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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

The Board of Directors (the "Board") of China Smarter Energy Group Holdings Limited (the "Company") announces as follows the audited consolidated results of the Company and its subsidiaries (together hereinafter referred to as the "Group") for the year ended 31 March 2017 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2017

	Note	**2017** **HK$'000**	2016 HK$'000
CONTINUING OPERATIONS			
REVENUE	*4 & 5*	**(124,636)**	253,157
Cost of sales		**(4,351)**	(4,056)
GROSS (LOSS)/PROFIT		**(128,987)**	249,101
Other income	*5*	**2,802**	7,435
Other losses, net	*5*	**(4,450)**	(13,441)
Gain on bargain purchase of subsidiaries	*21*	**–**	1,685
Selling and distribution expenses		**(3,102)**	(3,110)
Administrative and operating expenses		**(183,807)**	(184,776)
(LOSS)/PROFIT FROM OPERATING ACTIVITIES OF CONTINUING OPERATIONS		**(317,544)**	56,894
Finance costs	*6*	**(143,378)**	(154,478)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	*7*	**(460,922)**	(97,584)
INCOME TAX CREDIT	*8*	**4,174**	1,122

* *For identification purpose only*

	Note	2017 HK$'000	2016 HK$'000
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(456,748)**	(96,462)
DISCONTINUED OPERATION			
Profit/(loss) for the year from a discontinued operation:	*9*		
Loss for the year		**(480)**	(223,618)
Loss on disposal of subsidiaries		**(1,973)**	–
Gain on release of exchange fluctuation reserve upon disposal of subsidiaries		**107,292**	–
		104,839	(223,618)
LOSS FOR THE YEAR		**(351,909)**	(320,080)
(LOSS)/PROFIT ATTRIBUTABLE TO:			
Owners of the Company			
Continuing operations		**(456,728)**	(96,405)
Discontinued operation		**104,924**	(179,132)
		(351,804)	(275,537)
Non-controlling interests			
Continuing operations		**(20)**	(57)
Discontinued operation		**(85)**	(44,486)
		(105)	(44,543)
LOSS FOR THE YEAR		**(351,909)**	(320,080)
LOSS PER SHARE	*11*		
Basic			
For loss for the year		**HK(4.23) cents**	HK(3.80) cents
For loss for the year from continuing operations		**HK(5.50) cents**	HK(1.33) cents
Diluted			
For loss for the year		**HK(4.23) cents**	HK(3.80) cents
For loss for the year from continuing operations		**HK(5.50) cents**	HK(1.33) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	2017 *HK$'000*	2016 *HK$'000*
LOSS FOR THE YEAR	**(351,909)**	(320,080)
OTHER COMPREHENSIVE EXPENSE		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(58,025)**	(50,977)
Reclassification adjustments on release of exchange fluctuation reserve upon disposal of subsidiaries	**(107,292)**	–
	(165,317)	(50,977)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	**(517,226)**	(371,057)
ATTRIBUTABLE TO:		
Owners of the Company	**(517,156)**	(325,366)
Non-controlling interests	**(70)**	(45,691)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	**(517,226)**	(371,057)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**948,587**	959,621
Available-for-sale financial assets	13	**213,550**	7,800
Intangible assets		**724,989**	804,293
		1,887,126	1,771,714
CURRENT ASSETS			
Inventories		**–**	2,112
Trade receivables	15	**55,592**	18,343
Prepayments, deposits and other receivables		**375,757**	463,940
Financial assets at fair value through profit or loss	16	**200,235**	367,573
Derivative financial assets			
– Derivative component of the convertible bonds		**25,865**	13,068
Time deposit and cash and bank balances		**884,515**	294,674
		1,541,964	1,159,710
Assets of disposal group classified as held for sale	9(b)	**–**	1,132
		1,541,964	1,160,842
CURRENT LIABILITIES			
Trade payables	17	**2**	2
Other payables and accruals		**80,024**	76,827
Customers' deposits		**317**	406
Unsecured short term loans	18	**–**	5,000
Bank and other borrowings	19	**40,619**	15,557
		120,962	97,792
Liabilities of disposal group classified as held for sale	9(b)	**–**	132
		120,962	97,924
NET CURRENT ASSETS		**1,421,002**	1,062,918
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,308,128**	2,834,632

	Note	**2017**	2016
		HK$'000	*HK$'000*
NON-CURRENT LIABILITIES			
Bank and other borrowings	*19*	**792,468**	690,496
Convertible bonds		**326,759**	438,064
Deferred tax liabilities		**173,956**	188,920
		1,293,183	1,317,480
NET ASSETS		**2,014,945**	1,517,152
CAPITAL AND RESERVES			
Share capital	*20*	**23,436**	19,536
Reserves		**1,991,527**	1,498,583
Total equity attributable to owners of the Company		**2,014,963**	1,518,119
Non-controlling interests		**(18)**	(967)
TOTAL EQUITY		**2,014,945**	1,517,152

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial assets and liabilities which have been measured at fair value.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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

3. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2017

The HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 March 2017 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 9, *Financial instruments*	1 January 2018
HKFRS 15, *Revenue from contracts with customers*	1 January 2018
Amendments to HKFRS 2, *Share-based payment: Classification and measurement of share-based payment transactions*	1 January 2018
HKFRS 16, *Leases*	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

4. SEGMENT INFORMATION

The chief operating decision makers ("CODMs") (i.e. executive directors of the Company) organise the business units based on their products delivered and services provided, and has reportable operating segments as follows:

a) Clean energy.

b) Trading in securities comprise net gains/(losses) from trading of listed securities and dividend income from listed equity investments.

c) Investments comprise dividend income from unlisted equity investments.

d) Trading of fur related products and others.

e) Mine (classified as discontinued operation during the year ended 31 March 2016 – see note 9).

The CODMs monitor the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that finance costs as well as corporate expenses are excluded from such measurement.

Segment assets consist of property, plant and equipment, available-for-sale financial assets, exploration and evaluation assets, inventories, trade and other receivables, deposits and financial assets at fair value through profit or loss. Unallocated assets comprise derivative financial assets and time deposit and cash and bank balances.

