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)

2020
Annual Report

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Xiaxuan *(Chairman of the Board)*
(appointed as an executive director on 13 January 2021 and chairman of the Board on 25 June 2021)
Mr. Hu Hanyang
Mr. Weng Xiaoquan
Mr. Bo Dateng (appointed on 13 March 2020)
Mr. Xu David Hua (Chairman of the Board and Chief Executive Officer) (appointed on 15 March 2021 and resigned on 25 June 2021)
Mr. Zhang Liang (Chairman and Chief Executive Officer) (resigned on 10 March 2021)
Mr. Ko Tin Kwok (resigned as an executive director and Vice Chairman on 13 March 2020)
Mr. Gao Fei (appointed on 13 March 2020 and resigned on 13 January 2021)
Mr. Yin Yilin (appointed on 13 March 2020 and resigned on 13 January 2021)

Non-executive Directors

Mr. Chen Lei (appointed on 15 March 2021)

Independent Non-executive Directors

Mr. Lam Cheung Mau
Mr. Pun Hau Man (appointed on 4 May 2020)
Mr. Lo Ka Ki (appointed on 25 April 2021)
Mr. Wang Yuzhou (appointed on 30 June 2020 and resigned on 25 April 2021)
Mr. Fok Ho Yin, Thomas (resigned on 10 June 2020)

COMPANY SECRETARY

Ms. Cheung Hoi Fun

AUTHORISED REPRESENTATIVES

Mr. Chen Xiaxuan (appointed on 25 June 2021
Ms. Cheung Hoi Fun
Mr. Xu David Hua (appointed on 15 March 2021 and resigned on 25 June 2021))
Mr. Zhang Liang (resigned on 10 March 2021)

AUDIT COMMITTEE

Mr. Lo Ka Ki *(Chairman)*
(appointed on 25 April 2021)
Mr. Lam Cheung Mau
Mr. Pun Hau Man (appointed on 4 May 2020)
Mr. Wang Yuzhou (appointed on 30 June 2020 and resigned as Chairman on 25 April 2021)
Mr. Fok Ho Yin, Thomas (resigned as Chairman on 10 June 2020)

REMUNERATION COMMITTEE

Mr. Lo Ka Ki *(Chairman)*
(appointed on 25 April 2021)
Mr. Lam Cheung Mau
Mr. Pun Hau Man (appointed on 4 May 2020)
Mr. Wang Yuzhou (appointed on 30 June 2020 and resigned as Chairman on 25 April 2021)
Mr. Fok Ho Yin, Thomas (resigned as Chairman on 10 June 2020)

NOMINATION COMMITTEE

Mr. Chen Xiaxuan *(Chairman)*
(appointed on 25 June 2021)
Mr. Lam Cheung Mau
Mr. Pun Hau Man (appointed on 4 May 2020)
Mr. Lo Ka Ki (appointed on 25 April 2021)
Mr. Xu David Hua (appointed on 15 March 2021 and resigned as chairman on 25 June 2021)
Mr. Wang Yuzhou (appointed on 30 June 2020 and resigned on 25 April 2021)
Mr. Zhang Liang (resigned as Chairman on 10 March 2021)
Mr. Fok Ho Yin, Thomas (resigned on 10 June 2020)

AUDITORS

RSM Hong Kong
Certified Public Accountants
Registered Public Interest Entity Auditor
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

Room 2609, 26th Floor
Great Eagle Centre
23 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
Bank of Communications (Hong Kong) Limited

STOCK CODE

1004

COMPANY WEBSITE

www.cse1004.com

Chairman's Statement

Dear Shareholders,

In 2020, China officially made its commitment to the world that green development and carbon neutrality are the key macro themes in its long-term development. It aims to achieve "carbon neutrality" before 2060 and have carbon dioxide emissions reaching its peak before 2030. The proportion of non-fossil energy to total energy consumption will increase from 15.9% in 2020 to 20% in 2025 and further to 25% in 2030. The energy consumption and carbon dioxide emissions per unit of GDP will reduce by 13.5% and 18%, respectively during the 14th Five-year Plan period. The government plans to implement systems focusing on carbon intensity control and supported by the control on total carbon emissions. It implies that the economic structure will transform towards energy concentration and the efficiency of energy utilization is expected to improve and the energy structure will transform towards low carbon intensity. China's 14th Five-year Plan requires to vigorously expand the size of wind power and photovoltaic power generation. As of the end of 2020, the installed capacities of photovoltaic power and on-grid wind power in China amounted to 253.43GW and 281.53 GW, respectively. Based on the target of reaching over 1.2 billion KW in total installed capacities of wind power and solar power generation by 2030, the newly-added installed capacities of wind power and photovoltaic power will reach 665GW from 2020 to 2030. During the period, China will "reasonably control" the construction size and development pace of coalfired power generation projects. At the same time, China will advance the green transformation of iron & steel, petrochemical, construction materials and other traditional industries that have high energy consumption. It will also adopt other measures such as the implementation of the marketbased trading of energy usage quota and carbon emission quota.

In the new energy sector, energy storage and comprehensive energy services will enjoy huge development potential. In addition to the traditional energy storage such as peak-load shifting and on-grid frequency modulation, at least 8 provinces in China have explicitly required the construction of 5%-20% ancillary energy storage facilities for newly-built wind power and solar plant stations. For existing plants, enterprises are encouraged to equip energy storage facilities appropriately in different stages. Comprehensive energy services are an important path in accelerating the digital and intelligent transformation of the energy industry, which plays a key role in improving the efficiency of the energy system and the modernization of industrial chains and supply chains. For the power industry, it will innovate and improve the integration of power sources, grid, load and storage, increase the power distribution business and develop distributed energy, microgrid, energy storage, intelligent charging and discharging for electric vehicles, demand-side response and other intelligent and high-efficient energy utilization models to promote the intelligent and green improvement of industries, transportation, construction and other scenarios with energy consumption. With the power system as the center, it will speed up the construction of Internet-based energy platforms. It will promote the digital upgrading of facilities in all links covering production, transportation, storage, sales and use of energy and implement the digital construction and transformation of coal mines, oil and gas fields, power plants and grids. It will facilitate the construction of digital platforms based on supply and demand matching, production services, supervision and management and other business relations, including data center, control center and trading platforms.

China's green development policies will not only bring precious historical opportunities for the development of new energy in China, it will also propel the development of global new energy and its comprehensive utilization. The Company will seize the historical opportunity and actively expand its business development in energy storage, comprehensive energy services and other industries based on its existing photovoltaic power generation business and energy trading.

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.

Chen Xiaxuan
Chairman

Hong Kong, 30 June 2021

Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Chen Xiaxuan, aged 35, was appointed as the Chairman of the Board, the chairman of the Nomination Committee of the Company on 25 June 2021, an executive Director of the Company on 13 January 2021. He graduated from Shanghai Jiao Tong University with the bachelor degree for thermal engineering as the major degree and administrative management as the second degree, and later obtained the master degree for project management from the same university. He is a certified constructor in the PRC, a certified project management professional of the Project Management Institute and a PRC classified intermediate economist. He started his career in Shanghai Electric Power Generation Group, EPC Company in 2007, and was in charge of marketing and business development and contract negotiation for power plant industry and had been responsible for overseas markets in Southeast Asia, Southern African, CIS region central Asia and Latin American regions. From 2016 till present, he joined and holds the position as the deputy general manager of Sinolam Smart Energy LNG Power Co., and is in charge of commercial, technical and execution management of liquefied natural gas receiving terminal and combined cycle power plant integrated project, as well as the business development for new markets.

Mr. Hu Hanyang, aged 37, 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, was appointed as an executive Director of the Company on 17 December 2018. He 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 42, was appointed as an executive Director of the Company on 13 March 2020. He 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.

NON-EXECUTIVE DIRECTOR

Mr. Chen Lei, aged 42, was appointed as non-executive director of the Company on 15 March 2021. He obtained his bachelor degree from the University of Western Ontario and his master degrees from the New York University Stern School of Business and Hong Kong University of Science and Technology. Mr. Chen previously served in UBS AG, Lehman Brother Asia Limited, Nomura International (Hong Kong) Limited, and from December 2013 onwards, Mr. Chen joined Shenzhen Tongce Equity Investment Management Co., Ltd.* as a founding partner and currently holds the position of chairman of its board. Mr. Chen is beneficially interested in 51% issued share capital of Multiple Upbeat Investments Limited which is interested in 74,276,000 ordinary shares of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Cheung Mau, aged 64, 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 is 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.

Mr. Pun Hau Man, aged 32, was appointed as an independent non-executive Director of the Company on 4 May 2020. He is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. He obtained a bachelor degree and a master degree in Philosophy from Peking University in 2010 and 2013 respectively. Mr. Pun was a journalist at Wen Wei Po from January to July 2014. From 2016 to 2019, Mr. Pun was the community public relations officer of the Democratic Alliance for the Betterment and Progress of Hong Kong. Since 2020 onwards, Mr. Pun has been working at the general department of CITIC Limited.

Mr. Lo Ka Ki, aged 42, was appointed as an independent non-executive Director and the Chairman of the Audit Committee of the Company on 25 April 2021. He is also a member of each of the Remuneration Committee and the Nomination Committee of the Company. He obtained a master degree in professional accounting from The Hong Kong Polytechnic University in 2009. Mr. Lo is a practicing member of the Hong Kong Institute of Certified Public Accountants and has been a fellow member of The Association of Chartered Certified Accountants since July 2010. Mr. Lo has over 15 years' experience in auditing, accounting, and corporate management. Mr. Lo previously served in RSM Hong Kong, Paradise Entertainment Limited (a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), stock code: 1180), World Link CPA Limited, and is currently a practicing director of McM (HK) CPA Limited and the managing director of McMillan Woods (Hong Kong) CPA Limited. From February 2018 to May 2019, Mr. Lo was an independent non-executive director of Tian Chang Group Holdings Limited (a company listed on the Stock Exchange, stock code: 2182), and from February 2018 onwards, Mr. Lo is an independent non-executive director of WLS Holdings Limited (a company listed on the Stock Exchange, stock code: 8021).

* *For identification purpose only*

REVENUE BY BUSINESS SEGMENTS

Ratio analysis by business segments for the Group's revenue for the year ended 31 December 2020 ("Current Year") against the year ended 31 December 2019 ("Comparative Year") is as follows:

- Clean Energy: approximately HK$309,980,000 (Comparative Year: approximately HK$295,598,000)
- Trading in securities: approximately HK$1,000 (Comparative Year: approximately HK$370,000)
- Investments: approximately HK$374,000 (Comparative Year: approximately HK$343,000)
- Trading of bulk commodities: HK$250,095,000 (Comparative Year: approximately HK$826,647,000)

REVENUE BY GEOGRAPHICAL REGION

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

- Hong Kong: approximately HK$374,000 (Comparative Year: approximately HK$343,000)
- The People's Republic of China ("PRC"): approximately HK$309,981,000 (Comparative Year: approximately HK$295,968,000)
- The Republic of Singapore ("Singapore"): approximately HK$250,095,000 (Comparative Year: approximately HK$826,647,000)

BUSINESS REVIEW

Clean Energy

Clean-energy power generation business is the principal business of the Group. As at 31 December 2020, the Group's installed capacity is approximately 272 megawatt(s) ("MW") (as at 31 December 2019: 272MW), all of which are photovoltaic power generation projects locating in four provinces, Gansu, Anhui, Jiangxi and Shandong.

During the Current Year, sale of electricity of the on-grid was approximately 332,990,000 kilowatt hour(s) ("KWh") (Comparative Year: approximately 365,940,000KWh) and generated revenue of approximately HK$309,980,000 as compared to revenue of approximately HK$295,598,000 in the Comparative Year. The revenue was mainly contributed by two 100% owned subsidiaries, namely Jinchang Jintai Photovoltaic Company Limited 金昌錦泰光伏電力有限公司 and Jinchang Disheng, which have an aggregate production capacity of 200MW.

Segment loss of approximately HK$372,188,000 was recorded during the Current Year as compared to a profit of approximately HK$96,999,000 in the Comparative Year. The current year loss is principally due to the combined effect of i) impairment losses on property, plant and equipment of approximately HK$309,861,000 during the year (Comparative Year: HK$Nil); and ii) impairment losses on intangible assets of approximately HK$144,399,000 during the year (Comparative Year: HK$Nil).

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 approximately 130,080,000KWh, representing a decrease of 3.1% as compared with the Comparative Year's sale of electricity of approximately 134,240,000KWh. Sales revenue was approximately HK$106,921,000, representing an increase of 3.5% as compared with the Comparative Year's revenue of approximately HK$103,350,000.

Xin Lan 8MW Project in Shanghai: The project have been disposed last year. The sale of electricity was approximately 6,525,000 KWh, the sales revenue was approximately HK$7,865,000 last year.

Guanyang 8.25MW Project in Dezhou, Shandong: During the Current Year, sale of electricity was approximately 7,626,000KWh, representing a decrease of 14.2% as compared with the Comparative Year's sale of electricity of approximately 8,890,000KWh. Sales revenue was approximately HK$7,605,000, representing a decrease of 6% as compared with the Comparative Year's revenue of approximately HK$8,088,000.

Hongxiang 8MW Project in Dezhou, Shandong: During the Current Year, sale of electricity was approximately 4,536,000KWh, representing a decrease of 50.2% as compared the Comparative Year's sale of electricity of approximately 9,110,000KWh. Sales revenue was approximately HK$4,527,000, representing a decrease of 41.6% as compared with the Comparative Year's revenue of approximately HK$7,747,000.

Jinde 5MW Project in Dezhou, Shandong: During the Current Year, sale of electricity was approximately 4,387,000KWh, representing a decrease of 22.8% as compared with the Comparative Year's sale of electricity of approximately 5,680,000KWh. Sales revenue was approximately HK$4,425,000, representing a decrease of 8.1% as compared with the Comparative Year's revenue of approximately HK$4,813,000.

Jiayang 10MW Project in Dezhou, Shandong: During the Current Year, sale of electricity was approximately 8,241,000KWh (Comparative Year: approximately 10,430,000KWh), representing a decrease of 21%. Sales revenue was approximately HK$8,188,000 (Comparative Year: approximately HK$11,043,000), representing a decrease of 25.9%.

Hongyang 20MW Project in Changfeng, Anhui: During the Current Year, sale of electricity was approximately 23,209,000KWh (Comparative Year: approximately 24,870,000KWh), representing a decrease of 6.7%. Sales revenue was approximately HK$29,614,000 (Comparative Year: approximately HK$28,283,000), representing an increase of 4.7%.

Jinjian 20MW Project in Gaoan, Jiangxi: During the Current Year, sale of electricity was approximately 20,894,000KWh (Comparative Year: approximately 19,590,000KWh), representing an increase of 6.7%. Sales revenue was approximately HK$23,669,000 (Comparative Year: approximately HK$21,537,000), representing an increase of 9.9%.

Disheng 100MW Project in Jinchang, Gansu: During the Current Year, sale of electricity was approximately 135,203,000KWh (Comparative Year: approximately 144,130,000KWh), representing a decrease of 6.2%. Sales revenue was approximately HK$110,405,000 (Comparative Year: approximately HK$110,737,000), representing a decrease of 0.3%.

Management Discussion and Analysis

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$Nil (Comparative Year: Profit of HK$6,202,000). Loss of approximately HK$47,818,000 was recorded from this business segment during the Current Year as compared to a record of segment loss of approximately HK$221,000 for the Comparative Year. Dividend income from listed equity securities was approximately HK$1,000 (Comparative Year: approximately HK$370,000).

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 approximately HK$374,000 is recognised in profit or loss during the Current Year (Comparative Year: approximately HK$343,000).

The loss on change of fair value of approximately HK$42,490,000 on these financial assets at fair value through other comprehensive income was recognised during the Current Year (Comparative Year: approximately HK$34,191,000).

Trading of Bulk Commodities

During the Current Year, the revenue from this segment was approximately HK$250,095,000 (Comparative Year: approximately 826,647,000) and recorded a segment loss of approximately HK$16,240,000 (Comparative Year: segment Profit of approximately HK$1,492,000).

PROSPECTS

In 2020, China officially made its commitment to the world that green development and carbon neutrality are the key macro themes in its long-term development. It aims to achieve "carbon neutrality" before 2060 and have carbon dioxide emissions reaching its peak before 2030. The proportion of non-fossil energy to total energy consumption will increase from 15.9% in 2020 to 20% in 2025 and further to 25% in 2030. The energy consumption and carbon dioxide emissions per unit of GDP will reduce by 13.5% and 18%, respectively during the 14th Five-year Plan period. The government plans to implement systems focusing on carbon intensity control and supported by the control on total carbon emissions. It implies that the economic structure will transform towards energy concentration and the efficiency of energy utilization is expected to improve and the energy structure will transform towards low carbon intensity. China's 14th Five-year Plan requires to vigorously expand the size of wind power and photovoltaic power generation. As of the end of 2020, the installed capacities of photovoltaic power and on-grid wind power in China amounted to 253.43GW and 281.53 GW, respectively. Based on the target of reaching over 1.2 billion KW in total installed capacities of wind power and solar power generation by 2030, the newly-added installed capacities of wind power and photovoltaic power will reach 665GW from 2020 to 2030. During the period, China will "reasonably control" the construction size and development pace of coal-fired power generation projects. At the same time, China will advance the green transformation of iron & steel, petrochemical, construction materials and other traditional industries that have high energy consumption. It will also adopt other measures such as the implementation of the market-based trading of energy usage quota and carbon emission quota.

