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)*
Mr. Ko Tin Kwok *(Vice Chairman)*
Ms. Zhao Li
Mr. Zeng Weibing
Mr. Hu Hanyang
Mr. Weng Xiaoquan (appointed on 17 December 2018)
Ms. Gao Shujuan
(resigned on 14 September 2018)

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

AUDITORS

RSM Hong Kong
Certified Public Accountants
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 period from 1 April 2018 to 31 December 2018 (the "Current Period"), 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 Current Period, 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.

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. 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. During the Current Period ended 31 December 2018, we commenced the trading of crude oil as a result of the promoters' agreement and subsequent establishment of our trading arm in the Republic of Singapore ("Singapore"), which contributed significantly to the Company in terms of revenue.

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, 29 March 2019

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 67, 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 37, 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.

Mr. Hu Hanyang, aged 35, 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.

Mr. Weng Xiaoquan, aged 37, received his bachelor's degree in English language and literature from Beijing Normal University (北京師範大學) in 2004 and master's degree in accounting from the University of International Business and Economics (對外經濟貿易大學) in 2007. Mr. Weng worked at PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所) from July 2007 to April 2010 and the last position he held was senior auditor. From June 2010 to December 2014, Mr. Weng worked successively as the project finance manager, the senior manager of the finance department and the deputy general manager of the finance department of CGN Solar Energy Development Co., Ltd.* (中廣核太陽能開發有限公司). From December 2014 to March 2017, Mr. Weng served as the general manager of the finance department of China Minsheng New Energy Investment Group Company Limited* (中民新能投資集團有限公司) ("China Minsheng New Energy"), a company indirectly interested in 650,000,000 shares of the Company (the "Shares"), representing approximately 6.93% of the total issued share capital of the Company as at the date of this announcement. From March 2017 to July 2018, Mr. Weng served as the director of finance of China Minsheng New Energy Holdings Company Limited* (中民能控有限公司). Mr. Weng has been serving as the general manager of the investment management department of China Minsheng New Energy since July 2018.

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 50, 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 62, 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 36, 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).

REVENUE BY BUSINESS SEGMENTS

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

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

REVENUE BY GEOGRAPHICAL REGION

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

- Hong Kong: approximately HK$1,997,000 (Comparative Year: HK$115,324,000)
- PRC: approximately HK$237,711,000 (Comparative Year: HK$230,578,000)
- Singapore: approximately HK$617,569,000 (Comparative Year: Nil)

BUSINESS REVIEW

Clean Energy

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

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

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

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

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

Jintai 100MW Project in Jinchang, Gansu: During the Current Period, sale of electricity was 91,864,000KWh, representing a decrease of 25.6% as compared with Comparative Year's sale of electricity of 123,434,000KWh. Sales revenue was HK$75,211,000, representing a decrease of 32.2% as compared with Comparative Year's revenue of HK$110,953,000.

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

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

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

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

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

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

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

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

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

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

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

Trading in securities

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

Investments

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

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

Trading of Bulk Commodities

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

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

PROSPECTS

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

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

RESULTS OF THE GROUP

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

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

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

COST OF SALES

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

OPERATING AND ADMINISTRATIVE EXPENSES

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

CAPITAL STRUCTURE

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

The Group monitors capital using a gearing ratio, which is net debt divided by the total equity of the Group. Net debt includes interest-bearing bank and other borrowings (At 31 March 2018: interest-bearing bank and other borrowings and convertible bonds), less time deposit and cash and bank balances. Capital includes equity attributable to owners of the Company. The gearing ratio at the end of the reporting period is as follows:

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

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

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

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

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

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

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

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

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

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

CHARGES ON ASSETS

The Group's US$30m Loan and US$20m Loan were secured by pledge of the share capital of certain subsidiaries of the Group and floating charges on property, assets, goodwill, rights and revenue of the Company and certain wholly-owned subsidiaries of the Company, Max Access Limited and Surplus Basic Limited, and guarantee by the Company's wholly-owned subsidiaries, Max Access Limited and Rising Group International Limited.

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

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

FOREIGN EXCHANGE EXPOSURE

The Group's businesses are mainly conducted in Renminbi and USD. Currently the Group has not implemented any foreign currency forward contracts to hedge the Group's exchange rate exposure. However, the Group will consider necessary policies, where needed, to minimise its foreign currency exposure in the future.

SIGNIFICANT INVESTMENTS

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

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

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

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

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

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

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

MATERIAL ACQUISITION OF SUBSIDIARIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EMPLOYEES

At 31 December 2018, the Group employed around 36 employees in Hong Kong, Singapore and the PRC (31 March 2018: 48). The Group's remuneration policies are based primarily on the prevailing market rate and the performance of individual employees. Fringe benefits, including Mandatory Provident Fund, medical benefits and training are provided. The Group has also established a discretionary bonus scheme for its management and staff with awards determined annually based upon the performance of the Group and individual employees.

CONTINGENT LIABILITIES

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

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 Current Period ended 31 December 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 Current Period, the terms of appointment of the three independent non-executive Directors, expired and thereafter they are not appointed for a specific term, but they are subject to the retirement by rotation and re-election at the Company's annual general meeting at least once every three years in accordance with the Company's bye-laws (the "Bye-Laws").

Save as those mentioned above and in the opinion of the Directors, the Company has met the code provisions set out in the Code on CGP during the Current Period.

DIRECTORS' SECURITIES TRANSACTIONS

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

Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the Current Period.

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

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

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)*
Mr. Ko Tin Kwok *(Vice Chairman)*
Ms. Zhao Li
Mr. Zeng Weibing
Mr. Hu Hanyang
Mr. Weng Xiaoquan (appointed on 17 December 2018)
Ms. Gao Shujuan (resigned on 14 September 2018)

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.

During the Current Period ended 31 December 2018, the Chairman held one meeting with the Independent Non-executive Directors without the presence of other Directors.

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 Current Period to the Company.

The individual training record of each Director received for the Current Period ended 31 December 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. Weng Xiaoquan	✓
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 held 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. Generally they should also attend general meetings to gain and develop a balanced understanding of the views of Shareholders. 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 Current Period, 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 Current Period, the Board held 13 meetings. All Directors were given an opportunity to include any matters in the agenda for regular Board meetings, and were given sufficient time to review documents and information relating to matters to be discussed in Board meetings in advance.

Name of Directors	Number of attendance
Executive Directors	
Mr. Sun Liang *(Chairman)*	13/13
Mr. Ko Tin Kwok *(Vice Chairman)*	10/13
Ms. Zhao Li	13/13
Mr. Zeng Weibing	13/13
Mr. Hu Hanyang	10/13
Mr. Weng Xiaoquan *(Note 1)*	1/1
Ms. Gao Shujuan *(Note 2)*	7/7
Independent Non-executive Directors	
Mr. Fok Ho Yin, Thomas	13/13
Mr. Li Hui	13/13
Mr. Lam Cheung Mau	13/13

Notes:

1. Mr. Weng Xiaoquan was appointed on as an executive Director on 17 December 2018, and 1 board meeting was held after his appointment.

2. Ms. Gao Shujuan resigned as executive Director on 14 September 2018, and 7 board meetings were held before her resignation.

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 Current Period, 1 general meeting of the Company was held on 31 August 2018.

Name of Directors	Number of attendance
Executive Directors	
Mr. Sun Liang *(Chairman)*	1/1
Mr. Ko Tin Kwok *(Vice Chairman)*	1/1
Ms. Zhao Li	1/1
Mr. Zeng Weibing	1/1
Mr. Hu Hanyang	1/1
Ms. Gao Shujuan	1/1
Mr. Weng Xiaoquan *(Note 1)*	N/A
Independent Non-executive Directors	
Mr. Fok Ho Yin, Thomas	1/1
Mr. Li Hui	1/1
Mr. Lam Cheung Mau	1/1

Note:

1. Mr. Weng Xiaoquan was appointed as an executive Director on 17 December 2018, and no general meeting was held after his appointment.

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

The Nomination Committee was established with specific written terms of reference which is available on the websites of the Stock Exchange and the Company.

As at the date of this report, the Nomination Committee consists of 1 executive director, namely Mr. Ko Tin Kwok (as chairman), and 3 Independent Non-executive directors, namely Mr. Fok Ho Yin, Thomas, Mr. Li Hui, and Mr. Lam Cheung Man. The duties of the Nomination Committee are as follows:

(a) to review the structure, size, composition and diversity of the Board and to make recommendation on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify suitable individuals qualified to become Board members;

(c) to review the effectiveness of the Board Diversity Policy (as hereinafter defined) and the measurable objectives;

(d) to formulate and develop the policies and practices on corporate governance;

(e) to assess the independence of Independent Non-executive Director;

(f) 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; and

(g) to ensure that where the Board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, the Board should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe he/she should be elected and the reasons why they consider him/her to be independent.

The Nomination Committee may obtain independent professional advice to perform its responsibilities, where necessary, at the Company's expense.

During the Current Period ended 31 December 2018, 2 Nomination Committee meetings were held (i) to review the re-election of the retiring Directors at the 2018 annual general meeting held on 31 August 2018 ("2018 AGM") and (ii) to review and formulate the Board's policies and practices on corporate governance and the appointment of new executive director. The individual attendance record of each of the members is set out in the following table:

Members	**Attendance/ Number of Nomination Committee Meetings**
Mr. Ko Tin Kwok *(Chairman of the Nomination Committee)*	2/2
Mr. Fok Ho Yin, Thomas	2/2
Mr. Li Hui	2/2
Mr. Lam Cheung Man	2/2

Nomination Policy

The Board has established a set of nomination policy setting out the approach to nominate suitable candidates to the Board for it to consider and make recommendations to shareholders for election as directors of the Group at general meetings or appoint as Directors to fill casual vacancies. The criteria of nomination have been considered from a number of aspects, including but not limited to, skills, experience, qualifications and aspects as detailed in the board diversity policy.

During the Current Period, the Company reviewed its nomination policy for a formal, considered and transparent procedure to help identifying and nomination of candidates for Directors. All valid nomination of candidates, accompanied with biographical details, would be presented to the Board for consideration. Consideration would be given to factors such as the candidate's integrity, experience and qualifications relevant to the Group's business. It is believed that members of the Nomination Committee collectively would have required relevant knowledge and skills to identify, invite and evaluate qualifications of nominated candidates for directorship.

The process of our appointment and re-election of Directors are as follows:

Potential new Directors are identified and considered for appointment at any time by the Board upon the recommendation of the Nomination Committee. Nomination Committee considers the candidates based on merit having regard to the knowledge, experience, skills and expertise as well as the overall board diversity which, in the opinion of the Directors, will enable them to make positive contributions on the performance of the Board and makes recommendations to the Board as appropriate. Emoluments of new directors will be considered by the Remuneration Committee.

Newly appointed members by the Board to fill a casual vacancy on the Board is subject to re-election by Shareholders at the first general meeting after their appointment or as addition to the existing Board is subject to re-election by Shareholders at the first annual general meeting after their appointment. All executive Directors and non-executive Directors are subject to re-election by Shareholders every 3 years.

Board Diversity Policy

The Company continuously seeks to enhance the effectiveness of the Board and to maintain a high standard of corporate governance and recognises and embraces the benefits of diversity in the composition of the Board.

The Company has adopted a board diversity policy (the "Board Diversity Policy") for compliance with the Code Provision of the Listing Rules concerning the diversity of Board members. A summary of the Board Diversity Policy, together with the measureable objectives set for implementing this policy, and the progress made towards achieving those objectives are disclosed as below.

Summary of the Board Diversity Policy

In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. In forming its perspective on diversity, the Company will also take into account of factors based on its own business model and specific needs from time to time.

Measurable Objectives

Selection of candidates for Board membership will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Monitoring and Reporting

The Nomination Committee will disclose the composition of the Board annually in the Corporate Governance Report and monitor the implementation of the Board Diversity Policy. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure the effectiveness of this policy. Also, the Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

As at the date of this report, the Board comprises nine Directors. Three of them are Independent Non-executive Directors, thereby promoting critical review and control of the management process. The Board is also characterised by diversity, whether considered in terms of age, experience, cultural, skills and knowledge and educational background.

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

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 Current Period, 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 16 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 Current Period, the Audit Committee held 1 meeting.

Name of Members	**Number of attendance**
– Mr. Fok Ho Yin, Thomas *(Chairman)*	1/1
– Mr. Li Hui	1/1
– Mr. Lam Cheung Mau	1/1

During the Current Period, the Audit Committee reviewed the 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 Current Period is set out in the section headed "Independent Auditor's Report" in this annual report.

Messrs. Li, Tang, Chen & Co. was the auditor of the Company for the financial year ended 31 March 2017. RSM Hong Kong was the auditor of the Company for the financial year ended 31 March 2018 and the financial period from 1 April 2018 to 31 December 2018.

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 Current Period, the fees payable by the Group to the auditor (RSM Hong Kong) for their statutory audit services amounted to approximately HK$1,700,000. The non-audit service fee is as follows:

	HK$'000
Tax services	–
	–

COMPANY SECRETARY

During the Current Period, Mr. Suen To Wai has attended relevant professional training to update his skills and knowledge and 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 ("2019 AGM") will be voted 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 2019 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 Current Period, 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 Current Period 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.

DIVIDEND POLICY

The Board has approved and adopted a dividend policy (the "Dividend Policy"). It is the policy of the Board in declaring or recommending a payment of dividends, to allow shareholders to participate in the Company's profits and for the Company to retain adequate reserves for future growth.

The Board shall consider the following factors before declaring or recommending any dividend:

- general business conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Company;
- the financial condition and results of operations of the Group;
- the expected capital requirements and future expansion plans of the Group;
- future prospects of the Group;
- statutory and regulatory restrictions;
- contractual restrictions on the payment of dividends by the Group to the shareholders or by the subsidiaries of the Company to the Company;
- taxation considerations;
- shareholders' interests; and
- other factors the Board may deem relevant.

The Board may also pay half-yearly or at other suitable intervals to be settled by it any dividend which may be payable at a fixed rate if the Board is of the opinion that the profits of the Company justify the payment. The payment of dividend is also subject to applicable laws and regulations and the Company's Articles.

Whilst the Dividend Policy reflects the Board's current views on the financial and cash-flow position of the Group, such Dividend Policy will continue to be reviewed from time to time and there can be no assurance that dividends will be recommend or declared in any particular amount for any given period. The declaration of or recommendation of declaration of dividends is subject to the absolute discretion of the Board. Even if the Board decides to recommend and declare dividends, the form, frequency and amount will depend upon the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group.

CONSTITUTIONAL DOCUMENTS

There is no change in the Company's constitutional documents during the Current Period.

