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)

2019 Annual Report

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Liang *(Chairman and Chief Executive Officer)* (appointed as an executive director on 20 August 2019 and Chairman of the Board on 30 August 2019)
Mr. Ko Tin Kwok (Vice Chairman) (resigned as an executive director and Vice Chairman on 13 March 2020)
Mr. Hu Hanyang
Mr. Weng Xiaoquan
Mr. Sun Liang (resigned as an executive director and Chairman of the Board on 30 August 2019)
Ms. Zhao Li (resigned on 6 June 2019)
Mr. Zeng Weibing (resigned on 16 August 2019)
Mr. Bo Dateng (appointed on 13 March 2020)
Mr. Gao Fei (appointed on 13 March 2020)
Mr. Yin Yilin (appointed on 13 March 2020)

Independent Non-executive Directors

Mr. Fok Ho Yin, Thomas
Mr. Li Hui (resigned on 5 December 2019)
Mr. Lam Cheung Mau

COMPANY SECRETARY

Ms. Cheung Hoi Fun (appointed on 10 December 2019)
Ms. Lui Mei Yan Winnie (appointed on 16 April 2019 and resigned on 10 December 2019)
Mr. Suen To Wai (resigned on 16 April 2019)

AUTHORISED REPRESENTATIVES

Mr. Zhang Liang (appointed on 30 August 2019)
Ms. Cheung Hoi Fun (appointed on 10 December 2019)
Ms. Lui Mei Yan Winnie (appointed on 16 April 2019 and resigned on 10 December 2019)
Mr. Suen To Wai (resigned on 16 April 2019)
Ms. Zhao Li (resigned on 6 June 2019)
Mr. Ko Tin Kwok (appointed on 6 June 2019 and resigned on 30 August 2019)

AUDIT COMMITTEE

Mr. Fok Ho Yin, Thomas *(Chairman)*
Mr. Li Hui (resigned on 5 December 2019)
Mr. Lam Cheung Mau

REMUNERATION COMMITTEE

Mr. Fok Ho Yin, Thomas *(Chairman)*
Mr. Li Hui (resigned on 5 December 2019)
Mr. Lam Cheung Mau

NOMINATION COMMITTEE

Mr. Zhang Liang *(Chairman)* (appointed on 30 August 2019)
Mr. Ko Tin Kwok (resigned as Chairman on 30 August 2019)
Mr. Fok Ho Yin, Thomas
Mr. Li Hui (resigned on 5 December 2019)
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 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

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

STOCK CODE

1004

COMPANY WEBSITE

www.cse1004.com

Chairman's Statement

Dear Shareholders,

In the financial year ended 31 December 2019 (the "Current Year"), the global economy still had a great deal of uncertainties in various aspects as a result of the global economic slowdown and the growing indetermination about international politics and systems. However, the international community unanimously ratified the Paris Agreement, the world's first convention on climate in force in November 2016, for environmental protection. In face of deteriorating climate and environmental conditions, development of clean and renewable energy has become global consensus, and the world has entered into a new phase of green and low-carbon development.

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

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

To 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 the Republic of Singapore ("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 Year, the trading of crude oil contributed significantly to the Company's 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.

Zhang Liang
Chairman

Hong Kong, 31 March 2020

Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Zhang Liang, aged 37, was appointed as Chief Executive Officer on 29 March 2018, an executive Director of the Company on 20 August 2019 and Chairman of the Board on 30 August 2019. He obtained a bachelor's degree in international law and a master's degree in civil and commercial law from East China University of Political Science and Law and Renmin University of China, respectively. Mr. Zhang has more than 10 years of experience in financial investment, asset management and domestic and overseas mergers and acquisitions, covering with energy, logistics and medical industries in China, Australia, the United States and Latin America, and has extensive experience in the fields of investment and management.

Mr. Hu Hanyang, aged 36, 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 38, 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 report. 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.

Mr. Bo Dateng, aged 41, graduated with a bachelor's degree in International Finance from the Ocean University of China in July 2001. Mr. Bo had worked as an investment development manager from October 2014 to April 2018 in Shandong Hi-Speed Investment Holding Company Limited (山東高速投資控股有限公司) ("Shandong Hi-Speed Investment"), a company owned by Shandong Hi-Speed Group Co., Ltd. ("Shandong Hi-Speed Group"). He then served as the executive director of Shandong Hi-Speed (Shanghai) Investment Holding Co., Ltd. (山東高速(上海)投資控股有限公司), a subsidiary of Shandong Hi-Speed Investment from April 2018 to December 2019. Mr. Bo served as chairman of Shandong Hi-Speed Investment Fund Management Co., Ltd. (山東高速投資基金管理有限公司) from April 2019 till date.

Mr. Gao Fei, aged 41, graduated with a bachelor's degree in water conservancy and hydropower with a professional title of engineer from the College of Water Conservancy and Hydropower Engineering, Hohai University. Mr. Gao has an expertise in renewable energies, namely in hydropower. Prior to joining the Company, Mr. Gao was responsible for design and market development at the Shanghai Investigation, Design & Research Institute Company Limited（上海勘測設計研究院）from July 2001 to March 2008. Afterwards, he had progressed from the role of an assistant manager to a senior manager then to a manager of strategic planning prior to being promoted to a senior director in the planning and development department of China Power Clean Energy Development Company Limited（中電國際新能源控股有限公司）from March 2008 to May 2015. Mr. Gao was the vice president prior to becoming the executive director/president of Shanghai Gorgeous Smarter Energy Company Limited（上海國之杰智慧能源有限公司）, a subsidiary of the Company, from June 2015 till date. Mr. Gao is also the executive director and general manager of several of the Company's subsidiaries, including Linyi Xinlan Electric Company Limited, Dezhou Miaoli Energy Company Limited, Dezhou Guanyang Solar Energy Technology Company Limited, Gaoan Jinjian Power Generation Company Limited, Changfeng Hongyang New Energy Power Generation Company Limited, Dezhou Jiayang New Energy Company Limited and is the executive director of Shanghai Gorgeous Smarter Energy Company Limited. Since June 2015, Mr. Gao has also been the chief strategy officer of the Company.

Mr. Yin Yilin, aged 40, graduated from Shanghai Lixin College of Accounting and Finance in July 2001. Mr. Yin has more than 18 years of experience in accounting and in the financial industry, and is also a certified public accountant and a securities practitioner in the People's Republic of China. From July 2001 to February 2013, Mr. Yin had worked in an accounting firm that was engaged in initial public offering, annual report auditing and consulting services. From March 2013 to June 2019, he worked in Anxin Trust & Investment Co., Ltd. and was responsible for investment review and risk control management business.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fok Ho Yin, Thomas, aged 48, 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 a member 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 Dafa Properties Group Limited (a company listed on the Main Board of the Stock Exchange, stock code: 6111) 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 GEM of the Stock Exchange, stock code: 8165) from 1 September 2007 to 31 July 2016. Mr. Fok was also an independent non-executive director of Landing International Development Limited (a company listed on the Main Board of the Stock Exchange, stock code: 582) from 11 June 2010 to 27 June 2019.

Mr. Lam Cheung Mau, aged 63, 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.

REVENUE BY BUSINESS SEGMENTS

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

- Clean Energy: approximately HK$295,598,000 (Comparative Period: approximately HK$225,595,000)
- Trading in securities: approximately HK$370,000 (Comparative Period: approximately HK$4,784,000)
- Investments: approximately HK$343,000 (Comparative Period: approximately HK$1,997,000)
- Trading of bulk commodities: approximately HK$826,647,000 (Comparative Period: approximately HK$617,569,000)

REVENUE BY GEOGRAPHICAL REGION

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

- Hong Kong: approximately HK$343,000 (Comparative Period: approximately HK$1,997,000)
- The People's Republic of China ("PRC"): approximately HK$295,968,000 (Comparative Period: approximately HK$230,379,000)
- The Republic of Singapore ("Singapore"): approximately HK$826,647,000 (Comparative Period: approximately HK$617,569,000)

BUSINESS REVIEW

Clean Energy

Clean-energy power generation business is the principal business of the Group. As at 31 December 2019, the Group's power generation capacity is approximately 272 megawatt(s) ("MW") (as at 31 December 2018: approximately 280MW), all of which are photovoltaic power generation projects locating in four provinces, Gansu, Anhui, Jiangxi and Shandong, and one municipality, Shanghai.

During Current Year, the on-grid power generation was approximately 356,940,000 kilowatt hour(s) ("KWh") (Comparative Period: approximately 257,395,000KWh) and generated revenue of approximately HK$295.6 million as compared to revenue of approximately HK$225.6 million in the Comparative Period. 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 Solar Energy Company Limited(金昌迪生太陽能發電有限公司), which have an aggregate production capacity of 200MW. The increase in revenue is principally due to time effect relating to full year in Current Year against nine-months in Comparative Period ("Difference in Comparison Base").

Segment profit of HK$96,999,000 was recorded during the Current Year as compared to a profit of HK$78,560,000 in the Comparative Period. The increase is a principally due to Difference in Comparison Base.

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

Jintai 100MW Project in Jinchang, Gansu: During the Current Year, sale of electricity was 134,240,000KWh, representing an increase of 46.1% as compared with Comparative Period's sale of electricity of 91,864,000KWh. Sales revenue was HK$103,350,000, representing an increase of 37.4% as compared with Comparative Period's revenue of HK$75,211,000.

Xin Lan 8MW Project in Shanghai: During the Current Year, sale of electricity was 6,525,000KWh, representing an increase of 8.4% as compared with Comparative Period's sale of electricity of 6,018,000KWh. Sales revenue was HK$7,865,000, representing an increase of 7.3% as compared with Comparative Period's revenue of HK$7,332,000.

Guanyang 8.25MW Project in Dezhou, Shandong: During the Current Year, sale of electricity was 8,890,000KWh, representing an increase of 73.4% as compared with Comparative Period's sale of electricity of 5,127,000KWh. Sales revenue was HK$8,088,000, representing an increase of 65.2% as compared with Comparative Period's revenue of HK$4,896,000.

Hongxiang 8MW Project in Dezhou, Shandong: During the Current Year, sale of electricity was 9,110,000KWh, representing an increase of 30.2% as compared Comparative Period's sale of electricity of 6,999,600KWh. Sales revenue was HK$7,747,000, representing an increase of 22.5% as compared with Comparative Period's revenue of HK$6,322,000.

Jinde 5MW Project in Dezhou, Shandong: During the Current Year, sale of electricity was 5,680,000KWh, representing an increase of 22.4% as compared with Comparative Period's sale of electricity of 4,639,780KWh. Sales revenue was HK$4,813,000, representing an increase of 13.1% as compared with Comparative Period's revenue of HK$4,255,000.

Jiayang 10MW Project in Dezhou, Shandong: During the Current Year, sale of electricity was 10,430,000KWh (Comparative Period: 8,456,490KWh), representing an increase of 23.3%. Sales revenue was HK$11,043,000 (Comparative Period: HK$9,307,000), representing an increase of 18.7%.

Hongyang 20MW Project in Changfeng, Anhui: During the Current Year, sale of electricity was 24,870,000KWh (Comparative Period: 19,745,866KWh), representing an increase of 26.0%. Sales revenue was HK$28,283,000 (Comparative Period: HK$24,157,000), representing an increase of 17.1%.

Jinjian 20MW Project in Gaoan, Jiangxi: During the Current Year, sale of electricity was 19,590,000KWh (Comparative Period: 17,369,000KWh), representing an increase of 12.8%. Sales revenue was HK$21,537,000 (Comparative Period: HK$20,566,000), representing an increase of 4.7%.

Disheng 100MW Project in Jinchang, Gansu: During the Current Year, sale of electricity was 144,130,000KWh (Comparative Period: 98,657,713KWh), representing an increase of 46.1%. Sales revenue was HK$110,737,000 (Comparative Period: HK$80,939,000), representing an increase of 36.8%.

In October 2019, the Group disposed of Shanghai Xin Lan Electric Company Limited (Xin Lan 8MW Project in Shanghai) which reduced the Group's power generation capacity to 272MW as at 31 December 2019.

During the Current Year, the Group was engaged in certain legal cases in connection with its operation of solar plant stations in the PRC. Details of these legal cases are set out in note 46 to the consolidated financial statements.

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

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

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

Trading in securities

During the Current Year, the net realised and unrealised gain resulted from trading of listed equity securities was HK$6,202,000 (Comparative Period: Loss of HK$30,401,000). Loss of HK$221,000 was recorded from this business segment during the Current Year as compared to a record of segment loss of HK$31,712,000 for the Comparative Period. Dividend income from listed equity securities was HK$370,000 (Comparative Period: HK$4,784,000).

Investments

During the Current Year, the Group had investments in certain unlisted companies, the investment of which was to utilise its funds for potential high return on one hand, to diversify its investments and hence reduce business risk on the other. The Group closely monitors the market conditions and may consider to change its portfolio of investments from time to time. A dividend income of HK$343,000 is recognised in profit or loss during the Current Year (Comparative Period: HK$1,997,000).

The loss on change of fair value of HK$34,191,000 on these equity instruments at fair value through other comprehensive income was recognised during the Current Year (Comparative Period: gain on change of fair value of HK$30,481,000).

Trading of Bulk Commodities

During the Current Year, the revenue from this segment was HK$826,647,000 (Comparative Period: HK$617,569,000) and recorded a segment profit of HK$1,492,000 (Comparative Period: segment Profit of HK$9,217,000).

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 Year, the Group recorded a revenue of approximately HK$1,122,958,000 as compared to revenue of approximately HK$849,945,000 in Comparative Period, The change in revenue was a combined effect of i) increase in sales of electricity from HK$225,595,000 to HK$295,598,000, representing an increase of 31.0% when compared to Comparative Period, ii) increase in sales of bulk commodities from HK$617,569,000 to HK$826,647,000, representing an increase of 33.9% when compared to Comparative Period; and iii) time effect due to Difference in Comparison Base.

The net loss of the Group for the Current Year amounted to HK$121,861,000 (Comparative Period: HK$192,378,000), representing a decrease in loss of 36.7%. The decrease in loss was a combined effect of i) decease of finance costs of approximately HK$57.5 million caused by decrease of borrowings via settlement of convertible bonds and other borrowings; ii) increase of other gains and losses of approximately of HK$57.3 million principally caused by net realized and unrealized gain on listed trading equity securities of HK$6.2 million (Comparative Period: net realized and unrealized losses on listed trading equity securities of HK$30.4 million); iii) increase of administrative and operating expense of HK$12.4 million as a result of Difference in Comparison Base; iv) increase in impairment losses on loans receivable of HK$32.7 million; and v) increase in gain on refinancing of HK$14.2 million.

COST OF SALES

For the Current Year, the amount of cost of sales was approximately HK$1,021,549,000 (Comparative Period: approximately HK$770,713,000), representing an increase of 32.5%, primarily due to Difference in Comparison Base.

OPERATING AND ADMINISTRATIVE EXPENSES

For the Current Year, the amount of operating and administrative expenses was approximately HK$62,251,000 (Comparative Period: approximately HK$49,868,000). 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 increase 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 2019, the Group had cash and bank balances of approximately HK$48,523,000 (At 31 December 2018: approximately HK$125,817,000). As at 31 December 2019, the Group's interest bearing bank and other borrowings amounted to approximately HK$2,066,648,000 (At 31 December 2018: approximately HK$2,252,184,000). Total equity attributable to owners of the Company amounted to approximately HK$1,434,055,000 (At 31 December 2018: approximately HK$1,607,974,000). The gearing ratio is 140.7% (At 31 December 2018: 132.2%).

As at 31 December 2019, the Group had net current liabilities of approximately HK$466,665,000 (At 31 December 2018: approximately HK$247,121,000) and current ratio (being current assets over current liabilities) of 0.73 (At 31 December 2018: 0.76).

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, 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 year/period is as follows:

	31 December 2019 *HK$'000*	31 December 2018 *HK$'000*
Bank and other borrowings	**2,066,648**	2,252,184
Less: cash and bank balances	**(48,523)**	(125,817)
Net debt	**2,018,125**	2,126,367
Total equity attributable to owners of the Company	**1,434,055**	1,607,974
Gearing ratio	**140.7%**	132.2%

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 gross proceeds of the Subscription are approximately HK$1,014 million (the "Subscription Proceeds"), which were intended to be used by the Company for a combined purpose of 1) the development of its photovoltaic power-related business; and 2) general working capital.

