:

	2017 *HK$'000*
Operating activities	(480)
Investing activities	–
Financing activities	–
Net cash outflow attributable to discontinued operation	(480)

(c) Disposal of a disposal group

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

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

19. DIVIDENDS

No dividends have been paid or proposed during the year ended 31 March 2018, nor has any dividend been proposed since the end of the reporting period (2017: Nil).

20. LOSS PER SHARE

From continuing and discontinued operations

Basic loss per share is calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2018	2017
Loss for the year attributable to owners of the Company for the purpose of calculating basic earnings per share *(HK$'000)*	**(236,738)**	(351,804)
Weighted average number of ordinary shares in issue *(thousands)*	**9,374,351**	8,310,132

Diluted loss per share for the years ended 31 March 2018 and 2017 is the same as the basic loss per share, as the Company's outstanding convertible bonds had an anti-dilutive effect on the basic loss per share for the years ended 31 March 2018 and 2017 respectively.

From continuing operations

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

	2018	2017
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(236,738)**	(351,804)
Profit for the year from discontinued operations	**–**	(104,924)
Loss for the year attributable to owners of the Company for the purpose of calculating basic earnings per share from continuing operations	**(236,738)**	(456,728)

Diluted loss per share for the years ended 31 March 2018 and 2017 from continuing operations is the same as the basic loss per share, as the Company's outstanding convertible bonds had an anti-dilutive effect on the basic loss per share for the years ended 31 March 2018 and 2017 respectively.

From discontinued operations

Basic earnings per share for the year ended 31 March 2017 from the discontinued operations is HK1.27 cents per share, based on the profit for the year from discontinued operations attributable to the owners of the Company of approximately HK$104,924,000 and the denominators used are the same as those detailed above for both basic and diluted earnings per share.

21. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Solar power generation plant/station	Plant and machinery	Furniture, fixtures, office equipment and motor vehicles	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost						
At 1 April 2016	2,609	976,655	1,984	14,577	24,329	1,020,154
Exchange differences	–	(57,213)	–	(492)	–	(57,705)
Additions	3,862	93,316	–	5,277	1,818	104,273
Disposal of subsidiaries *(note 40(b))*	(80)	–	–	(26)	–	(106)
Disposal/written off	–	–	–	(467)	–	(467)
Transfer	–	24,329	–	–	(24,329)	–
At 31 March 2017 and 1 April 2017	6,391	1,037,087	1,984	18,869	1,818	1,066,149
Acquisition of subsidiaries *(note 40(a))*	–	1,569,111	–	175	–	1,569,286
Exchange differences	–	214,856	–	877	82	215,815
Additions	318	–	–	165	–	483
Disposal/written off	–	(1,103)	–	(5)	–	(1,108)
Transfer	–	1,900	–	–	(1,900)	–
At 31 March 2018	6,709	2,821,851	1,984	20,081	–	2,850,625
Accumulated depreciation						
At 1 April 2016	2,609	48,766	1,984	7,174	–	60,533
Exchange differences	–	(4,054)	–	(124)	–	(4,178)
Charge for the year	187	58,244	–	2,849	–	61,280
Disposal of subsidiaries *(note 40(b))*	–	–	–	(20)	–	(20)
Disposal/written off	–	–	–	(53)	–	(53)
At 31 March 2017 and 1 April 2017	2,796	102,956	1,984	9,826	–	117,562
Exchange differences	–	16,010	–	507	–	16,517
Charge for the year	756	85,251	–	3,252	–	89,259
Disposal/written off	–	–	–	(5)	–	(5)
At 31 March 2018	3,552	204,217	1,984	13,580	–	223,333
Carrying amount						
At 31 March 2018	3,157	2,617,634	–	6,501	–	2,627,292
At 31 March 2017	3,595	934,131	–	9,043	1,818	948,587

At 31 March 2018 the carrying amount of property, plant and equipment of HK$1,179,005,000 (2017: Nil) were pledged as security for the Group's bank loans as set out in note 33(ii) to the financial statements.

22. PREPAID LAND LEASE PAYMENTS

The Group's interests in prepaid land lease payments represent prepaid operating lease payments and their net book value are analysed as follows:

	2018	2017
	HK$'000	*HK$'000*
At 1 April	**–**	–
Acquisition of subsidiaries *(note 40(a))*	**1,434**	–
Exchange differences	**125**	–
Amortisation of prepaid land lease payments	**(81)**	–
At 31 March	**1,478**	–
Current portion	**(102)**	–
Non-current portion	**1,376**	–

23. INTANGIBLE ASSETS

	Customer contracts Total
	HK$'000
Cost	
At 1 April 2016	844,066
Exchange differences	(48,244)
At 31 March 2017 and 1 April 2017	795,822
Exchange differences	84,921
At 31 March 2018	880,743
Accumulated amortisation and impairment losses	
At 1 April 2016	39,773
Exchange differences	(3,014)
Amortisation for the year	34,074
At 31 March 2017 and 1 April 2017	70,833
Exchange differences	9,610
Amortisation for the year	34,837
At 31 March 2018	115,280
Carrying amount	
At 31 March 2018	765,463
At 31 March 2017	724,989

24. INVESTMENTS IN SUBSIDIARIES

	2018	2017
	HK$'000	*HK$'000*
Unlisted investment, at cost	**83,369**	83,369

The amounts due from/(to) subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the subsidiaries as at 31 March 2018 are as follows:

