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)

2021
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. Bo Dateng
Ms. Yue Lu *(appointed on 28 January 2022)*
Mr. Hu Hanyang *(resigned on 20 January 2022)*
Mr. Weng Xiaoquan *(resigned on 27 January 2022)*
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 of the Board and Chief Executive Officer) (resigned on 10 March 2021)*
Mr. Gao Fei *(resigned on 13 January 2021)*
Mr. Yin Yilin *(resigned on 13 January 2021)*

Non-executive Director

Mr. Chen Lei *(appointed on 15 March 2021 and resigned on 3 March 2022)*

Independent Non-executive Directors

Mr. Pun Hau Man
Mr. Lo Ka Ki *(appointed on 25 April 2021)*
Mr. Kwok Shun Sing *(appointed on 21 January 2022)*
Mr. Wang Yuzhou *(resigned on 25 April 2021)*
Mr. Lam Cheung Mau *(resigned on 19 January 2022)*

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. Pun Hau Man
Mr. Kwok Shun Sing *(appointed on 21 January 2022)*
Mr. Wang Yuzhou
(resigned as Chairman on 25 April 2021)
Mr. Lam Cheung Mau *(resigned on 19 January 2022)*

REMUNERATION COMMITTEE

Mr. Lo Ka Ki *(Chairman)*
(appointed on 25 April 2021)
Mr. Pun Hau Man
Mr. Kwok Shun Sing *(appointed on 21 January 2022)*
Mr. Wang Yuzhou
(resigned as Chairman on 25 April 2021)
Mr. Lam Cheung Mau *(resigned on 19 January 2022)*

NOMINATION COMMITTEE

Mr. Chen Xiaxuan *(Chairman)*
(appointed on 25 June 2021)
Mr. Pun Hau Man
Mr. Lo Ka Ki *(appointed on 25 April 2021)*
Mr. Kwok Shun Sing *(appointed on 21 January 2022)*
Mr. Xu David Hua *(appointed on 15 March 2021 and resigned as chairman on 25 June 2021)*
Mr. Wang Yuzhou *(resigned on 25 April 2021)*
Mr. Zhang Liang
(resigned as Chairman on 10 March 2021)
Mr. Lam Cheung Mau *(resigned on 19 January 2022)*

AUDITORS

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
23/F, Tower 2, Enterprise Square Five,
38 Wang Chiu Road, Kowloon Bay,
Kowloon, 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
17/F, Far East Finance Centre
16 Harcourt Road
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 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 2021, the installed capacities of photovoltaic power and on-grid wind power in China amounted to 305.99GW and 338.31GW, 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.

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, 10 October 2022

Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Chen Xiaxuan, aged 37, 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. Bo Dateng, aged 43, 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 to August 2021. Currently, Mr. Bo served as head of research department of Shandong Hi-Speed Investment Holdings Ltd.（山東高速投資控股有限公司）from August 2021.

Ms. Yue Lu, aged 39, was appointed as an executive Director of the Company on 28 January 2022. She graduated from Xi'an Jiaotong University in 2004 with the bachelor degree of accounting. She is a PRC certified public accountant, a PRC registered tax agent, a PRC asset valuer and a PRC senior accountant, with over 18 years' experience in finance, taxation, auditing and investment. She served as a cashier supervisor, accounting supervisor and financial supervisor of Xi'an Traffic Levy Inspection Division Lintong Office*（西安交通徵費稽查處臨潼所）from 2003 to 2010 successively. She served as a tax service office clerk and a tax assessment clerk of the State Taxation Administration of Lintong District, Xi'an City*（西安市臨潼區國稅局）from 2010 to 2015 successively. She then joined Rui Hua Certified Public Accountants and served as an assistant manager from 2015 to 2016, participating in M&A projects and conducting financial due diligence. From 2016 onwards, she served as an investment review manager, an external financial controller and a deputy director of investment management department of Zhongmin New Energy Investment Group Company Limited*（中民新能投資集團有限公司）successively, responsible for M&A projects, organizing asset evaluation, drafting transfer proposals and other matters.

* *For identification purpose only*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Pun Hau Man, aged 33, 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 43, was appointed as an independent non-executive Director and the Chairman of the Audit Committee and the Remuneration Committee of the Company on 25 April 2021. He is also a member of 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).

Mr. Kwok Shun Sing, aged 36, was appointed as an independent non-executive Director of the Company on 21 January 2022. He is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. He graduated from The Hong Kong Polytechnic University in 2008 with the bachelor of business administration accounting. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants, with over 13 years' experience serving in international accounting firms and multinational corporations, as well as years of experience working in major cities of the mainland China. He served as an auditor of Lau Leigh Choi Consultants Ltd. from 2008 to 2010 and served as a senior auditor of Baker Tilly Hong Kong Limited from 2010 to 2015. He then joined Deloitte Touche Tohmatsu from 2015 to 2016, and subsequently joined Deloitte Touche Tohmatsu Certified Public Accountants (Special General Partnership) Shenzhen Branch and held the position as a manager of the audit and assurance department from 2016 to 2020, participated in the IPO audit and was responsible for the audit of a number of listed companies in Hong Kong, and has audited for state-owned enterprises. From March 2020 onwards, he carried out independent practice, providing accounting and tax services.

REVENUE BY BUSINESS SEGMENTS

Ratio analysis by business segments for the Group's revenue for the year ended 31 December 2021 ("Current Year") against the year ended 31 December 2020 ("Comparative Year") is as follows:

- Clean Energy: approximately HK$195,574,000 (Comparative Year: approximately HK$199,575,000 (re-presented))
- Trading in securities: Nil (Comparative Year: approximately HK$1,000)
- Investments: approximately HK$5,616,000 (Comparative Year: approximately HK$374,000)
- Trading of bulk commodities: approximately HK$2,090,000 (Comparative Year: approximately HK$250,095,000)

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$5,616,000 (Comparative Year: approximately HK$374,000)
- The People's Republic of China ("PRC"): approximately HK$195,574,000 (Comparative Year: approximately HK$199,575,000 (re-presented))
- The Republic of Singapore ("Singapore"): approximately HK$2,090,000 (Comparative Year: approximately HK$250,095,000)

BUSINESS REVIEW

Clean Energy

Clean-energy power generation business is the principal business of the Group. As at 31 December 2021, the Group's installed capacity is approximately 172 megawatt(s) ("MW") (as at 31 December 2020: 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 206,519,000 kilowatt hour(s) ("KWh") (Comparative Year: approximately 198,973,000KWh (re-presented)) and generated revenue of approximately HK$195,574,000 as compared to revenue of approximately HK$199,575,000 (re-presented) in the Comparative Year. The revenue was mainly contributed by a 100% owned subsidiary, namely Jinchang Jintai Photovoltaic Company Limited 金昌錦泰光伏電力有限公司, which has an aggregate production capacity of 100MW.

Segment profit of approximately HK$41,018,000 was recorded during the Current Year as compared to a loss of approximately HK$225,879,000 (re-presented) in the Comparative Year. The current year profit is principally due to a decrease in impairment losses on property, plant and equipment and intangible asset.

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

Jintai 100MW Project in Jinchang, Gansu: During the Current Year, sale of electricity was approximately 139,806,000KWh, representing an increase of 7.5% as compared with Comparative Year's sale of electricity of approximately 130,080,000KWh. Sales revenue was approximately HK$121,587,000, representing an increase of 13.7% as compared with Comparative Year's revenue of approximately HK$106,921,000.

Guanyang 8.25MW Project in Dezhou, Shandong: During the Current Year, sale of electricity was approximately 6,750,000KWh, representing a decrease of 11.5% as compared with Comparative Year's sale of electricity of approximately 7,626,000KWh. Sales revenue was approximately HK$7,089,000, representing a decrease of 6.8% as compared with Comparative Year's revenue of approximately HK$7,605,000.

Hongxiang 8MW Project in Dezhou, Shandong: During the Current Year, sale of electricity was approximately 5,761,000KWh, representing an increase of 27% as compared Comparative Year's sale of electricity of approximately 4,536,000KWh. Sales revenue was approximately HK$6,196,000, representing an increase of 36.9% as compared with Comparative Year's revenue of approximately HK$4,527,000.

Jinde 5MW Project in Dezhou, Shandong: During the Current Year, sale of electricity was approximately 2,034,000KWh, representing a decrease of 53.6% as compared with Comparative Year's sale of electricity of approximately 4,387,000KWh. Sales revenue was approximately HK$2,293,000, representing a decrease of 48.2% as compared with Comparative Year's revenue of approximately HK$4,425,000.

Jiayang 10MW Project in Dezhou, Shandong: During the Current Year, sale of electricity was approximately 9,331,000KWh (Comparative Year: approximately 8,241,000KWh), representing an increase of 13.2%. Sales revenue was approximately HK$10,178,000 (Comparative Year: approximately HK$8,188,000), representing an increase of 24.3%.

Hongyang 20MW Project in Changfeng, Anhui: During the Current Year, sale of electricity was approximately 22,823,000KWh (Comparative Year: approximately 23,209,000KWh), representing a decrease of 1.7%. Sales revenue was approximately HK$28,303,000 (Comparative Year: approximately HK$29,614,000), representing a decrease of 4.4%.

Jinjian 20MW Project in Gaoan, Jiangxi: During the Current Year, sale of electricity was approximately 20,014,000KWh (Comparative Year: approximately 20,894,000KWh), representing a decrease of 4.2%. Sales revenue was approximately HK$25,606,000 (Comparative Year: approximately HK$23,669,000), representing an increase of 8.2%.

The electricity volume generated during the Current Year was stable and the average utilisation hours of our solar power plants were 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 Nil (Comparative Year: Nil). Loss of approximately HK$17,202,000 was recorded from this business segment during the Current Year as compared to a record of segment loss of approximately HK$47,818,000 for the Comparative Year. Dividend income from listed equity securities was Nil (Comparative Year: approximately HK$1,000).

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$5,616,000 is recognised in profit or loss during the Current Year (Comparative Year: approximately HK$374,000). The loss on change of fair value of approximately HK$187,864,000 on these financial assets at fair value through other comprehensive income was recognised during the Current Year (Comparative Year: approximately HK$42,490,000).

Trading of Bulk Commodities

During the Current Year, the revenue from this segment was approximately HK$2,090,000 (Comparative Year: approximately 250,095,000) and recorded a segment loss of approximately HK$10,870,000 (Comparative Year: segment loss of approximately HK$16,240,000).

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 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 2021, the installed capacities of photovoltaic power and on-grid wind power in China amounted to 305.99 GW and 338.31GW, 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.

RESULTS OF THE GROUP

During the Current Year, the Group recorded a revenue of approximately HK$203,280,000 as compared to revenue of approximately HK$450,045,000 (re-presented) in Comparative Year, The change in revenue was mainly due to the decrease in sales of bulk commodities from approximately HK$250,095,000 to approximately HK$2,090,000, representing a decrease of 99.2%. The net loss of the Group for the Current Year amounted to approximately HK$647,450,000 (Comparative Year: approximately HK$777,354,000 (re-presented)), representing a decrease in loss of 16.7%.

COST OF SALES

For the Current Year, the amount of cost of sales was approximately HK$118,982,000 (Comparative Year: approximately HK$375,122,000 (re-presented)), representing a decrease of 68.3%, primarily due to decrease in cost of sales of bulk commodities from approximately HK$256,555,000 to approximately HK$2,060,000, representing an decrease of 99.2%.

OPERATING AND ADMINISTRATIVE EXPENSES

For the Current Year, the amount of operating and administrative expenses was approximately HK$36,662,000 (Comparative Year: approximately HK$57,733,000 (re-presented)).

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 2021, the Group had cash and bank balances of approximately HK$84,073,000 (as at 31 December 2020: approximately HK$36,780,000). As at 31 December 2021, the Group's interest bearing bank and other borrowings amounted to approximately HK$1,458,740,000 (as at 31 December 2020: approximately HK$2,120,720,000). Total deficiency attributable to owners of the Company amounted to approximately HK$162,017,000 (as at 31 December 2020: approximately equity of HK$652,749,000). The gearing ratio is negative 848.5% (as at 31 December 2020: positive 319.3%). As at 31 December 2021, the Group had net current liabilities of approximately HK$1,401,680,000 (as at 31 December 2020: approximately HK$1,182,868,000) and current ratio (being current assets over current liabilities) of 38.9% (as at 31 December 2020: 52.2%).

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 of the Company (the "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 cash and bank balances. The gearing ratio at the end of the reporting year is as follows:

	31 December 2021 *HK$'000*	31 December 2020 *HK$'000*
Bank and other borrowings	**1,458,740**	2,120,727
Less: cash and bank balances	**(84,073)**	(36,780)
Net debt	**1,374,667**	2,083,947
Total (deficiency) equity attributable to owners of the Company	**(162,017)**	652,749
Gearing ratio	**(848.5)%**	319.3%

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) As at 31 December 2021, the Group's bank borrowings of HK$539,091,000 (2020: HK$553,582,000) were guaranteed by a subsidiary up to a total amount of RMB465,900,000 (equivalent to HK$569,842,000) (2020: RMB465,900,000 (equivalent to HK$553,582,000)). 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 (2020: 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 2021. The default has not been remedied at the date these financial statements were authorised for issue.

(ii) As at 31 December 2021, the Group's other loan of HK$584,642,000 (2020: HK$567,960,000) was interest-bearing at 7.90% per annum, and was guaranteed by an independent company and Shanghai Gorgeous Investment Development Company Limited（上海國之杰投資發展有限公司）("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.

(iii) As at 31 December 2021, the Group's other loans of HK$327,057,000 (2020: HK$317,725,000) 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.

FOREIGN EXCHANGE EXPOSURE

The Group's businesses are mainly conducted in Renminbi and United States dollar ("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 as at 31 December 2021 stated in this report as follows:

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 2021	Dividends received	Percentage of carrying amounts to the Group's total assets
						HK$'000	*HK$'000*	
Financial assets at FVTOCI								
Not applicable	Seekers Partners Limited	Investment holding, property investment, commodities dealer, money lending, nominees, integrated financial services	Investment in shares	28,150,048	1.71%	1,200	–	0.01%

The Board provides the information of the Group's investment with the carrying amount exceeding 1% of the total assets of the Group held as 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	Dividends received	Percentage of carrying amounts to the Group's total assets
						HK$'000	*HK$'000*	
Financial assets at FVTOCI								
Not applicable	Seekers Partners 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 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 OR DISPOSAL OF SUBSIDIARIES

Deemed disposal of a subsidiary

In January 2021, a sale and purchase agreement (the "S&P Agreement") 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 Jinchang Disheng Solar Energy Company Limited ("Jinchang Disheng"), a then subsidiary company of the Group engaging in operation of solar plant station in Gansu Province, the PRC, to the purchaser.

