SFCE

順風國際清潔能源有限公司

SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock code: 01165

ANNUAL REPORT **2019**

REDUCTION OF EMISSION*

Smoke and Dust > 75 tonne

CO_2 > 1,568,793 tonne

SO_2 > 373 tonne

NO_x > 354 tonne

ENERGY SAVING*

Coal > 573,794 tonne

H_2O > 2,294,430 m^3

ELECTRICITY GENERATED

Year 2019 > 1,865,390 MWh

Year 2018 > 1,766,414 MWh

(* basis of calculation sourced from China Electricity Industry Development Report 2017 issued by China Electricity Council)

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Wang Yu *(appointed as Chairman on 25 March 2020 and Chief Executive Officer)*
Mr. Zhang Fubo *(ex-Chairman, stepped down on 25 March 2020)*
Mr. Lu Bin
Mr. Chen Shi

Independent Non-executive Directors

Mr. Tao Wenquan
Mr. Zhao Yuwen
Mr. Kwong Wai Sun Wilson

AUDIT COMMITTEE

Mr. Kwong Wai Sun Wilson *(Chairman)*
Mr. Tao Wenquan
Mr. Zhao Yuwen

REMUNERATION COMMITTEE

Mr. Kwong Wai Sun Wilson *(Chairman)*
Mr. Zhang Fubo
Mr. Tao Wenquan
Mr. Zhao Yuwen

NOMINATION COMMITTEE

Mr. Zhang Fubo *(ex-Chairman, resigned on 25 March 2020)*
Mr. Wang Yu *(appointed as Chairman on 25 March 2020)*
Mr. Kwong Wai Sun Wilson
Mr. Zhao Yuwen

COMPANY SECRETARY

Mr. Lu Bin

AUTHORIZED REPRESENTATIVES

Mr. Zhang Fubo *(replaced on 25 March 2020)*
Mr. Wang Yu *(appointed on 25 March 2020)*
Mr. Lu Bin

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Portion C, 30/F, Bank of China Tower
1 Garden Road, Central
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN CHINA

No. 12 Xinhua Road
National Hi-tech Industrial Development Zone
Wuxi City
Jiangsu 214028, China

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

LEGAL ADVISER

As to Hong Kong law
Herbert Smith Freehills

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

COMPANY WEBSITE

www.sfcegroup.com

STOCK CODE

01165

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the audited results of the Group for the year ended 31 December 2019. In 2019, the Company was under unprecedented liquidity pressure due to a delay in receiving tariff subsidies payable by the relevant financial departments of China to the solar power plants of the Company across the country while the corresponding debts are or will be due for repayment.

Total Power Generated Of

1,865,390 MWh

by 2019

A Global Leading Clean Energy Supplier

A Low-Carbon and Energy-Saving Integrated Solutions Provider

To ensure the continuation of the Company as a going concern while effectively protecting the Shareholders' interest, the Board adjusted the operating strategy for 2019 in an appropriate manner to dispose of certain assets in order to recover cash and reduce its overall debt level. As disclosed in the Company's announcement dated 15 July 2019, the Company held an extraordinary general meeting on 8 August 2019 and passed a resolution to dispose of the solar product manufacturing business. Subsequently, the Company entered into several sale and purchase agreements with Zhonghe Shandong Energy Co., Ltd.* (中核山東能源有限公司), an independent third party, on 15 November 2019, in relation to the disposal of the assets of 11 solar power plants in China. Such disposals were approved at an extraordinary general meeting held on 17 January 2020. As a result of the completion of these two very substantial disposals, the Company will be able to repay certain overdue debts by installments and the Group's overall highly indebted position can be improved.

On the other hand, the Company's LED business continued to maintain its growth. A number of new products are increasingly accepted by the market and key customers, thereby providing steady support to the Company's overall performance.

* *English name is for identification purpose only*

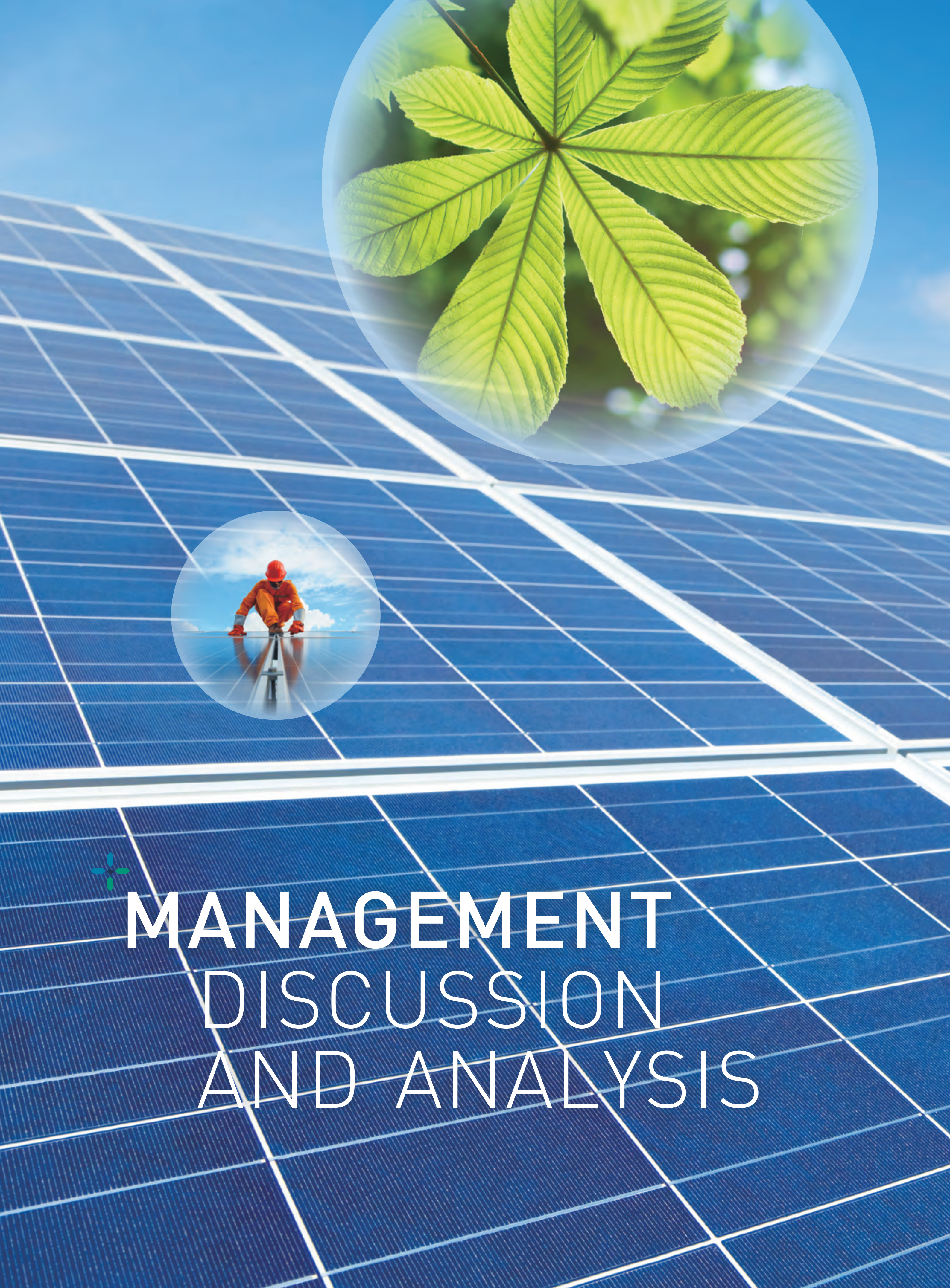
FUTURE PROSPECT

Looking forward, the continuous drop in solar power generation costs will lead to a new era in the global clean energy market. However, as at the date of this annual report, COVID-19 is wreaking havoc in respect of the worldwide economy. Major economies such as China, the United States and Europe are suffering a heavy blow. In light of such a complicated global economy, the Group will devise clear and responsive strategies and allocate resources effectively in order to strike a balance between holding long-term assets and reducing short-term cash flow deficit for the interests of the Shareholders and the Company as a whole. It will also further reduce management costs and expenses with the aim of improving the Company's operating efficiency in a timely manner. With challenge comes opportunity. Where there's a will, there's a way. The keys are to take on the challenge and make fitting adjustments.

On behalf of the Board, I would like to thank our management team and staff for their dedication and hard work, and our Shareholders and business partners for their staunch support and trust. The Company will spare no efforts to generate remarkable return for the Shareholders.

Wang Yu
Chairman

29 April 2020



MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

Upon completion of the disposal 100% of the equity interests of Jiangsu Shunfeng Photovoltaic Technology Company Limited on 30 September 2019 which was engaged in (i) manufacturing and sales of solar products and installation services of PV systems, (ii) plant operation and services and (iii) solar power generation in the overseas regions, such are classified as discontinued operations. The Group still retains two segments with solar power generation in the PRC and manufacturing and sales of LED products, representing continuing operations during the Year.

BUSINESS REVIEW

The Group has evolved from engaging purely in solar power business into a diversified leading integrated provider of clean energies and low-carbon and energy-saving solutions with global influences. The Group continues to proactively explore various kinds of clean energy resources with an aim to lay a solid foundation for its development into a global leading supplier which provides low-carbon and energy-saving integrated solutions.

Continuing operations

Solar power generation in the PRC

During the Year, the solar power plants owned by the Group in the PRC generated an aggregate of approximately 1,843,762 MWh.

	For the year ended 31 December		
	2019	2018	% of Changes
	MWh	MWh	
Power generation volume:			
PRC	**1,843,762**	1,736,745	6.2%

As at 31 December 2019, the Group's solar power plants successfully realised a total installed capacity of approximately 1.5GW of on-grid generation in the PRC.

Manufacturing and sales of LED products

During the Year, the sales of LED chips, LED packages and other LED products within the Group's production business amounted to RMB362.7 million while such amounted to approximately RMB334.5 million in 2018.

Geographical information

During the Year, our top five customers represented approximately 52.1% of our total revenue, as compared to approximately 51.3% for the year ended 31 December 2018. Our largest customer accounted for approximately 17.5% of our total revenue, as compared to approximately 15.2% for the ended 31 December 2018. The largest customer is State Grid Gansu Electric Power Company, which is one of the state grid companies in the PRC to which the Company sells the electricity.

Our sales to PRC-based and overseas customers represented approximately 99.6% and 0.4% of the total revenue for the years ended 31 December 2018 and 2019, respectively.

Discontinued operations

Solar power generation in overseas

For the nine months ended 30 September 2019, the solar power plants owned by the Group overseas generated an aggregate of approximately 21,628 MWh with a total installed capacity of approximately 24.7MW of on-grid generation overseas.

Manufacturing and sales of solar products and installation services of PV systems

For the nine months ended 30 September 2019, the sales volume of solar products amounted to 3,919.8MW.

	For the nine months ended 30 September 2019 MW
Sales volume to independent third parties:	
Cells	1,010.4
Modules	2,909.4
Total	3,919.8

Plant operation and services

meteocontrol GmbH ("**meteocontrol**") is one of the world's largest independent photovoltaic plant monitoring service providers. meteocontrol has extensive solar power plant monitoring, operation and maintenance experience in residential, commercial and utility sectors and has a monitoring volume of more than 14GW. meteocontrol offers services covering the entire process of solar power plant projects, from planning and installation to global operation and maintenance, and also provides independent consultation for the projects at every stage. For the nine months ended 30 September 2019, meteocontrol has brought revenue of RMB115.4 million to the Group.

Geographical information

For the nine months ended 30 September 2019, our top five customers represented approximately 18.1% of the discontinued operations' total revenue. The largest customer accounted for approximately 4.8% of the discontinued operations' total revenue for the nine months ended 30 September 2019. The largest customer is a company situated in India, which offers sustainable solar solutions and electric vehicle charging services. It mainly acquires solar modules from the Group and has maintained a business relationship with the Group for more than three years.

The sales to PRC-based and overseas customers represented approximately 23.8% and 76.2% of the discontinued operations' total revenue for the nine months ended 30 September 2019, respectively.

FINANCIAL REVIEW

Revenue

Continuing operations

Revenue increased by RMB88.2 million, or 5.4%, from RMB1,642.9 million for the year ended 31 December 2018 to RMB1,731.1 million for the Year, primarily due to the restriction on limiting the use of electricity has been partly relieved in the provinces and regions where the power plants of the Group are located for the Year as compared to the year 2018.

Despite the above, the power plants of the Group which are located in certain provinces or regions in the PRC were still affected by the influence of curtailment on energy generation during the Year, resulting in a decrease in power generation. As a result, the revenue from power generation in the PRC of the Group decreased by approximately RMB150.0 million and the power generation volume also recorded an estimated loss of approximately 200,000 MWh.

For the Year, revenue from solar power generation in the PRC accounted for 79.0% of the total revenue with respect to the continuing operations, while manufacturing and sales of LED products accounted for 21.0%

Solar power generation in the PRC

Revenue from solar power generation increased by RMB60.0 million, or 4.6%, from RMB1,308.4 million for the year 2018 to RMB1,368.4 million for the Year, primarily because of an increase of 5.0% or 87,235 MWh in the amount of power generated for which revenue is recognised. The amount of power generated recorded 1,754,873 MWh in the year ended 31 December 2018, while 1,842,108 MWh was recorded as the amount of power generated for the Year.

LED products

Revenue from the sales of LED chips, LED packages and other LED products increased by RMB28.2 million or 8.4% from RMB334.5 million for the year ended 31 December 2018 to RMB362.7 million for the Year.

Revenue

Discontinued operations

Revenue recorded RMB6,576.1 million for the nine months ended 30 September 2019.

Revenue from sales of solar products and installation services of PV systems, plant operation and services and solar power generation in the overseas regions accounted for 97.3%, 1.8% and 0.9%, respectively, of the discontinued operations' total revenue for the nine months ended 30 September 2019.

Solar modules

Revenue from the sales of solar modules recorded RMB5,431.0 million for the nine months end 30 September 2019. The average selling price of solar modules was at RMB1.83 per watt for the nine months ended 30 September 2019.

Solar cells

Revenue from the installation services of PV systems recorded RMB783.5 million for the nine months end 30 September 2019. The average selling price of solar cells was at RMB0.77 per watt for the nine months ended 30 September 2019.

Installation services of PV systems

Revenue from the sales of installation services of PV systems recorded RMB183.8 million for the nine months end 30 September 2019.

Solar power generation in the overseas regions

Revenue from the sales of solar power generation in the overseas regions recorded RMB62.4 million with the power generation volume of 21,628 MWh for the nine months end 30 September 2019.

Plant operation and services

Revenue from plant operation and services recorded RMB115.4 million for the nine months end 30 September 2019.

Cost of sales

With respect to the continuing operations, cost of sales decreased by RMB28.3 million from RMB1,032.6 million for the year ended 31 December 2018 to RMB1,004.3 million for the Year, primarily due to the increase in power generation volume from the solar power plants in the PRC which exceeds the increase in the depreciation costs, which leads to a decrease in the unit price of power generation costs.

Gross profit

With respect to the continuing operations, gross profit increased by RMB116.5 million, or 19.1%, from RMB610.3 million for the year ended 31 December 2018 to RMB726.8 million s for the Year.

Other income

With respect to the continuing operations, other income decreased by RMB11.5 million, or 8.9%, from RMB128.9 million for the year ended 31 December 2018 to RMB117.4 million for the Year, primarily due to a decrease in government grants of RMB66.0 million for the Year (for the year ended 31 December 2018: RMB96.7 million).

Other gains and losses

With respect to the continuing operations, other gains and losses recorded a net loss of RMB1,302.3 million for the Year, which increased by RMB1,129.0 million or 651.5% as compared to a net loss of RMB173.3 million recorded for the year ended 31 December 2018, which was primarily due to (i) an impairment loss recognised on assets classified as held for sale of RMB851.4 million recorded for the Year, while there was no such impairment loss recognised for the year ended 31 December 2018 and (ii) an impairment loss on solar power plant recognised of RMB282.8 million for the Year, while there was no such impairment loss recognised for the year ended 31 December 2018.

Distribution and selling expenses

With respect to the continuing operations, distribution and selling expenses decreased by RMB2.3 million or 18.9%, from RMB12.2 million for the year ended 31 December 2018 to RMB9.9 million for the Year, primarily due to a reduction in the staff cost and marketing cost in the manufacturing and sales of LED products segment.

Administrative expenses

With respect to the continuing operations, administrative expenses decreased by RMB5.6 million, or 2.7%, from RMB209.5 million for the year ended 31 December 2018 to RMB203.9 million for the Year.

Research and development expenditure

With respect to the continuing operations, research and development expenditure increased by RMB18.9 million, or 46.0%, from RMB41.1 million for the year ended 31 December 2018 to RMB60.0 million for the Year, primarily due to the increase in the expenses on research and development investment and related costs in the manufacturing and sales of LED products segment.

Share of gains of associates

With respect to the continuing operations, share of gains of associates decreased by RMB2.2 million or 78.6%, from RMB2.8 million for the year ended 31 December 2018 to RMB0.6 million for the Year.

Finance costs

With respect to the continuing operations, finance costs decreased by RMB25.1 million, or 2.1%, from RMB1,188.1 million for the year ended 31 December 2018 to RMB1,163.0 million for the Year, primarily due to a decrease in the effective interest on convertible bonds by RMB80.6 million or 28.0% from RMB288.3 million for the year ended 31 December 2018 to RMB207.7 million for the Year.

Loss before tax

With respect to the continuing operations, due to the above reasons, loss before tax increased by RMB1,057.9 million, from a loss of RMB943.1 million for the year ended 31 December 2018 to a loss of RMB2,001.0 million for the Year.

Income tax expense

With respect to the continuing operations, income tax expense increased by RMB7.5 million, from RMB5.4 million for the year ended 31 December 2018 to RMB12.9 million for the Year.

Loss for the Year from the continuing operations

As a result of the reasons stated above, loss for the Year from the continuing operations increased by RMB1,065.4 million, or 112.3%, from the loss of RMB948.5 million for the year ended 31 December 2018 to the loss of RMB2,013.9 million for the Year.

Profit for the period from discontinued operations

Profit from the discontinued operations of RMB129.0 million was recorded for the nine months ended 30 September 2019.

Loss for the Year

As a result of the reasons stated above, loss for the Year increased by RMB178.2 million, or 10.4%, from the loss of RMB1,706.7 million for the year ended 31 December 2018 to the loss of RMB1,884.9 million for the Year.

Inventory turnover days

The inventories of the Group mainly comprise raw materials, work-in-progress and finished goods. The inventory turnover days as at 31 December 2019 was 144.8 days.

Trade receivables turnover days

The trade receivables turnover days as at 31 December 2019 was 364.3 days.

Trade payables turnover days

The trade payables turnover days as at 31 December 2019 was 103.3 days. Given the established business relationship and the change in overall market environment, the Group paid to the suppliers in due course in accordance with the credit terms during the Year.

Indebtedness, liquidity, gearing ratio and capital structure

The Group's principal sources of working capital included cash flow from operating activities, bank and other borrowings. As at 31 December 2019, the Group's current ratio (current assets divided by current liabilities) was 0.62 and it was in a negative net cash position.

The Group has always adopted a prudent treasury management policy. The Group places a strong emphasis on having funds readily available and accessible and is in a stable liquidity position with sufficient funds in standby banking facilities to cope with daily operations and meet its future development demands for capital. As at 31 December 2019, the Group was in a negative net cash position of RMB8,563.7 million (31 December 2018: RMB12,889.3 million), which included cash and cash equivalents of RMB89.7 million (31 December 2018: RMB754.6 million), bank and other borrowings of RMB7,327.2 million (31 December 2018: RMB11,067.3 million), convertible bonds of RMB501.4 million (31 December 2018: RMB1,679.2 million), bond payables of RMB824.8 million (31 December 2018: RMB830.5 million) and no obligations under finance lease (31 December 2018: RMB66.9 million).

The Group's bank and other borrowings were mainly denominated in RMB and HKD while its cash and bank balances, restricted bank deposits and pledged bank deposits were mainly denominated in RMB, HKD, USD and JPY. The Group's net debts to equity ratio (net debts divided by shareholders' equity) recorded 1,464.8%.

During the Year, the Group did not enter into any financial instrument for hedging purposes nor did the Group have any currency borrowings and other hedging instruments to hedge against foreign exchange risks (31 December 2018: Nil).

Contingent liabilities and guarantees

As at 31 December 2019, the Group provided guarantees to independent third parties and a related party with a total amount of RMB307.1 million (31 December 2018: RMB364.0 million), of which RMB177.1 million (31 December 2018: RMB276.8 million) has been provided and recognised as provision in the statement of financial position. As at 31 December 2019, save as disclosed above, the Group had no significant contingent liabilities.

Charges on the Group's assets

At the end of the reporting period, saved as restricted bank deposits and the leased asset (i.e., machineries) under lease liabilities (2018: obligation under finance lease), the Group had pledged its 59% of equity interest in Lattice Power Group (2018: 100% equity interests in Wuxi Suntech Power Co., Ltd., Jiangsu Shunfeng Photovoltaic Technology Co., Ltd. and Shunfeng Photovoltaic Holdings Limited). Meanwhile, 40 (2018: 51) subsidiaries of the Group, which operated solar power generation, 100% equity interests and related assets were also pledged in order to obtain bank and other borrowing.

As at 31 December 2019, the Group had pledged certain trade and other receivables with a carrying amount of RMB1,554.5 million (31 December 2018: RMB1,965.4 million) and certain property, plant and equipment, prepaid lease payments, right-of-use assets, other deposits included in other non-current assets and solar power plants with a carrying amount of approximately RMB4,066.8 million (31 December 2018: RMB9,117.7 million) to various banks and other financial institutions for securing loans and general credit facilities granted to the Group.

As at 31 December 2019, the Group pledged cash deposits and restricted bank deposits in an aggregate amount of approximately RMB67.9 million (31 December 2018: RMB2,039.6 million) to banks to secure banking credit facilities granted to the Group.

Save as disclosed above, as at 31 December 2019 and 31 December 2018, none of the other assets of the Group was pledged in favour of any financial institution.