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

24. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital/ registered capital	Percentage of equity attributable to the Group	Principal activities
Surplus Basic Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding
Elite Plus Worldwide Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding
Legacy Billion Investment Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding
Shanghai Gorgeous Smarter Energy Company Limited (formerly, Tianhe Smarter Energy Company Limited)** 上海國之杰智慧能源有限公司（前稱為天合智慧能源有限公司）	The PRC	RMB800,000,000	100%	Investment holding
Jinchang Jintai Photovoltaic Company Limited** 金昌錦泰光伏電力有限公司	The PRC	RMB160,000,000	100%	Operation of solar power plant
Shanghai Xin Lan Electric Company Limited** 上海昕嵐電力有限公司	The PRC	RMB10,000,000	100%	Operation of distributed solar power station
Dezhou Guanyang Solar Energy Technology Company Limited** 德州冠陽太陽能科技有限公司	The PRC	RMB2,000,000	100%	Operation of distributed solar power station
Linyi Xinlan Electric Company Limited** 臨邑昕嵐電力有限公司	The PRC	RMB5,000,000	100%	Operation of distributed solar power station
Dezhou Miaoli Energy Company Limited** 德州妙理新能源有限公司	The PRC	RMB10,000,000	100%	Operation of distributed solar power station
Dezhou Jiayang New Energy Company Limited** 德州佳陽新能源有限公司	The PRC	RMB7,350,000	100%	Operation of distributed solar power station

24. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital/ registered capital	Percentage of equity attributable to the Group	Principal activities
Changfeng Hongyang New Energy Power Generation Company Limited** 長豐紅陽新能源發電有限公司	The PRC	RMB51,600,000	100%	Operation of solar power plant
Gaoan Jinjian Power Generation Company Limited** 高安市金建發電有限公司	The PRC	RMB31,600,000	100%	Operation of solar power plant
Jinchang Disheng Solar Energy Generation Company Limited** 金昌迪生太陽能發電有限公司	The PRC	RMB306,900,000	100%	Operation of solar power plant

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

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

25. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Note	**2018** **HK$'000**	2017 *HK$'000*
Club membership debenture, at fair value	*(i)*	**1,013**	–
Unlisted equity securities, at cost			
Company A	*(ii)*	**164,738**	93,750
Company B	*(iii)*	**9,404**	90,000
Company C	*(iv)*	**22,000**	22,000
Company D	*(v)*	**7,800**	7,800
		204,955	213,550

25. AVAILABLE-FOR-SALE FINANCIAL ASSETS (cont'd)

The unlisted equity investments relate to investments in four (2017: four) private entities, which were intended to hold for long-term strategic purpose at the time of acquisitions. Company A, Company B, Company C and Company D are engaged in the provision of advisory and financial services, properties holding, investment in securities trading and money lending.

These available-for-sale investments are subsequently measured at cost less impairment at the end of reporting period because the range of the reasonable fair value estimates are so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

Notes:

(i) Club membership debenture is classified as an available-for-sale investment at initial recognition and has no fixed maturity date or coupon rate. The fair value of club membership debenture is based on its quoted price in an open market. The Group does not intend to dispose the investment in the near future.

During the year ended 31 March 2018, no fair value gain on club membership debenture was recognised (2017: Nil).

(ii) As at 31 March 2018, the Group recorded shareholding of approximately 4.07% (2017: 1.03%) and the carrying amount of approximately HK$164,738,000 (2017: HK$93,750,000) for the investment in Company A. During the year ended 31 March 2018, Company B, accounted for as an available-for-sale financial asset of the Group, declared and paid dividend by way of distribution of specie in terms of shares in Company A on a pro-rata basis to its shareholders (the "Distribution"). As a result of the Distribution, the Group recognised an addition to its investment in Company A of approximately HK$112,046,000, which was determined based on the valuation performed by an independent valuer. Accordingly, the Group's equity interests in Company A increased from approximately 1.03% to approximately 4.07% as at the year end.

During the year ended 31 March 2018, Company A incurred losses due to drop in values of its investments. The directors of the Group reviewed Company A's latest financial statements and concluded that the significant decrease in net asset value per share gave rise to an objective evidence of impairment. The Group recognised an impairment loss of approximately HK$41,058,000 (2017: Nil) in the consolidated statement of profit or loss for the year ended 31 March 2018 with reference to the recent market transactions.

(iii) As at 31 March 2018, the Group recorded approximately 5.07% (2017: 4.36%) of the issued share capital of Company B. Due to the Distribution mentioned in note 25(ii), the net assets of Company B was significantly reduced. It was determined that an impairment loss of approximately HK$80,596,000 (2017: HK$15,000,000) was recognised for the year ended 31 March 2018, based on management's assessment by reference to the carrying amount of net assets of Company B which are mainly available-for-sale investments.

(iv) As at 31 March 2018, the Group recorded shareholding of approximately 4.60% (2017: 5.75%) and the carrying amount of approximately HK$22,000,000 (2017: HK$22,000,000) for the investment in Company C. During the year ended 31 March 2018, the directors considered that no impairment indication was noted for the investment in Company C (2017: Nil).

(v) As at 31 March 2018, the Group recorded shareholding of approximately 4% (2017: 4%) and the carrying amount of approximately HK$7,800,000 (2017: HK$7,800,000) for the investment in Company D. During the year ended 31 March 2018, the directors considered that no impairment indication was noted and thus no impairment loss was required for the investment in Company D (2017: Nil).