On 4 February 2021, the purchaser has effected the change of the registered owner of Jinchang Disheng from the Group to the purchaser ("Change of Registered Owner"), which 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.

In the opinion of the directors, the Group remained as the owner of Jinchang Disheng. However, given the Change of Registered Owner of Jinchang Disheng which resulted in the Group being unable to access to the financial information of Jinchang Disheng, the Company accounted for the Change of Registered Owner as deemed disposal of Jinchang Disheng ("Discontinued Operations"), as referred to note 14. Reference is made to the circular and notice of the special general meeting of the Company dated 26 October 2022.

EMPLOYEES

As at 31 December 2021, the Group employed around 33 employees in Hong Kong, Singapore and the PRC (31 December 2020: 37). 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 2021 (31 December 2020: 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

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, 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 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, 7 June 2021, 2 July 2021, 2 August 2021, 6 September 2021, 6 October 2021, 8 November 2021, 2 December 2021, 4 January 2022, 4 February 2022, 11 March 2022, 7 April 2022, 10 May 2022, 13 June 2022, 6 July 2022, 9 August 2022, 9 September 2022 and 7 October 2022.

Withdrawal and dismissal of winding-up petition

As announced by the Company on 5 October 2021, 11 October 2021, 10 November 2021, 26 January 2022, 24 March 2022, 6 April 2022, 4 May 2022 and 10 June 2022, the Company has received a winding-up petition, with Nine United International Limited ("Nine United") being the petitioner. The Company has successfully entered into settlement agreement with, inter alia, Nine United (the "Nine United Settlement Agreement"). Reference is made to the announcement of the Company dated 15 June 2022. Pursuant to the Nine United Settlement Agreement, the Company and Nine United have executed and filed a consent summons to the High Court to withdraw the Nine United Petition and an order of the same has been granted.

Going concern

Summary of facts

It was noted that (i) the Group incurred a net loss of HK$647.5 million for the FY2021; (ii) the Group recorded net current liabilities of HK$1,401.7 million; and (iii) the Group's total borrowings amounted to HK$1,458.7 million, while its cash and cash equivalents amounted to HK$84.1 million only. Further, the Auditors considered the Group's cash flow forecast was subject to uncertainties. In view of these, the Auditors considered that they were unable to obtain sufficient audit evidence whether it is appropriate to present the Company's financial statements on a going concern basis.

Management's view on the Disclaimer of Opinion

While the Group did incur net loss of HK$647.5 million for the FY2021, the Group at the same time generated positive operating cash flow of HK$159.9 million for the FY2021. Such disparity between accounting loss and positive operating cash flow is no coincidence; the Company submits that it is inherent to the Group's business cycle. The Company is of the view that non-cash expense items, such as depreciation, amortisation and impairment, do not directly impact the Group's day-to-day operations and hence should have less weight in the assessment of the Group's ability of operating with going concern when compared with the actual cash flow.

As to the Auditors' concern over the Group's net current liabilities position and the Group's borrowing level, the Company is of the view that the Auditors might have taken an overly prudent approach in assessing the Group's financial position. Further, the Company is considering various financing plans, which includes rescheduling of debts and equity fundraising.

Scope limitation on the valuation of financial assets at FVTOCI

Summary of facts

As of 31 December 2021, the Group reported that it possessed FVTOCI of HK$1.2 million.

Management's view on the Disclaimer of Opinion

In respect of the aforementioned equity investment, the Company endeavoured in communicating with, and seeking cooperation from, the investees but no success. After considering the possible legal avenue available to the Group as a minority shareholder of these investees, the Group decided to dispose of these equity investments.

As to the disposal of these investments, the Company appointed a professional firm to assist in soliciting buyer through tendering. By the end of the bidding process, only one (1) formal bid was received. The Company proposed to enter into a formal agreement with the bidder.

Based on the foregoing, the Company expects this audit modification will be removed by FY2022.

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

Summary of facts

In December 2015, the Group entered into potential acquisitions, under which the Group agreed to acquire solar power plants. As stipulated under the terms of the said acquisitions, the Group paid two deposits which amounted to HK$300.0 million and RMB30.0 million respectively. Details of which were disclosed in the Company's announcements dated 11 December 2015 and 13 March 2018 respectively. Subsequently, the said acquisitions were lapsed and terminated. Since then, the Group sought to recover the deposits paid but no success.

Management's view on the Disclaimer of Opinion

As part of its financial reporting procedures, the Company engaged a valuer to assess the valuation of the said refundable deposits. Based on the report produced by the said valuer, the valuation of the refundable deposits amounted to some HK$99 million as of 31 December 2021. Accordingly the Group wrote down the carrying value of the refundable deposits in its accounts.

In response to the vendor's inability to timely repay the said deposits, negotiations took place between the Group and the vendor since the termination of the said potential acquisitions. As the progress has been lacking, the Group also initiated legal actions to recover the said deposits. The Company considers that on the completion of the legal actions, the Group will either recover the amount from the vendor; or, failing which, will write off the remaining carrying value of the deposit and conclude this matter.

If the Group cannot recover the amount from the vendor by the end of 2023, the Group will, without any circumstance indicating the otherwise, consider the amount unlikely to be recoverable in foreseeable future and thus fully write off the remaining carrying value. The Auditors will have a qualification opinion for the FY2023 and the qualification on the opening for the FY 2024 and then will have a clean opinion for the FY2025.

Scope limitation on the disposal of Jinchang Disheng

Summary of facts

On 27 January 2021 (after trading hours), Qingdao Guxin (as the seller) and Gansu Jintai entered into the Disheng Sale and Purchase Agreement, pursuant to which Qingdao Guxin conditionally agreed to sell and Gansu Jintai conditionally agreed to acquire (i) the entire issued share capital in Jinchang Disheng and (ii) the Sale Loan at the consideration of RMB350.0 million. Qingdao Guxin was an indirect wholly-owned subsidiary of the Company as of the date of the Disheng Sale and Purchase Agreement.

Under the terms of the Disheng Sale and Purchase Agreement, operation should be handed over to Gansu Jintai before the first instalment of the consideration, being RMB300 million, is paid. The Operation Handover in Jinchang Disheng was completed on 27 January 2021.

It was not the intention of the then management of the Company under the Disheng Sale and Purchase Agreement to transfer the ownership of Jinchang Disheng under the Operation Handover. As provided in the Disheng Sale and Purchase Agreement, Qingdao Guxin shall retain the voting rights in shareholders' meeting before completion and the change of ownership and change of directors, supervisor and senior management of Jinchang Disheng shall only be taken place at the completion after the fulfillment of all the conditions precedent, including, among others, the approval from the Shareholders in the SGM.

Shortly after the Operation Handover, Gansu Jintai effected the change of the registered owner of Jinchang Disheng with relevant authorities from Qingdao Guxin to Gansu Jintai without the consent of Qingdao Guxin. Such change was in contravention of the terms of the Sale and Purchase Agreement.

Management's view on the Disclaimer of Opinion

Upon seeking advice from the Group's legal advisor, Qingdao Guxin commenced a series of actions including an arbitration proceeding against Gansu Jintai in respect of, among other things, to request for the transfer of registered ownership of Jinchang Disheng back to Qingdao Guxin. On 9 June 2022, an arbitral award decision was granted against Qingdao Guxin.

Despite Gansu Jintai acted in contravention to the terms of the Disheng Sale and Purchase Agreement, the Group continued to act in accordance with it as the agreement was not terminated. The Group has issued a circular containing necessary information in respect of the Disheng Disposal for shareholders' information as required under the Listing Rules and to convene a special general meeting. Reference is made to the circular and notice of the special general meeting of the Company dated 26 October 2022.

For financial reporting purpose, the Company accounted for the Disheng Disposal as a deemed disposal of Jinchang Disheng and waiver of the Sale Loan in the Company's financial statements for the FY2021. The Company considers that the Disheng Disposal will not have enduring effects to the Group's financial results. For further details, please refer to the circular of the Company published on 26 October 2022.

Audit Committee's View and removal of the Disclaimer of Opinion

The Audit Committee acknowledged the views of the Auditors regarding the disclaimer of opinion and the management's position concerning the disclaimer of opinion and had also discussed with the auditors at the planning stages and closing stages via teleconferences, by which it was fully aware of the abovementioned background and reasons for the disclaimer of opinion. The Audit Committee therefore concurred with the views of the Management and the auditors.

Removal of Disclaimer of Opinion

As discussed with the auditors, it is expected that:–

i) Scope limitation on the valuation of financial assets at FVTOCI is expected to be removed for the year ending 31 December 2022 upon the completion of the disposal of the equity investment.

ii) Scope limitation on the estimation of expected credit losses on refundable deposits, the qualification is expected to be removed in the Group's consolidated financial statements for the year ending 31 December 2025 as the Company will fully write off the non-refundable deposit by the year ending 31 December 2023 and would also affect the corresponding figures in its consolidated financial statements for the year ending 31 December 2024 but would not further affect its consolidated financial statements for the year ending 31 December 2025.

iii) Scope limitation on the disposal of Jinchang Disheng is expected to be removed for the year ending 31 December 2022 upon the completion of the SGM.

Corporate Governance Report

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

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of all the applicable code provisions of the Code on Corporate Governance Practices (the "Code on CGP"), which was amended and effective since 1 January 2022, as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") 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 old Code on CGP requires the non-executive directors to be appointed for a specific term and subject to re-election, which was no longer effective since 1 January 2022. 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 Part 2 C.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. 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 and the audited 2021 financial statements at the 2022 annual general meeting of the Company in accordance with Rules 13.46 and 13.49 of the Listing Rules, and failed to publish its environmental, social and governance report for the same period covered in the 2020 annual results and 2021 annual results of the Company 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 six Directors including three 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. Bo Dateng
Ms. Yue Lu *(appointed on 28 January 2022)*
Mr. Hu Hanyang *(resigned on 20 January 2022)*
Mr. Weng Xiaoquan *(resigned on 27 January 2022)*
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 *(resigned on 13 January 2021)*
Mr. Yin Yilin *(resigned on 13 January 2021)*

Non-executive Director

Mr. Chen Lei *(appointed on 15 March 2021 and resigned on 3 March 2022)*

Independent Non-executive Directors

Mr. Pun Hau Man
Mr. Lo Ka Ki *(appointed on 25 April 2021)*
Mr. Kwok Shun Sing *(appointed on 21 January 2022)*
Mr. Lam Cheung Mau *(resigned on 19 January 2022)*
Mr. Wang Yuzhou *(resigned on 25 April 2021)*

After annual assessment by the nomination committee of the Company at a meeting on 10 October 2022, 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 six 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 Part 2 C.1.4 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. Bo Dateng	✓
Ms. Yue Lu *(appointed on 28 January 2022)*	✓
Mr. Weng Xiaoquan *(resigned on 27 January 2022)*	✓
Mr. Hu Hanyang *(resigned on 20 January 2022)*	✓
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 *(resigned on 13 January 2021)*	✓
Mr. Yin Yilin *(resigned on 13 January 2021)*	✓
Non-executive Director	
Mr. Chen Lei *(appointed on 15 March 2021 and resigned on 3 March 2022)*	✓
Independent Non-executive Directors	
Mr. Pun Hau Man	✓
Mr. Lo Ka Ki *(appointed on 25 April 2021)*	✓
Mr. Kwok Shun Sing *(appointed on 21 January 2022)*	✓
Mr. Lam Cheung Mau *(resigned on 19 January 2022)*	✓
Mr. Wang Yuzhou *(resigned on 25 April 2021)*	✓

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.

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 16 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)*	15/16
Mr. Bo Dateng	6/16
Ms. Yue Lu *(appointed on 28 January 2022)*	N/A
Mr. Hu Hanyang *(resigned on 20 January 2022)*	8/16
Mr. Weng Xiaoquan *(resigned on 27 January 2022)*	10/16
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)*	5/5
Mr. Zhang Liang *(resigned as an executive director, Chairman of the Board and Chief Executive Officer on 10 March 2021)*	2/2
Mr. Gao Fei *(appointed on 13 March 2020 and resigned on 13 January 2021)*	N/A
Mr. Yin Yilin *(appointed on 13 March 2020 and resigned on 13 January 2021)*	N/A
Non-executive Director	
Mr. Chen Lei *(appointed on 15 March 2021 and resigned on 3 March 2022)*	11/12
Independent Non-executive Directors	
Mr. Pun Hau Man	16/16
Mr. Lo Ka Ki *(appointed on 25 April 2021)*	10/10
Mr. Kwok Shun Sing *(appointed on 21 January 2022)*	N/A
Mr. Wang Yuzhou *(resigned on 25 April 2021)*	7/7
Mr. Lam Cheung Mau *(resigned on 19 January 2022)*	16/16

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 9 August 2021.

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)*	1/1
Mr. Bo Dateng	1/1
Ms. Yue Lu *(appointed on 28 January 2022)*	N/A
Mr. Hu Hanyang *(resigned on 20 January 2022)*	1/1
Mr. Weng Xiaoquan *(resigned on 27 January 2022)*	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)*	N/A
Mr. Gao Fei *(appointed on 13 March 2020 and resigned on 13 January 2021)*	N/A
Mr. Yin Yilin *(appointed on 13 March 2020 and resigned on 13 January 2021)*	N/A
Non-executive Director	
Mr. Chen Lei *(appointed on 15 March 2021 and resigned on 3 March 2022)*	1/1
Independent Non-executive Directors	
Mr. Pun Hau Man	1/1
Mr. Lo Ka Ki *(appointed on 25 April 2021)*	1/1
Mr. Kwok Shun Sing *(appointed on 21 January 2022)*	N/A
Mr. Lam Cheung Mau *(resigned on 19 January 2022)*	1/1
Mr. Wang Yuzhou *(resigned on 25 April 2021)*	N/A

Under the Company's shareholders' communication policy, 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 Shareholders and encourage their participation. All Directors of the Company are required to attend these general meetings for two-ways communication with the Company's shareholders.

However, as referred to the announcement of the Company dated 31 March 2022, due to the COVID-19 outbreak interrupting the audit process, the Company delayed its dispatch of the annual report for the year ended 31 December 2021, which was required on or before 30 April 2022, and holding its 2022 annual general meeting, which was required on or before 30 June 2022.

Nevertheless, the forthcoming annual general meeting of the Company ("2022 AGM") will be held on 2 December 2022 and all Directors of the Company, including all independent non-executive Directors, are required under the Company's shareholders' communication policy to attend it to share views with the Company's shareholders.

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. Kwok Shun Sing. 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 Directors;

(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 expenses.