Segment liabilities consist of trade and other payables and accruals, customers' deposits and bank and other borrowings. Unallocated liabilities comprise convertible bonds.

Inter-segment transactions are on arm's length basis in a manner similar to transactions with third parties.

During the year, CODMs revised the composition of operating segments in light of the change in the internal organisation and business development. Accordingly, the segment information for the year ended 31 March 2016 were restated.

a) Operating segment information
For the year ended 31 March 2017

	Continuing operations					Discontinued operation	
	Clean energy	Trading in securities	Investments	Trading	Total	Mine	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Consolidated revenue							
Revenue from external customers	**105,700**	**–**	**–**	**1,215**	**106,915**	**–**	**106,915**
Investment income and net loss	**–**	**(232,019)**	**468**	**–**	**(231,551)**	**–**	**(231,551)**
Consolidated revenue	**105,700**	**(232,019)**	**468**	**1,215**	**(124,636)**	**–**	**(124,636)**
Segment results	**(26,248)**	**(232,019)**	**(14,541)**	**(13,076)**	**(285,884)**	**(480)**	**(286,364)**
Reconciliation:							
Interest income							**505**
Change in fair value of derivative component of convertible bonds							**12,797**
Net gain on disposal of subsidiaries (including a gain on disposal of a disposal group *(note 9(e))*)							**103,072**
Unallocated corporate expenses							**(42,715)**
Loss from operating activities							**(212,705)**
Finance costs							**(143,378)**
Loss before tax							**(356,083)**
Income tax credit							**4,174**
Loss for the year							**(351,909)**
Other segment information							
Depreciation and amortisation							
Reportable segment total	**94,534**	**–**	**–**	**19**	**94,553**	**–**	**94,553**
Corporate headquarter	**–**	**–**	**–**	**–**	**–**	**–**	**801**
							95,354

For the year ended 31 March 2016 (Restated)

	Continuing operations					Discontinued operation	
	Clean energy	Trading in securities	Investments	Trading	Total	Mine	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue							
Revenue from external customers	115,095	–	–	6,414	121,509	–	121,509
Investment income and net gain	–	130,088	1,560	–	131,648	–	131,648
Consolidated revenue	115,095	130,088	1,560	6,414	253,157	–	253,157
Segment results	(195)	126,560	1,554	(10,546)	117,373	(223,618)	(106,245)
Reconciliation:							
Interest income							443
Change in fair value of derivative component of convertible bonds							(13,441)
Unallocated corporate expenses							(47,481)
Loss from operating activities							(166,724)
Finance costs							(154,478)
Loss before tax							(321,202)
Income tax credit							1,122
Loss for the year							(320,080)
Other segment information							
Depreciation and amortisation							
Reportable segment total	81,594	–	–	61	81,655	84	81,739
Corporate headquarter	–	–	–	–	–	–	311
							82,050
Impairment loss on exploration and evaluation assets	–	–	–	–	–	294,237	294,237

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

At 31 March 2017

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

At 31 March 2016 (Restated)

	Continuing operations					Discontinued operation		
	Clean energy *HK$'000*	Trading in securities *HK$'000*	Investments *HK$'000*	Trading *HK$'000*	Total *HK$'000*	Mine *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Reportable segment assets	2,239,561	367,574	8,112	5,916	2,621,163	1,132	310,261	2,932,556
Reportable segment liabilities	968,462	–	2,827	853	972,142	132	443,130	1,415,404
Other segment information								
Additions to property, plant and equipment during the year	184,771	–	–	–	184,771	684	153	185,608

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than time deposit and cash and bank balances, derivative financial assets and some other unallocated assets; and
- all liabilities are allocated to operating segments other than convertible bonds and some other unallocated liabilities.

c) **Geographical information**

i) ***Revenue from external customers***

The Group's activities are conducted predominantly in Hong Kong and Mainland China. Revenue by geographical location is determined on the basis of the locations of operations.

The following table provides an analysis of the Group's revenue by geographical location:

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**(229,543)**	138,062
Mainland China	**104,907**	115,095
Total revenue	**(124,636)**	253,157

ii) ***Non-current assets***

The non-current assets information is based on the location of assets and excludes financial instruments.

The following table provides an analysis of the Group's non-current assets by geographical location:

	2017	2016
	HK$'000	*HK$'000*
Mainland China	**1,665,471**	1,763,655
Hong Kong	**8,105**	259
	1,673,576	1,763,914

Information about major customers

For the year ended 31 March 2017, revenue from sale of electricity with one (2016: one) customer has exceeded 10% of the Group's total revenue. Revenue from this customer amounted to HK$82,900,000 (2016: HK$111,830,000) for the year ended 31 March 2017. No other single customer had transactions which contributed 10% or more of the Group's total revenue for the years ended 31 March 2017 and 2016.

5. REVENUE, OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

An analysis of the Group's revenue, other income and other (losses)/gain, net is as follows:

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Sale of electricity	**105,700**	115,095
Sale of fur garment	**1,215**	6,414
Net realised and unrealised (losses)/gains on listed trading equity securities	**(232,302)**	130,072
Dividend income from unlisted available-for-sale financial assets	**468**	1,560
Dividend income from listed financial assets at fair value through profit or loss	**283**	16
	(124,636)	253,157
Other income		
Bank interest income	**505**	443
Recovery of other receivables	**1,845**	6,341
Others	**452**	651
	2,802	7,435
Other (losses)/gain, net		
Impairment on unlisted available-for-sale financial assets	**(15,000)**	–
Disposal of subsidiaries	**(2,247)**	–
Fair value change on derivative components of convertible bonds	**12,797**	(13,441)
	(4,450)	(13,441)

Sale of electricity included HK$79,777,000 (2016: HK$79,311,000) tariff subsidy received and receivable from the state grid companies in the PRC based on the prevailing nationwide government policies on renewable energy for solar plants and distributed power stations.

6. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**66,369**	44,208
Imputed interest on convertible bonds	**77,009**	110,270
	143,378	154,478

7. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

The loss before tax from continuing operations is arrived at after charging:

	2017	2016
	HK$'000	*HK$'000*
Auditor's remuneration		
– audit services	**830**	800
– non-audit services	**102**	58
	932	858
Depreciation	**61,280**	46,057
Amortisation of intangible assets	**34,074**	35,909
Loss on disposal of property, plant and equipment	**274**	–
Write-off of trade receivables	**343**	–
Deposits and other receivables written off	**3,207**	–
Minimum lease payments under operating leases on land and buildings	**13,180**	6,535
Staff salaries and allowances (excluding directors' remuneration)	**16,701**	14,474
Pension contributions	**1,033**	920
Exchange loss	**–**	3,063

8. TAXATION

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the Group did not generate any assessable profits arising in Hong Kong for the years ended 31 March 2017 and 2016. Overseas taxes on assessable profits of the Company or its subsidiaries, if any, are calculated at the rates of tax prevailing in the respective jurisdictions in which they operate, based on the prevailing legislation, interpretations and practices in respect thereof.

The Group's operations in The Peoples's Republic of China (the "PRC") are subject to the corporate income tax law of the PRC (the "PRC corporate income tax"). The standard PRC corporate income tax rate is 25% (2016: 25%). During the year, five (2016: one) subsidiaries of the Group which are engaging in the operation of solar power plants and distributed power stations have obtained the relevant preferential tax concession. These subsidiaries are fully exempted from the PRC corporate income tax for the first three years, followed by a 50% tax exemption for the next three years.

The amount of income tax credit in the consolidated statement of profit or loss:

	2017	2016
	HK$'000	*HK$'000*
Deferred tax	**(4,174)**	(1,122)

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

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

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

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

(a) The results of a discontinued operation for the years ended 31 March 2017 and 2016 are as follows:

	2017 ***HK$'000***	2016 *HK$'000*
Revenue	**Nil**	Nil
Other income	**–**	73
Net gain on disposal of a disposal group *(note 9(e))*	**105,319**	–
Administrative and operating expenses	**(480)**	(296,767)
Finance costs	**–**	(112)
Profit/(loss) before taxation	**104,839**	(296,806)
Tax credit	**–**	73,559
Profit/(loss) after taxation	**104,839**	(223,247)
Loss recognised on the measurement to fair value less costs to sell on disposal group	**–**	(371)
Profit/(loss) for the year from a discontinued operation	**104,839**	(223,618)
Profit/(loss) for the year from a discontinued operation includes the following:		
Staff salaries and allowances	**219**	1,237
Retirement benefit scheme contributions	**13**	77
Total staff costs	**232**	1,314
Depreciation of property, plant and equipment	**–**	84
Impairment loss on property, plant and equipment	**–**	33
Impairment loss on exploration and evaluation assets	**–**	294,237

(b) The major classes of assets and liabilities of a disposal group classified as held for sale at 31 March 2016 were as follows:

	HK$'000
Assets	
Property, plant and machinery	841
Exploration and evaluation assets	–
Prepayments, deposits and other receivables	46
Cash and bank balances	245
Assets of disposal group classified as held for sale	1,132
Liabilities	
Other payables and accruals	132
Liabilities of disposal group classified as held for sale	132
Net assets of disposal group classified as held for sale	1,000

(c) The net cash flow of the discontinued operation dealt with in the consolidated financial statements for the years ended 31 March 2017 and 2016 are as follows:

	2017 ***HK$'000***	2016 *HK$'000*
Operating activities	**(480)**	1,572
Investing activities	**–**	(616)
Financing activities	**–**	(2,543)
Net cash outflow attributable to a discontinued operation	**(480)**	(1,587)

(d) Profit/(loss) per share from a discontinued operation

	2017	2016
Basic and diluted	**HK1.27 cents**	HK(2.47) cents

The calculation of the basic profit (2016: loss) per share from a discontinued operation is based on the profit for the year from a discontinued operation attributable to owners of the Company of HK$104,924,000 (2016: loss of HK$179,132,000) and the weighted average number of 8,310,132,000 (2016: 7,243,402,000) ordinary shares in issue during the year.

No adjustment has been made to the basic loss per share from a discontinued operation presented for the years ended 31 March 2017 and 2016 in respect of a dilution as the Company's outstanding convertible bonds during the periods have an anti-dilutive effect on the basic loss per share from a discontinued operation presented.

(e) Disposal of a disposal group

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

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

10. DIVIDENDS

The board of directors does not recommend the payment of any dividend for the year ended 31 March 2017 and 2016.

11. LOSS PER SHARE

a) For loss for the year

Basic loss per share for the years ended 31 March 2017 and 2016 is calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 March 2017 and 2016 respectively. Calculation is as follows:

	2017	2016
Loss for the year attributable to owners of the Company *(HK$'000)*	**(351,804)**	(275,537)
Weighted average number of ordinary shares in issue *(thousands)*	**8,310,132**	7,243,402
Basic loss per share *(HK cents per share)*	**(4.23) cents**	(3.80) cents

b) **For loss for the year from continuing operations**

Basic loss per share for the years ended 31 March 2017 and 2016 is calculated by dividing the loss for the year from continuing operations attributable to owners of the Company by the weighted average numbers of ordinary shares in issue during the years ended 31 March 2017 and 2016 respectively. Calculation is as follows:

	2017	2016
Loss for the year from continuing operations attributable to the owners of the Company *(HK$'000)*	**(456,728)**	(96,405)
Weighted average number of ordinary shares in issue *(thousand)*	**8,310,132**	7,243,402
Basic loss per share *(HK cents per share)*	**(5.50) cents**	(1.33) cents

c) **Diluted loss per share**

Diluted loss per share for the years ended 31 March 2017 and 2016 is the same as the basic loss per share, as the Company's outstanding convertible bonds had an anti-dilutive effect on the basic loss per share for the years ended 31 March 2017 and 2016 respectively.

12. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 March 2017, the Group acquired items of property, plant and equipment with cost of HK$104,273,000 (2016: HK$185,608,000) and disposed/written off items of property, plant and equipment of HK$573,000 (2016: HK$623,000).