The following tables set out the utilisation of the Subscription Proceeds in different financial periods/years:

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 financial year ended 31 March 2018 and (iii) from 1 April 2018 to 31 December 2018 and (iv) for the year ended 31 December 2019 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 financial year ended 31 March 2018** *HK$ million (approximately)*	**Amount of Subscription Proceeds actually used for the period of nine-months ended 31 December 2018** *HK$ million (approximately)*	**Amount of Subscription Proceeds actually used for the year ended 31 December 2019** *HK$ million (approximately)*
Development of photovoltaic power-related business	0.0	470.6	5.2	–
General working capital	8.6	34.8	381.5	113.3
Total	8.6	505.4	386.7	113.3

As at 31 December 2019, the Group had fully utilised the Subscription Proceeds.

The Company had not conducted any equity fund raising activities during the year ended 31 December 2019. However, the Group conducted certain refinancing activities as follow:

a) One of the Group's other borrowing of US$30,000,000 ("US$30M Loan") was also mature in end of July 2018. The Group had been in a series of discussion with the lender to renew/extend/refinance the borrowing. In February 2019, the Group and the lender finally entered into a renewal agreement with which the US$30,000,000 (as reduced to US$27,000,000 (HK$210,600,000) in December 2018 as part of the conditions towards renewal). The renewed borrowing will carry an interest rate of 7.5% per annum and is additionally secured, as a result of the renewal, by 1) personal guarantee of Mr. Ko Tin Kwok, a then director of the Company; 2) shares of the Company held by two shareholders who hold less than 10% of the shares of the Company; and 3) certain loan covenants, inter alia, the total equity attributable to owners of the Company is no less than HK$1.6 billion, in addition to the prior securities brought forward. Unless previously purchased or redeemed, the Group shall redeem such borrowing in 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.

   During the year ended 31 December 2019, the Group's total equity attributable to owners of the Company was less than HK$1.6 billion, rendering it technically breached the loan covenant. In addition, the default of US$20M Loan (see below) cross-defaulted this borrowing. In November 2019, the Group received a statutory demand issued by the legal representative of lender in respect of an alleged claim for a total amount of US$26,401,747.22 (equivalent to approximately HK$205,933,628.32), being, inter alia, the unpaid principal amount of the coupon bonds issued by the Company to lender together with interest accrued thereon. The Group has been in negotiation with the lender not to proceed with further steps of legal actions by providing solutions of fundraising for settlement, including but not limited to, disposal of subsidiary companies. Details are set out in the Company's announcement dated 29 November 2019.

   During the year ended 31 December 2019, the Group settled a principal of US$4,000,000, leaving the principal amount reduced to HK$179,367,000 (US$23,000,000) as at 31 December 2019.

b) The Group's other borrowing of HK$148,145,000 as at 31 December 2019 (initially having a principal amount of US$20 million, as subsequently reduced to US$19.2 million in July 2019 and US$19.0 million in November 2019) from a financial institution in Hong Kong was due in August 2019 ("US$20M Loan"). The Group had been in negotiation with the lender for renewal/extension. However, on 15 August 2019, the lender served a repayment notice to the Company requesting the Company to repay the full amount of USD19,404,000 (being the sum of the outstanding principal amount of the borrowing and the default interest as of 15 August 2019) and the default interest accrued on the convertible bonds from and including 15 August 2019 until the day on which all sums due in respect of the borrowing are paid by the Company. Details are set out in the Company's announcement dated 22 August 2019.

   In accordance with a settlement agreement in November 2019 between the lender and the Group, the outstanding balance (both outstanding principal and interests) is to be settled in batches with the last batch of settlement in March 2020. However, the Group was in default and subsequently another settlement agreement verbally reached and to be entered into between the lender and the Group in April 2020 that the outstanding balance (both outstanding principal and interests) is to be fully settled by batches with the last batch of settlement in June 2020.

c) The Group's other borrowings having an aggregate principal amount of HK$299,167,000 (RMB267,400,000) from a financial institution in the PRC mature in November 2019. The Group had been in negotiation with the lender for renewal/extension/refinancing and in March 2020, the Group obtained a confirmation from the lender to extend the maturity date to 30 June 2021.

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, 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 2019, the Group's bank borrowing of HK$382,809,000 was secured by the Group's property plant and equipment with net carrying amount of HK$945,150,000 and trade receivables of HK$235,742,000.

Saved as above, no assets of the Group and the Company had been pledged to secure the bank loans at 31 December 2019.

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 Group had no significant investments with carrying amount exceeding 5% of the total asset of the Group as at 31 December 2019.

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 report as follow:

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

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

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

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

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

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

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

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.

On 31 December 2019, as no agreement was reached by the parties to the agreement to further extend the long stop date and the conditions have not been fulfilled by the long stop date, the agreement has lapsed. Accordingly, the parties shall have no further obligation to proceed with the Acquisition and no parties shall have any claim against the other thereunder.

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, 29 March 2019 and 31 December 2019.

Disposal of Shanghai Xin Lan Electric Company Limited having 8MW solar power station in Shanghai, PRC

In November 2018, a sale and purchase agreement (and a series of supplemental agreements entered in 2019) (the "Sale and Purchase Agreements") was entered between the Group and a purchaser, an independent third party and a company incorporated in the PRC, in connection with the Group's disposal of all the equity interest in Shanghai Xin Lan Electric Company Limited, a then subsidiary company of the Group engaging in operation of solar plant station, to the purchaser, the completion of which took place in October 2019 upon the full execution of the Sale and Purchase Agreements.

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

EMPLOYEES

At 31 December 2019, the Group employed around 38 employees in Hong Kong, Singapore and the PRC (31 December 2018: 36). 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

The Group did not have any significant contingent liabilities as at 31 December 2019 (31 December 2018: Nil).

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 Year, 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 Year, 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");

2. Code provision A.5.1 of the CG Code requires the Nomination Committee to be chaired by the Chairman of the Board or an independent non-executive director. During the Current Year, the chairman of the Nomination Committee was Mr. Ko Tin Kwok, a then Executive Director and Vice Chairman of the Board. In this regard, Mr. Zhang Liang, an Executive Director and Chairman of the Board, was appointed to replace Mr. Ko Tin Kwok as the chairman of the Nomination Committee, details of which are set out in the Company's announcement dated 30 August 2019;

3. Under Code Provision A.2.1 of the Code, the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual.

   During the Current Year, the Company has not separated the roles of chairman and chief executive officer of the Company since 30 August 2019. Mr. Zhang is acting as the chairman of the Board and our chief executive officer of the Company who is responsible for overseeing the operations of the Group during reporting period. In view of the present composition of the Board, Mr. Zhang's in-depth knowledge and experience in the industry in which the Group operates and his familiarity with the operations of the Group, the Company believes that it is in the best interest of the Group for Mr. Zhang to assume both roles as the Chairman and the chief executive officer of the Company. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole; and

4. Following the resignation of Mr. Li Hui on 5 December 2019, the number of independent non-executive directors ("INEDs') on the Board and the audit committee of the Company (the "Audit Committee") had fallen below the minimum of three members as required under Rules 3.10(1) and 3.21 of the Listing Rulesand the Company had not yet appointed an additional INED within three months from 5 December 2019 under Rules 3.11 and 3.23 of the Listing Rules.

   In order to ensure compliance with the Listing Rules, the Company will make its best endeavours to identify new additional INED and new additional member of the Audit Committee as soon as practicable and in any event on or before 4 May 2020 under the waiver from strict compliance with Rules 3.10(1), 3.11, 3.21 and 3.23 of the Listing Rules granted to the Company on 11 March 2020, details of which are set out in the Company's announcements dated 5 December 2019 and 11 March 2020.

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 Year.

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

DIRECTORS' SECURITIES TRANSACTIONS

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

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

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 eight Directors including six executive Directors and two independent non-executive Directors:

Executive Directors

Mr. Zhang Liang *(Chairman and Chief Executive Officer)*
(appointed as an executive director on 20 August 2019 and Chairman of the Board on 30 August 2019)
Mr. Hu Hanyang
Mr. Weng Xiaoquan
Mr. Bo Dateng (appointed on 13 March 2020)
Mr. Gao Fei (appointed on 13 March 2020)
Mr. Yin Yilin (appointed on 13 March 2020)
Mr. Ko Tin Kwok (resigned as an executive director and Vice Chairman of the Board on 13 March 2020)
Mr. Sun Liang (resigned as an executive director and Chairman of the Board on 30 August 2019)
Ms. Zhao Li (resigned on 6 June 2019)
Mr. Zeng Weibing (resigned on 16 August 2019)

Independent Non-executive Directors

Mr. Fok Ho Yin, Thomas
Mr. Lam Cheung Mau
Mr. Li Hui (resigned on 5 December 2019)

After annual assessment by the nomination committee of the Company at a meeting on 31 March 2020, the Board members have no financial, business, family or other material/relevant relationships with each other and the senior management of the Company. Such balanced Board composition is formed to ensure strong independence exists across the Board. The composition of the Board reflects the balanced skills and experience for effective leadership. The biographical information of the Directors are set out on pages 6 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 Year, the Chairman held two meetings 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 Year to the Company.

The individual training record of each Director received for the Current Year 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. Zhang Liang *(Chairman and Chief Executive Officer)* (appointed as an executive director on 20 August 2019 and Chairman of the Board on 30 August 2019)	✓
Mr. Hu Hanyang	✓
Mr. Weng Xiaoquan	✓
Mr. Bo Dateng (appointed on 13 March 2020)	✓
Mr. Gao Fei (appointed on 13 March 2020)	✓
Mr. Yin Yilin (appointed on 13 March 2020)	✓
Mr. Ko Tin Kwok (resigned as an executive director and Vice Chairman of the Board on 13 March 2020)	✓
Mr. Sun Liang (resigned as an executive director and Chairman of the Board on 30 August 2019)	✓
Ms. Zhao Li (resigned on 6 June 2019)	✓
Mr. Zeng Weibing (resigned on 16 August 2019)	✓
Independent Non-executive Directors	
Mr. Fok Ho Yin, Thomas	✓
Mr. Lam Cheung Mau	✓
Mr. Li Hui (resigned on 5 December 2019)	✓

Independent Non-executive Directors

The two 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 Year, 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.

Following the resignation of Mr. Li Hui on 5 December 2019, the number of independent non-executive directors ("INEDs') on the Board and the audit committee of the Company (the "Audit Committee") had fallen below the minimum of three members as required under Rules 3.10(1) and 3.21 and the Company had not yet appointed an additional INED within three months from 5 December 2019 under Rules 3.11 and 3.23 of the Listing Rules.

In order to ensure compliance with the Listing Rules, the Company will make its best endeavours to identify new additional INED and new additional member of the Audit Committee as soon as practicable and in any event on or before 4 May 2020 under the waiver from strict compliance with Rules 3.10(1), 3.11, 3.21 and 3.23 of the Listing Rules granted to the Company on 11 March 2020, details of which are set out in the Company's announcements dated 5 December 2019 and 11 March 2020.

Directors' and Officers' liability

Appropriate insurance cover on Directors and officers' liabilities has been provided to cover potential legal actions against Directors and officers.

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 Year, the Board held 18 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/ eligible to attend
Executive Directors	
Mr. Zhang Liang *(Chairman and Chief Executive Officer)* (appointed as an executive director on 20 August 2019 and Chairman of the Board on 30 August 2019)	8/8
Mr. Hu Hanyang	18/18
Mr. Weng Xiaoquan	10/18
Mr. Bo Dateng (appointed on 13 March 2020)	N/A
Mr. Gao Fei (appointed on 13 March 2020)	N/A
Mr. Yin Yilin (appointed on 13 March 2020)	N/A
Mr. Ko Tin Kwok (resigned as an executive director and Vice Chairman of the Board on 13 March 2020)	15/18
Mr. Sun Liang (resigned as an executive director and Chairman of the Board on 30 August 2019)	10/18
Ms. Zhao Li (resigned on 6 June 2019)	3/3
Mr. Zeng Weibing (resigned on 16 August 2019)	18/18
Independent Non-executive Directors	
Mr. Fok Ho Yin, Thomas	16/18
Mr. Lam Cheung Mau	18/18
Mr. Li Hui (resigned on 5 December 2019)	13/13

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 Year, 1 general meeting of the Company was held on 28 June 2019.

Name of Directors	Number of attendance/ eligible to attend
Executive Directors	
Mr. Zhang Liang *(Chairman and Chief Executive Officer)* (appointed as an executive director on 20 August 2019 and Chairman of the Board on 30 August 2019)	N/A
Mr. Hu Hanyang	1/1
Mr. Weng Xiaoquan	1/1
Mr. Bo Dateng (appointed on 13 March 2020)	N/A
Mr. Gao Fei (appointed on 13 March 2020)	N/A
Mr. Yin Yilin (appointed on 13 March 2020)	N/A
Mr. Ko Tin Kwok (resigned as an executive director and Vice Chairman of the Board on 13 March 2020)	1/1
Mr. Sun Liang (resigned as an executive director and Chairman of the Board on 30 August 2019)	1/1
Ms. Zhao Li (resigned on 6 June 2019)	N/A
Mr. Zeng Weibing (resigned on 16 August 2019)	1/1
Independent Non-executive Directors	
Mr. Fok Ho Yin, Thomas	1/1
Mr. Lam Cheung Mau	1/1
Mr. Li Hui (resigned on 5 December 2019)	1/1

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. Zhang Liang (as chairman), and 2 Independent Non-executive directors, namely Mr. Fok Ho Yin, Thomas 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; 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 Year, 3 Nomination Committee meetings were held (i) to review the re-election of the retiring Directors at the 2019 annual general meeting held on 28 June 2019 ("2019 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 eligible to attend
Mr. Zhang Liang (appointed as an executive on 20 August 2019 and Chairman of the Nomination Committee on 13 March 2020)	1/1
Mr. Ko Tin Kwok (ceased to be the Chairman of the Nomination Committee on 13 March 2020)	2/3
Mr. Fok Ho Yin, Thomas	3/3
Mr. Li Hui (ceased to be a member since 5 December 2019)	2/3
Mr. Lam Cheung Man	2/3

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 Year, 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 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.

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.

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 two independent non-executive Directors, namely Mr. Fok Ho Yin, Thomas (as chairman) 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 Year, the Remuneration Committee held 3 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/ eligible to attend
– Mr. Fok Ho Yin, Thomas *(Chairman)*	3/3
– Mr. Li Hui (ceased to be a member since 5 December 2019)	3/3
– Mr. Lam Cheung Mau	3/3

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 two independent non-executive Directors, namely Mr. Fok Ho Yin, Thomas (as chairman) 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 Year, the Audit Committee held 2 meeting.

Name of Members	Number of attendance/ eligible to attend
– Mr. Fok Ho Yin, Thomas *(Chairman)*	2/2
– Mr. Li Hui (ceased to be a member since 5 December 2019)	2/2
– Mr. Lam Cheung Mau	2/2

During the Current Year, 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 risk management and internal control systems 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 Year is set out in the section headed "Independent Auditor's Report" in this annual report.

RSM Hong Kong was the auditor of the Company for the financial year ended 31 March 2018, the financial period from 1 April 2018 to 31 December 2018 and the financial year ended 31 December 2019.

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 Year, the fees payable by the Group to the auditor (RSM Hong Kong) for their statutory audit services amounted to approximately HK$1,800,000. The non-audit service fee is as follows:

	HK$'000
Tax services	–
	–

COMPANY SECRETARY

During the Current Year, Ms. Cheung Hoi Fun, and the resigned company secretary, namely Ms. Lui Mei Yan Winnie and Mr. Suen To Wai, have attended relevant professional training to update their 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 on 26 June 2020 ("2020 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 2020 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 Year, 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 Year under review, the management assisted the Board in the implementation of the Group's policies and procedures within the Board's delegation by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control such risks. The Board conducted reviews and discussed with the management on the effectiveness of the Group's risk management and internal control systems as required by paragraph C.2 of the Code, covering adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions and any resolutions for material internal control defects. The risk management and internal control systems are reviewed and assessed on an on-going basis by the Audit Committee and the executive Directors, and will be further reviewed and assessed at least once each year by the Board. These systems were considered effective and adequate.

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

REGULATORY COMPLIANCE

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

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 Year.

SCOPE OF THE REPORT

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

This Environment, Social and Governance Report ("ESG Report") has been prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in the Appendix 27 of the Listing Rules. This ESG report, which covers the period from 1 January 2019 to 31 December 2019, aims to provide the Group's stakeholders with an overview of the Group's efforts regarding environmental, social and governance impacts arising from its daily operations.