During the Current Year, six Nomination Committee meetings were held (i) to review the re-election of the retiring Directors at the 2021 annual general meeting held on 9 August 2021 ("2021 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	**Number of attendance/ eligible to attend**
Mr. Chen Xianuan *(Chairman) (appointed on 25 June 2021)*	5/6
Mr. Lo Ka Ki *(appointed on 25 April 2021)*	4/4
Mr. Pun Hau Man	5/6
Mr. Kwok Shun Sing *(appointed on 21 January 2022)*	N/A
Mr. Lam Cheung Mau *(ceased to be a member on 19 January 2022)*	6/6
Mr. Xu David Hua *(appointed on 15 March 2021 and ceased to be the chairman of the Nomination Committee on 25 June 2021)*	2/3
Mr. Wang Yuzhou *(ceased to be a member on 25 April 2021)*	3/3
Mr. Zhang Liang *(ceased to be the Chairman of the Nomination Committee on 10 March 2021)*	1/1

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 discussed and reviewed the measurable objectives for implementing the Policy from time to time to ensure their appropriateness and the progress made towards achieving those objectives are ascertained.

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. Kwok Shun Sing.

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 6 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)*	4/4
Mr. Pun Hau Man	5/6
Mr. Kwok Shun Sing *(appointed on 21 January 2022)*	N/A
Mr. Lam Cheung Mau *(resigned on 19 January 2022)*	6/6
Mr. Wang Yuzhou *(resigned and ceased to be the chairman on 25 April 2021)*	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. Kwok Shun Sing.

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 5 meetings.

Name of Members	Number of attendance/ eligible to attend
Mr. Lo Ka Ki *(Chairman) (appointed on 25 April 2021)*	4/4
Mr. Pun Hau Man	4/5
Mr. Kwok Shun Sing *(appointed on 21 January 2022)*	N/A
Mr. Lam Cheung Mau *(resigned on 19 January 2022)*	5/5
Mr. Wang Yuzhou *(resigned and ceased to be the Chairman on 25 April 2021)*	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. And, following the resignation of RSM Hong Kong on 3 November 2021, ZHONGHUI ANDA CPA Limited was the auditor of the Company since the same date of the resignation of RSM Hong Kong to fill the casual vacancy following its resignation for the financial year ended 31 December 2021.

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 (ZHONGHUI ANDA CPA Limited) for their statutory audit services amounted to approximately HK$1,650,000. The non-audit service fee is as follows:

	HK$'000
Services in connection with potential disposal of Jinchang Disheng Solar Energy Company Limited	290
	290

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 (as amended) 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 2 December 2022 ("2022 AGM") will be voted by poll.

INVESTOR RELATIONS

The Company is committed to its shareholders' communication 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 2022 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 Part 2 paragraph D.2 of the Code on CGP, 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, including environmental, social and governance risks, 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 has 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 Bye-laws.

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$647,450,000. As at 31 December 2021, the Group's current liabilities exceeded its current assets by approximately HK$1,401,680,000. As at that date, the Group's total borrowings amounted to approximately HK$1,458,740,000, of which current borrowings amounted to approximately HK$1,458,740,000, while its cash and cash equivalents amounted to approximately HK$84,073,000 only.

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 2021, the Audit Committee concurred with the going concern basis adopted by the Company.

BOARD'S OVERSIGHT

The board of directors of the Company (the "Board") has the overall responsibility for ensuring effectiveness of the Company's ESG strategy and reporting with an aim that the Group can operate its businesses in a responsible and sustainable manner.

Our ESG processes and procedures focus on non-financial indicators that outline the Company's approach towards sustainability and has taken into account ESG-related issues covering different aspects including operations, legal and compliance, internal control, human resources, as well as marketing and communications. To reinforce the Board's ESG management approach and strategy as well as further enhance ESG governance, the Board has adopted an ESG Policy whereby the ESG Work Team (comprising representatives from operations and supporting departments) and the Executive Committee of the Company ("Executive Committee") are delegated the power and authority to handle all ESG-related matters.

Based on the recommendations from the Executive Committee, the Board reviews the progress made towards achieving the ESG-related goals as well as effectiveness of the management approach and strategy.

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, and has complied with "comply or explain" provision in the Listing Rules. This ESG report, which covers the period from 1 January 2021 to 31 December 2021, 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.

The four reporting principles, namely materiality, quantitative, balance and consistency, form the backbone of this report.

Materiality	The Group has evaluated the materiality and importance in ESG aspects through the following steps: (1) material ESG areas identification by industry benchmarking; (2) key ESG areas prioritisation with stakeholder engagement; and (3) validation and determining material ESG issues based on the results of communication among the management of the Company and the stakeholders. Engaging these steps can enhance the Group's understanding of the degree of importance and change of attention of its stakeholders to each significant ESG issue, and can enable the Group to plan its sustainable development direction more comprehensively in the future. Those important and material ESG areas identified during the materiality assessment were discussed in this ESG Report.
Quantitative	KPIs are disclosed in the ESG report so that stakeholders are able to have a comprehensive understanding of the Group's ESG performance. Information of the standards, methodologies, references, source of key emission and conversion factors used on these KPIs are stated wherever appropriate. Performance targets of KPIs are set by the Group based on historical data and business development plan.

Balance	The Group is committed to preparing the report on an unbiased basis. Both achievements and challenges are covered in this report to reflect an objective picture of our performances.
Consistency	In order to enhance and maintain comparability of ESG performances between years, the Group has strived to adopt consistent reporting and calculation methodologies as far as reasonably practicable. Any changes to the methods, KPI used, or any other relevant factors affecting a meaningful comparison shall be fully disclosed.

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 2021, the total amount of greenhouse gas emissions of the Group was 1,793 tonnes, most of which were indirect emissions from purchased electricity, with average CO_2 emission of 8.7 kg per MWh of electricity sold.

	2021	2020
Total carbon emission	**1,793**	2,897
Scope 1 (Direct) carbon emission	**32**	52
Scope 2 (Indirect) carbon emission	**1,761**	2,845

Annual Emissions Reduction Contribution

During the year ended 31 December 2021, the Group has generated electricity volume of 206,519 MWh. The environmentally harmful by-products has been significantly reduced in comparison with coal-burning power plants in China.

Electricity generation	**unit**	**2021**	2020
Solar power plants	Megawatt hours (MWh)	**206,519**	332,990

Our environmental contributions in 2021:

	2021	2020
Reduction of carbon dioxide emissions approximately (in tonnes)	**205,900**	332,008
Reduction of sulphur dioxide emissions approximately (in tonnes)	**1,033**	1,652
Reduction of nitrogen oxide emissions approximately (in tonnes)	**624**	982
Reduction of dust emissions approximately (in tonnes)	**164**	256

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 2021, the non-hazardous wastes generated by the Group are approximately 1.4 tonnes and the hazardous wastes generated by the Group are insignificant and less than 0.1 tonnes.

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 2021 is as follows:

Consumption Index	2021	2020
Consumption of purchased electricity (MWh)	**2,495**	5,829
Less: unit of electricity sold (MWh)	**206,520**	332,990
Total direct and indirect energy consumption (MWh)	**(204,025)**	(327,161)
Average direct and indirect energy consumption per unit of electricity sold (kWh/kWh)	**(0.99)**	(0.98)
Total water consumption (cubic metre)	**4,800**	7,500
Average water consumption per unit of electricity sold (cubic metre/kWh)	**0.0232**	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.

A4. Climate Change

Responses to Climate Change

Due to the extreme weather caused by global warming, combating climate change has become an important issue with global concern. Moreover, energy conservation and reduction of greenhouse gas emissions have become the top priority of enterprises.

The Group has taken climate change risks into account in risk assessment and management, and identified potential impact of extreme weather (e.g. Heavy raining, typhoon and reduction in sunlight) on the Group's business activities. A selected team is responsible for issuing weather warning and prevention requirements. Each office and power plant has established relevant command group to deal with raining and typhoon matters and has prepared response and contingency plans in advance to prevent the damage caused by extreme weather on business operations and employees lives. In long-term strategies, the Group has always been in search of better locations for solar power plants construction to solve the problem of reduction in sunlight time caused by climate changes.

Opportunities

On the other hand, climate change may bring opportunities to the Group. As climate change may lead to changes in preferences for sources of energies, it is a favourable opportunity for the Group to commit as an environmentally friendly energy provider of pure solar power. Following this trend, the Group strives to provide more low-carbon energy to provide cleaner alternatives for customers.

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.

The operation of the Offices in Hong Kong, PRC, and Singapore and the PRC solar power plants had a total number of 33 employees as of 31 December 2021 (2020: 37 employees), of whom 100% were in full-time positions. The number of employees was similar to the previous reporting period. The tables below illustrate the detailed distribution of the workforce.

Total number of employees at the end of the period by gender

Male	20
Female	13

Total number of employees at the end of the period by age group

age 18 – 25	1
age 26 – 35	9
age 36 – 45	10
age 46 – 55	8
age 56 – 65	4
age > 65	1

Total number of employees at the end of the period by geographical region

Hong Kong	6
Mainland China	21
Singapore	6

Employee turnover rate by gender

Male	14%
Female	14%

Employee turnover rate by age group

Age 26 – 35	11%
Age 36 – 45	19%
Age 46 – 55	22%

Employee turnover rate by geographical region

Hong Kong	17%
Mainland China	17%

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.

During the period from 2019 to 2021, the Group had no work-related fatalities, and the number of lost work days due to major work-related injuries was nil. There were no major accidents, nor was any punishment imposed on us for serious violation of relevant laws and regulations regarding occupational health and safety.

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.

In 2021, the proportion of the Group's employees trained was 85%, and the total training hours for the year were 242 hours.

Percentage of employees trained by gender

Male	60%
Female	40%

Percentage of employees trained by employee category

Senior management	10%
Middle management	17%
Supervisor	30%
General staff	43%

Average training hours completed per employee by gender (hours/person)

Male	8.71
Female	4.21

Average training hours completed per employee by employee category (hours/person)

Senior management	9.43
Middle management	10.36
Supervisor	7.1
General staff	5.06

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.

In practice, the Group strictly prohibits child labour and forced labour. During staff recruitment, the identity of potential employees would be strictly reviewed to ensure that they are at least sixteen years of age. The Group prohibits any form of forced labour or servitude and ensured that all employees are working on a voluntary basis.

During the reporting period, the Group had no violations involving child labor or forced labor.

B5. Supply Chain Management

The Group understands that to achieve sustainable development, one cannot rely on its own strength. It requires concerted efforts from various parties. When selecting a new supplier, the Group 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 Group would also review and evaluate existing suppliers annually and update the approved supplier list according to the evaluation results on a regular basis.

The Group has also conducted strict background investigations on its major suppliers to evaluate their environmental and social responsibility performance and keeps close communication to enhance both parties' awareness on sustainable development. The ESG-related risk in suppliers could be identified though supplier assessment process. The Group identifies and prioritizes the supplier with significantly less adverse environmental and social impacts. Our responsible team monitors and manages the performance and compliance of the suppliers to prevent and mitigate the ESG-related risk along the supply chain. Suppliers are encouraged to provide environmentally friendly alternatives for consideration. In addition, suppliers with management certification such as ISO 9001 Quality Management System certification, OHSAS 18001 Occupational Health and Safety Management system certification, ISO 14001 Environmental Management System certification and any related license and certification are more preferred.

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

During the Reporting Period, the Group has 3 major suppliers, which are all located in mainland China and are all with expertise in solar power plant operation complying with the requirements of supplier engagement practices and tendering procedures.

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 Group has established complaint handling process for responding all kinds of complaints in a timely manner. No customer complaint was identified in trading of bulk commodities sector during its reporting period. Also, amongst the products being sold and delivered, there was no incident of recall because of product's health and safety reason in trading of bulk commodities sector during the reporting period.

The Group promises not to use any pirated products, and has implemented control rights on the computer system to protect the stability of the system to minimize the risk of viruses. The Group attaches great importance to the protection of consumer information and privacy, and has managed customers' personal information in accordance with strict standards. No collected customer data would be used for promotional purposes without the consent of customers. The Group regularly reviews the security of the information storage system, protecting the security and stability of the information system through firewalls and management of Internet access to reduce the risk of personal information disclosure.

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. In addition, anti-corruption training materials and practical guides are regularly provided for both employees and directors in order to raise awareness of anti-corruption among employees. The training involves laws and regulation regarding anti-corruption, guidance on properly managing conflict of interest and corruption prevention. Through the above training, our employee could be well informed of the related policy and their obligations.

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	37-39
KPI A1.1	The types of emissions and respective emissions data.	GHG Emission, Pollutants Management	38
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	38
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Wastes Management	39
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	39
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Annual Emissions Reduction Contribution, Pollutants Management	38
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Wastes Management	39

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	39-40
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	40
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resource Consumption	40
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Resource Conservation	39-40
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	39-40
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	40
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	40
Aspect A4: Climate Change			
General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		Climate change	41
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Responses to Climate Change	41

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	41-42
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment	41-42
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment	41-42
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	42
KPI B2.1	Number and rate of work-related fatalities.	Health and Safety	42
KPI B2.2	Lost days due to work injury.	Health and Safety	42
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety	42

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	43
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle-level management).	Development and training	43
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and training	43
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	43-44
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour standard	43-44
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour standard	43-44
Operating Practices			
Aspect B5: Supply Chain Management			
General Disclosure Policies on managing environmental and social risks of the supply chain.		Management of Supply Chains	44
KPI B5.1	Number of suppliers by geographical region.	Supply chain management	44
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.	Supply chain management	44
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply chain management	44
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply chain management	44

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	44-45
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product responsibility	44-45
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product responsibility	44-45
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product responsibility	44-45
KPI B6.4	Description of quality assurance process and recall procedures.	Product responsibility	44-45
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product responsibility	44-45
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	45
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.	Anti-corruption	45
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption	45
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption	45

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	45
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community investment	45
KPI B8.2	Resources contributed to the focus area (e.g. money or time).	Community investment	45

Directors' Report

The Board of Directors submits 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 19 and "Five Year Financial Summary" on pages 147 to 148 form part of this directors' report.

Principal Risks and Uncertainties Facing the Company

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

The Group's business is also exposed 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 and up to the date of this report, as far as the Company is aware, save as disclosed in this annual report, 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 68 to 69.

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

As trading in the Company's shares on the Stock Exchange has been suspended since 1 April 2021, no transfer of shares of the Company could be effected since 1 April 2021 and so closure of register of members is not appropriate to the Company. However, the Shareholders in the register of members of the Company on 2 December 2022 are entitled to attend and vote at the annual general meeting of the Company to be held on 2 December 2022 ("2022 AGM").