Exposure to the fluctuation in exchange rates

Certain bank balances and cash, restricted bank deposits and pledged bank deposits, trade and other receivables, trade and other payables and bank and other borrowings are denominated in currencies other than RMB, which exposes the Group to foreign exchange risks. The Group currently does not have a foreign currency hedging policy. However, the Directors closely monitor the foreign exchange risk profile and control exchange exposure through arrangements of foreign currency forward contracts, and will consider hedging significant foreign currency exposure should the need arise.

Significant investments held and material acquisitions or disposals

As disclosed in the circular of the Company dated 30 June 2019, as well as the announcement dated 25 March 2019, on 10 December 2018 (after trading hours), Shunfeng Photovoltaic Holdings Limited, a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (as amended and supplemented on 24 March 2019) (the "**2018 Disposal Sale and Purchase Agreement**") with Asia Pacific Resources Development Investment Limited, pursuant to which the Shunfeng Photovoltaic Holdings Limited agreed to sell 100% of the equity interest in Jiangsu Shunfeng Photovoltaic Technology Company Limited* (江蘇順風光電科技有限公司) at an aggregate consideration of RMB3,000 million (the "**2018 Disposal**").

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the 2018 Disposal Sale and Purchase Agreement and the transactions contemplated thereunder exceed 75%, the 2018 Disposal constituted a very substantial disposal of the Company which is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Asia Pacific Resources Development Investment Limited is held as to 100% by Mr. Cheng Kin Ming, a substantial shareholder of the Company, and is therefore a connected person of the Company, the 2018 Disposal Sale and Purchase Agreement and the transactions contemplated thereunder also constituted a connected transaction of the Company which is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rule. The independent shareholders' approval was obtained on 8 August 2019 and the 2018 Disposal has been completed on 30 September 2019.

As disclosed in the circular of the Company dated 29 December 2019, as well as the announcement dated 26 November 2019, on 15 November 2019 (after trading hours), Jiangxi Shunfeng Photovoltaic Investment Co., Ltd,* (江西順風光電投資有限公司) Shanghai Shunneng Investment Co., Ltd* (上海順能投資有限公司) and Shijiazhuang Yakai New Energy Development Ltd* (石家莊亞凱新能源開發有限公司) (the "**Vendors**"), the indirectly wholly-owned subsidiaries of the Company, entered into 11 sale and purchase agreements (the "**2019 Disposal Sale and Purchase Agreements**") with Zhonghe Shandong Energy Co., Ltd,* (中核山東能源有限公司) pursuant to which the Vendors agreed to sell 100% of the equity interest in Hami Hengxin New Energy Technology Co., Ltd* (哈密恒鑫新能源科技有限公司), Hami Junxin Photovoltaic Power Generation Co., Ltd.* (哈密浚鑫光伏發電有限公司), Hami Tianhong Solar Power Technology Co., Ltd.* (哈密天宏陽光太陽能科技有限公司), Hami Yixin New Energy Technology Co., Ltd.* (哈密益鑫新能源科技有限公司), Hebei Guowei New Energy Technology Co., Ltd.* (河北國威新能源科技有限公司), Jinchang Zhongke New Energy Co., Ltd.* (金昌市中科新能源有限公司), Pingluo Zhongdianke Energy Co., Ltd.* (平羅中電科能源有限公司), Shangde (Hami) Solar Power Generation Co., Ltd.* (尚德（哈密）太陽能發電有限公司), Sunan Yugur Autonomous County Zhongneng Changyeyuan Co., Ltd.* (肅南裕固族自治縣中能產業園有限公司), Wuwei Huadong Zhonghe New Energy Co., Ltd.* (武威華東眾合新能源有限公司), and Wuwei Jiuyuan Metal Components Co., Ltd.* (武威久源金屬構件有限公司) at aggregate consideration of RMB641,420,000 (the "**2019 Disposals**").

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the 2019 Disposal Sale and Purchase Agreements and the 2019 Disposals in aggregate exceed 75%, the 2019 Disposals constituted a very substantial disposal of the Company which is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The shareholders' approval was obtained on 17 January 2020.

* *English name is for identification purpose only*

As disclosed in the announcement of the Company dated 18 March 2020, Jiangxi Shunfeng Photovoltaic Investment Co., Ltd* (江西順風光電投資有限公司) and Shanghai Shunneng Investment Co., Ltd* (上海順能投資有限公司), the indirectly wholly-owned subsidiaries of the Company, entered into 6 sale and purchase agreements (the "**2020 Disposal Sale and Purchase Agreements**") with Zhejiang Zhengtai New Energy Development Co., Ltd.* (浙江正泰新能源開發有限公司) on 16 March 2020, pursuant to which Jiangsu Shunfeng Photovoltaic Investment Co., Ltd and Shanghai Shunneng Investment Co., Ltd agreed to sell 100% of the equity interest in Akesu Datang New Energy Co., Ltd.* (阿克蘇大唐新能源有限公司), Yuepuhu Gaoke New Energy Power Generation Co., Ltd.* (岳普湖高科新能源發電有限公司), Heshuo Hengxin New Energy Technology Co., Ltd.* (和碩恒鑫新能源科技有限公司), Tulufan Lianxing New Energy Co., Ltd.* (吐魯番聯星新能源有限公司), Wensu Riyuehui New Energy Co., Ltd.* (溫宿縣日月輝新能源有限公司), and Hejing Yixin New Energy Technology Co., Ltd.* (和靜益鑫新能源科技有限公司) at an aggregate consideration of RMB181,139,954.86 (the "**2020 Disposals**").

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the 2020 Disposal Sale and Purchase Agreements and the 2020 Disposals in aggregate exceed 75%, the 2020 Disposals constituted a very substantial disposal of the Company which is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular is expected to be dispatched to the Shareholders on or before 5 June 2020.

IMPACTS OF THE COVID-19 OUTBREAK ON THE GROUP

As the COVID-19 has rapidly spread, it has become a worldwide concern. In view of the COVID-19 outbreak, the Board is taking all necessary measures to safeguard our employees and to ensure business continuity. The Group has taken immediate action to ensure the health and safety of our employees and minimize the impacts brought by the COVID-19 outbreak on our business. The Company will continue to monitor the development and take steps as appropriate to mitigate risks brought by the COVID-19 outbreak.

Due to the outbreak of COVID-19 and associated travel restriction, quarantine measures and business suspension policies have been largely adopted and implemented by the PRC government since early February 2020, which has caused an adverse impact on the expected timeline of the collection of sales proceeds in connection with the disposal of the 11 Target Companies (as defined in note 12B to the consolidated financial statements). As a result, the Company has started negotiating with the creditors in relation to those debts which have matured as of the date of this annual report, kept them informed of the update on the sales proceeds and has sought further extension when necessary. The Company will strive to strengthen the creditors' confidence of the Company and implement a series of development plans.

Human resources

As at 31 December 2019, the Group had 5,896 employees (31 December 2018: 6,330). The remuneration packages for the existing employees include basic salaries, discretionary bonuses and social security contributions. Pay levels of the employees are commensurate with their responsibilities, performance and contribution.

Final dividend

The Board has resolved not to declare final dividend for the Year.

ADDITIONAL INFORMATION RELATING TO THE DISCLAIMER OF OPINION

Details of the disclaimer of opinion

As set out in note 1(b) to the consolidated financial statements, the Group incurred a net loss of RMB1,884,883,000 during the year ended 31 December 2019. As at 31 December 2019, the Group's equity attributable to owners of the Company had a deficit of RMB869,100,000 and the Group' s current liabilities exceeded its current assets by RMB4,818,353,000. The Group maintained cash and cash equivalents of RMB89,703,000 as at 31 December 2019. As set out in note 43 to the consolidated financial statements, the Group's bank and other borrowings amounted to RMB7,327,243,000 as at 31 December 2019, RMB1,521,764,000 out of which were overdue as at 31 December 2019 and the overdue amount increased to RMB2,040,777,000 on the date of issue of the consolidated financial statements. In addition, as set out in note 47 to the consolidated financial statements, the 2015 Corporate Bond, including the outstanding principal of RMB550,000,000 and unpaid interest of RMB49,012,000 as at 31 December 2019 has been overdue. These conditions, together with others described in note 1(b) to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern. In order to enable the Group to meet with its immediate financing needs, the Group continues to implement the Development Plan (as defined in note 1(b) to the consolidated financial statements), details of which are set out in note 1(b) to the consolidated financial statements. Given that the execution of the Development Plan and measures by the Group involving multiple uncertainties with details as set out in note 1(b) to the consolidated financial statements, and in light of the significance of the extent of the multiple uncertainties relating to the ongoing availability of finance to the Group, the Company's auditors issued a disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 December 2019 on material uncertainties over the Group's ability to continue as a going concern (the "**Disclaimer**").

Actual or potential impacts of the Disclaimer on the Group's financial position

The Disclaimer does not itself show any actual impact on the Group's financial position. As set out in note 1(b) to the consolidated financial statements, the consolidated financial statements have been prepared on a going concern basis. Should the Group be unable to continue to operate as a going concern, 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 which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effect of these adjustments has not been reflected in the consolidated financial statements.

Management's position and basis on major judgmental areas

The management of the Company had given careful consideration in relation to the going concern of the Group and has had ongoing discussions with the Company's auditors when preparing the Group's consolidated financial statements for the Year. Whilst the management of the Company is confident that upon partial repayment of the loan principal and/or outstanding interests by the proceeds received from 2019 Disposal and 2020 Disposal and when the plan for the possible disposals of further solar power plants becomes solid, a portion of the Group's overdue bank and other borrowings can be successfully renewed and/or extended in view of the Group's historical successful experiences in refinancing expiring debts, the management of the Company acknowledged and agreed with the concerns on major judgmental areas with the Company's auditors, including the uncertainties which may cast doubt over the Group's ability to continue as a going concern.

Audit committee's views towards the Disclaimer

The audit committee of the Company had independently reviewed and agreed with the management's position concerning the major judgmental areas and noted the Disclaimer in light of the financial position of the Group.

Proposed actions to address the Disclaimer

In order to enable the Group to meet its immediate financing needs and address the Disclaimer, the Group continues to implement the following actions which primarily aim at (a) repaying all the loans and debts which have already been overdue before the end of the financial year ending 31 December 2020 ("**FY2020**"); and (b) extending the repayment dates of the loans and debts which will be due within FY2020 to a date beyond 31 December 2020:

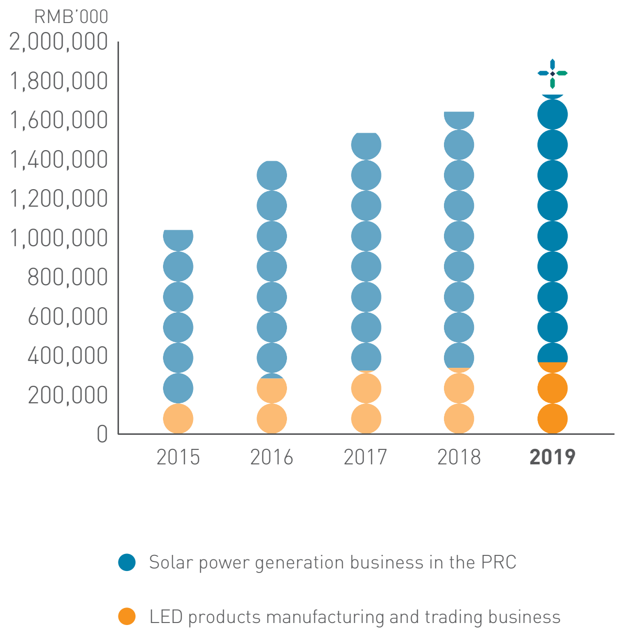
- collecting proceeds from the disposal of the 11 Target Companies (as defined in note 12B to the consolidated financial statements) in accordance with the terms and condition, amount and timing expected by the Company within FY2020;
- completing and collecting proceeds from the proposed disposal of the 6 Target Companies (as defined in note 62 to the consolidated financial statements) in accordance with the terms and condition, amount and timing expected by the Company within FY2020;
- sourcing buyer(s) and completing and collecting proceeds from the Possible Disposals of Further Solar Power Plants (as defined in note 1(b) to the consolidated financial statements) in accordance with the terms and condition, amount and timing expected by the Company;
- negotiating with banks, financial institutions and bondholders for renewal of the relevant debts and/or extension of the maturity date;
- obtaining consent from buyers and lenders in respect of debt assumption arrangements for bank and other borrowings held by the entities involved in the proposed disposal of the 6 Target Companies and the Possible Disposals of Further Solar Power Plants;
- convincing banks not to exercise their right to demand immediate payment in respect of borrowings that involved breaches of financial covenants;
- convincing banks, independent financial institutions and other counterparties, including those banks and other borrowings which were renewed but have not yet matured and which will mature within twelve months after the end of the reporting period, to further delay the loan repayment schedule; and
- obtaining other financing resources should the need arise.

FIVE-YEAR STATISTICS

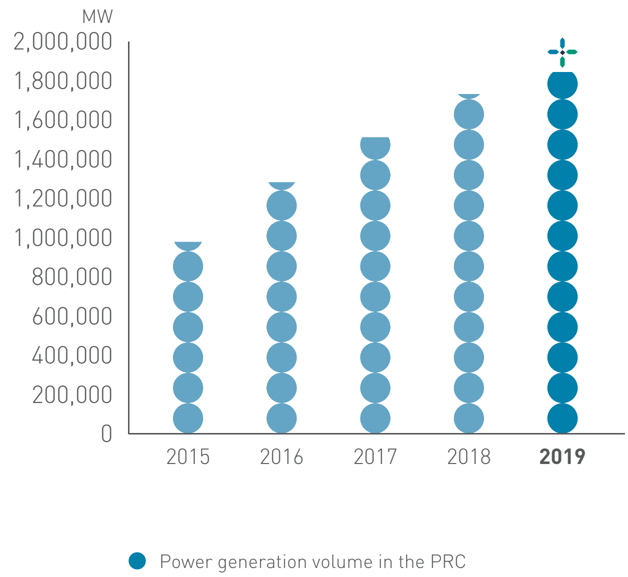
Year	2015 Restated Continuing operations	2016 Restated Continuing operations	2017 Restated Continuing operations	2018 Restated Continuing operations	**2019 Continuing operations**
Financial performance					
Turnover growth (%)	N/A	33.9%	10.3%	7.1%	**5.4%**
Gross profit margin (%)	39.9%	27.3%	35.3%	37.1%	**42.0%**
Net profit margin (%)	N/A	N/A	N/A	N/A	**N/A**
EBITDA (in RMB thousands)	670,293	(937,176)	942,082	880,841	**(176,075)**
Adjusted EBITDA* (in RMB thousands)	670,293	102,290	957,591	941,846	**960,198**
Adjusted EBITDA margin (%)	64.5%	7.4%	62.4%	57.3%	**55.5%**
Earnings/(Loss) per share (in RMB cents)	(10.67)	(50.36)	(23.30)	(21.15)	**(40.76)**
Total indebtedness (in RMB thousands)	12,408,035	14,863,270	13,533,442	13,643,888	**8,653,436**
Gearing ratio (%)	56.4%	69.6%	70.6%	77.9%	**93.6%**
Interest coverage (times)	0.4	(1.5)	0.3	0.7	**(0.2)**
Trade receivable turnover (in days)	378.6	416.8	394.2	391.9	**364.3**
Trade payable turnover (in days)	153.5	118.7	90.1	105.1	**103.3**
Inventory turnover (in days)	160.3	167.4	186.9	166.3	**144.8**
Operation performance					
Power Generation Volume (MWh)	1,016,312	1,328,594	1,564,675	1,766,414	**1,865,390**
Sales volume Manufacturing business					
Manufacturing business					
Solar wafers (MW)	91.4	23.3	34.12	34.1	**—**
Monocrystalline solar cells (MW)	116.2	361.42	410.29	293.9	**167.73**
Multicrystalline solar cells (MW)	679.1	931.81	933.04	844.5	**840.69**
Solar modules (MW)	995.8	1,119.25	2,240.24	3,263.20	**2,796.7**
Trading business					
Solar wafers (MW)	—	32.5	3.48	—	**—**
Monocrystalline solar cells (MW)	1.6	78.27	3.24	34.3	**2**
Multicrystalline solar cells (MW)	90.3	94.07	—	—	**—**
Solar modules (MW)	308	314.02	234.77	37.8	**112.7**
Assets and liabilities					
Total assets (in RMB thousands)	28,859,411	28,013,407	25,325,942	25,403,746	**16,132,494**
Total liabilities (in RMB thousands)	20,687,373	21,922,125	19,971,448	21,756,524	**15,547,861**

* Adjusted EBITDA excluded finance costs, income tax, depreciation and amortization, gain on change in amortization period of the liability component of convertible bonds and fair value loss on convertible bonds, impairment loss on property, plant and equipment, goodwill, intangible assets, solar power plants, assets classified as held for sale, interests in a joint venture and associates, inventories, trade and other receivables and prepayments to suppliers, write-down of inventories, losses allowances recognized on trade receivables of goods and services, contract assets, other receivables, receivables included in other non-current assets and reversed on financial guarantee contracts.

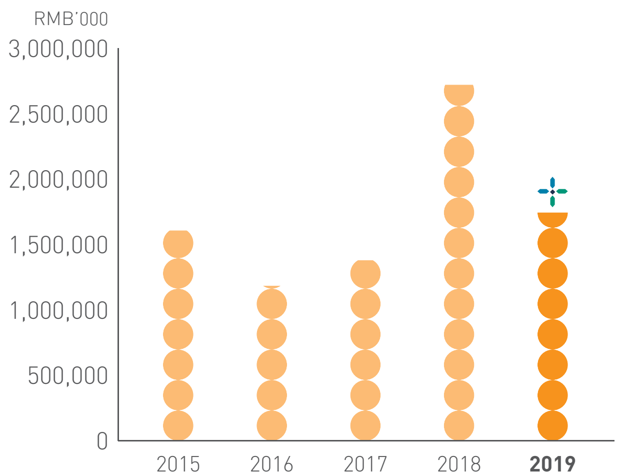
Revenue in continuing operation



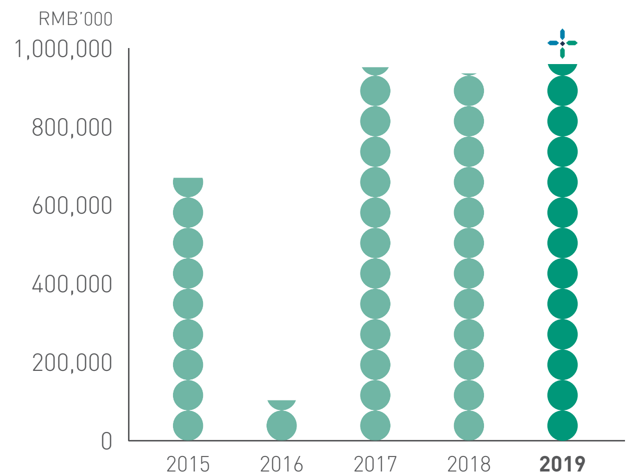
Sales volume



Net cash from operating activities



Adjusted EBITDA from continuing operations



CORPORATE GOVERNANCE REPORT

Good corporate governance is conducive to enhancing overall performance, transparency and accountability and is essential in modern corporate administration. The Board continuously observes the principles of good corporate governance in the interests of Shareholders and devotes considerable effort to identifying and formalizing best practice.

CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions set out in the Corporate Governance Code for the year ended 31 December 2019.

As disclosed in the Company's announcement dated 24 March 2020, Mr. Zhang Fubo stepped down as the chairman of the Board and the authorised representative of the Company with effect from 25 March 2020 while remaining as an Executive Director. Mr. Wang Yu has been appointed as the chairman of the Board with effect from 25 March 2020.

Pursuant to code provision A.2.1 of the Corporate Governance Code, the responsibilities between the chairman and chief executive of listed issuers should be segregated and should not be performed by the same individual. As Mr. Wang has been appointed as both the Chairman and the Chief Executive Officer, such practice would deviate from code provision A.2.1 of the Corporate Governance Code. The Board believes that, after the previous disposals as set out in the Company's announcements dated 25 March 2019, 26 November 2019 and 18 March 2020 respectively, the Group's business has streamlined so that vesting the roles of both the Chairman and the Chief Executive Officer in the same person can facilitate the execution of the Group's business strategies and boost effectiveness of its streamlined operation. Therefore, the Board considers that the deviation from code provision A.2.1 of the Corporate Governance Code is appropriate in such circumstance. In addition, the Board further believes that the combined role of Chairman and Chief Executive Officer will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of the Directors; (ii) all the Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among others, that he/she acts for the benefit and in the best interests of the Company as a whole and will make decisions for the Company accordingly; (iii) the balance of power and authority is ensured by the operations of the Board, which consists of four Executive Directors and three Independent Non-Executive Directors, and has a fairly strong independence element; and (iv) the overall strategic and other key business, financial, and operational policies of the Company are made collectively after thorough discussion sat both Board and senior management levels. The Company will continue to review its corporate governance policies and compliance with the Listing Rules, and will continue to adhere to the relevant principles as set out in the Corporate Governance Code.

(a) Corporate Governance Functions

The Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as below:

(i) to develop and review the Group's policies and practices on corporate governance and make recommendations;

(ii) to review and monitor the training and continuous professional development of Directors and senior management;

(iii) to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements (where applicable);

(iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and Directors; and

(v) to review the Group's compliance with the Corporate Governance Code and disclosure requirements in the corporate governance report.

(b) Board of Directors

The overall management of the Company's operation is vested in the Board.

The Board takes overall responsibility to oversee all major matters of the Group, including the formulation and approval of all policy matters, overall strategic development of the Group, monitoring and controlling the Group's operation and financial performance, internal control and risk management systems, and monitoring of the performance of the senior management. The Directors have to make decisions objectively in the interests of the Company.

The day-to-day management, administration and operation of the Company are delegated to the chief executive officer and the senior management of the Company. The delegated functions and work tasks are periodically reviewed.