ABOUT THIS REPORT

This environmental, social and governance ("ESG") report (the "ESG Report") of China Smarter Energy Group Holdings Limited (the "Group" or "We"), which summarises and presents the sustainable development achieved by the Group for the period from 1 April 2018 to 31 December 2018 (Current Period). This ESG Report elaborates on the overall environmental and social policies of the Group, including the key performance indicators ("KPIs") of the Group's headquarters in Hong Kong, Singapore and power plants in China (collectively referred to as the "office area") in the environmental and social aspects.

This ESG Report is prepared and disclosed in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and relevant information and KPIs calculated with reference to the 2018 Development Report on Electricity Industry in China (《中國電力行業發展報告(2018)》) published by China Electricity Council and the Calculating Methods and Reporting Guide on Emission of Greenhouse Gas (《溫室氣體排放核算方法與報告指南》) issued by the National Development and Reform Commission (the "NDRC").

It is our wish to communicate effectively with our stakeholders on ESG issues through this ESG Report, so as to improve the sustainable development management system and carry out sustainable development activities. The Group believes that the effective engagement and continuous support of the stakeholders are of paramount importance to the long-term success of the Group. The Group has therefore developed various channels for stakeholders of different backgrounds to express their views and suggestions on the sustainability performance and future development strategies of the Group.

The Group attaches great importance to your views on this report. Please feel free to send email to the following email address info@cse1004.com if you have any opinions or advice.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY OF THE GROUP

Adhering to the philosophy of "Greener Earth, Brighter Future", the Group focuses on the investment business in the field of renewable energy and has determined its visions, missions and core values, which serve as guiding principles for our business and daily operations as well as governance matters. Aiming to "Promote the wide application of the green new energy to the general household through capital investment", the Group devoted itself to developing the new energy-driven electric power industry and making contribution to the environmental protection. With i ts core value of " striving for excellence", it is expected that the Group will achieve its goal of "Becoming a leader in new energy investment operation and asset management areas" through the development of business, being the investment and operation of solar power plants. In its middle-to-long term development plan, the Company relies on professional shareholders' support and management team, high-level technical talents, and strong capital strength to become an integrated investment group covering the fields of clean energy, green finance and asset management.

As a leading enterprise in the clean energy industry, the Group is well aware of the importance of sustainable development. Apart from creating monetary return for our investors, we also help our employees in attaining personal fulfillments and provide clean power energy for social development and environmental protection. The sustainable development approach of the Group covers three major areas, namely green business, green operation and green care, involving the operation and maintenance of solar power business, daily operation and management, staff support and community contribution. We committed ourselves into environmental protection so as to improve the quality of life of urban and rural residents. Meanwhile, we also increase our support and protection to our staff. Leveraging on our influence in the industry, we also proactively promote community harmony and make contribution to the community.

Green Industry

In the 21st century, the continuous changes in global climate and natural environment as well as sharp decline in the natural resources are becoming new issues to the social development of human beings. Leveraging on its professional management team and high caliber technical talents, the Group proactively expanded its business in solar power generation and strived to become a leader in clean energy industry in an effort to address the global issue of climate changes. The Group currently has 9 solar power plants (as at 31 March 2018: 9 solar power plants) in total with total installed capacity of approximately 280MW, covering 4 provinces and 1 municipality of China, with an aim to contributing to the environmental protection of the country and the world.

Annual Emissions Reduction Contribution

For the period from 1 April 2018 to 31 December 2018, the total power generation of our solar power plants was 263,413MWh (Comparative Year ended 31 March 2018: 230,396MWh). In comparison with coal-burning power plants in China, our solar power plants succeeded in reducing emissions of CO_2, SO_2, NOx and dust of over 262,623 tonnes (Comparative Year ended 31 March 2018: 189,386 tonnes), 1,317 tonnes, 790 tonnes and 211 tonnes (relevant data was reported by the Group previously) respectively. During the Current Period, the number of power plants, annual electricity generated and annual contribution in emissions reduction of different regions are listed as follows:

Province	Number of solar power plants	Annual actual total volume of electricity generated *(MWh)*	Annual contribution of CO_2 emissions reduction *(tonnes)*	Annual contribution of SO_2 emissions reduction *(tonnes)*	Annual contribution of NOx emissions reduction *(tonnes)*	Annual contribution of dust emissions reduction *(tonnes)*
Shanghai	1	6,445	6,426	32	19	5
Gansu	2	194,117	193,535	971	582	155
Shandong	4	26,270	26,191	131	79	21
Anhui	1	19,446	19,388	97	58	16
Jiangxi	1	17,135	17,083	86	52	14
Total	9	263,413	262,623	1,317	790	211

GREEN BUSINESS – "CONTRIBUTING CLEAN ENERGY"

Green Engineering – Investigation and Research, Construction and Acceptance of Solar Power Plant Project

The construction and the acceptance until successful connection to power grid of solar power plant are the key concerns of the Group's solar power generation business. The Group strictly complied with the relevant laws and regulations and national standards during the entire operation process of power plants. The following measures enable the Group to achieve its expected objectives of environmental and labour protection during the operation process of solar power plants. Apart from business expansion, the Group has also undertaken its environmental and social responsibility.

Investigation and research

- To engage a third-party investigation and research team to conduct analysis on solar energy resources, engineering geology, design of civil engineering works and estimated power generation capacity with an aim to ensure the energy efficiency of power plants

- To require the third-party investigation and research team to advise on the measures in respect of geologic hazard prevention at project sites, environmental protection, energy saving and energy-consumption reduction, and the protective measures in respect of occupational safety and hygiene of workers

- To ensure safe operating conditions and high feasibility of the project as well as effective control of its impacts on the local environment and natural resources

Construction

- To clearly set out our requirements on environmental protection, labour rights and quality for construction contractors

- To require contractors to organise regular safe operation meetings to have a better understanding of safe and civilized operation conditions and to propose improvement measures

- To carry out inspections on materials and engineering equipment with contractors

Acceptance

- To arrange on-spot acceptance of completed projects by the engineering department, the operation and maintenance department and developing department under the lead of the quality and safety department

- To evaluate the engineering integrity level, safety coefficient and power generation efficiency in order to ensure that power plants comply with national standards and the requirements set out in contracts

- To engage a third-party testing agency and supervise the testing process

Management of Supply Chains

The Group is committed to complying with relevant laws and regulations during its operation, and expects its suppliers to comply with disciplinary codes and laws and uphold integrity and fairness in treating their employees. With a view to maintaining a healthy and orderly supply chain system, optimising supplier teams and minimising the undesirable environmental and social risk caused by suppliers, the Group has been striving to optimise the procurement process and establish a sound system for exploration, supervision, evaluation and management of suppliers.

The Group has established clear supplier nomination procedures, qualification review and rating system, assessment system for supplier's contract performance and supplier's appeal investigation mechanism, etc, which enable us to quantify the assessment and standardise the management during supplier selection and cooperation. We attach importance to the performance of suppliers in terms of product quality, environmental protection and occupational safety and health, which is reflected by our selection of suppliers and the entire cooperation process. In the preliminary review, supplier nominees are required to provide a set of qualification documents and verify such qualifications, and set scoring criteria for each qualification document. We will also consider that whether the suppliers have obtained qualified certificates such as "ISO9001 Quality Management System Certification", "ISO14001 Environmental Management System Certification", "OHSAS18001 Occupational Health and Safety Management System Certification", so as to ensure that the suppliers have sufficient devotion in product quality, environmental protection, energy saving, emissions reduction, occupational safety and health.

In addition to document review and scoring, the Group will also conduct site visits to certain suppliers, for instance, in respect of the goods suppliers, the Group will conduct on-site sampling inspection to ensure that its production equipment is up to the standard, its staffs are well-equipped and its production process and products are satisfied with national quality standards. Apart from on site sampling inspection on goods provided by suppliers, quality control personnel will also carry out acceptance process before any goods is entered for warehousing. As for goods determined to be unqualified upon quality inspection, the Group will inform the respective suppliers to carry out return and exchange of goods. The contracts signed by the Group and engineering suppliers clearly set out not only our requirements on product quality, but also the relevant undertakings by suppliers in relation to environmental protection, safe operation and protection of labour rights. In respect of the contract performance of the engineering suppliers, the Group supervises and evaluates suppliers' performance in different aspects. The Group will blacklist any supplier violating the laws and regulations during its performance of the contract and terminate its cooperation. The Group devotes itself to upholding the human rights and labour rights in its supply chains and will not tolerate any employment of child labour and forced labour by its suppliers.

Upholding Business Ethics

The Group highly values the confidential data of our staff and business partners. We strictly comply with the laws and regulations regarding privacy matters. We are committed to maintaining transparency, legitimacy, relevance and accuracy when handling their confidential data. Our employees are forbidden to disclose confidential or proprietary information outside the Group, either during or after employment, without the Group's authorization. Only those necessary to be informed shall be authorised to access confidential data or documents. Besides firewall installation, anti-virus protection is enabled on all servers and computers in the Group to ensure network security. The Group implements information security monitoring measures to ensure effective control over factors threatening our information, database and network security, and to minimise our exposure to systematic risks caused by improper use of technology, internal human factors or external hacking. Employees are forbidden to store media and files from unknown sources. We also regularly assess the risk and evaluate the needs of protective measures against cyber-attacks to protect corporate information. The Group also organises regular training to enhance the staff's awareness towards information security.

Besides, the confidential information shared with suppliers, including the Group's intellectual property, is under the protection of confidentiality agreements. The Group strives to protect its own intellectual property. On the other hand, we will not infringe the patent of merchandise of other parties or enterprises.

GREEN OPERATIONS – "SAVING ENERGY AND REDUCING EMISSIONS TOGETHER"

Resource Conservation

The Group understands the importance of maintaining sustainable development of the environment in our daily operation. The Group has adopted the following energy conservation measures in headquarters and power plants:

Energy Conservation

- To make full use of natural lighting
- To adopt automatic lighting management system and install energy-saving light bulbs, and if possible, fully utilise daylight as well
- To set the air-conditioning temperature at an energy-saving level and clean the air-conditioning filters on a regular basis so as to maximise the cooling efficiency
- To switch off unnecessary lighting and energy consuming devices
- To install highly energy-efficient electronic equipment and consider its energy labels during the model selection process
- To clean solar panels on a regular basis to enhance energy efficiency

Water Conservation

- To reduce water pressure to the lowest feasible level
- To use water tap with water conservation label
- To reuse grey water for cleaning and irrigation
- To read the water meters regularly and check for hidden leakages

The energy consumption of the Group during the Current Period is as follows:

Consumption Index	Period from 1 April 2018 to 31 December 2018
Consumption of purchased electricity (MWh)	2,691
Less: electricity sold (MWh)	263,413
Total direct and indirect energy consumption (MWh)	(260,722)
Average direct and indirect energy consumption per unit of electricity sold (kWh/kWh)	(0.99)
Total water consumption[1] (cubic metre)	6,000
Average water consumption per unit of electricity sold (cubic metre/kWh)	0.02

[1] Some power plants do not have water supply. As the water source is either well water or barreled water, the exact water consumption level cannot be accurately measured. Therefore, the total water consumption is estimated by the management based on their experience.

Green Office

As it is said that "Each drop of water shall be valued as gold, while each piece of paper be treasured as silver", and noting that paper comes from forest which is an important natural resource of us, treasuring paper is protecting forest resources. Adhering to the philosophy of reducing paper consumption, the Group has adopted the following measures:

- To avoid using excessive wrapping papers and decorations;
- To set double sided printing and ink-saving mode as the default printing mode;
- To promote the use of electronic communication technologies for the release of announcements, reports of matters, advice seeking and feedback and to use e-mails instead of faxing or mailing whenever possible;
- To promote a principle of "think before you copy";
- To use "paper from responsible sources" when printing annual and interim reports of the Group.

Management of Pollutants

The Group is in strict compliance with the relevant national laws and regulations in relation to the environment to ensure that pollutants are reduced and their impacts on the environment are mitigated in the course of our active expansion of business. As the Group focuses on the development of green energy, the emission of pollutants during our operation is not significant. The main sources of pollutants are the insignificant amount of gas emissions from motor vehicles and cooking at power plants. For the purpose of emissions reduction, the Group carries out regular maintenance and examination for vehicles to maintain their engine efficiency and ensures that there is no idle engine, so as to avoid the waste of fuel. The Group adopts electric tricycles and electromagnetic stoves to replace the vehicles and cooking appliances that run on non-renewable fuels if practicable.

Management of Wastes

The Group puts emphasis on the management of wastes by properly handling the recyclable and non-recyclable wastes. The hazardous wastes generated by the Group are mainly electronic wastes while non-hazardous wastes are mainly household garbage. In order to prevent the disposal of solid wastes from causing serious pollution to the environment, we arrange qualified recyclers or service providers to collect hazardous wastes for treatment with an aim to avoid environmental pollution arising from improper disposal of hazardous wastes. The Group's major non-hazardous wastes are generally household garbage. The wastes from office area of headquarters and some power plants are collected and handled under the centralised management of property management companies or local village committees. With a view to reducing wastes, the Group encourages our staff to avoid the use of disposable and non-recyclable products and reuse stationery such as envelopes and spring binders. We avoid overstocking through regular assessment on the use of materials.

Responses to Climate Change

The problem of greenhouse gas emissions is the environmental issue mostly concerned by China and the World in recent years. The Group invests in solar power generation to reduce the emission of greenhouse gas and air pollutants generated by coal-fired power plants. The details of the relevant contribution to emissions reduction are set out in section headed "Annual Emissions Reduction Contribution". Apart from the measures mentioned in the section headed "Resource Conservation", we also reduce greenhouse gas emissions by way of transportation management. We adopt video conference to dispense with unnecessary business travel while arrange direct flights for necessary business trips to minimise our carbon footprint. Besides, we also encourage our staff to use public transport for commuting purpose.

GREEN CARE – "CREATE A BETTER FUTURE"

Recruit Talents

As an employer providing equal opportunities, the Group offers equal opportunities and remuneration packages to all applicants and its staff, regardless of their gender, age and race. Our recruitment process involves age verification and identification examination, such as ID card check to avoid child labor. Prior to commencement of employment, employees are required to enter into labour contract with job descriptions, remunerations, insurance, welfare, working time and rest time clearly set forth to prevent any form of forced labour.