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

COMMUNICATION WITH STAKEHOLDERS

The Company understands that the solid support of stakeholders is crucial for the Company's long-term development. To improve communications with stakeholders, the Company has taken great efforts to establish effective communication channels. The Company has published the Environmental, Social and Governance report on the website for the convenience of all stakeholders. Meanwhile, the Company has also communicated with stakeholders regarding its vision and initiatives on the environmental, social and governance aspect through channels such as meetings, e-mails and service hotlines.

The Company understands the customer's expectations on product responsibility, and the government's supervision on clean energy and bulk commodities. At the same time, through understanding employees' concerns on occupational health and safety, training and development, and through communication with suppliers to understand their concerns with the Company's supply chain management policy, the Company has adopted a series of policies and measures in response to the demands of all parties.

A. ENVIRONMENTAL

A1. Emission

Renewable energy is today's emerging trend in mitigating global warming and reducing the emission of greenhouse gases. In response to the national clean energy policy, the Group is making every effort to develop solar power-generating. It is hoped that through our business operations we could provide societies with green, clean and sustainable energy supply.

The Group strictly abides by the environmental laws and regulations and industry standards in China and all other operating countries, such as "Environmental Protection Law of the People's Republic of China", "Atmospheric Pollution Prevention and Control Law of the People's Republic of China", "Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise", "Law of the People's Republic of China on Environmental Impact Assessment", "Energy Conservation Law of the People's Republic of China", "Water and Soil Conservation Law of the People's Republic of China", "Law of the People's Republic of China on Desert Prevention and Transformation", and "Regulations on the Administration of Construction Project Environmental Protection".

Our core energy business is solar power generation. Our operation process consumes mainly purchased electricity for daily operations of power stations, water resources for cleaning and maintenance. By stringent implementation of environmental standards, environmental protection measures as well as resources devoted to environmental education, we hope to raise the environmental awareness of our employees. Understanding that our natural resources are limited and precious, the Company has started its quest for energy-saving, resource-efficient and net-zero-emission operations, avoiding unnecessary wastage and over-consumption of natural resources.

GHG Emission

During the year ended 31 December 2019, the total amount greenhouse gas emissions of the Group was 3,089 tonnes, with average CO2 emission of 8.7 kg per MWh of electricity sold.

	2019	2018
Total carbon emission	**3,089**	2,291
Scope 1 (Direct) carbon emission	**55**	48
Scope 2 (Indirect) carbon emission	**3,034**	2,243

Annual Emissions Reduction Contribution

During the year ended 31 December 2019, the Group has generated electricity volume of 356,940 MWh. The environmentally harmful by-products has been reduced in comparison with coal-burning power plants in China.

Electricity generation	**unit**	**2019**	2018
Solar power plants	Megawatt hours (MWh)	**356,940**	257,395

Our environmental contributions in 2019:

	2019	2018
Reduction of carbon dioxide emissions approximately (in tonnes)	**369,094**	262,623
Reduction of sulphur dioxide emissions approximately (in tonnes)	**1,849**	1,317
Reduction of nitrogen oxide emissions approximately (in tonnes)	**1,105**	790
Reduction of dust emissions approximately (in tonnes)	**294**	211

Pollutants Management

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

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

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

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

Wastes Management

The hazardous wastes generated by the Group are mainly electronic wastes while non-hazardous wastes are mainly household garbage. For hazardous wastes, we arrange qualified recyclers to collect hazardous wastes for proper treatment to avoid serious pollution to the environment. For non-hazardous waste, the Group implements wastes management by properly handling the recyclable and non-recyclable wastes. The Group separates recyclable waste, such as paper, metal and plastic, from non-recyclable waste. The Group collects and delivers the recyclable waste to third parties for recycling. During the year ended 31 December 2019, the non-hazardous wastes generated by the Group are approximately 1.8 tonnes and the hazardous wastes generated by the Group are insignificant and less than 0.1 tonnes.

A2. Use of Resources

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

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

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

Resource Conservation

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

Energy Conservation:

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

Water Conservation:

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

Resource Consumption

The energy consumption of the Group during the year ended 31 December 2019 is as follows:

Consumption Index	**2019**	2018
Consumption of purchased electricity (MWh)	**3,641**	2,691
Less: unit of electricity sold (MWh)	**356,940**	257,395
Total direct and indirect energy consumption (MWh)	**(353,299)**	(254,770)
Average direct and indirect energy consumption per unit of electricity sold (kWh/kWh)	**(0.99)**	(0.99)
Total water consumption (cubic metre)	**7,500**	6,000
Average water consumption per unit of electricity sold (cubic metre/kWh)	**0.05**	0.02

A3. The Environment and Natural Resources

Protection to Environment

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

Apart from providing clean energy to the public, we are dedicated to minimising negative environmental impacts and promoting sustainable development of our natural environment during operations. In achieving this, the Group has established procedures for ecological factors analysis and evaluation, to ensure that major environmental factors are effectively monitored and improved. The evaluation procedures cover seven environmental issues that our business units would have to consider, ranging from marine pollution, air pollution, solid waste, soil contamination, energy consumption, use of natural resources and other social and environmental impacts. Business units are required to fill an "Environmental Factor List" based on their business nature for better identification of material environmental issues and formulation of their corresponding measures.

B. SOCIAL

B1. Employment

The Group regards employees as our most important asset. We always guarantee equal rights for each talent by establishing a fair, open, diverse and inclusive employment system. We adhere to the concept of joint development of employees and the Group, pay attention to the growth of our employees and create a positive and cohesive working environment to enhance their job satisfaction.

The Group strictly abides by the laws and regulations, including but not limited to the "Labour Law of the People's Republic of China", "Labour Contract Law of the People's Republic of China", Hong Kong "Employment Ordinance", "Minimum Wage Ordinance" and "Employees' Compensation Ordinance", prohibiting the use of any child labour or forced labour.

We are committed to building a fair, open and inclusive employment system. The Group has developed and followed the equal opportunity policy with regular reviews on implementation. It is clearly stated in our culture that the employees' treatment in the Group is not affected by factors such as age, gender, race, nationality and marital status. In the future, we will continue to adhere to fair and equal employment policy, explore more attractive talent recruitment plans and encourage more talents from different backgrounds and regions to join us, enhancing the Group's multicultural and innovative capabilities.

B2. Health and Safety

The Group provides solar clean energy for society. During our operational management, we strictly adhere to industry-related laws and regulations, such as "Law of the People's Republic of China on Work Safety", "Law of the People's Republic of China on the Prevention and Control of Occupational Diseases", "Fire Protection Law of the People's Republic of China", "Identification of Major Hazard Installations for Hazardous Chemicals" and "Guiding Opinions on the Implementation of Supervisory and Management on Major Hazard Sources".

We uphold the managing principles of "make safety the first priority", and seek to reduce the chance of safety incidents, placing the health and safety of our employees as the utmost priority. We also formulated the internal Occupational Health and Safety policies in order to mitigate the occupational health and safety risks that may arise during production and operations.

B3. Development and Training

While maintaining continuous improvement of our business, the Group also developed comprehensive training programs and systems for employees based on the talent development strategy and their personal interests. We aim to unleash the full potential of our employees and achieve collaborative development between employees and the Group.

We consider talent as an important factor to maintain our core competitiveness. Therefore, we actively formulate and optimise management policies and training programs for employees, establish rules and regulations, and standardise processes.

B4. Labour Standards

The Group strictly abides by the laws and regulations, including but not limited to the "Labour Law of the People's Republic of China", "Labour Contract Law of the People's Republic of China", Hong Kong "Employment Ordinance", "Minimum Wage Ordinance", "Employees' Compensation Ordinance", and "Employment Act of Singapore", prohibiting the use of any child labour or forced labour.

In the meantime, the Group also avoids engaging vendors and contractors which are already known to be employing child labour or forced labour in their operations. The Group has complied with the Employment of Children Regulations (Chapter 57B of the Laws of Hong Kong) under the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Convention on the Abolition of Forced Labour with respect to Employment of Workers, the Labour Law of the People's Republic of China on the Employment of Adolescents under the Age of 16 and their Legal Rights and Interests and Provisions on the Prohibition of Child Labour in the People's Republic of China.

B5. Supply Chain Management

The Company understands that to achieve sustainable development, one cannot rely on its own strength. It requires concerted efforts from various parties. Therefore, the Company has conducted strict background investigations on its major suppliers to evaluate their corporate social responsibility performance and has kept close communication to enhance both parties' awareness on sustainable development. The Company would also review and evaluate existing suppliers annually and update the approved supplier list according to the evaluation results on a regular basis. Before selecting a new supplier, the Company would evaluate factors such as the supplier's background information, reputation, quality of product or service, market price, delivery date and level of customer service.

The Company seeks to achieve cooperation and communication as their principle and to encourage continuous improvement of its suppliers through comprehensive evaluation and review.

B6. Product Responsibility

Product and service quality are the cornerstones for the long-term development of the Company. Products distributed through the trading of bulk commodities sector would be subjected to a series of testing and verification procedures before leaving the factory to ensure that the quality, performance, emission and safety levels are in compliance with the requirements. The suppler would be responsible for all liability and expenses in the event of any defects. The Company has made clear requirements to all sales staff members to provide accurate and genuine information to customers during sales, reflecting the Company's reputation, and its emphasis on long-term cooperation with customers.

The Company has strictly complied with the relevant product responsibility laws and regulations. During the reporting period, there were no cases of prosecution for violating product responsibility or product description laws and regulations.

B7. Anti-corruption

The Group conscientiously applies the principles of business integrity and puts the employees' professional conduct in priority. We stringently comply with the laws, rules, and regulations set out by the regulatory authorities in regions that the Group operates, including but not limited to the "Prevention of Bribery Ordinance (Cap. 201)" and the "Anti-Corruption and Bribery Law of the People's Republic of China". For internal management, senior management is required to sign the "Integrity Commitment". The "Notice on Corruption and Bribery and Unlawful Possession of Assets of Company" is uploaded on the internal operating system and updated regularly for reference of employees at all levels. We constantly remind employees to uphold the high standard of ethics, be self-disciplined, and prohibit any illegal activities.

The Group has established a comprehensive whistle-blowing mechanism together with a rigorous investigation and disciplinary mechanism. We encourage employees to report suspected misconduct, and punishment will be imposed on the relevant employees once the misconduct is confirmed. During the Reporting Period, we did not identify any cases of corruption or misconduct by our employees, nor did we receive any investigation report on relevant unlawful activities by the related law enforcement departments.

B8. Community Investment

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.		GHG Emission, Annual Emissions Reduction Contribution, Wastes Management, Pollutants Management	page 32 to 34
KPI A1.1	The types of emissions and respective emissions data.	GHG Emission, Pollutants Management	page 33
KPI A1.2	Greenhouse gas emissions (in tonnes) in total and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GHG Emission	page 33
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Wastes Management	page 34
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Wastes Management	page 34
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Annual Emissions Reduction Contribution, Pollutants Management	page 33
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Wastes Management	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.		Green Office and Business Resource Consumption	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 Consumption	page 35
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resource Consumption	page 35
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Resource Conservation	page 34 to 35
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 34 to 35
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.		Protection to Environment, Annual Emissions Reduction Contribution	page 33 and page 35
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Protection to Environment, Annual Emissions Reduction Contribution	page 33 and page 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.		Employment of our Talents	page 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 36
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.	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 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.		Equality of our Talents	page 37
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 this period.	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	page 37
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.		Product Quality and Assurance	page 37
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	No disclosure of relevant information has been made for this period	N/A
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	No disclosure of relevant information has been made for this period	N/A
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	No disclosure of relevant information has been made for this period	N/A
KPI B6.4	Description of quality assurance process and recall procedures.	No disclosure of relevant information has been made for this period	N/A
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	No disclosure of relevant information has been made for this period	N/A
Aspect B7: Anti-corruption			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to prevention of bribery, extortion, fraud and money laundering.		Creating a Community of Integrity	page 38
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.	No disclosure of relevant information has been made for this period	N/A
KPI B7.2	Description of preventive measures and whistle-blowing procedures, 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
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 38
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	No disclosure of relevant information has been made for this period	N/A
KPI B8.2	Resources contributed to the focus area (e.g. money or time).	No disclosure of relevant information has been made for this period	N/A

The Board of Directors has pleasure in presenting their report together with the audited consolidated financial statements of the Group for the Current Year.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

"Management Discussion and Analysis" on pages 8 to 17 and "Five Year Financial Summary" on pages 155 to 156 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 Year ended 31 December 2019 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 Year, 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 Year and the Company's and the Group's financial position at that date are set out in the consolidated financial statements on pages 60 to 63.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Current Year (Comparative Period: 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, 26 June 2020, the register of members of the Company will be closed from Tuesday, 23 June 2020 to Friday, 26 June 2020, 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 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 22 June 2020.

DISTRIBUTABLE RESERVES

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

	31.12.2019	31.12.2018
	HK$'000	*HK$'000*
Contributed surplus	**154,440**	154,440
Accumulated losses	**(4,429,882)**	(4,325,378)
	(4,275,442)	(4,170,938)

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 2019, 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 Year, 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 155 to 156 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 20 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital during the Current Year are set out in note 40 to the consolidated financial statements.

DIRECTORS

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

Executive Directors

Mr. Zhang Liang *(Chairman and Chief Executive Officer)*
(appointed as an executive director on 20 August 2019 and Chairman of the Board on 30 August 2019)
Mr. Hu Hanyang
Mr. Weng Xiaoquan
Mr. Bo Dateng (appointed on 13 March 2020)
Mr. Gao Fei (appointed on 13 March 2020)
Mr. Yin Yilin (appointed on 13 March 2020)
Mr. Ko Tin Kwok (resigned as an executive director and Vice Chairman of the Board on 13 March 2020)
Mr. Sun Liang (resigned as an executive director and Chairman of the Board on 30 August 2019)
Ms. Zhao Li (resigned on 6 June 2019)
Mr. Zeng Weibing (resigned on 16 August 2019)

Independent Non-executive Directors

Mr. Fok Ho Yin, Thomas
Mr. Lam Cheung Mau
Mr. Li Hui (resigned on 5 December 2019)

In accordance with clause 115 of the Company's Bye-Laws, Mr. Zhang Liang, Mr. Bo Dateng, Mr. Gao Fei and Mr. Yin Yilin being Directors appointed after the 2019 AGM, shall retire from office as Director and, being eligibles, offer himself for re-election at the 2020 AGM.

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

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the 2020 AGM has a service contract with the Company which is not terminable within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE

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

DIRECTORS' EMOLUMENTS

Details of the remuneration of the Directors for the year ended 31 December 2019 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 41 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 41 to the consolidated financial statements, at no time during the Current Year or up to the date of this report were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

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

As at 31 December 2019, 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 *(Note 3)*	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 2019, 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 100%. Mr. Ko Tin Kwok was therefore deemed to be interested in the Shares beneficially owned by Gorgeous Investment under the SFO.

3. Mr. Ko Tin Kwok resigned as an executive director on 13 March 2020.

(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 Year ended 31 December 2019. There was no outstanding option granted to the Directors and chief executive at the beginning and at the end of the Current Year.

Save as disclosed above, as at 31 December 2019, (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 Year.

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 2019, 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 (L)	6.93%
DayShine Fund Management (Cayman) Limited	Interest of controlled corporation *(Note 11)*	650,000,000 (L)	6.93%
Shenzhen Dachang Fund Management Co., Ltd.	Interest of controlled corporation *(Note 12)*	650,000,000 (L)	6.93%
Shenzhen Yukai Industrial Co., Ltd.	Interest of controlled corporation *(Note 13)*	650,000,000 (L)	6.93%
Li Qinggao	Interest of controlled corporation *(Note 14)*	650,000,000 (L)	6.93%
Wang Leilei	Interest of controlled corporation *(Note 15)*	650,000,000 (L)	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%
Cheer Hope Holdings Limited	Beneficiary of a trust	688,900,000 (L)	7.35%
CCBI Investments Limited	Interest of controlled Corporation *(Note 20)*	688,900,000 (L)	7.35%
CCB International (Holdings) Limited	Interest of controlled Corporation *(Note 21)*	688,900,000 (L)	7.35%
CCB Financial Holdings Limited	Interest of controlled Corporation *(Note 22)*	688,900,000 (L)	7.35%
CCB International Group Holdings Limited	Interest of controlled Corporation *(Note 23)*	688,900,000 (L)	7.35%
Central Huijin Investment Ltd.	Interest of controlled Corporation *(Note 24)*	688,900,000 (L)	7.35%

Notes:

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

2. As at 31 December 2019, Gorgeous Investment was a wholly-owned subsidiary of Shanghai Gorgeous Investment Development Company Limited ("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 2019, the equity interest of Shanghai Gorgeous was held by Shanghai Gu Yuan Property Development Company Limited ("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 2019, the equity interest of Shanghai Gu Yuan was held by Rich Crown International Industries Limited ("Rich Crown") and Creaton Holdings Limited (創安集團有限公司) ("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 2019, 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 2019, 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 2019, 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 2019, 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 2019, 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 2019, 666,372,364 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 2019, 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 2019, 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 2019, 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 2019, 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 2019, 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 2019, 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 2019, 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 2019, 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 2019, 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.