26. TRADE AND BILL RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**434,604**	52,545
Less: allowance for doubtful debts	**(302)**	–
	434,302	52,545
Bills receivables	**6,481**	3,047
	440,783	55,592

Sale of electricity

Included in the Group's trade receivables are tariff subsidy receivables amounting to HK$388,639,000 (2017: HK$43,371,000) recognised based on the prevailing nationwide government policies on renewable energy for solar plants and distributed power stations, which is subject to the settlement by the state grid companies upon finalisation of the allocation of funds by the relevant authorities to the state grid companies. The directors expect all of the tariff subsidy will be recovered within twelve months from the end of the reporting period.

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

Sale of fur garment

The Group normally granted a credit period ranging from 30 to 60 days to major customers. No credit to be granted by the Group to small customers.

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

	2018	2017
	HK$'000	*HK$'000*
Unbilled	**396,506**	46,513
Current to 30 days	**13,802**	367
31 days to 60 days	**6,359**	165
Over 60 days	**17,635**	5,500
	434,302	52,545

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

As at 31 March 2018, approximately HK$157,337,000 (2017: Nil) of trade receivables were pledged to a bank to secure a bank loan as set out in note 33 (ii) to the financial statements.

At 31 March 2018 and 2017, an allowance was made for estimated irrecoverable trade receivables of approximately HK$302,000 (2016: Nil).

26. TRADE AND BILL RECEIVABLES (cont'd)

Reconciliation of allowance for trade receivables:

	2018	2017
	HK$'000	*HK$'000*
At 1 April	**–**	343
Allowance for the year	**302**	–
Amounts written off	**–**	(343)
At 31 March	**302**	–

The carrying amounts of the Group's trade receivables balances are denominated in RMB.

Receivables that were neither past due nor impaired relate to certain customers for whom there was no recent history of default. The ageing analysis of the trade receivables that are not considered to be impaired is as follows:

	2018	2017
	HK$'000	*HK$'000*
Unbilled and neither past due nor impaired	**410,308**	46,880
Less than 1 month past due	**6,359**	165
1 to 3 months past due	**3,750**	4,290
Over 3 months past due	**13,885**	1,210
	434,302	52,545

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

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	2018 HK$'000	2017 HK$'000 (Restated)
Deposits for acquisitions	*(i),(ii)*	**337,461**	300,000
Value added tax recoverable		**140,479**	61,840
Other prepayments		**17,786**	8,064
Deposits		**10,553**	816
Other receivables		**26,392**	5,037
		532,671	375,757
Less: current portion		**(195,210)**	(75,757)
Non-current portion		**337,461**	300,000

Notes:

(i) On 11 December 2015, the Company entered into a letter of intent (the "Letter of Intent") with an independent third party (the "Potential Vendor") for the purpose to acquire the entire equity interest in Jinchang Zhong Xin Neng Photovoltaic Company Limited 金昌中新能電力有限公司 which was mainly engaged in operation of solar power plant. Pursuant to the terms of the Letter of Intent, the Company paid an earnest money of HK$200,000,000 to the Potential Vendor, which is refundable if this acquisition cannot be completed. Details of this transaction are disclosed in the announcement issued by the Company on 11 December 2015.

On 4 March 2016, the Company had also executed a Supplementary Letter of Intent and an additional earnest money of HK$100,000,000 was paid to the Potential Vendor pursuant to the terms of the said Supplementary Letter of Intent.

At the end of the reporting period, no sale and purchase agreement is signed between the Company and the Potential Vendor.

(ii) On 13 March 2018, the Group entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with the Potential Vendor for the purpose to acquire the entire equity interest in Ningxia Guxin Electricity Investment Company Limited寧夏谷欣電力投資有限公司 ("Ningxia Guxin") which was mainly engaged in operation of solar power plant. Pursuant to the terms of the Sale and Purchase Agreement, the Company paid a deposit of RMB30,000,000 (equivalents to HK$37,461,000) to the Potential Vendor, which is refundable if the acquisition cannot be completed. Details of the transaction are disclosed in the announcement issued by the Company on 13 March 2018. At the end of the reporting period, the potential acquisition is still in progress.

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 HK$'000	2017 HK$'000
Listed equity securities in		
– Hong Kong	**8,160**	88,180
– the PRC	**84,084**	65,991
Unlisted investment funds	**6,880**	46,064
	99,124	200,235

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

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

The carrying amounts are denominated in the following currencies:

	2018 HK$'000	2017 HK$'000
HK$	**8,160**	88,180
RMB	**90,964**	112,055
Total	**99,124**	200,235

29. RESTRICTED BANK DEPOSIT

As at 31 March 2018, pursuant to a bank account co-administration agreement signed among a subsidiary of the Company, a bank and an independent lender, who provide a loan facility to the Company as disclosed in note 33(iv), the usage of bank deposits of HK$311,000 (2017: Nil) was restricted to the acquisition of Qingdao Guxin Electricity Investment Company Limited 青島谷欣電力投資有限公司 as disclosed in note 40(a)(iv).

As at 31 March 2018, the aggregate amount of the restricted bank deposits of the Group denominated in RMB was HK$311,000 (2017: Nil). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

30. CASH AND BANK BALANCES

	2018 HK$'000	2017 HK$'000
Cash and bank balances	**526,994**	884,515

As at 31 March 2018, the aggregate amount of the cash and bank balances of the Group denominated in RMB was HK$54,419,000 (2017: HK$527,846,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

31. TRADE PAYABLES

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

	2018	2017
	HK$'000	*HK$'000*
Over 60 days	**2**	2

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

32. OTHER PAYABLES AND ACCRUALS

		2018	2017
	Note	***HK$'000***	*HK$'000*
Amount due to an investee company	*(i)*	**2,491**	2,491
Consideration payables	*(ii)*	**73,461**	–
Loan interest payables		**8,615**	–
Others		**191,099**	77,533
		275,666	80,024

Note:

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

(ii) Consideration payables represent the amount due to the vendors for acquisition of four subsidiaries during the year ended 31 March 2018.