As at the date of this annual report, the Board comprised a total of seven Directors, including four Executive Directors, namely, Mr. Wang Yu (Chairman and Chief Executive Officer), Mr. Zhang Fubo, Mr. Lu Bin and Mr. Chen Shi; and three Independent Non-Executive Directors, namely, Mr. Tao Wenquan, Mr. Zhao Yuwen and Mr. Kwong Wai Sun Wilson. Biographical information of the Directors are set out in the section headed "Biographical Details of Directors" of this annual report.

Model Code

The Company has also adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the Year.

Chairman and Chief Executive Officer

Under code provision A.2.1 of the Corporate Governance Code, the roles of the Chairman of the Board and the chief executive should be separate and should not be performed by the same individual. As at the date of this annual report, Mr. Wang Yu acts as both the Chairman and the chief executive officer. The Board believes that, after the previous disposals as set out in the Company's announcements dated 25 March 2019, 26 November 2019 and 18 March 2020 respectively, the Group's business has streamlined so that vesting the roles of both the Chairman and the chief executive officer in the same person can facilitate the execution of the Group's business strategies and boost effectiveness of its streamlined operation. Therefore, the Board considers that the deviation from code provision A.2.1 of the Corporate Governance Code is appropriate in such circumstance.

In addition, the Board further believes that the combined role of Chairman and chief executive officer will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of the Directors; (ii) all the Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among others, that he/she acts for the benefit and in the best interests of the Company as a whole and will make decisions for the Company accordingly; (iii) the balance of power and authority is ensured by the operations of the Board, which consists of four Executive Directors and three Independent Non-Executive Directors, and has a fairly strong independence element; and (iv) the overall strategic and other key business, financial, and operational policies of the Company are made collectively after thorough discussion at both Board and senior management levels.

Independent Non-Executive Directors

Independent Non-Executive Directors have played a significant role in the Board by bringing their independent judgment at Board meetings and scrutinizing the Group's performance. Their views carry significant weight in the Board's decisions, in particular, they bring an impartial view to bear on issues of the Group's strategy, performance and control. All Independent Non-Executive Directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advice to the Board. The Independent Non-Executive Directors provide independent advice on the Group's business strategy, results and management so that interests of Shareholders can be taken into account, and the interests of the Company and Shareholders can be protected. Apart from the regular Board meetings, the Chairman may hold meetings with the Independent Non-Executive Directors without the presence of other Executive Directors.

During the Year, the Board had three Independent Non-Executive Directors with Mr. Kwong Wai Sun Wilson possessing appropriate professional accounting qualifications and financial management expertise in compliance with the requirements set out in Rules 3.10(1) and 3.10(2) of the Listing Rules.

The term of each Independent Non-Executive Director is three years.

The Company has received annual confirmations of independence from each of the existing Independent Non-Executive Directors in accordance with Rule 3.13 of the Listing Rules. The Company considers that all the Independent Non-Executive Directors are independent in accordance with the Listing Rules.

Training and Support for Directors

All Directors must keep abreast of their collective responsibilities. Any newly appointed Director would receive an induction package covering the Group's businesses and the statutory regulatory obligations of a director of a listed company. The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills.

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the Corporate Governance Code on continuous professional development during the Year:

	Corporate Governances/Updates on laws, rules and regulations	
	Read materials	**Attend workshops**
Executive Directors		
Mr. Wang Yu	1/1	1/1
Mr. Zhang Fubo	1/1	1/1
Mr. Lu Bin	1/1	1/1
Mr. Chen Shi	1/1	1/1
Independent non-executive Directors		
Mr. Tao Wenquan	1/1	1/1
Mr. Zhao Yuwen	1/1	1/1
Mr. Kwong Wai Sun Wilson	1/1	1/1

Meetings

The Board meets to discuss the overall strategy as well as the operation and financial performance of the Group from time to time. Directors may participate either in person or through electronic means of communications. The number of the meetings held and the attendance of each Director at these meetings for the Year have been set out as follows:

	Board Meeting
No. of meetings held	4
No. of meetings attended	
Executive Directors	
Mr. Wang Yu	4/4
Mr. Zhang Fubo	4/4
Mr. Lu Bin	4/4
Mr. Chen Shi	4/4
Independent non-executive Directors	
Mr. Tao Wenquan	2/4
Mr. Zhao Yuwen	3/4
Mr. Kwong Wai Sun Wilson	3/4

All Directors are provided with relevant materials relating to the matters brought before the meetings. They have separate and independent access to the senior management of the Company and the company secretary at all time and may seek independent professional advice at the Company's expense. Where queries are raised by Directors, steps would be taken to respond as promptly and fully as possible. All Directors have the opportunity to include matters in the agenda for Board meetings. Notices of at least 14 days of Board meetings are given to the Directors and Board procedures comply with the articles of association of the Company (the "**Articles**"), as well as relevant rules and regulations.

Appointments, Re-election and Removal of Directors

Each of the Directors has entered into a service contract with the Company for a specific term, and is subject to retirement by rotation and re-election at an annual general meeting at least once every three years in accordance with the Articles. The Articles provide that any Director appointed by the Board to fill a casual vacancy in the Board shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting, and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Board Committees

The Board has established (i) audit committee; (ii) remuneration committee; and (iii) nomination committee, with defined terms of reference. The terms of reference of the board committees which explain their respective role and the authority delegated to them by the Board are available upon request. The board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice and other assistance in appropriate circumstances, at the Company's expenses.

Audit Committee

The audit committee was established in May 2011 with written terms of reference. The primary duties of the audit committee are to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards and develop and implement policy on engaging an external auditor to supply non-audit services. Its written terms of reference are in line with the code provisions in the Corporate Governance Code. During the Year, the audit committee consisted of three members, namely Mr. Kwong Wai Sun Wilson, Mr. Tao Wenquan and Mr. Zhao Yuwen, all of who are Independent Non-Executive Directors. Mr. Kwong Wai Sun Wilson is the chairman of the audit committee.

The audit committee monitors the integrity of financial statements of the Company and its annual report and accounts, and has reviewed the Group's consolidated financial statements for the Year, including the accounting principles and practice adopted by the Group.

During the Year, two meetings were held by the audit committee. At the meetings, the annual report for the year ended 31 December 2018 and the interim report for the six months ended 30 June 2019 were reviewed in accordance with the terms of reference and other applicable policies and standards.

The attendance record of the committee members at the meetings was as follows:

	Committee Meeting
No. of meetings held	2
No. of meetings attended	
Mr. Kwong Wai Sun Wilson	2/2
Mr. Tao Wenquan	2/2
Mr. Zhao Yuwen	2/2

Remuneration Committee

The remuneration committee was established in May 2011 with written terms of reference. The primary duties of the remuneration committee are to make recommendations to the Board on the Company's policies and structure for all remuneration of Directors and senior management and make recommendations to the Board of the remuneration of Non-Executive Directors. Such model is consistent with code provision B.1.2(c)(ii) of the Corporate Governance Code and the remuneration committee's written terms of reference are in line with the code provisions in the Corporate Governance Code. During the Year, the remuneration committee consisted of four members, namely, Mr. Kwong Wai Sun Wilson (Independent Non-Executive Director), Mr. Tao Wenquan (Independent Non-Executive Director), Mr. Zhao Yuwen (Independent Non-Executive Director) and Mr. Zhang Fubo (Executive Director). Mr. Kwong Wai Sun Wilson is the chairman of the remuneration committee.

During the Year, the remuneration committee held one meeting to discuss the remuneration policy and annual remuneration package of each Director and senior management of the Company.

	Committee Meeting
No. of meetings held	1
No. of meetings attended	
Mr. Kwong Wai Sun Wilson	1/1
Mr. Tao Wenquan	1/1
Mr. Zhao Yuwen	1/1
Mr. Zhang Fubo	1/1

Pursuant to code provision B.1.5 of the Corporate Governance Code, the remuneration of the five highest paid individuals (including Directors) by band for the Year is set out below:

Remuneration band	**No. of individuals**
HK$1,500,001 to HK$2,000,000	2
HK$2,000,001 to HK$2,500,000	–
HK$2,500,001 to HK$3,000,000	3

Further particulars regarding Directors' emoluments and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 13 to the consolidated financial statements.

Nomination Committee

The Company established a nomination committee on 28 March 2012 with written terms of reference. The primary duties of the nomination committee are to review the structure, size and composition of the Board at least annually and identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships. In identifying suitable director candidates and making such recommendations to the Board, the nomination committee would also take into account various aspects of a candidate, including but not limited to his/her education background, professional experience, experience with the relevant industry and past directorships. Its written terms of reference are in line with the code provisions in the Corporate Governance Code. During the Year, the nomination committee consisted of three members, namely, Mr. Zhang Fubo (Executive Director), Mr. Zhao Yuwen (Independent Non-Executive Director) and Mr. Kwong Wai Sun Wilson (Independent Non-Executive Director). Mr. Zhang Fubo was the chairman of the nomination committee. Subsequently, with effect from 25 March 2020, Mr. Zhang Fubo has resigned as the chairman of the nomination committee of the Board, and Mr. Wang Yu (Executive Director) has been appointed as the chairman of the nomination committee.

During the Year, the nomination committee held one meeting to discuss matters relating to nomination committee's responsibilities and operating mechanism as well as areas to further utilize its functions.

	Committee Meeting
No. of meetings held	1
No. of meetings attended	
Mr. Zhang Fubo	1/1
Mr. Zhao Yuwen	1/1
Mr. Kwong Wai Sun Wilson	1/1

(c) Financial Reporting

The Directors, supported by the head of group finance department and the finance department, acknowledge their responsibility for the preparation of the financial statements of the Company and the Group for each financial year which shall give a true and fair view of the financial position, performance and cash flow of the Company and its subsidiaries for that period. As set out in note 1(b) to the consolidated financial statements, the directors have given careful consideration to the going concern of the Group in light of the fact that the Group reported as at 31 December 2019, that its current liabilities exceeded its current assets by RMB4,818,353,000, representing a decrease of RMB2,764,147,000 from RMB7,582,500,000 as at 31 December 2018. In addition, as at 31 December 2019, the Group had no capital commitments, contracted for but not provided in the consolidated financial statements. Given that the execution of the Development Plan (as defined in note 1(b) to the consolidated financial statements) and measures by the Group involving multiple uncertainties with details as set out in note 1(b) to the consolidated financial statements, and in light of the significance of the extent of the multiple uncertainties relating to the ongoing availability of finance to the Group, the Company's auditors issued a disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 December 2019 on material uncertainties over the Group's ability to continue as a going concern (the "**Disclaimer**").

Details of the Disclaimer, impacts of the Disclaimer on the Group's financial position, the position and basis on major judgmental areas of the Company's management, the views of the audit committee of the Company towards the Disclaimer and the proposed actions to address the Disclaimer are set out in the section "Additional Information relating to the Disclaimer of Opinion" in the section "Management Discussions and Analysis" of this annual report.

The responsibility of the Board is to present a balanced, clear and comprehensive assessment of the Group's performance, position and prospects, extends to the annual and interim reports of the Group, other price sensitive announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

The responsibilities of Deloitte Touche Tohmatsu, the Company's external auditor, on the financial statements are set out in the section headed "Independent Auditors' Report" in this annual report.

External Auditor's Remuneration

The Company engaged Deloitte Touche Tohmatsu as its external auditor. Details of the fees paid/payable to Deloitte Touche Tohmatsu during the Year are as follows:

	RMB'000
Audit services	9,551

(d) Risk Management and Internal Controls

It is the responsibility of the Board to maintain effective risk management and internal control systems in order to protect the overall interests of the Company and its Shareholders. However, the systems are designed to manage but not eliminate all the risks the Group is exposed to. They do not provide an absolute shield against unpredictable risks and uncontrollable events such as natural catastrophes, fraud, and errors of judgement. It can only provide reasonable but not absolute assurance against material misstatements or losses.

The Group established an Enterprise Risk Management (the "**ERM**") framework comprising two parts: (1) risk management structure and (2) risk management process.

Risk Management Structure

Board
As a body in charge of the Group's risk management and internal control systems, the Board is responsible for the setting up of a clear ERM framework and risk management policies, the purposes of which are to assess and evaluate the business strategies of the Group and its degree of risk tolerance. With the assistance of the audit committee, whose authority has been delegated by the Board, the Board maintains constant monitoring of the risk management and internal control systems of the Group, as well as conducting a review at least once a year to ensure its effectiveness.

Audit Committee
As the highest body, second only to the Board, is responsible for the risk management and internal control systems, the audit committee provides advice and supports to the Board in respect of all risk-related matters, including monitoring the implementation of the overall risk management procedure of the Group, conducting review on the risk register of the Group, reviewing and approving the internal control review plan and its results.

Management
The management of the Group is responsible for identifying and continuous monitoring of the Group's exposure to risks in relation to strategy, operation, finance, reporting and compliance during the daily operations of the Group. It reports to the Board and the audit committee regarding the risks and their changes, formulates a set of internal control measures to mitigate the risks, collects through various channels the deficiencies of the internal control system and conducts rectifications in a timely manner.

Risk Management Process
The ERM framework has been set up by the Group so as to manage the Group's risk exposures in an effective manner. The framework defines the procedures to identify, evaluate, respond to and monitor risks and any change thereof. Through periodic internal discussions, the risk management knowledge of different departments will be enriched, which facilitates better understanding and timely reporting of risks by all staff, thereby strengthening the Group's risk management capability.

When identifying risks, the management will communicate with different operational departments and collect information of significant risk factors in various aspects such as strategy, operations and finance, reporting and compliance with a bottom-up approach. Upon specifying areas of risk assessment, the management will evaluate the importance of risks based on their potential impacts and the possibility of occurrence and set up internal control measures to mitigate the risks. On-going monitoring and reporting of any change of risks will also be conducted.

Main Features of Risk Management and Internal Control Systems

Maintaining an Effective Internal Control System (Operational Level)

- Definite internal control policies and procedures are in place to enable clear segregation of responsibilities, authority and accountability of different departments and positions;
- Codes of conduct have been formulated to promote integrity and ethical behaviour among the staff;
- A whistleblowing system is set up to encourage employees to report any misconduct or fraud;
- Appropriate IT system access restrictions have been set to avoid disclosure of price sensitive information;
- Policies regarding inside information disclosure are established, which involve reporting channels;
- The person in charge of the information disclosure will be responsible for answering external enquiries and seek consultation from professional financial consultants or the Hong Kong Stock Exchange when necessary.

When carrying out the review on the risk management and internal control procedures, the Board would take into consideration the adequacy of resources for accounting, internal audit and financial reporting, the qualifications and experience of the staff, training to be provided to the staff and the relevant budget.

Ongoing Monitoring of Risks (Risk management level)

Based on the ERM framework and risk management policies as formulated by the Board, the management will communicate with different operational departments and collect information of significant risk factors which will affect the Group with a bottom-up approach and regularly monitor changes in risks. Risks which have been identified will be recorded in a risk register. Regular assessments will be carried out on the potential impacts on the Group and the possibility of occurrence of each key risk so as to lay down appropriate internal control measures. The internal risk management and control system is regularly reviewed throughout the year to ensure adequacy and effectiveness of such system.

During the Year, the management reviewed risk management structure and procedures and submitted to the Board and the audit committee a risk assessment report, so that the Board and the audit committee can have active monitoring of the Group's key risks and better understanding of how the management handles and mitigates the risks.

Annual Confirmation

During the year under review, the risk management report and the internal control report were submitted to the audit committee for review annually. The Board, through the audit committee, has reviewed reports concerning risk management and internal control systems and the internal audit department has also conducted an annual review on the effectiveness of the risk management and internal control systems (which included financial, operational and compliance controls) and unanimously considered that the risk management and internal control systems and procedures of the Group for the financial year ended 31 December 2019 were effective and adequate. The Group will continue to strengthen its ERM framework and implementation to meet the best practice within the industry. The aforementioned risk management and internal control systems aim to provide reasonable assurance, rather than eliminate the risk of failing to achieve business objectives. Therefore, such systems can only provide reasonable but not absolute assurance of not having any material misrepresentation or losses.

(e) Shareholders' Rights

Communications with Shareholders

The Board recognizes the importance of maintaining clear, timely and effective communication with Shareholders and investors. Therefore, the Group is committed to maintaining a high degree of transparency to ensure that the investors and the Shareholders receive accurate, clear, comprehensive and timely information of the Group by the publication of annual reports, announcements and circulars. The Company also publishes the corporate correspondence on the Company's website (http://www.sfcegroup.com). The Board maintains regular communications with institutional investors and analysts from time to time to keep them informed of the Group's strategy, operations, management and plans. Members of the Board and of the various board committees would attend the annual general meeting of the Company and answer questions raised during the meeting. Separate resolutions would be proposed at the general meeting on each substantially separate issue.

The chairman of the general meetings of the Company would explain the procedures for conducting poll before putting a resolution to vote. The results of the voting by poll would be declared at the meeting and published on the websites of the Hong Kong Stock Exchange and the Company respectively.

Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available through the following means:

By post: Portion C, 30/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong

By telephone: (852) 2363 9138

By email: ir@sfcegroup.com

In respect of code provision A.6.7 of the Corporate Governance Code, the following lists out the individual attendance of each Director at the annual general meeting of the Company which was held on 21 June 2019 and the extraordinary general meeting which was held on 8 August 2019:

	Meeting
No. of meetings held	2
No. of meetings attended	
Executive Directors	
Mr. Wang Yu	2/2
Mr. Zhang Fubo	2/2
Mr. Lu Bin	2/2
Mr. Chen Shi	2/2
Independent non-executive Directors	
Mr. Tao Wenquan	2/2
Mr. Zhao Yuwen	2/2
Mr. Kwong Wai Sun Wilson	2/2

Code provision A.6.7 of the Corporate Governance Code provides that the Independent Non-Executive Directors and Non-Executive Director should attend general meetings of the Company. Due to prior business engagements, certain Independent Non-Executive Directors and an Executive Director were not able to attend the annual general meeting of the Company held on 21 June 2019 and extraordinary general meeting held on 8 August 2019 in person but attended the annual general meeting via electronic means of communication.

Procedures for Shareholders to Convene an Extraordinary General Meeting of the Company

Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Shareholders to Put Forward Proposals at a General Meeting

There is no provision allowing Shareholders to move new resolution at general meetings under the Cayman Islands Companies Law (2012 revision) or the Articles. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding section headed "Procedures for Shareholders to Convene an Extraordinary General Meeting of the Company".

Procedures for Shareholders to Propose a Person for Election as a Director

Details of the procedures had been made available online in the website of the Company (http://www.sfcegroup. com).

(f) Dividend Policy

The Company has adopted a dividend policy on payment of dividends. Subject to applicable laws, regulations and the Articles, and depending on the financial performance of the Group and factors including but not limited to the Group's business operation, level of liquidity and capital requirements, the Company's distributable reserves and dividends received from the Company's subsidiaries and associates, and limitations on dividend payment under any financing agreements, the Board may propose and/or declare dividends during a financial year and any final dividend for a financial year will be subject to an ordinary resolution of the Shareholders.

(g) Constitutional Documents

Pursuant to the Listing Rules, the Company has published its Articles that were resolved and adopted by the Shareholders on 23 May 2011 on the websites of the Company and the Hong Kong Stock Exchange. During the Year, no amendment to the Articles was made.

BIOGRAPHICAL DETAILS OF DIRECTORS

DIRECTORS

Executive Directors

Mr. Wang Yu (王宇), aged 49, is an Executive Director of our Company. The Chairman and the chief executive officer of the Board and the chairman of the nomination committee. Mr. Wang is currently a director of Shunneng New Energy Technology Co., Ltd which is wholly-owned subsidiaries of the Company, and a director of Lattice Power Corporation which is a non-wholly owned subsidiary of the Company. Mr. Wang has over 22 years of management experience. Mr. Wang worked as the general manager assistant of Treasury Department of Hong Kong CADTIC (Group) Co., Ltd., the general manager of investment and management department of Shenzhen Yangguang Fund Management Co., Ltd., the president of Shenzhen Fenghua Telecom Co., Ltd., a Director of Shenzhen New Top Founder Fund Management Co., Ltd., a vice general manager of Hong Kong Huangshan Company Anhui Co., Ltd. and a partner of Tianjin Jasmine Fund Management Co., Ltd. Mr. Wang studied in Renmin University of China majoring in economics from 1988 to 1990 and studied in Florida State University majoring in finance from 1991 to 1993 as well as obtained an EMBA degree from Hong Kong University of Science and Technology in 2003.

Mr. Zhang Fubo (張伏波), aged 58, is an Executive Director of our Company and a member of the remuneration committee. Mr. Zhang has over 22 years of working experience. He was the deputy general manager of Shanghai Securities Company Limited from November 2006 to August 2012. He then served as the chairman of Hicend Futures Company Limited from January 2013 to November 2014. He currently also serves as an independent director of Wanjia Asset Management Company Limited since March 2016. Mr. Zhang was an independent non-executive director of Shanghai Jin Jiang International Hotels Development Company Limited (a company listed on the Shanghai Stock Exchange, stock code: 600754) from August 2003 to May 2009, and was later reappointed as an independent non-executive director since August 2015 till now. He is currently an independent non-executive director of Shanghai Shenhua Holdings Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600653) since December 2014, and a non-executive director of Ko Yo Chemical (Group) Limited (a company listed on the Main Board of the Stock Exchange, stock code: 0827) since May 2015.