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017	2016
	HK$'000	*HK$'000*
Unlisted equity securities, at cost	**228,550**	7,800
Impairment losses	**(15,000)**	–
	213,550	7,800

At the end of the reporting period, the above unlisted equity investments are stated at cost less any impairment loss because they do not have a quoted market price in an active market and the fair value cannot be reliably measured.

14. EXPLORATION AND EVALUATION ASSETS

	Exploration rights
	HK$'000
Balance at 1 April 2015	300,985
Exchange adjustments	(6,748)
Impairment loss	(294,237)
Transferred to disposal group classified as held for resale *(note 9)*	–
Balance at 31 March 2016	**–**

The exploration rights represented the carrying amount of the mining rights for mining, exploration and exploitation in a Vanadium mine located in Shaanxi, the PRC.

The directors considered that the fair value of exploration and evaluation assets at 31 March 2016 was nominal due to the market price of Vanadium Pentoxide that was used in refining of steel was about RMB41,000 MT. In view of the depressed market price of Vanadium, the directors decided to cease and dispose of the Vanadium mine business during the year ended 31 March 2016. The carrying amount of the exploration and evaluation assets of HK$0 was transferred to assets of disposal group classified as held for sale during the year ended 31 March 2016.

15. TRADE RECEIVABLES

Sale of electricity

Included in the Group's trade receivables are tariff subsidy receivables amounting to HK$43,371,000 (2016: HK$8,585,000) recognised based on the prevailing nationwide government policies on renewable energy for solar plants and distributed power stations, which is subject to the settlement by the state grid companies upon finalisation of the allocation of funds by the relevant authorities to the state grid companies. The directors expected all of the tariff subsidy will be recovered within twelve months from the end of the reporting period.

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

Sale of fur garment

The Group normally granted a credit period ranging from 30 to 60 days to major customers.

No credit to be granted by the Group to small customers.

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

	2017	2016
	HK$'000	*HK$'000*
Unbilled	**46,513**	–
Current to 30 days	**1,822**	13,681
31 days to 60 days	**741**	3,213
Over 60 days	**6,516**	1,449
	55,592	18,343

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.

At 31 March 2017 and 2016, there were no impairment losses in respect of trade receivables.

The ageing analysis of the trade receivables that are not considered to be impaired is as follows:

	2017 *HK$'000*	2016 *HK$'000*
Unbilled and neither past due nor impaired	**48,335**	16,799
Less than 1 month past due	**741**	215
1 to 3 months past due	**4,516**	1,143
Over 3 months past due	**2,000**	186
	7,257	1,544
	55,592	18,343

Receivables that were neither past due nor impaired relate to certain customers for whom there was no recent history of default.

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

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 *HK$'000*	2016 *HK$'000*
Listed equity securities in		
– Hong Kong	**88,180**	367,573
– the PRC	**65,991**	–
Unlisted investment funds	**46,064**	–
	200,235	367,573

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

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

17. TRADE PAYABLES

An ageing analysis of trade payables at the end of the reporting period is as follows:

	2017 *HK$'000*	2016 *HK$'000*
Over 60 days	**2**	2

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

18. UNSECURED SHORT TERM LOANS

At 31 March 2016, unsecured short-term loan carried interest at 12% per annum. These loans had been fully repaid during the year ended 31 March 2017.

19. BANK AND OTHER BORROWINGS

	2017 *HK$'000*	2016 *HK$'000*
Bank loans (i)	**651,029**	706,053
Secured loan (ii)	**182,058**	–
	833,087	706,053
Less: bank loans falling due within 1 year	**(40,619)**	(15,557)
Bank and other borrowings falling due more than 1 year	**792,468**	690,496

The bank and other borrowings to be repayable as follows:

	2017 *HK$'000*	2016 *HK$'000*
Within one year	**40,619**	15,557
After 1 year but within 2 years	**238,473**	43,081
After 2 years but within 5 years	**169,245**	179,505
After 5 years	**384,750**	467,910
	792,468	690,496
	833,087	706,053

i) All bank loans are unsecured, carry interest at Benchmark Borrowing Rate of the PRC and to be repayable by the semi-annual instalments with the last instalments due in 2027 and 2028.

The Company has issued a single guarantee of RMB598,000,000 (HK$674,723,000) (2016: RMB598,000,000 (HK$715,627,000)) to the bank to support the aforesaid bank loans granted to the Group.

ii) The loan carries interest at 6% per annum and repayable on 29 July 2018. The loan is also secured by pledge of the share capital of certain subsidiaries of the Group and the floating charges on property, assets, goodwill, rights and revenue of the Company and the wholly-owned subsidiaries, Max Access Limited and Surplus Basis Limited, and is guaranteed by the Group's wholly-owned subsidiaries, Max Access Limited and Rising Group International Limited.

Secured loan denominated in a currency other than the functional currency of entity to which they relate:

	2017	2016
	HK$'000	*HK$'000*
United States dollars	**182,058**	–

20. SHARE CAPITAL

	Note	Number of shares	Amount
		'000	*HK$'000*
Ordinary shares of HK$0.0025 each			
Authorised share capital:			
At 1 April 2015, 31 March 2016, 1 April 2016 and 31 March 2017		**120,000,000**	**300,000**
Issued and fully paid share capital:			
At 1 April 2015		6,988,392	17,471
Issue of shares upon conversion of convertible bonds	*(a)*	825,959	2,065
At 31 March 2016 and 1 April 2016		**7,814,351**	**19,536**
Issue of new shares	*(b)*	1,560,000	3,900
At 31 March 2017		9,374,351	23,436

Except for the above, during the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

Notes:

a) During the year ended 31 March 2016, additional 825,958,700 ordinary shares of HK$0.0025 each were issued at par upon conversion of the convertible bonds at a conversion price of HK$0.8475 per share. The ordinary shares issued had the same rights as other shares in issue.

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

21. BUSINESS COMBINATIONS

Year ended 31 March 2017

The Group did not acquire any subsidiary during the year ended 31 March 2017.