DISTRIBUTABLE RESERVES

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

	31.12.2021	31.12.2020
	HK$'000	*HK$'000*
Contributed surplus	**154,440**	154,440
Accumulated losses	**(4,716,178)**	(4,491,119)
	(4,561,738)	(4,336,679)

Under the Companies Act 1981 (as amended) of Bermuda, 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 as at 31 December 2021, may be distributed in the form of fully paid bonus shares.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the 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 147 to 148 of this report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group are set out in note 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 39 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. Bo Dateng
Ms. Yue Lu *(appointed on 28 January 2022)*
Mr. Hu Hanyang *(resigned on 20 January 2022)*
Mr. Weng Xiaoquan *(resigned on 27 January 2022)*
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 *(resigned on 13 January 2021)*
Mr. Yin Yilin *(resigned on 13 January 2021)*

Non-executive Director

Mr. Chen Lei *(appointed on 15 March 2021 and resigned on 3 March 2022)*

Independent Non-executive Directors

Mr. Pun Hau Man
Mr. Lo Ka Ki *(appointed on 25 April 2021)*
Mr. Kwok Shun Sing *(appointed on 21 January 2022)*
Mr. Lam Cheung Mau *(resigned on 19 January 2022)*
Mr. Wang Yuzhou *(resigned on 25 April 2021)*

In accordance with clause 115 of the Bye-Laws, Ms. Yue Lu and Mr. Kwok Shun Sing being Directors appointed to fill a casual vacancy as additional Directors, shall hold office only until the special general meeting ("SGM") and, being eligibles, offer themselves for re-election at the SGM.

In accordance with clause 111 of the Bye-Laws, Mr. Bo Dateng and Mr. Pun Hau Man shall retire from office by rotation at the 2022 AGM.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the 2022 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 and members of the senior management by band for the year ended 31 December 2021 are set out in note 17 to the consolidated financial statements. The Company adopts the same remuneration policy to its Directors as disclosed in the section headed "HUMAN RESOURCES AND STAFF REMUNERATION" in this Directors' report.

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 2021 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 40 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 40 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 2021, 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 2021, 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 *(Note 2)*	4,092,084,312 (L)	43.65%
Shanghai Gorgeous	Interest in a controlled corporation *(Note 2 and 3)*	4,092,084,312 (L)	43.65%
Shanghai Gu Yuan	Interest in a controlled corporation *(Note 2 and 4)*	4,092,084,312 (L)	43.65%
Rich Crown	Interest in a controlled corporation *(Note 2 and 5)*	4,092,084,312 (L)	43.65%
Creaton Holdings	Interest in a controlled corporation *(Note 2 and 5)*	4,092,084,312 (L)	43.65%
Mr. Ko Tin Kwok *(deceased)*	Interest in a controlled corporation *(Note 2 and 6)*	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 7)*	831,000,000 (L)	8.86%
Shandong Hi-Speed Investment Holding	Interest of controlled Corporation *(Note 8)*	831,000,000 (L)	8.86%
Shandong Hi-Speed Group	Interest of controlled Corporation *(Note 9)*	1,497,372,364 (L)	15.97%
Dongying Yellow River	Interest of controlled Corporation *(Note 10)*	831,000,000 (L)	8.86%
Mr. Qin Zhongyue	Interest of controlled Corporation *(Note 11)*	831,000,000 (L)	8.86%
Safe Castle Limited	Beneficial owner *(Note 12)*	677,736,364 (L)	7.11%
China Shandong Hi-Speed Capital	Interest of controlled Corporation *(Note 12)*	677,736,364 (L)	7.11%
China Shandong Hi-Speed Financial Group Limited	Interest of controlled Corporation *(Note 12)*	677,736,364 (L)	7.11%
DayShine Agricultural Supply Chain Investment Fund L.P.	Beneficial owner	650,000,000 (L)	6.93%

Name of Shareholders	Capacity	Number of Shares interested *(Note 1)*	Approximate percentage of issued Shares
DayShine Fund Management (Cayman) Limited	Interest of controlled corporation *(Note 13)*	650,000,000 (L)	6.93%
Shenzhen Dachang Fund Management Co., Ltd.	Interest of controlled corporation *(Note 15)*	650,000,000 (L)	6.93%
Shenzhen Yukai Industrial Co., Ltd.	Interest of controlled corporation *(Note 15)*	650,000,000 (L)	6.93%
Li Qinggao	Interest of controlled corporation *(Note 16)*	650,000,000 (L)	6.93%
Wang Leilei	Interest of controlled corporation *(Note 17)*	650,000,000 (L)	6.93%
Rationale (Holdings) Investment	Interest of controlled Corporation *(Note 18)*	650,000,000 (L)	6.93%
Rationale Investment (Shanghai)	Interest of controlled Corporation *(Note 19)*	650,000,000 (L)	6.93%
China Minsheng New Energy	Interest of controlled Corporation *(Note 20)*	650,000,000 (L)	6.93%
China Minsheng Investment	Interest of controlled Corporation *(Note 21)*	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 22)*	688,900,000 (L)	7.35%
CCB International (Holdings) Limited	Interest of controlled Corporation *(Note 23)*	688,900,000 (L)	7.35%
CCB Financial Holdings Limited	Interest of controlled Corporation *(Note 24)*	688,900,000 (L)	7.35%
CCB International Group Holdings Limited	Interest of controlled Corporation *(Note 25)*	688,900,000 (L)	7.35%
China Construction Bank Corporation	Interest of controlled Corporation *(Note 26)*	688,900,000 (L)	7.35%
Central Huijin Investment Ltd.	Interest of controlled Corporation *(Note 27)*	688,900,000 (L)	7.35%
Ho Kwok Leung Glen	Receiver *(Note 28)*	4,363,014,000 (L)	46.54%
Lai Kar Yan	Receiver *(Note 28)*	4,363,014,000 (L)	46.54%
Industrial Bank Company Limited, Hong Kong Branch	Chargee *(Note 29)*	4,363,014,000 (L)	46.54%

Notes:

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

2. As disclosed in the announcement of the Company dated 5 February 2021 and as at 31 December 2021, Industrial Bank Co Ltd Hong Kong has purportedly appointed Mr. Ho Kwok Leung Glen and Mr. Lai Kar Yan as receivers over the Shares held by Gorgeous Investment Group Holdings Co., Limited ("Gorgeous Investment") and the Shares held by another company, totalling 4,363,014,000 Shares (equivalent to 46.54% of the total issued share capital of the Company) and has caused their names to appear on the list of substantial shareholders of the Company via The Stock Exchange of Hong Kong Limited Disclosure of Interest Online System.

3. As at 31 December 2021, 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.

4. As at 31 December 2021, 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.

5. As at 31 December 2021, 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.

6. As at 31 December 2021, 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, a former director of the Company, was therefore deemed to be interested in the Shares in which Rich Crown and Creaton Holdings were interested under the SFO.

7. As at 31 December 2021, 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.

8. As at 31 December 2021, 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.

9. As at 31 December 2021, 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.

10. As at 31 December 2021, 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.

11. As at 31 December 2021, 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.

12. As at 31 December 2021, 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.

13. As at 31 December 2021, 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").

14. As at 31 December 2021, 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.

15. As at 31 December 2021, 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.

16. As at 31 December 2021, 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.

17. As at 31 December 2021, 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.

18. As at 31 December 2021, 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.

19. As at 31 December 2021, 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.

20. As at 31 December 2021, 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.

21. As at 31 December 2021, 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.

22. As at 31 December 2021, 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.

23. As at 31 December 2021, 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.

24. As at 31 December 2021, 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.

25. As at 31 December 2021, 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.

26. As at 31 December 2021, CCB International Group Holdings was a wholly owned subsidiary of China Construction Bank Corporation and China Construction Bank Corporation was therefore deemed to have an interest in all the Shares beneficially owned by trust by CCB International Group Holdings Limited under the SFO.

27. As at 31 December 2021, 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.

28. Messrs Ho Kwok Leung Glen and Lai Kar Yan (together, the "Receivers") have been appointed as joint and several receivers and managers over 4,363,014,000 shares of China Smarter Energy Group Holdings Limited held by Gorgeous Investment Group Holding Co., Limited and Golden Value Worldwide Limited (the "Charged Shares").

29. Industrial Bank Company Limited, Hong Kong Branch, enforces the Charged Shares as chargee by notifying the relevant broker through the Receivers.

* *For identification purpose only*

Save as disclosed above, as at 31 December 2021, 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 2021 are set out in note 23 to the consolidated financial statements.

BORROWINGS

Particulars of borrowings of the Group at 31 December 2021 are set out in note 34 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Contracts with the Group's five largest customers combined by value, accounted for 91.21% in value of total revenue during the Current Year, while contracts with the Group's largest customer by value, accounted for 57.59% 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$14,102,000, of which contributions to defined contribution retirement schemes were approximately HK$320,000. 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, 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

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 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, 7 June 2021, 2 July 2021, 2 August 2021, 6 September 2021, 6 October 2021, 8 November 2021, 2 December 2021, 4 January 2022, 4 February 2022, 11 March 2022, 7 April 2022, 10 May 2022, 13 June 2022, 6 July 2022, 9 August 2022, 9 September 2022 and 7 October 2022.

Withdrawal and dismissal of winding-up petition

As announced by the Company on 5 October 2021, 11 October 2021, 10 November 2021, 26 January 2022, 24 March 2022, 6 April 2022, 4 May 2022 and 10 June 2022, the Company has received a winding-up petition, with Nine United International Limited ("Nine United") being the petitioner. The Company has successfully entered into settlement agreement with, inter alia, Nine United (the "Nine United Settlement Agreement"). Reference is made to the announcement of the Company dated 15 June 2022. Pursuant to the Nine United Settlement Agreement, the Company and Nine United have executed and filed a consent summons to the High Court to withdraw the Nine United Petition and an order of the same has been granted.

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 2021.

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 RSM Hong Kong on 3 November 2021, ZHONGHUI ANDA CPA Limited was appointed as the auditor of the Company on the same date of the resignation of RSM Hong Kong to fill the casual vacancy following its resignation. 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 before its resignation.

The consolidated financial statements have been audited by ZHONGHUI ANDA CPA Limited which will retire and, being eligible, offer themselves for re-appointment at the next annual general meeting.

A resolution for the re-appointment of ZHONGHUI ANDA CPA Limited 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 2022 AGM will be held on 2 December 2022. Details of 2022 AGM are set out in the notice of the 2022 AGM which constitutes part of the circular to be sent to the Company's shareholders together with this annual report. Notice of the 2022 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, 10 October 2022

ZHONGHUI

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 (the "Company") set out on pages 64 to 146, which comprise the consolidated statement of financial position as at 31 December 2021, and the 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, it is not possible for us to form an 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 requirement of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

1. Going concern

We draw attention to note 2 to the consolidated financial statements, which indicates that the Group incurred a loss of approximately HK$647,450,000 for the year ended 31 December 2021 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$1,401,680,000 and the Group had net liabilities of approximately HK$156,608,000. As at that date, the Group's total borrowings amounted to approximately HK$1,458,740,000, while its cash and cash equivalents amounted to approximately HK$84,073,000 only.

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 2022 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 negotiation with the lenders for extension of the maturity date of debts fallen due or expected to fall due within the next 12 months;

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

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

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

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.

BASIS FOR DISCLAIMER OF OPINION (cont'd)

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$1,200,000 and HK$189,064,000 as at 31 December 2021 and 2020 respectively. As at 31 December 2021, the fair value assessment of the financial assets at FVTOCI has been made by the directors of the Group.

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 2021 and 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$336,693,000 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. At 31 December 2021, the ECL of the refundable deposits amounting to HK$237,558,000 was recognised.

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 2021 and 2020 and expected credit losses recognised in profit or loss for the year then ended. Reference is made to the circular and notice of the special general meeting of the Company dated 26 October 2022.

4. Scope limitation on the disposal of Jinchang Disheng Solar Energy Company Limited ("Jinchang Disheng")

As disclosed in note 14 and 43 to the consolidated financial statements, in January 2021, the Group transferred all the books and records of Jinchang Disheng, an indirect wholly-owned subsidiary of the Group engaged in the operation of solar plant station in the People's Republic of China, to an independent third party. However, the general meeting for shareholders' approval have yet to be hold. Reference is made to the circular and notice of the special general meeting of the Company dated 26 October 2022.

We were not able to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the assets and liabilities as at 31 December 2021, loss on disposal of subsidiary of HK$229,834,000 for the year ended 31 December 2021, the disposal and the related disclosure notes in relation to the disposal, as included in the consolidated financial statements of the Group, have been properly accounted for or consolidated in the consolidated financial statements.

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 ("HKFRSs") 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.

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 Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report.

However, because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an 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.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Li Shun Fai
Audit Engagement Director
Practising Certificate Number P05498

Hong Kong, 10 October 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2021

	Notes	2021 HK$000	2020 HK$000 (Re-presented)
Continuing operations			
Revenue	8	**203,280**	450,045
Cost of sales		**(118,982)**	(375,122)
		84,298	74,923
Other income	9	**6,217**	8,458
Other gains and losses, net	10	**19,749**	(802)
Impairment losses on property, plant and equipment	20	**(36,746)**	(131,350)
Impairment losses on intangible assets	22	**–**	(144,399)
Impairment losses on trade receivables		**(514)**	(694)
Impairment losses on other receivables		**(43,149)**	(13,907)
Impairment losses on refundable deposits	27	**(237,558)**	–
Provisions for litigations and claims	36	**(32,847)**	(234,228)
Administrative and operating expenses		**(36,662)**	(57,733)
Loss from operations		**(277,212)**	(499,732)
Finance costs	12	**(144,515)**	(152,515)
Loss before tax		**(421,727)**	(652,247)
Income tax credit	13	**2,228**	41,614
Loss for the year from continuing operations	15	**(419,499)**	(610,633)
Discontinued operations			
Loss for the year from discontinued operations	14	**(227,951)**	(166,721)
Loss for the year		**(647,450)**	(777,354)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2021

	Notes	2021 HK$000	2020 HK$000 (Re-presented)
Loss for the year attributable to owners of the Company:			
– from continuing operations		**(422,756)**	(605,656)
– from discontinued operations		**(227,951)**	(166,721)
		(650,707)	(772,377)
Profit/(loss) for the year attributable to non-controlling interest:			
– from continuing operations		**3,257**	(4,977)
– from discontinued operations		**–**	–
		3,257	(4,977)
Other comprehensive income/(expenses):			
Fair value changes of equity investments at fair value through other comprehensive income ("FVTOCI")		**(187,864)**	(42,490)
Exchange differences on translating foreign operations		**(971)**	33,561
Release of reserves upon deemed disposal of a subsidiary		**24,776**	–
Other comprehensive loss for the year, net of tax		**(164,059)**	(8,929)
Total comprehensive loss for the year		**(811,509)**	(786,283)
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		**(814,766)**	(781,306)
Non-controlling interests		**3,257**	(4,977)
		(811,509)	(786,283)
Loss per share			
From continuing and discontinued operations	*19*		
Basic (cents per share)		**(6.94)**	(8.24)
Diluted (cents per share)		**(6.94)**	(8.24)
From continuing operations			
Basic (cents per share)		**(4.51)**	(6.46)
Diluted (cents per share)		**(4.51)**	(6.46)