In the new energy sector, energy storage and comprehensive energy services will enjoy huge development potential. In addition to the traditional energy storage such as peak-load shifting and on-grid frequency modulation, at least 8 provinces in China have explicitly required the construction of 5%-20% ancillary energy storage facilities for newly-built wind power and solar plant stations. For existing plants, enterprises are encouraged to equip energy storage facilities appropriately in different stages. Comprehensive energy services are an important path in accelerating the digital and intelligent transformation of the energy industry, which plays a key role in improving the efficiency of the energy system and the modernization of industrial chains and supply chains. For the power industry, it will innovate and improve the integration of power sources, grid, load and storage, increase the power distribution business and develop distributed energy, microgrid, energy storage, intelligent charging and discharging for electric vehicles, demand-side response and other intelligent and high-efficient energy utilization models to promote the intelligent and green improvement of industries, transportation, construction and other scenarios with energy consumption. With the power system as the center, it will speed up the construction of Internet-based energy platforms. It will promote the digital upgrading of facilities in all links covering production, transportation, storage, sales and use of energy and implement the digital construction and transformation of coal mines, oil and gas fields, power plants and grids. It will facilitate the construction of digital platforms based on supply and demand matching, production services, supervision and management and other business relations, including data center, control center and trading platforms.

China's green development policies will not only bring precious historical opportunities for the development of new energy in China, it will also propel the development of global new energy and its comprehensive utilization. The Company will seize the historical opportunity and actively expand its business development in energy storage, comprehensive energy services and other industries based on its existing photovoltaic power generation business and energy trading.

Management Discussion and Analysis

RESULTS OF THE GROUP

During the Current Year, the Group recorded a revenue of approximately HK$560,450,000 as compared to revenue of approximately HK$1,122,958,000 in the Comparative Year, The change in revenue was due to the decrease in sales of bulk commodities from approximately HK$826,647,000 to approximately HK$250,095,000, representing a decrease of 69.7%.

The net loss of the Group for the Current Year amounted to approximately HK$777,354,000 (Comparative Year: approximately HK$121,861,000), representing an increase in loss of 537.9%. The increase in loss was a combined effect of i) increase in provisions for litigations and claims of approximately HK$236,932,000; ii) increase in impairment losses on property, plant and equipment of approximately HK$309,861,000; and iii) increase in impairment losses on intangible assets of approximately HK$144,399,000.

COST OF SALES

For the Current Year, the amount of cost of sales was approximately HK$449,466,000 (Comparative Year: approximately HK$1,021,549,000), representing a decrease of 56.0%, primarily due to decrease in cost of sales of bulk commodities from approximately HK$822,367,000 to approximately HK$256,555,000, representing an decrease of 68.8%.

OPERATING AND ADMINISTRATIVE EXPENSES

For the Current Year, the amount of operating and administrative expenses was approximately HK$59,543,000 (Comparative Year: approximately HK$62,251,000). 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.

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 2020, the Group had cash and bank balances of approximately HK$36,780,000 (At 31 December 2019: approximately HK$48,523,000). As at 31 December 2020, the Group's interest bearing bank and other borrowings amounted to approximately HK$2,120,727,000 (At 31 December 2019: approximately HK$2,066,648,000). Total equity attributable to owners of the Company amounted to approximately HK$652,749,000 (At 31 December 2019: approximately HK$1,434,055,000). The gearing ratio is 319.3% (At 31 December 2019: 140.7%).

As at 31 December 2020, the Group had net current liabilities of approximately HK$1,182,868,000 (At 31 December 2019: approximately HK$466,665,000) and current ratio (being current assets over current liabilities) of 0.52 (At 31 December 2019: 0.73).

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 is as follows:

	31 December 2020 *HK$'000*	31 December 2019 *HK$'000*
Bank and other borrowings	**2,120,727**	2,066,648
Less: time deposit and cash and bank balances	**(36,780)**	(48,523)
Net debt	**2,083,947**	2,018,125
Total equity attributable to owners of the Company	**652,749**	1,434,055
Gearing ratio	**319.3%**	140.7%

Save as the minimum public float imposed by the Stock Exchange, neither the Company nor its subsidiaries are subject to externally imposed capital restrictions.

The Company had not conducted any equity fund raising activities during the Current Year. However, the Group conducted certain refinancing activities as follow:

(i) At 31 December 2020, the Group's bank borrowings of HK$553,582,000 (2019: HK$521,361,000) were guaranteed by a subsidiary up to a total amount of RMB465,900,000 (equivalent to HK$553,582,000) (2019: RMB466,000,000 (equivalent to HK$521,361,000)). 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 (2019: same). The Group was in default of the installment repayments during the year. Accordingly, the whole amount of the loan was classified as current liabilities as at 31 December 2020. The default has not been remedied at the date these financial statements were authorised for issue.

(ii) At 31 December 2020, the Group's bank borrowing of HK$374,687,000 (2019: HK$382,809,000) was secured by the Group's property, plant and equipment with net carrying amount of HK$747,625,000 (2019: HK$945,150,000), trade receivables of HK$307,523,000 (2019: HK$235,742,000), 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 an ex-director of the Company, Mr. Ko Tin Kwok. At 31 December 2020, the entire equity interest in a subsidiary in the PRC was pledged to the bank (2019: same). According to the repayment terms, the bank borrowing will be repayable by semi-annual instalments. During the year, the Group entered into a loan extension agreement with the bank and the last instalment would be extended to January 2028. The bank borrowing was interest-bearing at 4.57% per annum.

(iii) Other loan amounted to HK$180,413,000 represented the loan from Cheer Hope Holdings Limited ("Cheer Hope").

As at 31 December 2019, the loan carried interest at 7.55% per annum and was secured by (1) the personal guarantee of Mr. Ko Tin Kwok, an ex-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. In November 2019, the Group received a statutory demand issued by Cheer Hope 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 by the Company to lender together with interest accrued thereon. 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 in breach of the loan covenant.

On 15 May 2020, the Company received a winding-up petition issued by Cheer Hope concerning a sum of approximately US$26,402,000 (the "Cheer Hope Petition").

On 3 February 2021, the Group made a payment of RMB163,401,000 to Cheer Hope. Cheer Hope and the Company had executed and filed a consent summons to the High Court to dismiss the Cheer Hope Petition. On 30 April 2021, the Company received the sealed court order from the High Court that, inter alia, the Cheer Hope Petition was dismissed.

(iv) At 31 December 2020, the Group's other loan of HK$567,960,000 (2019: HK$534,786,000) 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 was repayable in June 2020. The Group was in default of repayment of this loan and the default has not been remedied at the date these financial statements were authorised for issue.

(v) At 31 December 2020, the Group's other loans of HK$317,725,000 (2019: HK$299,167,000) 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 and the default has not been remedied at the date these financial statements were authorised for issue.

(vi) Other loan amounted to HK$126,360,000 represented the loan from AI Global Investment SPC ("AI Global").

As at 31 December 2019, the loan carried interest at 10% per annum and 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 guarantee 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, an ex-director of the Company.

In January 2020, the Group repaid principal of US$2,800,000 (equivalent to HK$21,840,000) to AI Global. On 9 July 2020, the Company received winding-up petition issued by AI Global concerning a sum of approximately US$7,601,000 (the "AI Global Petition").

On 3 February 2021, the Group made a payment of RMB129,778,000 to AI Global. On 5 February 2021, the Company and AI Global have executed and filed a consent summons to the High Court of Hong Kong to withdraw the AI Global Petition and an order of the same has been granted.

CHARGES ON ASSETS

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

At 31 December 2020, the Group's bank borrowing of HK$374,687,000 was secured by the Group's property plant and equipment with net carrying amount of HK$747,625,000 and trade receivables of HK$307,523,000.

Saved as above, no assets of the Group and the Company had been pledged to secure the bank loans at 31 December 2020.

The Company had not conducted any equity fund raising activities during the year ended 31 December 2020.

FOREIGN EXCHANGE EXPOSURE

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

SIGNIFICANT INVESTMENTS

The Board provides the information of the Group's investment with the carrying amount exceeding 1% of the total assets of the Group held at 31 December 2020 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 2020 *HK$'000*	Dividends received *HK$'000*	Percentage of carrying amounts to the Group's total assets
Financial assets at FVTOCI								
Not applicable	Seekers Partners Limited (formerly known as Satinu Resources Group Limited)	Investment holding, property investment, commodities dealer, money lending, nominees, integrated financial services	Investment in shares	28,150,048	2.27%	177,424	–	4.81%

The Board provides the information of the Group's investment with the carrying amount exceeding 1% of the total assets of the Group held at 31 December 2019 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 2019 *HK$'000*	Dividends received *HK$'000*	Percentage of carrying amounts to the Group's total assets
Financial assets at FVTOCI								
Not applicable	Satinu Resources Group Limited	Investment holding, property investment, commodities dealer, money lending, nominees, integrated financial services	Investment in shares	28,150,048	2.27%	182,398	–	4.35%

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

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

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

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

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

MATERIAL ACQUISITION OF SUBSIDIARIES

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

EMPLOYEES

At 31 December 2020, the Group employed around 37 employees in Hong Kong, Singapore and the PRC (31 December 2019: 38). 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

Save as disclosed in this annual report, the Group did not have any significant contingent liabilities as at 31 December 2020 (31 December 2019: Nil).

DISCLOSURE OF INFORMATION OF DIRECTOR PURSUANT TO RULE 13.51B(1) OF THE HONG KONG LISTING RULES

Save as disclosed in this annual report, there are no other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules Governing the Listing of Securities on Hong Kong Stock Exchange.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Disposal of a subsidiary

The Company announced on 27 January 2021, among other things, Qingdao Guxin Electricity Investment Company Limited* ("Qingdao Guxin"), an indirect wholly-owned subsidiary of the Company and as the seller, entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Gansu Jintai Electricity Company Limited* ("Gansu Jintai") as the purchaser, in respect of the disposal of, the entire issued share capital of Jinchang Disheng Solar Energy Company Limited* ("Jinchang Disheng") and the outstanding shareholder's loan of approximately RMB138,480,000 due from Jinchang Disheng to the Group (the "Jinchang Disheng Disposal"), at a consideration of RMB350,000,000 (the "Consideration"). The completion of the Jinchang Disheng Disposal is conditional upon satisfaction of the conditions precedent set out in the Sale and Purchase Agreement, including the approval from the shareholders of the Company in the Company's extraordinary general meeting to be convened. For details of the Jinchang Disheng Disposal, please refer to the announcement of the Company dated 27 January 2021.

The first payment of the Consideration amounting to RMB300,000,000 was received by the Group on 3 February 2021. However, should the Jinchang Disheng Disposal eventually not be completed, the Group would be required to refund RMB300,000,000 to Gansu Jintai.

Possible mandatory general offer

As announced by the Company on 5 February 2021, the Company was informed by Rich Crown International Industries Limited ("Rich Crown") together with Gorgeous Investment Group Holdings Co., Limited ("Gorgeous Investment") that a dispute has arisen to which Gorgeous Investment is a party. As at the date of that announcement, Gorgeous Investment was the legal and beneficial owner of 4,092,084,312 shares of the Company, representing approximately 43.65% of the entire issued share capital of the Company. Gorgeous Investment is a wholly-owned subsidiary of Shanghai Gorgeous Investment Development Company Limited, which in turn is held by Shanghai Gu Yuan Property Development Company Limited ("Shanghai Gu Yuan") as to 75.66%. The equity interest of Shanghai Gu Yuan is held by Rich Crown and Creaton Holdings Limited ("Creaton") as to 59.79% and 40.21%, respectively. The equity interest of each of Rich Crown and Creaton is held by Mr. Ko Tin Kwok as to 100%.

The said dispute involved a facility agreement which was entered into between Rich Crown and Industrial Bank Co., Ltd. (the "Lender") in 2018. The facility agreement was secured by a total of 4,363,014,000 shares of the Company (accounted for 46.54% of the total issued share capital of the Company) (the "Pledged Shares") by way of two account charges, being (i) an account charge executed by Gorgeous Investment (as chargor) in favour of the Lender, and (ii) an account charge executed by another company (as chargor) also in favour of the Lender. In December 2020, the Lender has purportedly taken action to enforce the security interest in the Pledged Shares and appointed the purported receivers (the "Purported Receivers") over the Pledged Shares (the "Receivership"). The Board was given to understand that Gorgeous Investment has already sought legal advices and has taken active legal actions against the Lender and the Purported Receivers.

The appointment of the Purported Receivers as the receivers over the Pledged Shares may result in the sale of the Pledged Shares to other third-party purchasers, which may in turn trigger a mandatory general offer for relevant securities of the Company. The Company was informed by the Purported Receivers that they have been in discussions with several investors and no legally binding agreement in relation to the Pledged Shares has been executed. The appointment of the Purported Receivers may or may not lead to a mandatory general offer.

For details of the possible mandatory general offer, please refer to the announcements of the Company dated 5 February 2021, 8 March 2021, 8 April 2021, 7 May 2021, and 7 June 2021.

Withdrawal and dismissal of winding-up petitions

As announced by the Company on 15 May 2020, 20 May 2020 and 10 July 2020, the Company has received two winding-up petitions, with Cheer Hope and AI Global (acting on behalf of and for the account of AI Investment Fund S.P.) being the petitioner, respectively (the "Cheer Hope Petition" and "AI Global Petition"). The Company has successfully entered into settlement agreements with, inter alia, AI Global and Cheer Hope respectively (the "AI Global Settlement Agreement" and "Cheer Hope Settlement Agreement"), details of the settlement agreements are set out in the announcement of the Company dated 1 February 2021. Reference is made to the announcements of the Company dated 5 February 2021 and 30 April 2021. The Company has, via its subsidiary, effected payment of the AI Global settlement sum to AI Global. Pursuant to the AI Global Settlement Agreement, the Company and AI Global have executed and filed a consent summons to the High Court to withdraw the AI Global Petition and an order of the same has been granted. The Company has also, via its subsidiary, effected payment of the Cheer Hope settlement sum to Cheer Hope. Pursuant to the Cheer Hope Settlement Agreement, the Company and Cheer Hope have executed and filed a consent summons to the High Court to dismiss the Cheer Hope Petition, and the Company has received the sealed court order from the High Court that, inter alia, the Cheer hope Petition has been dismissed.

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 and up to the date of this report, the terms of appointment of the three independent non-executive Directors and one non-executive Director, 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. 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 had not separated the roles of chairman and chief executive officer of the Company. From 30 August 2019 to 9 March 2021 and from 15 March 2021 to 24 June 2021, Mr. Zhang and Mr. Xu had, respectively during such two periods, acted as the chairman of the Board and our chief executive officer of the Company who was responsible for overseeing the operations of the Group during such two periods. In view of the composition of the Board of such two periods, Mr. Zhang's and Mr. Xu's in-depth knowledge and experience in the industry in which the Group operates and their familiarity with the operations of the Group, the Company believes that it is in the best interest of the Group for them to assume both roles as the Chairman and the chief executive officer of the Company during such two periods. Following the resignation of Mr. Xu on 25 June 2021, the office of the chief executive officer of the Company is vacated and the Company is making its best endeavours for a suitable person to act as the chief executive officer of the Company;

3. 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 had fallen below the minimum of three members as required under Rules 3.10(1) and 3.21 of the Listing Rules and the Company had not appointed an additional INED within three months from 5 December 2019 under Rules 3.11 and 3.23 of the Listing Rules. On 11 March 2020, the Stock Exchange granted to the Company a waiver from strict compliance with Rules 3.10(1), 3.11, 3.21 and 3.23 of the Listing Rules and have granted additional time to appoint an additional INED.

   After the appointment of Mr. Pun Hau Man as an INED and member of the Audit Committee on 4 May 2020, the Company was in compliance with Rules 3.10(1) and 3.21 of the Listing Rules.

4. Following the resignation of Mr. Fok Ho Yin, Thomas on 10 June 2020, (i) the number of INEDs on the Board and the Audit Committee had fallen below the minimum of three members as required under Rules 3.10(1) and 3.21 of the Listing Rules and (ii) the vacancy of the office of the Chairman for each of the Audit Committee and the remuneration committee of the Company (the "Remuneration Committee") did not meet the requirements under Rules 3.21 and 3.25 of the Listing Rules.

   After the appointment of Mr. Wang Yuzhou as an INED and the chairman of each of the Audit Committee and the Remuneration Committee on 30 June 2020, the Company was in compliance with Rules 3.10(1), 3.21 and 3.25 of the Listing Rules.

5. The Company failed to timely publish the 2020 annual financial information and lay the audited 2020 financial statements at the 2021 annual general meeting of the Company in accordance with Rules 13.46 and 13.49 of the Listing Rules, and published its environmental, social and governance report for the same period covered in this 2020 Annual Results under rule 13.91 of the Listing Rules. The Company has been reviewing and closely monitoring its internal control systems to avoid delay in publication of its periodic financial and non-financial information under the Listing Rules in the future.

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.

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.

At the request of the Company, trading in the shares of the Company on The Stock Exchange of Hong Kong Limited has been suspended with effect from 9:00 a.m. on 1 April 2021. Trading in the shares of the Company will remain suspended until further notice.