Year ended 31 March 2016

On 17 June 2015, the Group acquired 100% equity interest in Shanghai Xin Lan Electric Company Limited 上海昕嵐電力有限公司 ("Shanghai Xin Lan") for a cash consideration of RMB10,000,000 from an independent third party. Shanghai Xin Lan and its subsidiary hold (i) two distributed solar power stations (of 3MW and 5MW respectively) in Shanghai and; (ii) one distributed solar power station in Dezhou, Shandong (of up to 11 MW). Further details of this acquisition are set out in the Company's announcement dated 17 June 2015.

On 10 August 2015, the Group had also acquired 100% equity interest in Wealth Vantage Investments Limited ("Wealth Vantage"), which is holding a lease agreement for the Group's office premises.

The following table summarises the purchase consideration paid for the acquisition of each of the above subsidiaries, the fair value of identifiable assets acquired and liabilities assumed at the respective acquisition date:

	Shanghai Xin Lan *HK$'000*	**Wealth Vantage** *HK$'000*	**Total** *HK$'000*
Purchase consideration			
Cash paid	**12,483**	**–** *(Note)*	**12,483**

Note: The purchase consideration is HK$1.

	Shanghai Xin Lan	Wealth Vantage	Total
The fair values of the identifiable assets acquired and liabilities assumed at the date of acquisition			
Property, plant and equipment	–	*153*	153
Prepayments, deposits and other receivables	123,602	*1,527*	125,129
Cash and bank balances	1,231	–	1,231
Other payables and accruals	(112,345)	–	(112,345)
Total identifiable net assets at fair value	12,488	*1,680*	14,168
Gain on bargain purchase	5	*1,680*	1,685
Net cash outflow on the acquisition			
Consideration paid in cash	12,483	–	12,483
Less: cash and cash equivalents acquired	(1,231)	–	(1,231)
Net cash outflow	11,252	–	11,252

Acquisition-related costs of HK$170,500 have been excluded from the above considerations transferred and have been recognised as an expense in the consolidated statement of profit or loss for the year ended 31 March 2016.

22. BORROWINGS

Details of the unsecured short term loans, bank loans and secured loan are set out in note 18 and 19 respectively.

23. CONTINGENT LIABILITIES

At 31 March 2017 and 2016, the Group did not have any significant contingent liabilities.

24. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

Upon signing the four sale and purchase agreements, the Group had paid RMB93,864,000 (HK$105,907,000) to various vendors in April 2017, which represents approximately 20% of the total considerations in respect of these four acquisitions of distributed solar power stations and solar power plant.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue by Business Segments

Ratio analysis by business segments for the Group's revenue for the year ended 31 March 2017 is as follows:

- Clean Energy Business: approximately HK$105,700,000 (2016: HK$115,095,000, 45.46% of revenue)

- Trading in securities: negative revenue of approximately HK$232,019,000 (2016: HK$130,088,000, 51.39% of revenue)

- Investments: approximately HK$468,000 (2016: HK$1,560,000, 0.62% of revenue)

- Trading business: approximately HK$1,215,000 (2016: HK$6,414,000, 2.53% of revenue)

Revenue by Geographical Region

Ratio analysis by geographical region for the Group's revenue for the year ended 31 March 2017 is as follows:

- Hong Kong: negative revenue of approximately HK$229,543,000 (2016: HK$138,062,000, 54.54% of revenue)

- Mainland China: approximately HK$104,907,000 (2016: HK$115,095,000, 45.46%)

BUSINESS REVIEW

Clean Energy Business

Clean-energy power generation business is the key development of the Group at this stage. Up till now, the clean-energy power generation controllable on-grid production capacity of the Group is approximately 130MW, all of which are photovoltaic power generation projects locating in two provinces, Gansu and Shandong, and one municipality, Shanghai.

During the year, the on-grid power generation was approximately 117,745,000 kilowatt hour(s) ("KWh") (2016: 112,256,000KWh) and generated revenue of approximately HK$105.7 million as compared to revenue of approximately HK$115.1 million in 2016. The revenue was primarily contributed by a 100% owned subsidiary, 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. Loss of HK$26,248,000 was recorded during the year as compared to a loss of HK$195,000 in last year. The significant increase in loss was mainly due to decrease of revenue as a result of restriction of power output during the year ended 31 March 2017 and increase of depreciation as a result of new power plants came into operation during the year ended 31 March 2017.

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

Gansu Jinchang Jintai 100MW Project: During the year, sale of electricity was 96,348,000KWh, representing a decrease of 12.0% as compared with last year's sale of electricity of 109,466,000KWh. Sales revenue was HK$82,900,000, representing a decrease of 25.7% as compared with last year's revenue of HK$111,830,000.

Shanghai Xin Lan 8MW Project: The project commenced on-grid connection for power generation in November 2015. During the year, sale of electricity was 8,013,000KWh, representing an increase of 209.0% as compared with last year's sale of electricity of 2,593,000KWh. Sales revenue was HK$9,494,000, representing an increase of 211.3% as compared with last year's revenue of HK$3,050,000.

Guanyang Phase I 5.5MW Project in Dezhou, Shandong: This project commenced on-grid connection for power generation in March 2016. During the year, sale of electricity was 4,282,000KWh (2016: 197,000KWh). The significant increase in sale of electricity was resulted from the full year operation of the project this year. Sales revenue increased to HK$4,556,000 as compared to last year's revenue of HK$215,000.

Guanyang Phase II 2.75MW Project in Dezhou, Shandong: During the year, this project has commenced on-grid connection for power generation. Sale of electricity was 1,750,000KWh and sales revenue was HK$1,811,000. Last year, this project had yet to complete its on-grid connection for power generation.

Hongxiang 8MW Project in Dezhou, Shandong: During the year, this project has commenced on-grid connection for power generation. Sale of electricity was 4,887,000KWh and sales revenue was HK$4,610,000. Last year, this project had yet to complete its on-grid connection for power generation.

Jinde 5MW Project in Dezhou, Shandong: During the year, this project has commenced on-grid connection for power generation. Sale of electricity was 2,465,000KWh and sales revenue was HK$2,329,000. Last year, this project had yet to complete its on-grid connection for power generation.

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

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

On 29 December 2016, the board of Directors of the Company announced that the Company's wholly-owned subsidiary, Shanghai Gorgeous Smarter Energy Co., Ltd entered into a letter of intent with China Minsheng New Energy Investment Co., Ltd. ("CM New Energy") in respect of possible acquisitions for companies holding solar power plant projects in the PRC.