Safeguard the Interests of Our Staff

Employees serve as an important pillar of the Group. We care about the welfare of our employees and safeguard their interests. The Group strictly complies with the relevant laws and regulations in relation to labour rights, for instance, Employment Ordinance of Hong Kong, Labour Law of the People's Republic of China (《中華人民共和國勞動法》) and Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》). We strives to provide our staff with a workplace free from discrimination and harassment. Employees are encouraged to report any harassment and discrimination incidents via our complaints procedure. The Group makes annual adjustments to the remuneration of the staff with reference to various factors such as market conditions, working performance of the staff and price index, in an attempt to offer competitive remuneration packages to our employees. Apart from basic salary, we also offer performance pay and annual bonus based on individual performance of the employees and our financial performance.

In addition to providing all of its staff with statutory welfare and security, such as the "Five Insurance & One Fund" (五險一金) under social security scheme (covering the pension insurance, medical insurance, unemployment insurance, maternity insurance, work-related injury insurance and housing fund) and paid leaves.

Safeguard the Safety and Health of the Employees

The Group has adhered to the principle of "Safety First, Prevention-oriented and Comprehensive Governance" in the operation of its power plants and daily office operation, and formulated the Safety Production Policy (「安全生產制度」) as its safety operation guidelines for its staff to follow.

Identification, control and management of hazard sources

- To identify the occupational health and safety factors that can be controlled or influenced in the activities under the scope of the Group's occupational health and safety management system
- To identify material hazard sources regarding occupational health and safety in accordance with factors such as the possibility of accidents and frequency of human exposure in hazardous environments
- To formulate controlling measures for hazard sources and review the effectiveness of such measures on a regular basis

Occupational hygiene protection

- To supervise the proper wearing and application of personal protective equipment by all levels of our staff and replace expired, damaged and degraded equipment in a timely manner
- To organise quality safety meetings on a regular basis to identify potential quality safety problems in the operation and maintenance of power plants
- To carry out safety check on potential hazards by regions and seasons

Occupational hygiene training

- To organise events such as safety day and production safety month on a regular basis to enhance employees' awareness towards occupational health and safety
- To conduct regular fire fighting training
- To carry out emergency drill

Promote Personal Development

Employees are the foundation of our development. The Group deeply understands that the knowledge and skills of employees are of utmost importance to the operation and business growth of the Group. A well-planned career path may also prepare the employees for future business challenges. In order to build an excellent team that aligns with our development, we conduct regular assessment on the personal competence and quality of employees. Comprehensive investigation and research on our middle-to-high level employees will also be carried out by the way of inviting other employees to provide objective and fair comments on their operating and management capabilities as well as self-cultivation. We are committed to offering our employees the opportunity of merit-based promotion and a stable working environment in their career pursuit. Our promotion is executed on a fair and open basis and any form of discrimination is not tolerated. When evaluating an employee for promotion, thorough consideration is given to the employee's personal quality, training record, ability and performance at work. Competent employees will be considered for internal promotion in recognition of their efforts and contributions when there is a job vacancy.

GREEN COMMUNITY – "JOIN HANDS TO BUILD A HARMONIOUS COMMUNITY"

Creating a Community of Integrity

Upholding integrity, ethics and honesty is the cornerstone of a company's success. The Group has zero tolerance towards behaviors such as bribery, extortion, fraud and money-laundering. The Board, management and all staff must comply with all the relevant laws and regulations promulgated by the State and regional governments in relation to the prevention of bribery, extortion, fraud and money-laundering. A mechanism for declaration of interest is in place to prohibit employees' engagement in any activities that collide with the interest of the Group, and employees are required to report any situations that may involve conflict of interest with the Group, either directly or indirectly. There is also a whistle-blowing policy that provides a channel for employees to report suspected misconduct. Financial transactions such as approval of contracts or expense reimbursements are subject to review by a number of departments and the management so as to prevent employees from receiving benefits. In addition, we sign integrity undertakings with suppliers to enhance the awareness of operating in a lawful and honest manner, to create a law-abiding working environment with integrity and efficiency, and to prevent any breach of laws and regulations.

As at 31 December 2018, the Group has not been involved in any lawsuits associated with corruptions.

Mutual Development with the Community

The Group creates career opportunities for the local community and supports local infrastructure construction and economic development. The Group has also proactively responded to the calling of the government. It has devoted its technological innovation capabilities in full swing, and seeks to utilise lands that have not been designated for agricultural purposes under government's planning, wasteland, degenerative hills and slopes, agricultural greenhouses, mudflats and fishponds for the construction of distributed solar power plants for local consumption. Through the application of "conducting clean power generation on the panels, carrying out large-scale plantation/aquaculture off the panels", the Group has commenced agricultural and fishery projects that are adaptable to the local condition. For example, it has utilised condensation water under the solar panels to grow shade-loving and cold-resisting economic crops, which helps realising all-rounded land usage and maximising the land efficiency. It has also made efforts on improving the quality of water and soil so as to prevent land erosion, increasing agricultural incomes and creating local employment opportunities, and further integrating its power generation business into poverty alleviation project, new countryside construction and agricultural facility refinement, thereby facilitating new countryside development and improving the livelihood of rural residents.

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.		Annual Emissions Reduction Contribution, Green Business, Resource Conservation, Green Office, Management of Pollutants, Management of Wastes, Responses to Climate Change	page 30, and pages 33 to 35
KPI A1.1	The types of emissions and respective emissions data.	Management of Pollutants	page 34
KPI A1.2	Greenhouse gas emissions (in tonnes) in total and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Responses to Climate Change	page 35
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Management of Wastes	N/A
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Management of Wastes	N/A
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Green Industry, Annual Emissions Reduction Contribution, Responses to Climate Change	page 30, and page 35
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Management of Wastes	page 34

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.		Resource Conservation, Green Office	pages 33, and page 34
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 Conservation	page 33
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resource Conservation	page 33
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Resource Conservation	page 33
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 33
KPI A2.5	Total packaging material used for finished products (in tonnes) and, where appropriate, with reference to per unit produced.	As the major business of the Group is operating solar power plants, it does not involve any use of packaging materials.	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.		Green Business, Annual Emissions Reduction Contribution, Green Office, Responses to Climate Change	page 30, and pages 34 to 35
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Business, Annual Emissions Reduction Contribution, Green Office, Responses to Climate Change	page 30, and pages 34 to 35

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.		Recruit Talents, Safeguard the Interests of Our Staff, Promote Personal Development	pages 35 to 36
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	No disclosure of relevant information has been made for this period.	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 period.	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.		Safeguard the Safety and Health of the Employees	page 35
KPI B2.1	Number and rate of work-related fatalities.	No disclosure of relevant information has been made for this period.	N/A
KPI B2.2	Lost days due to work injury.	No disclosure of relevant information has been made for this period.	N/A
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Safeguard the Safety and Health of the Employees	page 35

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.		Promote personal Development	page 36
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 period.	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 period.	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.		Recruit Talents	page 35
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 period.	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 for the period from 1 April 2018 to 31 December 2018.	N/A
Operating Practices			
Aspect B5: Supply Chain Management			
General Disclosure Policies on managing environmental and social risks of the supply chain.		Management of Supply Chains	pages 31 to 32
KPI B5.1	Number of suppliers by geographical region.	No disclosure of relevant information has been made for this period.	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 period.	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.		Green Engineering – Investigation and Research, Construction and Acceptance of solar Power Plant Project, Upholding Business Ethics	pages 31 to 32
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	As the major business of the Group is operating solar power plants, it does not involve any product recalls for safety and health reasons.	N/A
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	As the major business of the Group is operating solar power plants, it does not involve any products and service related complaints.	N/A
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Upholding Business Ethics	page 32
KPI B6.4	Description of quality assurance process and recall procedures.	**assurance process** Green Engineering – Investigation and Research, Construction and Acceptance of solar Power Plant Project **recall procedures** As the major business of the Group is operating solar power plants, it does not involve any product recalls.	page 31
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Upholding Business Ethics	page 32

Subject Areas, Aspects, General Disclosures and KPIs Description		Chapters/Statements	Page
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.		Creating a Community of Integrity	page 37
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.	Creating a Community of Integrity	page 37
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Creating a Community of Integrity	page 37
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.		Mutual Development with the Community	page 37
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Mutual Development with the Community	page 37
KPI B8.2	Resources contributed to the focus area (e.g. money or time).	No disclosure of relevant information has been made for this period.	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 Current Period from 1 April 2018 to 31 December 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 22 to the consolidated financial statements.

BUSINESS REVIEW

"Management Discussion and Analysis" on pages 8 to 16 and "Five Year Financial Summary" on pages 147 to 148 form part of this directors' report.

Principal Risks and Uncertainties Facing the Company

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

The Group's business is also exposure to credit, liquidity, interest rate, foreign currency and price risks. An analysis of the Group's financial risk management is provided in note 6 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 Current Period ended 31 December 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 Current Period ended 31 December 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 Current Period ended 31 December 2018 and the Company's and the Group's financial position at that date are set out in the consolidated financial statements on pages 58 to 61.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Current Period ended 31 December 2018 (Comparative Year: Nil).

CLOSURE OF REGISTER OF MEMBERS

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

DISTRIBUTABLE RESERVES

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

	31.12.2018 *HK$'000*	31.3.2018 *HK$'000*
Contributed surplus	154,440	154,440
Accumulated losses	(4,325,378)	(3,341,759)
	(4,170,938)	(3,187,319)

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 December 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 Current Period, 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 147 to 148 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 19 to the consolidated financial statements.

SHARE CAPITAL

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

DIRECTORS

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

Executive Directors

Mr. Sun Liang *(Chairman)*
Mr. Ko Tin Kwok *(Vice Chairman)*
Ms. Zhao Li
Mr. Zang Weibing
Mr. Hu Hanyang
Mr. Weng Xiaoquan (appointed on 17 December 2018)
Ms. Gao Shujuan (resigned on 14 September 2018)

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. Weng Xiaoquan, being Director appointed after the 2018 AGM, shall retire from office as Director and, being eligibles, offer himself for re-election at the 2019 AGM.

In accordance with clause 111 of the Company's Bye-Laws, Mr. Ko Tin Kwok, Mr. Li Hui and Mr. Lam Cheung Man 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 2019 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 nine months period from 1 April 2018 to 31 December 2018 are set out in note 16 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

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 Current Period 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 period or at any time during the Current Period.

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

As at 31 December 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	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 December 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 Current Period ended 31 December 2018. There was no outstanding option granted to the Directors and chief executive at the beginning and at the end of the Current Period.

Save as disclosed above, as at 31 December 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 Current Period ended 31 December 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 December 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%

Name of Shareholders	Capacity	Number of Shares interested *(Note 1)*	Approximate percentage of issued Shares
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%
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%
DayShine Agricultural Supply Chain Investment Fund L.P.	Beneficial owner	650,000,000	6.93%
DayShine Fund Management (Cayman) Limited	Interest of controlled corporation *(Note 11)*	650,000,000	6.93%
Shenzhen Dachang Fund Management Co., Ltd.	Interest of controlled corporation *(Note 12)*	650,000,000	6.93%
Shenzhen Yukai Industrial Co., Ltd.	Interest of controlled corporation *(Note 13)*	650,000,000	6.93%
Li Qinggao	Interest of controlled corporation *(Note 14)*	650,000,000	6.93%
Wang Leilei	Interest of controlled corporation *(Note 15)*	650,000,000	6.93%
Rationale (Holdings) Investment	Interest of controlled Corporation *(Note 16)*	650,000,000 (L)	6.93%
Rationale Investment (Shanghai)	Interest of controlled Corporation *(Note 17)*	650,000,000 (L)	6.93%
China Minsheng New Energy	Interest of controlled Corporation *(Note 18)*	650,000,000 (L)	6.93%
China Minsheng Investment	Interest of controlled Corporation *(Note 19)*	650,000,000 (L)	6.93%

Notes:

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

2. As at 31 December 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 December 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 December 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 December 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 December 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 December 2018, Shandong Hi-Speed Investment Holding was a wholly-owned subsidiary of Shandong Hi-Speed Group Co., Ltd.*（山東高速集團有限公司）("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.

8. As at 31 December 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 December 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 December 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. China Shandong Hi-Speed Financial Group Limited (Stock Code: 412) is a listed company in the Stock Exchange. 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 December 2018, DayShine Fund Management (Cayman) Limited ("DayShine Fund Management") was the general partner of DayShine Fund and was therefore deemed to have an interest in all the Shares beneficially owned by DayShine Agricultural Supply Chain Investment Fund L.P. ("DayShine Fund").

12. As at 31 December 2018, Shenzhen Dachang Fund Management Co., Ltd.*（深圳達昌基金管理有限公司）("Shenzhen Dacheng") was the sole shareholder of DayShine Fund Management and was therefore deemed to have an interest in all the Shares in which DayShine Fund Management was interested under the SFO.

13. As at 31 December 2018, Shenzhen Yukai Industrial Co., Ltd.*（深圳裕開實業有限公司）("Shenzhen Yukai") was the controlling shareholder of Shenzhen Dachang and wastherefore deemed to have an interest in all the Shares in which Shenzhen Dachang was interested under the SFO.

14. As at 31 December 2018, Li Qinggao was the controlling shareholder of each of Shenzhen Dachang and Shenzhen Yukai and was therefore deemed to have an interest in all the Shares in which Shenzhen Dachang was interested under the SFO.

15. As at 31 December 2018, Wang Leilei was the controlling shareholder of Shenzhen Yukai and was therefore deemed to have an interest in all the Shares in which Shenzhen Yukai was interested under the SFO.

16. As at 31 December 2018, Rationale (Holdings) Investment Limited ("Rationale (Holdings) Investment") was the limited partner interested in 100% of DayShine Fund, and was therefore deemed to have an interest in all the Shares beneficially owned by DayShine Fund.

17. As at 31 December 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 in which Rationale (Holdings) Investment was interested under the SFO.

18. As at 31 December 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.

19. As at 31 December 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 December 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 Current Period ended 31 December 2018.

CONNECTED TRANSACTION

For the Current Period ended 31 December 2018, the Group had no connected transaction as defined in the Listing Rules.

SUBSIDIARIES

Particulars of the principal subsidiaries of the Company at 31 December 2018 are set out in note 22 to the consolidated financial statements.

BORROWINGS

Particulars of borrowings of the Group at 31 December 2018 are set out in note 32 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Contracts with the Group's five largest customers combined by value, accounted for 82.4% in value of total revenue during the Current Period ended 31 December 2018, while contracts with the Group's largest customer by value, accounted for 20.0% in value of total revenue during the Current Period ended 31 December 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 Current Period ended 31 December 2018, total staff cost, including directors' remuneration, for the Current Period was approximately HK$14,127,000, of which contributions to defined contribution retirement schemes were approximately HK$958,000. 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 Current Period.

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 Current Period and up to the date of this report.