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 four executive Directors, one non-executive Directors and three independent non-executive Directors:

Executive Directors

Mr. Chen Xiaxuan *(Chairman)*
(appointed as an executive director on 13 January 2021 and Chairman of the Board on 25 June 2021)
Mr. Hu Hanyang
Mr. Weng Xiaoquan
Mr. Bo Dateng (appointed on 13 March 2020)
Mr. Xu David Hua
(appointed as an executive director, Chairman of the Board and Chief Executive Officer on 15 March 2021 and resigned on 25 June 2021)
Mr. Zhang Liang
(resigned as an executive director, Chairman of the Board and Chief Executive Officer on 10 March 2021)
Mr. Gao Fei (appointed on 13 March 2020 and resigned on 13 January 2021)
Mr. Yin Yilin (appointed on 13 March 2020 and resigned on 13 January 2021)
Mr. Ko Tin Kwok (resigned as an executive director and Vice Chairman of the Board on 13 March 2020)

Non-executive Director

Mr. Chen Lei (appointed on 15 March 2021)

Independent Non-executive Directors

Mr. Lam Cheung Mau
Mr. Pun Hau Man (appointed on 4 May 2020)
Mr. Lo Ka Ki (appointed on 25 April 2021)
Mr. Wang Yuzhou (appointed on 30 June 2020 and resigned on 25 April 2021)
Mr. Fok Ho Yin, Thomas (resigned on 10 June 2020)

After annual assessment by the nomination committee of the Company at a meeting on 30 June 2021, 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 three meetings with the Independent Non-executive Directors without the presence of other Directors.

Directors' Training

All newly appointed directors had received their inauguration training by the Company during the Current Year.

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. Chen Xiaxuan *(Chairman)* (appointed as an executive director on 13 January 2021 and Chairman of the Board on 25 June 2021)	✓
Mr. Hu Hanyang	✓
Mr. Weng Xiaoquan	✓
Mr. Bo Dateng (appointed on 13 March 2020)	✓
Mr. Xu David Hua (appointed as an executive director, Chairman of the Board and Chief Executive Officer on 15 March 2021 and resigned on 25 June 2021)	✓
Mr. Zhang Liang (resigned as an executive director, Chairman of the Board and Chief Executive Officer on 10 March 2021)	✓
Mr. Gao Fei (appointed on 13 March 2020 and resigned on 13 January 2021)	✓
Mr. Yin Yilin (appointed on 13 March 2020 and resigned on 13 January 2021)	✓
Mr. Ko Tin Kwok (resigned as an executive director and Vice Chairman of the Board on 13 March 2020)	✓
Non-executive Director	
Mr. Chen Lei (appointed on 15 March 2021)	✓
Independent Non-executive Directors	
Mr. Lam Cheung Mau	✓
Mr. Pun Hau Man (appointed on 4 May 2020)	✓
Mr. Lo Ka Ki (appointed on 25 April 2021)	✓
Mr. Wang Yuzhou (appointed on 30 June 2020 and resigned on 25 April 2021)	✓
Mr. Fok Ho Yin, Thomas (resigned on 10 June 2020)	✓

Independent Non-executive Directors

The three independent non-executive Directors are persons of high calibre, with two out of the three having academic and professional qualifications in the fields of accounting and finance. 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 had fallen below the minimum of three members as required under Rules 3.10(1) and 3.21 of the Listing Rules and the Company had not appointed an additional INED within three months from 5 December 2019 under Rules 3.11 and 3.23 of the Listing Rules. On 11 March 2020, the Stock Exchange granted to the Company a waiver from strict compliance with Rules 3.10(1), 3.11, 3.21 and 3.23 of the Listing Rules and have granted additional time to appoint an additional INED.

After the appointment of Mr. Pun Hau Man as an INED and member of the Audit Committee on 4 May 2020, the Company was in compliance with Rules 3.10(1) and 3.21 of the Listing Rules.

Following the resignation of Mr. Fok Ho Yin, Thomas on 10 June 2020, (i) the number of INEDs on the Board and the Audit Committee had fallen below the minimum of three members as required under Rules 3.10(1) and 3.21 of the Listing Rules and (ii) the absence of the Chairman for each of the Audit Committee and the remuneration committee of the Company (the "Remuneration Committee") does not meet the requirements under Rules 3.21 and 3.25 of the Listing Rules.

After the appointment of Mr. Wang Yuzhou as an INED and chairman of each of the Audit Committee and the Remuneration Committee on 30 June 2020, the Company was in compliance with Rules 3.10(1), 3.21 and 3.25 of the Listing Rules.

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. Chen Xiaxuan *(Chairman)* (appointed as an executive director on 13 January 2021 and Chairman of the Board on 25 June 2021)	N/A
Mr. Hu Hanyang	2/8
Mr. Weng Xiaoquan	2/8
Mr. Bo Dateng (appointed on 13 March 2020)	6/7
Mr. Xu David Hua (appointed as an executive director, Chairman of the Board and Chief Executive Officer on 15 March 2021 and resigned on 25 June 2021)	N/A
Mr. Zhang Liang (resigned as an executive director, Chairman of the Board and Chief Executive Officer on 10 March 2021)	8/8
Mr. Gao Fei (appointed on 13 March 2020 and resigned on 13 January 2021)	7/7
Mr. Yin Yilin (appointed on 13 March 2020 and resigned on 13 January 2021)	6/7
Mr. Ko Tin Kwok (resigned as an executive director and Vice Chairman of the Board on 13 March 2020)	N/A
Non-executive Director	
Mr. Chen Lei (appointed on 15 March 2021)	N/A
Independent Non-executive Directors	
Mr. Pun Hau Man (appointed on 4 May 2020)	5/5
Mr. Lo Ka Ki (appointed on 25 April 2021)	N/A
Mr. Wang Yuzhou (appointed on 30 June 2020 and resigned on 25 April 2021)	5/5
Mr. Fok Ho Yin, Thomas (resigned on 10 June 2020)	3/3
Mr. Lam Cheung Mau	8/8

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.

General Meetings

During the Current Year, 1 general meeting of the Company was held on 26 June 2020.

Name of Directors	Number of attendance/ eligible to attend
Executive Directors	
Mr. Chen Xiaxuan *(Chairman)* (appointed as an executive director on 13 January 2021 and Chairman of the Board on 25 June 2021)	N/A
Mr. Hu Hanyang	1/1
Mr. Weng Xiaoquan	1/1
Mr. Bo Dateng (appointed on 13 March 2020)	1/1
Mr. Xu David Hua (appointed as an executive director, chairman of the Board and Chief Executive Officer on 15 March 2021 and resigned on 25 June 2021)	N/A
Mr. Zhang Liang (resigned as an executive director, chairman of the Board and Chief Executive Officer on 10 March 2021)	1/1
Mr. Gao Fei (appointed on 13 March 2020 and resigned on 13 January 2021)	1/1
Mr. Yin Yilin (appointed on 13 March 2020 and resigned on 13 January 2021)	1/1
Mr. Ko Tin Kwok (resigned as an executive director and Vice Chairman of the Board on 13 March 2020)	1/1
Non-executive Director	
Mr. Chen Lei (appointed on 15 March 2021)	N/A
Independent Non-executive Directors	
Mr. Lam Cheung Mau	1/1
Mr. Pun Hau Man (appointed on 4 May 2020)	N/A
Mr. Lo Ka Ki (appointed on 25 April 2021)	1/1
Mr. Wang Yuzhou (appointed on 30 June 2020 and resigned on 25 April 2021)	1/1
Mr. Fok Ho Yin, Thomas (resigned on 10 June 2020)	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 one executive director, namely Mr. Chen Xiaxuan (as chairman), and three Independent Non-executive directors, namely Mr. Lo Ka Ki, Mr. Pun Hau Man and Mr. Lam Cheung Mau. 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, three Nomination Committee meetings were held (i) to review the re-election of the retiring Directors at the 2020 annual general meeting held on 26 June 2020 ("2020 AGM") and (ii) to review and formulate the Board's policies and practices on corporate governance and the appointment of new directors. 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. Chen Xianuan *(Chairman)* (appointed on 25 June 2021)	N/A
Mr. Lo Ka Ki (appointed on 25 April 2021)	N/A
Mr. Pun Hau man (appointed on 4 May 2021)	N/A
Mr. Lam Cheung Mau	2/3
Mr. Xu David Hua (appointed on 15 March 2021 and ceased to be the chairman of the Nomination Committee on 25 June 2021)	N/A
Mr. Wang Yuzhou (member since 30 June 2020 and ceased to be member on 25 April 2021)	N/A
Mr. Zhang Liang (ceased to be the Chairman of the Nomination Committee on 10 March 2021)	1/1
Mr. Fok Ho Yin, Thomas (ceased to be on 10 June 2020)	3/3

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 (as hereinafter defined).

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 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 "Board Diversity 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.

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 three independent non-executive Directors, namely Mr. Lo Ka Li (as chairman), Mr. Pun Hau Man 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. Lo Ka Ki *(Chairman)* (appointed on 25 April 2021)	N/A
Mr. Pun Hau Man (appointed on 4 May 2021)	N/A
Mr. Lam Cheung Mau	3/3
Mr. Wang Yuzhou (appointed on 30 June 2020 and ceased to be the chairman on 25 April 2021)	N/A
Mr. Fok Ho Yin, Thomas (ceased to be the Chairman on 10 June 2020)	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 three independent non-executive Directors, namely Mr. Lo Ka Li (as chairman), Mr. Pun Hau Man 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. Lo Ka Ki *(Chairman)* (appointed on 25 April 2021)	N/A
Mr. Pun Hau Man (appointed on 4 May 2021)	N/A
Mr. Lam Cheung Mau	2/2
Mr. Wang Yuzhou (appointed on 30 June 2020 and ceased to be the Chairman on 25 April 2021)	2/2
Mr. Fok Ho Yin, Thomas (ceased to be the Chairman on 10 June 2020)	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.

Following the resignation of Messrs. Li, Tang, Chen Co. on 29 March 2018, RSM Hong Kong was the auditor of the Company since 29 March 2018 for the financial year ended 31 March 2018, the financial period from 1 April 2018 to 31 December 2018 and the financial years ended 31 December 2019 and 31 December 2020.

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
Services in connection with potential disposal of Jinchang Disheng Solar Energy Company Limited	270
	270

COMPANY SECRETARY

During the Current Year, Ms. Cheung Hoi Fun has attended relevant professional training to update her 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 9 August 2021 ("2021 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 2021 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.

GOING CONCERN AND MITIGATION MEASURES

During the Current Year, the Group incurred a net loss of approximately HK$777,354,000. As at 31 December 2020, the Group's current liabilities exceeded its current assets by approximately HK$1,182,868,000. As at that date, the Group's total borrowings amounted to approximately HK$2,120,727,000, of which current borrowings amounted to approximately HK$1,769,733,000, while its cash and cash equivalents amounted to approximately HK$36,780,000 only.

On 15 May 2020, the Company received a winding-up petition issued by Cheer Hope Holdings Limited concerning a sum of approximately US$26,402,000 (equivalent to HK$205,935,000) and on 9 July 2020, the Company received another winding-up petition issued by AI Global Investment SPC (formerly known as Haitong Global Investment SPC III) concerning a sum of approximately US$7,601,000 (equivalent to HK$59,288,000). These conditions together with other matters described in note 2 to the consolidated financial statements, indicate the existence of material uncertainties, which may cast significant doubt about the Group's ability to continue as a going concern. However, the Company has been pursuing a number of measures to improve the Group's liquidity and financial position, to finance its operations and to restructure its borrowings as detailed in note 2 to the consolidated financial statements. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis. There is however no assurance that all or any of the above measures will be achieved to the extent and within the timeline expected. The directors will closely monitor progress and take appropriate measures to address any setback with a view to continuing to run the businesses as a going concern. During its review of the consolidated financial statements for the financial year ended 31 December 2020, the Audit Committee concurred with the going concern basis adopted by the Company.

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 2020 to 31 December 2020, 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 2020, the total amount of greenhouse gas emissions of the Group was 2,897 tonnes, most of which were indirect emissions from purchased electricity, with average CO2 emission of 8.7 kg per MWh of electricity sold.

	2020	2019
Total carbon emission	**2,897**	3,089
Scope 1 (Direct) carbon emission	**52**	55
Scope 2 (Indirect) carbon emission	**2,845**	3,034

Annual Emissions Reduction Contribution

During the year ended 31 December 2020, the Group has generated electricity volume of 332,990 MWh. The environmentally harmful by-products has been significantly reduced in comparison with coal-burning power plants in China.

Electricity generation	**unit**	**2020**	2019
Solar power plants	Megawatt hours (MWh)	**332,990**	356,940

Our environmental contributions in 2020:

	2020	2019
Reduction of carbon dioxide emissions approximately (in tonnes)	**332,008**	369,094
Reduction of sulphur dioxide emissions approximately (in tonnes)	**1,652**	1,849
Reduction of nitrogen oxide emissions approximately (in tonnes)	**982**	1,105
Reduction of dust emissions approximately (in tonnes)	**256**	294

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 2020, 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 2020 is as follows:

Consumption Index	**2020**	2019
Consumption of purchased electricity (MWh)	**5,829**	3,641
Less: unit of electricity sold (MWh)	**332,990**	356,940
Total direct and indirect energy consumption (MWh)	**(327,161)**	(353,299)
Average direct and indirect energy consumption per unit of electricity sold (kWh/kWh)	**(0.98)**	(0.99)
Total water consumption (cubic metre)	**7,500**	7,500
Average water consumption per unit of electricity sold (cubic metre/kWh)	**0.05**	0.05

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 36 to 38
KPI A1.1	The types of emissions and respective emissions data.	GHG Emission, Pollutants Management	page 37
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 37
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 38
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 38
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Annual Emissions Reduction Contribution, Pollutants Management	page 37
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Wastes Management	page 38

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 38
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 39
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resource Consumption	page 39
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Resource Conservation	page 38 to 39
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 38 to 39
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 37 and page 39
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 37 and page 39

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 40
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 40
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 40
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 41
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 41
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 41
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 42
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 42
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 submit herewith their annual 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 23 to the consolidated financial statements.

BUSINESS REVIEW

"Management Discussion and Analysis" on pages 8 to 18 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 2020 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 65 to 68.

FINAL DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders of the Company entitled to attend and vote at the annual general meeting of the Company to be held on 9 August 2021 ("2021 AGM"), the register of members of the Company will be closed from 4 August 2021 to 9 August 2021, 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 3 August 2021.

DISTRIBUTABLE RESERVES

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

	31.12.2020	31.12.2019
	HK$'000	*HK$'000*
Contributed surplus	**154,440**	154,440
Accumulated losses	**(4,491,119)**	(4,429,882)
	(4,336,679)	(4,275,442)

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 2020, 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. Chen Xiaxuan *(Chairman)*
(appointed as an executive director on 13 January 2021 and Chairman of the Board on 25 June 2021)
Mr. Hu Hanyang
Mr. Weng Xiaoquan
Mr. Bo Dateng (appointed on 13 March 2020)
Mr. Xu David Hua
(appointed as an executive director, Chairman of the Board and Chief Executive Officer on 15 March 2021 and resigned on 25 June 2021)
Mr. Zhang Liang
(resigned as an executive director, Chairman of the Board and Chief Executive Officer on 10 March 2021)
Mr. Gao Fei (appointed on 13 March 2020 and resigned on 13 January 2021)
Mr. Yin Yilin (appointed on 13 March 2020 and resigned on 13 January 2021)
Mr. Ko Tin Kwok (resigned as an executive director and Vice Chairman of the Board on 13 March 2020)

Non-executive Director

Mr. Chen Lei (appointed on 15 March 2021)

Independent Non-executive Directors

Mr. Lam Cheung Mau
Mr. Pun Hau Man (appointed on 4 May 2020)
Mr. Lo Ka Ki (appointed on 25 April 2021)
Mr. Wang Yuzhou (appointed on 30 June 2020 and resigned on 25 April 2021)
Mr. Fok Ho Yin, Thomas (resigned on 10 June 2020)

In accordance with clause 115 of the Company's Bye-Laws, Mr. Chen Xiaxuan, Mr. Chen Lei, Mr. Pun Hau Man and Mr. Lo Ka Ki being Directors appointed to fill a casusal vacancy on as an additional Director, shall hold office only until the 2021 annual general meeting ("2021 AGM") and, being eligibles, offer himself for re-election at the 2021 AGM.

In accordance with clause 111 of the Company's Bye-Laws, Mr. Weng Xiaoquan and Mr. Lam Cheung Mau shall retire from office by rotation at the 2021 AGM.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the 2021 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 2020 are set out in note 16 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme as disclosed in the section headed "Share Option Scheme" below, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year ended 31 December 2020 or subsisted at the said period.

SHARE OPTION SCHEME

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 2020, none of the Directors and chief executive of the Company had any interests or short positions 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.