On 3 March 2017, the Company announced that further to the Company's announcement dated 20 March 2014 in relation to the entering into by the Group and Hareon Solar Technology Co., Limited ("Hareon Solar") of an equity transfer agreement pursuant to which the Group acquired 51% equity interest in Jilin Hareon Electronic Development Company Limited ("JHEL") from Hareon Solar and a corporation agreement, in view of the protracted delay in the project, the Group and Hareon Solar have agreed not to proceed with the project contemplated under the corporation agreement. On 3 March 2017, the Group and Hareon Solar entered into an agreement whereby parties have agreed to terminate the corporation agreement and to liquidate JHED.

The solar power plant business is capital intensive in nature. The Group has been rigorously exploring various financing channels to enhance its financing capability and reduce its finance cost. During the year, the Group has raised approximately HK$1.014 billion through share subscriptions to finance its future acquisitions.

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

Investment Business

Trading in securities

During the year, the net realised and unrealised loss resulting from trading of listed equity securities was HK$232,302,000 (2016: realised and unrealised gain of HK$130,072,000). The loss was mainly due to realised and unrealised loss resulting from decrease in market value of our investment in China Innovative Finance Group Limited (stock code: 412) as compared to 2016 which had an unrealised gain from increase in market value.

Investments

During the year, the Group invested HK$220.75 million in three unlisted companies so as 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 will closely monitor the market conditions and may consider to change its portfolio of investment from time to time. Subsequent to an assessment towards the investments, an impairment loss of HK$15 million was recorded for the year.

Trading Business

Trading is the Group's traditional line of business. The trading of fur-related products once accounted for a significant portion of the Group's operation. However, fur-related products becomes less popular and as such, the Group's fur trading business declines gradually over the years. In an attempt to revive the trading business, the Group reviews the operation of trading and considers to, among other things, introduce new trading items so as to widen the trading portfolio of the Group. In this regard, the Group entered into a strategic cooperation agreement with Intelligence Cinda International Investment Limited (融智信達國際投資有限公司), a company incorporated under the laws of Hong Kong with limited liability and an independent third party, pursuant to which the parties concerned agreed to form a strategic alliance in relation to the joint development of an international bulk commodities, including energy products and trading platform.

PROSPECTS

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

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

The Group will establish the vision of "strategy is core competitiveness" and focus on the collection, research and analysis of information, which includes domestic and overseas clean energy related industrial policies, regional electric energy market and industry development prospect. On this basis, the Group will establish the practicable development strategies with strategic forward-looking prospective that are in line with its own actual situation, laying the foundation in maintaining its leading position in the competitive environment.

RESULTS OF THE GROUP

During the financial year under review, the Group recorded a negative revenue of approximately HK$124,636,000 as compared to the revenue of approximately HK$253,157,000 in last year, which was primarily attributable to the realised and unrealised loss on listed trading securities of approximately HK$232,302,000 as compared to the realised and unrealised gain on listed trading securities of approximately HK$130,072,000 in 2016.

The net loss of the Company for the current year amounted to HK$351,909,000 as compared to a net loss of HK$320,080,000 in last year. The loss was mainly due to the significant impairment loss of the financial assets at fair value through profit or loss of approximately HK$232,302,000 as partly offset by an exchange gain of approximately HK$107,292,000 and as compared to a significant loss from a discontinued operation of approximately HK$223,618,000 in last year.

OPERATING AND ADMINISTRATIVE EXPENSES

For the year ended 31 March 2017, the amount of operating and administrative expenses was approximately HK$183,807,000 (2016: HK$184,776,000). There were no significant changes for the two years under review as the operation scale from which the operating and administrative expenses primarily incurred were not significantly changed.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally derives cash for operation from internal cash flow from banks in Hong Kong and PRC. At 31 March 2017, the Group had time deposit and cash and bank balances of approximately HK$884,515,000 (2016: HK$294,674,000). At 31 March 2017, the Group's interest bearing borrowings (including bank and other borrowings and convertible bonds) amounted to approximately HK$1,159,846,000 (2016: HK$1,149,117,000). Total equity attributable to owners of the Company amounted to approximately HK$2,014,963,000 (2016: HK$1,518,119,000). Accordingly, the gearing ratio (as calculated in the section headed "CAPITAL STRUCTURE" below) was 13.7% (2016: 56.3%).

At 31 March 2017, the Group had net current assets of approximately HK$1,421,002,000 (2016: HK$1,062,918,000) and current ratio (being current assets over current liabilities) of 13 (2016: 12).

CAPITAL STRUCTURE

(1) On 30 July 2015, the Company issued guaranteed secured convertible bonds with an aggregated principal amount of US$80,000,000 (the "Convertible Bonds II") pursuant to the four conditional subscription agreements each dated 14 July 2015 entered between the Company and four subscribers, which are independent third parties to the Company, raising net proceeds of approximately US$79.8 million approximately HK$622 million). The Convertible Bonds II bear interest at 6% per annum payable semi-annually in arrears, with maturity date before the third anniversary after the date of first issue of Convertible Bonds II (that is, 30 July 2018) and the bondholders have the right to convert them into shares credited as fully paid at any time from the issue date up to the date which is 7 days prior to the maturity date and convertible into 571,481,039 new shares at the initial conversion price of HK$1.0891 (subject to adjustments). The proceeds were mainly used in acquisitions or investments in solar energy businesses. The Company has the right at any time on or after the first anniversary of the date of issue of the Convertible Bonds II and until the last day immediately preceding the maturity date to redeem all or part of outstanding convertible bonds. The effective interest rate of the liability component was 24.04% per annum as at 31 March 2016.