SUBSEQUENT EVENT

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

AUDIT COMMITTEE AND REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

AUDITORS

At the last annual general meeting of the Company, RSM Hong Kong was re-appointed as the auditor of the Company. On 22 November 2018, the auditor of the Company changed its Chinese practicing name to "羅申美會計師事務所".

The consolidated financial statements have been audited by RSM Hong Kong who retire and, being eligible, offer themselves for re-appointment.

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

2019 AGM will be held on 28 June 2019. Details of 2019 AGM are set out in the notice of 2019 AGM which constitutes part of the circular to be sent to the Company's shareholders together with the Annual Report. Notice of 2019 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, 29 March 2019

TO THE SHAREHOLDERS 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 58 to 146, which comprise the consolidated statement of financial position at 31 December 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 period from 1 April 2018 to 31 December 2018, 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 at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the period from 1 April 2018 to 31 December 2018 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 matter we identified is:

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of property, plant and equipment and intangible assets Refer to notes 19 and 21 to the consolidated financial statements The Group's Energy CGU is located in Jinchang, Gansu Province, the People's Republic of China (the "PRC"). The Energy CGU assets included property, plant and equipment of HK$631,079,000 and intangible assets of HK$672,683,000 as at 31 December 2018. The CGU has been making losses which indicates that its carrying amount may be impaired. Accordingly, management determined the recoverable amount of the CGU as at 31 December 2018. The recoverable amount was based on value in use model which is dependent on certain key assumptions in relation to the projected cash flows and discount rate 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.

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. Wong Wo Cheung.

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

29 March 2019

Consolidated Statement of Profit or Loss

For the period from 1 April 2018 to 31 December 2018

	Note	Period from 1 April 2018 to 31 December 2018 HK$'000	Year ended 31 March 2018 HK$'000
Revenue	8	**857,277**	345,902
Cost of sales		**(774,552)**	(149,455)
Gross profit		**82,725**	196,447
Other income	9	**10,049**	8,818
Other gains and losses	10	**(27,619)**	(182,775)
Impairment losses on trade receivables		**(7,457)**	–
Reversals of impairment losses on other receivables		**15,413**	–
Impairment loss on club membership debenture		**(883)**	–
Gain on bargain purchase of subsidiaries	40(a)	**–**	7,599
Administrative and operating expenses		**(50,044)**	(64,620)
Profit/(loss) from operations		**22,184**	(34,531)
Finance costs	12	**(217,794)**	(207,378)
Loss before tax		**(195,610)**	(241,909)
Income tax credit	13	**3,232**	5,000
Loss for the period/year	14	**(192,378)**	(236,909)
Attributable to:			
Owners of the Company		**(194,700)**	(236,738)
Non-controlling interests		**2,322**	(171)
		(192,378)	(236,909)
Loss per share	18		
Basic (cents per share)		**HK(2.08) cents**	HK(2.53) cents
Diluted (cents per share)		**HK(2.08) cents**	HK(2.53) cents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the period from 1 April 2018 to 31 December 2018

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

Consolidated Statement of Financial Position

At 31 December 2018

	Note	At 31 December 2018 HK$'000	At 31 March 2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	19	**2,289,703**	2,627,292
Prepaid land lease payments	20	**1,183**	1,376
Intangible assets	21	**672,683**	765,463
Available-for-sale financial assets	23	**–**	204,955
Equity instruments at FVTOCI	23	**265,745**	–
Club membership debenture	23	**130**	–
Deposits for acquisitions	25	**334,155**	337,461
Contract assets	24	**6,785**	–
Total non-current assets		**3,570,384**	3,936,547
Current assets			
Prepaid land lease payments	20	**93**	102
Trade and bill receivables	24	**396,847**	440,783
Prepayments, deposits and other receivables	25	**115,513**	195,210
Financial assets at fair value through profit or loss (FVTPL)	26	**49,058**	99,124
Contract assets	24	**29,220**	–
Derivative financial instruments	35	**5,487**	–
Derivative financial assets – Derivative component of the convertible bonds	33	**–**	10,958
Loans receivable	27	**57,800**	–
Restricted bank deposit	28	**284**	311
Time deposit and cash and bank balances	29	**125,817**	526,994
Total current assets		**780,119**	1,273,482
LIABILITIES			
Current liabilities			
Trade payables	30	**–**	2
Other payables and accruals	31	**237,877**	275,666
Customers' deposits		**–**	331
Bank and other borrowings	32	**787,891**	349,335
Convertible bonds	33	**–**	375,554
Current tax liabilities		**1,472**	–
Total current liabilities		**1,027,240**	1,000,888
Net current (liabilities)/assets		**(247,121)**	272,594
Total assets less current liabilities		**3,323,263**	4,209,141

	Note	At 31 December 2018 HK$'000	At 31 March 2018 HK$'000
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	*32*	**1,464,293**	2,004,014
Deferred tax liabilities	*34*	**244,181**	273,239
Total non-current liabilities		**1,708,474**	2,277,253
Net assets		**1,614,789**	1,931,888
EQUITY			
Equity attributable to owners of the Company			
Share capital	*36*	**23,436**	23,436
Other reserves	*39*	**1,584,538**	1,903,959
		1,607,974	1,927,395
Non-controlling interests		**6,815**	4,493
Total equity		**1,614,789**	1,931,888

Approved by the Board of Directors on 29 March 2019 and are signed on its behalf by:

Sun Liang **Ko Tin Kwok**

Consolidated Statement of Changes in Equity

For the period from 1 April 2018 to 31 December 2018

	Attributable to owners of the Company										
	Share capital	Share premium	Contributed surplus	Convertible bonds equity reserve	Investment revaluation reserve	Exchange fluctuation reserve	Statutory reserve fund	Accumulated losses	Total	Non-controlling interests	Total equity
	(note 36)	*(note 39(b)(i))*	*(note 39(b)(ii))*	*(note 39(b)(iii))*	*(note 39(b)(iv))*	*(note 39(b)(v))*	*(note 39(b)(vi))*				
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2017	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
At 1 April 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
Adjustments on initial application of											
– HKFRS 15 *(note 3)*	–	–	–	–	–	(564)	–	(9,570)	(10,134)	–	(10,134)
– HKFRS 9 *(note 3)*	–	–	–	–	(105,330)	(2,465)	–	94,833	(12,962)	–	(12,962)
Restated balance at 1 April 2018	23,436	4,157,427	77,102	160,017	(105,330)	44,693	3,915	(2,456,961)	1,904,299	4,493	1,908,792
Total comprehensive income for the period	–	–	–	–	30,481	(132,106)	–	(194,700)	(296,325)	2,322	(294,003)
Release upon maturity of convertible bond	–	–	–	(160,017)	–	–	–	160,017	–	–	–
Appropriation to statutory reserve	–	–	–	–	–	–	3,019	(3,019)	–	–	–
Change in equity for the period	–	–	–	(160,017)	30,481	(132,106)	3,019	(37,702)	(296,325)	2,322	(294,003)
At 31 December 2018	23,436	4,157,427	77,102	–	(74,849)	(87,413)	6,934	(2,494,663)	1,607,974	6,815	1,614,789

Consolidated Statement of Cash Flows

For the period from 1 April 2018 to 31 December 2018

	Note	Period from 1 April 2018 to 31 December 2018 HK$'000	Year ended 31 March 2018 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(195,610)**	(241,909)
Adjustments for:			
Dividend income from unlisted available-for-sale financial assets		**–**	(115,166)
Dividend income from equity instruments at FVTOCI		**(1,997)**	–
Dividend income from listed financial assets at FVTPL		**(4,784)**	(8,529)
Bank interest income		**(573)**	(8,069)
Interest income from loans receivable		**(2,140)**	–
Imputed interest income of accrued revenue on tariff subsidy		**(7,164)**	–
Gain on bargain purchase of subsidiaries	*40(a)*	**–**	(7,599)
Depreciation		**111,061**	89,259
Amortisation of intangible assets		**25,961**	34,837
Amortisation of prepaid land lease payments		**74**	81
Property, plant and equipment written off		**–**	1,103
Impairment loss on unlisted available-for-sale financial assets		**–**	121,654
Allowance for trade receivables		**7,457**	302
Reversals of allowance for deposits and other receivables		**(15,413)**	–
Impairment loss on club membership debenture		**883**	–
Deposits and other receivables written off		**–**	1,415
Net realised and unrealised losses on listed trading equity securities		**30,401**	46,676
Fair value changes in derivative component of convertible bonds		**10,958**	14,907
Interest expenses		**217,794**	207,378
Gain on disposal of property, plant and equipment		**(111)**	–
Operating profit before working capital changes		**176,797**	136,340
Decrease in financial assets at fair value through profit or loss		**12,789**	64,553
Increase in trade receivables		**(52,798)**	(157,243)
Increase in contract assets		**(3,957)**	–
Decrease in prepayments, deposits and other receivables		**52,611**	12,404
Decrease/(increase) in restricted bank deposit		**27**	(311)
Decrease in trade payables		**(2)**	–
(Decrease)/increase in other payables and accruals		**(4,365)**	27,929
Increase in derivative financial instruments		**(5,487)**	–
Decrease in customers' deposits		**(331)**	–
Net cash generated from operating activities		**175,284**	83,672

Consolidated Statement of Cash Flows

For the period from 1 April 2018 to 31 December 2018

	Note	Period from 1 April 2018 to 31 December 2018 HK$'000	Year ended 31 March 2018 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received from unlisted available-for-sale financial assets		–	3,120
Dividend received from equity instruments at FVTOCI		**1,997**	–
Dividend received from financial assets at FVTPL		**4,784**	8,529
Repayment of loans receivable advanced		**(65,600)**	–
Loans receivable received		**7,800**	–
Bank interest received		**573**	8,069
Loan interest received		**2,140**	–
Purchases of property, plant and equipment		**(1,710)**	(483)
Proceeds from disposal of property, plant and equipment		**148**	–
Acquisition of available-for-sale financial assets		–	(1,013)
Deposit paid for potential acquisition of a subsidiary		–	(37,461)
Acquisition of subsidiaries	*40(a)*	–	(586,878)
Net cash used in investing activities		**(49,868)**	(606,117)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(190,516)**	(110,858)
Repayment of other payables		**(10,373)**	(537,270)
Proceeds from bank and other borrowings		–	862,143
Repayment of convertible bonds		**(234,000)**	–
Repayment of bank loans		**(83,532)**	(76,659)
Net cash (used in)/generated from financing activities		**(518,421)**	137,356
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(393,005)**	(385,089)
Effect of foreign exchange rate changes		**(8,172)**	27,568
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR		**526,994**	884,515
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR		**125,817**	526,994

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 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 2018. Of these, the following developments are relevant to the Group's consolidated financial statements:

(i) HKFRS 9 Financial Instruments; and

(ii) HKFRS 15 Revenue from Contracts with Customers

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

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

(a) Application of new and revised HKFRSs (cont'd)

HKFRS 9 Financial instruments

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

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

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

The adoption of HKFRS 9 resulted in the following changes to the Group's accounting policies.

(a) Classification

From 1 April 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at FVTOCI or FVTPL, and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

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

(a) Application of new and revised HKFRSs (cont'd)

HKFRS 9 Financial instruments (cont'd)

(b) Measurement

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

At initial recognition, the Group measures a financial assets at its fair value plus, in the case of a financial assets not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment losses are presented as separate line item in the statement of profit or loss.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

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

(a) Application of new and revised HKFRSs (cont'd)

HKFRS 9 Financial instruments (cont'd)

(b) Measurement (cont'd)

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

(c) Impairment

From 1 April 2018, the Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Set out below is the impact of the adoption of HKFRS 9 on the Group.

The following table summaries the impact on the Group's opening accumulated losses as at 1 April 2018 is as follows:

	Note	*HK$'000*
Increase in impairment losses for:		
– Trade and bill receivables	*(a)*	14,205
– Deposits and other receivables	*(a)*	27,614
Related tax		–
Adjustment to accumulated losses from adoption of HKFRS 9 on 1 April 2018		41,819
Attributable to:		
Owners of the Company		41,819
Non-controlling interests		–
		41,819

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

(a) Application of new and revised HKFRSs (cont'd)

HKFRS 9 Financial instruments (cont'd)

(c) Impairment (cont'd)

The following table and the accompanying notes below explain the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets at 1 April 2018.

Financial assets	*Note*	Classification under HKAS 39	Classification under HKFRS 9	Carrying amount under HKAS 39 *HK$'000*	Carrying amount under HKFRS 9 *HK$'000*
Trade and bill receivables	*(a)*	Loans and receivables	Amortised cost	440,783	426,578
Equity instruments	*(b)*	Available-for-sale	FVTOCI	203,942	235,264
Club membership debenture	*(d)*	Available-for-sale	Amortised cost	1,013	1,013
Deposits and other receivables	*(a)*	Loans and receivables	Amortised cost	36,945	9,331
Equity securities	*(c)*	FVTPL	FVTPL	99,124	99,124
Derivative financial assets	*(c)*	FVTPL	FVTPL	10,958	10,958
Restricted bank deposit	*(a)*	Loans and receivables	Amortised cost	311	311
Time deposit and cash and bank balances	*(a)*	Loans and receivables	Amortised cost	526,994	526,994

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

(a) Application of new and revised HKFRSs (cont'd)

HKFRS 9 Financial instruments (cont'd)

(c) Impairment (cont'd)

The impact of these changes on the Group's equity is as follows:

	Note	**Effect on investment revaluation reserve** *HK$'000*	**Effect on accumulated losses** *HK$'000*
Opening balance – HKAS 39		–	(2,542,224)
Reclassification of non-trading equity investments from available-for-sale to financial asset at FVTOCI	*(b)*	(136,652)	136,652
Fair value gain on non-trading equity investments	*(b)*	31,322	–
Opening balance – HKFRS 9		(105,330)	(2,405,572)

The effect on accumulated losses is before adjustment for impairment (see below).

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 April 2018 have not been impacted by the initial application.

The Group did not designate or de-recognise any financial assets or financial liabilities at FVTPL at 1 April 2018.

Note:

(a) Trade and bill receivables, deposits and other receivables, restricted bank deposits, time deposits and cash and bank balances that were classified as loans and receivables under HKAS 39 are now classified at amortised cost. The increase of HK$14,205,000 and HK$27,614,000 in the allowance for impairment of trade receivables and other receivables were recognised respectively in opening accumulated losses at 1 April 2018 on transition to HKFRS 9.