Consolidated Statement of Financial Position

At 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment	20	**901,741**	1,708,778
Right-of-use assets	21	**16,858**	20,340
Intangible assets	22	**464,322**	479,265
Financial assets at FVTOCI	24	**1,200**	189,064
Club membership debenture	24	**130**	130
		1,384,251	2,397,577
Current assets			
Trade and bill receivables	25	**622,422**	813,194
Prepayments, deposits and other receivables	26	**86,137**	80,367
Refundable deposits	27	**99,135**	335,646
Financial assets at FVTPL	28	**47**	46
Derivative financial instruments	29	**15**	25,841
Restricted bank deposits	30	**757**	1,299
Bank and cash balances	31	**84,073**	36,780
		892,586	1,293,173
Current liabilities			
Trade payables	32	**12**	47
Accruals and other payables	33	**525,876**	395,291
Bank and other borrowings	34	**1,458,740**	1,769,733
Lease liabilities	35	**4,453**	6,026
Provisions for litigations and claims	36	**287,613**	250,354
Amounts due to related parties	37	**9,660**	46,302
Current tax liabilities		**7,912**	8,288
		2,294,266	2,476,041
Net current liabilities		**(1,401,680)**	(1,182,868)
Total assets less current liabilities		**(17,429)**	1,214,709

Consolidated Statement of Financial Position

At 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
Non-current liabilities			
Bank and other borrowings	*34*	–	350,994
Lease liabilities	*35*	**14,608**	14,796
Deferred tax liabilities	*38*	**124,571**	194,018
		139,179	559,808
NET (LIABILITIES)/ASSETS		**(156,608)**	654,901
Equity			
Share capital	*39*	**23,436**	23,436
Reserves	*42*	**(185,453)**	629,313
Equity attributable to owners of the Company		**(162,017)**	652,749
Non-controlling interests		**5,409**	2,152
TOTAL EQUITY		**(156,608)**	654,901

Approved by the Board of Directors on 10 October 2022 and are signed on its behalf by:

Chen Xiaxuan
Director

Pun Hau Man
Director

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2021

	Attributable to owners of Company									
	Share capital *HK$'000*	Share premium *HK$'000*	Contributed surplus *HK$'000*	Investment revaluation reserve *HK$'000*	Exchange fluctuation reserve *HK$'000*	Statutory reserve fund *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
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 loss for the year	–	–	–	(42,490)	33,561	–	(772,377)	(781,306)	(4,977)	(786,283)
Appropriation to statutory reserve	–	–	–	–	–	971	(971)	–	–	–
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
At 1 January 2021	23,436	4,157,427	77,102	(151,530)	(71,405)	8,785	(3,391,066)	652,749	2,152	654,901
Total comprehensive loss for the year	–	–	–	(187,864)	23,805	–	(650,707)	(814,766)	3,257	(811,509)
Appropriation to statutory reserve	–	–	–	–	–	1,729	(1,729)	–	–	–
At 31 December 2021	23,436	4,157,427	77,102	(339,394)	(47,600)	10,514	(4,043,502)	(162,017)	5,409	(156,608)

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2021

	2021 HK$'000	2020 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(650,103)**	(815,723)
Continuing operations	**(421,727)**	(652,247)
Discontinued operations	**(228,376)**	(163,476)
Adjustments for:		
Impairment losses on refundable deposits	**237,558**	–
Net loss on disposal of a subsidiary	**229,834**	–
Interest expenses	**144,515**	169,682
Depreciation of property, plant and equipment	**77,162**	136,775
Impairment losses on other receivables	**43,149**	13,907
Impairment of property, plant and equipment	**36,746**	309,861
Provisions for litigations and claims	**32,847**	236,932
Amortisation of intangible assets	**28,586**	33,221
Depreciation of right-of-use assets	**5,112**	9,120
Impairment losses on trade receivables	**514**	694
Loss on disposals of property, plant and equipment	**–**	3
Impairment of intangible assets	**–**	144,399
Loss on forfeited rental deposit	**–**	1,679
Dividend income from financial assets at FVTPL	**–**	(1)
Bank interest income	**(99)**	(40)
Gain on disposals of property, plant and equipment	**(339)**	–
Gain on early termination of lease	**(1,028)**	(299)
Dividend income from financial assets at FVTOCI	**(5,616)**	(374)
Imputed interest income of accrued revenue on tariff subsidy	**(5,693)**	(8,379)
Operating cash flows before working capital changes	**173,145**	231,457
Change in derivative financial instruments	**25,826**	(24,090)
Change in accruals and other payables	**92,853**	18,647
Change in prepayments, deposits and other receivables	**5,770**	9,878
Change in restricted bank deposits	**542**	5,680
Change in contract assets	**–**	54,397
Change in financial assets at FVTPL	**(1)**	–
Change in trade payables	**(35)**	(185,669)
Change in trade and bill receivables	**(135,046)**	(102,916)
Cash generated from operations	**163,054**	7,384
Lease interests paid	**(2,161)**	(1,050)
Tax paid	**(963)**	(6,139)
Net cash generated from operating activities	**159,930**	195

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2021

	2021 ***HK$'000***	2020 *HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash inflow arising on disposal	**361,427**	–
Dividend received from financial assets at FVTOCI	**5,616**	374
Proceeds from disposal of property, plant and equipment	**557**	–
Bank interest received	**99**	40
Purchase of property, plant and equipment	**31**	(39)
Dividend received from financial assets at FVTPL	**–**	1
Payment for right-of-use assets	**–**	(321)
Net cash generated from investing activities	**367,730**	55
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank loans raised	**7,951**	–
Principal portion of lease payments	**(1,761)**	(8,157)
Interest expenses paid	**(21,622)**	–
Advance from related parties	**(36,642)**	46,302
Repayment of bank loans	**(435,910)**	(52,023)
Net cash used in financing activities	**(487,984)**	(13,878)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**39,676**	(13,628)
Effect of foreign exchange rate changes	**7,617**	1,885
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**36,780**	48,523
CASH AND CASH EQUIVALENTS AT END OF YEAR	**84,073**	36,780
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**84,073**	36,780

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

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. GOING CONCERN BASIS

The Group incurred a loss of approximately HK$647,450,000 for the year ended 31 December 2021 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$1,401,680,000 and the Group had net liabilities of approximately HK$156,608,000. As at that date, the Group's total borrowings amounted to approximately HK$1,458,740,000, while its cash and cash equivalents amounted to approximately HK$84,073,000 only.

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 2022 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 negotiation with the lenders for extension of the maturity date of debts fallen due or expected to fall due within the next 12 months;

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

c) the successful obtaining of other possible financings; and

d) the successful disposal of further solar power plants of the Group.

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

3.1 New HKFRSs adopted during the financial year

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA, that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not early applied any new or revised HKFRSs that is not yet effective for the current accounting period, except for the amendment to HKFRS 16 "COVID-19 Related Rent Concessions". Impact on the application of the amendment to HKFRS 16 is summarised below.

Amendment to HKFRS 16 "COVID-19-Related Rent Concessions"

Amendments to HKFRS 16 only apply to lessee accounting and have no effect on lessor accounting. The amendments provide a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 ("COVID-19-Related Rent Concessions") are lease modification and, instead, account for those rent concessions as if they were not lease modifications.

The practical expedient is only applicable to COVID-19-Related Rent Concessions and only if all of the following conditions are met:

a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

c) there is no substantive change to other terms and conditions of the lease.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-Related Rent Concessions granted to the Group during the year.

Consequently, rent concessions received have been recognised in "other income" in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 January 2021.

The application of the new or revised HKFRS that have been issued but are not yet effective and have not been early adopted by the Group will not have material impact on the consolidated financial statements of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Hong Kong Companies Ordinance.

HKFRSs comprise HKFRS; HKAS; and Interpretations.

These consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets at FVTPL which are carried at their fair values.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 5 to the consolidated financial statements.

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

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, to determine whether it has control. 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 relating to that subsidiary and any related accumulated foreign currency translation reserve.

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 comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Consolidation (cont'd)

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

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

In the Company's statement of financial position the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and 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 cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

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 cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, equity investment to fair value through other comprehensive income), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign currency translation

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.

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 values 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.

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:– i) 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; ii) Income and expenses for each statement of comprehensive income are translated at average exchange rates (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 iii) All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in 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.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, plant and equipment (cont'd)

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.

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.

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.

Leases – the Group as lessor

Operating leases: leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Leases – the Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the lease terms on a straight-line basis and the estimated useful lives of the assets.

The useful life of the right-of-use assets are as follow:

– Leasehold lands	2-50 years
– Leased properties	2-25 years

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Company's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US$5,000.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Club membership

Club membership with indefinite useful life is stated at cost less any impairment losses. Impairment is reviewed annually or when there is any indication that the club membership has suffered an impairment loss.

Discontinued operations

A discontinued operation is a component of the Group, the operations and cash flows of which can be clearly distinguished from the rest of the Group 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 operation meets the criteria to be classified as held for sale in accordance with HKFRS 5, if earlier. It also occurs when the operation is abandoned.

When an operation is classified as discontinued, a single amount is presented on the face of the income statement, 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.

Recognition and derecognition of financial instruments

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

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

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

Financial assets

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

Financial assets of the Company are classified under the following categories: i) Financial assets at amortised cost; ii) Investments at fair value through profit or loss; and iii) Equity investments at fair value through other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Financial assets at amortised cost: Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions: a) the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and b) the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

Investments at fair value through profit or loss: Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition. Investments at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

Equity investments at fair value through other comprehensive income: On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that are not held for trading as at fair value through other comprehensive income. Equity investments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair values recognised in other comprehensive income and accumulated in the equity investment revaluation reserve. On derecognition of an investment, the cumulative gains or losses previously accumulated in the equity investment revaluation reserve are not reclassified to profit or loss. Dividends on these investments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

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.

Cash and cash equivalents

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

Trade and other payables

Trade and other payables are stated 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.

Equity instruments

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

Revenue

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue (cont'd)

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.

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 customerˇs acceptance of products.

Other revenue

Interest income is recognised using the effective interest method.

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

Employee benefits

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.

Pension obligation: 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.

Termination benefits: Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

Borrowing costs

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company'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 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 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)

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.

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.

Segment reporting

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of productions processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Related parties (cont'd)

(B) An entity is related to the Group (reporting entity) if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of non-financial assets (cont'd)

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.

Impairment of financial assets

The Group recognises a loss allowance for ECL on trade and bill receivables, 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. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of financial assets (cont'd)

Significant increase in credit risk (cont'd)

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

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

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

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

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

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

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

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)

Impairment of financial 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)

Impairment of financial 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.

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.

Where 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.

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 financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

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 financial statements (apart from those involving estimations, 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.

During the year ended 31 December 2021 and 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.

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

Critical judgements in applying accounting policies (cont'd)

(c) Business model assessment

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

(d) Significant increase in credit risk

As explained in note 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 35 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.

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

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 Company'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 or sold.

The carrying amount of property, plant and equipment at 31 December 2021 was approximately HK$901,741,000 (2020: HK$1,708,778,000).

(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$36,746,000 and HK$Nil (2020: HK$309,861,000 and HK$144,399,000 respectively) were recognised for the year ended 31 December 2021 to write down the carrying amount of the property, plant and equipment and intangible assets to the recoverable amount of the CGUs belonged respectively. The carrying amount of property, plant and equipment and intangible assets net of impairment losses as at 31 December 2021 were HK$901,744,000 (2020: HK$1,708,778,000) and HK$464,322,000 (2020: HK$479,265,000) respectively.

(c) Income taxes

The Group is subject to income taxes in several jurisdictions. 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 2021, HK$2,228,000 of income tax was credited to profit or loss (2020: HK$41,614,000 debited) based on the estimated profit from continuing operations.

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

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 2021 was HK$1,200,000 (2020: HK$189,064,000).

(e) Impairment of trade and bill receivables

The management of the Group estimates the amount of impairment loss for ECL on trade and bill receivables based on the credit risk of trade and bill receivables. 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 2021, the carrying amount of trade and bill receivables is HK$622,422,000 (net of allowance for doubtful debts of HK$30,882,000 (2020: HK$813,194,000 (net of allowance for doubtful debts of HK$30,368,000).

(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.

Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in United States dollars and Renminbi. 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 will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

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, 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

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 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)

Trade and bills receivables (cont'd)

The following table provides information about the Group' exposure to credit risk and ECLs for trade receivables of individual customers (other than state grid companies) at 31 December 2021:

	2021		
	Expected loss rate *%*	**Gross carrying amount** *HK$'000*	**Loss allowance** *HK$'000*
Current (not past due)	**1%**	**–**	**–**
1 – 30 days past due	**3%**	**1,075**	**32**
More than 30 days past due	**100%**	**30,850**	**30,850**
		31,925	**30,882**

	2020		
	Expected loss rate *%*	Gross carrying amount *HK$'000*	Loss allowance *HK$'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

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.

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.

6. FINANCIAL RISK MANAGEMENT (cont'd)

Trade and bills receivables (cont'd)

Refundable deposits and other receivables

The ECL of refundable deposits and other receivables as at 31 December 2021 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 2021 as the vendor was unable to make payment upon request from the Group (note 27).

The following table provides information about the Group' exposure to credit risk and ECLs of refundable deposit and other receivables:

	2021		
	Expected loss rate *%*	Gross carrying amount *HK$000*	Loss allowance *HK$000*
Refundable deposit	**71%**	**336,693**	**237,558**
Other receivable	**71%**	**61,155**	**43,149**
		397,848	**280,707**

Liquidity risk

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

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

	Less than 1 year and on demand *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 2021					
Trade payables	**12**	**–**	**–**	**–**	**12**
Other payables and accruals	**525,876**	**–**	**–**	**–**	**525,876**
Amounts due to related parties	**9,660**	**–**	**–**	**–**	**9,660**
Bank and other borrowings	**1,563,608**	**–**	**–**	**–**	**1,563,608**
Lease liabilities	**6,814**	**3,084**	**1,876**	**14,383**	**26,157**
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

6. FINANCIAL RISK MANAGEMENT (cont'd)

Liquidity risk (cont'd)

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

	Less than 1 year *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 2021					
Derivative – net settlement					
Oil futures contracts	**(4,789)**	**–**	**–**	**–**	**(4,789)**
At 31 December 2020					
Derivative – net settlement					
Oil futures contracts	61,949	–	–	–	61,949

Interest rate risk

At 31 December 2021, the Group had bank and other borrowings of HK$919,650,000 (31 December 2020: HK$1,567,145,000) 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 2021, the Group had bank deposits of HK$55,060,000 (31 December 2020: HK$28,084,000) and bank loans of HK$539,090,000 (31 December 2020: HK$553,582,000), 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$4,840,300 (2020: HK$5,248,000) higher/lower respectively.