Mr. Lu Bin (盧斌), aged 50, is an Executive Director of our Company, and he is also a Company Secretary of our Company from 3 November 2018. Mr. Lu has over 22 years of working experience. Mr. Lu worked as a teacher of Shanghai International Studies University, an investigator of Inland Revenue Department of New Zealand and as a director of China Energy Oil Investment Limited. Mr. Lu obtained a bachelor degree in English and American literature from Shanghai International Studies University, a master degree in teaching English as a foreign language from Reading University and a master degree in business administration from Webster University. Mr. Lu also obtained a bachelor degree in commerce (double major in financing and accounting) from Auckland University and a graduate diploma in commerce from Auckland University. Mr. Lu is a chartered accountant of New Zealand Institute of Chartered Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Chen Shi (陳實), aged 58, is an Executive Director of our Company. Mr. Chen has over 28 years of working experience. Mr. Chen worked as a deputy head and then the head of the Policy Division of Social and Economic Development Research Center of the People's Government of Hainan Province from July 1989 to November 1994. He was a deputy general manager of Yat Chau Holdings Limited from December 1994 to February 1998. He then served as a deputy general manager of Cityford Dyeing & Printing Industrial Limited from March 1998 to December 2001. From January 2002 to February 2013, Mr. Chen was the president of Caricom Limited. He was previously a director of Partners Financial Holdings Limited from November 2012 to July 2013 and a non-executive director of LDK Solar Co., Ltd. (a Company listed on the New York Stock Exchange Inc.) from March 2014 to May 2016. Mr. Chen also served as a non-executive director of the Company from March 2013 to September 2013. He is currently a director of Mountain China Resorts (Holdings) Limited (a company listed on the TSX Venture Exchange in Canada) since February 2012 and an executive director and chief executive office of Good Resources Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 109) since July 2019. Mr. Chen obtained a bachelor degree and a master degree in Economics from Wuhan University in August 1982 and July 1985, respectively. He later obtained his doctorate degree in Economics from the Graduate School of Chinese Academy of Social Sciences in July 1989.

Independent Non-Executive Directors

Mr. Tao Wenquan (陶文銓), aged 81, is an Independent Non-Executive Director of the Company and a member of the audit committee and the remuneration committee of the Company. Mr. Tao has been an academician of the Chinese Academy of Science since 2005. In addition, Mr. Tao is currently a member of the Advisory Board of Numerical Heat Transfer, an associate editor of International Journal of Heat & Mass Transfer and an Associate Editor of International Communications in Heat & Mass Transfer. Mr. Tao has been an independent director of THT Heat Transfer Technology, Inc. (a company listed on the Nasdaq Stock Market). Mr. Tao has also been an independent director of Beijing Shouhang Resources Saving Co., Ltd. (北京首航艾啟威節能技術股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 2665). Mr. Tao completed undergraduate studies in power machinery engineering from Xian Jiaotong University in 1962 and postgraduate studies in heat transfer science from Xian Jiaotong University in 1966.

Mr. Zhao Yuwen (趙玉文), aged 80, is an Independent Non-Executive Director of the Company and a member of the nomination committee, the remuneration committee and the audit committee of the Company. He is the supervisor of Chinese Renewable Energy Society (formerly known as China Solar Energy Society), and a honorary director of its Photovoltaic Solar Committee in 2017. Mr. Zhao had represented Beijing Solar Energy Research Institute to participate in the World Conference on Photovoltaic Energy Conversion as a member of the advisory committee. In 2005, Mr. Zhao was awarded the International Photovoltaic Science and Engineering Achievement Award at the 15th International Photovoltaic Conference. He was granted the State Council Special Allowance for Experts in recognition of his immense contribution to scientific research and development in China in 1998 and was certified as a qualified professional researcher in 1994. Mr. Zhao has been appointed as an independent director of JA Solar Holdings Co., Ltd. (晶澳太陽能有限公司) (a company listed on the Nasdaq Stock Market) since 2009 until it completed privatization and withdrew from Nasdaq Stock market in July 2018. Mr. Zhao completed undergraduate studies in electrochemistry production engineering in the chemical engineering department of Tianjin University in 1964.

Mr. Kwong Wai Sun Wilson (鄺偉信), aged 54, is an Independent Non-Executive Director of our Company, a member of the nomination committee and the chairman of each of the audit committee and remuneration committee, respectively. Mr. Kwong obtained a bachelor degree in Arts from University of Cambridge, England in 1987, and is currently an associate member of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Chartered Secretaries. Mr. Kwong previously worked at a number of investment banks in Hong Kong. Mr. Kwong has 12 years of experience in corporate finance and equity capital markets in Asia. From 2002 to 2003, Mr. Kwong was the director and the head of equity capital markets for Cazenove Asia Limited, an investment bank. From 2004 to 2006, Mr. Kwong held the position of the head of Hong Kong and China equity capital markets at CLSA Equity Capital Markets Limited, and was the managing director of investment banking. Mr. Kwong is currently an executive director of China Metal Resources Utilization Limited (中國金屬資源利用有限公司) (stock code: 1636), an independent non-executive director of C.banner International Holdings Limited (千百度國際控股有限公司) (stock code: 1028), China Outfitters Holdings Limited (中國服飾控股有限公司) (stock code: 1146), China New Higher Education Group Limited (中國新高教集團有限公司) (stock code: 2001) and Koolearn Technology Holding Limited (新東方在線科技控股有限公司) (stock code: 1797). These companies are listed on the Main Board of the Hong Kong Stock Exchange.

REPORT OF THE DIRECTORS

The Board is pleased to present its report together with the audited consolidated financial statements for the Year.

PRINCIPAL ACTIVITIES

The Company and its subsidiaries are principally engaged in the business of providing clean energy and low-carbon energy-saving integrated solutions.

PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Group as at 31 December 2019 are set out in note 61 to the consolidated financial statements.

BUSINESS REVIEW

Detailed business review of the Group's business during the Year, including the analysis of Group's performance during the year by using the key financial performance indicators, is set out in the section of Management Discussion and Analysis on pages 8 to 21 this annual report. Future development of the Company's business is set out in the section "Future Prospect" in this annual report on page 7. Other than the events set out in the note 62 to the consolidated financial statements, the Directors has not identified any important events affecting the Group that have occurred subsequent to the year under review.

KEY RISKS AND UNCERTAINTIES

The Group's financial position, operations, business and prospects may be affected by the following identified risks and uncertainties.

Business risks

The Group's solar power generation business is operating in the PRC. Any addition or amendment to existing laws and regulations or any reduction of demand in the PRC may affect the Group's financial position and performance. In addition, power output restrictions and delay in the payment of feed-in-tariff subsidies will affect the profitability of the Group.

The Group will update and monitor the risk exposures of the Group's businesses to ensure that appropriate measures are implemented in a timely manner.

Foreign exchange rate risk

The Group has assets and liabilities denominated in currencies other than its functional currency and that are subject to fluctuation in foreign exchange rates. The Group monitors the foreign exchange exposure and will consider to hedge significant foreign currency exposure should the need arise.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failure in internal processes, people and system, or from external events. In order to manage these risks, the Group has set a standard operational procedures, limits of authority and a reporting framework, and invested in human resources and equipment to manage and reduce the operational risk exposure.

Liquidity risk

Liquidity risk is the risk that our Group will not be able to meet its obligations when such fall due. In order to manage the liquidity risk, the Group will continuously monitor cash flows and maintain an adequate level of cash and credit facilities to ensure that the Group can meet its finance needs.

COMPLIANCE WITH RELEVANT LAWS AND REGULATION

During the Year, the Company was not aware of any material non-compliance with any relevant laws and regulations that have a significant impact on the Group.

RELATIONSHIPS WITH STAKEHOLDERS

Employees are the assets of the Group. The Group provides competitive remuneration package and a pleasant workplace environment to attract and motivate the employees. An annual performance evaluation will be conducted based on individual's contributions and achievements throughout the year and the Group will make necessary adjustments based on the result of the performance evaluation.

In addition to the salaries, the Group had set up a mandatory provident fund scheme (the "**MPF Scheme**") in accordance with the Employment Ordinance and medical insurance plan for its staff in Hong Kong. The MPF Scheme is subject to regulations under the Mandatory Provident Fund Scheme Ordinance and is a defined contribution retirement plan administrated by independent trustees. The Group's staff in the PRC are entitled to national statutory social insurance under the statutory employment law of the PRC.

The Group understands the importance of maintaining a good relationship with its business partners, which include the Group's customers and suppliers. The Group believes that a healthy relationship can be built by providing better products and enhancing services to the customers, maintaining an effective communication channel with its employees and collaborating with key suppliers.

The Group engages professional services on investor relations from third-party service provider(s) for advising on and promoting professional communication with existing and potential investors.

ENVIRONMENTAL POLICY

The Group has evolved from a pure solar power business into a leading integrated clean energy provider in the PRC and around the globe. The Group encourages environmental protection and energy-saving, and promote environmental awareness for its management and employees.

The Group's solar power plants generated approximately 1,865,390 MWh in 2019, which saved the consumptions of coal and water by 573,794 tonnes and 2,294,430 m^3 respectively, and reduced emissions of smoke and dust, carbon dioxide and sulfur dioxide by 75 tonnes, 1,568,793 tonnes and 373 tonnes respectively, in comparison with the equivalent volume of electricity generated by traditional coal-fired power plants.

The Group regularly reviews its environmental practice to make further improvement.

SOCIAL RESPONSIBILITY

The Group recognises the importance of social responsibility and sustainability. The Group is committed to maintaining a high standard of corporate social governance and contributing to the community by encouraging the employees to participate in volunteer work.

The Group strictly prohibits child labour (child labour means any employees under the minimum legal age for child labour, in any workplace). The Group prohibits discrimination based on race, colour, age, gender, sex orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status in recruitment and employment practices.

Detailed information on the environmental, social and governance practices adopted by the Company is set out in the Environment, Social and Governance Report which will be presented in a separate report and published on the websites of the Company and the Hong Kong Stock Exchange no later than three months after the publication of this annual report.

FINANCIAL STATEMENTS

The loss of the Group for the Year and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 56 to 241 of this annual report.

DIVIDENDS

The Board has resolved not to declare a final dividend for the Year.

RESERVES

Details of movements in reserves of the Group are set out in the consolidated statement of changes in equity on pages 60 to 61.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2019, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately RMB544,830,000. This amount represents the Company's share premium account of approximately RMB6,076,424,000, special reserve account of approximately RMB886,661,000 and accumulated deficits of approximately RMB7,507,915,000 as at 31 December 2019.

OPERATING RESULTS

The operating results of the Group are set out in the consolidated statement of profit or loss and other comprehensive income on page 56 of this annual report.

CHARITABLE DONATIONS

The Company did not make any charitable and other donations during the Year.

PROPERTY, PLANT AND EQUIPMENT AND SOLAR POWER PLANTS

Movements in property, plant and equipment and solar power plants of the Group during the Year are set out in note 17 and note 19 to the consolidated financial statements, respectively.

SHARE CAPITAL

Details of the movements in share capital of the Company during the Year are set out in note 48 to the consolidated financial statements.

DIRECTORS

The Directors during the Year and up to the date of this annual report were:

Executive Directors

Mr. Wang Yu *(appointed as Chairman on 25 March 2020 and Chief Executive Officer)*
Mr. Zhang Fubo *(ex-Chairman, stepped down on 25 March 2020)*
Mr. Lu Bin
Mr. Chen Shi

Independent Non-executive Directors

Mr. Tao Wenquan
Mr. Zhao Yuwen
Mr. Kwong Wai Sun Wilson

The Company has received annual confirmations of independence from each of the existing Independent Non-Executive Directors in accordance with Rule 3.13 of the Listing Rules. The Company considers that all the Independent Non-Executive Directors are independent in accordance with the Listing Rules.

Pursuant to Articles 83(3) and 84 of the Articles, Mr. Zhang Fubo, Mr. Chen Shi and Mr. Kwong Wai Sun Wilson will retire as Directors at the forthcoming annual general meeting. All of them, being eligible, will offer themselves for re-election.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on pages 38 to 39 of this annual report.

DIRECTORS' INTERESTS IN CONTRACTS

During the Year, there was no contract of significance (as defined in Appendix 16 to the Listing Rules) to which the Company or any member of the Group was a party subsisting and in which a Director is or was materially interested, whether directly or indirectly.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE OFFICER IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2019, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements of the Model Code were as follows:

Name of Shareholder	Capacity	Number of Shares held	Approximate percentage of interest in total issued share capital of the Company
Mr. Wang Yu	Beneficial owner	18,691,588 (long position)	0.38%

Note:

Save as disclosed above, to the best knowledge of the Directors of the Company, as at 31 December 2019, none of the Directors nor the Chief Executive Officer of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements of the Model Code.

RIGHTS TO PURCHASE SHARES OR DEBENTURES OF DIRECTORS AND CHIEF EXECUTIVE

No arrangements to which the Company, its subsidiary, its holding company or a subsidiary of its holding company is or was a party to enable the Directors and the chief executive of the Company to acquire benefits by means of acquisitions of Shares in or debentures of the Company or any other body corporate subsisted at the end of the Year or at any time during the Year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2019, so far as is known to the Directors or Chief Executive Officer of the Company, the following persons (other than the Directors and the Chief Executive Officer of the Company) had, or was deemed to have, interests or short positions in the shares or underlying shares, which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or the interests or short positions recorded in the register kept by the Company under section 336 of the SFO:

Name of Shareholders	Capacity	Number of Shares held	Approximate percentage of interest in total issued share capital of the Company
Peace Link Services Limited	Beneficial owner (Note 1)	2,599,335,467 (long position)	52.17%
Asia Pacific Resources Development Investment Limited	Beneficial owner and interest of controlled corporation (Note 2)	2,674,892,658 (long position)	53.69%
Mr. Cheng Kin Ming	Beneficial owner and interest of controlled corporation (Note 3)	2,681,844,658 (long position)	53.83%
Coherent Gallery International Limited	Beneficial owner (Note 4)	268,223,960 (long position)	5.38%
Faithsmart Limited	Interest of controlled corporation (Note 5)	2,674,892,658 (long position)	53.69%
Mr. Tang Guoqiang	Interest of controlled corporation (Note 6)	437,118,989 (long position)	8.77%

Notes:

1. Peace Link Services Limited is wholly owned by Faithsmart Limited which is in turn wholly owned by Mr. Cheng Kin Ming. As at 31 December 2019, 1,085,028,449 Shares were allotted and issued to Peace Link Services Limited upon the exercise in full of the conversion rights attaching to the convertible bonds subscribed by Peace Link Services Limited pursuant to the subscription agreements dated 31 December 2012, 28 June 2013 and 29 November 2013 entered into with the Company.

2. Asia Pacific Resources Development Investment Limited is the beneficial owner of 100% shareholding in Peace Link Services Limited and therefore, Asia Pacific Resources Development Investment Limited is deemed to be interested in 2,599,335,467 Shares held by Peace Link Services Limited for the purpose of the SFO. Asia Pacific Resources Development Investment Limited held 75,557,191 Shares in its personal capacity.

3. Mr. Cheng Kin Ming is the beneficial owner of 100% shareholding in Faithsmart Limited. In turn, Faithsmart Limited is the beneficial owner of 100% shareholding in Asia Pacific Resources Development Investment Limited, and in turn, Asia Pacific Resources Development Investment Limited is the beneficial owner of 100% shareholding in Peace Link Services Limited. Therefore, Mr. Cheng Kin Ming is deemed to be interested in 2,674,892,658 Shares held by Asia Pacific Resources Investment Limited and Peace Link Services Limited for the purpose of the SFO, and Mr, Cheng Kin Ming held 3,452,000 Shares in his personal capacity.

4. Coherent Gallery International Limited is wholly owned by Mr. Tang Guoqiang.

5. Faithsmart Limited is the beneficial owner of 100% shareholding in Asia Pacific Resources Development Investment Limited and, therefore, Faithsmart Limited is deemed to be interested in 2,674,892,658 Shares held by Asia Pacific Resources Development Investment Limited for the purpose of the SFO.

6. Mr. Tang Guoqiang is the beneficial owner of 100% shareholding in Coherent Gallery International Limited and, therefore, Mr. Tang Guoqiang is deemed to be interested in 268,223,960 Shares held by Coherent Gallery International Limited for the purposes of the SFO.

Save as the disclosed above, to the best knowledge of the Directors, as at 31 December 2019, no person (other than the Directors or chief executive of the Company) had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or any interest or short positions recorded in the register kept by the Company under section 336 of the SFO.

CONNECTED TRANSACTIONS

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in the auditors' report.

With reference to the circular of the Company dated 30 June 2019, as well as the announcement dated 25 March 2019, on 10 December 2018 (after trading hours), Shunfeng Photovoltaic Holdings Limited, a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (as amended and supplemented on 24 March 2019) (the "**Agreement**") with Asia Pacific Resources Development Investment Limited ("the **Purchaser**"), pursuant to which the Shunfeng Photovoltaic Holdings Limited agreed to sell and the Purchaser agreed to purchase 100% of the equity interest in Jiangsu Shunfeng Photovoltaic Technology Company Limited* (江蘇順風光電科技有限公司) at an aggregate consideration of RMB3,000 million.

The Purchaser is a company directly wholly-owned by Mr. Cheng Kin Ming, a substantial shareholder of the Company. Accordingly, the Purchaser is a connected person of the Company under Chapter 14A of the listing Rules.

The disposal has been completed on 30 September 2019. Further details are set out in the section headed "Significant investments held and material acquisitions or disposals" on page 18 of this annual report.

* *English name is for identification purpose only*

CONTINUING CONNECTED TRANSACTIONS

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in the auditors' report.

On 2 March 2017, Bank of China (Hong Kong) Limited ("**Bank of China**") (as the landlord) entered into a property leasing agreement (the "**Property Leasing Agreement**") with Shunfeng Photovoltaic Holdings Limited ("**Shunfeng Holdings**"), a directly wholly-owned subsidiary of the Company, Tiancheng International Auctioneer Limited ("**Tiancheng International**") and Asia Pacific Resources Development Investment Limited ("**Asia Pacific Resources**") (collectively as the "**Tenants**"). Pursuant to the Property Leasing Agreement, (i) Bank of China shall lease to the Tenants the premises located on 30/F Bank of China Tower, 1 Garden Road, Central, Hong Kong for a term of 3 years commencing on 15 February 2017 and expiring on 14 February 2020 for the purpose of business administration of the Tenants; (ii) Bank of China shall let and Shunfeng Holdings shall take 2,616 square feet of net lettable premises area, representing approximately 16.66% of the total net lettable premises area under the Property Leasing Agreement; and (iii) Shunfeng Holdings shall pay to Tiancheng International the rent, government rates, service and utility charges on a monthly basis, and Tiancheng International shall pay the relevant fees to Bank of China (the "**Lease Transaction**"). The payment arrangement between Shunfeng Holdings and Tiancheng International is necessary for the administrative convenience in respect of the collection of the relevant fees by Bank of China.

The rental payable by Shunfeng Holdings to Tiancheng International is HK$293,873 per month, the government rates payable by Shunfeng Holdings to Tiancheng International is HK$12,029 per month, and the service charges payable by Shunfeng Holdings to Tiancheng International is HK$32,720 per month.

As Ms. Zheng Yan, being the wife of Mr. Lu Bin (an Executive Director) and the sister of Mr. Cheng Kin Ming (a substantial shareholder of the Company), holds 100% equity shares of Tiancheng International, Tiancheng International is a connected person of the Company under the Listing Rules. During the Year, the Lease Transaction is a continuing connected transaction for the Company under Chapter 14A of the Listing Rules exempted from the independent Shareholders' approval requirement but are subject to the annual reporting and announcement requirements under the Listing Rules.

The Independent Non-Executive Directors have reviewed the Lease Transaction and confirmed that the continuing connected transaction has been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or on terms no less favorable to the Group than terms available to or from independent third parties; and

(c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements HKSAE 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group above in accordance with the Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

Save as disclosed above for the Year, the Company has not entered into any other connected transaction (as defined by Chapter 14A of the Listing Rules). The related party transactions as set out in note 59 to the consolidated financial statements (save as disclosed above) do not constitute connected transaction under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

CONVERTIBLE BONDS RAISING ACTIVITIES

During the Year, no convertible bond has been issued.

CONTRACTS WITH THE SINGLE LARGEST SHAREHOLDER

During the Year, save for the Agreement (as defined in the section headed "Connected Transactions"), no contract of significance has been entered into between the Company or any of its subsidiaries and the single largest Shareholder of the Company.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors is or was interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the Year and up to and including the date of this annual report.

MANAGEMENT CONTRACTS

There was no contract concerning the management or administration of the whole or any substantial part of the business of the Company which was entered into or existed during the Year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles and the laws of Cayman Islands where the Company was incorporated which oblige the Company to offer pre-emptive rights of new shares to existing shareholders in proportion to their shareholding.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in the Companies Ordinance) for the benefits of Directors is currently in force and was in force throughout the Year.

EMOLUMENT POLICY

The Group's emolument policies are based on the merits, qualifications and competence of individual employees, and are reviewed by the remuneration committee periodically.

The emoluments of the Directors are recommended by the remuneration committee and are decided by the Board, having regard to the Group's operating results, individual performance and comparable market statistics.

Neither the chief executive nor any of the Directors has waived or agreed to waive any emoluments during the Year.

MAJOR CUSTOMERS AND SUPPLIERS

Aggregate sales with respect to the continuing operations attributable to the Group's largest and five largest customers were approximately 17.5% and approximately 52.1% of the Group's total sales, respectively.

Aggregate purchases with respect to the continuing operations attributable to the Group's largest and five largest suppliers were approximately 23% and approximately 48% of the Group's total purchases, respectively.

At no time during the Year did a Director, his/her associate(s) or a Shareholder (which to the knowledge of the Director owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers and suppliers.

AUDITOR

Deloitte Touche Tohmatsu will retire and, being eligible, offer themselves for re-appointment. A resolution for their re-appointment as the auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float of not less than 25% of the Company's issued shares as required under the Listing Rules during the Year.

BORROWINGS

The details of borrowings of the Group for the Year are set out in note 43 to the consolidated financial statements.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions set out in the Corporate Governance Code for the year ended 31 December 2019.

COMPLIANCE WITH THE MODEL CODE

The Company has also adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions during the Year.

AUDIT COMMITTEE

Details of the audit committee of the Company are set out in the Corporate Governance Report of this annual report.

PRODUCTION CAPACITY

As at the date of this annual report, solar power generation business has a grid-connected annual designed installed capacity of approximately 1,000 MW.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the five financial years ended 31 December 2019 is set out on page 242 of this annual report.