20. As at 31 December 2019, Cheer Hope Holdings Limited was a wholly-owned subsidiary of CCBI Investments Limited and CCBI Investments Limited was therefore deemed to have an interest in all the Shares beneficially owned by trust by Cheer Hope Holdings Limited under the SFO.

21. As at 31 December 2019, CCBI Investments Limited was a wholly-owned subsidiary of CCB International (Holdings) Limited and CCB International (Holdings) Limited was therefore deemed to have an interest in all the Shares beneficially owned by trust by CCBI Investments Limited under the SFO.

22. As at 31 December 2019, CCB International (Holdings) Limited was a wholly-owned subsidiary of CCB Financial Holdings Limited and CCB Financial Holdings Limited was therefore deemed to have an interest in all the Shares beneficially owned by trust by CCB International (Holdings) Limited under the SFO.

23. As at 31 December 2019, CCB Financial Holdings Limited was a wholly-owned subsidiary of CCB International Group Holdings Limited and CCB International Group Holdings Limited was therefore deemed to have an interest in all the Shares beneficially owned by trust by CCB Financial Holdings Limited under the SFO.

24. As at 31 December 2019, CCB International Group Holdings Limited was held by Central Huijin Investment Ltd. as to 57.11% and Central Huijin Investment Ltd. was therefore deemed to have an interest in all t the Shares beneficially owned by trust by CCB Financial Holdings Limited under the SFO.

Save as disclosed above, as at 31 December 2019, 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 Year.

CONNECTED TRANSACTION

For the Current Year, the Group had no connected transaction as defined in the Listing Rules.

SUBSIDIARIES

Particulars of the principal subsidiaries of the Company at 31 December 2019 are set out in note 24 to the consolidated financial statements.

BORROWINGS

Particulars of borrowings of the Group at 31 December 2019 are set out in note 36 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Contracts with the Group's five largest customers combined by value, accounted for 92.4% in value of total revenue during the Current Year, while contracts with the Group's largest customer by value, accounted for 24.7% in value of total revenue during the Current Year.

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 Year, total staff cost, including directors' remuneration, was approximately HK$22,051,000, of which contributions to defined contribution retirement schemes were approximately HK$1,462,000. 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 Year.

PERMITTED INDEMNITY PROVISION

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

PUBLIC FLOAT

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

SUBSEQUENT EVENT

Details of the non-adjusting event after the reporting period are set out in note 51 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 two independent non-executive Directors of the Company as at 31 December 2019.

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 Year.

AUDITORS

At the last annual general meeting of the Company, RSM Hong Kong was re-appointed as the auditor of the Company.

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

2020 AGM will be held on 26 June 2020. Details of 2020 AGM are set out in the notice of 2020 AGM which constitutes part of the circular to be sent to the Company's shareholders together with the Annual Report. Notice of 2020 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
Zhang Liang
Chairman

Hong Kong, 31 March 2020

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 60 to 154, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

We draw attention to note 2 in the consolidated financial statements, which indicates the Group incurred a net loss of approximately HK$121,861,000 for the year ended 31 December 2019 and, as of that date, the Group's net current liabilities exceeded its current assets by approximately HK$466,665,000. As at that date, the Group's total borrowings amounted to approximately HK$2,066,648,000, of which current borrowings amounted to approximately HK$1,277,312,000, while its cash and cash equivalents amounted to approximately HK$48,523,000 only. Besides, the Group was in default of borrowings of approximately HK$299,167,000 which were due for payment in November 2019. As at 31 December 2019, the Group was also in breach of one of the covenants of a borrowing with carrying amount of approximately HK$180,380,000 which required the Group to maintain the total equity attributable to owners of the Company of no less than HK$1.6 billion. Moreover, subsequent to the reporting period, the Group was in default of another borrowing of approximately HK$133,526,000 which was due for payments by instalments in February and March 2020 respectively.

As stated in note 2, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. Apart from the matter described in the Material Uncertainty Relating to Going Concern Section, the other 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 20 and 23 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$579,201,000 and intangible assets of HK$627,992,000 as at 31 December 2019. 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 2019. 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.

OTHER INFORMATION (cont'd)

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.

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

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

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

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

We communicate with the Audit Committee, 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

31 March 2020

Consolidated Statement of Profit or Loss

For the year ended 31 December 2019

	Note	Year ended 31 December 2019 HK$'000	Period from 1 April 2018 to 31 December 2018 HK$'000 (Re-presented)
Continuing operations			
Revenue	8	**1,122,958**	849,945
Cost of sales		**(1,021,549)**	(770,713)
Gross profit		**101,409**	79,232
Other income	9	**11,051**	10,038
Other gains and losses	10	**29,609**	(27,730)
Impairment losses on trade receivables		**(7,407)**	(7,457)
Impairment losses on loans receivable		**(32,700)**	–
Reversal of impairment losses on other receivables		**83**	15,413
Impairment loss on club membership debenture		**–**	(883)
Administrative and operating expenses		**(62,251)**	(49,868)
Profit from operations		**39,794**	18,745
Finance costs	12	**(160,339)**	(217,794)
Loss before tax		**(120,545)**	(199,049)
Income tax (expense)/credit	13	**(3,511)**	3,232
Loss for the year/period from continuing operations	14	**(124,056)**	(195,817)
Discontinued operations			
Profit for the year/period from discontinued operations	17	**2,195**	3,439
Loss for the year/period		**(121,861)**	(192,378)
Attributable to:			
Owners of the Company		**(122,175)**	(194,700)
Non-controlling interests		**314**	2,322
		(121,861)	(192,378)
Loss per share	19		
From continuing and discontinued operations			
Basic (cents per share)		**(1.30)**	(2.08)
Diluted (cents per share)		**(1.30)**	(2.08)
From continuing operations			
Basic (cents per share)		**(1.33)**	(2.11)
Diluted (cents per share)		**(1.33)**	(2.11)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Year ended 31 December 2019 HK$'000	Period from 1 April 2018 to 31 December 2018 HK$'000 (Re-presented)
Loss for the year/period	**(121,861)**	(192,378)
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")	**(34,191)**	30,481
Item that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(17,553)**	(132,106)
Other comprehensive income for the year/period, net of tax	**(51,744)**	(101,625)
Total comprehensive income for the year/period	**(173,605)**	(294,003)
Attributable to:		
Owners of the Company	**(173,919)**	(296,325)
Non-controlling interests	**314**	2,322
	(173,605)	(294,003)

Consolidated Statement of Financial Position

At 31 December 2019

	Note	2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*20*	**2,053,798**	2,289,703
Right-of-use assets	*21*	**35,870**	–
Prepaid land lease payments	*22*	**–**	1,183
Intangible assets	*23*	**627,992**	672,683
Equity instruments at FVTOCI	*25*	**231,554**	265,745
Club membership debenture	*25*	**130**	130
Deposits for acquisitions	*28*	**–**	334,155
Contract assets	*26*	**7,564**	6,785
Total non-current assets		**2,956,908**	3,570,384
Current assets			
Prepaid land lease payments	*22*	**–**	93
Trade and bill receivables	*26*	**695,021**	396,847
Prepayments, deposits and other receivables	*27*	**100,033**	115,513
Refundable deposits	*28*	**333,564**	–
Financial assets at fair value through profit or loss ("FVTPL")	*29*	**36**	49,058
Contract assets	*26*	**46,085**	29,220
Derivative financial instruments	*39*	**1,751**	5,487
Loans receivable	*30*	**–**	57,800
Restricted bank deposit	*31*	**6,979**	284
Cash and bank balances	*32*	**48,523**	125,817
Total current assets		**1,231,992**	780,119
LIABILITIES			
Current liabilities			
Trade payables	*33*	**185,716**	–
Other payables and accruals	*34*	**225,276**	237,877
Lease liabilities	*35*	**8,851**	–
Bank and other borrowings	*36*	**1,277,312**	787,891
Current tax liabilities		**1,502**	1,472
Total current liabilities		**1,698,657**	1,027,240
Net current liabilities		**(466,665)**	(247,121)
Total assets less current liabilities		**2,490,243**	3,323,263

Consolidated Statement of Financial Position

At 31 December 2019

	Note	2019 HK$'000	2018 HK$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	35	**26,452**	–
Bank and other borrowings	36	**789,336**	1,464,293
Deferred tax liabilities	38	**233,271**	244,181
Total non-current liabilities		**1,049,059**	1,708,474
Net assets		**1,441,184**	1,614,789
EQUITY			
Equity attributable to owners of the Company			
Share capital	40	**23,436**	23,436
Other reserves	43	**1,410,619**	1,584,538
		1,434,055	1,607,974
Non-controlling interests		**7,129**	6,815
Total equity		**1,441,184**	1,614,789

Approved by the Board of Directors on 31 March 2020 and are signed on its behalf by:

Zhang Liang **Yin Yilin**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Attributable to owners of the Company										
	Share capital (note 40) HK$'000	Share premium (note 43(b)(i)) HK$'000	Contributed surplus (note 43(b)(ii)) HK$'000	Convertible bonds equity reserve (note 43(b)(iii)) HK$'000	Investment revaluation reserve (note 43(b)(iv)) HK$'000	Exchange fluctuation reserve (note 43(b)(v)) HK$'000	Statutory reserve fund (note 43(b)(vi)) HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
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	–	–	–	–	–	(564)	–	(9,570)	(10,134)	–	(10,134)
– HKFRS 9	–	–	–	–	(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)	–	–	–
Changes 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
At 1 January 2019	23,436	4,157,427	77,102	–	(74,849)	(87,413)	6,934	(2,494,663)	1,607,974	6,815	1,614,789
Total comprehensive income for the year	–	–	–	–	(34,191)	(17,553)	–	(122,175)	(173,919)	314	(173,605)
Appropriation to statutory reserve	–	–	–	–	–	–	880	(880)	–	–	–
Changes in equity for the year	–	–	–	–	(34,191)	(17,553)	880	(123,055)	(173,919)	314	(173,605)
At 31 December 2019	23,436	4,157,427	77,102	–	(109,040)	(104,966)	7,814	(2,617,718)	1,434,055	7,129	1,441,184

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Note	Year ended 31 December 2019 HK$'000	Period from 1 April 2018 to 31 December 2018 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax			
Continuing operations		**(120,545)**	(199,049)
Discontinued operations		**3,792**	3,439
		(116,753)	(195,610)
Adjustments for:			
Dividend income from listed financial assets at FVTPL		**(370)**	(4,784)
Dividend income from equity instruments at FVTOCI		**(343)**	(1,997)
Bank interest income		**(92)**	(573)
Interest income from loans receivable		**(4,305)**	(2,140)
Imputed interest income of accrued revenue on tariff subsidy		**(6,535)**	(7,164)
Depreciation of property, plant and equipment		**141,227**	111,061
Depreciation of right-of-use assets		**8,099**	–
Amortisation of intangible assets		**33,513**	25,961
Amortisation of prepaid land lease payments		**–**	74
Property, plant and equipment written off		**96**	–
Loss on disposal of a subsidiary		**1,563**	–
Allowance for trade receivables		**7,407**	7,457
Reversal of allowance for other receivables		**(83)**	(15,413)
Allowance for loans receivable		**32,700**	–
Impairment loss on club membership debenture		**–**	883
Net realised and unrealised (gains)/losses on listed trading equity securities		**(6,202)**	30,401
Fair value changes in derivative component of convertible bonds		**–**	10,958
Interest expenses		**160,663**	217,794
Gain on refinancing		**(14,212)**	–
Gain on disposal of property, plant and equipment		**–**	(111)
Operating profit before working capital changes		**236,373**	176,797
Decrease in financial assets at fair value through profit or loss		**55,067**	12,789
Increase in trade receivables		**(313,020)**	(52,798)
Increase in contract assets		**(18,522)**	(3,957)
Decrease in prepayments, deposits and other receivables		**9,692**	52,611
(Increase)/decrease in restricted bank deposit		**(6,695)**	27
Increase/(decrease) in trade payables		**185,716**	(2)
Increase/(decrease) in other payables and accruals		**44,148**	(4,365)
Decrease/(increase) in derivative financial instruments		**3,736**	(5,487)
Decrease in customers' deposits		**–**	(331)
Net cash generated from operations		**196,495**	175,284

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Note	Year ended 31 December 2019 HK$'000	Period from 1 April 2018 to 31 December 2018 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash generated from operations		**196,495**	175,284
Income tax paid		**(10,275)**	–
Interest on lease liabilities		**(1,616)**	–
Net cash generated from operating activities		**184,604**	175,284
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of a subsidiary	*44(a)*	**14,198**	–
Dividend received from equity instruments at FVTOCI		**343**	1,997
Dividend received from financial assets at FVTPL		**370**	4,784
Repayment of loans receivable advanced		**–**	(65,600)
Loans receivable received		**25,100**	7,800
Bank interest received		**92**	573
Loan interest received		**4,305**	2,140
Purchases of property, plant and equipment		**(92)**	(1,710)
Proceeds from disposal of property, plant and equipment		**–**	148
Net cash generated from/(used in) investing activities		**44,316**	(49,868)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(143,319)**	(190,516)
Repayment of other payables		**–**	(10,373)
Repayment of convertible bonds		**–**	(234,000)
Repayment of bank loans		**(155,435)**	(83,532)
Principal elements of lease payment		**(7,906)**	–
Net cash used in financing activities		**(306,660)**	(518,421)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(77,740)**	(393,005)
Effect of foreign exchange rate changes		**446**	(8,172)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD		**125,817**	526,994
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		**48,523**	125,817

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION

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

In the prior period, 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 the year ended 31 December 2019 and the comparative figures covered a nine-month period from 1 April 2018 to 31 December 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.

Going concern basis

The Group incurred a net loss of approximately HK$121,861,000 for the year ended 31 December 2019 and, as of that date, the Group's net current liabilities exceeded its current assets by approximately HK$466,665,000. As at that date, the Group's total borrowings amounted to approximately HK$2,066,648,000, of which current borrowings amounted to approximately HK$1,277,312,000, while its cash and cash equivalents amounted to approximately HK$48,523,000 only. Besides, the Group was in default of borrowings of approximately HK$299,167,000 which were due for payment in November 2019 (note 36(v)). As at 31 December 2019, the Group was also in breach of one of the covenants of a borrowing with carrying amount of approximately HK$180,380,000 (note 36(iii)) which required the Group to maintain the total equity attributable to owners of the Company of no less than HK$1.6 billion. Moreover, subsequent to the reporting period, as set out in notes 36(vi) and 51(i) to the financial statements, the Group was in default of another borrowing of approximately HK$133,526,000, which was due for payments by instalments in February and March 2020, respectively.

2. BASIS OF PREPARATION (cont'd)

Going concern basis (cont'd)

These events and conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business. In view of these circumstances, the directors have estimated the Group's cash requirements by the preparation of a Group cashflow forecast for the coming 12 months and have, during the year and up to the date of the approval of these consolidated financial statements, instituted the following plans and measures to mitigate the liquidity pressure, to improve the financial position of the Group and to restructure its financial obligations:

(a) The Group has been negotiating with the lenders providing borrowings to the Group to extend the maturity dates of the Group's financial obligations. On 27 March 2020, the Group obtained a confirmation from the lender providing borrowings of HK$299,167,000 to extend the maturity date to 30 June 2021.

(b) The Group has been negotiating with an independent party for the disposal of a subsidiary. The sales proceeds of the disposal would be used to settle part of the borrowings due for repayment during 2020. On 25 March 2020, the independent party confirmed that it is probable that the sales and purchases agreement of the disposal of the subsidiary will be finalised and signed by 15 April 2020.

(c) The Group has been negotiating with lenders for additional financing facilities. In March 2020, the Group entered into a co-operative agreement so that a finance company will provide borrowing up to a limit of RMB400,000,000 to the Group.

(d) The Group has been taking various cost control measures to tighten the costs of operations.