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 2020, 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%
Mr. Ko Tin Kwok *(Note 25)*	Interest in a controlled corporation *(Note 25)*	4,092,084,312 (L)	43.65%
Creaton Holdings	Interest in a controlled corporation *(Note 4)*	4,092,084,312 (L)	43.65%
Shandong Hi-Speed Investment Fund	Beneficial owner	831,000,000 (L)	8.86%
Shandong Hi-Speed Investment Fund Management	Interest of controlled Corporation *(Note 5)*	831,000,000 (L)	8.86%
Shandong Hi-Speed Investment Holding	Interest of controlled Corporation *(Note 6)*	831,000,000 (L)	8.86%
Shandong Hi-Speed Group	Interest of controlled Corporation *(Note 7)*	1,508,736,000 (L)	16.09%
Dongying Yellow River	Interest of controlled Corporation *(Note 8)*	831,000,000 (L)	8.86%
Mr. Qin Zhongyue	Interest of controlled Corporation *(Note 9)*	831,000,000 (L)	8.86%
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%

Name of Shareholders	Capacity	Number of Shares interested *(Note 1)*	Approximate percentage of issued Shares
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%
Ho Kwok Leung Glen	Agent *(Note 26)*	4,363,014,000 (L)	46.54%
Lai Kar Yan	Agent *(Note 26)*	4,363,014,000 (L)	46.54%
Industrial Bank Company Limited, Hong Kong Branch	Security interest in shares *(Note 26)*	4,363,014,000 (L)	46.54%

Notes:

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

2. As at 31 December 2020, Gorgeous Investment Group Holding Co., Limited* ("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 2020, 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 2020, 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 2020, Shandong Hi-Speed Investment Fund Management Ltd. ("Shandong Hi-Speed Investment Fund") was a wholly-owned subsidiary of Shandong Hi-Speed Investment Fund Management Company Limited* ("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 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 was therefore deemed to have an interest in all the Shares in which Shenzhen Dachang was interested under the SFO.

14. As at 31 December 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 the Shares beneficially owned by trust by CCB Financial Holdings Limited under the SFO.

25. As at 31 December 2020, 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 in which Rich Crown and Creaton Holdings were interested under the SFO. Mr. Ko Tin Kwok resigned as an executive director on 13 March 2020.

26. In accordance with DI notices filed by Mr. Ho Kwok Leung Glen ("Mr. Ho"), Mr. Lai Kar Yan ("Mr. Lai") and Industrial Bank Company Limited, Hong Kong Branch ("IBCL"), on 7 December 2020, (i) Mr. Ho and Mr. Lai were appointed as joint and several receivers and managers over 4,363,014,000 shares of the Company held by Gorgeous Investment and Golden Value Worldwide Limited (the "Charged Shares") and (ii) IBCL enforced the Charged Shares as chargee by notifying the relevant broker through Mr. Ho and Mr. Lai.

Save as disclosed above, as at 31 December 2020, 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 2020 are set out in note 23 to the consolidated financial statements.

BORROWINGS

Particulars of borrowings of the Group at 31 December 2020 are set out in note 37 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Contracts with the Group's five largest customers combined by value, accounted for 75.4% in value of total revenue during the Current Year, while contracts with the Group's largest customer by value, accounted for 40.8% 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$18,118,000, of which contributions to defined contribution retirement schemes were approximately HK$533,000. 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.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Disposal of a subsidiary

The Company announced on 27 January 2021, among other things, Qingdao Guxin Electricity Investment Company Limited* ("Qingdao Guxin"), an indirect wholly-owned subsidiary of the Company and as the seller, entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Gansu Jintai Electricity Company Limited* ("Gansu Jintai") as the purchaser, in respect of the disposal of, the entire issued share capital of Jinchang Disheng Solar Energy Company Limited* ("Jinchang Disheng") and the outstanding shareholder's loan of approximately RMB138,480,000 due from Jinchang Disheng to the Group (the "Jinchang Disheng Disposal"), at a consideration of RMB350,000,000 (the "Consideration"). The completion of the Jinchang Disheng Disposal is conditional upon satisfaction of the conditions precedent set out in the Sale and Purchase Agreement, including the approval from the shareholders of the Company in the Company's extraordinary general meeting to be convened. For details of the Jinchang Disheng Disposal, please refer to the announcement of the Company dated 27 January 2021.

The first payment of the Consideration amounting to RMB300,000,000 was received by the Group on 3 February 2021. However, should the Jinchang Disheng Disposal eventually not be completed, the Group would be required to refund RMB300,000,000 to Gansu Jintai.

Possible mandatory general offer

As announced by the Company on 5 February 2021, the Company was informed by Rich Crown International Industries Limited ("Rich Crown") together with Gorgeous Investment Group Holdings Co., Limited ("Gorgeous Investment") that a dispute has arisen to which Gorgeous Investment is a party. As at the date of that announcement, Gorgeous Investment was the legal and beneficial owner of 4,092,084,312 shares of the Company, representing approximately 43.65% of the entire issued share capital of the Company. Gorgeous Investment is a wholly-owned subsidiary of Shanghai Gorgeous Investment Development Company Limited, which in turn is held by Shanghai Gu Yuan Property Development Company Limited ("Shanghai Gu Yuan") as to 75.66%. The equity interest of Shanghai Gu Yuan is held by Rich Crown and Creaton Holdings Limited ("Creaton") as to 59.79% and 40.21%, respectively. The equity interest of each of Rich Crown and Creaton is held by Mr. Ko Tin Kwok as to 100%.

The said dispute involved a facility agreement which was entered into between Rich Crown and Industrial Bank Co., Ltd. (the "Lender") in 2018. The facility agreement was secured by a total of 4,363,014,000 shares of the Company (accounted for 46.54% of the total issued share capital of the Company) (the "Pledged Shares") by way of two account charges, being (i) an account charge executed by Gorgeous Investment (as chargor) in favour of the Lender, and (ii) an account charge executed by another company (as chargor) also in favour of the Lender. In December 2020, the Lender has purportedly taken action to enforce the security interest in the Pledged Shares and appointed the purported receivers (the "Purported Receivers") over the Pledged Shares (the "Receivership"). The Board was given to understand that Gorgeous Investment has already sought legal advices and has taken active legal actions against the Lender and the Purported Receivers.

The appointment of the Purported Receivers as the receivers over the Pledged Shares may result in the sale of the Pledged Shares to other third-party purchasers, which may in turn trigger a mandatory general offer for relevant securities of the Company. The Company was informed by the Purported Receivers that they have been in discussions with several investors and no legally binding agreement in relation to the Pledged Shares has been executed. The appointment of the Purported Receivers may or may not lead to a mandatory general offer.

For details of the possible mandatory general offer, please refer to the announcements of the Company dated 5 February 2021, 8 March 2021, 8 April 2021, 7 May 2021, and 7 June 2021.

Withdrawal and dismissal of winding-up petitions

As announced by the Company on 15 May 2020, 20 May 2020 and 10 July 2020, the Company has received two winding-up petitions, with Cheer Hope Holdings Limited ("Cheer Hope") and AI Global Investment SPC (acting on behalf of and for the account of AI Investment Fund S.P.) ("AI Global") being the petitioner, respectively (the "Cheer Hope Petition" and "AI Global Petition"). The Company has successfully entered into settlement agreements with, inter alia, AI Global and Cheer Hope respectively (the "AI Global Settlement Agreement" and "Cheer Hope Settlement Agreement"), details of the settlement agreements are set out in the announcement of the Company dated 1 February 2021. Reference is made to the announcements of the Company dated 5 February 2021 and 30 April 2021. The Company has, via its subsidiary, effected payment of the AI Global settlement sum to AI Global. Pursuant to the AI Global Settlement Agreement, the Company and AI Global have executed and filed a consent summons to the High Court to withdraw the AI Global Petition and an order of the same has been granted. The Company has also, via its subsidiary, effected payment of the Cheer Hope settlement sum to Cheer Hope. Pursuant to the Cheer Hope Settlement Agreement, the Company and Cheer Hope have executed and filed a consent summons to the High Court to dismiss the Cheer Hope Petition, and the Company has received the sealed court order from the High Court that, inter alia, the Cheer hope Petition has been dismissed.

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 three independent non-executive Directors of the Company as at 31 December 2020.

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

Upon the resignation of Messrs. Li, Tang, Chen & Co. on 29 March 2018, RSM Hong Kong was first appointed as the auditor of the Company on 29 March 2018. Save as disclosed herein, there has been no other change of auditor in the past three years.

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

The 2021 AGM will be held on 9 August 2021. Details of 2021 the AGM are set out in the notice of the 2021 AGM which constitutes part of the circular to be sent to the Company's shareholders together with the Annual Report. Notice of the 2021 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
Chen Xiaxuan
Chairman

Hong Kong, 30 June 2021

RSM

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

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of China Smarter Energy Group Holdings Limited and its subsidiaries (the "Group") set out on pages 65 to 154, which comprise the consolidated statement of financial position as at 31 December 2020, 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.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OPINION

1. Scope limitation in relation to going concern

We draw attention to note 2 to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK$777,354,000 for the year ended 31 December 2020 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$1,182,868,000. As at that date, the Group's total borrowings amounted to approximately HK$2,120,727,000, of which current borrowings amounted to approximately HK$1,769,733,000, while its cash and cash equivalents amounted to approximately HK$36,780,000 only.

As at 31 December 2020, the Group received two winding-up petitions from Cheer Hope Holdings Limited ("Cheer Hope") and AI Global Investment SPC ("AI Global"), concerning an aggregated sum of approximately US$34,003,000 (equivalent to HK$265,223,000). The total outstanding principal and interest payable of these two loans was HK$349,369,000 (equivalent to RMB293,179,000) as at 31 December 2020. The Group was also in default of the repayments of other loans with total principal amount of RMB745,400,000 (equivalent to HK$885,685,000), and the installment repayments of a bank loan with total principal amount of RMB465,900,000 (equivalent to HK$553,582,000).

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.

BASIS FOR DISCLAIMER OPINION (cont'd)

1. Scope limitation in relation to going concern (cont'd)

On 27 January 2021, Qingdao Guxin Electricity Investment Company Limited ("Qingdao Guxin"), a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with Gansu Jintai Electricity Company Limited to sell the entire issued share capital of Qingdao Guxin's wholly owned subsidiary, Jinchang Disheng Solar Energy Company Limited ("Jinchang Disheng"), and the outstanding shareholder's loan of approximately RMB138,480,000 due from Jinchang Disheng to the Group at a consideration of RMB350,000,000 (the "Consideration") (the "Jinchang Disheng Disposal"). The completion of the Jinchang Disheng Disposal is conditional upon satisfaction of the conditions precedent set out in the Sale and Purchase Agreement, including the approval from the shareholders of the Company in the Company's extraordinary general meeting to be convened. Details of the Jinchang Disheng Disposal are set out in the Company's announcement dated 27 January 2021. The Jinchang Disheng Disposal has not yet been completed as at the date of approval of these financial statements.

The first payment of the Consideration amounting to RMB300,000,000 was received by the Group on 3 February 2021. However, should the Jinchang Disheng Disposal eventually not be completed, the Group will be required to refund RMB300,000,000 to Gansu Jintai Electricity Company Limited.

On 3 February 2021, the Group made a payment of RMB129,778,000 to AI Global. On 5 February 2021, the Company and AI Global have executed and filed a consent summons to the High Court of Hong Kong to withdraw the AI Global Petition and an order of the same has been granted.

On 3 February 2021, the Group also made a payment of RMB163,401,000 to Cheer Hope. Cheer Hope and the Company have executed and filed a consent summons to the High Court of Hong Kong to dismiss the Cheer Hope Petition. On 30 April 2021, the Company received the sealed court order from the High Court of Hong Kong that, inter alia, the Cheer Hope Petition was dismissed.

In view of these circumstances, the directors have estimated the Group's cash requirements by preparing a Group cashflow forecast for the 12 months ending 31 December 2021 and have, during the year and up to the date of the approval of these consolidated financial statements, instituted the financing plans and measures as set out in note 2 to the consolidated financial statements to mitigate the liquidity pressure on the Group, to restructure its financial obligations and to improve its financial position. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the successful outcome of these measures, which are subject to multiple uncertainties including:

(a) the successful completion of the procedures of the Jinchang Disheng Disposal;

(b) the successful negotiation with the lenders for extension of the maturity date of debts fallen due or expected to fall due within the next 12 months;

(c) the successful negotiation with the lenders of borrowings maturing after the next 12 months, requesting to further delay the loan repayment schedules;

(d) the successful obtaining of other possible financings; and

(e) the successful disposal of further solar power plants of the Group.

BASIS FOR DISCLAIMER OPINION (cont'd)

1. Scope limitation in relation to going concern (cont'd)

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 effects of these adjustments have not been reflected in these consolidated financial statements.

We were unable to obtain sufficient audit evidence about the appropriateness of the preparation of the consolidated financial statements on a going concern basis due to the combined effects of the multiple uncertainties described above.

2. Scope limitation on the valuation of financial assets at fair value through other comprehensive income ("FVTOCI")

As disclosed in note 24 to the consolidated financial statements, the Group invested in certain equity securities and accounted for these investments as financial assets at FVTOCI with total fair value of HK$189,064,000 as at 31 December 2020. These included equity securities with a fair value of HK$177,424,000 estimated using a market approach with reference to recent market transactions and equity securities with a fair value of HK$11,640,000 estimated using a market approach based on price to book ratios.

During the course of our audit, we were not provided with the relevant documents or information, including the financial information of the investee entities, in measuring their fair value. Accordingly, we were unable to obtain sufficient appropriate audit evidence about the fair values of these investments.

As a result, we were unable to determine whether any adjustments might have been found necessary in respect of the carrying amounts of financial assets at FVTOCI as at 31 December 2020 and fair value changes recorded in other comprehensive income for the year then ended.

3. Scope limitation on the estimation of expected credit losses on refundable deposits

As disclosed in note 27 to the consolidated financial statements, the Group had refundable deposits amounting to HK$335,646,000 receivable from a vendor in relation to a potential acquisition which was terminated in the prior year. In March 2020, the Group agreed a repayment timetable with the vendor to settle the refundable deposits by 30 September 2020 and such was pledged by certain solar plants and machineries owned by the vendor to secure the repayments of the deposits to the Group. The vendor was in default of the payment on 30 September 2020. The directors estimated the expected credit losses of the refundable deposits to be insignificant as at 31 December 2020 and considered the deposits would be fully recoverable.

We were not provided with the financial information of the vendor nor information to support the assets pledged by the vendor as security for settlement of the refundable deposits in order for us to assess the financial capability of the vendor to repay the deposits. Accordingly, we were unable to obtain sufficient appropriate audit evidence to determine whether the expected credit losses on the refundable deposits were properly stated.

As a result, we were unable to determine whether any adjustments might have been found necessary in respect of the carrying amounts of the refundable deposits as at 31 December 2020 and expected credit losses recognised in profit or loss for the year then ended.

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 Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with the Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

However, because of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

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.

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

30 June 2021

Consolidated Statement of Profit or Loss

for the Year Ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Continuing operations			
Revenue	8	**560,450**	1,122,958
Cost of sales		**(449,466)**	(1,021,549)
Gross profit		**110,984**	101,409
Other income	9	**8,458**	11,051
Other gains and losses	10	**(147)**	29,609
Impairment losses on property, plant and equipment	20	**(309,861)**	–
Impairment losses on intangible assets	22	**(144,399)**	–
Impairment losses on trade receivables		**(694)**	(7,407)
Impairment losses on loans receivable		**–**	(32,700)
(Impairment losses)/reversal of impairment losses on other receivables		**(13,907)**	83
Provisions for litigations and claims	35	**(236,932)**	–
Administrative and operating expenses		**(59,543)**	(62,251)
(Loss)/profit from operations		**(646,041)**	39,794
Finance costs	12	**(169,682)**	(160,339)
Loss before tax		**(815,723)**	(120,545)
Income tax credit/(expense)	13	**38,369**	(3,511)
Loss for the year from continuing operations	14	**(777,354)**	(124,056)
Discontinued operations			
Profit for the year from discontinued operations	17	**–**	2,195
Loss for the year		**(777,354)**	(121,861)
Attributable to:			
Owners of the Company		**(772,377)**	(122,175)
Non-controlling interests		**(4,977)**	314
		(777,354)	(121,861)
Loss per share	19		
From continuing and discontinued operations			
Basic (cents per share)		**(8.24)**	(1.30)
Diluted (cents per share)		**(8.24)**	(1.30)
From continuing operations			
Basic (cents per share)		**(8.24)**	(1.33)
Diluted (cents per share)		**(8.24)**	(1.33)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2020

	2020 *HK$'000*	2019 *HK$'000*
Loss for the year	**(777,354)**	(121,861)
Other comprehensive income:		
Item that will not be reclassified to profit or loss:		
Fair value changes of financial assets at fair value through other comprehensive income ("FVTOCI")	**(42,490)**	(34,191)
Item that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**33,561**	(17,553)
Other comprehensive income for the year, net of tax	**(8,929)**	(51,744)
Total comprehensive income for the year	**(786,283)**	(173,605)
Attributable to:		
Owners of the Company	**(781,306)**	(173,919)
Non-controlling interests	**(4,977)**	314
	(786,283)	(173,605)