On 27 July 2016, the Company repurchased Convertible Bonds II in the principal amount of US$30,000,000 in accordance with the terms and conditions of the Convertible Bond II (the "Repurchase of Convertible Bonds II"). Immediately after the Repurchase of Convertible Bonds II, there are outstanding Convertible Bonds II in the principal amount of US$50,000,000, convertible into 357,175,650 new shares at the initial conversion price of HK$1.0891 (subject to adjustments). The net proceeds of the outstanding Convertible Bonds II with the principal amount of US$50,000,000 of US$49.8 million (approximately HK$388 million) have been utilised: (i) as to HK$200 million as cash deposit for the proposed acquisition of Jinchang Zhong Xin Neng Photovoltaic Company Limited; (ii) as to approximately HK$37 million for the payment of Convertible Bonds II interest; (iii) as to approximately HK$90 million for the acquisitions or investments in the solar energy business; and (iv) as to approximately HK$61 million as general working capital of the Group in solar energy business. The net proceeds in respect of the Convertible Bonds II has been fully utilised.

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

(2) On 6 December 2016, the Company allocated and issued 1,560,000,000 shares of the Company of HK$0.0025 each in aggregate, at a subscription price of HK$0.65 per share, pursuant to the subscription agreements dated 15 November 2016 with the subscribers, which are independent third parties to the Company, raising net proceeds of appropriately HK$1,014,000,000.

The details of subscribers of the above subscription are as follows:

(a) Rationale (Holdings) Investment Limited ("Subscriber A"), a company incorporated in Hong Kong with limited liability and principally engaged in investment holdings. It is a 90% indirectly owned subsidiary of China Minsheng Investment Group ("CMIG"). CMIG is one of the leading international private investment groups. It was founded in Shanghai in 2014 with a registered capital of RMB50 billion and total assets of approximately RMB200 billion. The establishment of CMIG by 59 renowned private enterprises was initiated by the All-China Federation of Industry and Commerce and approved by the State Council of the PRC.

(b) Shandong Hi-Speed Investment Fund Management Ltd. ("Subscriber B"), a company incorporated in the Cayman Islands with limited liability and principally engaged in investment holdings. It is indirectly owned by Shandong Hi-Speed Group Co., Ltd ("Shandong Hi-Speed"), 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) and Yunan Rongqi Investment Management Ltd. (雲南榮琪投資管理有限公司) with shareholdings of 49%, 41% and 10%, respectively. Shandong Hi-Speed is a state-owned enterprise wholly-owned by Shandong State-owned Assets Supervision and Administration Commission and is mainly engaged in investment, construction and operation of highways, bridges, railways, rail transits, ports, airports and logistics, and investment in construction, building materials, information, financing, real estate and other sectors related to its main business. It has a registered capital of RMB20 billion and total assets of approximately RMB500 billion. As at 15 November 2016, Shandong Hi-Speed indirectly owns 28.45% shareholdings in China Innovative Finance Group Ltd. (stock code: 412), a company listed on the Stock Exchange, which in turn holds 9.95% of the issued share capital of the Company. 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) is wholly-owned by an individual and is mainly engaged in investment and fund management. Yunan Rongqi Investment Management Ltd. (雲南榮琪投資管理有限公司) is wholly-owned by an individual and is mainly engaged in investment and fund management.

(c) Multiple Upbeat Investments Limited ("Subscriber C"), a company incorporated in the British Virgin Islands with limited liability. Its shareholders are Mr. Chen Lei and Mr. Wang Kai with shareholdings of 51% and 49%, respectively. It is mainly engaged in investment in clean energy and environment protection related sectors.

The net proceeds from the above subscription are intended to be used by the Group for the development of its photovoltaic power-related business and for general working capital purposes. The Directors consider that the subscription represents a valuable opportunity for the Company to raise additional funds to facilitate its business development especially in its photovoltaic power-related business, as well as to introduce the subscribers as strategic shareholders and to strengthen the capital base and the financial position of the Company.

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

	2017	2016
	HK$'000	*HK$'000*
Borrowings		
Bank and other borrowings	**833,087**	711,053
Convertible bonds	**326,759**	438,064
Total borrowings	**1,159,846**	1,149,117
Less: time deposit and cash and bank balances	**(884,515)**	(294,674)
Net debt	**275,331**	854,443
Total equity attributable to owners of the Company	**2,014,963**	1,518,119
Gearing ratio	**13.7%**	56.3%

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

CHARGES ON ASSETS

At 31 March 2017, the Group's convertible bonds of US$50 million and secured other loan of US$30 million were secured by the shares charges over the share capital of the Group's wholly-owned subsidiaries and the first floating charges on property, assets, goodwill, rights and revenue of the Company and its certain subsidiaries. No assets of the Group and the Company had been pledged to secure the bank loans at 31 March 2017.

FOREIGN EXCHANGE EXPOSURE

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

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

SIGNIFICANT INVESTMENTS

The Group has no significant investments as at 31 March 2017.

MATERIAL ACQUISITION OF SUBSIDIARIES

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

On 31 March 2017, the Group and Shanghai Guxin Asset Management Company Limited, entered into a sale and purchase agreement, pursuant to which the Group conditionally agreed to purchase the entire equity interest in Qingdao Guxin Electricity Investment Company Limited, which in turn holds a grid-connected solar power project with an installed capacity of 100MW located in Jinchuan District, Gansu Province, the PRC.

Details of this acquisition are disclosed in the announcement issued by the Company on 31 March 2017.

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

On 29 December 2016, Shanghai Gorgeous Smarter Energy Co., Ltd., an indirect wholly-owned subsidiary of the Company, entered into a letter of intent with CM New Energy in respect of the possible acquisitions of solar power plant projects (with production capacity of not less than 100MW in aggregate) in the PRC.

On 31 March 2017, Shanghai Gorgeous Smarter Energy Co., Ltd. and CM New Energy entered into 3 sale and purchase agreements, conditionally agreed to acquire the entire equity interest in Dezhou Jiayang New Energy Company Limited, Changfeng Hongyang New Energy Power Generation Company Limited and Gaoan Jinjian Power Generation Company Limited, respectively, each of which owns and operates solar power project in Shangdong Province, Anhui Province and Jiangxi Province, respectively.

On 31 May 2017, all conditions precedent under the sale and purchase agreement in relation to the acquisition of Dezhou Jiayang New Energy Company Limited have been fulfilled.