(b) The Group elected to present in OCI for the fair value changes of all its equity investments previously classified as available-for-sale financial assets, of which approximately HK$203,942,000 related to unquoted equity investments previously measured at cost less impairment under HKAS 39. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, the unquoted investment reclassified from available-for-sale financial assets to equity instruments at FVTOCI amounted to HK$235,264,000 which was the fair value of the unquoted equity investments measured at date of initial application. Impairment losses recognised in prior year in relation to those unquoted investment of approximately HK$136,652,000 were transferred from accumulated losses to investment revaluation reserve and an increase of fair value of HK$31,322,000 was recognised in investment revaluation reserve at 1 April 2018.

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

(a) Application of new and revised HKFRSs (cont'd)

HKFRS 9 Financial instruments (cont'd)

(c) Impairment (cont'd)

(c) Equity securities held for trading and derivative financial assets are required to be held as FVTPL as under HKFRS 9. There was no impact on the amounts recognised in relation to these assets from the adoption of HKFRS 9.

(d) Club membership debenture which was previously recognised as available-for-sale financial assets were reclassified to financial assets at amortised cost. There was no impact on the amounts recognised in relation to these assets from the adoption of HKFRS 9.

HKFRS 15 Revenue from contracts with customers

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

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

The adoption of HKFRS 15 resulted in the following changes to the Group's accounting policies.

- Sale of bulk commodities

  In respect of sale of bulk commodities, the Group recognises the revenue at a point in time when there is persuasive evidence that the control of bulk commodities has been transferred to the customer, being when the commodities are delivered to the customer, the customer has adequate control over the product and the Group has no unfulfilled obligations that could affect customer's acceptance of products. Delivery occurs when the commodities have been shipped to the specific location.

- Sale of electricity

  The performance obligation to transfer electricity to the customer is satisfied over time as the customer simultaneously receives and consumes the benefits of the electricity provided by the Group as it performs, therefore, revenue arising from the sale of electricity is recognised over time.

  The revenue from sale of electricity is based on the on-grid benchmark tariff rates of local coalfire power plants, which vary across provinces and can be adjusted by the government. It is currently settled by state grid companies for the electricity generated by the solar power plants on a monthly basis.

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

(a) Application of new and revised HKFRSs (cont'd)

HKFRS 15 Revenue from contracts with customers (cont'd)

- Tariff subsidy

  Tariff subsidy represents subsidy received and receivable from the government authorities in respect of the Group's solar power generation business. Tariff subsidy is recognised at its fair value where there is a reasonable assurance that the tariff will be received and the Group will comply with all attached conditions, if any.

  The revenue from tariff subsidy is based on the difference between the feed-in-tariff regime implemented by the government for the provision of subsidy to the solar power plants operators and the revenue from sales of electricity.

Variable consideration

For contracts that contain variable consideration in relation to sale of electricity to the state grid companies which contain tariff adjustments related to solar power plant yet to obtain approval for registration in the Catalogue by the PRC government, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Existence of significant financing component

In respect of sales of electricity, in determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract of sales of electricity and tariff subsidy.

Set out below is the impact of the adoption of HKFRS 15 on the Group.

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

(a) Application of new and revised HKFRSs (cont'd)

HKFRS 15 Revenue from contracts with customers (cont'd)

Existence of significant financing component (cont'd)

The following table summarises the impact of transition to HKFRS 15 on the Group's accumulated losses at 1 April 2018.

	HK$'000
Accumulated losses at 31 March 2018	(2,542,224)
Imputed interest adjustment due to significant financing component arising from sales of electricity *(note (i))*	(9,570)
Adjusted balance at 1 April 2018	(2,551,794)

The following tables summarise the estimated impact of adoption of HKFRS 15 on the Group's consolidated financial statements for the period from 1 April 2018 to 31 December 2018, by comparing the amounts reported under HKFRS 15 in these consolidated financial statements with estimates of the hypothetical amounts that would have been recognised under HKAS 18 if the superseded standard had continued to apply to 2018 instead of HKFRS 15. These tables show only those line items impacted by the adoption of HKFRS 15:

	Note	**Amounts reported in accordance with HKFRS 15** *HK$'000*	**Hypothetical amounts under HKAS 18** *HK$'000*	**Estimated impact of adoption of HKFRS 15** *HK$'000*
As at 31 December 2018				
Consolidated statement of financial position (extract)				
Trade and bill receivables	*(i)*	396,847	443,283	(46,436)
Contract assets	*(i)*	36,005	–	36,005
Accumulated losses		2,494,663	2,483,867	10,796
Exchange fluctuation reserve		87,413	87,778	(365)
For the period from 1 April 2018 to 31 December 2018				
Consolidated statement of profit or loss (extract)				
Revenue	*(i)*	857,277	865,667	(8,390)
Other income	*(i)*	10,049	2,885	7,164

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

(a) Application of new and revised HKFRSs (cont'd)

HKFRS 15 Revenue from contracts with customers (cont'd)

Existence of significant financing component (cont'd)

Note:

The differences arise as a result of the changes in accounting policies described above.

(i) The Group accrues the revenue from tariff subsidy generated by solar power plants that have not completed registration to the Catalogue and records a contract asset as the Group does not have a conditional right to receive payment before the registration completed. Any amount currently recognised as contract assets is classified to trade receivables at the point when the registration in the Catalogue is completed. Under HKAS 18, such amount was recognised as trade receivables.

(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 period beginning 1 April 2018. These new and revised HKFRSs include the following which may be relevant to the Group.

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

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

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.

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 16 Leases (cont'd)

Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. The Group's leases of staff quarters, rooftops, reservoir and offices 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 44, the Group's future minimum lease payments under non-cancellable operating leases for its staff quarters, rooftops, reservoir and offices amounted to HK$58,707,000 at 31 December 2018 (31 March 2018: HK$54,657,000). 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.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's consolidated financial statements from 2019 onwards.

HK(IFRIC) 23 Uncertainty over Income Tax Treatments

The interpretation of HKAS 12 Income Taxes sets out how to apply that standard when there is uncertainty about income tax treatments. Entities are required to determine whether uncertain tax treatments should be assessed separately or as a group depending on which approach will better predict the resolution of the uncertainties. Entities will have to assess whether it is probable that a tax authority will accept an uncertain tax treatment. If yes, the accounting treatment will be consistent with the entity's income tax filings. If not, however, entities are required to account for the effects of the uncertainty using either the most likely outcome or expected value method depending on which method is expected to better predict its resolution.

The Group is unable to estimate the impact of the interpretation on the consolidated financial statements until a more detailed assessment has been completed.

4. 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 5.

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 December. 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Consolidation (cont'd)

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.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Business combination and goodwill (cont'd)

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.

(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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Foreign currency translation (cont'd)

(iii) Translation on consolidation (cont'd)

- 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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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) 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.

(g) Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("ECL") in accordance with the policy set out in note 4(x) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(h) 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 and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Recognition and derecognition of financial instruments (cont'd)

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

– FVTOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of ECL, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Financial assets (cont'd)

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified at FVTPL or FVTOCI, are recognised in profit or loss as other income.

Policy prior to 1 April 2018

Investments in securities held for trading were classified as financial assets measured at FVTPL. Any attributable transaction costs were recognised in profit or loss as incurred. At the end of each reporting period the fair value was remeasured, with any resultant gain or loss being recognised in profit or loss.

Dated debt securities that the Group had the positive ability and intention to hold to maturity were classified as held-to-maturity securities. Held-to-maturity securities were stated at amortised cost.

Investments which did not fall into any of the above categories were classified as available-for-sale financial assets. At the end of each reporting period the fair value was remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve (recycling). Dividend income from equity investments and interest income from debt securities calculated using the effective interest method were recognised in profit or loss respectively. Foreign exchange gains and losses arising from debt securities were also recognised in profit or loss. When the investments were derecognised or impaired, the cumulative gain or loss recognised in equity was reclassified to profit or loss.

(j) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that 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 for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL.

(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 bonds 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(q) Derivative financial instruments

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 recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from sales of electricity is recognised when the performance obligation to transfer electricity to the customer is satisfied over time as the customer simultaneously receives and consumes the benefits of the electricity provided by the Group as it performs, therefore, revenue arising from the sale of electricity is recognised over time. The revenue from sale of electricity is based on the on-grid benchmark tariff rates of local coalfire power plants, which vary across provinces and can be adjusted by the government. It is currently settled by state grid companies for the electricity generated by the solar power plants on a monthly basis.

Tariff subsidy represents subsidy received and receivable from the government authorities in respect of the Group's solar power generation business. Tariff subsidy is recognised at its fair value where there is a reasonable assurance that the additional tariff will be received and the Group will comply with all attached conditions, if any. The revenue from tariff subsidy is based on the difference between the feed-in-tariff regime implemented by the government for the provision of subsidy to the solar power plants operators and the revenue from sales of electricity.

Revenue from sales of bulk commodities is recognised at a point in time when there is persuasive evidence that the control of bulk commodities has been transferred to the customer, the customer has adequate control over the product and the Group has no unfulfilled obligations that could affect customer's acceptance of products.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Revenue recognition (cont'd)

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

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

Policy prior to 1 April 2018

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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Taxation (cont'd)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(x) Impairment of financial assets and contract assets

The Group recognises a loss allowance for ECL on trade and bill receivables, contract assets, deposits and other receivables, loans receivable, restricted bank deposits as well as time deposit and cash and bank balances. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk for a particular financial instrument;

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(x) Impairment of financial assets and contract assets (cont'd)

Significant increase in credit risk (cont'd)

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) The financial instrument has a low risk of default,

(ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(x) Impairment of financial assets and contract assets (cont'd)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

– when there is a breach of financial covenants by the counterparty; or

– information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 30 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

– significant financial difficulty of the issuer or the counterparty;

– a breach of contract, such as a default or past due event;

– the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or

– it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(x) Impairment of financial assets and contract assets (cont'd)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

Policy prior to 1 April 2018

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(x) Impairment of financial assets and contract assets (cont'd)

Policy prior to 1 April 2018 (cont'd)

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.

(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.

5. 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.

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 and subject only 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.

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

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

(b) Principal versus agent considerations for commodity trading

In determining whether the Group is acting as a principal or as an agent in the sales of goods and services requires judgement and consideration of all relevant facts and circumstances. In evaluation of the Group acting as a principal or an agent, the Group considers whether it obtains control of the goods and if necessary, also considers individually or in combination, whether the Group is primarily responsible for fulfilling the contracts, is subject to inventory risk, and has discretion in establishing prices for the goods and services. Significant judgement is required when inventory risk is not significant. Having considered the relevant facts and circumstances, the directors consider that the Group obtains control for trading of the bulk commodities.

Accordingly, the Group is acting as a principal for sale and trading of commodities and other products and the corresponding revenue is presented on a gross basis.

(c) Business model assessment

Classification and measurement of financial assets depends on the results of the solely payment of principal and interests ("SPPI") and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or FVTOCI that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(d) Significant increase in credit risk

As explained in note 3, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

5. 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 at 31 December 2018 was approximately HK$2,289,703,000 (31 March 2018: HK$2,627,292,000).

(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 period from 1 April 2018 to 31 December 2018 (year ended 31 March 2018: Nil).

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

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

(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 period from 1 April 2018 to 31 December 2018, HK$3,232,000 (year ended 31 March 2018: HK$5,000,000) of income tax was credited to profit or loss based on the estimated profit.

(d) Fair value of equity instruments at FVTOCI

In the absence of quoted market prices in an active market, the directors estimate the fair value of the Group's equity instruments at FVTOCI, details of which are set out in note 23 to the consolidated financial statements, by considering information from a variety of sources, including the latest published financial information, the historical data on market volatility as well as the price and industry and sector performance.

The carrying amount of equity instruments at FVTOCI at 31 December 2018 was HK$265,745,000 (31 March 2018: HK$Nil).

The carrying amount of available-for-sale financial assets at 31 December 2018 was HK$Nil (31 March 2018: HK$204,955,000).

(e) Fair value of derivative component

As disclosed in note 33 to the consolidated financial statements, the fair value of the derivative component of the convertible bonds 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 was different from those previously estimated, such differences would impact the fair value gain or loss on the derivative component in the period in which such determination was made.

The carrying amount of the derivative financial assets at 31 December 2018 was HK$Nil (31 March 2018: HK$10,958,000).

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

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

(f) Impairment of trade receivables and contract assets

Prior to the adoption of HKFRS 9 on 1 April 2018, the management of the Group assesses at the end of each reporting period whether there is any objective evidence that trade receivables and contract assets are impaired. The provision policy for bad and doubtful debts of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of trade receivables and contract assets, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

At 31 March 2018, the carrying amount of trade receivables and contract assets was HK$440,783,000 (net of allowance for doubtful debts of HK$302,000).

Since the adoption of HKFRS 9 on 1 April 2018, the management of the Group estimates the amount of impairment loss for ECL on trade receivables and contract assets based on the credit risk of trade receivables and contract assets. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

At 31 December 2018, the carrying amount of trade and bills receivables and contract assets is HK$432,852,000 (net of allowance for doubtful debts of HK$20,960,000).

(g) Expected credit loss

Restricted bank deposits and bank balances are determined to have low risk at the reporting date and the Group has considered the loss allowance as immaterial. The credit risk on restricted bank deposits and bank balances is limited because the counterparties are reputable banks, and the risk of inability to pay at the due date is low.

Based on the track record of regular repayment of receivables from sales of electricity and the settlement of accrued revenue on tariff subsidy is in accordance with the prevailing government policies, all trade receivables from sales of electricity, including accrued revenue on tariff subsidy, are expected to be fully recoverable and the ECL provision on trade receivables is considered to be insignificant.

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

If equity prices of the Group's financial assets at FVTPL had been 5% (31 March 2018: 5%) higher/lower with all other variables held constant, consolidated loss after tax for the period from 1 April 2018 to 31 December 2018 would have decreased/increased by approximately HK$1,747,000/HK$1,747,000 (31 March 2018: HK$3,922,000/HK$3,680,000) respectively.

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade and bills receivables, contract assets, other receivables, restricted bank deposits, time deposit and cash and bank balances) and from its financing activities, including loans receivable, deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group's exposure to credit risk arising from restricted bank deposit, time deposit and cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

6. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Credit risk (cont'd)

Trade and bills receivables and contract assets

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.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due from the invoice date.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables of individual customers (other than state grid companies) at 31 December 2018:

	Expected loss rate %	Gross carrying amount *HK$'000*	Loss allowance *HK$'000*
Current (not past due)	1%	3,377	2
1 – 30 days past due	1%	80	0
More than 30 days past due	100%	20,958	20,958
		24,415	20,960

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

6. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Credit risk (cont'd)

Government ECL

Based on the track record of regular repayment of receivables from sales of electricity and the settlement of accrued revenue on tariff subsidy is in accordance with the prevailing government policies, all trade receivables from sales of electricity, including accrued revenue on tariff subsidy, are expected to be fully recoverable and the ECL provision on trade receivables is considered to be insignificant.