6. FINANCIAL RISK MANAGEMENT (cont'd)

Categories of financial instruments

	2021 *HK$'000*	2020 *HK$'000*
Financial assets:		
Financial assets at FVTPL:		
– Unlisted investment funds *(note 28)*	**47**	46
– Derivative financial assets *(note 29)*	**4,804**	87,790
Financial assets measured at amortised cost	**853,168**	1,220,505
Financial assets measured at FVTOCI:		
– Equity instruments	**1,200**	189,064
Financial liabilities:		
Financial liabilities at amortised cost	**1,994,288**	2,562,367
Derivative financial liabilities at FVTPL *(note 29)*	**4,789**	61,949

Fair values

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

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 2021			
Derivative financial assets *(note 29)*	**4,804**	**(4,789)**	**15**
As at 31 December 2020			
Derivative financial assets *(note 29)*	87,790	(61,949)	25,841

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.

Disclosures of level in fair value hierarchy:

	Fair value measurements using:			
At 31 December 2021	**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	–	**47**	–	**47**
Derivative financial instruments – commodity futures	–	**15**	–	**15**
	–	**62**	–	**62**
Financial assets at FVTOCI				
Unlisted equity securities				
Company A	–	–	**1,126**	**1,126**
Company B	–	–	**20**	**20**
Company C	–	–	**54**	**54**
	–	–	**1,200**	**1,200**
Total	–	**62**	**1,200**	**1,262**

7. FAIR VALUE MEASUREMENTS (cont'd)

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

	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

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

Description	**2021**
	HK$'000
Financial assets at FVTOCI – unlisted equity securities	
At 1 January 2021	**189,064**
Total gains or losses recognised	
– in other comprehensive income	**(187,864)**
At 31 December 2021	**1,200**
Unrealised loss included in fair value changes of financial assets at FVTOCI	**(187,864)**

7. FAIR VALUE MEASUREMENTS (cont'd)

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

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

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.

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)

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 2021 HK$'000	Fair value 2020 HK$'000
Unlisted investment funds	Market approach	Price quoted by a financial institution in the PRC	**47**	46
Derivative financial instruments – commodity futures	Market approach	Price quoted by the dealers	**15**	25,841

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2021 HK$'000	Fair value 2020 HK$'000
					Assets	
Private equity investments classified as financial assets at FVTOCI	Market approach	Recent transactions	2021: N/A (2020: HK$6.11 per share – HK$6.50 per share)	Increase	**1,126**	177,424
		2021: Recent transactions (2020: Discount for lack of marketability)	2021: N/A (2020: 20%)	Increase	**20**	3,147
		2021: Recent transactions (2020: Discount for lack of marketability)	2021: N/A (2020: 20%)	Increase	**54**	8,493

8. REVENUE

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

	2021 *HK$'000*	2020 *HK$'000* (Re-presented)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Sale of electricity	**195,574**	199,575
– Sale of bulk commodities	**2,090**	250,095
	197,664	449,670
Dividend income from unlisted investment funds at FVTPL	**–**	1
Dividend income from financial assets at FVTOCI	**5,616**	374
	203,280	450,045

Sale of electricity included HK$153,882,000 (year ended 31 December 2020: HK$155,065,000 (re-presented)) 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.

Representing:		
Continuing operations	**203,280**	450,045
Discontinued operation *(note 14)*	**7,840**	110,405
	211,120	560,450

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	
	2021	2020	**2021**	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Primary geographical markets						
– The PRC	**195,574**	199,575	**–**	–	**195,574**	199,575
– Singapore	**–**	–	**2,090**	250,095	**2,090**	250,095
Segment revenue	**195,574**	199,575	**2,090**	250,095	**197,664**	449,670
Revenue from external customers	**195,574**	199,575	**2,090**	250,095	**197,664**	449,670
Timing of revenue recognition						
Products transferred at a point in time	**195,574**	199,575	**2,090**	250,095	**197,664**	449,670

9. OTHER INCOME

	2021	2020
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations		
Bank interest income	**99**	40
Imputed interest income of accrued revenue on tariff subsidy	**5,693**	8,379
Others	**425**	39
	6,217	8,458

10. OTHER GAINS AND LOSSES, NET

	2021 HK$'000	2020 HK$'000 (Re-presented)
Continuing operations		
Net realised and unrealised gains/(losses) on derivative financial instruments	**18,282**	(1,795)
Gain on disposal of property, plant and equipment	**339**	–
Gain on early termination of lease	**1,028**	299
Government grant	**24**	597
Loss on forfeited rental deposit	**–**	(1,679)
Gain on deregistration of subsidiaries	**–**	1,750
Others	**76**	26
	19,749	(802)
Representing:		
Continuing operations	**19,749**	(802)
Discontinued operation *(note 14)*	**–**	655
	19,749	(147)

11. SEGMENT INFORMATION

The Group has four operating segments as follows:

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

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

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements. Segment profits or losses do not include unallocated corporate expenses, certain other income, finance cost and income tax. Segment assets do not include derivative financial assets, cash and bank balances and unallocated assets. Segment liabilities do not include some other borrowings and unallocated liabilities. Segment non-current assets do not include financial assets at FVTOCI and club membership debenture.

11. SEGMENT INFORMATION (cont'd)

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

	Continuing operations					Discontinued operations	
	Clean energy	Trading in securities	Investments	Trading of bulk commodities	Sub-Total	Clean energy	Total
	HK$000	*HK$000*	*HK$000*	*HK$000*	*HK$000*	*HK$000*	*HK$000*
Year ended 31 December 2021							
Revenue from external customers	195,574	–	–	2,090	197,664	7,840	205,504
Dividend income	–	–	5,616	–	5,616	–	5,616
Total revenue of reportable segments	195,574	–	5,616	2,090	203,280	7,840	211,120
Segment (loss)/profit	41,018	(17,202)	(5,520)	(10,870)	7,426	(2,953)	4,473
Depreciation and amortisation	104,076	3,611	–	853	108,540	4,488	113,028
Income tax credit	(2,228)	–	–	–	(2,228)	(425)	(2,653)
Additions to segment non-current assets	–	180	–	–	180	–	180
Impairment losses on property, plant and equipment	36,746	–	–	–	36,746	–	36,746
At 31 December 2021							
Segment assets	2,087,033	15,723	1,200	429	2,104,385	–	2,104,385
Segment liabilities	1,346,781	720,258	2,491	–	2,069,530	–	2,069,530

11. SEGMENT INFORMATION (cont'd)

	Continuing operations					Discontinued operations	
	Clean energy *HK$000*	Trading in securities *HK$000*	Investments *HK$000*	Trading of bulk commodities *HK$000*	Sub-Total *HK$000*	Clean energy *HK$000*	Total *HK$000*
Year ended 31 December 2020							
Revenue from external customers	199,575	–	–	250,095	449,670	110,405	560,075
Dividend income	–	1	374	–	375	–	375
Total revenue of reportable segments	199,575	1	374	250,095	450,045	110,405	560,450
Segment (loss)/profit	(225,879)	(47,818)	329	(16,240)	(289,608)	(146,309)	(435,917)
Depreciation and amortisation	104,491	3,481	–	997	108,969	63,910	172,879
Income tax (credit)/expenses	(41,990)	394	–	(18)	(41,614)	3,245	(38,369)
Additions to segment non-current assets	–	39	–	–	39	–	39
Impairment losses on property, plant and equipment	131,350	–	–	–	131,350	178,511	309,861
Impairment losses on intangible assets	144,399	–	–	–	144,399	–	144,399
At 31 December 2020							
Segment assets	2,011,336	16,943	189,064	1,444	2,218,787	1,099,901	3,318,688
Segment liabilities	1,196,180	653,969	2,491	16,943	1,869,583	505,297	2,374,880

11. SEGMENT INFORMATION (cont'd)

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

	2021	2020
	HK$'000	*HK$'000*
		(Re-presented)
Revenue		
Total revenue of reportable segments	**203,280**	450,045
Elimination of intersegment revenue	**–**	–
Consolidated revenue from continuing operations	**203,280**	450,045
Profit or loss		
Total profit/(loss) of reportable segments	**7,426**	(289,608)
Unallocated amounts:		
Interest income	**99**	40
Provisions for litigations and claims	**(32,847)**	(178,728)
Impairment losses on refundable deposits	**(237,558)**	–
Unallocated corporate expenses	**(14,332)**	(31,436)
Finance costs	**(144,515)**	(152,515)
Consolidated loss before tax from continuing operations	**(421,727)**	(652,247)

11. SEGMENT INFORMATION (cont'd)

Reconciliations of segment assets and liabilities:

	2021 *HK$'000*	2020 *HK$'000*
Assets		
Total assets of reportable segments	**2,104,385**	3,318,688
Unallocated amounts:		
Cash and bank balances	**84,073**	36,780
Prepayment, deposits, other receivables and other assets	**88,379**	335,282
Consolidated total assets	**2,276,837**	3,690,750
Liabilities		
Total liabilities of reportable segments	**2,069,530**	2,374,880
Unallocated amounts:		
Other payables and accruals	**152,340**	175,468
Provisions for litigations and claims	**211,575**	178,728
Borrowings	**–**	306,773
Consolidated total liabilities	**2,433,445**	3,035,849

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	
	2021 ***HK$000***	2020 *HK$000* (Re-presented)	**2021** ***HK$000***	2020 *HK$000*
The PRC	**195,574**	199,575	**1,381,766**	2,204,344
Hong Kong	**5,616**	375	**1,285**	2,964
Singapore	**2,090**	250,095	**–**	1,075
Consolidated total	**203,280**	450,045	**1,383,051**	2,208,383

11. SEGMENT INFORMATION (cont'd)

Revenue from major customers:

	2021	2020
	HK$'000	*HK$'000*
		(Re-presented)
Clean energy segment		
Customer A	**162,459**	118,493
Trading of bulk commodities segment		
Customer B	**–**	95,797

12. FINANCE COSTS

	2021	2020
	HK$'000	*HK$'000*
		(Re-presented)
Interest expenses on lease liabilities *(note 21)*	**2,161**	2,777
Interest on bank and other borrowings	**142,354**	149,738
Total borrowing costs	**144,515**	152,515
Representing:		
Continuing operations	**144,515**	152,515
Discontinued operation *(note 14)*	**1,495**	17,167
	146,010	169,682

13. INCOME TAX CREDIT

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

	2021	2020
	HK$'000	*HK$'000*
		(Re-presented)
Current tax – Overseas provision for the year	**5,514**	5,984
	5,514	5,984
Deferred tax	**(7,742)**	(47,598)
	(2,228)	(41,614)
Representing:		
Continuing operations	**(2,228)**	(41,614)
Discontinued operation *(note 14)*	**(425)**	3,245
	(2,653)	(38,369)

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year ended 31 December 2021 (2020: Nil).

No provision for Singapore Corporate Tax is required since the Group has no assessable profit for the year ended 31 December 2021 (2020: Nil).

PRC Enterprise Income Tax has been provided at a rate of 25% (2020: 25%). During the year, seven (2020: 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 and the product of loss before tax multiplied by the PRC EIT rate is as follows:

13. INCOME TAX CREDIT (cont'd)

Reconciliation between tax credit and accounting profit/(loss) at applicable tax rates

	2021 HK$'000	2020 HK$'000
Loss before taxation from continuing operations	(421,727)	(652,247)
Profit/(loss) before taxation from discontinued operations	(228,376)	(163,476)
	(650,103)	(815,723)
Tax at the PRC EIT rate of 25% (2019: 25%)	(162,526)	(203,931)
Tax effect of income not taxable	(2,933)	(62)
Tax effect of expenses that are not deductible	68,952	13,684
Tax effect of temporary differences not recognised	74,502	133,277
Effect on tax holiday on assessable profit of subsidiaries established in the PRC	(118)	(6,184)
Tax effect of tax losses not recognised	19,470	23,910
Effect of different tax rates of subsidiaries	–	937
Income tax credit	(2,653)	(38,369)

14. DISCONTINUED OPERATIONS

In January 2021, a sale and purchase agreement (the "S&P Agreement") 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 Jinchang Disheng Solar Energy Company Limited ("Jinchang Disheng"), a then subsidiary company of the Group engaging in operation of solar plant station in Gansu Province, the PRC, to the purchaser.

(a) The results of the discontinued operation are presented below:

	2021 HK$'000	2020 HK$'000
Revenue – clean energy	7,840	110,405
Cost of sales	(4,785)	(74,344)
Other gains and losses, net	–	655
Administrative expenses	(102)	(1,810)
Finance cost	(1,495)	(17,167)
Provisions for litigations and claims	–	(2,704)
Impairment loss on property, plant and equipment	–	(178,511)
Profit/(loss) before tax	1,458	(163,476)
Taxation	425	(3,245)
Profit/(loss) for the year from discontinued operation	1,883	(166,721)
Net loss on disposal of a subsidiary *(Note 43)*	(229,834)	–
	(227,951)	(166,721)

14. DISCONTINUED OPERATIONS (cont'd)

(a) (cont'd)

Loss for the year include the followings:

	2021 HK$'000	2020 HK$'000
Depreciation of property, plant and equipment	**4,488**	63,910

(b) Cash flow from discontinued operations:

	2021 HK$'000	2020 HK$'000
Profit/(Loss) before tax	**1,458**	(163,476)
Adjustments for:		
Finance costs	**1,495**	17,167
Depreciation of property, plant and equipment	**4,488**	63,910
Impairment on property, plant and equipment	**–**	178,511
Provisions for litigations and claims	**–**	2,704
Operating profit before working capital changes	**7,441**	98,816
Change in trade receivables and bills receivables	**(8,859)**	(55,375)
Change in other receivables, prepayments and deposit paid	**(4,136)**	5,921
Change in amount due from intra-gourp companies	**–**	(1,136)
Change in restricted bank deposit	**3**	6,712
Change in amount due to a related company	**63**	(1,102)
Change in other payables and accruals	**93,490**	5,490
Net cash generated from operating activities	**88,002**	59,326

14. DISCONTINUED OPERATIONS (cont'd)

(b) (cont'd)

	2021 HK$'000	2020 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan	**(96,794)**	(30,159)
Loan interests paid	**(1,495)**	(17,394)
Net cash used in financing activities	**(98,289)**	(47,553)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(10,287)**	11,773
Effect of foreign exchange rate changes	**143**	(1,616)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**10,157**	–
CASH AND CASH EQUIVALENTS AT END OF YEAR	**13**	10,157
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**13**	10,157

15. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

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

	2021 HK$'000	2020 HK$'000 (Re-presented)
Auditor's remuneration		
– audit services	**1,650**	1,800
– other services	**290**	270
	1,940	2,070
Depreciation of property, plant and equipment	**77,162**	72,865
Depreciation of right-of-use assets	**5,112**	9,120
Amortisation of intangible assets (included in cost of sales)	**28,586**	33,221
Impairment losses on property, plant and equipment	**36,746**	131,350
Impairment losses on intangible assets	**–**	144,399
Impairment losses on other receivables	**43,149**	13,907
Impairment losses on deposit for acquisition	**237,558**	–
Expenses relating to short-term lease	**1,059**	1,163
Impairment losses on trade receivables	**514**	694

Cost of sales includes depreciation, amortisation of intangible assets and operating lease charges of approximately HK$100,194,000 (2020: HK$122,464,000).