Details of these acquisitions are disclosed in the announcements issued by the Company on 29 December 2016, 2 April 2017 and 31 May 2017.

EMPLOYEES

At 31 March 2017, the Group employed around 37 employees in Hong Kong, Macau and Mainland China (31 March 2016: 79). The Group's remuneration policies are based primarily on the prevailing market rate and the performance of individual employees. Fringe benefits, including Mandatory Provident Fund, medical benefits and training are provided. The Group has also established a discretionary bonus scheme for its management and staff with awards determined annually based upon the performance of the Group and individual employees.

CONTINGENT LIABILITIES

At 31 March 2017 and 2016, the Group did not have any significant contingent liabilities.

At 31 March 2017 and 2016, the Company has issued a single guarantee of RMB598,000,000 (HK$674,723,000) (2016: RMB598,000,000 (HK$715,627,000)) to a bank in respect of the loans granted by the bank to a wholly-owned subsidiary of the Company.

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

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: Nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders of the Company entitled to attend and vote at the annual general meeting of the Company to be held on Friday, 4 August 2017 ("2017 AGM"), the register of members of the Company will be closed from Tuesday, 1 August 2017 to Friday, 4 August 2017, both days inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 31 July 2017.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of all the applicable code provisions of the Code on Corporate Governance Practices (the "Code on CGP") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as its own code on corporate governance practices. During the year ended 31 March 2017, the Company was in compliance with all code provisions set out in the Code on CGP except for the deviations from code provisions A.2.1, A.4.1 and A.4.2 of the Code on CGP, which are explained below.

1. Code provision A.2.1 of the Code on CGP requires the roles of the Chairman of the Board and Chief Executive Officer should be separate and should not be performed by the same individual.

   On 11 March 2015, Mr. Wang Hao was appointed as an Executive Director and was elected Chairman of the Board. Upon his appointment as the Chairman of the Board, he takes up the role of the Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman of the Board and Chief Executive Officer in the same person provides the Company with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as the execution of long-term business strategies. The Board considers that such an arrangement will not impair the balance of power and authority between the Board and the management of the Company.

2. Code provision A.4.1 of the Code on CGP requires the non-executive directors should be appointed for a specific term and subject to re-election. During the year ended 31 March 2017, the terms of appointment of the three independent non-executive Directors, expired and thereafter they are not appointed for a specific term, but they are subject to the retirement by rotation and re-election at the Company's annual general meeting at least once every three years in accordance with the Company's bye-laws (the "Bye-Laws").

3. Code provision A.4.2 of the Code on CGP requires every director, including those appointed for a specific term, to be subject to retirement by rotation at least once every three years. Pursuant to the Bye-Laws, all directors, excluding the Chairman of the Board, shall retire from office by rotation at least once every three years. The Board considers that, though there is a deviation from the code provision A.4.2 of the Code on CGP, the aforementioned provision in the Bye-Laws is appropriate to the Company since the continuous leadership by the Chairman of the Board allows for effective and efficient planning and implementation of business decisions and strategies which is significant for stability and growth of the Group.

Save as those mentioned above and in the opinion of the Directors, the Company has met the code provisions set out in the Code on CGP during the year ended 31 March 2017.

Further information on the Company's corporate governance practices will be detailed in the corporate governance report contained in the annual report of the Company for the year ended 31 March 2017, which shall be sent to the Company's shareholders in due course.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transaction by the Directors. Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year ended 31 March 2017.

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.

CHANGE IN INFORMATION OF DIRECTORS

During the year ended 31 March 2017, pursuant to Rule 13.51B(1) of the Listing Rule, the changes in information of the Directors are set out below:

On 1 November 2016, 1) Mr. Ko Tin Kwok and Ms. Zhao Li have been appointed as an executive director of the Company; and 2) Mr. Wong Nga Leung and Mr. Zhou Chengrong have tendered their resignation as an executive director of the Company.

On 10 March 2017, 1) Mr. Hu Hanyang has been appointed as an executive director of the Company, Mr. Li Hui and Mr. Lam Cheung Mau have been appointed as independent non-executive directors and members of Audit Committee, Remuneration Committee and Nomination Committee of the Company; and 2) Mr. Lai Leong has tendered his resignation as an executive director of the Company and Mr. Tsui Ching Hung and Ms. Cheung Oi Man, Amelia have tendered their resignations as independent non-executive directors and members of Audit Committee, Remuneration Committee and Nomination Committee of the Company.

Details of the appointments and resignations of the above-mentioned Directors are set out in the announcements dated 1 November 2016 and 10 March 2017, respectively.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE AND REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

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

The Audit Committee has reviewed with the Group's senior management and external auditors the accounting principles and practices adopted by the Group and reviewed the Company's consolidated financial statements for the year ended 31 March 2017.

SCOPE OF WORK OF LI, TANG, CHEN & CO.

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2017 as set out in the preliminary announcement have been compared by the Group's auditor, Li, Tang, Chen & Co., to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by Li, Tang, Chen & Co. in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Li, Tang, Chen & Co.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY

This results announcement is published on the website of The Stock Exchange of Hong Kong Limited at http://www.hkexnews.hk under "Latest Information" and the Company's website at http://www.cse1004.com.

The printed copy of the Annual Report will be sent to shareholders of the Company and the soft copy of the Annual Report will be published on websites of both The Stock Exchange of Hong Kong Limited and the Company in due course.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held on 4 August 2017. Details of the AGM are set out in the notice of the AGM which constitutes part of the circular to be sent to the Company's shareholders together with the Annual Report. Notice of the AGM and the proxy form will also be available on websites of both The Stock Exchange of Hong Kong Limited and the Company.

DIRECTORS OF THE COMPANY

Mr. Wang Hao, Mr. Ko Tin Kwok, Ms. Zhao Li, Mr. Lam Kwan Sing, Mr. Hon Ming Sang and Mr. Hu Hanyang are the executive directors of the Company; and Mr. Fok Ho Yin, Thomas, Mr. Li Hui and Mr. Lam Cheung Mau are the independent non-executive directors of the Company.

By order of the Board
China Smarter Energy Group Holdings Limited
Wang Hao
Chairman

Hong Kong, 12 June 2017