Reconciliation of consideration payables:

		2018	2017
	Note	***HK$'000***	*HK$'000*
At 1 April		**–**	–
Additions	*40(a)*	**68,056**	–
Exchange differences		**5,405**	–
At 31 March		**73,461**	–

33. BANK AND OTHER BORROWINGS

	Maturity	2018 *HK$'000*	2017 *HK$'000*
Current			
Bank loans – secured *(note i)*	July 2027, September 2028	**62,435**	40,619
Bank loan – secured *(note ii)*	January 2026	**65,732**	–
Other loan – secured *(note iii)*	July 2018	**221,168**	–
		349,335	40,619
Non-current			
Bank loans – secured *(note i)*	July 2027, September 2028	**613,112**	610,410
Bank loan – secured *(note ii)*	January 2026	**460,122**	–
Other loan – secured *(note iv)*	June 2020	**596,880**	–
Other loan – secured *(note v)*	November 2019	**333,900**	–
Other loan – secured *(note iii)*	July 2018	**–**	182,058
		2,004,014	792,468
		2,353,349	833,087

The bank and other borrowings to be repayable as follows:

	2018 *HK$'000*	2017 *HK$'000*
Within one year	**349,335**	40,619
After 1 year but within 2 years	**462,068**	238,473
After 2 years but within 5 years	**983,876**	169,245
After 5 years	**558,070**	384,750
	2,004,014	792,468
	2,353,349	833,087

(i) At 31 March 2018, the Group's bank borrowings of HK$675,547,000 (2017: HK$651,029,000) were guaranteed by a subsidiary up to a total amount of RMB577,000,000 (equivalent to HK$720,500,000) (2017: Nil). According to the repayment terms set out in two separate agreements, the bank borrowings will be repayable by semi-annual instalments with the last instalments due in July 2027 and September 2028, respectively. The bank borrowings were interest-bearing per annum at the benchmark interest rate for loans over 5 years determined by the People's Bank of China to financial institutions (2017: same).

33. BANK AND OTHER BORROWINGS (cont'd)

(ii) As at 31 March 2018, the Group's bank borrowing of HK$525,854,000 (2017: Nil) was secured by the Group's property plant and equipment with net carrying amount of HK$1,179,005,000 and trade receivables of HK$157,337,000, respectively, and was guaranteed by a related company, Shanghai Gorgeous Investment Development Company Limited（上海國之杰投資發展有限公司）("Shanghai Gorgeous"), a substantial shareholder of the Company and managed by a common director of the Company, Mr. Ko Tin Kwok. According to the repayment terms, the bank borrowing will be repayable by the semi-annual instalments with the last instalment due in January 2026. The bank borrowing was interest-bearing at 4.41% per annum. As at 31 March 2018, the entire equity interest in a subsidiary in the PRC was pledged to the bank (2017: Nil).

(iii) At 31 March 2018, the Group's other borrowing of HK$221,168,000 (2017: HK$182,058,000) carried interest at 6% per annum and was repayable in July 2018. The loan was secured by pledge of the share capital of certain subsidiaries of the Group and the floating charges on property, assets, goodwill, rights and revenue of the Company and the wholly-owned subsidiaries, Max Access Limited and Surplus Basic Limited, and was guaranteed by the Group's wholly-owned subsidiaries, Max Access Limited and Rising Group International Limited.

(iv) At 31 March 2018, the Group's other borrowing of HK$596,880,000 (2017: Nil) was interest-bearing at 7.60% per annum, and was guaranteed by an independent company and Shanghai Gorgeous. According to the repayment terms, the other borrowing will be repayable in June 2020.

(v) At 31 March 2018, the Group's other borrowing of HK$333,900,000 (2017: Nil) was interest-bearing at 7.00% per annum, and was guaranteed by a subsidiary of the Group. According to the repayment terms, the other borrowing will be repayable in November 2019.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2018	2017
	HK$'000	*HK$'000*
RMB	**2,132,181**	651,029
US$	**221,168**	182,058
	2,353,349	833,087

34. CONVERTIBLE BONDS

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

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

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

34. CONVERTIBLE BONDS (cont'd)

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

Binomial Tree Model is used for valuation of derivative component of the Convertible Bonds. The key assumptions used are as follows:

Convertible Bonds

	30 July 2015 (date of initial recognition)	31 March 2018
Share price of the Company	HK$1.09	HK$0.88
Conversion price	HK$1.0891	HK$1.0532
Stock price volatility	101.03%	33.03%
Time to maturity	3 years	0.33 years
Risk-free rate	1.05%	1.77%
Credit spread	24.64%	16.61%
Dividend yield	0.00%	0.00%

The significant unobservable input in the fair value measurement is expected volatility. As at 31 March 2018, it is estimated that with all other variables held constant, an increase/decrease in the expected volatility by 5% would have decreased/increased the Group's loss by HK$426,000/HK$343,000.

The directors estimate the fair value of the liability component of the Convertible Bonds at 31 March 2018 to be approximately HK$376,305,000. This fair value has been calculated by discounting the future cash flows at the market interest rate (level 2 fair value measurements).