EVENTS AFTER THE YEAR

As disclosed in the circular of the Company dated 29 December 2019, as well as the announcement dated 26 November 2019, on 15 November 2019 (after trading hours), Jiangxi Shunfeng Photovoltaic Investment Co., Ltd,* (江西順風光電投資有限公司) Shanghai Shunneng Investment Co., Ltd* (上海順能投資有限公司) and Shijiazhuang Yakai New Energy Development Ltd* (石家莊亞凱新能源開發有限公司) (the "**Vendors**"), the indirectly wholly-owned subsidiaries of the Company, entered into 11 sale and purchase agreements (the "**2019 Disposal Sale and Purchase Agreements**") with Zhonghe Shandong Energy Co., Ltd,* (中核山東能源有限公司) pursuant to which the Vendors agreed to sell 100% of the equity interest in Hami Hengxin New Energy Technology Co., Ltd* (哈密恒鑫新能源科技有限公司), Hami Junxin Photovoltaic Power Generation Co., Ltd.* (哈密浚鑫光伏發電有限公司), Hami Tianhong Solar Power Technology Co., Ltd.* (哈密天宏陽光太陽能科技有限公司), Hami Yixin New Energy Technology Co., Ltd.* (哈密益鑫新能源科技有限公司), Hebei Guowei New Energy Technology Co., Ltd.* (河北國威新能源科技有限公司), Jinchang Zhongke New Energy Co., Ltd.* (金昌市中科新能源有限公司), Pingluo Zhongdianke Energy Co., Ltd.* (平羅中電科能源有限公司), Shangde (Hami) Solar Power Generation Co., Ltd.* (尚德（哈密）太陽能發電有限公司), Sunan Yugur Autonomous County Zhongneng Changyeyuan Co., Ltd.* (肅南裕固族自治縣中能產業園有限公司), Wuwei Huadong Zhonghe New Energy Co., Ltd.* (武威華東眾合新能源有限公司), and Wuwei Jiuyuan Metal Components Co., Ltd.* (武威久源金屬構件有限公司) at aggregate consideration of RMB641,420,000 (the "**2019 Disposals**").

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the 2019 Disposal Sale and Purchase Agreements and the 2019 Disposals in aggregate exceed 75%, the 2019 Disposals constituted a very substantial disposal of the Company which is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The shareholders' approval was obtained on 17 January 2020.

As disclosed in the announcement of the Company dated 18 March 2020, Jiangxi Shunfeng Photovoltaic Investment Co., Ltd* (江西順風光電投資有限公司) and Shanghai Shunneng Investment Co., Ltd* (上海順能投資有限公司), the indirectly wholly-owned subsidiaries of the Company, entered into 6 sale and purchase agreements (the "**2020 Disposal Sale and Purchase Agreements**") with Zhejiang Zhengtai New Energy Development Co., Ltd.* (浙江正泰新能源開發有限公司) on 16 March 2020, pursuant to which Jiangsu Shunfeng Photovoltaic Investment Co., Ltd and Shanghai Shunneng Investment Co., Ltd agreed to sell 100% of the equity interest in Akesu Datang New Energy Co., Ltd.* (阿克蘇大唐新能源有限公司), Yuepuhu Gaoke New Energy Power Generation Co., Ltd.* (岳普湖高科新能源發電有限公司), Heshuo Hengxin New Energy Technology Co., Ltd.* (和碩恒鑫新能源科技有限公司), Tulufan Lianxing New Energy Co., Ltd.* (吐魯番聯星新能源有限公司), Wensu Riyuehui New Energy Co., Ltd.* (溫宿縣日月輝新能源有限公司), and Hejing Yixin New Energy Technology Co., Ltd.* (和靜益鑫新能源科技有限公司) at an aggregate consideration of RMB181,139,954.86 (the "**2020 Disposals**").

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the 2020 Disposal Sale and Purchase Agreements and the 2020 Disposals in aggregate exceed 75%, the 2020 Disposals constituted a very substantial disposal of the Company which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular is expected to be dispatched to the Shareholders on or before 5 June 2020.

By order of the Board
Wang Yu
Chairman
Hong Kong

29 April 2020

* *English name is for identification purpose only*

Deloitte. 德勤

TO THE SHAREHOLDERS OF SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED
(incorporated in the Cayman Islands with limited liability)
Report on the Audit of the Consolidated Financial Statements

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Shunfeng International Clean Energy Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 56 to 241, which comprise the consolidated statement of financial position as at 31 December 2019, 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 matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to form an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple Uncertainties Relating to Going Concern

As set out in note 1(b) to the consolidated financial statements, the Group incurred a net loss of RMB1,884,883,000 during the year ended 31 December 2019. As at 31 December 2019, the Group's equity attributable to owners of the Company had a deficit of RMB869,100,000 and the Group' s current liabilities exceeded its current assets by RMB4,818,353,000. The Group maintained cash and cash equivalents of RMB89,703,000 as at 31 December 2019.

As set out in note 43 to the consolidated financial statements, the Group's bank and other borrowings amounted to RMB7,327,243,000 as at 31 December 2019, RMB1,521,764,000 out of which were overdue as at 31 December 2019 and the overdue amount increased to RMB2,040,777,000 on the date of issue of this consolidated financial statements.

In addition, as set out in note 47 to the consolidated financial statements, the 2015 Corporate Bond, including the outstanding principal of RMB550,000,000 and unpaid interest of RMB49,012,000 as at 31 December 2019 have been overdue.

These conditions, together with others described in note 1(b) to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern.

The Group during the year ended 31 December 2019 has completed the disposal of the entire equity interest of Jiangsu Shunfeng Photovoltaic Technology Company Limited*（江蘇順風光電科技有限公司）and its subsidiaries (hereafter collectively referred to as the "Disposal Group"), which has reduced the Group's highly indebted position, however, it can only reduce the Group's liability in the long term, while the Group's short term debt repayment pressure currently is still very high, since a number of outstanding debts (including bank and other borrowings and bond payables) have expired or will expire in the near future.

In order to enable the Group to meet with its immediate financing needs, the Group continues to implement a series of development plans which comprise, inter alia, (i) the disposal of 11 Target Companies (as defined in note 12B); (ii) the proposed disposal of the 6 Target Companies (as defined in note 62); (iii) the Possible Disposals of Further Solar Power Plants (as defined in note 1(b)); and (iv) negotiation with banks, financial institutions and bondholders for alternative refinancing and/or extension of due dates of the relevant debts (collectively, the "Development Plan").

Details of the Development Plan have been set out in note 1(b) to the consolidated financial statements.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of the Development Plan, as well as the potential negative impact as a result of the recent outbreak of the novel coronavirus disease (COVID-19), which are also subject to multiple uncertainties, including:

(i) whether the Group is able to collect the Consideration (as defined in note 12B), Dividend Payments (as defined in note 12B) and Relevant Payables (as defined in note 12B) in respect of the disposal of the 11 Target Companies during the year ending 31 December 2020 and in accordance with the amount and timing expected by the Company;

(ii) whether the Group is able to complete the proposed disposal of the 6 Target Companies (as defined in note 62) and collect the proceeds during the year ending 31 December 2020 and in accordance with the amount and timing expected by the Company;

(iii) whether the Group is able to source buyer and complete the Possible Disposals of Further Solar Power Plants during the year ending 31 December 2020 in order to collect the proceeds in accordance with the terms and condition, amount and timing expected by the Company;

(iv) whether the Group is able to convince its creditors (bank and other borrowings and bond payables) to allow the Group to repay or partially repay the amounts due according to the Group's expected repayment priority or ranking or partial repayment portion to each creditor and allow the Group to further extend to the extent and in accordance with the timetable and milestones of payment of the proceeds from the Group's disposal of 11 Target Companies, proposed disposal of the 6 Target Companies and the Possible Disposal of Further Solar Power Plants;

(v) whether the Group is able to obtain consent from both the lenders and buyers in respect of the debt assumption arrangement for the buyers to assume the bank and other borrowings held by the group entities involving in the proposed disposal of the 6 Target Companies and the Possible Disposals of Further Solar Power Plants;

(vi) whether the banks will agree not to exercise their right to demand for immediate payment in respect of the Group's borrowings that had breached certain financial covenants;

(vii) whether the Group is able to convince banks, independent financial institutions and other counterparties, including those bank and other borrowings renewed but not yet matured and which will be matured within twelve months after the end of the reporting period, to further delay the loan repayment schedule; and

(viii) whether the Group is able to seek for other financing resources (including but not limited to advances from its shareholders and/or from those entities owned and controlled by the shareholders) and whether the shareholders and/or those entities owned and controlled by the shareholders are financially viable to provide finance to the Group as to enable the Group to have adequate time and adequate working capital to obtain proceeds from the disposal of the 11 Target Companies, proposed disposal of the 6 Target Companies and the possible consideration of the Possible Disposals of Further Solar Power Plants during the year ending 31 December 2020 and to repay the matured and maturing debts from time to time.

* *English name is for identification purpose only.*

Should the Group fail to achieve the above-mentioned Development Plan, it might not be able to continue to operate as a going concern, and 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 which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effect of these adjustments has not been reflected in the consolidated financial statements.

Given the execution of the Development Plan and measures by the Group involving multiple uncertainties with details as set out in note 1(b) to the consolidated financial statements, and in views of the significance of the extent of the multiple uncertainties relating to the ongoing availability of finance to the Group, we disclaim our opinion in respect of the year ended 31 December 2019.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (the "IFRSs") issued by the International Accounting Standards Board (the "IASB") 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with International Standards on Auditing ("ISAs") and to issue an auditor's report in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to form an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

The engagement partner on the audit resulting in the independent auditor's report is Tse Ming Fai.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
29 April 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended 31 December 2019 RMB'000	2018 RMB'000 (Restated)
Continuing operations			
Revenue	5	**1,731,106**	1,642,915
Cost of sales		**(1,004,278)**	(1,032,577)
Gross profit		**726,828**	610,338
Other income	7	**117,382**	128,921
Other gains and losses	8	**(1,302,330)**	(173,310)
Impairment losses under expected credit loss model, net of reversal	9	**(106,570)**	(61,005)
Distribution and selling expenses		**(9,926)**	(12,219)
Administrative expenses		**(203,948)**	(209,481)
Research and development expenditure		**(60,020)**	(41,053)
Share of gains of associates		**636**	2,774
Finance costs	10	**(1,163,046)**	(1,188,107)
Loss before tax	11	**(2,000,994)**	(943,142)
Income tax expense	14	**(12,909)**	(5,399)
Loss for the year from continuing operations		**(2,013,903)**	(948,541)
Discontinued operations	12A		
Profit (loss) for the period/year from discontinued operations		**129,020**	(758,179)
Loss for the year		**(1,884,883)**	(1,706,720)
Other comprehensive (expense) income:			
Items that may be subsequently reclassified to profit or loss:			
Share of other comprehensive income of associates and joint ventures		**(1,669)**	757
Exchange differences on translating foreign operations		**(812)**	(16)
Fair value gain (loss) on:			
Receivables at fair value through other comprehensive income ("FVTOCI")		**167**	(10,527)
Other comprehensive expense for the year		**(2,314)**	(9,786)
Total comprehensive expense for the year		**(1,887,197)**	(1,716,506)

	NOTE	Year ended 31 December 2019 RMB'000	2018 RMB'000 (Restated)
(Loss) profit for the year attributable to owners of the Company			
— from continuing operations		**(2,030,746)**	(947,451)
— from discontinued operations		**129,020**	(758,179)
Loss for the year attributable to owners of the Company		**(1,901,726)**	(1,705,630)
Profit (loss) for the year attributable to non-controlling interests			
— from continuing operations		**16,843**	(1,090)
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(1,903,892)**	(1,715,542)
Non-controlling interests		**16,695**	(964)
		(1,887,197)	(1,716,506)
From continuing and discontinued operations	15	**RMB cents**	RMB cents
Loss per share			
— Basic		**(38.17)**	(38.08)
— Diluted		**(38.17)**	(38.08)
From continuing operations	15	**RMB cents**	RMB cents
Loss per share			
— Basic		**(40.76)**	(21.15)
— Diluted		**(40.76)**	(21.15)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	As at 31 December 2019 RMB'000	 2018 RMB'000
Non-current assets			
Property, plant and equipment	17	**232,383**	2,113,165
Right-of-use assets	18	**203,496**	—
Solar power plants	19	**6,782,957**	11,558,554
Prepaid lease payments — non-current	20	**—**	445,105
Intangible assets	21	**2,816**	35,861
Interests in associates	22	**32,135**	151,824
Interests in joint ventures	23	**—**	197,976
Financial assets at fair value through profit or loss ("FVTPL")	24	**3,096**	3,096
Other non-current assets	25	**106,238**	877,920
Deferred tax assets	26	**—**	93,902
Value-added tax recoverable — non-current		**440,007**	550,535
Contract assets — non-current	29	**310,394**	206,781
		8,113,522	16,234,719
Current assets			
Inventories	27	**92,150**	1,065,043
Trade and other receivables	28	**1,747,976**	3,873,761
Contract assets — current	29	**—**	38,294
Receivables at FVTOCI	30	**17,069**	244,100
Prepaid lease payments — current	20	**—**	17,477
Value-added tax recoverable		**84,534**	307,266
Tax recoverable		**—**	5,990
Prepayments to suppliers	32	**18,890**	813,457
Amounts due from the related parties	34	**2,004,413**	—
Amount due from an associate	33	**—**	160
Amount due from a joint venture	33	**—**	9,261
Restricted bank deposits	35	**67,856**	2,039,632
Bank balances and cash	35	**89,703**	754,586
		4,122,591	9,169,027
Assets classified as held for sale	12B	**3,896,381**	—
		8,018,972	9,169,027
Current liabilities			
Trade and other payables	36	**2,001,291**	6,507,258
Contract liabilities	37	**12,510**	331,696
Amount due to an associate	38	**—**	48,286
Amount due to a joint venture	38	**—**	127,374
Amounts due to the related parties	39	**2,224,930**	—
Obligations under finance leases	40	**—**	38,943
Lease liabilities	41	**19,940**	—
Provisions	42	**177,100**	1,019,489
Tax liabilities		**5,565**	8,327
Bank and other borrowings	43	**5,097,942**	7,148,081
Deferred income	44	**—**	6,394
Derivative financial liabilities	45	**6,078**	3,336
Convertible bonds	46	**37,376**	681,872
Bond payables	47	**824,778**	830,471
		10,407,510	16,751,527

	NOTES	As at 31 December 2019 RMB'000	 2018 RMB'000
Liabilities associated with assets classified as held for sale	12B	**2,429,815**	—
		12,837,325	16,751,527
Net current liabilities	1(b)	**(4,818,353)**	(7,582,500)
Total assets less current liabilities		**3,295,169**	8,652,219
Capital and reserves			
Share capital	48	**40,756**	40,756
Reserves		**(909,856)**	2,222,041
Equity attributable to owners of the Company		**(869,100)**	2,262,797
Non-controlling interests	49	**1,453,733**	1,384,425
Total equity		**584,633**	3,647,222
Non-current liabilities			
Deferred tax liabilities	26	**3,652**	38,356
Bank and other borrowings	43	**2,229,301**	3,919,264
Obligations under finance leases	40	**—**	27,909
Lease liabilities	41	**13,544**	—
Deferred income	44	**—**	22,120
Convertible bonds	46	**464,039**	997,348
		2,710,536	5,004,997
		3,295,169	8,652,219

The consolidated financial statements on pages 56 to 241 were approved and authorised for issue by the board of directors on 29 April 2020 and are signed on its behalf by:

DIRECTOR	*DIRECTOR*
Wang Yu	**Lu Bin**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000 (note a)	FVTOCI reserve RMB'000	Exchange reserve RMB'000	Convertible bonds equity reserve RMB'000 (note b)	Share-based payment reserve RMB'000 (note c)	Statutory surplus reserve RMB'000 (note d)	Accumulated deficits RMB'000 (note f)	Sub-total RMB'000	Non-controlling interests RMB'000	Total
At 1 January 2018 (restated)	34,876	5,360,199	(1,070,422)	8,941	48,252	2,704,790	83,615	30,744	(3,248,548)	3,952,447	1,313,300	5,265,747
Loss for the year	–	–	–	–	–	–	–	–	(1,705,630)	(1,705,630)	(1,090)	(1,706,720)
Other comprehensive (expense) income for the year	–	–	–	(10,527)	615	–	–	–	–	(9,912)	126	(9,786)
Total comprehensive (expense) income for the year	–	–	–	(10,527)	615	–	–	–	(1,705,630)	(1,715,542)	(964)	(1,716,506)
Recognition of share-based payment of Lattice Power Group (note 51)	–	–	–	–	–	–	29,845	–	–	29,845	20,331	50,176
Issue of shares upon conversion of the First CB (as defined in note 46(a))	5,880	716,225	–	–	–	(674,300)	–	–	–	47,805	–	47,805
Transfer of profit for the year in relation to Jiangsu Changshun and Nine Disposal Entities (as defined in note 4(i)(e)) to non-controlling interests (note e)	–	–	–	–	–	–	–	–	(51,758)	(51,758)	51,758	–
At 31 December 2018	40,756	6,076,424	(1,070,422)	(1,586)	48,867	2,030,490	113,460	30,744	(5,005,936)	2,262,797	1,384,425	3,647,222
(Loss) profit for the year	–	–	–	–	–	–	–	–	(1,901,726)	(1,901,726)	16,843	(1,884,883)
Other comprehensive income (expense) for the year	–	–	–	167	(2,333)	–	–	–	–	(2,166)	(148)	(2,314)
Total comprehensive income (expense) for the year	–	–	–	167	(2,333)	–	–	–	(1,901,726)	(1,903,892)	16,695	(1,887,197)
Recognition of share-based payment of Lattice Power Group (note 51)	–	–	–	–	–	–	5,909	–	–	5,909	4,025	9,934
Impact upon maturity of the Fourth CB (as defined in note 46(d)) (note f)	–	–	–	–	–	(329,922)	–	–	329,922	–	–	–
Disposal of the Disposal Group (note 52A)	–	–	(1,791,362)	1,007	(41,365)	–	–	(30,744)	24,445	(1,838,019)	–	(1,838,019)
Waiver of the Third CB (as defined in note 46(c)) (note 46(c))	–	–	652,693	–	–	(820,718)	–	–	820,718	652,693	–	652,693
Transfer of profit for the year in relation to Jiangsu Changshun and Nine Disposal Entities to non-controlling interests (note e)	–	–	–	–	–	–	–	–	(48,588)	(48,588)	48,588	–
At 31 December 2019	40,756	6,076,424	(2,209,091)	(412)	5,169	879,850	119,369	–	(5,781,165)	(869,100)	1,453,733	584,633

Notes:

a. Special reserve mainly include:

i. the special reserve arose on a group reorganisation ("Group Reorganisation") in preparation for listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") in year 2011. The shareholders of the Company made a contribution of an aggregate amount of approximately RMB233,968,000 to the Company for the purpose to acquire the entire equity interests of Jiangsu Shunfeng Photovoltaic Technology Co., Ltd. ("Jiangsu Shunfeng"). The difference between the acquisition consideration paid and the paid-in capital and capital reserve of Jiangsu Shunfeng acquired of approximately RMB30,004,000 was regarded as special reserve arising on group reorganisation; and

ii. the carrying amount of the Group's interest in relation to Jiangsu Changshun and Nine Disposal Entities in respect of the Group's 2015 Proposed Disposal transaction as detailed in note 4(i)(e) as at 18 December 2015 to non-controlling interests as to reflect the transfer of their equity interests to Chongqing Future as defined in note 4(i)(e) completed on 18 December 2015.

As set out in note 4(i)(e), a Termination Agreement was entered into to terminate the 2015 Proposed Disposal with immediate effect on 21 June 2016. As at 31 December 2016, the entire equity interest of Jiangsu Changshun has not yet been transferred back to the Group, and the Group's entire interests in Jiangsu Changshun and the Nine Disposal Entities kept being accounted for as non-controlling interests.

Notes: (Continued)

b. Convertible bonds equity reserve represents the value of the equity conversion component of the convertible bonds as set out in note 46.

c. On 20 May 2015, the Company entered into share purchase agreements with the existing shareholders of and individuals holding options in Lattice Power Corporation (collectively referred to as the "Sellers") in relation to the acquisition of 59% of the equity interest in Lattice Power Corporation (together with its subsidiaries collectively referred to as the "Lattice Power Group"), for a consideration which shall be satisfied in full by the Company allotting and issuing 392,307,045 new Shares to the Sellers. Lattice Power Corporation is a company incorporated in Cayman Islands and is principally engaged in manufacturing and sales of LED products. The acquisition was completed on 6 August 2015 and Lattice Power Corporation has become an indirectly held subsidiary of the Company. The acquisition of Lattice Power Corporation has been accounted for as business combination.

One of the Sellers, Asia Pacific Resources, is indirectly wholly owned by a substantial shareholder of the Company. The 9,453,921 shares acquired by the Group from Asia Pacific Resources account for 11.46% of the equity interest in Lattice Power Group.

On 18 April 2006, Lattice Power Corporation approved the 2006 Global Share Plan (the "2006 ESOP") and common shares of Lattice Power Corporation were reserved to grant to its employees, directors and consultants in certain years. As of 5 August 2015, a total number of 28,000,000 options have been granted to the employees, directors and consultants of Lattice Power Group.

On 6 August 2015, the date on which Lattice Power Group was acquired by the Group, pursuant to the agreement entered into between the Company and the ESOP option holders (the "ESOP Sellers"), the Company acquired from the ESOP Sellers 14,280,000 common shares of Lattice Power Corporation, which were converted from 51% of the outstanding options granted (the "51% ESOP Completion").The 2006 ESOP was terminated prior to the 51% ESOP Completion but the remaining 49% of the outstanding options, with a total number of 13,720,000 convertible shares in accordance with the original terms according to the 2006 ESOP would continue to be valid after the 51% ESOP Completion ("49% Outstanding Options"). Please refer to note 48 of the 2016 annual report for details.

Share-based payment reserve represents the recognition of share-based payments of Lattice Power Group, being the remuneration cost for post-combination service.

The Group recognised total share-based payment expense of RMB9,934,000 (2018 RMB50,176,000) for the year ended 31 December 2019 in relation to the options granted by Lattice Power Corporation.

d. In accordance with relevant laws and regulations for foreign investment enterprises in the People's Republic of China (the "PRC"), the PRC subsidiaries are required to transfer 10% of their profit after taxation reported in their statutory financial statements prepared under relevant accounting principles and financial regulations applicable to enterprises established in the PRC (the "PRC GAAP") to the statutory surplus reserve. Appropriation to statutory surplus reserve shall be approved by the shareholders and may cease if the balance of the statutory surplus reserve has reached 50% of the relevant PRC subsidiaries' registered capital.