Consolidated Statement of Financial Position

At 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	20	**1,708,778**	2,053,798
Right-of-use assets	21	**20,340**	35,870
Intangible assets	22	**479,265**	627,992
Financial assets at FVTOCI	24	**189,064**	231,554
Club membership debenture	24	**130**	130
Contract assets	25	**–**	7,564
Total non-current assets		**2,397,577**	2,956,908
Current assets			
Trade and bill receivables	25	**813,194**	695,021
Prepayments, deposits and other receivables	26	**80,367**	100,033
Refundable deposits	27	**335,646**	333,564
Financial assets at fair value through profit or loss ("FVTPL")	28	**46**	36
Contract assets	25	**–**	46,085
Derivative financial instruments	39	**25,841**	1,751
Loans receivable	29	**–**	–
Restricted bank deposit	30	**1,299**	6,979
Cash and bank balances	31	**36,780**	48,523
Total current assets		**1,293,173**	1,231,992
LIABILITIES			
Current liabilities			
Trade payables	32	**47**	185,716
Other payables and accruals	33	**395,291**	225,276
Amounts due to related parties	34	**46,302**	–
Provisions for litigations and claims	35	**250,354**	–
Lease liabilities	36	**6,026**	8,851
Bank and other borrowings	37	**1,769,733**	1,277,312
Current tax liabilities		**8,288**	1,502
Total current liabilities		**2,476,041**	1,698,657
Net current liabilities		**(1,182,868)**	(466,665)
Total assets less current liabilities		**1,214,709**	2,490,243

Consolidated Statement of Financial Position

At 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	*36*	**14,796**	26,452
Bank and other borrowings	*37*	**350,994**	789,336
Deferred tax liabilities	*38*	**194,018**	233,271
Total non-current liabilities		**559,808**	1,049,059
Net assets		**654,901**	1,441,184
EQUITY			
Equity attributable to owners of the Company			
Share capital	*40*	**23,436**	23,436
Other reserves	*43*	**629,313**	1,410,619
		652,749	1,434,055
Non-controlling interests		**2,152**	7,129
Total equity		**654,901**	1,441,184

Approved by the Board of Directors on 30 June 2021 and are signed on its behalf by:

Chen Xiaxuan **Pun Hau Man**

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2020

	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$'000*	Investment revaluation reserve *(note 43(b)(iii))* *HK$'000*	Exchange fluctuation reserve *(note 43(b)(iv))* *HK$'000*	Statutory reserve fund *(note 43(b)(v))* *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
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
At 1 January 2020	23,436	4,157,427	77,102	(109,040)	(104,966)	7,814	(2,617,718)	1,434,055	7,129	1,441,184
Total comprehensive income for the year	–	–	–	(42,490)	33,561	–	(772,377)	(781,306)	(4,977)	(786,283)
Appropriation to statutory reserve	–	–	–	–	–	971	(971)	–	–	–
Changes in equity for the year	–	–	–	(42,490)	33,561	971	(773,348)	(781,306)	(4,977)	(786,283)
At 31 December 2020	23,436	4,157,427	77,102	(151,530)	(71,405)	8,785	(3,391,066)	652,749	2,152	654,901

Consolidated Statement of Cash Flows

for the Year Ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax			
Continuing operations		**(815,723)**	(120,545)
Discontinued operations		**–**	3,792
		(815,723)	(116,753)
Adjustments for:			
Dividend income from financial assets at FVTPL		**(1)**	(370)
Dividend income from financial assets at FVTOCI		**(374)**	(343)
Bank interest income		**(40)**	(92)
Interest income from loans receivable		**–**	(4,305)
Imputed interest income of accrued revenue on tariff subsidy		**(8,379)**	(6,535)
Depreciation of property, plant and equipment		**136,775**	141,227
Impairment losses on property, plant and equipment		**309,861**	–
Impairment losses on intangible assets		**144,399**	–
Depreciation of right-of-use assets		**9,120**	8,099
Amortisation of intangible assets		**33,221**	33,513
Property, plant and equipment written off		**–**	96
Loss on disposal of property, plant and equipment		**3**	–
Loss on disposal of a subsidiary		**–**	1,563
Impairment losses on trade receivables		**694**	7,407
Impairment losses/(reversal of impairment losses) on other receivables		**13,907**	(83)
Impairment losses on loans receivable		**–**	32,700
Net realised and unrealised gains on listed trading equity securities		**–**	(6,202)
Gain on early termination of lease		**(299)**	–
Loss on forfeited rental deposit		**1,679**	–
Interest expenses		**169,682**	160,663
Gain on refinancing		**–**	(14,212)
Provisions for litigations and claims		**236,932**	–
Operating profit before working capital changes		**231,457**	236,373
Decrease in financial assets at FVTPL		**–**	55,067
Increase in trade receivables		**(102,916)**	(313,020)
Decrease/(increase) in contract assets		**54,397**	(18,522)
Decrease in prepayments, deposits and other receivables		**9,878**	9,692
Decrease/(increase) in restricted bank deposit		**5,680**	(6,695)
(Decrease)/increase in trade payables		**(185,669)**	185,716
Increase in other payables and accruals		**18,647**	44,148
(Increase)/decrease in derivative financial instruments		**(24,090)**	3,736
Net cash generated from operations		**7,384**	196,495

	Note	2020 HK$'000	2019 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES (cont'd)			
Net cash generated from operations		**7,384**	196,495
Income tax paid		**(6,139)**	(10,275)
Interest on lease liabilities		**(1,050)**	(1,616)
Net cash generated from operating activities		**195**	184,604
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of a subsidiary	*44(a)*	**–**	14,198
Dividend received from financial assets at FVTOCI		**374**	343
Dividend received from financial assets at FVTPL		**1**	370
Loans receivable received		**–**	25,100
Bank interest received		**40**	92
Loan interest received		**–**	4,305
Purchases of property, plant and equipment		**(39)**	(92)
Payment for right-of-use assets		**(321)**	–
Net cash generated from investing activities		**55**	44,316
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**–**	(143,319)
Advance from related parties		**46,302**	–
Repayment of bank loans		**(52,023)**	(155,435)
Principal elements of lease payment		**(8,157)**	(7,906)
Net cash used in financing activities		**(13,878)**	(306,660)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(13,628)**	(77,740)
Effect of foreign exchange rate changes		**1,885**	446
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**48,523**	125,817
CASH AND CASH EQUIVALENTS AT END OF YEAR		**36,780**	48,523

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 Room 2609, 26/F, Great Eagle Centre, No. 23 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 23 to the consolidated financial statements.

2. BASIS OF PREPARATION

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

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

Going concern basis

The Group incurred a net loss of approximately HK$777,354,000 for the year ended 31 December 2020 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$1,182,868,000. As at that date, the Group's total borrowings amounted to approximately HK$2,120,727,000, of which current borrowings amounted to approximately HK$1,769,733,000, while its cash and cash equivalents amounted to approximately HK$36,780,000 only.

On 15 May 2020, the Company received a winding-up petition issued by Cheer Hope Holdings Limited ("Cheer Hope") concerning a sum of approximately US$26,402,000 (equivalent to HK$205,935,000)(the "Cheer Hope Petition") and on 9 July 2020, the Company received another winding-up petition issued by AI Global Investment SPC (formerly known as Haitong Global Investment SPC III) ("AI Global") concerning a sum of approximately US$7,601,000 (equivalent to HK$59,288,000)(the "AI Global Petition"). Details of these two petitions were set out in the announcements of the Company dated 15 May 2020, 20 May 2020 and 10 July 2020. The total outstanding principal and interest payable of these two loans were HK$349,369,000 (equivalent to RMB293,179,000) as at 31 December 2020.

2. BASIS OF PREPARATION (cont'd)

Going concern basis (cont'd)

As at 31 December 2020, the Group was also in default of the repayment of other loans with total principal amount of RMB745,400,000 (equivalent to HK$885,685,000), and the installment repayments of a bank loan with total principal amount of RMB465,900,000 (equivalent to HK$553,582,000).

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.

On 27 January 2021, Qingdao Guxin Electricity Investment Company Limited ("Qingdao Guxin"), a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement (the "S&P Agreement") with Gansu Jintai Electricity Company Limited ("Gansu Jintai") to sell the entire issued share capital of Qingdao Guxin's wholly owned subsidiary, Jinchang Disheng Solar Energy Company Limited ("Jinchang Disheng"), and the outstanding shareholder's loan of approximately RMB138,480,000 due from Jinchang Disheng to the Group at a consideration of RMB350,000,000 (the "Consideration") (the "Jinchang Disheng Disposal"). The completion of the Jinchang Disheng Disposal is conditional upon satisfaction of the conditions precedent set out in the S&P Agreement, including the approval from the shareholders of the Company in the Company's extraordinary general meeting to be convened. Details of the Jinchang Disheng Disposal are set out in the Company's announcement dated 27 January 2021. The Jinchang Disheng Disposal has not yet been completed as at the date of approval of these financial statements.

The first payment of the Consideration amounting to RMB300,000,000 was received by the Group on 3 February 2021. Should the Jinchang Disheng Disposal eventually not be completed, the Group will be required to refund RMB300,000,000 to Gansu Jintai.

On 3 February 2021, the Group made a payment of RMB129,778,000 to AI Global. On 5 February 2021, the Company and AI Global have executed and filed a consent summons to the High Court of Hong Kong to withdraw the AI Global Petition and an order of the same has been granted.

On 3 February 2021, the Group had also made a payment of RMB163,401,000 to Cheer Hope. Cheer Hope and the Company have executed and filed a consent summons to the High Court of Hong Kong to dismiss the Cheer Hope Petition. On 30 April 2021, the Company received the sealed court order from the High Court of Hong Kong that, inter alia, the Cheer Hope Petition was dismissed.

2. BASIS OF PREPARATION (cont'd)

Going concern basis (cont'd)

The directors have estimated the Group's cash requirements by preparing a Group cashflow forecast for the 12 months ending 31 December 2021 and have, during the year and up to the date of the approval of these consolidated financial statements, instituted the following financing plans and measures to mitigate the liquidity pressure on the Group, to restructure its financial obligations and to improve its financial position:

(a) The Group has been working to complete the procedures required to execute the Jinchang Disheng Disposal;

(b) The Group has been negotiating with its lenders for the extension of the maturity dates of debts fallen due or expected to fall due within the next 12 months;

(c) The Group has been negotiating with its lenders of borrowings maturing after the next 12 months, requesting to further delay the loan repayment schedules;

(d) The Group has been working to obtain other possible financings;

(e) The Group has been working to dispose certain of its other solar power plants.

The directors of the Company therefore consider it appropriate in light of the above financing plans and measures 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 Group has applied the Amendments to Reference to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments had no impact on the consolidated financial statements.

Amendments to HKFRS 3 Definition of a Business

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The application of the amendments had no impact on the consolidated financial statements.

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 applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2020. 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 16 COVID-19 Related Rent Concession	1 June 2020
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to HKFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37 Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRSs 2018 – 2020 Cycle	1 January 2022
Amendments to HKAS 1 Classification of Liabilities as Current or Non-current	1 January 2023
HKFRS 17 Insurance Contracts and the related Amendments	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 Definition of Accounting Estimates	1 January 2023
Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	date to be determined

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 FVTPL and financial assets at FVTOCI 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(a) Consolidation

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

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

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

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

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

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Consolidation (cont'd)

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

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

(b) Business combination and goodwill

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

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

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

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Foreign currency translation

(i) Functional and presentation currency

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

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

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

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

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

(iii) Translation on consolidation

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Foreign currency translation (cont'd)

(iii) Translation on consolidation (cont'd)

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

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

(d) Property, plant and equipment

Property, plant and equipment 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, with the effect of any changes in estimate accounted for on a prospective basis.

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Intangible assets (acquired separately)

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

(f) 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.

(i) The Group as a lessee

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Leases (cont'd)

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

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.

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 lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

(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(x) and are reclassified to receivables when the right to the consideration has become unconditional.

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

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

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) 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.

(p) Equity instruments

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

(q) Derivative financial instruments

Derivatives are initially recognised 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.

(r) 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 arising from sales of electricity is recognised at a point in time in the accounting period when electricity is generated and transmitted. The revenue from sales 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.

Tariff subsidy represents subsidy received and receivable from the sales of electricity to the customer pursuant on the government policy on subsidies of solar energy in respect of the Group's solar power generation business. Tariff subsidy is recognised at a point in time 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.

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Revenue and other income (cont'd)

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.

(s) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Pension obligations

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

(iii) Termination benefits

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

(t) Borrowing costs

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Government grants

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

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

(v) Taxation

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

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

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

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Taxation (cont'd)

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.

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.

(w) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the CGU 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 CGU.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(x) Impairment of financial assets and contract assets

The Group recognises a loss allowance for ECL on trade and bill receivables, contract assets, deposits and other receivables, loans receivable, restricted bank deposits as well as 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.

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

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

Significant increase in credit risk

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Significant increase in credit risk (cont'd)

– existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

– an actual or expected significant deterioration in the operating results of the debtor;

– significant increases in credit risk on other financial instruments of the same debtor;

– an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Definition of default

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

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

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

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

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

– significant financial difficulty of the issuer or the counterparty;

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

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

– 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Measurement and recognition of ECL

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

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

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

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

(y) Provisions and contingent liabilities

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(z) Events after the reporting period

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

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

(i) Critical judgements in applying accounting policies

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

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

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

In August 2013, the National Development and Reform Commission of the People's Republic of China ("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 directors 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, after 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. Accordingly, in the opinion of the directors, the recognition of accrued revenue on tariff subsidy is appropriate.

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

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

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

During the year ended 31 December 2020, all of the Group's operating solar farms were successfully registered on the catalogue.

Further, the accrued revenues 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.

(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 before the goods are transferred to the customers. In making this determination, the Group 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 of the goods before the goods are transferred to the customer 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.

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

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

(d) Significant increase in credit risk

As explained in note 4, 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.

(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 successful implementation of financing plans and 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.

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

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

(a) Property, plant and equipment and depreciation (cont'd)

The carrying amount of property, plant and equipment at 31 December 2020 was approximately HK$1,708,778,000 (2019: HK$2,053,798,000).

(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 CGU 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.

Impairment losses of HK$309,861,000, HK$144,399,000 and HK$Nil (2019: HK$Nil, HK$Nil and HK$Nil respectively) were recognised for the year ended 31 December 2020 to write down the carrying amount of the property, plant and equipment, intangible assets and right of use assets to the recoverable amount of the CGUs belonged respectively. The carrying amount of property, plant and equipment, intangible assets and right-of-use assets net of impairment losses as at 31 December 2020 were HK$1,708,778,000 (2019: HK$2,053,798,000), HK$479,265,000 (2019:HK$627,992,000) and HK$20,340,000 (2019: HK$35,870,000) respectively.

(c) Income taxes

The Group is subject to income taxes mainly in statutory jurisdictions of Hong Kong, the PRC and Singapore. 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 2020, HK$38,369,000 of income tax was credited to profit or loss (2019: HK$3,511,000 debited) based on the estimated profit from continuing operations.

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

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

(d) Fair value of financial assets at FVTOCI

In the absence of quoted market prices in an active market, the directors estimate the fair value of the Group's financial assets at FVTOCI, details of which are set out in note 24 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 financial assets at FVTOCI at 31 December 2020 was HK$189,064,000 (2019: HK$231,554,000).

(e) Impairment of trade and bill receivables and contract assets

The management of the Group estimates the amount of impairment loss for ECL on trade and bill receivables and contract assets based on the credit risk of trade and bill 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 2020, the carrying amount of trade and bill receivables and contract assets is HK$813,194,000 (net of allowance for doubtful debts of HK$30,368,000) (2019: HK$748,670,000 (net of allowance for doubtful debts of HK$27,904,000)).

(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.

(b) 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 investing and 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. There is a track record of regular repayment of receivables from sales of electricity to these customers. 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. Tariff subsidy receivables are settled 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 subsidy receivables, the directors are of the opinion that the risk of default is not significant.

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

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

6. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Credit risk (cont'd)

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

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 2020:

	2020		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	***HK$'000***	***HK$'000***
Current (not past due)	**1%**	**457**	**5**
1 – 30 days past due	**3%**	**551**	**17**
More than 30 days past due	**100%**	**30,346**	**30,346**
		31,354	**30,368**

	2019		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	*HK$'000*	*HK$'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

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.

For bills receivable, bills are issued by counterparties at reputable banks and credit risk is considered to be low. Those counterparties do not have defaults in the past. Therefore, expected credit loss rate is assessed to be insignificant and no provision was made as at each of the end of reporting period.

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 these trade receivables is considered to be insignificant.

Included in the trade receivables, there are unbilled invoices amounted to HK$646,998,000 (2019: HK$623,589,000) (note 25).

6. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Credit risk (cont'd)

Other financial assets at amortised cost

Except for the refundable deposits and those other receivables with credit losses, the Group considers the credit risk of other financial assets as insignificant when they have low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term, and the impairment losses recognised is therefore limited to 12 months ECL.

Refundable deposits

The ECL of refundable deposits as at 31 December 2020 were estimated by management using the general approach. In March 2020, the Group agreed a repayment timetable with the vendor to settle the refundable deposits by 30 September 2020 and such was pledged by certain solar plants and machineries owned by the vendor to secure the repayments of the deposits to the Group. Based on the assessment performed by the Group, the refundable deposits were considered as credit-impaired as at 31 December 2020 as the vendor was unable to make payment upon request from the Group. No loss allowance on the refundable deposits was recognised in profit or loss during the year ended 31 December 2020 (note 27).

(c) 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 Group had net current liabilities of HK$1,182,868,000 as at 31 December 2020. The Group was also in default of loans with principal amounts totaling HK$1,439,267,000 as at 31 December 2020. The plans and measures instituted by the directors to mitigate these liquidity risks are disclosed in note 2.