34. CONVERTIBLE BONDS (cont'd)

The movements of the components of the Convertible Bonds are as follows:

	Convertible Bonds *HK$'000*
Liability component	
Balance at 1 April 2016	438,064
Imputed interest expenses	77,009
Interest paid	(30,369)
Repurchase of Convertible Bonds	(157,945)
Balance at 31 March 2017 and 1 April 2017	326,759
Imputed interest expenses	72,195
Interest paid	(23,400)
Balance at 31 March 2018	375,554
Equity component	
Balance at 1 April 2016	256,028
Repurchase of Convertible Bonds	(96,011)
Balance at 31 March 2017 and 2018	160,017
Derivative component *(note (i))*	
Balance at 1 April 2016	(13,068)
Change in fair value	(12,797)
Balance at 31 March 2017 and 1 April 2017	(25,865)
Change in fair value	14,907
Balance at 31 March 2018	(10,958)

Interest expenses on the Convertible Bonds were calculated using the effective interest method by applying the effective interest rate of 21.61% (2017: 21.61%) per annum respectively to the liability component.

Note:

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

34. CONVERTIBLE BONDS (cont'd)

Convertible Bonds

Year ended 31 March 2018

The following tables set out the shareholding structure of the Company (i) at 31 March 2018; and (ii) for illustrative purpose only, immediately after the issue of the 369,350,550 conversion shares to redeem at fair value all of the outstanding Convertible Bonds, assuming that there will be no other changes to the share capital of the Company from 31 March 2018 up to the date of issue of conversion shares (assuming that all the outstanding Convertible Bonds to be redeemed by issuing the conversion shares at the end of the reporting period).

Shareholders	As 31 March 2018		Immediately after the issue of conversion shares	
	No. of shares	*Approximate (%)*	*No. of shares*	*Approximate (%)*
Gorgeous Investment Group Holdings Co., Limited	**4,092,084,312**	**43.65**	**4,092,084,312**	**42.00**
Safe Castle Limited	**677,736,000**	**7.23**	**677,736,000**	**6.96**
Shandong Hi-Speed Investment Fund Management Ltd.	**831,000,000**	**8.86**	**831,000,000**	**8.53**
Rationale (Holdings) Investment Limited	**650,000,000**	**6.93**	**650,000,000**	**6.67**
Public shareholders	**3,123,531,048**	**33.33**	**3,123,531,048**	**32.05**
Maximum number of conversion shares may be issued to redeem all the outstanding Convertible Bonds	**–**	**–**	**369,350,550**	**3.79**
	9,374,351,360	**100.00**	**9,743,701,910**	**100.00**

There will be no dilutive impact on the loss per share if the conversion shares of 369,350,550 were issued at 31 March 2018.

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

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

Suggested Conversion date	Company's share price	Implied rate of return of bondholders %
30 June 2018	**HK$1.079**	**10**

34. CONVERTIBLE BONDS (cont'd)

Convertible Bonds (cont'd)

Year ended 31 March 2017

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

Shareholders	As 31 March 2017		Immediately after the issue of conversion shares	
	No. of shares	*Approximate (%)*	*No. of shares*	*Approximate (%)*
Gorgeous Investment Group Holdings Co., Limited	4,092,084,312	43.65	4,092,084,312	42.00
Shanghai Electric Hong Kong Co., Limited	825,958,700	8.81	825,958,700	8.48
Safe Castle Limited	777,736,000	8.30	777,736,000	7.98
Shandong Hi-Speed Investment Fund Management Ltd.	831,000,000	8.86	831,000,000	8.53
Rationale (Holdings) Investment Limited	650,000,000	6.93	650,000,000	6.67
Public shareholders	2,197,572,348	23.45	2,197,572,348	22.55
Maximum number of conversion shares may be issued to redeem all the outstanding Convertible Bonds	–	–	369,350,550	3.79
	9,374,351,360	100.00	9,743,701,910	100.00

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

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

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

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

35. DEFERRED TAX LIABILITIES

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

	Property, plant and equipment *HK$'000*	Fair value gains on customers contract *HK$'000*	Total *HK$'000*
At 1 April 2016	–	188,920	188,920
Exchange differences	–	(10,790)	(10,790)
Credited to profit or loss *(note 14)*	–	(4,174)	(4,174)
At 31 March 2017 and 1 April 2017	–	173,956	173,956
Acquisition of subsidiaries *(note 40(a))*	81,068	–	81,068
Exchange differences	4,910	18,305	23,215
Credited to profit or loss *(note 14)*	(646)	(4,354)	(5,000)
At 31 March 2018	85,332	187,907	273,239

At 31 March 2018, the Group had unused tax losses of HK$743,154,000 (2017: HK$646,752,000) available to offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. The unrecognised tax losses of HK$592,608,000 (2017: HK$573,044,000) can be carried forward infinitively. The remaining HK$150,546,000 (2017: HK$73,708,000) will expire in next one to five years.

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

36. SHARE CAPITAL

	Number of shares *'000*	Amount *HK$'000*
Ordinary shares of HK$0.0025 each		
Authorised share capital:		
At 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018	**120,000,000**	300,000
Issued and fully paid share capital:		
At 1 April 2016	**7,814,351**	19,536
Issue of new shares	**1,560,000**	3,900
At 31 March 2017 and 2018	**9,374,351**	23,436

36. SHARE CAPITAL (cont'd)

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

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2018 and 2017.

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

	2018 ***HK$'000***	2017 *HK$'000*
Bank and other borrowings	**2,353,349**	833,087
Convertible bonds	**375,554**	326,759
Total borrowings	**2,728,903**	1,159,846
Less: Cash and bank balances	**(526,994)**	(884,515)
Net debt	**2,201,909**	275,331
Total equity attributable to owners of the Company	**1,927,395**	2,014,963
Gearing ratio	**114.2%**	13.7%

The increase in the gearing ratio during the year ended 2018 resulted primarily from increase of bank and other borrowings and decrease of cash and cash equivalents.