Included in the trade receivables, there are unbilled invoices amounted to HK$386,457,000 (note 24).

The Directors considered that the ECL for contract assets is insignificant as at 31 December 2018, as the collection is well supported by the government policies.

Prior to 1 April 2018

Prior to 1 April 2018, an impairment loss was recognised only when there was objective evidence of impairment. At 31 March 2018, trade receivables of HK$302,000 was determined to be impaired.

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, management believed that no impairment allowance was necessary in respect of these balances as there had been no significant change in credit quality and the balances were still considered fully recoverable.

Loans receivable

The expected credit loss at 31 December 2018 was valued using Expected Credit Loss model. The valuation was performed by Eidea Professional Services Company Limited, an independent firm of professional qualified valuers.

The management takes into account the valuation report and considers the expected credit loss of loans receivable as immaterial.

6. FINANCIAL RISK MANAGEMENT (cont'd)

(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 December 2018					
Other payables and accruals	**237,877**	**–**	**–**	**–**	**237,877**
Bank and other borrowings	**906,439**	**725,134**	**449,572**	**624,463**	**2,705,608**
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

(e) Interest rate risk

At 31 December 2018, the Group had bank and other borrowings of HK$1,664,718,000 (31 March 2018: HK$1,677,802,000) and guaranteed secured convertible bonds with an aggregated principal amount of US$Nil (31 March 2018: 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 December 2018, the Group had bank deposits of HK$65,956,000 (31 March 2018: HK$235,702,000) and bank loans of HK$587,466,000 (31 March 2018: HK$675,547,000), 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 period would have been HK$4,562,000 (year ended 31 March 2018: HK$3,624,000) higher/lower respectively.

6. FINANCIAL RISK MANAGEMENT (cont'd)

(f) Categories of financial instruments

	At 31 December 2018 HK$'000	At 31 March 2018 HK$'000
Financial assets:		
Financial assets at FVTPL:		
Mandatorily measured at FVTPL		
– Held for trading	**54,545**	99,124
Derivative financial assets – Derivative component of the convertible bonds	**–**	10,958
Financial assets measured at amortised cost	**622,725**	–
Loans and receivables (including cash and cash equivalents)	**–**	1,145,512
Available-for-sale financial assets	**–**	204,955
Financial assets measured at FVTOCI:		
Equity instruments	**265,745**	–
Financial liabilities:		
Financial liabilities at amortised cost	**2,490,061**	3,004,571

(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.

(h) Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

The Group currently has a legally enforceable right to set off derivative financial assets and derivative financial liabilities that are due to be settled on the same counter parties and the Group intends to settle these balances on a net basis.

	Gross amounts of recognised financial assets HK$'000	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK$'000	Net amount HK$'000
As at 31 December 2018			
Derivative financial assets	53,692	(48,205)	5,487
Total	53,692	(48,205)	5,487

7. 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:

	Fair value measurements using:			
At 31 December 2018	**Level 1** *HK$'000*	**Level 2** *HK$'000*	**Level 3** *HK$'000*	**Total** *HK$'000*
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
Listed securities in Hong Kong and the PRC	44,709	–	–	44,709
Unlisted investment funds	–	4,349	–	4,349
Derivative financial instruments – commodity futures	–	5,487	–	5,487
	44,709	9,836	–	54,545
Financial assets at FVTOCI				
Unlisted equity securities				
Company A	–	–	225,120	225,120
Company B	–	–	26,306	26,306
Company C	–	–	14,319	14,319
Company D	–	–	–	–
Total	44,709	9,836	265,745	320,290

7. FAIR VALUE MEASUREMENTS (cont'd)

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

At 31 March 2018	Fair value measurements using: Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
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

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

Description	**Financial assets at FVTOCI – unlisted equity securities**	**Derivative financial assets – Derivative component of convertible bonds**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
At 1 April 2018	**235,264**	**10,958**	**246,222**
Total gains or losses recognised			
in profit or loss	**–**	**(10,958)**	**(10,958)**
in other comprehensive income	**30,481**	**–**	**30,481**
At 31 December 2018	**265,745**	**–**	**265,745**

7. FAIR VALUE MEASUREMENTS (cont'd)

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

Description	Derivative financial assets – Derivative component of convertible bonds *HK$'000*	Total *HK$'000*
At 1 April 2017	25,865	25,865
Total gains or losses recognised in profit or loss	(14,907)	(14,907)
At 31 March 2018	10,958	10,958

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

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** At 31 December 2018 *HK$'000*	At 31 March 2018 *HK$'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	**4,349**	6,880
Derivative financial instruments – commodity futures	Market approach	Price quoted by the dealers	**5,487**	–

7. FAIR VALUE MEASUREMENTS (cont'd)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements: (cont'd)

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value Assets At 31 December 2018 HK$'000	Fair value Assets At 31 March 2018 HK$'000
Derivative financial assets – derivative component of convertible bonds	Binomial Tree Model	Stock price volatility	33.03%	Increase	**–**	10,958
Private equity investments classified as financial assets at FVTOCI (31 March 2018: Private equity investments classified as available-for-sale financial assets)	Market approach	–	–	–	**225,120**	–
		Adjustment to historical transactions				
		(i) discount for lack of control premium	30%	Decrease	**26,306**	–
		(ii) time adjustment	33.61%	Increase		
		discount for lack of marketability	20%	Decrease	**14,319**	–
		–	–	–	**–**	–

8. REVENUE

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

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

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

8. REVENUE (cont'd)

The Group derives revenue from the transfer of goods and services and at a point in time in the following major product lines and geographical regions:

	Clean Energy		Trading of bulk commodities		Total	
	Period from 1 April 2018 to 31 December 2018	Year ended 31 March 2018	**Period from 1 April 2018 to 31 December 2018**	Year ended 31 March 2018	**Period from 1 April 2018 to 31 December 2018**	Year ended 31 March 2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Primary geographical markets						
– The PRC	**232,927**	222,207	**–**	–	**232,927**	222,207
– Singapore	**–**	–	**617,569**	–	**617,569**	–
Segment revenue	**232,927**	222,207	**617,569**	–	**850,496**	222,207
Revenue from external customers	**232,927**	222,207	**617,569**	–	**850,496**	222,207
Timing of revenue recognition						
Products transferred at a point in time	**–**	–	**617,569**	–	**617,569**	–
Products and services transferred over time	**232,927**	222,207	**–**	–	**232,927**	222,207
Total	**232,927**	222,207	**617,569**	–	**850,496**	222,207

The Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with HKAS 18.

9. OTHER INCOME

	Period from 1 April 2018 to 31 December 2018	Year ended 31 March 2018
	HK$'000	*HK$'000*
Bank interest income	**573**	8,069
Interest income from loans receivable	**2,140**	–
Imputed interest income of accrued revenue on tariff subsidy	**7,164**	–
Recovery of other receivables	**–**	259
Others	**172**	490
	10,049	8,818

10. OTHER GAINS AND LOSSES

	Period from 1 April 2018 to 31 December 2018	Year ended 31 March 2018
	HK$'000	*HK$'000*
Fair value change on derivative components of convertible bonds	**(10,958)**	(14,907)
Gain on disposals of property, plant and equipment	**111**	–
Net realised and unrealised losses on listed trading equity securities	**(30,401)**	(46,676)
Net realised and unrealised gains on derivative financial instruments	**16,633**	–
Impairment on unlisted available-for-sale financial assets	**–**	(121,654)
Others	**(3,004)**	462
	(27,619)	(182,775)

11. SEGMENT INFORMATION

The Group has four operating segments as follows:

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

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

The accounting policies of the operating segments are the same as those described in note 4 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, certain other borrowings and unallocated liabilities. Segment non-current assets do not include equity instruments at FVTOCI and club membership debenture (31 March 2018: available-for-sale financial assets) and deposits for acquisitions.

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

11. SEGMENT INFORMATION (cont'd)

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

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

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

11. SEGMENT INFORMATION (cont'd)

Reconciliations of segment revenue and profit or loss:

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

Reconciliations of segment assets and liabilities:

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

11. SEGMENT INFORMATION (cont'd)

Geographical information:

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

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

Revenue from major customers:

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

12. FINANCE COSTS

	Period from 1 April 2018 to 31 December 2018	Year ended 31 March 2018
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**142,595**	135,183
Imputed interest and redemption costs on convertible bonds	**75,199**	72,195
	217,794	207,378

13. INCOME TAX CREDIT

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

	Period from 1 April 2018 to 31 December 2018	Year ended 31 March 2018
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the period/year	**–**	–
Current tax – Overseas		
Provision for the period/year	**1,472**	–
	1,472	–
Deferred tax *(note 34)*	**(4,704)**	(5,000)
	(3,232)	(5,000)

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

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

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

13. INCOME TAX CREDIT (cont'd)

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.

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:

	Period from 1 April 2018 to 31 December 2018 *HK$'000*	Year ended 31 March 2018 *HK$'000*
Loss before tax	**(195,610)**	(241,909)
Tax at the Hong Kong Profits Tax rate of 16.5% (31 March 2018: 16.5%)	**(32,276)**	(39,915)
Tax effect of income that is not taxable	**(385)**	(20,526)
Tax effect of expenses that are not deductible	**25,095**	54,864
Tax effect of temporary differences not recognised	**(1,831)**	72
Effect on tax holiday on assessable profit of subsidiaries established in the PRC	**(7,486)**	(6,557)
Tax effect of utilisation of tax losses not previously recognised	**(2,363)**	(4,298)
Tax effect of tax losses not recognised	**19,944**	15,670
Effect of different tax rates of subsidiaries	**(3,930)**	(4,310)
Income tax credit	**(3,232)**	(5,000)

14. LOSS FOR THE PERIOD/YEAR

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

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

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

15. EMPLOYEE BENEFITS EXPENSE

	Period from 1 April 2018 to 31 December 2018 *HK$'000*	Year ended 31 March 2018 *HK$'000*
Employee benefits expense (including directors' remuneration):		
Salaries, bonuses and allowances	**13,169**	17,588
Retirement benefit scheme contributions	**958**	1,278
	14,127	18,866

15. EMPLOYEE BENEFITS EXPENSE (cont'd)

Five highest paid individual:

The five highest paid individuals in the Group during the period included one (year ended 31 March 2018: three) director whose emolument is reflected in the analysis presented in note 16(a).

The remaining four (year ended 31 March 2018: two) individuals during the period are as follows:

	Period from 1 April 2018 to 31 December 2018	Year ended 31 March 2018
	HK$'000	*HK$'000*
Salaries and allowances	**2,508**	2,015
Pension costs – defined contribution plans	**60**	36
	2,568	2,051

The emoluments of the four (31 March 2018: two) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	At 31 December 2018	At 31 March 2018
Emoluments band (in HK dollar)		
Nil – HK$1,000,000	**3**	1
HK$1,000,001 to HK$1,500,000	**1**	1

16. 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 HK$'000	Salaries HK$'000	Discretionary bonus HK$'000	Estimated money value of other benefits HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Remunerations paid or receivable in respect of accepting office as director HK$'000	Housing allowance HK$'000	HK$'000	Total HK$'000
Name of director									
Executive directors									
Sun Liang	–	–	–	–	–	–	–	–	–
Ko Tin Kwok *(note (i))*	–	–	–	–	–	–	–	–	–
Zhao Li	–	700	–	–	14	–	705	–	1,419
Zeng Weibing	–	–	–	–	–	–	–	–	–
Gao Shujuan *(note (ii))*	–	–	–	–	–	–	–	–	–
Hu Hanyang *(note (i))*	–	–	–	–	–	–	–	–	–
Weng Xiaoquan *(note (iii))*	–	–	–	–	–	–	–	–	–
Independent non-executive directors									
Fok Ho Yin, Thomas	270	–	–	–	–	–	–	–	270
Li Hui	270	–	–	–	–	–	–	–	270
Lam Cheung Mau	270	–	–	–	–	–	–	–	270
Total for the period from 1 April 2018 to 31 December 2018	810	700	–	–	14	–	705	–	2,229

Notes:

(i) Agreed to waive his entitlement to director's fee for the period from 1 April 2018 to 31 December 2018.

(ii) Resigned on 14 September 2018.

(iii) Appointed on 17 December 2018.

16. 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									
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 the year ended 31 March 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.

Saved as disclosed above, neither the chief executive nor any other directors waived any emoluments during the period from 1 April 2018 to 31 December 2018 (year ended 31 March 2018: Nil).

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

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

Save for those disclosed in note 45 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 period/year or at any time during the period/year.

17. DIVIDENDS

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

18. LOSS PER SHARE

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

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

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

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

19. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Solar power generation plant/station HK$'000	Plant and machinery HK$'000	Furniture, fixtures, office equipment and motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost						
At 1 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 and 1 April 2018	6,709	2,821,851	1,984	20,081	–	2,850,625
Exchange differences	–	(249,082)	–	(801)	–	(249,883)
Additions	–	1,700	–	10	–	1,710
Disposal/written off	–	–	–	(161)	–	(161)
At 31 December 2018	6,709	2,574,469	1,984	19,129	–	2,602,291
Accumulated depreciation						
At 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 and 1 April 2018	3,552	204,217	1,984	13,580	–	223,333
Exchange differences	–	(21,091)	–	(591)	–	(21,682)
Charge for the period	604	108,307	–	2,150	–	111,061
Disposal/written off	–	–	–	(124)	–	(124)
At 31 December 2018	4,156	291,433	1,984	15,015	–	312,588
Carrying amount						
At 31 December 2018	2,553	2,283,036	–	4,114	–	2,289,703
At 31 March 2018	3,157	2,617,634	–	6,501	–	2,627,292

At 31 December 2018 the carrying amount of property, plant and equipment of HK$1,026,460,000 (31 March 2018: HK$1,179,005,000) were pledged as security for the Group's bank loans as set out in note 32(ii) to the consolidated financial statements.