The directors of the Company therefore consider it appropriate to adopt the going concern basis in preparing these consolidated financial statements. Should the Group be unable to operate as a going concern in the foreseeable future, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments have not been 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 new HKFRS, HKFRS 16 Leases, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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

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

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 Leases, and the related interpretations, HK(IFRIC) 4 Determining whether an Arrangement contains a Lease, HK(SIC) 15 Operating Leases-Incentives and HK(SIC) 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. HKFRS 16 introduced a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less and leases of low-value assets.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact on leases where the Group is the lessor. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

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

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

HKFRS 16 Leases (cont'd)

(b) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied the incremental borrowing rates of the relevant group entities at the date of initial application. The average incremental borrowing rates applied by the relevant group entities range from 4.24% to 7.93%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in a similar economic environment. Specifically, discount rate for certain leases of leasehold lands and properties was determined on a portfolio basis;

(iii) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension options;

(iv) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

(v) relied on the assessment of whether leases are onerous by applying HKAS 37 as an alternative to an impairment review.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

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

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

HKFRS 16 Leases (cont'd)

(b) Lessee accounting and transitional impact (cont'd)

The following table reconciles the operating lease commitments as disclosed in note 49 as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	HK$'000
Operating lease commitments disclosed as at 31 December 2018	58,707
Less: commitments relating to lease exempt from capitalisation:	
– short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(3,270)
Less: total future interest expenses	(20,340)
Present value of remaining lease payments, discounted using the incremental borrowing rate as at 1 January 2019	35,097
Of which are:	
Current lease liabilities	14,565
Non-current lease liabilities	20,532
	35,097

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of consolidated financial position at 31 December 2018.

So far as the impact of the adoption of HKFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the captions for the balances. Accordingly, instead of "Finance leases payables", these amounts are included within "Lease liabilities", and the depreciated carrying amount of the corresponding leased assets is identified as right-of-use assets. There is no impact on the opening balance of equity.

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

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

HKFRS 16 Leases (cont'd)

(b) Lessee accounting and transitional impact (cont'd)

The following table summaries the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16	Note	Carrying amount as at 31 December 2018	Effects of adoption of HKFRS 16: Re-classification	Effects of adoption of HKFRS 16: Recognition of leases	Carrying amount as at 1 January 2019
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets					
Right-of-use assets		–	1,276	35,097	36,373
Prepaid land lease payments	*(i)*	1,276	(1,276)	–	–
Liabilities					
Lease liabilities		–	–	35,097	35,097

Note:

(i) Upfront payments for leasehold lands in the PRC own used properties were classified as prepaid land lease as payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid land lease payments amounting to HK$93,000 and HK$1,183,000 respectively were classified to right-of-use assets.

(c) Impact of the financial results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in an insignificant impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their principal element and interest element (note 44(c)). These elements are classified as financing cash outflows and operating cash outflows respectively. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement (note 44(c)).

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

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

HKFRS 16 Leases (cont'd)

(c) Impact of the financial results and cash flows of the Group (cont'd)

The following tables give an indication of the estimated impact of the adoption of HKFRS 16 on the Group's financial result and cash flows for the year ended 31 December 2019, by adjusting the amounts reported under HKFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply in 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

	2019				2018
	Amounts reported under HKFRS 16	Add back: HKFRS 16 depreciation and interest expense	Deduct: Estimated amounts related to operating lease as if under HKAS 17 (note 1)	Hypothetical amounts for 2019 as if under HKAS 17	Compared to amounts reported for 2018 under HKAS 17
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial result for year ended 31 December 2019 impacted by the adoption of HKFRS 16:					
Continuing operations					
Profit from operation	39,794	8,099	(8,837)	39,056	18,745
Finance costs	(160,339)	1,795	–	(158,544)	(217,794)
Loss before taxation	(120,545)	9,894	(8,837)	(119,488)	(199,049)
Loss for the year/period	(124,056)	9,894	(8,837)	(122,999)	(195,817)
Discontinued operations					
Profit from operation	4,116	332	(685)	3,763	3,439
Finance costs	(324)	324	–	–	–
Profit before taxation	3,792	656	(685)	3,763	3,439
Profit for the year/period	2,195	656	(685)	2,166	3,439

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

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

HKFRS 16 Leases (cont'd)

(c) Impact of the financial results and cash flows of the Group (cont'd)

	2019			2018
	Amounts reported under HKFRS 16	Estimated amounts related to operating leases as if under HKAS 17 (notes 1 & 2)	Hypothetical amounts for 2019 as if under HKAS 17	Compared to amounts reported for 2018 under HKAS 17
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Line items in the consolidated cash flow statement for year ended 31 December 2019 impacted by the adoption of HKFRS 16:				
Cash generated from operating activities	196,495	(9,522)	186,973	175,284
Interest on lease liabilities	(1,616)	1,616	–	–
Net cash generated from operating activities	184,604	(7,906)	176,698	175,284
Principal element of lease rentals paid	(7,906)	7,906	–	–
Net cash used in financing activities	(306,660)	7,906	298,754	(518,421)

Note 1: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if HKAS 17 had still applied in 2019. This estimate assumes that there were no difference between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under HKAS 17, if HKAS 17 had still applied in 2019. Any potential net tax effect is ignored.

Note 2: In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if HKAS 17 still applied.

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

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

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2019. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3 Definition of a business	1 January 2020
Amendments to HKAS 1 and HKAS 8 Definition of Material	1 January 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark reform	1 January 2020

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 it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Consolidation (cont'd)

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.

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).

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Business combination and goodwill

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

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

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

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

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

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Foreign currency translation (cont'd)

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

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

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

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

(iii) Translation on consolidation

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Property, plant and equipment

Property, plant and equipment, including buildings and leasehold land (upon application of HKFRS 16 at 1 January 2019, the interest in leasehold land was reclassified to "Right-of-use assets", see note 3) for administrative purposes are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

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

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

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

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

(e) Intangible assets (acquired separately)

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

(f) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Leases (cont'd)

(i) The Group as a lessee

Policy applicable from 1 January 2019

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily office premises. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Leases (cont'd)

(i) The Group as a lessee (cont'd)

Policy applicable from 1 January 2019 (cont'd)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities separately in the consolidated statement of financial position.

Policy prior to 1 January 2019

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.

(ii) The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating 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(y) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity 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.

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 consolidated statement of financial position 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Financial assets (cont'd)

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.

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.

(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) Discontinued operations

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

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

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

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

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

(m) 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.

(n) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) 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.

(p) 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.

(q) 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.

(r) Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Revenue and other income

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.

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.

(t) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Employee benefits (cont'd)

(ii) Pension obligations

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

(iii) Termination benefits

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

(u) 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.

(v) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(w) 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.

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.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(w) Taxation (cont'd)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

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.

(x) 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.

(y) 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 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 ECL 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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;

– 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Significant increase in credit risk (cont'd)

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.

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 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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;

– 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, or in the case of trade receivables, when the amounts are over two years past due, 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Measurement and recognition of ECL (cont'd)

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.

(z) 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.

(aa) 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)

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

(e) Determining the lease term

In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation.

Generally, periods covered by an extension option in other properties leases have not been included in the lease liability because the Group could replace the assets without significant cost or business disruption. See note 21 for further information.

The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. During the current financial year, no lease term has been reassessed.

(f) Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the measures at a level sufficient to finance the working capital requirements of the Group. Details are explained in note 2 to the consolidated financial statements.

(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 2019 was approximately HK$2,053,798,000 (2018: HK$2,289,703,000).

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

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

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

Property, plant and equipment, intangible assets and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

The carrying amount of property, plant and equipment, intangible assets and right-of-use assets as at 31 December 2019 were HK$2,053,798,000 (2018: HK$2,289,703,000), HK$627,992,000 (2018: HK$672,683,000) and HK$35,870,000 (2018: Nil) respectively.

(c) Income taxes

The Group is subject to income taxes mainly in statutory jurisdictions of Hong Kong and the PRC. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the year ended 31 December 2019, HK$3,511,000 of income tax was debited to profit or loss (period ended 31 December 2018: HK$3,232,000 credited) based on the estimated profit from continuing operations.

(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 25 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 2019 was HK$231,554,000 (2018: HK$265,745,000).

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

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

(e) Impairment of trade receivables and contract assets

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 2019, the carrying amount of trade receivables and contract assets is HK$748,670,000 (net of allowance for doubtful debts of HK$27,904,000) (2018: HK$432,852,000 (net of allowance for doubtful debts of HK$20,960,000)).

(f) 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 Renminbi ("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.

6. FINANCIAL RISK MANAGEMENT (cont'd)

(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.

The Group had disposed all investment in listed equity securities during the year ended 31 December 2019. As at 31 December 2018, if equity prices of the Group's financial assets at FVTPL had been 5% (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 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 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 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.

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.

6. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Credit risk (cont'd)

Trade and bills receivables and contract assets (cont'd)

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 2019:

	2019		
	Expected loss rate *%*	**Gross carrying amount** ***HK$'000***	**Loss allowance** ***HK$'000***
Current (not past due)	**2%**	**3,144**	**50**
1 – 30 days past due	**3%**	**1,069**	**32**
More than 30 days past due	**100%**	**27,822**	**27,822**
		32,035	**27,904**

	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	–
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$685,980,000 (2018: HK$386,457,000) (note 26).

The Directors considered that the ECL for contract assets is insignificant as at 31 December 2019, as the collection is well supported by the government policies.

Loans receivable

The loans receivable was fully impaired as the management considered the balance as irrecoverable.

Refundable deposits

The ECL of refundable deposits as at 31 December 2019 were estimated by Eidea Professional Services Company Limited, independent professional qualified valuer, by using general approach. The Directors considered that the ECL for refundable deposits is insignificant as at 31 December 2019.

(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 2019					
Trade payables	**185,716**	**–**	**–**	**–**	**185,716**
Other payables and accruals	**225,276**	**–**	**–**	**–**	**225,276**
Bank and other borrowings	**1,374,837**	**157,993**	**436,188**	**334,911**	**2,303,929**
Lease liabilities	**13,335**	**7,882**	**7,428**	**16,231**	**44,876**
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

6. FINANCIAL RISK MANAGEMENT (cont'd)

(d) Liquidity risk (cont'd)

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrative by the yield curves at the end of the reporting period.

	Less than 1 year	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 2019					
Derivative – net settlement					
Oil futures contracts	**29,395**	**–**	**–**	**–**	**29,395**
At 31 December 2018					
Derivative – net settlement					
Oil futures contracts	48,205	–	–	–	48,205

(e) Interest rate risk

At 31 December 2019, the Group had bank and other borrowings of HK$1,545,287,000 (31 December 2018: HK$1,664,718,000) 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 2019, the Group had bank deposits of HK$19,822,000 (31 December 2018: HK$65,956,000) and bank loans of HK$521,361,000 (31 December 2018: HK$587,466,000), which are interest bearing with floating interest rates. If interest rates had been 100 basis points higher/lower with all other variables held constant, consolidated loss after tax for the year would have been HK$4,724,000 (period from 1 April 2018 to 31 December 2018: HK$4,562,000) higher/lower respectively.

6. FINANCIAL RISK MANAGEMENT (cont'd)

(f) Categories of financial instruments

	2019 HK$'000	2018 HK$'000
Financial assets:		
Financial assets at FVTPL:		
Mandatorily measured at FVTPL		
– Held for trading	**31,182**	102,750
Financial assets measured at amortised cost	**1,133,449**	622,725
Financial assets measured at FVTOCI:		
Equity instruments	**229,330**	265,745
Financial liabilities:		
Financial liabilities at amortised cost	**2,477,640**	2,490,061
Derivative financial liabilities	**29,395**	48,205

(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 2019			
Derivative financial assets	**31,146**	**(29,395)**	**1,751**
As at 31 December 2018			
Derivative financial assets	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 2019	**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				
Unlisted investment funds	–	36	–	36
Derivative financial instruments				
– commodity futures	–	1,751	–	1,751
	–	1,787	–	1,787
Financial assets at FVTOCI				
Unlisted equity securities				
Company A	–	–	182,398	182,398
Company B	–	–	32,362	32,362
Company C	–	–	16,794	16,794
	–	–	231,554	231,554
Total	–	1,787	231,554	233,341

7. FAIR VALUE MEASUREMENTS (cont'd)

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

At 31 December 2018	Fair value measurements using: 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
	–	–	265,745	265,745
Total	44,709	9,836	265,745	320,290

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

Description	**Financial assets at FVTOCI – unlisted equity securities** *HK$'000*	**2019 Total** *HK$'000*
At 1 January 2019	**265,745**	**265,745**
Total gains or losses recognised		
– in other comprehensive income	**(34,191)**	**(34,191)**
At 31 December 2019	**231,554**	**231,554**
Unrealised loss included in fair value changes of equity instruments at FVTOCI	**34,191**	**34,191**

7. FAIR VALUE MEASUREMENTS (cont'd)

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

Description	Financial assets at FVTOCI – unlisted equity securities	Derivative financial assets – derivative component of convertible bonds	2018 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
Unrealised gain included in fair value changes of equity instruments at FVTOCI	30,481	–	30,481

The total gains or losses recognised in profit or loss are presented in other gains and losses in the consolidated statement of profit or loss.

The total gains or losses recognised in other comprehensive income are presented in fair value changes of equity instruments at FVTOCI in the consolidated statement of profit or loss and other comprehensive income.

(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.

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 2 fair value measurements

Description	Valuation technique	Inputs	Fair value 2019 HK$'000	Fair value 2018 HK$'000
Unlisted investment funds	Market approach	Price quoted by a financial institution in the PRC	**36**	4,349
Derivative financial instruments – commodity futures	Market approach	Price quoted by the dealers	**1,751**	5,487

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2019 HK$'000 Assets	Fair value 2018 HK$'000 Assets
Private equity investments classified as financial assets at FVTOCI	Market approach	–	–	–	**182,398**	225,120
		Discount for lack of marketability	20%	Decrease	**32,362**	26,306
		Discount for lack of marketability	20%	Decrease	**16,794**	14,319

8. REVENUE

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

	Year ended 31 December 2019 *HK$'000*	Period from 1 April 2018 to 31 December 2018 *HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Sale of electricity	**295,598**	225,595
– Sale of bulk commodities	**826,647**	617,569
	1,122,245	843,164
Revenue from other sources		
Dividend income from listed financial assets at FVTPL	**370**	4,784
Dividend income from equity instruments at FVTOCI	**343**	1,997
	1,122,958	849,945

Sale of electricity included HK$217,997,000 (period from 1 April 2018 to 31 December 2018: HK$168,156,000) 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 over time and at a point in time in the following major product lines and geographical regions:

	Clean Energy		Trading of bulk commodities		Total	
	Year ended 31 December 2019	Period from 1 April 2018 to 31 December 2018	**Year ended 31 December 2019**	Period from 1 April 2018 to 31 December 2018	**Year ended 31 December 2019**	Period from 1 April 2018 to 31 December 2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Primary geographical markets						
– The PRC	**295,598**	225,595	**–**	–	**295,598**	225,595
– Singapore	**–**	–	**826,647**	617,569	**826,647**	617,569
Segment revenue	**295,598**	225,595	**826,647**	617,569	**1,122,245**	843,164
Revenue from external customers	**295,598**	225,595	**826,647**	617,569	**1,122,245**	843,164
Timing of revenue recognition						
Products transferred at a point in time	**–**	–	**826,647**	617,569	**826,647**	617,569
Products and services transferred over time	**295,598**	225,595	**–**	–	**295,598**	225,595
Total	**295,598**	225,595	**826,647**	617,569	**1,122,245**	843,164

9. OTHER INCOME

	Year ended 31 December 2019	Period from 1 April 2018 to 31 December 2018
	HK$'000	*HK$'000*
Continuing operations		
Bank interest income	**92**	571
Interest income from loans receivable	**4,305**	2,140
Imputed interest income of accrued revenue on tariff subsidy	**6,535**	7,164
Others	**119**	163
	11,051	10,038

10. OTHER GAINS AND LOSSES

	Year ended 31 December 2019 *HK$'000*	Period from 1 April 2018 to 31 December 2018 *HK$'000*
Continuing operations		
Fair value change on derivative components of convertible bonds	**–**	(10,958)
Net realised and unrealised gains/(losses) on listed trading equity securities	**6,202**	(30,401)
Net realised and unrealised gains on derivative financial instruments	**9,073**	16,633
Gain on refinancing	**14,212**	–
Others	**122**	(3,004)
	29,609	(27,730)

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 segment information reported does not include any amounts for the discontinued operation, which is described in more detail in note 17.