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

37. SHARE BASED PAYMENT

Share option scheme

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

The principal terms of the New Scheme are:

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

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

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

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

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

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

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

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

37. SHARE BASED PAYMENT (cont'd)

Share option scheme (cont'd)

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

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

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

No share option was granted under the New Scheme during the years ended 31 March 2018 and 2017.

The total number of the Company's shares available for issue under the New Scheme at the date of these consolidated financial statements was 594,491,440 (2017: 594,491,440), representing 6.3% (2017: 6.3%) of the issued share capital of the Company at the date of these consolidated financial statements.

38. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

		As at 31 March		
		2018	2017	2016
	Note	***HK$'000***	*HK$'000*	*HK$'000*
			(Restated)	(Restated)
NON-CURRENT ASSETS				
Investments in subsidiaries	*24*	**1**	1	1
Deposits for acquisition		**300,000**	300,000	300,000
		300,001	300,001	300,001
CURRENT ASSETS				
Prepayments, deposits and other receivables		**376**	375	312
Amounts due from subsidiaries		**1,004,183**	991,152	994,571
Financial assets at fair value through profit or loss		**8,160**	88,180	367,573
Derivative financial assets – Derivative component of convertible bonds		**10,958**	25,865	13,068
Time deposit and cash and bank balances		**444,568**	456,474	24,695
		1,468,245	1,562,046	1,400,219

38. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (cont'd)

(a) Statement of financial position of the Company (cont'd)

	Note	As at 31 March **2018** ***HK$'000***	2017 *HK$'000* (Restated)	2016 *HK$'000* (Restated)
CURRENT LIABILITIES				
Other payables and accruals		**2,101**	1,222	979
Amounts due to subsidiaries		**15,862**	6,464	5,516
Other borrowings		**221,168**	–	–
Convertible bonds		**375,554**	–	–
		614,685	7,686	6,495
NET CURRENT ASSETS		**853,560**	1,554,360	1,393,724
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,153,561**	1,854,361	1,693,725
NON-CURRENT LIABILITIES				
Other borrowings		**–**	182,058	–
Convertible bonds		**–**	326,759	438,064
		–	508,817	438,064
NET ASSETS		**1,153,561**	1,345,544	1,255,661
CAPITAL AND RESERVES				
Share capital	*36*	**23,436**	23,436	19,536
Reserves	*38(b)*	**1,130,125**	1,322,108	1,236,125
TOTAL EQUITY		**1,153,561**	1,345,544	1,255,661

Approved by the Board of Directors on 25 June 2018 and are signed on its behalf by:

Sun Liang **Ko Tin Kwok**

38. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (cont'd)

(b) Reserve movement of the Company

	Share premium	Contributed surplus	Convertible bonds equity reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As 1 April 2016					
As previously reported	2,020,370	154,440	256,028	(1,194,713)	1,236,125
Prior year adjustments	1,126,957	–	–	(1,126,957)	–
As restated	3,147,327	154,440	256,028	(2,321,670)	1,236,125
Issue of new shares	1,010,100	–	–	–	1,010,100
Repurchase of convertible bonds	–	–	(96,011)	96,011	–
Loss and total comprehensive income for the year	–	–	–	(924,117)	(924,117)
At 31 March 2017	4,157,427	154,440	160,017	(3,149,776)	1,322,108
At 1 April 2017					
As previously reported	3,030,470	154,440	160,017	(2,022,819)	1,322,108
Prior year adjustments	1,126,957	–	–	(1,126,957)	–
As restated	4,157,427	154,440	160,017	(3,149,776)	1,322,108
Loss and total comprehensive income for the year	–	–	–	(191,983)	(191,983)
At 31 March 2018	4,157,427	154,440	160,017	(3,341,759)	1,130,125

39. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium account

Share premium represents the amount of the excess of issue price of the Company's shares over its par value.

(ii) Contributed surplus

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

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

(iii) Convertible bonds equity reserve

The equity component of the convertible bonds represents the value of the unexercised equity component of the convertible bonds issued by the Company in accordance with the accounting policy adopted for the convertible bonds in note 5(n) to the consolidated financial statements.

(iv) Exchange fluctuation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 5(c)(iii) to the consolidated financial statements.

(v) Statutory reserve fund

The statutory reserve, which is non-distributable, is appropriated from the profit after taxation of the Group's PRC subsidiaries under the applicable laws and regulations in the PRC.

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Acquisition of subsidiaries

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

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

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

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

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

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

(iv) In November 2017, the Group acquired 100% equity interest in Qingdao Guxin Electricity Investment Company Limited 青島谷欣電力投資有限公司 ("Qingdao Guxin") for a cash consideration of RMB492,960,000 (approximately HK$582,038,000) from Shanghai Guxin Asset Management Company Limited 上海谷欣資產管理有限公司.

Qingdao Guxin owns 100% equity interest in Jinchang Disheng Solar Energy Electricity Generation Company Limited 金昌迪生太陽能發電有限公司 ("Jinchang Disheng"). Jinchang Disheng owns and operates a 100MW solar power station located in Jinchang, Gansu Province, PRC. Further details of this acquisition are set out in the Company's announcement dated 31 March 2017.

The above acquisitions are for the purpose of increase of the market share in the clean energy industry.