The PRC subsidiaries may, upon the approval by a resolution, convert their surplus reserve into capital in proportion to their then existing shareholdings. However, when converting the PRC subsidiaries' statutory surplus reserve into capital, the balance of such reserve remaining unconverted must not be less than 25% of the registered capital.

e. Profit for the year related to Jiangsu Changshun and the Nine Disposed Entities consolidated to the Group was transferred from the Group's accumulated deficits to non-controlling interests. Although the 2015 Proposed Disposed had been terminated as at 31 December 2016, the legal ownership of Jiangsu Changshun and the Nine Disposed Entities still kept by Chongqing Future had not yet been transferred back to the Group as at 31 December 2019 and in the opinion of the directors of the Company, the related profit for both years should also be accounted for as "non-controlling interests" as at 31 December 2019 and 2018, accordingly.

f. The Fourth CB has been matured on 15 June 2019, the outstanding principal balance and interest payable totalling RMB703,071,000 had become immediately repayable, with the corresponding convertible bonds equity reserve of RMB329,922,000 had been reclassified to the accumulated deficits upon maturity. Details of the Fourth CB were set out in note 46(d).

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December 2019 RMB'000	2018 RMB'000
Operating activities		
Loss before tax from continuing and discontinued operations	**(1,855,420)**	(1,577,952)
Adjustments for:		
Interest income	**(21,836)**	(19,410)
Interest income arising from advances to independent third parties	**—**	(2,653)
Finance costs	**1,207,277**	1,285,923
Warranty provision	**48,124**	68,203
Loss on change in fair value of derivative financial liabilities	**26,014**	—
Share of gains of joint ventures	**(100,008)**	(21,194)
Share of losses (gains) of associates	**271**	(9,239)
Loss on partial disposal of meteocontrol Electric Power (note 22(a))	**—**	620
Net foreign exchange loss	**130,720**	169,397
Depreciation of property, plant and equipment	**153,875**	280,952
Depreciation of completed solar power plants	**644,004**	622,805
Amortisation of intangible assets	**4,585**	6,134
Release of prepaid lease payments	**—**	19,707
Release of right-of-use assets	**42,969**	—
Release of deferred income related to government grants	**(5,034)**	(12,997)
Gain on release of financial guarantee contracts (note 42)	**(115,657)**	(49,510)
(Gain) loss on disposal of property, plant and equipment	**42,412**	(9,670)
Gain on disposal of solar power plants	**—**	(11,673)
Allowance for inventories	**6,334**	52,928
Impairment loss on trade and other receivables	**194,200**	93,429
Impairment loss on contract assets	**81**	168
Impairment loss on other non-current assets	**72,447**	133,735
Impairment loss on amounts due from the related parties	**104,440**	—
Impairment loss on property, plant and equipment	**—**	771,492
Impairment loss on solar power plants	**282,794**	—
Impairment loss on goodwill	**—**	6,237
Impairment loss recognised on assets classified as held for sale	**851,428**	—
Gain on disposal of subsidiaries (note 52)	**(41,365)**	(31,586)
Imputed interest income of accrued revenue on tariff subsidies classified as trade receivables and contract assets (note 7)	**(47,220)**	(30,238)
Provision of financial guarantee expense (note 42)	**20,785**	30,285
Provision on legal claims	**1,429**	—
Recognition of share-based payments of Lattice Power Group	**9,934**	50,176

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Operating cash flows before movements in working capital	**1,657,583**	1,816,074
Decrease (increase) in inventories	**72,902**	(325,341)
(Increase) decrease in contract assets	**(66,898)**	99,252
Increase in trade and other receivables	**(148,499)**	(1,113,739)
Decrease in prepayments to suppliers	**25,395**	1,715
Decrease in amount due from an associate	**160**	6,346
Increase in amount due from a joint venture	**(117,983)**	(9,261)
(Decrease) increase in amount due to an associate	**(48,286)**	15,860
(Decrease) increase in amount due to a joint venture	**(2,454)**	127,374
Increase in trade and other payables	**290,182**	1,843,436
(Decrease) increase in contract liabilities	**(140,521)**	153,512
(Decrease) increase in receivables at FVTOCI	**118,824**	(32,326)
Decrease in provisions	**(15,910)**	(25,909)
Decrease in value-added tax recoverable	**135,331**	177,354
Cash generated from operations	**1,759,826**	2,734,347
Income taxes paid	**(13,541)**	(11,166)
Net cash from operating activities	**1,746,285**	2,723,181
Investing activities		
Withdrawal of restricted bank deposits	**1,152,947**	1,389,569
Receipt from government grants	**831**	859
Bank interest income received	**21,836**	19,410
Interest income received from advances to independent third parties	**—**	36,305
Payments of prepaid lease payment	**—**	(42,660)
Payments of right-of-use assets	**(29,634)**	—
Placement of restricted bank deposits	**(791,874)**	(1,952,820)
Payments of property, plant and equipment	**(213,471)**	(274,560)
Payment for construction cost in respect of solar power plants	**(168,210)**	(300,161)
Proceeds on disposal of property, plant and equipment	**2,583**	35,523
Proceeds on disposal of solar power plants	**—**	24,499
Capital contribution to an associate	**—**	(150)
Capital contribution to joint ventures	**(24,137)**	(180,000)
Deposit paid for acquisition of additional equity interest in a joint venture	**(64,239)**	—
Deposit paid for an entity investment	**(61,972)**	—
Purchases of intangible assets	**(988)**	(1,340)
Loan advanced to independent third parties	**(198,142)**	(58,270)
Loan repayment from independent third parties	**10,590**	120,814
Loan repayment from the Disposal Group	**148,269**	—
Net cash (outflow) inflow arising from disposal of subsidiaries (note 52A)	**(322,758)**	61,302
Proceeds on partial disposal of meteocontrol Electric Power (note 22(a))	**—**	2,200
Interest received in relation to the security deposit (note 28(v))	**—**	4,337
Dividend received from associates	**980**	1,670
Dividend received from a joint venture (note 23(c))	**71,800**	10,845
Receipt of consideration receivable in respect of subsidiaries previously disposed	**8,707**	10,913
Settlement received from amounts due from disposed subsidiaries disposed in previous years	**5,919**	5
Net cash used in investing activities	**(450,963)**	(1,091,710)

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Financing activities		
New bank and other borrowings raised	**779,954**	1,429,348
Repayment of bank and other borrowings	**(1,192,290)**	(1,417,691)
Interest paid	**(778,687)**	(735,746)
Interest paid for bond payables	**(11,463)**	(82,777)
Interest paid for convertible bonds	**(48,611)**	(61,393)
Repayment of bond payables	**(8,537)**	(216,000)
Repayment of convertible bonds	**(262,932)**	—
Repayment of obligations under finance leases	**—**	(52,948)
Repayment of lease liabilities	**(42,717)**	—
Repayment of consideration received in advance and related interest in respect of the termination of the 2015 Proposed Disposal (as defined in note 4(i)(e))	**—**	(10,000)
Advance from independent third parties	**43,597**	18,177
Repayment to independent third parties	**(112,300)**	(433,687)
Repayment to the Disposal Group	**(314,728)**	—
Net cash used in financing activities	**(1,948,714)**	(1,562,717)
Net (decrease) increase in cash and cash equivalents	**(653,392)**	68,754
Cash and cash equivalents at beginning of the year	**754,586**	663,686
Bank balances of 11 Target Companies eliminated upon transfer to assets classified as held for sale	**(9,010)**	—
Effect of foreign exchange rate changes	**(2,481)**	22,146
Cash and cash equivalents at end of the year, represented by bank balances and cash	**89,703**	754,586

1. GENERAL AND BASIS OF PREPARATION

(a) General Information

Shunfeng International Clean Energy Limited (the "Company") is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Portion C, 30/F. Bank of China Tower, 1 Garden Road, Central, Hong Kong, respectively. The Company and its subsidiaries (together with the Company hereinafter referred to as the "Group") are principally engaged in the business of providing clean energy and low-carbon energy-saving integrated solutions.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

(b) Basis of preparation

The directors of the Company have given careful consideration to the going concern of the Group in light of the fact that the Group reported as at 31 December 2019 and as of that date, the current liabilities exceeded its current assets by RMB4,818,353,000, decreased by RMB2,764,147,000 from RMB7,582,500,000 as at 31 December 2018.

Although the completion of the disposal of the Disposal Group (as defined in note 12A) has reduced the Group's highly indebted position, it can only reduce the Group's liability in the long term, while the Group's short term debt repayment pressure currently is still very high, since a number of outstanding debts (including bank and other borrowings and bond payables) have expired or will expire in the near future. In order to enable the Group to meet with its immediate financing needs, the Group continues to implement a series of development plans which comprise, inter alia, (i) the disposal of 11 Target Companies (as defined in note 12B), (ii) the proposed disposal of the 6 Target Companies (as defined in note 62); (iii) the Possible Disposals of Further Solar Power Plants (as defined below) and (iv) negotiation with banks, financial institutions and bondholders for alternative refinancing and/or extension of due dates of the relevant debts (collectively, the "Development Plan"). Details of the Development Plan are set out below:

The disposal of the 11 Target Companies, the proposed disposal of the 6 Target Companies and the Possible Disposals of Further Solar Power Plants

Assuming the conditions precedent in relation to the disposal of the 11 Target Companies and the Proposed Disposal of the 6 Target Companies have all been satisfied, such disposals will generate an immediate cash inflow of approximately RMB1,467 million and RMB469 million, respectively, which would help the Group repay partially its debts that have been overdue or will become due in the next 12 months.

Apart from the disposal of the 11 Target Companies and the proposed disposal of the 6 Target Companies, according to the Group's current funding requirement and working capital conditions, the Group intends to further dispose of its solar power plants, which are located in the PRC, on similar terms and conditions as the disposal of the 11 Target Companies and proposed disposal of the 6 Target Companies, which may include the discount arising from the lack of marketability, conditions precedent, timing and progress payments by tranches (the "Possible Disposals of Further Solar Power Plants"). In particular, the Company is initiating discussions and negotiations with more than one potential buyer in respect of the Possible Disposals of Further Solar Power Plants.

1. GENERAL AND BASIS OF PREPARATION (Continued)

(b) Basis of preparation (Continued)

The disposal of the 11 Target Companies, the proposed disposal of the 6 Target Companies and the Possible Disposals of Further Solar Power Plants (Continued)

The sales proceed from the disposal of the 11 Target Companies to Zhonghe Shandong Energy Co, Ltd.* (中核山東能源有限公司) ("ZSEC") is the source of funds to repay a number of debts owed by the Group which has been matured as at 31 December 2019 or to be matured in the near future. Accordingly, the Group has closely monitored the progress and attempted all possible means to smooth the completion, with a view to collecting the sales proceed in an orderly and timely manner.

Subsequent to the end of the reporting period and up to the date of issue of the consolidated financial statements, registration for share transfer has been completed in respect of 9 entities of the 11 Target Companies, being Hami Hengxin (as defined in note 12B), Hami Junxin (as defined in note 12B), Hami Tianhong (as defined in note 12B), Hami Yixin (as defined in note 12B), Shangde (Hami) (as defined in note 12B), Pingluo Zhongdianke (as defined in note 12B), Wuwei Huadong (as defined in note 12B), Wuwei Jiuyuan (as defined in note 12B) and Hebei Guowei (as defined in note 12B), while partial amount of the Consideration, in respect of the disposal of Hami Hengxin, Hami Junxin, Hami Tianhong, Hami Yixin, Shangde (Hami) and Hebei Guowei has been paid by ZSEC into the escrow account held by the Group.

However, the remaining 2 entities of the 11 Target Companies are all located in Gansu Province in the PRC, due to the recent epidemic of COVID-19, the relevant government authorities had resumed in business in late March 2020, and the Group has promptly submitted all materials to the relevant government authorities once their business is resumed to apply for the share transfer of relevant 2 entities to ZSEC. The management of the Group is optimistic and expects such will be all completed in early May 2020.

In respect of the collection of sales proceed, apart from the successful completion of the share transfer of the equity interests of the 11 Target Companies to ZSEC, in accordance with the relevant share transfer agreements with the relevant 11 Target Companies, the timing of payment of Consideration (as defined in note 12B), to be payable by ZSEC by four to five tranches, and Dividends Payment (as defined in note 12B), to be payable by the relevant Target Companies by two tranches, and the timing and amount of payment of Relevant Payables (as defined in note 12B), to be payable by the relevant Target Companies by two to three tranches, are also subject to the completion of (i) the transitional period audit to be performed by the local auditor in the PRC engaged by ZSEC and (ii) certain remedial steps to be taken by the Group.

The fact is, due to the outbreak of novel coronavirus disease (COVID-19) and travel restriction, quarantine measures and business suspension policy has been largely adopted and implemented by the PRC government since early February 2020, the completion of transitional period audit and certain remedial steps is inevitably postponed. The transitional period audit and certain remedial steps have been commenced and progressed positively, and up to the issue of the consolidated financial statements, transactional period audit of 6 entities has been completed while the management expects such of the remaining 5 entities can be completed in May 2020. In addition, the management expects the remedial steps for the 11 Target Companies will be all substantially completed during May to June 2020.

Accordingly, the management of the Group expects that a substantial amount of the Consideration, Dividends Payment and Relevant Payables will be received prior to 30 June 2020.

1. GENERAL AND BASIS OF PREPARATION (Continued)

(b) Basis of preparation (Continued)

Extension of due dates of the relevant debts and/or alternative refinancing

Currently, the Group is negotiating with banks, financial institutions and bondholders to seek for refinancing and/or extension of due dates of the relevant debts as follows:

(a) Negotiating with banks, financial institutions and bondholders for renewal of the relevant debts and extension of the maturity date.

(i) ***Sino Alliance Capital Ltd. ("Sino Alliance")***

A supplementary agreement is entered into among the Group, Asia Pacific Resources Development Investment Limited ("Asia Pacific Resources") and Mr. Cheng Kin Ming ("Mr. Cheng"), a substantial shareholder of the Company, and Sino Alliance dated 28 June 2019 to further extend the due dates, pursuant to which the outstanding principal balance of HKD1,300 million is required to be settled in two instalments, including: (i) HKD500 million or 50% of consideration for the disposal of 11 Target Companies, whichever is higher, to be extended to 31 December 2019 or 30 business days after completion of the disposals, whichever is earlier; and (ii) the remaining balances to be settled on 31 December 2020 or 30 business days after completion of the Group's other disposals of solar power plants (including the proposed disposal of the 6 Target Companies and Possible Disposals of Further Solar Power Plants), if any and whichever is earlier.

However, at the end of the reporting period, the first instalment of Sino Alliance has been overdue.

Given the recent impacts in relation to COVID-19 stated above, the management of the Company has been negotiating with Sino Alliance since early February 2020 through conference calls, emails and meetings to keep Sino Alliance informed of the progress of the disposal of the 11 Target Companies, as well as the updated information in relation to the announcement made by the Company on 18 March 2020 of the disposal of the 6 Target Companies.

Upon rounds of discussion between the management of the Company and Sino Alliance, as of the date of issue the consolidated financial statements, the management of Sino Alliance has been aware of the progress and details of the Development Plan that the Company will repay the overdue borrowings with the proceeds received from the disposal of solar power plants held by the Group and they also stand for the Development Plan proposed by the management of the Company.

(ii) ***China Minsheng Banking Corp., Ltd Hong Kong Branch* ("CMBC-HK")***

A supplementary agreement is entered into between the Group and CMBC-HK dated 31 October 2019 to further extend the due dates, pursuant to which the Group has agreed to additionally pledge its entire 59% of equity interest in Lattice Power Group to CMBC-HK, and CMBC-HK has agreed a further extension of the due dates and the settlement of the outstanding principal of HKD980,000,000 (equivalent to RMB877,884,000) by instalments, including:

1. GENERAL AND BASIS OF PREPARATION (Continued)

(b) Basis of preparation (Continued)

Extension of due dates of the relevant debts and/or alternative refinancing (Continued)

(a) Negotiating with banks, financial institutions and bondholders for renewal of the relevant debts and extension of the maturity date. (Continued)

(ii) CMBC-HK (Continued)

a. an amount of HKD320 million to be extended to 31 December 2019 or expiry of 15 business days of receipt by the Group of the consideration of the disposal of 11 Target Companies, whichever is earlier (which is determined as the higher of amount of HKD200 million, 20% of the consideration for the disposal of the 11 Target Companies or the sales capacity of the disposal of the 11 Target Companies divided by 1,500 megawatts and multiplied by HKD980 million);

b. the higher of the amount of HKD280 million and 20% of the consideration for the other disposals of solar power plants (including the proposed disposal of the 6 Target Companies and Possible Disposals of Further Solar Power Plants) on or before 15 July 2020 or the sales capacity as of the Possible Disposals of Further Solar Power Plants on or before 15 July 2020 divided by 1,500 megawatts and multiplied by HKD980 million, to be extended to 15 July 2020; and

c. the remaining balance to be extended to 18 December 2020.

At the end of the reporting period, the first instalment of CMBC-HK has been matured and the related accrued interest payable amounted to HKD41,429,000 (equivalent to RMB37,112,000) as at 31 December 2019.

Given the recent impacts in relation to COVID-19 stated above, the management of the Company has been negotiating with CMBC-HK since early February 2020 through conference calls, emails and meetings to keep CMBC-HK informed of the progress of the disposal of the 11 Target Companies, as well as the updated information in relation to the announcement made by the Company on 18 March 2020 of the disposal of the 6 Target Companies.

Upon rounds of discussion between the management of the Company and CMBC-HK, as of the date of issue the consolidated financial statements, the management of CMBC-HK has been aware of the progress and details of the Development Plan that the Company will repay the overdue borrowings with the proceeds received from the disposal of solar power plants held by the Group and they also stand for the Development Plan proposed by the management of the Company.

(iii) Chongqing Trust

As at 31 December 2019, the borrowings from Chongqing International Trust Co., Ltd.* (重慶國際信託股份有限公司) ("Chongqing Trust") has an outstanding principal balance of RMB666 million, which is matured on 29 September 2019.

Another supplementary agreement was entered into between the Group and Chongqing Trust dated 23 December 2019 to further extend the due date to 30 September 2020, with the terms remain unchanged.

* *English name is for identification purpose only*

1. GENERAL AND BASIS OF PREPARATION (Continued)

(b) Basis of preparation (Continued)

Extension of due dates of the relevant debts and/or alternative refinancing (Continued)

(a) Negotiating with banks, financial institutions and bondholders for renewal of the relevant debts and extension of the maturity date. (Continued)

(iv) 2015 Corporate Bond

As at 31 December 2019, the corporate bond issued by the Group on 10 November 2015 (the "2015 Corporate Bond") with an outstanding principal balance of RMB550 million is matured on 9 November 2019.

Based on the recent negotiation with the holders of the 2015 Corporate Bond, the holders have expressed their intention to agree to extend the due date to 31 March 2020 with following conditions:

a. the Group should repay the unpaid interest up to 10 November 2019 amounting to approximately RMB42.9 million once the Group receives the first tranche of consideration for the disposal of 11 Target Companies amounting to approximately RMB64.1 million;

b. the outstanding principal balance of RMB550 million carries at the original fixed interest rate of 7.8% per annum during the extension period; and

c. the Group should give priority to use the net proceeds from the disposal of 11 Target Companies to repay the outstanding principal balance of RMB550 million together with the unpaid interest for the extension period.

Given the recent impacts in relation to COVID-19 stated above, the management of the Group has been negotiating with the bondholders of the 2015 Corporate Bond since early February 2020 through conference calls and meetings to keep them informed of the progress of the disposal of the 11 Target Companies and the proposed disposal of the 6 Target Companies. Up to the date of issue of the consolidated financial statements, the Company has not received any litigation letter from these bondholders of the 2015 Corporate Bond. The management of the Group is optimistic that these bondholders of the 2015 Corporate Bond will support the Development Plan and agree to extend the due date to the time that a sufficient amount of proceed from the disposal of solar power plants held by the Group will be received by the Group.

(v) 2016 Corporate Bond

Corporate bond issued by the Group on 22 June 2016 (the "2016 Corporate Bond") had been matured on 22 June 2018. The Group had entered into a supplementary agreement with the bondholders of the 2016 Corporate Bond to settle the outstanding balances by instalments. As at 31 December 2019, the unpaid principal balances with amount of RMB274,778,000 and the accrued bond interest of RMB21,458,000 would be due on 25 April 2020.

1. GENERAL AND BASIS OF PREPARATION (Continued)

(b) Basis of preparation (Continued)

Extension of due dates of the relevant debts and/or alternative refinancing (Continued)

(a) Negotiating with banks, financial institutions and bondholders for renewal of the relevant debts and extension of the maturity date. (Continued)

(v) 2016 Corporate Bond (Continued)

Given the recent impacts in relation to COVID-19 stated above, the management of the Group has been negotiating with the bondholder of the 2016 Corporate Bond since early February 2020 through conference calls and meetings to keep the bondholder of the 2016 Corporate Bond informed of the progress of the disposal of the 11 Target Companies and the proposed disposal of the 6 Target Companies. Up to the date of issue of the consolidated financial statements, the Company has not received any litigation letter from the bondholder of the 2016 Corporate Bond and entered into an extension agreement dated 25 April 2020 with the bondholder agreed conditionally to extend the due date to the time that a sufficient amount of Consideration received by the Group from the disposal of the 11 Target Companies or on or before 25 October 2020, whichever is earlier.

(vi) Bondholders A of the Fourth CB

The balance of HKD564,250,000 due to the 19 individual bondholders of the Fourth CB (as defined as Bondholders A in note 46(d) was unsecured and unguaranteed. Upon maturity of the Fourth CB on 15 June 2019, loan agreements had been entered into between the Group and the Bondholders A of the Fourth CB. The Group has extended the unpaid and outstanding principal balances totalling HKD564,250,000 (equivalent to RMB505,455,000) with a fixed annual interest rate of 4.0% to 20 December 2019, and all the rights under the original terms and conditions in relation to the Fourth CB have been waived.