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, some other borrowings and unallocated liabilities. Segment non-current assets do not include equity instruments at FVTOCI and club membership debenture 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 from continuing operations:

	Clean energy *HK$'000*	**Trading in securities** *HK$'000*	**Investments** *HK$'000*	**Trading of bulk commodities** *HK$'000*	**Total** *HK$'000*
Year ended 31 December 2019					
Revenue from external customers	**295,598**	**–**	**–**	**826,647**	**1,122,245**
Dividend income	**–**	**370**	**343**	**–**	**713**
Total revenue of reportable segments	**295,598**	**370**	**343**	**826,647**	**1,122,958**
Segment profit/(loss)	**96,999**	**(221)**	**305**	**1,492**	**98,575**
Depreciation and amortisation	**179,268**	**–**	**–**	**78**	**179,346**
Income tax expenses	**3,066**	**–**	**–**	**445**	**3,511**
Additions to segment non-current assets	**–**	**83**	**–**	**9**	**92**
At 31 December 2019					
Segment assets	**3,366,947**	**5,760**	**231,554**	**189,505**	**3,793,766**
Segment liabilities	**1,588,611**	**542,618**	**2,491**	**188,985**	**2,322,705**

	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	225,595	–	–	617,569	843,164
Dividend income	–	4,784	1,997	–	6,781
Total revenue of reportable segment	225,595	4,784	1,997	617,569	849,945
Segment profit/(loss)	78,560	(31,712)	(10,007)	9,217	46,058
Depreciation and amortisation	134,278	–	–	83	134,361
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	3,419,609	85,377	270,050	973	3,776,009
Segment liabilities	1,681,333	546,161	2,528	2,434	2,232,456

11. SEGMENT INFORMATION (cont'd)

Reconciliations of segment revenue and profit or loss from continuing operations:

	Year ended 31 December 2019 HK$'000	Period from 1 April 2018 to 31 December 2018 HK$'000
Revenue		
Total revenue of reportable segments	**1,122,958**	849,945
Elimination of intersegment revenue	**–**	–
Consolidated revenue from continuing operations	**1,122,958**	849,945
Profit or loss		
Total profit or loss of reportable segments	**98,575**	46,058
Unallocated amounts:		
Interest income	**4,397**	2,711
Change in fair value of derivative components of convertible bonds	**–**	(10,958)
Unallocated corporate expenses	**(63,178)**	(19,066)
Finance costs	**(160,339)**	(217,794)
Consolidated loss before tax from continuing operations	**(120,545)**	(199,049)

Reconciliations of segment assets and liabilities:

	At 31 December 2019 HK$'000	At 31 December 2018 HK$'000
Assets		
Total assets of reportable segments	**3,793,766**	3,776,009
Assets relating to discontinued operations	**–**	73,436
Unallocated amounts:		
Cash and bank balances	**48,523**	125,809
Prepayment, deposits, other receivables and other assets	**346,611**	375,249
Consolidated total assets	**4,188,900**	4,350,503
Liabilities		
Total liabilities of reportable segments	**2,322,705**	2,232,456
Liabilities relating to discontinued operations	**–**	55,239
Unallocated amounts:		
Other payables and accruals	**96,486**	448,019
Borrowings	**328,525**	–
Consolidated total liabilities	**2,747,716**	2,735,714

11. SEGMENT INFORMATION (cont'd)

Geographical information:

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

	Revenue		Non-current assets	
	Year ended 31 December 2019	Period from 1 April 2018 to 31 December 2018	**At 31 December 2019**	At 31 December 2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**295,968**	230,379	**2,708,808**	3,015,960
Hong Kong	**343**	1,997	**247,676**	554,014
Singapore	**826,647**	617,569	**424**	410
Consolidated total	**1,122,958**	849,945	**2,956,908**	3,570,384

Revenue from major customers:

	Year ended 31 December 2019	Period from 1 April 2018 to 31 December 2018
	HK$'000	*HK$'000*
Clean energy segment		
Customer A	**235,103**	154,040
Trading of bulk commodities segment		
Customer B	**–**	171,117
Customer C	**–**	152,588
Customer D	**–**	105,285
Customer E	**–**	123,536
Customer F	**277,167**	–
Customer G	**267,979**	–
Customer H	**201,051**	–

12. FINANCE COSTS

	Year ended 31 December 2019 HK$'000	Period from 1 April 2018 to 31 December 2018 HK$'000
Continuing operations		
Interest expenses on lease liabilities *(note 21)*	**1,795**	–
Interest on bank and other borrowings	**158,544**	142,595
Imputed interest and redemption costs on convertible bonds	**–**	75,199
	160,339	217,794

13. INCOME TAX EXPENSE/(CREDIT)

Income tax relating to continuing operations has been recognised in profit or loss as following:

	Year ended 31 December 2019 HK$'000	Period from 1 April 2018 to 31 December 2018 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year/period	**–**	–
Current tax – Overseas		
Provision for the year/period	**10,289**	1,472
	10,289	1,472
Deferred tax *(note 38)*	**(6,778)**	(4,704)
	3,511	(3,232)

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year ended 31 December 2019 (period from 1 April 2018 to 31 December 2018: Nil).

Singapore Corporate Tax has been provided at a rate of 17% (2018: 17%) on the estimated assessable profit for the year/period.

13. INCOME TAX EXPENSE/(CREDIT) (cont'd)

PRC Enterprise Income Tax has been provided at a rate of 25% (2018: 25%). During the year/period, eight (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 having 50% tax exemption from the PRC enterprise income tax for the coming three years.

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

The reconciliation between the income tax expense/(credit) and the product of loss before tax multiplied by the PRC EIT rate is as follows:

	Year ended 31 December 2019	Period from 1 April 2018 to 31 December 2018
	HK$'000	*HK$'000*
Loss before tax (from continuing operations)	**(120,545)**	(199,049)
Tax at the PRC EIT rate of 25% (2018: 25%)	**(30,136)**	(49,762)
Tax effect of income that is not taxable	**(57)**	(385)
Tax effect of expenses that are not deductible	**11,794**	32,057
Tax effect of temporary differences not recognised	**3,376**	(1,831)
Effect on tax holiday on assessable profit of subsidiaries established in the PRC	**(6,124)**	(7,069)
Tax effect of utilisation of tax losses not previously recognised	**(3,675)**	(1,204)
Tax effect of tax losses not recognised	**19,292**	12,265
Effect of different tax rates of subsidiaries	**9,041**	12,697
Income tax expense/(credit) (relating to continuing operations)	**3,511**	(3,232)

14. LOSS FOR THE YEAR/PERIOD FROM CONTINUING OPERATIONS

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

	Year ended 31 December 2019	Period from 1 April 2018 to 31 December 2018
	HK$'000	*HK$'000*
Auditor's remuneration		
– audit services		
– current year/period	**1,800**	1,650
– under-provision in prior period/year	**–**	50
	1,800	1,700
Depreciation of property, plant and equipment	**138,066**	108,317
Depreciation of right-of-use assets	**7,767**	–
Amortisation of intangible assets (included in cost of sales)	**33,513**	25,961
Reversal of allowance for other receivables	**(83)**	(15,413)
Allowance for loans receivable	**32,700**	–
Operating lease charges	**–**	10,295
Allowance for trade receivables	**7,407**	7,457

(i) Cost of sales includes depreciation, amortisation of intangible assets and operating lease charges of approximately HK$169,761,000 (period from 1 April 2018 to 31 December 2018: HK$132,985,000).

15. EMPLOYEE BENEFITS EXPENSE

	Year ended 31 December 2019	Period from 1 April 2018 to 31 December 2018
	HK$'000	*HK$'000*
Employee benefits expense (including directors' remuneration):		
Salaries, bonuses and allowances	**20,589**	13,169
Retirement benefit scheme contributions	**1,462**	958
	22,051	14,127

15. EMPLOYEE BENEFITS EXPENSE (cont'd)

Five highest paid individuals:

The five highest paid individuals in the Group during the year/period included one (period from 1 April 2018 to 31 December 2018: one) director whose emolument is reflected in the analysis presented in note 16(a).

The remaining four (period from 1 April 2018 to 31 December 2018: four) individuals during the year/period are as follows:

	Year ended 31 December 2019 ***HK$'000***	Period from 1 April 2018 to 31 December 2018 *HK$'000*
Salaries and allowances	**6,190**	2,508
Pension costs – defined contribution plans	**155**	60
	6,345	2,568

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

	Number of individuals **2019**	2018
Emoluments band (in HK dollar)		
Nil – HK$1,000,000	**1**	3
HK$1,000,001 to HK$1,500,000	**2**	1
HK$1,500,001 to HK$3,000,000	**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 *(note (i))*	–	–	–	–	–	–	–	–	–
Ko Tin Kwok *(note (ii))*	–	–	–	–	–	–	–	–	–
Zhao Li *(note (iii))*	–	364	–	–	8	–	480	–	852
Zeng Weibing *(note (iv))*	–	–	–	–	–	–	–	–	–
Hu Hanyang *(note (ii))*	–	–	–	–	–	–	–	–	–
Weng Xiaoquan *(note (viii))*	–	–	–	–	–	–	–	–	–
Zhang Liang *(note (v))*	–	–	–	–	–	–	–	–	–
Independent non-executive directors									
Fok Ho Yin, Thomas	360	–	–	–	–	–	–	–	360
Li Hui *(note (vi))*	335	–	–	–	–	–	–	–	335
Lam Cheung Mau	360	–	–	–	–	–	–	–	360
Total for the year ended 31 December 2019	1,055	364	–	–	8	–	480	–	1,907

	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 *(note (i))*	–	–	–	–	–	–	–	–	–
Ko Tin Kwok *(note (ii))*	–	–	–	–	–	–	–	–	–
Zhao Li *(note (iii))*	–	700	–	–	14	–	705	–	1,419
Zeng Weibing *(note (iv))*	–	–	–	–	–	–	–	–	–
Gao Shujuan *(note (vii))*	–	–	–	–	–	–	–	–	–
Hu Hanyang *(note (ii))*	–	–	–	–	–	–	–	–	–
Weng Xiaoquan *(note (viii))*	–	–	–	–	–	–	–	–	–
Independent non-executive directors									
Fok Ho Yin, Thomas	270	–	–	–	–	–	–	–	270
Li Hui *(note (vi))*	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

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

(a) Directors' emoluments (cont'd)

Notes:

(i) Resigned on 30 August 2019

(ii) Agreed to waive his entitlement to director's fee for the year ended 31 December 2019. Mr. Ko Tin Kwok resigned as an executive director on 13 March 2020.

(iii) Resigned on 6 June 2019

(iv) Resigned on 16 August 2019

(v) Appointed on 20 August 2019

(vi) Resigned on 5 December 2019

(vii) Resigned on 14 September 2018

(viii) Appointed on 17 December 2018

Saved as disclosed above, neither the chief executive nor any other directors waived any emoluments during the year ended 31 December 2019 (period from 1 April 2018 to 31 December 2018: Nil).

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

Save for those disclosed in note 50 to the consolidated financial statements, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year/period or at any time during the year/period.

17. DISCONTINUED OPERATIONS

In November 2018, a sale and purchase agreement (and a series of supplemental agreements entered in 2019) (the "Sale and Purchase Agreements") was entered between the Group and a purchaser, an independent third party and a company incorporated in the PRC, in connection with the Group's disposal of all the equity interest in Shanghai Xin Lan Electric Company Limited, a then subsidiary company of the Group engaging in operation of solar plant station in Shanghai, the PRC, to the purchaser. The completion of the disposal took place in October 2019 upon the full execution of the Sale and Purchase Agreements.

	Year ended 31 December 2019 *HK$'000*	Period from 1 April 2018 to 31 December 2018 *HK$'000*
Profit for the year/period from discontinued operations:		
Revenue – Contracts with customers	**7,865**	7,332
Cost of sales	**(3,318)**	(3,839)
Gross profit	**4,547**	3,493
Other income	**1**	11
Other gains and losses	**–**	112
Administrative expenses	**(432)**	(177)
Finance costs	**(324)**	–
Profit before tax	**3,792**	3,439
Income tax expense	**(34)**	–
	3,758	3,439
Loss on disposal of operations *(note 44(a))*	**(1,563)**	–
Income tax expense	**–**	–
	(1,563)	–
Profit for the year/period from discontinued operations (attributable to owners of the Company)	**2,195**	3,439

17. DISCONTINUED OPERATIONS (cont'd)

Profit for the year/period from discontinued operations include the following:

	Year ended 31 December 2019 *HK$'000*	Period from 1 April 2018 to 31 December 2018 *HK$'000*
Depreciation of property, plant and equipment	**3,161**	2,744
Depreciation of right-of-use assets	**332**	–
Auditor's remuneration	**–**	–
Gain on disposal of property, plant and equipment	**–**	(111)
Cash flows from discontinued operations:		
Net cash inflows/(outflows) from operating activities	**259**	(78)
Net cash inflows from investing activities	**95**	35
Net cash outflows from financing activities	**(354)**	–
Net cash outflows	**–**	(43)

18. DIVIDENDS

No dividends have been paid or proposed during the year ended 31 December 2019, nor has any dividend been proposed since the end of the reporting period (period from 1 April 2018 to 31 December 2018: Nil).

19. LOSS PER SHARE

From continuing and discontinued operations

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

	Year ended 31 December 2019	Period from 1 April 2018 to 31 December 2018
Earnings		
Loss for the year/period attributable to owners of the Company for the purpose of calculating basic earnings per share (HK$'000)	**(122,175)**	(194,700)
Weighted average number of ordinary shares in issue (thousands)	**9,374,351**	9,374,351

Diluted loss per share for the year ended 31 December 2019 is the same as the basic loss per share, as there is no outstanding convertible bonds for the year ended 31 December 2019.

Diluted loss per share for period ended 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.

From continuing operations

Basic and diluted loss per share from the continuing operations is HK1.33 cents per share (2018: HK2.11 cents per share), based on the loss for the year from continuing operations attributable to the owners of the Company of approximately HK$124,370,000 (2018: approximately HK$198,139,000) and the denominators used are the same as those detailed above for both basic and diluted earnings per share.

From discontinued operations

Basic and diluted earnings per share from the discontinued operations is HK0.03 cents per share (2018: HK0.03 cents per share), based on the profit for the year from discontinued operations attributable to the owners of the Company of approximately HK$2,195,000 (2018: approximately HK$3,439,000) and the denominators used are the same as those detailed above for both basic and diluted earnings per share.

20. 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	Total HK$'000
Cost					
At 1 April 2018	6,709	2,821,851	1,984	20,081	2,850,625
Additions	–	1,700	–	10	1,710
Disposal/written off	–	–	–	(161)	(161)
Exchange differences	–	(249,082)	–	(801)	(249,883)
At 31 December 2018 and 1 January 2019	6,709	2,574,469	1,984	19,129	2,602,291
Additions	–	–	–	92	92
Disposal/written off	–	–	–	(422)	(422)
Disposal of a subsidiary *(note 44(a))*	–	(70,109)	–	(38)	(70,147)
Exchange differences	–	(44,888)	–	(136)	(45,024)
At 31 December 2019	6,709	2,459,472	1,984	18,625	2,486,790
Accumulated depreciation					
At 1 April 2018	3,552	204,217	1,984	13,580	223,333
Charge for the period	604	108,307	–	2,150	111,061
Disposal/written off	–	–	–	(124)	(124)
Exchange differences	–	(21,091)	–	(591)	(21,682)
At 31 December 2018 and 1 January 2019	4,156	291,433	1,984	15,015	312,588
Charge for the year	796	138,907	–	1,524	141,227
Disposal/written off	–	–	–	(326)	(326)
Disposal of a subsidiary	–	(13,321)	–	(36)	(13,357)
Exchange differences	–	(7,025)	–	(115)	(7,140)
At 31 December 2019	4,952	409,994	1,984	16,062	432,992
Carrying amount					
At 31 December 2019	1,757	2,049,478	–	2,563	2,053,798
At 31 December 2018	2,553	2,283,036	–	4,114	2,289,703

At 31 December 2019 the carrying amount of property, plant and equipment of HK$945,150,000 (2018: HK$1,026,460,000) were pledged as security for the Group's bank loans as set out in note 36(ii) to the consolidated financial statements.

21. RIGHT-OF-USE ASSETS

	Leasehold lands *HK$'000*	Leased properties *HK$'000*	Total *HK$'000*
At 1 January 2019	1,276	35,097	36,373
Additions	–	16,940	16,940
Depreciation	(85)	(8,014)	(8,099)
Disposal of a subsidiary	–	(8,761)	(8,761)
Exchange differences	(21)	(562)	(583)
At 31 December 2019	1,170	34,700	35,870

Lease liabilities of HK$35,303,000 are recognised with related right-of-use assets of HK$35,870,000 as at 31 December 2019. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	2019 ***HK$'000***
Depreciation expenses on right-of-use assets	**8,099**
Interest expense on lease liabilities (included in finance cost)	**1,795**
Expenses relating to short-term lease (included in cost of goods sold and administrative)	**4,932**

Details of total cash outflow for leases is set out in note 44(d).