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 *HK$'000*	Between 1 and 2 years *HK$'000*	Between 2 and 5 years *HK$'000*	Over 5 years *HK$'000*	Total *HK$'000*
At 31 December 2020					
Trade payables	**47**	**–**	**–**	**–**	**47**
Other payables and accruals	**395,291**	**–**	**–**	**–**	**395,291**
Amounts due to related parties	**46,302**	**–**	**–**	**–**	**46,302**
Bank and other borrowings	**1,787,068**	**63,004**	**188,247**	**155,534**	**2,193,853**
Lease liabilities	**6,603**	**4,205**	**2,056**	**15,821**	**28,685**
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

6. FINANCIAL RISK MANAGEMENT (cont'd)

(c) 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 2020					
Derivative – net settlement					
Oil futures contracts	**61,949**	**–**	**–**	**–**	**61,949**
At 31 December 2019					
Derivative – net settlement					
Oil futures contracts	29,395	–	–	–	29,395

(d) Interest rate risk

At 31 December 2020, the Group had bank and other borrowings of HK$1,567,145,000 (31 December 2019: HK$1,545,287,000) 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 2020, the Group had bank deposits of HK$28,084,000 (31 December 2019: HK$19,822,000) and bank loans of HK$553,582,000 (31 December 2019: HK$521,361,000), 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$4,350,000 (2019: HK$4,724,000) higher/lower respectively.

6. FINANCIAL RISK MANAGEMENT (cont'd)

(e) Categories of financial instruments

	2020 *HK$'000*	2019 *HK$'000*
Financial assets:		
Financial assets at FVTPL:		
– Unlisted investment funds *(note 28)*	**46**	36
– Derivative financial assets *(note 39)*	**87,790**	31,146
Financial assets measured at amortised cost	**1,220,505**	1,133,449
Financial assets measured at FVTOCI:		
Equity instruments	**189,064**	231,554
Financial liabilities:		
Financial liabilities at amortised cost	**2,562,367**	2,477,640
Derivative financial liabilities at FVTPL *(note 39)*	**61,949**	29,395

(f) 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.

(g) 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 2020			
Derivative financial assets *(note 39)*	**87,790**	**(61,949)**	**25,841**
As at 31 December 2019			
Derivative financial assets *(note 39)*	31,146	(29,395)	1,751

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 2020	**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	–	**46**	–	**46**
Derivative financial instruments – commodity futures	–	**25,841**	–	**25,841**
	–	**25,887**	–	**25,887**
Financial assets at FVTOCI				
Unlisted equity securities				
Company A	–	–	**177,424**	**177,424**
Company B	–	–	**3,147**	**3,147**
Company C	–	–	**8,493**	**8,493**
	–	–	**189,064**	**189,064**
Total	–	**25,887**	**189,064**	**214,951**

7. FAIR VALUE MEASUREMENTS (cont'd)

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

At 31 December 2019	Fair value measurements using: Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
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

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

Description	**2020**
	HK$'000
Financial assets at FVTOCI – unlisted equity securities	
At 1 January 2020	**231,554**
Total gains or losses recognised	
– in other comprehensive income	**(42,490)**
At 31 December 2020	**189,064**
Unrealised loss included in fair value changes of financial assets at FVTOCI	**42,490**

7. FAIR VALUE MEASUREMENTS (cont'd)

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

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

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 financial assets 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 directors are responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. Discussions of valuation processes and results are performed by the 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 2020 HK$'000	Fair value 2019 HK$'000
Unlisted investment funds	Market approach	Price quoted by a financial institution in the PRC	**46**	36
Derivative financial instruments – commodity futures	Market approach	Price quoted by the dealers	**25,841**	1,751

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2020 HK$'000 Assets	Fair value 2019 HK$'000 Assets
Private equity investments classified as financial assets at FVTOCI	Market approach	Recent transactions	HK$6.11 per share – HK$6.50 per share	Increase	**177,424**	182,398
		Discount for lack of marketability	20%	Decrease	**3,147**	32,362
		Discount for lack of marketability	20%	Decrease	**8,493**	16,794

8. REVENUE

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

	2020 ***HK$'000***	2019 *HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Sale of electricity	**309,980**	295,598
– Sale of bulk commodities	**250,095**	826,647
	560,075	1,122,245
Revenue from other sources		
Dividend income from unlisted investment funds at FVTPL	**1**	–
Dividend income from listed financial assets at FVTPL	**–**	370
Dividend income from financial assets at FVTOCI	**374**	343
	560,450	1,122,958

Sale of electricity included HK$245,750,000 (year ended 31 December 2019: HK$217,997,000) tariff subsidy received and receivable from the state grid companies in the PRC based on the prevailing nationwide government policies on renewable energy for solar plants and distributed power stations.

8. REVENUE (cont'd)

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

	Clean Energy		Trading of bulk commodities		Total	
	2020	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Primary geographical markets						
– The PRC	**309,980**	295,598	**–**	–	**309,980**	295,598
– Singapore	**–**	–	**250,095**	826,647	**250,095**	826,647
Segment revenue	**309,980**	295,598	**250,095**	826,647	**560,075**	1,122,245
Revenue from external customers	**309,980**	295,598	**250,095**	826,647	**560,075**	1,122,245
Timing of revenue recognition						
Products transferred at a point in time	**309,980**	295,598	**250,095**	826,647	**560,075**	1,122,245

9. OTHER INCOME

	2020	2019
	HK$'000	*HK$'000*
Continuing operations		
Bank interest income	**40**	92
Interest income from loans receivable	**–**	4,305
Imputed interest income of accrued revenue on tariff subsidy	**8,379**	6,535
Others	**39**	119
	8,458	11,051

10. OTHER GAINS AND LOSSES

	2020 HK$'000	2019 HK$'000
Continuing operations		
Net realised and unrealised gains on listed trading equity securities	**–**	6,202
Net realised and unrealised (losses)/gains on derivative financial instruments	**(1,795)**	9,073
Gain on refinancing	**–**	14,212
Gain on early termination of lease	**299**	–
Government grant	**597**	–
Loss on forfeited rental deposit	**(1,679)**	–
Gain on deregistration of subsidiaries	**1,750**	–
Others	**681**	122
	(147)	29,609

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 some other borrowings and unallocated liabilities. Segment non-current assets do not include financial assets at FVTOCI and club membership debenture and contract assets.

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 2020					
Revenue from external customers	**309,980**	**–**	**–**	**250,095**	**560,075**
Dividend income	**–**	**1**	**374**	**–**	**375**
Total revenue of reportable segments	**309,980**	**1**	**374**	**250,095**	**560,450**
Segment (loss)/profit	**(372,188)**	**(47,818)**	**329**	**(16,240)**	**(435,917)**
Depreciation and amortisation	**168,401**	**3,481**	**–**	**997**	**172,879**
Income tax (credit)/expenses	**(38,745)**	**394**	**–**	**(18)**	**(38,369)**
Additions to segment non-current assets	**–**	**39**	**–**	**–**	**39**
Impairment losses on property, plant and equipment	**309,861**	**–**	**–**	**–**	**309,861**
Impairment losses on intangible assets	**144,399**	**–**	**–**	**–**	**144,399**
At 31 December 2020					
Segment assets	**3,111,237**	**16,943**	**189,064**	**1,444**	**3,318,688**
Segment liabilities	**1,701,477**	**653,969**	**2,491**	**16,943**	**2,374,880**

	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

11. SEGMENT INFORMATION (cont'd)

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

	2020 *HK$'000*	2019 *HK$'000*
Revenue		
Total revenue of reportable segments	**560,450**	1,122,958
Elimination of intersegment revenue	**–**	–
Consolidated revenue from continuing operations	**560,450**	1,122,958
Profit or loss		
Total profit or loss of reportable segments	**(435,917)**	98,575
Unallocated amounts:		
Interest income	**40**	4,397
Provisions for litigations and claims	**(181,432)**	–
Unallocated corporate expenses	**(28,732)**	(63,178)
Finance costs	**(169,682)**	(160,339)
Consolidated loss before tax from continuing operations	**(815,723)**	(120,545)

Reconciliations of segment assets and liabilities:

	2020 *HK$'000*	2019 *HK$'000*
Assets		
Total assets of reportable segments	**3,318,688**	3,793,766
Unallocated amounts:		
Cash and bank balances	**36,780**	48,523
Prepayment, deposits, other receivables and other assets	**335,282**	346,611
Consolidated total assets	**3,690,750**	4,188,900
Liabilities		
Total liabilities of reportable segments	**2,374,880**	2,322,705
Unallocated amounts:		
Other payables and accruals	**172,764**	96,486
Provisions for litigations and claims	**181,432**	–
Borrowings	**306,773**	328,525
Consolidated total liabilities	**3,035,849**	2,747,716

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	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**309,981**	295,968	**2,204,344**	2,701,244
Hong Kong	**374**	343	**2,964**	15,992
Singapore	**250,095**	826,647	**1,075**	424
Consolidated total	**560,450**	1,122,958	**2,208,383**	2,717,660

Revenue from major customers:

	2020	2019
	HK$'000	*HK$'000*
Clean energy segment		
Customer A	**228,898**	235,103
Trading of bulk commodities segment		
Customer B	**–**	277,167
Customer C	**–**	267,979
Customer D	**–**	201,051
Customer E	**95,797**	–

12. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Continuing operations		
Interest expenses on lease liabilities *(note 21)*	**2,777**	1,795
Interest on bank and other borrowings	**166,905**	158,544
	169,682	160,339

13. INCOME TAX (CREDIT)/EXPENSE

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

	2020	2019
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**–**	–
Current tax – Overseas		
Provision for the year	**12,474**	10,289
	12,474	10,289
Deferred tax	**(50,843)**	(6,778)
	(38,369)	3,511

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year ended 31 December 2020 (2019: Nil).

No provision for Singapore Corporate Tax is required since the Group has no assessable profit for the year ended 31 December 2020 (2019: at a rate of 17%).

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

PRC Enterprise Income Tax has been provided at a rate of 25% (2019: 25%). During the year, eight (2019: eight) 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 or are entitling to PRC enterprise income tax at concessionary rate of 15% during the reporting period.

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

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

	2020	2019
	HK$'000	*HK$'000*
Loss before tax (from continuing operations)	**(815,723)**	(120,545)
Tax at the PRC EIT rate of 25% (2019: 25%)	**(203,931)**	(30,136)
Tax effect of income that is not taxable	**(62)**	(57)
Tax effect of expenses that are not deductible	**13,684**	11,794
Tax effect of temporary differences not recognised	**133,277**	3,376
Effect on tax holiday on assessable profit of subsidiaries established in the PRC	**(6,184)**	(6,124)
Tax effect of utilisation of tax losses not previously recognised	**–**	(3,675)
Tax effect of tax losses not recognised	**23,910**	19,292
Effect of different tax rates of subsidiaries	**937**	9,041
Income tax (credit)/expense (relating to continuing operations)	**(38,369)**	3,511

14. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

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

	2020 *HK$'000*	2019 *HK$'000*
Auditor's remuneration		
– audit services	**1,800**	1,800
– other services	**270**	–
	2,070	1,800
Depreciation of property, plant and equipment	**136,775**	141,227
Depreciation of right-of-use assets	**9,120**	8,099
Amortisation of intangible assets (included in cost of sales)	**33,221**	33,513
Impairment losses on property, plant and equipment	**309,861**	–
Impairment losses on intangible assets	**144,399**	–
Impairment losses/(reversal of impairment losses) on other receivables	**13,907**	(83)
Impairment losses on loans receivable	**–**	32,700
Operating lease charges	**1,163**	4,932
Impairment losses on trade receivables	**694**	7,407

(i) Cost of sales includes depreciation, amortisation of intangible assets and operating lease charges of approximately HK$168,290,000 (2019: HK$169,761,000).

15. EMPLOYEE BENEFITS EXPENSE

	2020 *HK$'000*	2019 *HK$'000*
Employee benefits expense (including directors' remuneration):		
Salaries, bonuses and allowances	**17,585**	20,589
Retirement benefit scheme contributions	**533**	1,462
	18,118	22,051

15. EMPLOYEE BENEFITS EXPENSE (cont'd)

No forfeited contribution is available to reduce the contribution payable in future years.

Five highest paid individuals:

The five highest paid individuals in the Group during the year included three (2019: one) directors whose emoluments are reflected in the analysis presented in note 16(a).

The remaining two (2019: four) individuals during the year are as follows:

	2020	2019
	HK$'000	*HK$'000*
Salaries and allowances	**3,311**	6,190
Pension costs – defined contribution plans	**112**	155
	3,423	6,345

The emoluments of the two (2019: four) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2020	2019
Emoluments band (in HK dollar)		
Nil – HK$1,000,000	**1**	1
HK$1,000,001 to HK$1,500,000	**–**	2
HK$1,500,001 to HK$3,000,000	**1**	1

16. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of every director is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking							Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	
	Fees HK$'000	Salaries and allowances HK$'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$'000		Total HK$'000
Name of director									
Executive directors									
Ko Tin Kwok *(note (i))*	–	–	–	–	–	–	–	–	–
Hu Hanyang *(note (i))*	–	–	–	–	–	–	–	–	–
Weng Xiaoquan	–	–	–	–	–	–	–	–	–
Zhang Liang *(note (ii))*	–	2,575	–	–	15	–	438	–	3,028
Yin YiLin *(note (iii))*	–	548	–	–	–	–	–	–	548
Bo Dateng *(note (iii))*	–	180	–	–	–	–	–	–	180
Gao Fei *(note (iii))*	–	860	–	–	14	–	–	–	874
Independent non-executive directors									
Fok Ho Yin, Thomas *(note (iv))*	160	–	–	–	–	–	–	–	160
Lam Cheung Mau	360	–	–	–	–	–	–	–	360
Pun Hau Man *(note (v))*	158	–	–	–	–	–	–	–	158
Wang Yu Zhou *(note (vi))*	121	–	–	–	–	–	–	–	121
Total for the year ended 31 December 2020	799	4,163	–	–	29	–	438	–	5,429

	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$'000	Salaries and allowances HK$'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$'000		Total HK$'000
Name of director									
Executive directors									
Sun Liang *(note (vii))*	–	–	–	–	–	–	–	–	–
Ko Tin Kwok *(note (i))*	–	–	–	–	–	–	–	–	–
Zhao Li *(note (viii))*	–	364	–	–	8	–	480	–	852
Zeng Weibing *(note (ix))*	–	–	–	–	–	–	–	–	–
Hu Hanyang *(note (i))*	–	–	–	–	–	–	–	–	–
Weng Xiaoquan	–	–	–	–	–	–	–	–	–
Zhang Liang *(note (ii))*	–	–	–	–	–	–	–	–	–
Independent non-executive directors									
Fok Ho Yin, Thomas *(note (iv))*	360	–	–	–	–	–	–	–	360
Li Hui *(note (x))*	335	–	–	–	–	–	–	–	335
Lam Cheung Mau	360	–	–	–	–	–	–	–	360
Total for the year ended 31 December 2019	1,055	364	–	–	8	–	480	–	1,907

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

(a) Directors' emoluments (cont'd)

Notes:

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

(ii) Appointed on 20 August 2019 and resigned on 10 March 2021.

(iii) Appointed on 13 March 2020. Mr. Yin YiLin and Mr. Gao Fei resigned as an executive director on 13 January 2021.

(iv) Resigned on 10 June 2020.

(v) Appointed on 4 May 2020.

(vi) Appointed on 30 June 2020 and resigned on 25 April 2021.

(vii) Resigned on 30 August 2019.

(viii) Resigned on 6 June 2019.

(ix) Resigned on 16 August 2019.

(x) Resigned on 5 December 2019.

Saved as disclosed above, neither the chief executive nor any other directors waived any emoluments during the year ended 31 December 2020 (2019: Nil).

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

Save for those disclosed in note 49 to the consolidated financial statements, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

17. DISCONTINUED OPERATIONS

In November 2018, a sale and purchase agreement (and a series of supplemental agreements entered into in 2019) (the "Sale and Purchase Agreements") was entered into 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.

	2019 *HK$'000*
Profit for the year from discontinued operations:	
Revenue – Contracts with customers	7,865
Cost of sales	(3,318)
Gross profit	4,547
Other income	1
Other gains and losses	–
Administrative expenses	(432)
Finance costs	(324)
Profit before tax	3,792
Income tax expense	(34)
	3,758
Loss on disposal of operations *(Note 44(a))*	(1,563)
Income tax expense	–
	(1,563)
Profit for the year from discontinued operations (attributable to owners of the Company)	2,195

17. DISCONTINUED OPERATIONS (cont'd)

Profit for the year from discontinued operations include the following:

	2019
	HK$'000
Depreciation of property, plant and equipment	3,161
Depreciation of right-of-use assets	332
Auditor's remuneration	–
Gain on disposal of property, plant and equipment	–
Cash flows from discontinued operations:	
Net cash inflows from operating activities	259
Net cash inflows from investing activities	95
Net cash outflows from financing activities	(354)
Net cash outflows	–

18. DIVIDENDS

No dividends have been paid or proposed during the year ended 31 December 2020, nor has any dividend been proposed since the end of the reporting period (year ended 31 December 2019: Nil).