On 20 December 2019, total principal balance of HKD564,250,000 (equivalent to RMB505,455,000) is matured, the Group has entered into certain supplementary agreements with certain Bondholder A of the Fourth CB to further extend the due date of total outstanding principal amount of HKD534,250,000 (equivalent to RMB478,581,000) to 25 March 2020, while the remaining outstanding principal amount of HKD30,000,000 (equivalent to RMB26,870,000) was overdue as at 31 December 2019. Total amount of HKD19,000,000 (equivalent to RMB17,020,000) has been settled in cash subsequent to the end of the reporting period and up to the date of issue of the consolidated financial statements.

Total outstanding principal amount of HKD545,250,000 (equivalent to RMB488,435,000) was due on the date of issue of consolidated financial statements.

Given the recent impacts in relation to COVID-19 as stated above, the management of the Company has been negotiating with the Bondholders A of the Fourth CB since early February 2020 through conference calls, emails and meetings to keep the Bondholders A of the Fourth CB informed of the progress of the disposal of the 11 Target Companies, with a view to extending the due date to the time that a sufficient amount of proceed will be received by the Group. Up to the date of issue of the consolidated financial statements, the management of the Group has received confirmations in the form of written document or emails from the majority of bondholders A of the Fourth CB, agreeing to further delay upon payment received from the disposal of the 11 Target Companies.

1. GENERAL AND BASIS OF PREPARATION (Continued)

(b) Basis of preparation (Continued)

Extension of due dates of the relevant debts and/or alternative refinancing (Continued)

(a) Negotiating with banks, financial institutions and bondholders for renewal of the relevant debts and extension of the maturity date. (Continued)

(vii) True Bold

The borrowing balance of HKD189,690,000 previously converted from the Fifth CB subscribed by True Bold Global Limited ("True Bold") upon maturity in 2017 was scheduled to be settled in the following way, according to the amendment agreement dated 29 June 2018:

a. an amount of HKD54,690,000 will be repaid before the year ended 31 December 2018; and

b. an amount of HKD135,000,000 will be repaid before the year ended 31 December 2019.

Such balance was secured and unguaranteed, carrying a fixed interest rate of 10% per annum.

The balance of HKD189,690,000 has matured as at 31 December 2019.

Given the recent impacts in relation to COVID-19 stated above, the management of the Company has been negotiating with True Bold since early February 2020 through conference calls, emails and meetings to keep True Bold informed of the progress of the disposal of the 11 Target Companies, as well as the updated information in relation to the announcement made by the Company on 18 March 2020 of the disposal of the 6 Target Companies.

Upon rounds of discussion between the management of the Company and True Bold, as of the date of issue the consolidated financial statements, the management of True Bold has been aware of the progress and details of the Development Plan that the Company will repay the overdue borrowings with the proceeds received from the disposal of solar power plants held by the Group and they also stand for the Development Plan proposed by the management of the Company.

(viii) JIC

In respect of the borrowing from JIC Trust Co., Ltd* (中建投信託有限公司) ("JIC"), an independent financial institution, of principal balance of RMB490,000,000 which has been overdue on 16 August 2019. JIC lodged litigation against the Group during the year ended 31 December 2019 and subsequently, the Group received the first-instance judgement from Zhejiang High Court in January 2020, requesting the Group to repay the outstanding loan principal of RMB490,000,000, interest payable of RMB97,066,000 and penalty interest payable of RMB37,146,000, totalling RMB624,212,000 immediately. Since the equity interest of the Group's subsidiary which owns and operates the solar power plant has been pledged to JIC, the management of the Group expects to repay the outstanding loan principal, related interest payable and penalty interest payable from the proceed arising from the possible disposal of the entire equity interest of the relevant subsidiary which holds such solar power plant in the near future.

(ix) Other remaining expired borrowings

Other than the borrowings which are individually specified above, there are still other bank and other borrowings with aggregate balances of RMB100,415,000 overdue on 31 December 2019 and the overdue balances further increased to RMB157,863,000 on the date of issue of the consolidated financial statements but have no settlement plan/further extension plan yet been finalised.

* *English name is for identification purpose only*

1. GENERAL AND BASIS OF PREPARATION (Continued)

(b) Basis of preparation (Continued)

Extension of due dates of the relevant debts and/or alternative refinancing (Continued)

(a) Negotiating with banks, financial institutions and bondholders for renewal of the relevant debts and extension of the maturity date. (Continued)

(ix) Other remaining expired borrowings (Continued)

The management of the Group assessed that RMB56,931,000 out of total overdue balance of RMB100,415,000 as at 31 December 2019 and RMB114,379,000 out of total overdue balance of RMB157,863,000 on the date of issue of the consolidated financial statements were held by the subsidiaries holding the solar power plants in the PRC (including the 6 Target Companies), the bank and other borrowings held by these entities is expected to be eventually assumed by the purchasers according to the relevant sale and purchase agreements and under similar terms and conditions of the disposal of the 11 Target Companies and proposed disposal of the 6 Target Companies.

The management is optimistic that the relevant lenders will also accept such arrangement in respect of the proposed disposal of the 6 Target Companies and the Possible Disposals of Further Solar Power Plants.

Since there is no detailed repayment priority or ranking or partial repayment portion of each creditor specified in the Group's relevant arrangements with creditors as stated above regarding how the Group may apply proceeds from the disposal of the 11 Target Companies, proposed disposal of 6 Target Companies and Possible Disposals of Further Solar Power Plants, if any, the management of the Group has assumed the repayment to the lenders at its best estimate. In addition, given that (i) the extension of loans obtained by the Group as at the end of the reporting period, and the possible extension of loans which the Group anticipated based on the current negotiation with creditors which is not yet committed as at the end of the reporting period, both of which are mostly short-term, and (ii) the exact timing of the completion of, and the collection of proceeds from, the disposal of the 11 Target Companies, proposed disposal of the 6 Target Companies and Possible Disposals of Further Solar Power Plants are inherently uncertain, which may not occur in a way that enables the Group to honour its current repayment commitment/agreement in the short term, and the disposal timetable may be further delayed or may not occur as the Group has expected, the directors of the Company is of the view that the actual timing of collection of the relevant proceeds from the disposal of the 11 Target Companies, proposed disposal of the 6 Target Companies and Possible Disposals of Further Solar Power Plants may not match with the Group's current agreements or settlement arrangements with its creditors. Therefore, the Group must use its best endeavour to re-negotiate with its creditors on a continuous basis to further revise/extend the repayment timing beyond the period currently agreed by the Group's creditors, or to make payment in an amount which is less than that as expected by its creditors, in order to enable the Group to effect the collection and application of disposal proceeds in an orderly manner for the repayment of loans in the next twelve months from the end of the reporting period. If the creditors do not agree with the settlement plan/further extension plan as planned by the management of the Group, the Group will not have sufficient working capital for the next twelve months from the end of the reporting period.

1. GENERAL AND BASIS OF PREPARATION (Continued)

(b) Basis of preparation (Continued)

Extension of due dates of the relevant debts and/or alternative refinancing (Continued)

(a) Negotiating with banks, financial institutions and bondholders for renewal of the relevant debts and extension of the maturity date. (Continued)

Save as the above, the management of the Group is still positive that upon partial repayment of the loan principal and/or outstanding interest by the proceeds received from the disposal of the 11 Target Companies, proposed disposal of the 6 Target Companies and when the plan for the Possible Disposals of Further Solar Power Plants becomes solid, a portion of the Group's overdue bank and other borrowings can be successfully renewed and/or extended in view of the Group's historical successful experiences in refinancing expiring debts. The management of the Group expects these overdue bank and other borrowings can be further extended to the extent and in accordance with the timetable and milestones of payment of the proceeds arising from disposal of the 11 Target Companies, proposed disposal of the 6 Target Companies and the possible consideration from Possible Disposals of Further Solar Power Plants that the Group could have received;

(b) Negotiating with banks not to exercise their rights to demand for immediate payment in respect of the Group's bank borrowings that had breached certain financial covenants, which amounted to a total of RMB514,066,000 as at 31 December 2019. The management of the Group is confident that these banks will not demand for immediate repayment based on its negotiations with these banks; and

(c) As part of the remedial plan, negotiating with banks, independent financial institutions and other counterparties, including those bank and other borrowings renewed but not yet matured and which will be matured within twelve months after the end of the reporting period, to further delay the loan repayment schedule, as well as seeking for other financing resources (including but not limited to advances from its shareholders and/or from those entities owned and controlled by the shareholders), in order to enable the Group to have adequate time and adequate working capital to obtain proceeds from the disposal of the 11 Target Companies, proposed disposal of the 6 Target Companies and the possible consideration of the Possible Disposals of Further Solar Power Plants to repay the matured and maturing debts from time to time.

The directors of the Company, after due and careful enquiry and after taking into account the Development Plan and the financial resources available to the Group, including cash and cash equivalents on hand, cash flows from operating activities and available facilities, and based on the assumptions that the above events materialise, are of the opinion that the Group will have sufficient working capital for its present operating requirements and for at least the next twelve months commencing from the date of 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.

Notwithstanding the above, significant uncertainties exist as to whether management of the Company will be able to achieve its Development Plan, which may be negatively affected due to the recent outbreak of the COVID-19, as described above. Whether the Group will be able to continue as a going concern would depend upon the Group' s ability to generate adequate financing and operating cash flows through the successful fulfillment of all the following conditions:

1. GENERAL AND BASIS OF PREPARATION (Continued)

(b) Basis of preparation (Continued)

(i) collecting the Consideration (as defined in note 12B), Dividend Payments (as defined in note 12B) and Relevant Payables (as defined in note 12B) in respect of the disposal of the 11 Target Companies during the year ending 31 December 2020 and in accordance with the amount and timing expected by the Company;

(ii) completing the proposed disposal of the 6 Target Companies (as defined in note 62) and collecting the proceeds during the year ending 31 December 2020 and in accordance with the amount and timing expected by the Company;

(iii) sourcing buyer and completing the Possible Disposals of Further Solar Power Plants during the year ending 31 December 2020 in order to collect the proceeds in accordance with the terms and condition, amount and timing expected by the Company;

(iv) convincing its creditors (bank and other borrowings and bond payables) to allow the Group to repay or partially repay the amounts due according to the Group's expected repayment priority or ranking or partial repayment portion to each creditor and allow the Group to further extend to the extent and in accordance with the timetable and milestones of payment of the proceeds from the Group's disposal of 11 Target Companies, proposed disposal of the 6 Target Companies and the Possible Disposal of Further Solar Power Plants;

(v) obtaining consent from both the lenders and buyers in respect of the debt assumption arrangement for the buyers to assume the bank and other borrowings held by the group entities involving in the proposed disposal of the 6 Target Companies and the Possible Disposals of Further Solar Power Plants;

(vi) convincing banks to agree not to exercise their right to demand for immediate payment in respect of the Group's borrowings that had breached certain financial covenants;

(vii) convincing banks, independent financial institutions and other counterparties, including those bank and other borrowings renewed but not yet matured and which will be matured within twelve months after the end of the reporting period, to further delay the loan repayment schedule; and

(viii) seeking for other financing resources (including but not limited to advances from its shareholders and/or from those entities owned and controlled by the shareholders) and on the basis that the shareholders and/or those entities owned and controlled by the shareholders are financially viable to provide finance to the Group as to enable the Group to have adequate time and adequate working capital to obtain proceeds from the disposal of the 11 Target Companies, proposed disposal of the 6 Target Companies and the possible consideration of the Possible Disposals of Further Solar Power Plants during the year ending 31 December 2020 and to repay the matured and maturing debts from time to time.

Should the Group fail to achieve the above-mentioned Development Plan, it might not be able to continue to operate as a going concern, and 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 which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effect of these adjustments has not been reflected in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs issued by International Accounting Standards Board (the "IASB") for the first time in the current year:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendments, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current year. IFRS 16 superseded IAS 17 Leases ("IAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying IFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated deficits and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

2.1 IFRS 16 Leases (Continued)

As a lessee (Continued)

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ending within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities as at the date of initial application. The weighted average incremental borrowing rate applied by the relevant group entities range from 4% to 9.52%.

	NOTES	As at 1 January 2019 RMB'000
Operating lease commitments disclosed as at 31 December 2018		116,566
Less: recognition exemption — short-term leases		(1,900)
recognition exemption — low value assets		(3,235)
Undiscounted lease liabilities as at 31 December 2018		111,431
Lease liabilities relating to operating leases discounted at incremental borrowing rate recognised upon application of IFRS 16		70,559
Add: obligation under finance leases recognised as at 31 December 2018	(b)	66,852
payables for purchase of leasehold lands recognised as at 31 December 2018	(c)	38,015
Lease liabilities as at 1 January 2019		175,426
Analysed as		
Current		86,277
Non-current		89,149
		175,426

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

2.1 IFRS 16 Leases (Continued)

As a lessee (Continued)

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	NOTES	**Right-of-use assets** RMB'000
Right-of-use assets relating to operating leases recognised upon application of IFRS 16		70,559
Reclassified from prepaid lease payments	(a)	462,582
Amounts included in property, plant and equipment under IAS 17		
— Assets previously under finance leases	(b)	139,790
		672,931
By class:		
Leasehold lands		498,298
Land and buildings		165,993
Machinery and office equipment		8,640
		672,931

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

2.1 IFRS 16 Leases (Continued)

As a lessee (Continued)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position as at 1 January 2019. Line items that were not affected by the changes have not been included.

	NOTES	Carrying amounts previously reported as at 31 December 2018 RMB'000	Adjustments RMB'000	Carrying amounts under IFRS 16 as at 1 January 2019 RMB'000
Non-current assets				
Property, plant and equipment	(b)	2,113,165	(139,790)	1,973,375
Right-of-use assets		—	672,931	672,931
Prepaid lease payments				
— non-current	(a)	445,105	(445,105)	—
Current assets				
Prepaid lease payment				
— current	(a)	17,477	(17,477)	—
Current liabilities				
Obligations under finance leases	(b)	38,943	(38,943)	—
Trade and other payables	(c)	6,507,258	(38,015)	6,469,243
Lease liabilities	(b), (c)	—	86,277	86,277
Non-current liabilities				
Lease liabilities	(b)	—	89,149	89,149
Obligations under finance leases	(b)	27,909	(27,909)	—

Notes:

(a) Upfront payments for leasehold lands in the PRC were classified as prepaid lease payments as at 31 December 2018. Upon application of IFRS 16, the current and non-current portion of prepaid lease payments amounting to RMB17,477,000 and RMB445,105,000 respectively were reclassified to right-of-use assets.

(b) In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 January 2019 amounting to RMB139,790,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of RMB38,943,000 and RMB27,909,000 to lease liabilities as current and non-current liabilities respectively at 1 January 2019.

(c) The carrying amounts of payables for purchasing leasehold lands as at 1 January 2019, which was included in trade and other payables, was adjusted to lease liabilities at transition.

For the purpose of reporting cash flows from operating activities under the indirect method for the year ended 31 December 2019, movements in working capital have been computed based on the opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and amendments to IFRSs in issue but not yet effective

IFRS 17	Insurance Contracts[1]
Amendments to IFRS 3	Definition of a Business[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[5]
Amendments to IAS 1 and IAS 8	Definition of Material[4]
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after 1 January 2022

In addition to the above new and amendments to IFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the *Amendments to References to the Conceptual Framework in IFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 (since 1 January 2019) or IAS 17 (before application of IFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value-in-use in IAS 36 *Impairment of Assets*.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

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 owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9/IAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities assumed by the Group and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and liabilities assumed as at acquisition date. If, after reassessment, the net amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less any accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill (Continued)

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit (or group of cash-generating units) may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of associates and joint ventures is described below.

Interests in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture.

Changes in net assets of the associates/joint ventures other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates and joint ventures (Continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value-in-use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal groups) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal groups) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for financial assets within the scope of IFRS 9 which continued to be measured in accordance with the accounting policies as set out in respective sections.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation.

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Variable consideration

For contracts that contain variable consideration (being the Tariff Subsidy on sales of electricity), the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

Existence of significant financing component

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

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For contracts where the Group transferred the associated goods or services before payments from customers in which the Group adjusts for the promised amount of consideration for significant financing components, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The Group recognises interest income during the period between the payment from customers and the transfer of the associated goods or services.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (including sales commissions and market expansion fee) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Leases

Definition of a lease (upon application of IFRS 16 in accordance with transitions in note 2.1)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 2.1)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of machinery and office equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 2.1) (Continued)
Right-of-use assets
Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;

- any lease payments made at or before the commencement date, less any lease incentives received;

- any initial direct costs incurred by the Group; and

- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 2.1) (Continued)
Lease liabilities
At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 2.1) (Continued)
Lease modifications
The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities and lease incentives from lessor by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessee (prior to 1 January 2019)
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods and services, or for administrative purposes (other than construction in progress and freehold land) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Freehold land is carried at cost less subsequent accumulated impairment loss, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" (upon application of IFRS 16) or "prepaid lease payments/property, plant and equipment" (before application of IFRS 16) in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than construction in progress and freehold land) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Solar power plants

Completed solar power plants, being solar power plants held for the generation of electricity income, are stated at in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Solar power plants in the course of construction for generation of electricity income are carried at cost, less any recognised impairment loss. Costs include costs of solar modules, permits applied, professional fee and, for qualifying assets, borrowing costs and other costs capitalised in the course of construction. Solar power plants under construction are stated in the consolidated statement of financial position at cost less subsequent impairment losses, if any. Such solar power plants under construction are reclassified to completed solar power plants upon completion and are ready for intended use. Depreciation of these solar power plants commences when the solar power plants are successfully connected to grids and completed trial operation.

Depreciation is recognised so as to write off the cost of assets (other than solar power plants under construction) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Completed solar power plants are derecognised upon disposal or when no future economic benefit is expected to arise from the continued use of the asset. Any gain or loss arising on the disposal of completed solar power plants is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets — research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on property, plant and equipment, solar power plants, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, solar power plants, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, solar power plants, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value-in-use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than its functional currency (foreign currency) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the rates of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

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 added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Government grants that are 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.

Retirement benefit costs

Payments to Mandatory Provident Fund Scheme ("MPF Scheme") and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, and annual leave) after deducting any amount already paid.

Share-based payment arrangements

Share-based payment transactions of the acquiree in a business combination

At the acquisition date, when the outstanding equity-settled share-based payment transactions held by the employees of an acquiree are not exchanged by the Group for its share-based payment transactions, the acquiree share-based payment transactions are measured at their market-based measure at the acquisition date. If the share-based payment transactions have vested by the acquisition date, they are included as part of the non-controlling interest in the acquiree. However, if the share-based payment transactions have not vested by the acquisition date, the market-based measure of the unvested share-based payment transactions on the acquisition date is allocated to the non-controlling interest in the acquiree based on the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of those share options. The balance is recognised as remuneration cost for post-combination service.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax 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 Group's liability for current tax is calculated using tax rates that have enacted or substantively enacted by the end of the reporting period.

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

Deferred tax liabilities are recognised for taxable temporary difference associated with investments in subsidiaries and associates, and interest in a joint venture, 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. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Warranties

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sale of goods are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets or financial liabilities, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Receivables at FVTOCI

Subsequent changes in the carrying amounts for receivables at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these receivables are recognised in other comprehensive income (the "OCI") and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these receivables. When these receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, receivables at FVTOCI, receivables included in other non-current assets, amount due from an associate, amount due from a joint venture, amounts due from the related parties, bank balances and restricted bank deposits), and other items (contract assets and financial guarantee contracts) which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done 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 conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables, contract assets and amount due from an associate/a joint venture/a related party. The ECL on these assets are assessed individually for customers with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as 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.

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

- 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, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- 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;
- 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 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 aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower 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 debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when 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.

(iii) 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 borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three 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. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) 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. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is estimated as the weighted average of 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, with the respective risks of a default occurring as the weights, discounted at the effective interest rate determined at initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(v) Measurement and recognition of ECL (Continued)

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Where ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables are each assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

Except for receivables at FVTOCI, other receivables, receivables included in other non-current assets and amounts due from the related parties, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, contract assets and where the corresponding adjustment is recognised through a loss allowance account. For receivables at FVTOCI, the loss allowance is recognised in OCI and accumulated in the FVTOCI reserve without reducing the carrying amount of these receivables. Such amounts represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in a debt instrument classified as at FVTOCI upon application of IFRS 9, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, (ii) it is designated as at FVTPL or (iii) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at FVTPL (Continued)

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, amounts due to the related parties, amount due to an associate, amount due to a joint venture, bank and other borrowings, liability component of convertible bonds, and bond payables are subsequently measured at amortised cost, using the effective interest method.

Convertible bonds

The component parts of the convertible loan notes are classified separately as financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component (including any embedded non-equity derivatives features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to accumulated deficits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Convertible bonds (Continued)

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 (since 1 January 2018) or IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and

- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Judgements in determining the performance obligations and timing of satisfaction of performance obligations

Notes 3 and 5 describes the revenue recognition basis to each of the Group's revenue stream. The recognition of each of the Group's revenue stream requires judgement by the management of the Group in determining the timing of satisfaction of performance obligations.

In making their judgement, the directors of the Company consider the detailed criteria for recognition of revenue set out in IFRS 15 and in particular, whether the Group has satisfied all the performance obligations over time or at a point in time with reference to the details terms of transaction as stipulated in the contracts entered into with its customers and counterparties.

For the sales of Solar Products and LED Products (as defined in notes 5 and 12), the directors of the Company has assessed that the Group has a present right to payment from the customers for the goods transferred at a point in time upon customers' acceptance of the deliverable units. In addition, in accordance with industry business practice, the Group provides warranty in connection with the sale of solar module product, with post-sale tasks including the replacement and repair service for defects in material and workmanship as set out in note 42(a). First of all, the customer does not have the option to purchase a warranty separately. Secondly, it is necessary for the Group to perform the tasks to provide the assurance that a product complies with agreed-upon specifications, then the tasks likely do not give rise to a performance obligation. The warranty is not distinct and therefore, the management of the Group has satisfied that there is only a single performance obligation and recognise the revenue at a point in time. The warranty provision is the Group accounts for the warranty in the provision.