20. 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:

	At 31 December 2018 *HK$'000*	At 31 March 2018 *HK$'000*
At beginning of period/year	**1,478**	–
Acquisition of subsidiaries *(note 40(a))*	**–**	1,434
Exchange differences	**(128)**	125
Amortisation of prepaid land lease payments	**(74)**	(81)
At end of period/year	**1,276**	1,478
Current portion	**(93)**	(102)
Non-current portion	**1,183**	1,376

21. INTANGIBLE ASSETS

	Customer contracts Total *HK$'000*
Cost	
At 1 April 2017	795,822
Exchange differences	84,921
At 31 March 2018 and 1 April 2018	880,743
Exchange differences	(77,728)
At 31 December 2018	803,015
Accumulated amortisation and impairment losses	
At 1 April 2017	70,833
Exchange differences	9,610
Amortisation for the year	34,837
At 31 March 2018 and 1 April 2018	115,280
Exchange differences	(10,909)
Amortisation for the period	25,961
At 31 December 2018	130,332
Carrying amount	
At 31 December 2018	672,683
At 31 March 2018	765,463

22. INVESTMENTS IN SUBSIDIARIES

	At 31 December 2018 HK$'000	At 31 March 2018 HK$'000
Unlisted investment, at cost	**83,369**	83,369
Impairment losses	**(83,368)**	(83,368)
	1	1

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

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

Name	Place of incorporation/ registration and operation	Particular of issued share capital	Percentage of ownership/ interest/voting power		Principal activities
			Direct	Indirect	
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
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
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

22. INVESTMENTS IN SUBSIDIARIES (cont'd)

Particulars of the subsidiaries at 31 December 2018 are as follows: (cont'd)

Name	Place of incorporation/ registration and operation	Particular of issued share capital	Percentage of ownership/ interest/voting power		Principal activities
			Direct	Indirect	
Legacy Billion Investment Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	–	100%	Investment holding
Shanghai Gorgeous Smarter Energy Company Limited 上海國之杰智慧能源有限公司	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
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
Gravifield Energy Singapore Trading Pte. Ltd	Singapore	US$2,000,000	–	70%	Trading of oil related products and bulk commodities derivatives

* 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 established in the PRC and are limited liability companies.

23. FINANCIAL ASSETS AT FVTOCI AND CLUB MEMBERSHIP DEBENTURE (31 MARCH 2018: AVAILABLE-FOR-SALE FINANCIAL ASSETS)

	Note	At 31 December 2018 HK$'000	At 31 March 2018 HK$'000
Unlisted equity securities			
Company A	(i)	225,120	164,738
Company B	(ii)	26,306	9,404
Company C	(iii)	14,319	22,000
Company D	(iv)	–	7,800
Club membership debenture	(v)	–	1,013
Total financial assets at FVTOCI		265,745	204,955
Club membership debenture	(v)	130	–
		265,875	204,955
Analysed as:			
Current assets		–	–
Non-current assets			
Financial assets at FVTOCI		265,745	204,955
Club membership debenture		130	–
		265,875	204,955

Financial assets at FVTOCI and club membership debenture (31 March 2018: Available-for-sale financial assets) are denominated in the following currencies:

	At 31 December 2018 HK$'000	At 31 March 2018 HK$'000
Hong Kong dollars	265,875	204,955

The unlisted equity investments relate to investments in four (31 March 2018: 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, investment in securities trading, money lending and properties holding respectively.

These investments were previously classified as available-for-sale at 31 March 2018 and now classified at FVTOCI as the Group made an election to designate the investment at FVTOCI as at 1 April 2018, which is the date of initial application of HKFRS 9.

23. FINANCIAL ASSETS AT FVTOCI AND CLUB MEMBERSHIP DEBENTURE (31 MARCH 2018: AVAILABLE-FOR-SALE FINANCIAL ASSETS) (cont'd)

Notes:

(i) At 31 December 2018, the Group had shareholding of approximately 2.72% (31 March 2018: 4.07%) in Company A. The carrying amount for investment in Company A was approximately HK$225,120,000 (31 March 2018: HK$164,738,000).

The fair values of the investment in Company A as at 1 April 2018 and 31 December 2018 were estimated by Eidea Professional Services Company Limited, independent professional qualified valuer, derived from estimations of the equity value by using market approach which makes reference to recent market transactions.

(ii) At 31 December 2018, the Group had shareholding of approximately 5.07% (31 March 2018: 5.07%) in Company B. The carrying amount for investment in Company B was approximately HK$26,306,000 (31 March 2018: HK$9,404,000).

The fair values of the investment in Company B as at 1 April 2018 and 31 December 2018 were estimated by Eidea Professional Services Company Limited, independent professional qualified valuer, derived from estimations of the equity value by using market approach which makes reference to recent market transactions.

(iii) At 31 December 2018, the Group had shareholding of approximately 4.60% (31 March 2018: 4.60%) in Company C. The carrying amount for investment in Company C was approximately HK$14,319,000 (31 March 2018: HK$22,000,000).

The fair values of the investment in Company C as at 1 April 2018 and 31 December 2018 were estimated by Eidea Professional Services Company Limited, independent professional qualified valuer, derived from estimations of the equity value by using market approach which makes reference to benchmarks of price-to-book ratio.

(iv) At 31 December 2018, the Group had shareholding of approximately 4% (31 March 2018: 4%) in Company D and the carrying amount for investment in Company D was approximately HK$Nil (31 March 2018: HK$7,800,000).

(v) Club membership debenture is classified as amortised costs at initial recognition. The Group does not intend to dispose the investment in the near future.

During the period from 1 April 2018 to 31 December 2018, impairment loss on club membership debenture amounted to HK$883,000 was recognised (year ended 31 March 2018: Nil).

24. TRADE AND BILL RECEIVABLES AND CONTRACT ASSETS

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

24. TRADE AND BILL RECEIVABLES AND CONTRACT ASSETS (cont'd)

Included in the Group's trade receivables are tariff subsidy receivables amounting to HK$377,063,000 (31 March 2018: HK$388,639,000) 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.

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

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

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 the collection of accrued revenue on tariff subsidy is expected in the normal operating cycle, which may be recovered after twelve months from the reporting date. Accrued revenue on tariff subsidy are discounted at an effective interest rate ranged from 2.23% to 3.86% per annum as at 31 December 2018.

At 31 December 2018, approximately HK$162,288,000 (31 March 2018: HK$157,337,000) of trade receivables were pledged to a bank to secure a bank loan as set out in note 32 (ii) to the financial statements.

At 31 December 2018, HK$20,960,000 allowance was made for estimated irrecoverable trade receivables of individual customers (31 March 2018: HK$302,000).

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

24. TRADE AND BILL RECEIVABLES AND CONTRACT ASSETS (cont'd)

The contract assets primarily relate to the Group's right to tariff adjustments for the electricity sold to the local state grid companies in the PRC. The contract assets are transferred to trade receivables when the Group's respective operating power plants are registered in the Catalogue pursuant to prevailing national government policies on renewable energy for solar power plants.

The decrease in the balances of contract asset resulted in the decrease of the number of operating power plants that has not completed the registration of the Catalogue as at 31 December 2018.

The amount of contract assets that is expected to be recovered after more than one year is HK$6,785,000 (31 March 2018: HK$Nil).

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	**At 31 December 2018** *HK$'000*	At 31 March 2018 *HK$'000*
Deposits for acquisitions	*(i)*	**334,155**	337,461
Value added tax recoverable		**91,826**	140,479
Other prepayments		**16,840**	17,786
Deposits		**4,145**	10,553
Other receivables		**562**	26,392
Amount due from a shareholder	*(ii)*	**2,140**	–
		449,668	532,671
Less: current portion		**(115,513)**	(195,210)
Non-current portion		**334,155**	337,461

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 of acquiring 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 principally engaged in the operation of solar power plant in Ningdong, Ningxia, the PRC. 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 were disclosed in the announcement issued by the Company on 11 December 2015.

On 4 March 2016, the Company 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.

On 25 June 2018, the Company executed a second supplementary letter of intent such that the total amount of earnest money of HK$300,000,000 can be used in other potential acquisition of solar power plants owned by the Potential Vendor.

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 principally engaged in the operation of solar power plant in Ningdong, Ningxia, the PRC. Pursuant to the terms of the Sale and Purchase Agreement, the Company paid a deposit of RMB30,000,000 (equivalent to approximately HK$34,155,000) to the Potential Vendor, which is refundable if the acquisition cannot be completed. Details of the transaction were 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.

(ii) It was unsecured, interest-free, and repayable on demand.

26. FINANCIAL ASSETS AT FVTPL

	At 31 December 2018 HK$'000	At 31 March 2018 HK$'000
Listed equity securities in		
– Hong Kong	5,616	8,160
– the PRC	39,093	84,084
Unlisted investment funds	4,349	6,880
	49,058	99,124

Analysed as:

	At 31 December 2018 HK$'000	At 31 March 2018 HK$'000
Current assets	49,058	99,124
Non-current assets	–	–
	49,058	99,124

The carrying amounts of the above financial assets are mandatorily measured at FVTPL in accordance with HKFRS 9.

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.

27. LOANS RECEIVABLE

	At 31 December 2018 HK$'000	At 31 March 2018 HK$'000
Shareholder's loan receivable, with the principal amount of HK$50,000,000	50,000	–
Loan receivable, with the principal amount of US$1,000,000	7,800	–
	57,800	–

27. LOANS RECEIVABLE (cont'd)

On 31 July 2018, the Group entered into a HK$50,000,000 loan agreement ("HK$50M Loan") with a shareholder of the Company. The HK$50M Loan carries an interest rate of 10%. The HK$50M Loan was secured by equity interests of a company incorporated in the British Virgin Islands and 100% owned by the shareholder. The loan was originally repayable on 31 October 2018. It was extended by mutual agreement to 31 January 2019 and further extended to 30 April 2019. All the other terms of the HK$50M loan remain unchanged upon the extension.

On 17 December 2018, the Group entered into a US$1,000,000 loan agreement ("US$1M Loan") with a Hong Kong company, which is an independent third party to the Group. The US$1M Loan carries an interest rate of 10% and will be repayable in June 2019 and was secured by personal guarantee from the director of the borrowing company.

28. RESTRICTED BANK DEPOSIT

At 31 December 2018, pursuant to a bank account co-administration agreement signed by a subsidiary of the Company, a bank and an independent lender, in which the independent lender provided a loan facility to the Company as disclosed in note 32(iv), the usage of bank deposits of HK$284,000 (31 March 2018: HK$311,000) 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).

At 31 December 2018, the aggregate amount of the restricted bank deposits of the Group denominated in RMB was HK$284,000 (31 March 2018: HK$311,000). 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.

29. TIME DEPOSIT AND CASH AND BANK BALANCES

	At 31 December 2018 ***HK$'000***	At 31 March 2018 *HK$'000*
Time deposit and cash and bank balances	**125,817**	526,994

At 31 December 2018, the aggregate amount of the time deposit and cash and bank balances of the Group denominated in RMB amounted to HK$65,405,000 (31 March 2018: HK$54,419,000). 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.

30. TRADE PAYABLES

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

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

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

31. OTHER PAYABLES AND ACCRUALS

	Note	At 31 December 2018 HK$'000	At 31 March 2018 HK$'000
Amount due to an investee company	(i)	2,491	2,491
Consideration payable	(ii)	66,978	73,461
Loan interest payable		2,659	8,615
Others		165,749	191,099
		237,877	275,666

Note:

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

(ii) Consideration payable represented the amounts due to vendors for acquisition of four subsidiaries.

Reconciliation of consideration payable:

	Note	At 31 December 2018 HK$'000	At 31 March 2018 HK$'000
At beginning of period/year		73,461	–
Additions	40(a)	–	68,056
Exchange differences		(6,483)	5,405
At end of period/year		66,978	73,461

32. BANK AND OTHER BORROWINGS

	Maturity	At 31 December 2018 HK$'000	At 31 March 2018 HK$'000
Current			
Bank loans – secured *(note i)*	July 2027, September 2028	**56,925**	62,435
Bank loan – secured *(note ii)*	January 2026	**59,931**	65,732
Other loan – secured *(note iii)*	February 2021	**210,600**	221,168
Other loan – secured *(note v)*	November 2019	**304,435**	–
Other loan – secured *(note vi)*	July 2019	**156,000**	–
		787,891	349,335
Non-current			
Bank loans – secured *(note i)*	July 2027, September 2028	**530,541**	613,112
Bank loan – secured *(note ii)*	January 2026	**389,549**	460,122
Other loan – secured *(note v)*	November 2019	**–**	333,900
Other loan – secured *(note iv)*	June 2020	**544,203**	596,880
		1,464,293	2,004,014
		2,252,184	2,353,349

The bank and other borrowings to be repayable as follows:

	At 31 December 2018 HK$'000	At 31 March 2018 HK$'000
Within one year	**787,891**	349,335
After 1 year but within 2 years	**661,059**	462,068
After 2 years but within 5 years	**358,536**	983,876
After 5 years	**444,698**	558,070
	1,464,293	2,004,014
	2,252,184	2,353,349

32. BANK AND OTHER BORROWINGS (cont'd)

(i) At 31 December 2018, the Group's bank borrowings of HK$587,466,000 (31 March 2018: HK$675,547,000) were guaranteed by a subsidiary up to a total amount of RMB541,000,000 (equivalent to HK$615,929,000) (31 March 2018: RMB577,000,000 (equivalent to HK$656,915,000)). 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 (31 March 2018: same).

(ii) At 31 December 2018, the Group's bank borrowing of HK$449,480,000 (31 March 2018: HK$525,854,000) was secured by the Group's property, plant and equipment with net carrying amount of HK$1,026,460,000 (31 March 2018: HK$1,179,005,000), trade receivables of HK$162,288,000 (31 March 2018: HK$157,337,000), 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"), which is a substantial shareholder of the Company and managed by a director of the Company, Mr. Ko Tin Kwok. At 31 December 2018, the entire equity interest in a subsidiary in the PRC was pledged to the bank (31 March 2018: same). According to the repayment terms, the bank borrowing will be repayable by semi-annual instalments with the last instalment due in January 2026. The bank borrowing was interest-bearing at 4.41% per annum.

(iii) At 31 March 2018, the carrying amount of the Group's other loan of HK$221,168,000 carried interest at 6% per annum and was originally matured in July 2018. On 30 July 2018, the Group was granted by the lender a waiver for repaying the principal of the loan on its original due date in July 2018. As at 31 December 2018, the carrying amount of the Group's other loan was HK$210,600,000 and carried interest at 6%.

As at 31 March 2018 and 31 December 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 its 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 and the individual share charge.

Subsequent to the reporting date, on 28 February 2019, the loan was extended to 24 February 2021 by signing a new loan agreement with the lender. The new loan carried interest at 7.5% per annum and was secured by the personal guarantee of Mr. Ko Tin Kwok, a director of the Company, in addition to the above securities.

Unless previously purchased or redeemed, the Company shall redeem such other loan on 21 February 2021 (date of maturity) at the redemption amount which equals to the sum of the principal, and return of 10% per annum on the principal.