19. LOSS PER SHARE

From continuing and discontinued operations

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

	2020	2019
Earnings		
Loss for the year attributable to owners of the Company for the purpose of calculating basic earnings per share *(HK$'000)*	**(772,377)**	(122,175)
Weighted average number of ordinary shares in issue *(thousands)*	**9,374,351**	9,374,351

Diluted loss per share is the same as the basic loss per share as the Company did not have any dilutive potential shares for the financial years ended 31 December 2020 and 2019.

From continuing operations

Basic and diluted loss per share from the continuing operations is HK8.24 cents per share (2019: HK1.33 cents per share), based on the loss for the year from continuing operations attributable to the owners of the Company of approximately HK$772,377,000 (2019: approximately HK$124,370,000) 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 HKNil cents per share (2019: 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$Nil (2019: approximately HK$2,195,000) 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 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 and 1 January 2020	6,709	2,459,472	1,984	18,625	2,486,790
Additions	–	–	–	39	39
Disposal/written off	–	–	–	(44)	(44)
Exchange differences	–	152,563	–	455	153,018
At 31 December 2020	6,709	2,612,035	1,984	19,075	2,639,803
Accumulated depreciation					
At 1 April 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 and 1 January 2020	4,952	409,994	1,984	16,062	432,992
Charge for the year	796	134,582	–	1,397	136,775
Impairment for the year *(note (b))*	–	309,861	–	–	309,861
Disposal/written off	–	–	–	(41)	(41)
Exchange differences	–	51,008	–	430	51,438
At 31 December 2020	5,748	905,445	1,984	17,848	931,025
Carrying amount					
At 31 December 2020	961	1,706,590	–	1,227	1,708,778
At 31 December 2019	1,757	2,049,478	–	2,563	2,053,798

20. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Notes:

(a) At 31 December 2020 the carrying amount of property, plant and equipment of HK$747,625,000 (2019: HK$945,150,000) were pledged as security for the Group's bank loans as set out in note 37(ii) to the consolidated financial statements.

(b) For the purpose of impairment assessment as at 31 December 2020, the Group's solar power generation plants and stations, together with intangible assets (note 22), are attributable to the cash-generating units ("CGUs") in the Group's clean energy operating segment. There were indicators of impairment for four clean energy CGUs located in Jinchang, Gansu Province, and Dezhou, Shandong Province, the People's Republic of China.

The recoverable amounts of these CGUs have been determined on the basis of its value in use using discounted cash flow method. The key assumptions for the discounted cash flow method are those regarding the discount rates, growth rates and budgeted revenue and expenses during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on long-term average economic growth rate of the geographical area in which the business of the CGUs operate. Budgeted revenue and expenses are based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using the growth rate of 3% (2019: 3%). This rate does not exceed the average long-term growth rate for the relevant markets.

The pre-tax rates used to discount the forecast cash flows from the CGUs were 9.2% (2019: 7.2%).

Impairment losses totalling HK$454,260,000 (2019: HK$ Nil) was recognised in respect of the Group's property, plant and equipment and intangible assets amounting to HK$309,861,000 and HK$144,399,000 respectively.

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
Additions	321	3,552	3,873
Depreciation	(90)	(9,030)	(9,120)
Less: Early termination	–	(11,345)	(11,345)
Exchange difference	67	995	1,062
At 31 December 2020	1,468	18,872	20,340

Lease liabilities of HK$20,822,000 (2019: HK$35,303,000) are recognised with related right-of-use assets of HK$20,340,000 (2019: HK$35,870,000) as at 31 December 2020. 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.

	2020 ***HK$'000***	2019 *HK$'000*
Depreciation expenses on right-of-use assets	**9,120**	8,099
Interest expense on lease liabilities (included in finance cost)	**2,777**	1,795
Expenses relating to short-term lease (included in administrative expenses)	**1,163**	4,932
Gain on early termination of lease	**299**	–

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. 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. INTANGIBLE ASSETS

	Customer contracts Total *HK$'000*
Cost	
At 1 January 2019	803,015
Exchange differences	(13,895)
At 31 December 2019 and 1 January 2020	789,120
Exchange differences	48,950
At 31 December 2020	838,070
Accumulated amortisation and impairment losses	
At 1 January 2019	130,332
Amortisation for the year	33,513
Exchange differences	(2,717)
At 31 December 2019 and 1 January 2020	161,128
Amortisation for the year	33,221
Impairment for the year	144,399
Exchange differences	20,057
At 31 December 2020	358,805
Carrying amount	
At 31 December 2020	479,265
At 31 December 2019	627,992

Notes:

(a) The remaining useful life of the intangible assets is 18 years.

(b) Details of the impairment assessment of intangible assets are set out in note 20(b) to the consolidated financial statements.

23. INVESTMENTS IN SUBSIDIARIES

	2020 HK$'000	2019 HK$'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 2020 are as follows:

Name	Place of incorporation/ registration and operation	Particular of issued share capital	Percentage of ownership/ interest/voting power Direct	Indirect	Principal activities
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
Legacy Billion Investment Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	–	100%	Investment holding

23. INVESTMENTS IN SUBSIDIARIES (cont'd)

Particulars of the subsidiaries at 31 December 2020 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	
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* ("Jinchange 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* ("Gaoan Jinjian") 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") *(Note 50)* 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.

\# As disclosed in note 2 to the consolidated financial statements, the Jinchang Disheng Disposal has not yet been completed as at the date of approval of these financial statements. However, on 4 February 2021, Gansu Jintai has effected the change of the registered owner of Jinchang Disheng from Qingdao Guxin to Gansu Jintai. According to the opinion from the Group's legal advisor, such change was not in accordance with the S&P Agreement as the conditions precedent as set out in the S&P Agreement have not been executed. Accordingly, in the opinion of the directors, the Group remained as the owner of Jinchang Disheng as at the date of approval of these financial statements.

24. FINANCIAL ASSETS AT FVTOCI AND CLUB MEMBERSHIP DEBENTURE

	Note	2020 HK$'000	2019 HK$'000
Unlisted equity securities			
Company A	(i)	**177,424**	182,398
Company B	(ii)	**3,147**	32,362
Company C	(iii)	**8,493**	16,794
Total financial assets at FVTOCI		**189,064**	231,554
Club membership debenture	(iv)	**130**	130
		189,194	231,684
Analysed as:			
Non-current assets			
Financial assets at FVTOCI		**189,064**	231,554
Club membership debenture		**130**	130
		189,194	231,684

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

	2020 HK$'000	2019 HK$'000
Hong Kong dollars	**189,194**	231,684

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.

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

Notes:

(i) At 31 December 2020, the Group had shareholding of approximately 2.27% (2019: 2.27%) in Company A.

The fair value of the investment in Company A as at 31 December 2020 was estimated by Eidea Professional Services Company Limited, independent professional qualified valuer, derived from estimations of the equity value by using market approach with reference to recent market transactions.

(ii) At 31 December 2020, the Group had shareholding of approximately 5.07% (2019: 5.07%) in Company B.

The fair value of the investment in Company B as at 31 December 2020 was estimated by Eidea Professional Services Company Limited, independent professional qualified valuer, derived from estimations of the equity value by using market approach with reference to benchmarks of price-to-book ratio.

(iii) At 31 December 2020, the Group had shareholding of approximately 2.58% (2019: 4.60%) in Company C.

The fair value of the investment in Company C as at 31 December 2020 was estimated by Eidea Professional Services Company Limited, independent professional qualified valuer, derived from estimations of the equity value by using market approach with 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 2020, no impairment loss on club membership debenture was recognised (2019: Nil).

25. TRADE AND BILL RECEIVABLES AND CONTRACT ASSETS

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**838,999**	718,375
Allowance for doubtful debts	**(30,368)**	(27,904)
	808,631	690,471
Bills receivables	**4,563**	4,550
	813,194	695,021

Included in the Group's trade receivables are tariff subsidy receivables amounting to HK$807,645,000 (2019: HK$497,761,000) recognised based on the prevailing nationwide government policies on renewable energy for solar plants and distributed power stations, which are 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 after twelve months from the end of the reporting period.

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

	2020	2019
	HK$'000	*HK$'000*
Unbilled *(Note)*	**646,998**	623,589
0 to 30 days	**27,059**	18,936
Over 30 days	**134,574**	47,946
	808,631	690,471

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.

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

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

	2020 HK$'000	2019 HK$'000
US dollars	–	188,578
RMB	808,631	501,893
Total	808,631	690,471

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 revenues on tariff subsidy are discounted at an effective interest rate ranged from 1.26% to 2.94% per annum (2019: 2.23% to 3.86% per annum) as at 31 December 2020.

At 31 December 2020, approximately HK$307,523,000 (2019: HK$235,742,000) of trade receivables were pledged to a bank to secure a bank loan as set out in note 37 (ii) to the financial statements.

At 31 December 2020, HK$30,368,000 allowance was made for estimated irrecoverable trade receivables of individual customers (2019: HK$27,904,000).

Contract assets	2020 HK$'000	2019 HK$'000
Tariff adjustment		
– non-current	–	7,564
– current	–	46,085
	–	53,649

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. During the year ended 31 December 2020, 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. Accordingly, the contract assets are transferred to trade receivables.

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	**2020** **HK$'000**	2019 *HK$'000*
Value added tax recoverable		**33,564**	59,918
Other prepayments		**11,918**	13,474
Deposits		**9,467**	10,640
Other receivables	*(i)*	**22,325**	13,001
Amount due from a related company	*(ii)*	**3,093**	3,000
		80,367	100,033

(i) Amount includes a balance of HK$12,585,000 held by a bank in the PRC on behalf of a subsidiary of the Group.

(ii) Amount due from a related company was unsecured, interest-free, and repayable on demand.

27. REFUNDABLE DEPOSITS

	2020 **HK$'000**	2019 *HK$'000*
Refundable deposits	**335,646**	333,564

The Group paid 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 completion date 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 would be refunded in due course.

In March 2020, the Group agreed a repayment timetable with the vendor for settlement before September 2020, and such was pledged by certain solar plants and machineries owned by the vendor to secure the repayments of the deposits to the Group. The vendor was in default of the payment on 30 September 2020. The deposits have not been repaid during the year and the Group continuously negotiated with the vendor for the repayments of the deposits.

27. REFUNDABLE DEPOSITS (cont'd)

The directors estimated the ECL of the refundable deposits to be insignificant as at 31 December 2020 and considered the deposits would be fully recoverable.

Pursuant to a separate agreement dated 9 June 2021 entered into between the Group and the vendor, the vendor intended to transfer certain assets held by the vendor to the Group to settle the refundable deposits. The final settlement amount will be finalised after the Group completes the due diligence review of the assets to be transferred and a final settlement agreement is signed between the Group and the vendor.

28. FINANCIAL ASSETS AT FVTPL

	2020 ***HK$'000***	2019 *HK$'000*
Unlisted investment funds	**46**	36

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

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

29. LOANS RECEIVABLE

	2020 ***HK$'000***	2019 *HK$'000*
Ex-shareholder's loan receivable, with the principal amount of HK$50,000,000	**–**	32,700
Less: Allowance for loans receivable	**–**	(32,700)
	–	–

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 during year ended 31 December 2019 as the management considered the balance was irrecoverable. During the year ended 31 December 2020, the Group has written off the balance.

30. RESTRICTED BANK DEPOSITS

	Note	**2020** **HK$'000**	2019 HK$'000
Deposit for loan facility	(i)	**298**	280
Restricted bank deposit	(ii), (iii), (iv)	**1,001**	6,699
		1,299	6,979

Notes:

(i) At 31 December 2020, 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 37(iv), the usage of bank deposits of HK$298,000 (2019: HK$280,000) 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 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. On 13 November 2020, bank account of Jinchang Disheng of HK$5,594,000 was released from restrictions upon the expiry of the court order.

(iii) As set out in note 2 to the consolidated financial statements, the Company received winding-up petitions issued by Cheer Hope and AI Global on 15 May 2020 and 9 July 2020 respectively. Consequently, the bank balances of the Company of HK$355,000 was ordered by the court to be frozen. As at the date of these financial statements, the Company had made settlements and the Cheer Hope Petition and AI Global Petition were withdrawn/dismissed and the Company is in the process of registering for the release of the bank balances.

(iv) As disclosed in note 37(iv), in June 2020, a subsidiary of the Company, was in default of other loan of HK$567,960,000. On 3 November 2020 the lender applied property preservation and litigation against the subsidiary and its guarantors. On 5 November 2020, the bank balances of HK$636,000 of the subsidiary was frozen by court order.

At 31 December 2020, the aggregate amount of the restricted bank deposits of the Group denominated in RMB was HK$944,000 (2019: HK$6,979,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

31. CASH AND BANK BALANCES

	2020 **HK$'000**	2019 HK$'000
Cash and bank balances	**36,780**	48,523

At 31 December 2020, the aggregate amount of the cash and bank balances of the Group denominated in RMB amounted to HK$26,968,000 (2019: HK$13,665,000). 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. TRADE PAYABLES

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

	2020 HK$'000	2019 HK$'000
Over 60 days	**47**	185,716

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

33. OTHER PAYABLES AND ACCRUALS

	Note	**2020** ***HK$'000***	2019 *HK$'000*
Amount due to an investee company	*(i)*	**2,491**	2,491
Consideration payable	*(ii)*	**68,714**	65,819
Loan interest payable		**156,152**	31,356
Others		**167,934**	125,610
		395,291	225,276

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:

	2020 ***HK$'000***	2019 *HK$'000*
At beginning of year	**65,819**	66,978
Settlements	**(1,119)**	–
Exchange differences	**4,014**	(1,159)
At end of year	**68,714**	65,819

34. AMOUNTS DUE TO RELATED PARTIES

	Note	**2020** **HK$'000**	2019 *HK$'000*
Amount due to a director	*(i)*	**300**	–
Amount due to non-controlling shareholder	*(i)*	**9,360**	–
Amount due to a related company-Creaton Holdings	*(i)&(ii)*	**36,642**	–
		46,302	–

Notes:

(i) The amounts were unsecured, interest free and repayable on demand.

(ii) The amount was due to Creaton Holdings Limited ("Creaton Holdings"), a company incorporated in Hong Kong with limited liability and directly held by Mr. Ko Tin Kwok, an ex-director of the Company.

35. PROVISIONS FOR LITIGATIONS AND CLAIMS

	2020 **HK$'000**
At 1 January 2020	**–**
Charge for the year	**236,932**
Exchange differences	**13,422**
At 31 December 2020	**250,354**

Provision for litigations and claims represents legal claims brought against the Group by former shareholders of subsidiaries of the Group and certain service providers of the clean energy segment. The provisions are made based on legal advices received, court orders or settlement agreements entered into between the Group and the claimants (note 46).

36. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**6,603**	13,335	**6,026**	8,851
In the second to fifth years, inclusive	**6,261**	15,310	**4,496**	14,824
After five years	**15,821**	16,231	**10,300**	11,628
	28,685	44,876	**20,822**	35,303
Less: Future finance charges	**(7,863)**	(9,573)	**–**	–
Present value of lease obligations	**20,822**	35,303	**20,822**	35,303
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(6,026)**	(8,851)
Amount due for settlement after 12 months			**14,796**	26,452

All finance lease payables are denominated in Hong Kong dollars.

The weighted average incremental borrowing rates applied to lease liabilities range from 4.24% to 7.93% (2019: from 4.24% to 7.93%).

37. BANK AND OTHER BORROWINGS

	Maturity	2020 HK$'000	2019 HK$'000
Current			
Bank loans – secured *(note (i))*	July 2027, September 2028	**553,582**	55,940
Bank loan – secured *(note (ii))*	January 2028	**23,693**	58,894
Other loan – secured *(note (iii))*	February 2021	**180,413**	180,380
Other loan – secured *(note (iv))*	June 2020	**567,960**	534,786
Other loan – secured *(note (v))*	June 2021	**317,725**	299,167
Other loan – secured *(note (vi))*	June 2020	**126,360**	148,145
		1,769,733	1,277,312
Non-current			
Bank loans – secured *(note (i))*	July 2027, September 2028	**–**	465,421
Bank loan – secured *(note (ii))*	January 2028	**350,994**	323,915
		350,994	789,336
		2,120,727	2,066,648

The bank and other borrowings to be repayable as follows:

	2020 HK$'000	2019 HK$'000
Within one year	**1,769,733**	1,277,312
After 1 year but within 2 years	**47,742**	114,834
After 2 years but within 5 years	**156,379**	363,520
After 5 years	**146,873**	310,982
	350,994	789,336
	2,120,727	2,066,648

37. BANK AND OTHER BORROWINGS (cont'd)

Notes:

(i) At 31 December 2020, the Group's bank borrowings of HK$553,582,000 (2019: HK$521,361,000) were guaranteed by a subsidiary up to a total amount of RMB465,900,000 (equivalent to HK$553,582,000) (2019: RMB466,000,000 (equivalent to HK$521,361,000)). 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 (2019: same). The Group was in default of the installment repayments during the year. Accordingly, the whole amount of the loan was classified as current liabilities as at 31 December 2020. The default has not been remedied at the date these financial statements were authorised for issue.