For both years, the Group leases various rooftops, reservoir, offices, staff quarters for its operations. Lease contracts are entered into for fixed term of 1 year to 25 years, but may have extension and termination options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

22. PREPAID LAND LEASE PAYMENTS

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

	HK$'000
At 1 April 2018	1,478
Exchange differences	(128)
Amortisation	(74)
At 31 December 2018 and 1 January 2019	1,276
Reclassification due to adoption of HKFRS 16 *(note 3)*	(1,276)
Restated balance at 1 January 2019	–

	2018 *HK$'000*
Current portion	93
Non-current portion	1,183
	1,276

23. INTANGIBLE ASSETS

	Customer contracts Total *HK$'000*
Cost	
At 1 April 2018	880,743
Exchange differences	(77,728)
At 31 December 2018 and 1 January 2019	803,015
Exchange differences	(13,895)
At 31 December 2019	789,120
Accumulated amortisation and impairment losses	
At 1 April 2018	115,280
Amortisation for the period	25,961
Exchange differences	(10,909)
At 31 December 2018 and 1 January 2019	130,332
Amortisation for the year	33,513
Exchange differences	(2,717)
At 31 December 2019	161,128
Carrying amount	
At 31 December 2019	627,992
At 31 December 2018	672,683

The remaining useful life of the intangible assets is 19 years.

24. INVESTMENTS IN SUBSIDIARIES

	2019 HK$'000	2018 HK$'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 2019 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

24. INVESTMENTS IN SUBSIDIARIES (cont'd)

Particulars of the subsidiaries at 31 December 2019 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* ("Jinchang Jintai") 金昌錦泰光伏電力有限公司	The PRC	RMB160,000,000	–	100%	Operation of solar power plant
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* ("Dezhou Miaoli") 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* ("Jinchang Disheng") 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 Trading Pte. Ltd	Singapore	USD2,000,000	–	70%	Trading of oil related products and bulk commodities derivatives

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

25. FINANCIAL ASSETS AT FVTOCI AND CLUB MEMBERSHIP DEBENTURE

	Note	2019 HK$'000	2018 HK$'000
Unlisted equity securities			
Company A	(i)	**182,398**	225,120
Company B	(ii)	**32,362**	26,306
Company C	(iii)	**16,794**	14,319
Total financial assets at FVTOCI		**231,554**	265,745
Club membership debenture	(iv)	**130**	130
		231,684	265,875
Analysed as:			
Non-current assets			
Financial assets at FVTOCI		**231,554**	265,745
Club membership debenture		**130**	130
		231,684	265,875

Financial assets at FVTOCI and club membership debenture are denominated in the following currencies:

	2019 HK$'000	2018 HK$'000
Hong Kong dollars	**231,684**	265,875

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

25. FINANCIAL ASSETS AT FVTOCI AND CLUB MEMBERSHIP DEBENTURE (cont'd)

Notes:

(i) At 31 December 2019, the Group had shareholding of approximately 2.27% (2018: 2.72%) in Company A.

The fair value of the investment in Company A as at 31 December 2019 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 2019, the Group had shareholding of approximately 5.07% (2018: 5.07%) in Company B.

The fair value of the investment in Company B as at 31 December 2019 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.

(iii) At 31 December 2019, the Group had shareholding of approximately 4.60% (2018: 4.60%) in Company C.

The fair value of the investment in Company C as at 31 December 2019 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) 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 year ended 31 December 2019, no impairment loss on club membership debenture was recognised (period from 1 April 2018 to 31 December 2018: HK$883,000).

26. TRADE AND BILL RECEIVABLES AND CONTRACT ASSETS

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**718,375**	410,191
Allowance for doubtful debts	**(27,904)**	(20,960)
	690,471	389,231
Bills receivables	**4,550**	7,616
	695,021	396,847

Included in the Group's trade receivables are tariff subsidy receivables amounting to HK$497,761,000 (2018: HK$377,063,000) 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:

	2019	2018
	HK$'000	*HK$'000*
Unbilled *(note)*	**685,980**	386,457
Current to 30 days	**4,491**	2,774
	690,471	389,231

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.

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

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

	2019	2018
	HK$'000	*HK$'000*
US dollars	**188,578**	–
RMB	**501,893**	389,231
Total	**690,471**	389,231

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 2019.

At 31 December 2019, approximately HK$235,742,000 (2018: HK$162,288,000) of trade receivables were pledged to a bank to secure a bank loan as set out in note 36 (ii) to the financial statements.

At 31 December 2019, HK$27,904,000 allowance was made for estimated irrecoverable trade receivables of individual customers (2018: HK$20,960,000).

Contract assets	**2019**	2018
	HK$'000	*HK$'000*
Tariff adjustment		
– non-current	**7,564**	6,785
– current	**46,085**	29,220
	53,649	36,005

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 increase in the balances of contract asset mainly due to slow repayment from state grid companies.

The amount of contract assets that is expected to be recovered after more than one year is HK$7,564,000 (2018: HK$6,785,000).

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	2019 HK$'000	2018 HK$'000
Value added tax recoverable		**59,918**	91,826
Other prepayments		**13,474**	16,840
Deposits		**10,640**	4,145
Other receivables		**13,001**	562
Amount due from a related company	*(i)*	**3,000**	–
Amount due from a shareholder	*(i)*	**–**	2,140
		100,033	115,513

(i) Amounts due from a related company/shareholder were unsecured, interest-free, and repayable on demand.

28. REFUNDABLE DEPOSITS/DEPOSITS FOR ACQUISITIONS

	2019 HK$'000	2018 HK$'000
Non-current portion		
Deposits for acquisitions	**–**	334,155
Current portion		
Refundable deposits	**333,564**	–

The Group has paid in aggregate HK$334,155,000 deposits for the potential acquisition of solar power plant in Ningdong, Ningxia, the PRC. Details of the potential acquisition were disclosed in the Company's announcements on 11 December 2015 and 13 March 2019.

At 31 December 2019, as no agreement was reached by the Group and the potential vendor to the further extension of the potential acquisition, the potential acquisition has been lapsed and terminated. Accordingly, the parties shall have no further obligation to proceed with the potential acquisition and the deposit paid will be refunded in due course.

Subsequent to the reporting date, the Group agreed a repayment timetable with the vendor and the vendor pledged certain of its plant and machineries in relation to solar power plants to secure the repayments of the deposits to the Group.

29. FINANCIAL ASSETS AT FVTPL

	2019	2018
	HK$'000	*HK$'000*
Listed equity securities in		
– Hong Kong	**–**	5,616
– the PRC	**–**	39,093
Unlisted investment funds	**36**	4,349
	36	49,058

Analysed as:

	2019	2018
	HK$'000	*HK$'000*
Current assets	**36**	49,058
Non-current assets	**–**	–
	36	49,058

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.

30. LOANS RECEIVABLE

	2019	2018
	HK$'000	*HK$'000*
Ex-shareholder's loan receivable, with the principal amount of HK$50,000,000	**32,700**	50,000
Loan receivable, with the principal amount of US$1,000,000	**–**	7,800
Less: Allowance for loans receivable	**(32,700)**	–
	–	57,800

30. LOANS RECEIVABLE (cont'd)

On 31 July 2018, the Group entered into a HK$50,000,000 loan agreement ("HK$50M Loan") with a then shareholder of the Company. The HK$50M Loan carried an interest rate of 10%. The HK$50M Loan was secured by equity interests of a company incorporated in the British Virgin Islands ("BVI") and 100% owned by the then 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. The loans receivable was fully impaired as the management considered the balance as irrecoverable.

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 was settled in March 2019 and was secured by personal guarantee from the director of the borrowing company.

31. RESTRICTED BANK DEPOSIT

	Note	**2019** ***HK$'000***	2018 *HK$'000*
Deposit for loan facility	*(i)*	**280**	284
Restricted bank deposit	*(ii)*	**6,699**	–
		6,979	284

Notes:

(i) At 31 December 2019, 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 36(iv), the usage of bank deposits of HK$280,000 (2018: HK$284,000) was restricted to the acquisition of Qingdao Guxin Electricity Investment Company Limited 青島谷欣電力投資有限公司.

(ii) On 11 November 2019, Jinchang Disheng, an indirect wholly-owned subsidiary of the Company, received an arbitration petition dated 11 October 2019 from Gansu Jintai Electricity Company Limited（甘肅錦泰電力有限責任公司）("Gansu Jintai") due to, inter alia, an alleged late payment on the part of Jinchang Disheng and a third party in aggregate of RMB21,986,000 (equivalent to approximately HK$24,185,000) pursuant to various service agreements entered into between, inter alia, Jinchang Disheng and Gansu Jintai. On 7 November 2019, the bank account of Jinchang Disheng of HK$6,699,000 was ordered by the court to be frozen. The legal process of the aforesaid case is in the preliminary stage. The Group is seeking legal advice on the aforesaid case and evaluating the potential impact. The Group is concurrently in the process of negotiating with Gansu Jintai for a settlement and an amicable disposal of the matter. As at the date of this announcement, no settlement regarding the aforesaid case has been reached.

At 31 December 2019, the aggregate amount of the restricted bank deposits of the Group denominated in RMB was HK$6,979,000 (2018: HK$284,000). 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.

32. CASH AND BANK BALANCES

	2019	2018
	HK$'000	*HK$'000*
Cash and bank balances	**48,523**	125,817

At 31 December 2019, the aggregate amount of the cash and bank balances of the Group denominated in RMB amounted to HK$13,665,000 (2018: HK$65,405,000). 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.

33. TRADE PAYABLES

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

	2019	2018
	HK$'000	*HK$'000*
Over 60 days	**185,716**	–

The trade payables are non-interest bearing and normally settled on 30 to 90 days terms.

34. OTHER PAYABLES AND ACCRUALS

		2019	2018
	Note	***HK$'000***	*HK$'000*
Amount due to an investee company	*(i)*	**2,491**	2,491
Consideration payable	*(ii)*	**65,819**	66,978
Loan interest payable		**31,356**	2,659
Others		**125,610**	165,749
		225,276	237,877

Notes:

(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:

	2019	2018
	HK$'000	*HK$'000*
At beginning of year/period	**66,978**	73,461
Exchange differences	**(1,159)**	(6,483)
At end of year/period	**65,819**	66,978

35. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**13,335**	–	**8,851**	–
In the second to fifth years, inclusive	**15,310**	–	**14,824**	–
After five years	**16,231**	–	**11,628**	–
	44,876	–	**35,303**	–
Less: Future finance charges	**(9,573)**	–	**–**	–
Present value of lease obligations	**35,303**	–	**35,303**	–
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(8,851)**	–
Amount due for settlement after 12 months			**26,452**	–

All finance lease payables are denominated in Hong Kong dollars.

The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Comparative information as at 31 December 2018 has not been restated. Further details on the impact of the transition to HKFRS 16 are set out in note 3.

36. BANK AND OTHER BORROWINGS

	Maturity	2019 *HK$'000*	2018 *HK$'000*
Current			
Bank loans – secured *(note i)*	July 2027, September 2028	**55,940**	56,925
Bank loan – secured *(note ii)*	January 2026	**58,894**	59,931
Other loan – secured *(note iii)*	February 2021	**180,380**	210,600
Other loan – secured *(note iv)*	June 2020	**534,786**	–
Other loan – secured *(note v)*	November 2019	**299,167**	304,435
Other loan – secured *(note vi)*	March 2020	**148,145**	156,000
		1,277,312	787,891
Non-current			
Bank loans – secured *(note i)*	July 2027, September 2028	**465,421**	530,541
Bank loan – secured *(note ii)*	January 2026	**323,915**	389,549
Other loan – secured *(note iv)*	June 2020	**–**	544,203
		789,336	1,464,293
		2,066,648	2,252,184

The bank and other borrowings to be repayable as follows:

	2019 *HK$'000*	2018 *HK$'000*
Within one year	**1,277,312**	787,891
After 1 year but within 2 years	**114,834**	661,059
After 2 years but within 5 years	**363,520**	358,536
After 5 years	**310,982**	444,698
	789,336	1,464,293
	2,066,648	2,252,184

36. BANK AND OTHER BORROWINGS (cont'd)

(i) At 31 December 2019, the Group's bank borrowings of HK$521,361,000 (2018: HK$587,466,000) were guaranteed by a subsidiary up to a total amount of RMB466,000,000 (equivalent to HK$521,361,000) (2018: RMB516,000,000 (equivalent to HK$587,466,000)). 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 (2018: same).

(ii) At 31 December 2019, the Group's bank borrowing of HK$382,809,000 (2018: HK$449,480,000) was secured by the Group's property, plant and equipment with net carrying amount of HK$945,150,000 (2018: HK$1,026,460,000), trade receivables of HK$235,742,000 (2018: HK$162,288,000), 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 then director of the Company, Mr. Ko Tin Kwok. At 31 December 2019, the entire equity interest in a subsidiary in the PRC was pledged to the bank (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) As at 31 December 2018, the Group's other loan of HK$210,600,000 carried interest at 6% per annum (the "2018 Loan") and was secured by pledge of the share capital of certain subsidiaries of the Group and the floating charges on property, assets, 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. The loan matured on 29 July 2018.

On 28 February 2019, the 2018 Loan was refinanced by a new loan with repayment date at 24 February 2021 (and extendable for 1 year) which carried interest at 7.5% per annum and was secured by (1) the personal guarantee of Mr. Ko Tin Kwok, a then director of the Company; (2) shares of the Company held by two shareholders who hold less than 10% of the shares of the Company; (3) certain loan covenants, inter alia, the total equity attributable to owners of the Company is no less than HK$1.6 billion, in addition to the prior securities brought forward (the "2019 Loan"). As the 2019 Loan contained a repayment on demand clause effective one year from the date of borrowing, it is classified as current liabilities in the consolidated statement of financial position. As at 31 December 2019, the Group's total equity attributable to owners of the Company was less than HK$1.6 billion, rendering it technically breached the loan covenant. In November 2019, the Group received a statutory demand issued by the legal representative of lender in respect of an alleged claim for a total amount of US$26,402,000 (equivalent to approximately HK$205,936,000), being, inter alia, the unpaid principal amount of the coupon bonds issued by the Company to lender together with interest accrued thereon. The Group has been in negotiation with the lender not to proceed with further steps of legal actions by providing solutions of fundraising for settlement, including but not limited to, disposal of subsidiary companies. Details are set out in the Company's announcement dated 29 November 2019.

Unless previously purchased or redeemed, the Company shall redeem the 2019 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 of the principal.

36. BANK AND OTHER BORROWINGS (cont'd)

(iv) At 31 December 2019, the Group's other loan of HK$534,786,000 (2018: HK$544,203,000) 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.

(v) At 31 December 2019, the Group's other loans of HK$299,167,000 (2018: HK$304,435,000) were interest-bearing at 7.00% per annum, and were guaranteed by a subsidiary of the Group. According to the repayment terms, the other loans were due for repayment in November 2019. However, the Group was in default of these loans in November 2019. On 27 March 2020, the Group obtained a confirmation from the lender to extend the maturity date to 30 June 2021.

(vi) On 3 August 2018, convertible bonds (note 37) amounted to US$20,000,000 (equivalent to HK$156,000,000) was derecognised upon maturity. In accordance to the mutual agreement between the Company and the then convertible bondholder (the "Lender"), the amount of the outstanding principal was recognised as a new loan on 3 August 2018 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.

The Group repaid principal of US$800,000 (equivalent to HK$6,240,000) in July 2019. The Group had been in negotiation with the Lender for renewal/extension of the loan. However, on 15 August 2019, the Lender served a repayment notice to the Company requesting the Company to repay the full amount of USD19,404,000 (being the sum of the outstanding principal amount of the borrowing and the default interest as of 15 August 2019) and the default interest accrued on the convertible bonds from and including 15 August 2019 until the day on which all sums due in respect of the borrowing are paid by the Company. Details are set out in the Company's announcement dated 22 August 2019.

On 29 November 2019, the Group repaid principal of US$200,000 (equivalent to HK$1,560,000) and entered into a settlement agreement with the Lender to defer the settlement with repayment schedule by instalments due in December 2019, February 2020 and March 2020, respectively. In December 2019, the Group applied extension of the December instalment to January 2020.