(iv) At 31 December 2018, the Group's other loan of HK$544,203,000 (31 March 2018: HK$596,880,000) was interest-bearing at 7.90% per annum, and was guaranteed by an independent company and Shanghai Gorgeous. According to the repayment terms, the other loan will be repayable in June 2020.

32. BANK AND OTHER BORROWINGS (cont'd)

(v) At 31 December 2018, the Group's other loan of HK$304,435,000 (31 March 2018: HK$333,900,000) was interest-bearing at 7.00% per annum, and was guaranteed by a subsidiary of the Group. According to the repayment terms, the other loan will be repayable in November 2019.

(vi) On 3 August 2018, convertible bond (note 33) amounted to US$20,000,000 (equivalent to HK$156,000,000) was derecognised upon maturity. According to the mutual agreement between the Company and the then convertible bondholder, the amount of the outstanding principal would be recognised as a new loan with maturity date at 29 July 2019. The convertible bonds were derecognised at its carrying amount calculated at amortised cost accordingly and other loan of approximately US$20,000,000 which represented the fair value as at the date of modification was recognised.

At 31 December 2018, the Group's other loan of US$20,000,000 (equivalent to HK$156,000,000) (31 March 2018: HK$Nil) was interest-bearing at 10% per annum, and the loan was secured by pledge of the share capital of certain subsidiaries of the Group and floating charges on property, assets, goodwill, rights and revenue of the Company and certain wholly-owned subsidiaries of the Company, Max Access Limited and Surplus Basic Limited, and was guaranteed by the Company's wholly-owned subsidiaries, Max Access Limited and Rising Group International Limited, a related company, Shanghai Gorgeous, and Mr. Ko Tin Kwok, a director of the Company.

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

	At 31 December 2018	At 31 March 2018
	HK$'000	*HK$'000*
RMB	**1,885,584**	2,132,181
US$	**366,600**	221,168
	2,252,184	2,353,349

33. CONVERTIBLE BONDS

	At 31 December 2018	At 31 March 2018
	HK$'000	*HK$'000*
Convertible Bonds	**–**	375,554

As at 31 December 2018, the convertible bonds were fully converted, redeemed or cancelled.

Details of the information of the convertible bonds as at 31 March 2018 were set out in the annual report for the year ended 31 March 2018.

33. CONVERTIBLE BONDS (cont'd)

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

	Convertible bonds
	HK$'000
Liability component	
Balance at 1 April 2017	326,759
Imputed interest expenses	72,195
Interest paid	(23,400)
Balance at 31 March 2018 and 1 April 2018	375,554
Derecognised upon maturity	(156,000)
Repaid upon maturity	(234,000)
Imputed interest expenses	75,199
Interest paid	(60,753)
Balance at 31 December 2018	–
Equity component	
Balance at 1 April 2017, 31 March and 1 April 2018	160,017
Transferred to accumulated losses upon maturity	(160,017)
Balance at 31 March 2018,1 April 2018 and 31 December 2018	–
Derivative component *(note (i))*	
Balance at 1 April 2017	(25,865)
Change in fair value	14,907
Balance at 31 March 2018 and 1 April 2018	(10,958)
Transfer to profit or loss upon maturity	10,958
Balance at 31 December 2018	–

Interest expenses on the convertible bonds were calculated using the effective interest method by applying the effective interest rate of 21.61% (year ended 31 March 2018: 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 was accounted for as derivative financial assets under current assets as at 31 March 2018.

34. DEFERRED TAX LIABILITIES

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

	Property, plant and equipment HK$'000	Fair value gains on customers contract HK$'000	Total HK$'000
At 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 13)*	(646)	(4,354)	(5,000)
At 31 March 2018 and 1 April 2018	85,332	187,907	273,239
Exchange differences	(8,075)	(16,279)	(24,354)
Credited to profit or loss *(note 13)*	(1,459)	(3,245)	(4,704)
At 31 December 2018	75,798	168,383	244,181

At 31 December 2018, the Group had unused tax losses of HK$742,218,000 (31 March 2018: HK$743,154,000) 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$604,359,000 (31 March 2018: HK$592,608,000) can be carried forward infinitively. The remaining HK$137,859,000 (31 March 2018: HK$150,546,000) 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.

35. DERIVATIVE FINANCIAL INSTRUMENTS

The breakdown are as follows:

	At 31 December 2018 HK$'000	At 31 March 2018 HK$'000
Derivative financial assets	**53,692**	–
Derivative financial liabilities	**(48,205)**	–
	5,487	–

The Group's derivative financial instruments, denominated in US$ represent publicly traded contracts for crude oil-related products and are measured at fair value at the end of the reporting period based on quoted rates. The maturity dates of these contracts are from January 2019 to December 2019.

The contracted notional principal amount of the derivative outstanding of purchase and sales contracts are US$44,843,000 and US$46,502,000 respectively.

36. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.0025 each		
Authorised share capital:		
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 December 2018	**120,000,000**	300,000
Issued and fully paid share capital:		
At 1 April 2017, 31 March 2018 and 31 December 2018	**9,374,351**	23,436

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 period from 1 April 2018 to 31 December 2018 and year ended 31 March 2018.

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:

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

36. SHARE CAPITAL (cont'd)

The increase in the gearing ratio during the period from 1 April 2018 to 31 December 2018 resulted primarily from 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 a 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 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 under 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.

37. SHARE BASED PAYMENT (cont'd)

Share option scheme (cont'd)

(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.

(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 period from 1 April 2018 to 31 December 2018 and the year ended 31 March 2018.

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 (31 March 2018: 594,491,440), representing 6.3% (31 March 2018: 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

	Note	At 31 December 2018 HK$'000	At 31 March 2018 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	*22*	**1**	1
Deposits for acquisition		**300,000**	300,000
		300,001	300,001
CURRENT ASSETS			
Prepayments, deposits and other receivables		**3,036**	376
Financial assets at FVTPL		**5,616**	8,160
Amounts due from subsidiaries		**30,561**	1,004,183
Derivative financial assets			
– Derivative component of convertible bonds		**–**	10,958
Loans receivable		**57,800**	–
Time deposit and cash and bank balances		**13,232**	444,568
		110,245	1,468,245
CURRENT LIABILITIES			
Other payables and accruals		**12,794**	2,101
Amounts due to subsidiaries		**20,927**	15,862
Other borrowings		**366,600**	221,168
Convertible bonds		**–**	375,554
		400,321	614,685
NET CURRENT (LIABILITIES)/ASSETS		**(290,076)**	853,560
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,925**	1,153,561
NET ASSETS		**9,925**	1,153,561
CAPITAL AND RESERVES			
Share capital	*36*	**23,436**	23,436
Reserves	*38(b)*	**(13,511)**	1,130,125
TOTAL EQUITY		**9,925**	1,153,561

Approved by the Board of Directors on 29 March 2019 and are signed on its behalf by:

Ko Tin Kwok **Sun Liang**

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*
At 1 April 2017	4,157,427	154,440	160,017	(3,149,776)	1,322,108
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
Adjustment on initial application of HKFRS 9 – loss allowance for amounts due from subsidiaries	–	–	–	(993,188)	(993,188)
At 1 April 2018	4,157,427	154,440	160,017	(4,334,947)	136,937
Total comprehensive income for the period	–	–	–	(150,448)	(150,448)
Release upon maturity of convertible bonds	–	–	(160,017)	160,017	–
At 31 December 2018	4,157,427	154,440	–	(4,325,378)	(13,511)

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.

39. RESERVES (cont'd)

(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 4(n) to the consolidated financial statements.

The reserve was released during the period upon the maturity of the convertible bonds.

(iv) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of financial assets at FVTOCI held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 4(i) to the consolidated financial statements.

(v) Exchange fluctuation reserve

The exchange fluctuation 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 4(c)(iii) to the consolidated financial statements.

(vi) 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 during the year ended 31 March 2018

(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") at 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 was 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") at 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 was 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") at 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 was 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") at 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 ("Shanghai Guxin").

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 was set out in the Company's announcement dated 31 March 2017.

The above acquisitions were 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 during the year ended 31 March 2018 (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 HK$'000	Changfeng Hongyang HK$'000	Gaoan Jinjian HK$'000	Qingdao Guxin HK$'000	Total 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 payable	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 was HK$199,349,000. The gross amount due under the contracts was HK$199,349,000 of which none of them was expected to be uncollectible.

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

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

(a) Acquisition of subsidiaries during the year ended 31 March 2018 (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 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 during the year ended 31 March 2018.

	Dezhou Jiayang *HK$'000*	Changfeng Hongyang *HK$'000*	Gaoan Jinjian *HK$'000*	Qingdao Guxin *HK$'000*	Total *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 ended 31 March 2018, total amount of the revenue and loss of the Group for the year ended 31 March 2018 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 ended 31 March 2018, nor is it intended to be a projection of the future results.

(b) Major non-cash transaction

During the period from 1 April 2018 to 31 December 2018, the Convertible Bonds were derecognised and other loan of US$20,000,000 (equivalent to HK$156,000,000) was recognised. Further details are set out in the Company's announcements dated 3 August 2018 and 8 August 2018.

(c) 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 2018 *HK$'000*	Cash flows *HK$'000*	Transfer *HK$'000*	Interest expenses *HK$'000*	Exchange differences *HK$'000*	31 December 2018 *HK$'000*
Bank and other borrowings	2,353,349	(213,295)	156,000	142,595	(186,465)	2,252,184
Convertible bonds	375,554	(294,753)	(156,000)	75,199	–	–
Other payables arising from financing activities	35,315	(10,373)	–	–	(2,823)	22,119

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

(c) Reconciliation of liabilities arising from financing activities (cont'd)

	1 April 2017 HK$'000	Cash flows HK$'000	Interest expenses HK$'000	Acquisition of subsidiaries HK$'000	Exchange differences HK$'000	31 March 2018 HK$'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. BANKING FACILITIES

As at 31 December 2018, the Group had available banking facilities of US$60,000,000 (equivalent to HK$468,000,000) (31 March 2018: HK$Nil), which were utilised to the extent of approximately HK$Nil (31 March 2018: HK$Nil). These banking facilities were secured by the standby letter of credit in favour of the bank.

Saved as above and the banking facilities for bank borrowings disclosed in note 32, the Group did not have any other significant banking facilities.

42. CONTINGENT LIABILITIES

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

43. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	At 31 December 2018 ***HK$'000***	At 31 March 2018 *HK$'000*
Capital contribution to acquire subsidiary – Ningxia Guxin	**916,243**	1,004,930

Pursuant to 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"), 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$950,398,000) and the Group agreed to assume certain liabilities of Shanghai Guxin in the aggregate amount of RMB14,311,000 (approximately HK$16,293,000). The details of the agreement were disclosed in the announcements issued by the Company on 13 March 2018 and 24 May 2018.

44. LEASE COMMITMENTS

At 31 December 2018, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 31 December 2018 HK$'000	At 31 March 2018 HK$'000
Within one year	**10,144**	9,051
In the second to fifth years inclusive	**14,437**	8,599
After five years	**34,126**	37,007
	58,707	54,657

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.

45. 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 period:

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 Gorgerous charged 2% of the Loan Amount as service fee, amounting to RMB9,992,500 (equivalent to HK$12,478,000), which was prepaid in 2016. The guarantee from Shanghai Gorgeous remained enforceable from 2016 to 2026, which represented the loan period of the bank borrowing.

The guarantee service provided by Shanghai Gorgeous constituted a related parties transaction, and the corresponding guarantee service charge amounted to HK$893,000 for the period from 1 April 2018 to 31 December 2018 (year ended 31 March 2018: HK$399,000).

At 31 December 2018, guarantee service fee of HK$8,098,000 (31 March 2018: HK$9,834,000) paid to a related company was included in 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 period/year and set out in note 16(a).

46. EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in note 32(iii), there were no other significant events after the reporting period.

The following is a summary of the consolidated results and the assets, liabilities and non-controlling interests of the Group for the period from 1 April 2018 to 31 December 2018 and for the four years ended 31 March 2018.

RESULTS

	Period from 1 April 2018 to 31 December 2018	Year ended 31 March 2018	2017	2016	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	**857,277**	345,902	107,666	123,085	24,159
Continuing operations	**857,277**	345,902	107,666	123,085	24,159
Discontinued operations	**–**	–	–	–	–
	857,277	345,902	107,666	123,085	24,159
PROFIT/(LOSS) FROM OPERATING ACTIVITIES FROM CONTINUING OPERATIONS	**22,184**	(34,531)	(317,544)	56,894	421,430
Finance costs	**(217,794)**	(207,378)	(143,378)	(154,478)	(43,186)
	(195,610)	(241,909)	(460,922)	(97,584)	378,244
Income tax credit/(expense)	**3,232**	5,000	4,174	1,122	(4,825)
(LOSS)/PROFIT FOR THE PERIOD/YEAR FROM CONTINUING OPERATIONS	**(192,378)**	(236,909)	(456,748)	(96,462)	373,419
PROFIT/(LOSS) FOR THE PERIOD/YEAR FROM A DISCONTINUED OPERATION	**–**	–	104,839	(223,618)	(502,342)
LOSS FOR THE PERIOD/YEAR	**(192,378)**	(236,909)	(351,909)	(320,080)	(128,923)
Attributable to:					
Owners of the Company	**(194,700)**	(236,738)	(351,804)	(275,537)	(28,778)
Non-controlling interests	**2,322**	(171)	(105)	(44,543)	(100,145)
	(192,378)	(236,909)	(351,909)	(320,080)	(128,923)

Five-Year Financial Summary

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	At 31 December	At 31 March			
	2018	2018	2017	2016	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS	**3,570,384**	3,936,547	2,187,126	2,071,714	2,203,604
CURRENT ASSETS	**780,119**	1,273,482	1,241,964	860,842	462,990
TOTAL ASSETS	**4,350,503**	5,210,029	3,429,090	2,932,556	2,666,594
CURRENT LIABILITIES	**1,027,240**	1,000,888	120,962	97,924	42,459
NON-CURRENT LIABILITIES	**1,708,474**	2,277,253	1,293,183	1,317,480	1,672,804
TOTAL LIABILITIES	**2,735,714**	3,278,141	1,414,145	1,415,404	1,715,263
NET ASSETS	**1,614,789**	1,931,888	2,014,945	1,517,152	951,331
EQUITY ATTRIBUTABLE TO:					
Owners of the Company	**1,607,974**	1,927,395	2,014,963	1,518,119	906,607
Non-controlling interests	**6,815**	4,493	(18)	(967)	44,724
	1,614,789	1,931,888	2,014,945	1,517,152	951,331