16. EMPLOYEE BENEFITS EXPENSE

	2021 HK$'000	2020 HK$'000
Employee benefits expense (including directors' remuneration):		
Salaries, bonuses and allowances	**13,782**	17,585
Retirement benefit scheme contributions	**320**	533
	14,102	18,118

The remaining two (2020: two) individuals during the year are as follows:

Five highest paid individuals:

The five highest paid individuals in the Group during the year included three (2020: three) directors whose emoluments are reflected in the analysis presented in note 17(a).

The remaining two (2020: two) individuals during the year are as follows:

	2021 HK$'000	2020 HK$'000
Salaries and allowances	**909**	3,311
Pension costs – defined contribution plans	**36**	112
	945	3,423

The emoluments of the two (2020: two) individuals with the highest emoluments are within the following bands:

	Number of individuals 2021	2020
Emoluments band (in HK dollar)		
Nil – HK$1,000,000	**2**	1
HK$2,500,001 to HK$3,000,000	**–**	1

17. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of every director is set out below:

	Fees *HK$000*	Salaries and allowances *HK$000*	Employer's contribution to a retirement benefit scheme *HK$000*	Housing allowance *HK$000*	Total *HK$000*
Name of director					
Executive directors					
Chen Xiaxuan *(note (i))*	–	232	–	–	232
Bo Dateng *(note (ii))*	–	132	–	–	132
Yue Lu *(note (iii))*	–	–	–	–	–
Hu Hanyang *(note (iv))*	–	–	–	–	–
Weng Xiaoquan *(note (v))*	–	–	–	–	–
Xu David Hua *(note (vi))*	–	647	3	–	650
Zhang Liang *(note (vii))*	–	3,093	18	–	3,111
Gao Fei *(note (viii))*	–	20	–	–	20
Yin YiLin *(note (ix))*	–	9	–	–	9
Independent non-executive directors					
Pun Hau Man *(note (x))*	240	–	–	–	240
Lo Ka Ki *(note (xi))*	164	–	–	–	164
Kwok Shun Sing *(note (xii))*	–	–	–	–	–
Lam Cheung Mau *(note (xiii))*	360	–	–	–	360
Wang Yu Zhou *(note (xiv))*	76	–	–	–	76
Total for the year ended 31 December 2021	840	4,133	21	–	4,994

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

(a) Directors' emoluments (cont'd)

	Fees	Salaries and allowances	Employer's contribution to a retirement benefit scheme	Housing allowance	Total
	HK$000	*HK$000*	*HK$000*	*HK$000*	*HK$000*
Name of director					
Executive directors					
Ko Tin Kwok *(note (xv))*	–	–	–	–	–
Hu Hanyang *(note (iv))*	–	–	–	–	–
Weng Xiaoquan *(note (v))*	–	–	–	–	–
Zhang Liang *(note (vii))*	–	2,575	15	438	3,028
Yin YiLin *(note (ix))*	–	548	–	–	548
Bo Dateng *(note (ii))*	–	180	–	–	180
Gao Fei *(note (viii))*	–	860	14	–	874
Independent non-executive directors					
Fok Ho Yin, Thomas *(note (xvi))*	160	–	–	–	160
Lam Cheung Mau *(note (xiii))*	360	–	–	–	360
Pun Hau Man *(note (x))*	158	–	–	–	158
Wang Yu Zhou *(note (xiv))*	121	–	–	–	121
Total for the year ended 31 December 2020	799	4,163	29	438	5,429

Notes:

(i) Appointed as an executive director on 13 January 2021 and Chairman of the Board on 25 June 2021.

(ii) Appointed on 13 March 2020.

(iii) Appointed on 28 January 2022.

(iv) Resigned on 20 January 2022.

(v) Resigned on 27 January 2022.

(vi) Appointed as an executive director, chairman of the Board and Chief Executive Officer on 15 March 2021 and resigned on 25 June 2021.

(vii) Resigned as an executive director, chairman of the Board and Chief Executive Officer on 10 March 2021.

(viii) Appointed on 13 March 2020 and resigned on 13 January 2021.

(ix) Appointed on 13 March 2020 and resigned on 13 January 2021

(x) Appointed on 4 May 2020.

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

(a) Directors' emoluments (cont'd)

Notes: (cont'd)

(xi) Appointed on 25 April 2021.

(xii) Appointed on 21 January 2022.

(xiii) Resigned on 19 January 2022.

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

(xv) Resigned as an executive director on 13 March 2020.

(xvi) Resigned on 10 June 2020.

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

Save for those disclosed in note 47 to the consolidated financial statements, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

18. DIVIDENDS

No dividends have been paid or proposed during the year ended 31 December 2021, nor has any dividend been proposed since the end of the reporting period (year ended 31 December 2020: 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:

	2021	2020
	HK$'000	*HK$'000*
		(Re-presented)
Losses		
Loss for the year attributable to owners of the Company for the purpose of calculating basic earnings per share (HK$'000)		
From continuing operations	**(422,756)**	(605,656)
From discontinued operation	**(227,951)**	(166,721)
	(650,707)	(772,377)
Number of shares		
Weighted average number of ordinary shares in issue (thousands)	**9,374,351**	9,374,351
Basic and diluted loss per share		
From continuing operations (cents per share)	**4.51**	6.46
From discontinued operation (cents per share)	**2.43**	1.78
	6.94	8.24

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 2021 and 2020.

20. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Solar power generation plant/station	Plant and machinery	Furniture, fixtures, office equipment and motor vehicles	Total
	HK$000	*HK$000*	*HK$000*	*HK$000*	*HK$000*
Cost					
At 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 and 1 January 2021	6,709	2,612,035	1,984	19,075	2,639,803
Additions	–	–	–	31	31
Disposal/written off	(318)	–	–	(303)	(621)
Disposal of a subsidiary	–	(1,180,306)	–	(162)	(1,180,468)
Exchange differences	–	80,282	–	273	80,555
At 31 December 2021	6,391	1,512,011	1,984	18,914	1,539,300
Accumulated depreciation					
At 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	–	–	–	(61)	(61)
Exchange differences	–	51,008	–	450	51,458
At 31 December 2020 and 1 January 2021	5,748	905,445	1,984	17,848	931,025
Charge for the year	756	75,490	–	916	77,162
Impairment for the year *(note (b))*	–	36,746	–	–	36,746
Disposal/written off	(124)	–	–	(279)	(403)
Disposal of a subsidiary	–	(426,725)	–	(51)	(426,776)
Exchange differences	–	19,653	–	152	19,805
At 31 December 2021	6,380	610,609	1,984	18,586	637,559
Carrying amount					
At 31 December 2021	11	901,402	–	328	901,741
At 31 December 2020	961	1,706,590	–	1,227	1,708,778

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

(a) At 31 December 2021 the carrying amount of property, plant and equipment of HK$Nil (2020: HK$747,625,000) were pledged as security for the Group's bank loans.

(b) For the purpose of impairment assessment as at 31 December 2021, 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 2.5% (2020: 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 7.5% (2020: 9.2%).

Impairment losses totalling HK$36,746,000 (2020: HK$309,861,000) was recognised in respect of the Group's property, plant and equipments.

21. RIGHT-OF-USE ASSETS

	Leasehold lands	Leased properties	Total
	HK$000	*HK$000*	*HK$000*
At 1 January 2020	1,170	34,700	35,870
Additions	321	3,552	3,873
Depreciation charge	(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
Additions	–	2,022	2,022
Depreciation charge	(101)	(5,011)	(5,112)
Less: Early termination	–	(891)	(891)
Exchange difference	42	457	499
At 31 December 2021	1,409	15,449	16,858

Lease liabilities of HK$19,061,000 (2020: HK$20,822,000) are recognised with related right-of-use assets of HK$16,858,000 (2020: HK$20,340,000) as at 31 December 2021. 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.

	2021	2020
	HK$'000	*HK$'000*
Depreciation expenses on right-of-use assets	**5,112**	9,120
Interest expense on lease liabilities (included in finance cost)	**2,161**	2,777
Expenses relating to short-term lease (included in administrative expenses)	**1,059**	1,163
Gain on early termination of lease	**1,028**	299

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 2020	789,120
Exchange differences	48,950
At 31 December 2020 and 1 January 2021	838,070
Exchange differences	24,616
At 31 December 2021	862,686
Accumulated amortisation and impairment losses	
At 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 and 1 January 2021	358,805
Amortisation for the year	28,586
Exchange differences	10,973
At 31 December 2021	398,364
Carrying amount	
At 31 December 2021	464,322
At 31 December 2020	479,265

Notes:

(a) The remaining useful life of the intangible assets is 17 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

	2021 **HK$'000**	2020 HK$'000
Unlisted investments, at cost	**83,369**	83,369
Less: 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 2021 are as follows:

Name	**Place of incorporation/ registration and operation**	**Particular of issued share capital**	**Percentage of ownership/ interest/voting power**		**Principal activities**
			Direct	**Indirect**	
Max Access Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	–	Investment holding
Rising Group International Limited	British Virgin Islands/ Hong Kong	Ordinary US$4,000	100%	–	Investment holding
China Smarter Energy Holdings Limited	British Virgin Islands	Ordinary US$1	100%	–	Investment holding
China Smarter Energy Investment Limited	Hong Kong	Ordinary HK$10,000	–	100%	Investment holding
Rising Development Limited	Hong Kong	Ordinary HK$100 Non-voting deferred* HK$5,000,000	–	100%	Investment holding
Mega Asset Developments Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	–	100%	Investment holding
Legend Sense Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	–	100%	Securities dealing
Smarty Express Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	–	100%	Inactive
Billion Worth Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	–	100%	Investment holding
Surplus Basic Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	–	100%	Investment holding
Elite Plus Worldwide Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	–	100%	Investment holding
Legacy Billion Investment Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	–	100%	Investment holding
Shanghai Gorgeous Smarter Energy Company Limited 上海國之杰智慧能源有限公司	The PRC	RMB800,000,000	–	100%	Investment holding

23. INVESTMENTS IN SUBSIDIARIES (cont'd)

Particulars of the subsidiaries at 31 December 2021 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	
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
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.

24. FINANCIAL ASSETS AT FVTOCI AND CLUB MEMBERSHIP DEBENTURE

		2021	2020
		HK$000	*HK$000*
Unlisted equity securities			
Company A	*(i)*	**1,126**	177,424
Company B	*(ii)*	**20**	3,147
Company C	*(iii)*	**54**	8,493
Total financial assets at FVTOCI		**1,200**	189,064
Club membership debenture	*(iv)*	**130**	130
		1,330	189,194
Analysed as:			
Financial assets at FVTOCI		**1,200**	189,064
Club membership debenture		**130**	130
		1,330	189,194

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

	2021	2020
	HK$'000	*HK$'000*
Hong Kong dollars	**1,330**	189,194

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.

Notes:

(i) At 31 December 2021, the Group had shareholding of approximately 1.71% (2020: 2.27%) in Company A.

(ii) At 31 December 2021, the Group had shareholding of approximately 5.07% (2020: 5.07%) in Company B.

(iii) At 31 December 2021, the Group had shareholding of approximately 2.58% (2020: 2.58%) in Company C.

(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 2021, no impairment loss on club membership debenture was recognised (2020: Nil).

25. TRADE AND BILL RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**653,304**	838,999
Allowance for doubtful debts	**(30,882)**	(30,368)
	622,422	808,631
Bills receivables	**–**	4,563
	622,422	813,194

Included in the Group's trade receivables are tariff subsidy receivables amounting to HK$615,694,000 (2020: HK$807,645,000) 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:

	2021	2020
	HK$'000	*HK$'000*
Unbilled *(Note)*	**599,522**	646,998
0 to 30 days	**2,036**	27,059
Over 30 days	**20,864**	134,574
	622,422	808,631

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

As the collection of accrued revenue on tariff subsidy is expected in the normal operating cycle, which may be recovered after twelve months from the reporting date. Accrued revenues on tariff subsidy are discounted at an effective interest rate ranged from 2.46% to 2.92% per annum (2020: 1.26% to 2.94% per annum) as at 31 December 2021.

At 31 December 2021, HK$30,882,000 allowance was made for estimated irrecoverable trade receivables of individual customers (2020: HK$30,368,000).

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	2021 HK$'000	2020 HK$'000
Value added tax recoverable		**33,667**	33,564
Other prepayments		**5,689**	11,918
Deposits		**1,706**	9,467
Other receivables		**24,889**	22,325
Amount due from a related company	*(i)*	**3,096**	3,093
Consideration receivable from deemed disposal of a subsidiary		**17,090**	–
		86,137	80,367

Notes:

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

27. REFUNDABLE DEPOSITS

	2021 HK$'000	2020 HK$'000
Refundable deposits	**99,135**	335,646

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 2021, 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.

At 31 December 2021, the impairment loss amounted to HK$237,558,000 was recognised.

28. FINANCIAL ASSETS AT FVTPL

	2021	2020
	HK$'000	*HK$'000*
Unlisted investment funds	**47**	46

29. DERIVATIVE FINANCIAL INSTRUMENTS

The breakdown are as follows:

	2021	2020
	HK$'000	*HK$'000*
Derivative financial assets	**4,804**	87,790
Derivative financial liabilities	**(4,789)**	(61,949)
	15	25,841

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 2022 to December 2022.

The contracted notional principal amount of the derivative outstanding of purchase and sales contracts are US$2,780,000 (2020: US$9,258,000) and US$1,928,000 (2020: US$6,085,000) respectively.

30. RESTRICTED BANK DEPOSITS

	Note	**2021** **HK$'000**	2020 HK$'000
Deposit for loan facility	*(i)*	**307**	298
Restricted bank deposit	*(ii),(iii)*	**450**	1,001
		757	1,299

Notes:

(i) At 31 December 2021, 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 34(ii), the usage of bank deposits of HK$307,000 (2020: HK$298,000) 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) 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$350,000 (2020: HK$355,000) was ordered by the court to be frozen. As at the date of these consolidated 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.

(iii) As disclosed in note 34(ii), 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 and was released from restrictions upon the expiry of the court order as at 31 December 2021.