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

(a) Acquisition of subsidiaries (cont'd)

The fair value of the identifiable assets and liabilities of the above entities acquired as at respective dates of acquisitions are as follows:

	Dezhou Jiayang	Changfeng Hongyang	Gaoan Jinjian	Qingdao Guxin	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Net assets acquired:					
Property, plant and equipment	80,328	182,561	170,286	1,136,111	1,569,286
Prepaid land lease payments	–	901	533	–	1,434
Trade and bill receivables	5,562	33,746	31,289	128,752	199,349
Prepayments, deposits and other receivables	8,458	16,441	17,158	72,892	114,949
Cash and bank balances	3,538	4,903	8,473	73,725	90,639
Bank borrowing	–	–	–	(528,292)	(528,292)
Other payables and accruals	(74,522)	(146,678)	(162,975)	(228,950)	(613,125)
Deferred tax liabilities	(1,709)	(3,316)	(3,843)	(72,200)	(81,068)
	21,655	88,558	60,921	582,038	753,172
Gain on bargain purchase	(4,107)	(2,391)	(1,101)	–	(7,599)
	17,548	86,167	59,820	582,038	745,573
Satisfied by:					
Cash consideration paid	15,793	60,317	41,874	559,533	677,517
Consideration payables	1,755	25,850	17,946	22,505	68,056
Cash consideration	17,548	86,167	59,820	582,038	745,573
Net cash outflow arising on acquisitions:					
Cash consideration paid	15,793	60,317	41,874	559,533	677,517
Cash and cash equivalents acquired	(3,538)	(4,903)	(8,473)	(73,725)	(90,639)
	12,255	55,414	33,401	485,808	586,878

The fair value of the trade and bill receivables acquired is HK$199,349,000. The gross amount due under the contracts is HK$199,349,000 of which none of them is expected to be uncollectible.

Acquisition-related costs of HK$8,053,000 have been charged to administrative and operating expenses in the consolidated income statement for the year ended 31 March 2018.

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

(a) Acquisition of subsidiaries (cont'd)

The Group recognised gain on bargain purchase of HK$4,107,000, HK$2,391,000 and HK$1,101,000 in the business combination of Dezhou Jiayang, Changfeng Hongyang and Gaoan Jinjian, respectively. The business combination results in a gain on bargain purchase because of bulk purchase discount from vendors.

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

	Dezhou Jiayang	Changfeng Hongyang	Gaoan Jinjian	Qingdao Guxin	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	8,747	22,601	15,622	39,880	86,850
Profits contributed to the Group	2,475	9,408	1,313	4,859	18,055

Had the acquisitions as mentioned in (i) to (iv) above been effected at the beginning of the year, total amount of the revenue and loss for the year of the Group would have been further increased and decreased by HK$190,637,000 and HK$39,425,000 respectively. Such pro-forma information is for illustrative purpose only and is not necessarily an indicator of revenue and results of operation of the Group that actually would have been achieved had the acquisition been completed at the beginning of the year, nor is it intended to be a projection of the future results.

(b) Disposal of subsidiaries

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

	Note	2017 *HK$'000*
Consideration	*(i)*	–
Net liabilities disposed of:		
Property, plant and equipment	*21*	80
Prepayment, deposits and other receivables		650
Other payables and accruals		(843)
Gain on disposal		113
Satisfied by:		
Cash received	*(i)*	–
Cash inflow arising on disposal		
Cash received	*(i)*	–
Less: Cash and bank disposed of		Nil
		–

Note:

(i) The cash consideration is HK$1

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

(b) Disposal of subsidiaries (cont'd)

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

	Note	2017 *HK$'000*
Consideration	*(i)*	–
Net assets disposed of:		
Property, plant and equipment	*21*	6
Prepayment, deposits and other receivables		1,728
Cash and bank balances		626
Loss on disposal		(2,360)
Satisfied by:		
Cash received	*(i)*	–
Net cash outflow arising on disposal		
Cash received	*(i)*	–
Less: Cash and bank disposed of		(626)
		(626)

Note

(i): The cash consideration is HK$1

(c) Major non-cash transaction

During the year ended 31 March 2017, pursuant to a set-off agreement signed between a bondholder and the Company dated 27 July 2016, the Company issued a US$30,000,000 straight bond as disclosed in note 33(iii) to replace convertible bonds with principal amount of US$30,000,000.

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

(d) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 April 2017	Cash flows	Interest expenses	Acquisition of subsidiaries	Exchange differences	31 March 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank and other borrowings	833,087	698,026	126,568	528,292	167,376	2,353,349
Convertible bonds	326,759	(23,400)	72,195	–	–	375,554
Other payables arising from financing activities	–	(537,270)	–	550,896	21,689	35,315

41. CONTINGENT LIABILITIES

At 31 March 2018 and 2017, the Group did not have any significant contingent liabilities.

42. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	Note	**2018**	2017
		HK$'000	*HK$'000*
Capital contribution to acquire subsidiaries			
– Dezhou Jiayang	*(i)*	**–**	17,263
– Changfeng Hongyang	*(ii)*	**–**	85,215
– Gaoan Jinjian	*(iii)*	**–**	58,605
– Qingdao Guxin	*(iv)*	**–**	556,207
– Ningxia Guxin	*(v)*	**1,004,930**	–
		1,004,930	717,290

42. CAPITAL COMMITMENTS (cont'd)

Notes:

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

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

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

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

(v) the sale and purchase agreement dated 13 March 2018 entered into between the Group, Shanghai Guxin, Shangdong Runfeng Group Co. Ltd. 山東潤峰集團有限公司 ("Shangdong Runfeng"), Ningxia Guxin and Ningxia Ningdong Xinrun Photovoltaic Power Generation Company Limited 寧夏寧東欣潤光伏發電有限公司("Ningxia Ningdong"), pursuant to which the Group conditionally agreed to acquire, and Shanghai Guxin and Shangdong Runfeng conditionally agreed to sell, the entire equity interest in Ningxia Guxin, which wholly owns Ningxia Ningdong, a company that owns and operates the 300MW grid-connected solar power plant located in Ningdong, Ningxia, for the consideration of RMB834,781,000 (approximately HK$1,042,391,000) and the Group agreed to assume certain liabilities of Shanghai Guxin in the aggregate amount of RMB14,311,000 (approximately HK$17,870,000) and the details of which are disclosed in the announcements issued by the Company on 13 March 2018 and 24 May 2018.