At 31 December 2019, the Group's other loan of US$19,000,000 (equivalent to HK$148,145,000) 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, 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 then director of the Company.

In January 2020, the Group repaid principal of US$12,800,000 (equivalent to HK$21,840,000) to the Lender. As at the date of this consolidated financial statement, the Group has been in default of the new repayment schedule for the settlement in 2020. The Group has been negotiating with the Lender for a new settlement agreement. The directors consider that the negotiation is at the final stage and are confident that the new settlement agreement will be signed in early April 2020 so that the repayment of others loans will be made by instalments in April, May and June 2020, respectively.

36. BANK AND OTHER BORROWINGS (cont'd)

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

	2019	2018
	HK$'000	*HK$'000*
RMB	**1,738,123**	1,885,584
US$	**328,525**	366,600
	2,066,648	2,252,184

37. CONVERTIBLE BONDS

The Group has no outstanding convertible bonds as at 31 December 2019 (2018: Nil). The convertible bonds were fully converted, redeemed or cancelled during the period from 1 April 2018 to 31 December 2018.

The movements of the components of the convertible bonds during the period from 1 April 2018 to 31 December 2018 were as follows:

	Convertible bonds
	HK$'000
Liability component	
Balance at 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, 1 January 2019 and 31 December 2019	–
Equity component	
Balance at 1 April 2018	160,017
Transferred to accumulated losses upon maturity	(160,017)
Balance at 31 December 2018, 1 January 2019 and 31 December 2019	–
Derivative component	
Balance at 1 April 2018	(10,958)
Transfer to profit or loss upon maturity	10,958
Balance at 31 December 2018, 1 January 2019 and 31 December 2019	–

Interest expenses on the convertible bonds were calculated using the effective interest method by applying the effective interest rate of 21.61% per annum respectively to the liability component for the period from 1 April 2018 to 31 December 2018.

38. DEFERRED TAX LIABILITIES

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

	Property, plant and equipment HK$'000	Fair value gains on customers contract HK$'000	Total HK$'000
At 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 and 1 January 2019	75,798	168,383	244,181
Exchange differences	(1,067)	(3,065)	(4,132)
Credited to profit or loss *(note 13)*	(2,589)	(4,189)	(6,778)
At 31 December 2019	72,142	161,129	233,271

At 31 December 2019, the Group had unused tax losses of HK$781,996,000 (2018: HK$742,218,000) 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 (2018: HK$604,359,000) can be carried forward infinitively. The remaining HK$177,637,000 (2018: HK$137,859,000) 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.

39. DERIVATIVE FINANCIAL INSTRUMENTS

The breakdown are as follows:

	2019 ***HK$'000***	2018 *HK$'000*
Derivative financial assets	**31,146**	53,692
Derivative financial liabilities	**(29,395)**	(48,205)
	1,751	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 2020 to December 2020.

The contracted notional principal amount of the derivative outstanding of purchase and sales contracts are US$2,963,000 (2018: US$44,843,000) and US$2,738,000 (2018: US$46,502,000) respectively.

40. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.0025 each		
Authorised share capital:		
At 1 April 2018, 31 December 2018, 1 January 2019 and 31 December 2019	**120,000,000**	300,000
Issued and fully paid share capital:		
At 1 April 2018, 31 December 2018, 1 January 2019 and 31 December 2019	**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 year ended 31 December 2019 and the period from 1 April 2018 to 31 December 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, 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:

	2019 ***HK$'000***	2018 *HK$'000*
Bank and other borrowings	**2,066,648**	2,252,184
Less: Cash and bank balances	**(48,523)**	(125,817)
Net debt	**2,018,125**	2,126,367
Total equity attributable to owners of the Company	**1,434,055**	1,607,974
Gearing ratio	**140.7%**	132.2%

The increase in the gearing ratio during the year ended 31 December 2019 resulted primarily from decrease of cash and cash equivalents.

40. SHARE CAPITAL (cont'd)

The Company's externally imposed capital requirements for its listing on the Stock Exchange is to maintain a public float of at least 25% of the shares. The Company receives a report from the share registrars weekly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year. As at 31 December 2019, 40% (2018: 40%) of the shares were in public hands.

Breaches in meeting the financial covenants and shareholding requirement would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants and shareholding requirement of any interest-bearing borrowing for the year ended 31 December 2019 and for the period from 1 April 2018 to 31 December 2018.

41. 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.

(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.

41. SHARE BASED PAYMENT (cont'd)

Share option scheme (cont'd)

(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 year ended 31 December 2019 and the period from 1 April 2018 to 31 December 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 (2018: 594,491,440), representing 6.3% (2018: 6.3%) of the issued share capital of the Company at the date of these consolidated financial statements.

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

(a) Statement of financial position of the Company

	Note	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	*24*	**1**	1
Deposits for acquisitions		**–**	300,000
		1	300,001
CURRENT ASSETS			
Prepayments, deposits and other receivables		**3,343**	3,036
Refundable deposits		**300,000**	–
Financial assets at FVTPL		**–**	5,616
Amounts due from subsidiaries		**14,492**	30,561
Loans receivable		**–**	57,800
Cash and bank balances		**302**	13,232
		318,137	110,245
CURRENT LIABILITIES			
Other payables and accruals		**14,294**	12,794
Amounts due to subsidiaries		**69,898**	20,927
Other borrowings		**328,525**	366,600
		412,717	400,321
NET CURRENT LIABILITIES		**(94,580)**	(290,076)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(94,579)**	9,925
NET (LIABILITIES)/ASSETS		**(94,579)**	9,925
CAPITAL AND RESERVES			
Share capital	*40*	**23,436**	23,436
Reserves	*42(b)*	**(118,015)**	(13,511)
(CAPITAL DEFICIENCY)/TOTAL EQUITY		**(94,579)**	9,925

Approved by the Board of Directors on 31 March 2020 and are signed on its behalf by:

Zhang Liang **Yin Yilin**

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

(b) Reserve movement of the Company

	Share premium HK$'000	Contributed surplus HK$'000	Convertible bonds equity reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
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)
At 1 January 2019	4,157,427	154,440	–	(4,325,378)	(13,511)
Total comprehensive income for the year	–	–	–	(104,504)	(104,504)
At 31 December 2019	4,157,427	154,440	–	(4,429,882)	(118,015)

43. RESERVES

(a) Group

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

(b) Nature and purpose of reserves

(i) Share premium account

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

(ii) Contributed surplus

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

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

43. RESERVES (cont'd)

(b) Nature and purpose of reserves (cont'd)

(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(o) to the consolidated financial statements.

The reserve was released during the period from 1 April 2018 to 31 December 2018 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.

44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Disposal of a subsidiary

As referred to in note 17 to the consolidated financial statements, the Group discontinued one of its distributed solar power stations at the time of the disposal of its subsidiary.

Net assets at the date of disposal were as follows:

	HK$'000
Property, plant and equipment	56,790
Right-of-use assets	8,761
Trade receivables	7,073
Prepayments, deposits and other receivables	4,096
Bank and cash balances	8
Other payables and accruals	(52,324)
Lease liabilities	(8,733)
Net assets disposed of	15,671
Release of foreign currency translation reserve	98
Loss on disposal of a subsidiary *(note 17)*	(1,563)
Total consideration	14,206
Consideration satisfied by	
Cash	14,206
Net cash inflow arising on disposal:	
Cash consideration received	14,206
Cash and cash equivalents disposed of	(8)
	14,198

(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.

On 1 January 2019, the Group recognised right-of-use assets and accordingly the lease liabilities amounted to HK$35,097,000 due to the adoption of HKFRS 16 Leases. During the year, there were additions to right-of-use assets and lease liabilities amounted to HK$16,940,000 due to the inception.

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

(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 January 2019 *HK$'000*	Impact on initial application of HKFRS 16 *(note 3)* *HK$'000*	Restated balance at 1 January 2019 *HK$'000*	Addition *HK$'000*	Cash flows *HK$'000*	Interest expenses *HK$'000*	Disposal of a subsidiary *HK$'000*	Exchange differences *HK$'000*	31 December 2019 *HK$'000*
Bank and other borrowings	2,252,184	–	2,252,184	–	(312,966)	158,544	–	(31,114)	2,066,648
Lease liabilities *(note 35)*	–	35,097	35,097	16,940	(9,522)	2,119	(8,733)	(598)	35,303
Other payables arising from financing activities	22,119	–	22,119	–	–	–	–	(1,436)	20,683
	2,274,303	35,097	2,309,400	16,940	(322,488)	160,663	(8,733)	(33,148)	2,122,634

	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
	2,764,218	(518,421)	–	217,794	(189,288)	2,274,303

(d) Total cash outflow for leases

Amounts included in the cash flow statements for leases comprise the following:

	2019 ***HK$'000***	2018 *HK$'000*
Within operating cash flows	**1,616**	10,295
Within investing cash flows	**–**	–
Within financing cash flows	**7,906**	–
	9,522	10,295

These amounts relate to the following:

	2019 ***HK$'000***	2018 *HK$'000*
Lease rental paid	**9,522**	10,295

45. BANKING FACILITIES

As at 31 December 2019, the Group had available banking facilities of US$60,000,000 (equivalent to HK$468,000,000) (2018: HK$468,000,000), which were utilised to the extent of approximately HK$Nil (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 36, the Group did not have any other significant banking facilities.

46. LEGAL PROCEEDINGS

(a) During the year ended 31 December 2019, Gansu Jintai and 林范有, who were the former shareholders (collectively the "Former Shareholders") of Jinchang Jintai, a subsidiary of the Group, initiated arbitrations against 上海典陽光伏電力有限公司 ("上海典陽"), an indirectly owned subsidiary of the Group, for outstanding receivables of RMB146,000,000 (equivalent to approximately HK$163,344,000) and RMB41,000,000 (equivalent to approximately HK$45,871,000), respectively, in respect of the acquisition of Jinchang Jintai in 2014. According to the opinion from the Group's legal advisor, 上海典陽 already paid the consideration in accordance with the said sale and purchase contract and the Former Shareholders did not have a valid ground for the claim.

(b) As mentioned in note 31(ii), on 11 November 2019, Jinchang Disheng received an arbitration petition dated 11 October 2019 from Gansu Jintai due to, inter alia, an alleged late payment on the part of Jinchang Disheng and a third party in aggregate of RMB21,986,000 (equivalent to approximately HK$24,185,000) pursuant to various service agreements entered into between, inter alia, Jinchang Disheng and Gansu Jintai. On 7 November 2019, the bank account of Jinchang Disheng of HK$6,699,000 was ordered by the court to be frozen. The legal process of the aforesaid case is in the preliminary stage. The Group is seeking legal advice on the aforesaid case and evaluating the potential impact. The Group is concurrently in the process of negotiating with Gansu Jintai for a settlement and an amicable disposal of the matter. As at the date of this announcement, no settlement regarding the aforesaid case has been reached.

(c) The Group has initiated a lawsuit against Hongxiang New Materials Company Limited（宏祥新材料及股份有限公司）("Hongxiang") for the recovery of, inter alia, electricity charges and late payment fee in the aggregate amount of RMB10,533,000 (equivalent to approximately HK$11,586,000) pursuant to a rooftop rental agreement dated 28 August 2015 and its supplemental agreement dated 6 June 2017 entered into between Hongxiang and Dezhou Miaoli, an indirect wholly-owned subsidiary of the Company. As at the date of this announcement, no settlement regarding the aforesaid case has been reached.

The Group consider that there were no significant contingent liabilities arising from these cases.

47. CONTINGENT LIABILITIES

At 31 December 2019, the Group did not have any significant contingent liabilities (31 December 2018: Nil).

48. CAPITAL COMMITMENTS

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

	2019	2018
	HK$'000	*HK$'000*
Capital contribution to acquire subsidiary		
– Ningxia Guxin Electricity Investment Company Limited		
寧夏谷欣電力投資有限公司 ("Ningxia Guxin")	**–**	916,243

Pursuant to the sale and purchase agreement dated 13 March 2018 entered into between the Group, Shanghai Guxin Asset Management Company Limited 上海谷欣資產管理有限公司 ("Shanghai Guxin"), 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.

As at 31 December 2019, as no agreement was reached by the Group and the potential vendors to the further extension of the potential acquisition, the potential acquisition has been lapsed and terminated. Accordingly, the parties shall have no further obligation to proceed with the potential acquisition and the deposit paid will be refunded in due course.

49. LEASE COMMITMENTS

The Group as lessee

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

	2018
	HK$'000
Within one year	10,144
In the second to fifth years inclusive	14,437
After five years	34,126
	58,707

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.

50. RELATED PARTY TRANSACTIONS

(i) Related party transactions

In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the year/period:

		Year ended 31 December 2019	Period from 1 April 2018 to 31 December 2018
		HK$'000	*HK$'000*
Guarantee service fee	*Note*	**1,153**	893

Note:

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$1,153,000 for the year ended 31 December 2019 (period from 1 April 2018 to 31 December 2018: HK$893,000).

At 31 December 2019, guarantee service fee of HK$6,821,000 (2018: HK$8,098,000) 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 which represents the emoluments of directors of the Company paid during the year/period are set out in note 16(a).

51. EVENTS AFTER THE REPORTING PERIOD

(i) As set out in note 36(vi), subsequent to the reporting period, the Group was in default of other loan of approximately HK$133,526,000 which was due for payments by instalments in February and March 2020, respectively.

(ii) After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the globe. The Group is paying close attention to the development of, and the disruption to business and economic activities caused by, the COVID-19 outbreak and evaluate its impact on the financial position, cash flows and operating results of the Group. Given the dynamic nature of the COVID-19 outbreak, it is not practicable to provide a reasonable estimate of its impact on the Group's financial position, cash flows and operating results at the date on which these financial statements are authorised for issue.

52. COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3.

In addition, the comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

The following is a summary of the consolidated results and the assets, liabilities and non-controlling interests of the Group for the year ended 31 December 2019, the period from 1 April 2018 to 31 December 2018 and for the three years ended 31 March 2018.

RESULTS

	Year ended 31 December 2019	Period from 1 April 2018 to 31 December 2018	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016
	HK$'000	*HK$'000* (Re-presented)	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	**1,122,958**	849,945	345,902	107,666	123,085
Continuing operations	**1,122,958**	849,945	345,902	107,666	123,085
Discontinued operations	**7,865**	7,332	–	–	–
	1,130,823	857,277	345,902	107,666	123,085
PROFIT/(LOSS) FROM OPERATING ACTIVITIES FROM CONTINUING OPERATIONS	**39,794**	18,745	(34,531)	(317,544)	56,894
Finance costs	**(160,339)**	(217,794)	(207,378)	(143,378)	(154,478)
	(120,545)	(199,049)	(241,909)	(460,922)	(97,584)
Income tax (expenses)/credit	**(3,511)**	3,232	5,000	4,174	1,122
LOSS FOR THE YEAR/PERIOD FROM CONTINUING OPERATIONS	**(124,056)**	(195,817)	(236,909)	(456,748)	(96,462)
PROFIT/(LOSS) FOR THE YEAR/PERIOD FROM DISCONTINUED OPERATIONS	**2,195**	3,439	–	104,839	(223,618)
LOSS FOR THE YEAR/PERIOD	**(121,861)**	(192,378)	(236,909)	(351,909)	(320,080)
Attributable to:					
Owners of the Company	**(122,175)**	(194,700)	(236,738)	(351,804)	(275,537)
Non-controlling interests	**314**	2,322	(171)	(105)	(44,543)
	(121,861)	(192,378)	(236,909)	(351,909)	(320,080)

Five-Year Financial Summary

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	At 31 December		At 31 March		
	2019	2018	2018	2017	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS	**2,956,908**	3,570,384	3,936,547	2,187,126	2,071,714
CURRENT ASSETS	**1,231,992**	780,119	1,273,482	1,241,964	860,842
TOTAL ASSETS	**4,188,900**	4,350,503	5,210,029	3,429,090	2,932,556
CURRENT LIABILITIES	**1,698,657**	1,027,240	1,000,888	120,962	97,924
NON-CURRENT LIABILITIES	**1,049,059**	1,708,474	2,277,253	1,293,183	1,317,480
TOTAL LIABILITIES	**2,747,716**	2,735,714	3,278,141	1,414,145	1,415,404
NET ASSETS	**1,441,184**	1,614,789	1,931,888	2,014,945	1,517,152
EQUITY ATTRIBUTABLE TO:					
Owners of the Company	**1,434,055**	1,607,974	1,927,395	2,014,963	1,518,119
Non-controlling interests	**7,129**	6,815	4,493	(18)	(967)
	1,441,184	1,614,789	1,931,888	2,014,945	1,517,152