At 31 December 2021, the aggregate amount of the restricted bank deposits of the Group denominated in RMB was HK$407,000 (2020: HK$944,000). 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

	2021 **HK$'000**	2020 HK$'000
Cash and bank balances	**84,073**	36,780

At 31 December 2021, the aggregate amount of the cash and bank balances of the Group denominated in RMB amounted to HK$48,209,000 (2020: HK$26,968,000). 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:

	2021	2020
	HK$'000	*HK$'000*
Over 60 days	**12**	47

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

33. OTHER PAYABLES AND ACCRUALS

		2021	2020
	Note	***HK$'000***	*HK$'000*
Amount due to an investee company	*(i)*	**2,491**	2,491
Amount due to Creaton Holdings		**36,642**	–
Consideration payable	*(ii)*	**70,732**	68,714
Loan interest payable		**242,403**	156,152
Others		**173,608**	167,934
		525,876	395,291

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.

34. BANK AND OTHER BORROWINGS

	Maturity	2021 HK$'000	2020 HK$'000
Current			
Bank loans – secured *(note (i))*	July 2027, September 2028	**539,090**	553,582
Bank loan – secured	January 2028	**–**	23,693
Other loan – secured	February 2021	**–**	180,413
Other loan – secured *(note (ii))*	June 2020	**584,642**	567,960
Other loan – secured *(note (iii))*	June 2021	**327,057**	317,725
Other loan – secured	June 2020	**–**	126,360
Other loan – secured	June 2021	**7,951**	–
		1,458,740	1,769,733
Non-current			
Bank loan – secured	January 2028	**–**	350,994
		1,458,740	2,120,727

The bank and other borrowings to be repayable as follows:

	2021 HK$'000	2020 HK$'000
Within one year	**1,458,740**	1,769,733
After 1 year but within 2 years	**–**	47,742
After 2 years but within 5 years	**–**	156,379
After 5 years	**–**	146,873
	–	350,994
	1,458,740	2,120,727

Notes:

(i) At 31 December 2021, the Group's bank borrowings of HK$539,091,000 (2020: HK$553,582,000) were guaranteed by a subsidiary up to a total amount of RMB440,758,000 (equivalent to HK$539,090,000) (2020: RMB465,900,000 (equivalent to HK$553,582,000)). 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 (2020: 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 2021. The default has not been remedied at the date these financial statements were authorised for issue.

34. BANK AND OTHER BORROWINGS (cont'd)

Notes: (Cont'd)

(ii) At 31 December 2021, the Group's other loan of HK$584,642,000 (2020: HK$567,960,000) 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.

(iii) At 31 December 2021, the Group's other loans of HK$327,057,000 (2020: HK$317,725,000) 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.

(iv) The carrying amounts of the Group's borrowing are denominated in the following currencies.

	2021 ***HK$'000***	2020 *HK$'000*
RMB	**1,458,740**	1,813,954
US$	**–**	306,773
	1,458,740	2,120,727

35. LEASE LIABILITIES

	Minimum lease payments		**Present value of minimum lease payments**	
	2021 ***HK$'000***	2020 *HK$'000*	**2021** ***HK$'000***	2020 *HK$'000*
Within one year	**6,814**	6,603	**4,453**	6,026
In the second to fifth years, inclusive	**4,960**	6,261	**3,172**	4,496
After five years	**14,383**	15,821	**11,436**	10,300
	26,157	28,685	**19,061**	20,822
Less: Future finance charges	**(7,096)**	(7,863)	**–**	–
Present value of lease payments	**19,061**	20,822	**19,061**	20,822
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(4,453)**	(6,026)
Amount due for settlement after 12 months			**14,608**	14,796

35. LEASE LIABILITIES (cont'd)

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% (2020: from 4.24% to 7.93%).

36. PROVISIONS FOR LITIGATIONS AND CLAIMS

	2021	2020
	HK$'000	*HK$'000*
At the beginning of the year	**250,354**	–
Charge for the year	**32,847**	236,932
Disposal of a subsidiary	**(2,897)**	–
Exchange differences	**7,309**	13,422
At the end of the year	**287,613**	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 44).

37. AMOUNTS DUE TO RELATED PARTIES

		2021	2020
	Note	***HK$'000***	*HK$'000*
Amount due to a director	*(i)*	**300**	300
Amount due to non-controlling shareholder	*(i)*	**9,360**	9,360
Amount due to a related company-Creaton Holdings	*(i)*	**–**	36,642
		9,660	46,302

Note:

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

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 1 January 2020	72,142	161,129	233,271
Exchange differences	4,345	7,245	11,590
Credited to profit or loss	(2,285)	(48,558)	(50,843)
At 31 December 2020 and 1 January 2021	74,202	119,816	194,018
Exchange differences	737	3,411	4,148
Credited to profit or loss	(596)	(7,146)	(7,742)
Disposal of a subsidiary	(65,853)	–	(65,853)
At 31 December 2021	8,490	116,081	124,571

At 31 December 2021, the Group had unused tax losses of HK$919,345,000 (2020: HK$899,192,000) 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$587,757,000 (2020: HK$591,905,000) can be carried forward infinitively. The remaining HK$331,588,000 (2020: HK$307,287,000) 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. SHARE CAPITAL

Ordinary shares of HK$0.0025 each Authorised share capital:

	Number of shares *'000*	Amount *HK$'000*
Ordinary shares of HK$0.0025 each		
Authorised share capital:		
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	120,000,000	300,000
Issued and fully paid share capital:		
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	9,374,351	23,436

39. SHARE CAPITAL (cont'd)

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 2021 and 2020.

The Group monitors capital using 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. The gearing ratio at the end of the reporting period was as follows:

	2021	2020
	HK$'000	*HK$'000*
Bank and other borrowings	**1,458,740**	2,120,727
Less: cash and bank balances	**(84,073)**	(36,780)
Net debt	**1,374,667**	2,083,947
Total (deficiency) equity attributable to owners of the Company	**(162,017)**	652,749
Gearing ratio	**(848.5)%**	319.3%

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 2021, 40% (2020: 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 four lenders which permitted the lenders to demand accelerated repayment as at 31 December 2021. Details are set out in note 34 to the consolidated financial statements.

40. 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.

40. 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 2021 and 2020.

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 (2020: 594,491,440), representing 6.3% (2020: 6.3%) of the issued share capital of the Company at the date of these consolidated financial statements.

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

(a) Statement of financial position of the Company

	Note	2021 HK$'000	2020 HK$'000
Non-current asset			
Investment in a subsidiary	23	**1**	1
		1	1
Current assets			
Prepayments, deposits and other receivables		**3,346**	3,382
Refundable deposits		**88,331**	300,000
Amounts due from subsidiaries		**24,511**	37,432
Restricted bank deposits		**350**	355
		116,538	341,169
Current liabilities			
Accruals and other payables		**35,279**	79,820
Amounts due to subsidiaries		**462,135**	110,392
Bank and other borrowings		**–**	306,774
		497,414	496,986
Net current liabilities		**(380,876)**	(155,817)
NET LIABILITIES		**(380,875)**	(155,816)
Equity			
Share capital		**23,436**	23,436
Reserves		**(404,311)**	(179,252)
EQUITY		**(380,875)**	(155,816)

This statement of financial position was approved by:

Chen Xiaxuan
Director

Pun Hau Man
Director

41. 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 2020	4,157,427	154,440	(4,429,882)	(118,015)
Total comprehensive loss for the year	–	–	(61,237)	(61,237)
At 31 December 2020	4,157,427	154,440	(4,491,119)	(179,252)
At 1 January 2021	4,157,427	154,440	(4,491,119)	(179,252)
Total comprehensive loss for the year	–	–	(225,059)	(225,059)
At 31 December 2021	4,157,427	154,440	(4,716,178)	(404,311)

42. RESERVES

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.

Nature and purpose of reserves

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

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.

Investment revaluation reserve: The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 4 to the financial statements.

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 to the consolidated financial statements.

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.

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Disposal of a subsidiary

As referred to in note 14 to the consolidated financial statements, the Group disposed 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	753,692
Amounts due from intra-group companies	21,945
Trade and bill receivables	325,304
Prepayments, deposits and other receivables	34,474
Bank balances and cash	13
Accruals and other payables	(152,679)
Amounts due to intra-group companies	(166,905)
Provisions for litigations and claims	(2,897)
Current tax liabilities	(4,070)
Bank and other borrowings	(283,128)
Deferred tax liabilities	(65,853)
Net assets disposed of	459,896
Waiver of current account	166,842
Cumulative exchange difference in respect of the net assets reclassified from equity to profit or loss	24,776
Net loss on disposal of a subsidiary	(229,834)
Total consideration	421,680
Consideration satisfied by Cash	361,440
Net cash inflow arising on disposal:	
Cash consideration received	361,440
Cash and cash equivalents disposed of	(13)
	361,427

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

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2021 HK$000	Addition HK$000	Cash flows HK$000	Disposal of a subsidiary HK$000	Interest expenses HK$000	Early termination of lease HK$000	Exchange difference HK$000	31 December 2021 HK$000
Bank and other borrowing	2,120,727	7,951	(435,910)	(283,128)	–	–	49,100	1,458,740
Lease liabilities *(note 35)*	20,822	2,022	(3,922)	–	2,161	(1,919)	(103)	19,061
Other payables arising from financing activities	156,152	–	(21,622)	(1,518)	142,354	–	(32,963)	242,403
Amounts due to related parties	46,302	–	(36,642)	–	–	–	–	9,660
	2,344,003	9,973	(498,096)	(284,646)	144,515	(1,919)	16,034	1,729,864

	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 35)*	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

44. LEGAL PROCEEDINGS

a) 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$25,490,000) and corresponding late penalties of RMB1,701,000 (equivalent to HK$2,044,000) to Gansu Jintai and RMB21,706,000 (equivalent to HK$26,086,000) and corresponding late penalties of RMB4,411,000 (equivalent to HK$5,314,000) (2020: 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 2021 and 2020 and the settlement had not yet been made up to the date of approval of these consolidated financial statements.

b) 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 2021 and 2020 and the settlement had not yet been made up to the date of approval of these consolidated financial statements.

c) 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. On 30 September 2021, the Company and 中民新能投資集團有限公司 entered into a settlement agreement and total settlement further increase to RMB44,000,000 (equivalent to approximately HK$54,256,000). 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 and 2020.

d) 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 2021.

45. CONTINGENT LIABILITIES

At 31 December 2021, the Group did not have any significant contingent liabilities (31 December 2020: Nil) other than as disclosed in note 44.

46. RELATED PARTY TRANSACTIONS

Related party transactions

In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Company had the following transactions with its related parties during the year:

		2021	2020
		HK$'000	*HK$'000*
Guarantee service fee	*Note*	**–**	1,143

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 (the 'Loan Amount'). In return, Shanghai Gorgerous charged 2% of the Loan Amount as service fee, amounting to RMB9,992,500, 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$Nil for the year ended 31 December 2021 (2020: HK$1,143,000).

At 31 December 2021, guarantee service fee of HK$Nil (2020: HK$6,037,000) paid to a related company was included in prepayments, deposits and other receivables.

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 17(a).

47. EVENTS AFTER THE REPORTING PERIOD

As announced by the Company on 5 October 2021, 11 October 2021, 10 November 2021, 26 January 2022, 24 March 2022, 6 April 2022, 4 May 2022 and 10 June 2022, the Company has received a winding-up petition, with Nine United International Limited ("Nine United") being the petitioner. The Company has successfully entered into settlement agreement with, inter alia, Nine United (the "Nine United Settlement Agreement"). Reference is made to the announcement of the Company dated 15 June 2022. Pursuant to the Nine United Settlement Agreement, the Company and Nine United have executed and filed a consent summons to the High Court to withdraw the Nine United Petition and an order of the same has been granted.

48. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. The changes included the reclassification of certain items due to the disposal of Disheng. The new classification of the accounting items was considered to provide a more appropriate presentation of the state of affairs of the Company.

The expenses presented in the income statement have been changed from the classification by nature to classification by function as the directors consider that the new presentation is more appropriate to the financial statements following the diversification of the Company's business during the year.

Certain comparative figures have been reclassified to conform with current year presentation.

49. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 10 October 2022.

The following is a summary of the consolidated results and the assets, liabilities and non-controlling interests of the Group for the three years ended 31 December 2021, the period from 1 April 2018 to 31 December 2018 and for the year ended 31 March 2018.

RESULTS

	Year ended 31 December 2021 *HK$'000*	Year ended 31 December 2020 *HK$'000* (Re-presented)	Year ended 31 December 2019 *HK$'000*	Period from 1 April 2018 to 31 December 2018 *HK$'000* (Re-presented)	Year ended 31 March 2018 *HK$'000*
REVENUE	**211,120**	560,450	1,122,958	849,945	345,902
Continuing operations	**203,280**	450,045	1,122,958	849,945	345,902
Discontinued operations	**7,840**	110,405	7,865	7,332	–
	211,120	560,450	1,130,823	857,277	345,902
(LOSS)/PROFIT FROM OPERATING ACTIVITIES FROM CONTINUING OPERATIONS	**(277,212)**	(499,732)	39,794	18,745	(34,531)
Finance costs	**(144,515)**	(152,515)	(160,339)	(217,794)	(207,378)
	(421,727)	(652,247)	(120,545)	(199,049)	(241,909)
Income tax credit/(expenses)	**2,228**	41,614	(3,511)	3,232	5,000
LOSS FOR THE YEAR/PERIOD FROM CONTINUING OPERATIONS	**(419,499)**	(610,633)	(124,056)	(195,817)	(236,909)
PROFIT FOR THE YEAR/PERIOD FROM DISCONTINUED OPERATIONS	**(227,951)**	(166,721)	2,195	3,439	–
LOSS FOR THE YEAR/PERIOD	**(647,450)**	(777,354)	(121,861)	(192,378)	(236,909)
Attributable to:					
Owners of the Company	**(650,707)**	(772,377)	(122,175)	(194,700)	(236,738)
Non-controlling interests	**3,257**	(4,977)	314	2,322	(171)
	(647,450)	(777,354)	(121,861)	(192,378)	(236,909)

Five-Year Financial Summary

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	At 31 December				At 31 March
	2021	2020	2019	2018	2018
	HK$'000	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS	**1,384,251**	2,397,577	2,956,908	3,570,384	3,936,547
CURRENT ASSETS	**892,586**	1,293,173	1,231,992	780,119	1,273,482
TOTAL ASSETS	**2,276,837**	3,690,750	4,188,900	4,350,503	5,210,029
CURRENT LIABILITIES	**2,294,266**	2,476,041	1,698,657	1,027,240	1,000,888
NON-CURRENT LIABILITIES	**139,179**	559,808	1,049,059	1,708,474	2,277,253
TOTAL LIABILITIES	**2,433,445**	3,035,849	2,747,716	2,735,714	3,278,141
NET (LIABILITIES) ASSETS	**(156,608)**	654,901	1,441,184	1,614,789	1,931,888
EQUITY ATTRIBUTABLE TO:					
Owners of the Company	**(162,017)**	652,749	1,434,055	1,607,974	1,927,395
Non-controlling interests	**5,409**	2,152	7,129	6,815	4,493
	(156,608)	654,901	1,441,184	1,614,789	1,931,888