43. LEASE COMMITMENTS

At 31 March 2018, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2018 HK$'000	2017 HK$'000
Within one year	**9,051**	11,497
In the second to fifth years inclusive	**8,599**	13,737
After five years	**37,007**	30,944
	54,657	56,178

Operating lease payments represent rentals payable by the Group for certain of its staff quarters, rooftops, reservoir and offices. Leases are negotiated for terms ranged from one to twenty three years and rentals are fixed over the lease terms and do not include contingent rentals.

44. RELATED PARTY TRANSACTIONS

(i) Related party transactions

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

On 31 March 2016, Shanghai Gorgeous entered into a provision of guarantee agreement with Jinchang Disheng to provide corporate guarantee for the Group's bank borrowing of RMB499,625,000 (equivalent to HK$623,882,000) (the "Loan Amount"). In return, Shanghai Gorgeous charge a 2% of the Loan Amount, amounting to RMB9,992,500 (equivalent to HK$12,478,000), which was prepaid in 2016. The guarantee service covered from 2016 to 2026, same as the loan period of the bank borrowing.

On 30 November 2017, Jinchang Disheng was successfully acquired by the Group. The guarantee service provided by Shanghai Gorgeous constituted a related parties transaction, and the corresponding guarantee charge amounted to HK$399,000 for the period from 1 December 2017 to 31 March 2018.

At 31 March 2018, there was HK$9,834,000 of guarantee fee to a related company was included in the prepayments, deposits and other receivables.

(ii) Compensation of key management personnel

The details of remuneration of key management personnel, represents the emoluments of directors of the Company paid during the year and set out in note 17(a).

45. EVENTS AFTER THE REPORTING PERIOD

The financial year end date of the Company has been changed from 31 March to 31 December commencing from the financial period ending on 31 December 2018. Details of the change were set out in the announcement of the Company dated 29 March 2018.

46. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. The changes included the reclassification of certain deposits for acquisitions previously classified under prepayments, deposits and other receivables to non-current assets, the net realised and unrealised losses on listed trading equity securities previously classified as revenue to other losses, and the operating expenses for clean energy segment previously classified as administrative and operating expenses to cost of sales. The new classification of the accounting items was considered to provide a more appropriate presentation of the state of affairs of the Group.

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

RESULTS

	Year ended 31 March				
	2018	2017	2016	2015	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Restated)	(Restated)	(Restated)	(Restated)
REVENUE	**345,902**	107,666	123,085	24,159	9,356
Continuing operations	**345,902**	107,666	123,085	24,159	9,356
Discontinued operations	**–**	–	–	–	–
	345,902	107,666	123,085	24,159	9,356
(LOSS)/PROFIT FROM OPERATING ACTIVITIES FROM CONTINUING OPERATIONS	**(34,531)**	(317,544)	56,894	421,430	(21,944)
Finance costs	**(207,378)**	(143,378)	(154,478)	(43,186)	(15,651)
	(241,909)	(460,922)	(97,584)	378,244	(37,595)
Income tax credit/(expense)	**5,000**	4,174	1,122	(4,825)	–
(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**(236,909)**	(456,748)	(96,462)	373,419	(37,595)
PROFIT/(LOSS) FOR THE YEAR FROM A DISCONTINUED OPERATION	**–**	104,839	(223,618)	(502,342)	(100,405)
LOSS FOR THE YEAR	**(236,909)**	(351,909)	(320,080)	(128,923)	(138,000)
Attributable to:					
Owners of the Company	**(236,738)**	(351,804)	(275,537)	(28,778)	(118,084)
Non-controlling interests	**(171)**	(105)	(44,543)	(100,145)	(19,916)
	(236,909)	(351,909)	(320,080)	(128,923)	(138,000)

Five Year Financial Summary

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2018	2017	2016	2015	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Restated)	(Restated)	(Restated)	
NON-CURRENT ASSETS	**3,936,547**	2,187,126	2,071,714	2,203,604	976,166
CURRENT ASSETS	**1,273,482**	1,241,964	860,842	462,990	91,002
TOTAL ASSETS	**5,210,029**	3,429,090	2,932,556	2,666,594	1,067,168
CURRENT LIABILITIES	**1,000,888**	120,962	97,924	42,459	45,566
NON-CURRENT LIABILITIES	**2,277,253**	1,293,183	1,317,480	1,672,804	240,995
TOTAL LIABILITIES	**3,278,141**	1,414,145	1,415,404	1,715,263	286,561
NET ASSETS	**1,931,888**	2,014,945	1,517,152	951,331	780,607
EQUITY ATTRIBUTABLE TO:					
Owners of the Company	**1,927,395**	2,014,963	1,518,119	906,607	635,574
Non-controlling interests	**4,493**	(18)	(967)	44,724	145,033
	1,931,888	2,014,945	1,517,152	951,331	780,607