(ii) At 31 December 2020, the Group's bank borrowing of HK$374,687,000 (2019: HK$382,809,000) was secured by the Group's property, plant and equipment with net carrying amount of HK$747,625,000 (2019: HK$945,150,000), trade receivables of HK$307,523,000 (2019: HK$235,742,000), 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 an ex-director of the Company, Mr. Ko Tin Kwok. At 31 December 2020, the entire equity interest in a subsidiary in the PRC was pledged to the bank (2019: same). According to the repayment terms, the bank borrowing will be repayable by semi-annual instalments. During the year, the Group entered into a loan extension agreement with the bank and the last instalment would be extended to January 2028. The bank borrowing was interest-bearing at 4.57% per annum.

(iii) Other loan amounted to HK$180,413,000 represented the loan from Cheer Hope.

As at 31 December 2019, the loan carried interest at 7.55% per annum and was secured by (1) the personal guarantee of Mr. Ko Tin Kwok, an ex-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. In November 2019, the Group received a statutory demand issued by Cheer Hope 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 by the Company to lender together with interest accrued thereon. 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 in breach of the loan covenant.

On 15 May 2020, the Company received a winding-up petition issued by Cheer Hope concerning a sum of approximately US$26,402,000 (the "Cheer Hope Petition").

On 3 February 2021, the Group made a payment of RMB163,401,000 to Cheer Hope. Cheer Hope and the Company had executed and filed a consent summons to the High Court to dismiss the Cheer Hope Petition. On 30 April 2021, the Company received the sealed court order from the High Court that, inter alia, the Cheer Hope Petition was dismissed.

(iv) At 31 December 2020, the Group's other loan of HK$567,960,000 (2019: HK$534,786,000) 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 was repayable in June 2020. The Group was in default of repayment of this loan and the default has not been remedied at the date these financial statements were authorised for issue.

37. BANK AND OTHER BORROWINGS (cont'd)

Notes: (cont'd)

(v) At 31 December 2020, the Group's other loans of HK$317,725,000 (2019: HK$299,167,000) 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 and the default has not been remedied at the date these financial statements were authorised for issue.

(vi) Other loan amounted to HK$126,360,000 represented the loan from AI Global.

As at 31 December 2019, the loan carried interest at 10% per annum and 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 guarantee 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, an ex-director of the Company.

In January 2020, the Group repaid principal of US$2,800,000 (equivalent to HK$21,840,000) to AI Global. On 9 July 2020, the Company received a winding-up petition issued by AI Global concerning a sum of approximately US$7,601,000 (the "AI Global Petition").

On 3 February 2021, the Group made a payment of RMB129,778,000 to AI Global. On 5 February 2021, the Company and AI Global have executed and filed a consent summons to the High Court of Hong Kong to withdraw the AI Global Petition and an order of the same has been granted.

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

	2020	2019
	HK$'000	*HK$'000*
RMB	**1,813,954**	1,738,123
US$	**306,773**	328,525
	2,120,727	2,066,648

38. DEFERRED TAX LIABILITIES

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

	Property, plant and equipment *HK$'000*	Fair value gains on customers contract *HK$'000*	Total *HK$'000*
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 and 1 January 2020	72,142	161,129	233,271
Exchange differences	4,345	7,245	11,590
Credited to profit or loss *(note 13)*	(2,285)	(48,558)	(50,843)
At 31 December 2020	74,202	119,816	194,018

At 31 December 2020, the Group had unused tax losses of HK$899,192,000 (2019: HK$781,996,000) 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$591,905,000 (2019: HK$604,359,000) can be carried forward infinitively. The remaining HK$307,287,000 (2019: HK$177,637,000) 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:

	2020 ***HK$'000***	2019 *HK$'000*
Derivative financial assets	**87,790**	31,146
Derivative financial liabilities	**(61,949)**	(29,395)
	25,841	1,751

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 2021 to December 2021.

The contracted notional principal amount of the derivative outstanding of purchase and sales contracts are US$9,258,000 (2019: US$2,963,000) and US$6,085,000 (2019: US$2,738,000) respectively.

40. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.0025 each		
Authorised share capital:		
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	**120,000,000**	300,000
Issued and fully paid share capital:		
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	**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 2020 and 2019.

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:

	2020 ***HK$'000***	2019 *HK$'000*
Bank and other borrowings	**2,120,727**	2,066,648
Less: Cash and bank balances	**(36,780)**	(48,523)
Net debt	**2,083,947**	2,018,125
Total equity attributable to owners of the Company	**652,749**	1,434,055
Gearing ratio	**319.3%**	140.7%

The increase in the gearing ratio during the year ended 31 December 2020 resulted primarily from decrease in total equity attributable to owners of the Company.

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 2020, 40% (2019: 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. The Group was in default of repayments of bank and other borrowings from three lenders which permitted the lenders to demand accelerated repayment as at 31 December 2020. Details are set out in note 37 to the consolidated financial statements. There have been no breaches in the financial covenants of any interest-bearing borrowings as at 31 December 2019.

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.

41. SHARE BASED PAYMENT (cont'd)

Share option scheme (cont'd)

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

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

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

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

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

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

No share option was granted under the New Scheme during the year ended 31 December 2020 and 2019.

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 (2019: 594,491,440), representing 6.3% (2019: 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	2020 HK$'000	2019 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	23	**1**	1
		1	1
CURRENT ASSETS			
Prepayments, deposits and other receivables		**3,382**	3,343
Refundable deposits		**300,000**	300,000
Amounts due from subsidiaries		**37,432**	14,492
Restricted bank deposit		**355**	–
Cash and bank balances		**–**	302
		341,169	318,137
CURRENT LIABILITIES			
Other payables and accruals		**79,820**	14,294
Amounts due to subsidiaries		**110,392**	69,898
Other borrowings		**306,774**	328,525
		496,986	412,717
NET CURRENT LIABILITIES		**(155,817)**	(94,580)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(155,816)**	(94,579)
NET LIABILITIES		**(155,816)**	(94,579)
CAPITAL AND RESERVES			
Share capital	40	**23,436**	23,436
Reserves	42(b)	**(179,252)**	(118,015)
CAPITAL DEFICIENCY		**(155,816)**	(94,579)

Approved by the Board of Directors on 30 June 2021 and are signed on its behalf by:

Chen Xiaxuan **Pun Hau Man**

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	Accumulated losses HK$'000	Total HK$'000
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)
At 1 January 2020	4,157,427	154,440	(4,429,882)	(118,015)
Total comprehensive income for the year	–	–	(61,237)	(61,237)
At 31 December 2020	4,157,427	154,440	(4,491,119)	(179,252)

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.

(iii) 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.

43. RESERVES (cont'd)

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

(iv) 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.

(v) Statutory reserve fund

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

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

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

(b) Major non-cash transaction

Additions to right-of-use assets during the year of HK$3,552,000 (2019: HK$16,940,000) were financed by lease liabilities.

(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 2020 *HK$'000*	Addition *HK$'000*	Cash flows *HK$'000*	Interest expenses *HK$'000*	Early termination of lease *HK$'000*	Exchange differences *HK$'000*	31 December 2020 *HK$'000*
Bank and other borrowings	**2,066,648**	**–**	**(52,023)**	**–**	**–**	**106,102**	**2,120,727**
Lease liabilities *(note 36)*	**35,303**	**3,552**	**(9,207)**	**2,777**	**(11,644)**	**41**	**20,822**
Other payables arising from financing activities	**20,683**	**–**	**–**	**166,905**	**–**	**(31,436)**	**156,152**
Amounts due to related parties	**–**	**–**	**46,302**	**–**	**–**	**–**	**46,302**
	2,122,634	**3,552**	**(14,928)**	**169,682**	**(11,644)**	**74,707**	**2,344,003**

	1 January 2019 *HK$'000*	Impact on initial application of HKFRS 16 *HK$'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 36)*	–	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

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

(d) Total cash outflow for leases

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

	2020 HK$'000	2019 HK$'000
Within operating cash flows	1,050	1,616
Within investing cash flows	321	–
Within financing cash flows	8,157	7,906
	9,528	9,522

These amounts relate to the following:

	2020 HK$'000	2019 HK$'000
Lease rental paid	9,207	9,522
Payments for right-of-use assets	321	–
	9,528	9,522

45. BANKING FACILITIES

As at 31 December 2020, the Group had no banking facilities (2019: HK$468,000,000). 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 37, 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. As at 31 December 2019, 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. Accordingly, in the opinion of the directors, no provision for litigation was required to be made for the year ended 31 December 2019.

Pursuant to a settlement agreement ("Settlement Agreement") entered into between, inter alia, 上海典陽, Gansu Jintai and 林范有 on 27 January 2021, the Group was required to make immediate repayment of RMB98,478,000 (equivalent to HK$117,012,000) and corresponding late penalties of RMB9,227,000 (equivalent to HK$10,964,000). These amounts were included in the provisions for litigations and claims as at 31 December 2020 and the settlement had not yet been made up to the date of approval of these consolidated financial statements.

(b) As mentioned in note 30 (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. Pursuant to the Settlement Agreement entered into between, inter alia, Jinchang Disheng and Gansu Jintai on 27 January 2021, the Group was required to make immediate repayment of RMB18,333,000 (equivalent to HK$21,783,000) and corresponding late penalties of RMB1,419,000 (equivalent to HK$1,686,000). These amounts were included in the provisions for litigations and claims as at 31 December 2020 and the settlement had not yet been made up to the date of approval of these consolidated financial statements.

(c) On 20 November 2019, 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 approval date of these financial statements, no settlement regarding the aforesaid case has been made. On 11 December 2020, Hongxiang initiated a lawsuit counterclaiming against Dezhou Miaoli for recovery of, inter alia, electricity and late payment fee in the aggregate amount of RMB6,080,000 (equivalent to HK$7,224,000). With reference to advice of the Group's legal advisor, the directors estimated the Group will likely to be liable to pay a total of approximately RMB6,080,000 (equivalent to HK$7,224,000). The Group recognised the amount in the financial statements during the year ended 31 December 2020 and included in provision for litigations and claims and other payables and accruals as at 31 December 2020.

46. LEGAL PROCEEDINGS (cont'd)

(d) During the year ended 31 December 2020, Jinchang Jintai and a third party received an arbitration petition from Gansu Jintai due to an alleged late payment on the part of Jinchang Jintai and a third party in aggregate of RMB22,027,000 (equivalent to HK$26,172,000) pursuant to various service agreements entered into between, inter alia, Jinchang Jintai and Gansu Jintai. During the year ended 31 December 2020, pursuant to a Settlement Agreement entered into between, inter alia, Jinchang Jintai and Gansu Jintai on 27 January 2021 and the judgement made by the court in the PRC in relation to this litigation, the Group was required to make payments of RMB21,210,000 (equivalent to HK$25,202,000) and corresponding late penalties of RMB1,701,000 (equivalent to HK$2,021,000) to Gansu Jintai and RMB21,706,000 (equivalent to HK$25,791,000) and corresponding late penalties of RMB3,575,000 (equivalent to HK$4,248,000) to a third party. These amounts were included in the provisions for litigations and claims as at 31 December 2020 and the settlement had not yet been made up to the date of approval of these consolidated financial statements.

(e) During the year ended 31 December 2020, Gansu Jintai, initiated arbitrations petition against Jinchang Jintai, for outstanding receivables of RMB47,771,000 (equivalent to approximately HK$56,762,000) and corresponding late penalties of RMB4,533,000 (equivalent to HK$5,386,000) in respect of the acquisition of Jinchang Jintai in 2014. The Group is concurrently in the process of negotiating with Gansu Jintai for a settlement and an amicable disposal of the matter. The aggregate amount was included in the provisions for litigations and claims as at 31 December 2020 and the settlement had not yet been made up to the date of approval of these consolidated financial statements.

(f) During the year ended 31 December 2020, 中民新能投資集團有限公司 who was the former shareholder of Gaoan Jinjian, a subsidiary of the Group, initiated arbitrations against Shanghai Gorgeous Smarter Energy Company Limited, an indirectly owned subsidiary of the Group, and Gaoan Jinjian, for outstanding receivables due from Shanghai Gorgeous Smarter Energy Company Limited of RMB15,582,000 (equivalent to approximately HK$18,515,000) and corresponding late penalties of RMB3,286,000 (equivalent to approximately HK$3,904,000) and outstanding receivables due from Gaoan Jinjian of RMB6,435,000 (equivalent to HK$7,646,000), in respect of the Group's acquisition of Gaoan Jinjian in 2017. As at the approval date of these financial statements, no settlement regarding the aforesaid case has been reached. With reference to advice of the Group's legal advisor, the directors estimated that the Group would likely to be liable to pay a total of approximately RMB25,303,000 (equivalent to HK$30,065,000) for this case. The Group recognised the amount in the financial statements during the year and included in provision for litigations and claims and other payables and accruals as at 31 December 2021.

(g) Subsequent to the reporting period, there were legal claims brought against subsidiaries of the Group by certain service providers of the clean energy segment. In the opinion of the directors, adequate liabilities of these claims were already provided in provisions for litigations and claims and other payables as at 31 December 2020.

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

47. CONTINGENT LIABILITIES

At 31 December 2020, the Group did not have any significant contingent liabilities (31 December 2019: Nil) other than as disclosed in note 46.

48. OPERATING LEASE ARRANGEMENTS

The Group regularly entered into short-term leases for its staff quarters, rooftops, reservoir and offices. As at 31 December 2020, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 21.

49. 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:

		2020	2019
		HK$'000	*HK$'000*
Guarantee service fee	*Note*	**1,143**	1,153

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$1,143,000 for the year ended 31 December 2020 (2019: HK$1,153,000).

At 31 December 2020, guarantee service fee of HK$6,037,000 (2019: HK$6,821,000) 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 are set out in note 16(a).

50. EVENTS AFTER THE REPORTING PERIOD

(a) As disclosed in note 2 to the consolidated financial statements, the Jinchang Disheng Disposal has not yet been completed as at the date of approval of these financial statements. However, on 4 February 2021, Gansu Jintai has effected the change of the registered owner of Jinchang Disheng from Qingdao Guxin to Gansu Jintai. According to the opinion from the Group's legal advisor, such change was not in accordance with the S&P Agreement as the conditions precedent as set out in the S&P Agreement have not been executed. Accordingly, in the opinion of the directors, the Group remained as the owner of Jinchang Disheng as at the date of approval of these financial statements.

(b) Subsequent to the reporting period, bank balances of approximately HK$3,003,000 were frozen by court order due to legal claims brought against subsidiaries of the Group (note 46(f) & (g)). In the opinion of the directors, no further provision for litigation was required to be made for the year ended 31 December 2020.

Five-Year Financial Summary

The following is a summary of the consolidated results and the assets, liabilities and non-controlling interests of the Group for the two years ended 31 December 2020, the period from 1 April 2018 to 31 December 2018 and for the two years ended 31 March 2018.

RESULTS

	Year ended 31 December 2020	Year ended 31 December 2019	Period from 1 April 2018 to 31 December 2018	**Year ended 31 March**	
				2018	2017
	HK$'000	*HK$'000*	*HK$'000* (Re-presented)	*HK$'000*	*HK$'000*
REVENUE	**560,450**	1,122,958	849,945	345,902	107,666
Continuing operations	**560,450**	1,122,958	849,945	345,902	107,666
Discontinued operations	**–**	7,865	7,332	–	–
	560,450	1,130,823	857,277	345,902	107,666
(LOSS)/PROFIT FROM OPERATING ACTIVITIES FROM CONTINUING OPERATIONS	**(646,041)**	39,794	18,745	(34,531)	(317,544)
Finance costs	**(169,682)**	(160,339)	(217,794)	(207,378)	(143,378)
	(815,723)	(120,545)	(199,049)	(241,909)	(460,922)
Income tax credit/(expenses)	**38,369**	(3,511)	3,232	5,000	4,174
LOSS FOR THE YEAR/PERIOD FROM CONTINUING OPERATIONS	**(777,354)**	(124,056)	(195,817)	(236,909)	(456,748)
PROFIT FOR THE YEAR/PERIOD FROM DISCONTINUED OPERATIONS	**–**	2,195	3,439	–	104,839
LOSS FOR THE YEAR/PERIOD	**(777,354)**	(121,861)	(192,378)	(236,909)	(351,909)
Attributable to:					
Owners of the Company	**(772,377)**	(122,175)	(194,700)	(236,738)	(351,804)
Non-controlling interests	**(4,977)**	314	2,322	(171)	(105)
	(777,354)	(121,861)	(192,378)	(236,909)	(351,909)

Five-Year Financial Summary

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	At 31 December			At 31 March	
	2020	2019	2018	2018	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS	**2,397,577**	2,956,908	3,570,384	3,936,547	2,187,126
CURRENT ASSETS	**1,293,173**	1,231,992	780,119	1,273,482	1,241,964
TOTAL ASSETS	**3,690,750**	4,188,900	4,350,503	5,210,029	3,429,090
CURRENT LIABILITIES	**2,476,041**	1,698,657	1,027,240	1,000,888	120,962
NON-CURRENT LIABILITIES	**559,808**	1,049,059	1,708,474	2,277,253	1,293,183
TOTAL LIABILITIES	**3,035,849**	2,747,716	2,735,714	3,278,141	1,414,145
NET ASSETS	**654,901**	1,441,184	1,614,789	1,931,888	2,014,945
EQUITY ATTRIBUTABLE TO:					
Owners of the Company	**652,749**	1,434,055	1,607,974	1,927,395	2,014,963
Non-controlling interests	**2,152**	7,129	6,815	4,493	(18)
	654,901	1,441,184	1,614,789	1,931,888	2,014,945