For sales of electricity, the directors of the Company has assessed that the Group has a present right to payment from the state grid company for the electricity generated and transmitted at a point in time upon transmittal.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(i) Critical judgements in applying accounting policies (Continued)

(a) Judgements in determining the performance obligations and timing of satisfaction of performance obligations (Continued)

For tariff subsidies generated from those solar power plants which had been registered to the Catalogue, the Group has obtained unconditional and present right to payment since the electricity generated and transmitted. On the other hand, for tariff subsidies generated from those solar power plants which had not been registered into Catalogue, since the Group has not obtained unconditional right to payment yet, therefore, the Group recognised accrued revenue on tariff subsidies with corresponding debit to contract assets, accordingly.

For the provision of installation services of PV Systems on rooftop of building owned by the customers, the related revenue is recognised over time as the directors of the Company has assessed that the Group's performance creates or enhances an assets that the customer controls as the Group performs.

For the provision of Plant Operation and Services (as defined in note 5 of 2018 annual report), the directors of the Company has assessed that the customers simultaneously receive and consume the benefits provided by the Group's performances as the Group performs and the Group has an enforceable right to payment for performances completed to date. Therefore, the directors of the Company have satisfied that the performance obligation is satisfied over time and recognised revenue on a monthly basis at the specified service fee over the contract period.

(b) Revenue recognition on tariff subsidies on sales of electricity

Tariff subsidy represents subsidy received and receivables from the government authorities in respect of the Group's solar power generation business. The financial resource for the tariff subsidies is the national renewable energy fund that accumulated through a special levy on the consumption of electricity of end users. The government authorities are responsible to collect and allocate the fund and make settlement through state-owned grid companies to the solar power companies. Tariff subsidies are recognised at its fair value where there is a reasonable assurance that the additional tariff will be received and the Group will comply with all attached conditions, if any.

In August 2013, the National Development and Reform Commission of the PRC ("NDRC") released the New Tariff Notice (the "New Tariff Notice") to launch a new subsidizing 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). In particular, according to the New Tariff Notice, (i) for the centralised solar plants, which will obtain on-grid approval and commence in generating electricity on or after 1 January 2014, the benchmark on-grid price will be set at RMB0.9/KWh, RMB0.95/KWh and RMB1.0/KWh for the projects in energy zones I, II and III respectively which are categorised based on local solar energy resources and generating plant construction costs; and (ii) the new standards will apply to the power stations registered after 1 September 2013 and those registered before 1 September 2013 but which did not commence in generating electricity until after 1 January 2014.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(i) Critical judgements in applying accounting policies (Continued)

(b) Revenue recognition on tariff subsidies on sales of electricity (Continued)

According to the New Tariff Notice, for centralised solar power plants, which obtained on-grid approval and commence in generating electricity prior to 31 December 2013, the prevailing on-grid tariff of RMB1.0/KWh still applied.

In December 2015, NDRC released another updated tariff notice (the "2015 Tariff Notice") to renew the subsidising policy for distributed solar power plants and adjust benchmark on-grid price for electricity generated by centralised solar power plants registered after 1 January 2016 and those registered before 1 January 2016 but which did not commence in generating electricity until 30 June 2016 (the "New Solar Power Plants"). According to 2015 Tariff Notice, the benchmark on-grid price will be set at RMB0.8/KWh, RMB0.88/KWh and RMB0.98/KWh for the New Solar Power Plants in energy zones I, II and III respectively.

In December 2016, NDRC released another updated tariff notice (the "2016 Tariff Notice") to renew the subsidising policy for distributed solar power plants and adjust benchmark on-grid price for electricity generated by centralised solar power plants registered after 1 January 2017 and those registered before 1 January 2017 but which did not commence in generating electricity until 30 June 2017 (the "New Solar Power Plants"). According to 2016 Tariff Notice, the benchmark on-grid price will be set at RMB0.65/KWh, RMB0.75/KWh and RMB0.85/KWh for the New Solar Power Plants in energy zones I, II and III respectively.

In December 2017, NDRC released another updated tariff notice (the "2017 Tariff Notice") to renew the subsidising policy for distributed solar power plants and adjust benchmark on-grid price for electricity generated by centralised solar power plants registered after 1 January 2018 and those registered before 1 January 2018 but which did not commence in generating electricity until 30 June 2018 (the "New Solar Power Plants"). According to 2017 Tariff Notice, the benchmark on-grid price will be set at RMB0.55/KWh, RMB0.65/KWh and RMB0.75/KWh for the New Solar Power Plants in energy zones I, II and III respectively.

In April 2019, NDRC released another updated tariff notice (the "2019 Tariff Notice") to renew the subsidising policy for distributed solar power plants and adjust benchmark on-grid price for electricity generated by centralised solar power plants registered after 30 June 2019 and those registered before 30 June 2019 but which did not commence in generating electricity until 30 June 2019 (the "New Solar Power Plants"). According to 2019 Tariff Notice, the benchmark on-grid price will be set at RMB0.4/KWh, RMB0.45/KWh and RMB0.55/KWh for the New Solar Power Plants in energy zones I, II and III respectively.

Pursuant to the New Tariff Notice, a set of standardised procedures for the settlement of the tariff subsidies have come into force since 2013 and approvals for the registration in the Reusable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄) (the "Catalogue") on a project-by-project basis are required before the allocation of funds to the state grid companies, the state grid companies upon receipt of funds would then make settlement to the Group. Registrations to the Catalogue is an ongoing process and the Catalogue is opened for registrations on a batch by batch basis. Revenue on tariff subsidies on electricity sales of RMB1,041,980,000 (2018: RMB949,771,000) from the state grid companies in the PRC has been recognised for the year ended 31 December 2019 in which tariff subsidies amounting to RMB86,885,000 (2018: RMB80,436,000) relating to certain of the on-grid solar power plants of the Group are still pending for registration to the Catalogue.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(i) Critical judgements in applying accounting policies (Continued)

(b) Revenue recognition on tariff subsidies on sales of electricity (Continued)

In making their judgment, the directors, taking into account the legal opinion as advised by the Group's legal advisor and the fact that all previous registrations of the group entities operating the solar power plants to the Catalogue were successfully completed with reference to the requirements and conditions for the registration in the Catalogue, considered that all of the Group's solar power plants currently in operation had met the requirements and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff subsidies when the electricity was delivered on grid.

In the opinion of the directors of the Company, the recognition of accrued revenue on tariff subsidies is proper based on their judgement and by reference to those previous successful registrations of the Group's operating solar power plants to the Catalogue, as well as taking into account the opinion from the Group's legal advisor, that all of the Group's operating power plants had been qualified for, and had met, all the requirements and conditions as required according to the requirements and conditions for the registration in the Catalogue. The directors of the Company are confident that all of the Group's operating power plants were able to be registered in the Catalogue in due course and the accrued revenue on tariff subsidies are fully recoverable but only subject to timing of allocation of funds from the government, after considering that there were no bad debt experiences with the state grid companies in the past and the tariff subsidies were fully funded by the PRC government.

(c) Revenue recognition on certain tariff subsidies with variable consideration

For tariff subsidies generated from those solar power plants which had not been registered into the Catalogue, the relevant revenue from these tariff subsidies are considered to contain variable consideration, and is recognised only to the extent that it is highly probable that a significant reversal will not occur.

(d) Recognition of adjusting revenue for the time value of money ("significant financing component") on tariff subsidies generated from solar power operation

The Group's accrued revenue on tariff subsidies are receivables from the state grid company. The Group has a present right to payment once the electricity generated and transmitted on grid. However, the contract entered between the state grid and the Group does not set an explicit credit terms to the settlement of accrued revenue on tariff subsidies. The management of the Group considered that the settlement period is more than 1 year, in accordance with the historical settlement record and experience in the past few years. As a result, there is an adjustment in respect of significant finance component to the recognition of tariff subsidies generated from solar power plants on sales of electricity.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(i) Critical judgements in applying accounting policies (Continued)

(e) Incomplete transaction on the 2015 Proposed disposal of Jiangsu Changshun and Nine Disposal Entities

On 16 December 2015, the wholly-owned subsidiaries of the Company, including Jiangxi Shunfeng Photovoltaic Investment Co. Ltd. ("Jiangxi Shunfeng"), Shanghai Shunneng Investment Co., Ltd. ("Shanghai Shunneng"), Jiangsu Changshun Xinhe New Energy Co., Ltd. ("Jiangsu Changshun") and Chongqing Future Investment Co., Ltd. ("Chongqing Future"), an independent third party, entered into a sale and purchase agreement, pursuant to which the Group agreed to dispose of its entire equity interest in Jiangsu Changshun and nine subsidiaries (the "Nine Disposal Entities"), which were engaged in the construction, development and operation of different photovoltaic projects and power plants in different provinces in the PRC, to Chongqing Future for a total cash consideration of RMB1,199,600,000 to be settled in three instalments and subject to certain conditions precedent and price adjustment mechanism (the "2015 Proposed Disposal").

As part of the transaction, the Group also entered into a management contract with Chongqing Future ("Management Contract"), pursuant to which the management team of the Nine Disposal Entities, which continued to be appointed by the Group for a period of four years till the end of the Profit Guarantee Period (as defined in note 32 of 2015 annual report), is responsible for the management and operation of the nine solar power plant projects held by the Nine Disposal Entities, (including all the decisions of their relevant activities), and the Group in return would receive a fixed amount of management fee and entitled to certain variable amount of return, determined based on the performance of the Nine Disposal Entities. In the opinion of the directors, the Group is still able to control the Nine Disposal Entities. In addition, the 2015 Proposed Disposal was also subject to the fulfilment of certain conditions precedent (including to obtain necessary permits related to the development of the solar power plants, consents and approvals from the relevant government authorities) prior to the payment due date of the second instalment of the cash consideration on 30 September 2016, the 2015 Proposed Disposal was considered as incomplete as at 31 December 2015.

On 18 December 2015, the Group transferred the entire equity interest of Jiangsu Changshun and the Nine Disposal Entities to Chongqing Future. However, pursuant to the sales and purchase agreement, the Group was required to obtain necessary permits related to the development of the solar power plants, consents and approvals from the relevant government authorities in respect of the solar power plant development projects held by the Nine Disposal Entities. In addition, if a fellow subsidiary of Chongqing Future fails to obtain the consent of the relevant government authorities in respect of the 2015 Proposed Disposal and/or raise relevant funds for Chongqing Future to pay outstanding consideration to the Group by 30 September 2016, Chongqing Future would have the option to choose not to pay the second instalment of the cash consideration in the amount of RMB499,600,000, the sale and purchase agreement could be cancelled by either the Group or Chongqing Future and the legal ownership in respect of the equity interests of Jiangsu Changshun and the Nine Disposal Entities will be returned to the Group and the Group's received first instalment of RMB650,000,000 would be refunded to Chongqing Future plus interest carried at People's Bank of China ("PBOC") rate in accordance with the sale and purchase agreement.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(i) Critical judgements in applying accounting policies (Continued)

(e) Incomplete transaction on the 2015 Proposed disposal of Jiangsu Changshun and Nine Disposal Entities (Continued)

In the opinion of the Directors, the Directors considered that the eventual completion of the 2015 Proposed Disposal was subject to the fulfilment of certain conditions precedent prior to the payment due date of the second instalment of the cash consideration on 30 September 2016, the 2015 Proposed Disposal was considered as incomplete as at 31 December 2015. In addition, the Directors considered that the Group was able to exercise control over Jiangsu Changshun and the Nine Disposal Entities as at 31 December 2015 due to the Management Contract (as defined and detailed in note 32(iii) in the annual report of 2017 entered into between the Group and Chongqing Future, hence, the carrying amounts of net assets of Jiangsu Changshun and the Nine Disposal Entities were consolidated to the Group. However, since the Group has already transferred the legal ownership in respect of the entire equity interests of Jiangsu Changshun and the Nine Disposal Entities to Chongqing Future on 18 December 2015, in the opinion of the Directors, the Group's entire interests in them should be accounted for as non-controlling interests since then and will be subject to re-assessment upon progress of the development of the above-mentioned proposed transactions.

As at 31 December 2015, the Group received cash consideration of RMB650,000,000 from Chongqing Future, which was accounted for as consideration received in advance and included in other payables, accordingly.

On 21 June 2016, an agreement to terminate the 2015 Proposed Disposal (the "Termination Agreement") was entered into with immediate effect, as certain conditions precedent were expected not to be fulfilled on or before 30 June 2016. Pursuant to the Termination Agreement, the Group shall return the consideration received in advance of RMB650,000,000 together with the interest calculated at 9% per annum from 21 December 2015 within one year after execution of the Termination Agreement. The legal ownership in respect of the 100% entire equity interest of Jiangsu Changshun and the Nine Disposal Entities will be transferred back to the Group after the return of the entire amount of RMB650,000,000 together with the relevant interest by the Group to Chongqing Future, and the repayment of the borrowings of RMB500,000,000 together with the relevant interest by the Group to Chongqing Trust (as defined in note 32(iii) in the annual report of 2017).

Details of the developments of the consideration received in advance from Chongqing Future and the borrowings from Chongqing Trust are set out in note 32(iii) in the annual report of 2017.

Such borrowings from Chongqing Future and Chongqing Trust, of which due date had been extended in the prior year, has been both matured on 29 September 2019. The Group's outstanding principal balances due to Chongqing Future and Chongqing Trust as at 31 December 2019 amounted to RMB33,484,000 and RMB666,000,000, respectively. Another supplementary agreement dated 26 December 2019 has been entered into between the Group and Chongqing Trust to further extend the due date to 30 September 2020. The outstanding balance of RMB33,484,000 due to Chongqing Future were overdue as at 31 December 2019.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(i) Critical judgements in applying accounting policies (Continued)

(e) Incomplete transaction on the 2015 Proposed disposal of Jiangsu Changshun and Nine Disposal Entities (Continued)

As at 31 December 2019, the legal ownership in respect of the entire equity interest of Jiangsu Changshun has not yet been transferred back to the Group, and the Group's entire interests in Jiangsu Changshun and the Nine Disposal Entities were continued to be accounted for as non-controlling interests and the related profit for the current year amounting to RMB48,588,000 (2018: RMB51,758,000) has been transferred from accumulated deficits to non-controlling interests as at 31 December 2019.

(f) The 11 Target Companies classified as held for sale

As set out in note 12B, the Group entered into 11 share sale and purchase agreements with an independent third party, pursuant to which the Company has agreed to sell, and the buyer has agreed to purchase each of the equity interest of the 11 Target Companies, which owns and operates solar power plants in the PRC. The transaction was approved by the shareholders on 17 January 2020 and the management assessed that each of the 11 Target Companies are available for immediate sale in its present condition and the sale is expected to be highly probable and would be completed within twelve months after the end of the reporting period. As at 31 December 2019, assets and liabilities relating to the 11 Target Companies amounting to RMB3,896,381,000 and RMB2,429,815,000 have been classified as held for sale and presented as current assets and current liabilities, respectively.

(ii) Key sources of estimation uncertainty

The following are 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 twelve months after the end of the reporting period.

(a) Impairment of property, plant and equipment and solar power plants

Property, plant and equipment and solar power plants 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 or, 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, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(ii) Key sources of estimation uncertainty (Continued)

(a) Impairment of property, plant and equipment and solar power plants (Continued)

As at 31 December 2019, upon the completion of the disposal of the Disposal Group, the carrying amount of property, plant and equipment and solar power plants is RMB232,383,000 (net of impairment of RMB189,704,000) and RMB6,782,957,000 (net of impairment of RMB519,843,000), respectively.

As at 31 December 2018, the carrying amount of property, plant and equipment and solar power plants is RMB2,113,165,000 (net of impairment of RMB969,362,000) and RMB11,558,554,000 (net of impairment of RMB237,049,000), respectively.

Details of the impairment of property, plant and equipment and solar power plants are disclosed in notes 17 and 19, respectively.

(b) Provision of ECL for trade and other receivables, contract assets, receivables included in other non-current assets and amounts due from the related parties

The ECL in relation to trade and other receivables, contract assets, receivables included in other non-current assets and amounts due from the related parties is calculated by the management of the Group, and is assessed individually for the customers/debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

The assessment of ECL is based on historical observed default rates and adjusted by forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade and other receivables, contract assets, receivables included in other non-current assets and amounts due from the related parties are disclosed in notes 28, 29, 25, 34 and 55 respectively.

(c) Write-down of inventories

Inventories are valued at the lower of cost and net realisable value. Also, the Group regularly inspects and reviews its inventories to identify slow-moving and obsolete inventories. When the Group identifies items of inventories which have a market price that is lower than its carrying amount or are slow-moving or obsolete, the Group would write down inventories in that period. As at 31 December 2019, the carrying amount of the Group's inventories was approximately RMB92,150,000 (net of allowance for inventories of RMB68,575,000) (2018: RMB1,065,043,000 (net of allowance for inventories of RMB152,361,000)).

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(ii) Key sources of estimation uncertainty (Continued)

(d) Impairment of prepayments to suppliers

The Group makes prepayments and deposits to suppliers in accordance with the purchase contracts entered into with the suppliers. These prepayments are to be offset against future purchases from suppliers.

The Group does not require collateral or other security against its prepayments to suppliers. The Group performs ongoing evaluation of impairment of prepayments to suppliers due to a change of market conditions and the financial conditions of its suppliers. The evaluation also takes into account the quality and timeframe of the products to be delivered to the Group. When the prepayments would not be recovered as expected and the credit quality of the suppliers changed, the Group would impair the prepayments to suppliers.

As at 31 December 2019, the carrying amount of prepayments to suppliers was RMB18,890,000 (no allowance for doubtful debts) (2018: RMB813,457,000 (net of allowance for doubtful debts of RMB12,896,000)).

(e) Recognition of deferred tax assets

The Group recognised deferred tax assets for all unused tax losses and other deductible temporary differences to the extent that taxable profit would be available against which the unused tax losses and other deductible temporary difference can be utilised.

In cases where the actual future profits generated are less than expected, a material reversal or further recognition of deferred tax assets may arise, which would be adjusted to the amount of goodwill during the measurement year or charged to profit or loss after the measurement year in which such a reversal takes place.

As at 31 December 2019, upon the completion of the disposal of the Disposal Group, no deferred tax assets is recognised. As at 31 December 2018, the Group has recognised deferred tax assets arising from unused tax losses and other deductible temporary differences in the amount of RMB93,902,000 as set out in note 26.

(f) Useful lives and residual values of property, plant and equipment and solar power plants

The directors of the Company determine the residual values, useful lives and related depreciation charges for the Group's property, plant and equipment and solar power plants. These estimates are based on the historical experience of the actual residual values and useful lives of plant and equipment and solar power plants of similar nature and functions. As at 31 December 2019, the total carrying amount of the Group's property, plant and equipment and solar power plants was RMB7,015,340,000 (2018: RMB13,671,719,000).

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(ii) Key sources of estimation uncertainty (Continued)

(g) Accounting for the Group's disposal of the Disposal Group (as defined in note 12A)

As set out in note 12A, the Group entered into a share transfer agreement with the Purchaser (as defined in note 12A), pursuant to which the Purchaser has agreed, subject to certain conditions, to acquire the entire equity interest of the Disposal Group (as defined in note 12A) from the Company. The transaction was approved by the shareholders on 8 August 2019 and completed on 30 September 2019.

As the transaction was carried out with Mr. Cheng, a substantial shareholder of the Company, the Group is required to assess the fair value of net assets of the Disposal Group on date of disposal, which is involved significant estimation uncertainty. The Group engaged an independent professional valuer in the assessment of the fair value of the net assets of the Disposal Group and determined that the difference between the fair value and carrying amount of net asset of the Disposal Group to be recognised in profit or loss and any difference between the consideration and fair value of net assets to be recognised in equity.

The valuation result showed that the fair value of the net assets disposed was approximated to their carrying amounts as at 30 September 2019 and no impact to profit or loss, accordingly. In addition, the Group would debit RMB1,798 million to special reserve in equity, representing the shortfall of the fair value of consideration over the fair value of net assets disposed, as deemed capital distribution made by owner of the Company, since the Purchaser is wholly owned by Mr. Cheng, a substantial shareholder of the Company, constituting transaction with owner in its capacity as owner.

(h) Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Chief Financial Officer ("CFO") of the Company determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation.

The CFO works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The CFO reports the findings to the board of directors at the end of each reporting period to explain the cause of fluctuations in the fair value of the assets and liabilities.

5. REVENUE

Disaggregation of revenue

A. Disaggregation of revenue from contracts with customers

For the year ended 31 December 2019

Segments	Sales of LED Products RMB'000	Revenue from sales of electricity RMB'000	Total RMB'000
	For the year ended 31 December 2019		
Types of goods or service			
Sales of electricity	—	326,382	326,382
Tariff subsidies	—	1,041,980	1,041,980
Sales of goods	362,744	—	362,744
Total	362,744	1,368,362	1,731,106
Geographical markets			
Mainland China	355,772	1,368,362	1,724,134
Other countries	6,972	—	6,972
Total	362,744	1,368,362	1,731,106
Timing of revenue recognition			
A point in time	362,744	1,368,362	1,731,106

5. REVENUE (Continued)

Disaggregation of revenue (Continued)

A. Disaggregation of revenue from contracts with customers (Continued)

For the year ended 31 December 2018

	For the year ended 31 December 2018		
Segments	Sales of LED Products RMB'000	Revenue from sales of electricity RMB'000 (Restated)	Total RMB'000 (Restated)
Types of goods or service			
Sales of electricity	—	358,623	358,623
Tariff subsidies	—	949,771	949,771
Sales of goods	334,521	—	334,521
Total	334,521	1,308,394	1,642,915
Geographical markets			
Mainland China	327,840	1,308,394	1,636,234
Other countries	6,681	—	6,681
Total	334,521	1,308,394	1,642,915
Timing of revenue recognition			
A point in time	334,521	1,308,394	1,642,915

B. Performance obligations for contracts with customers

Sales of GaN-on-Silicon substrate light-emitting diode ("LED") epitaxial wafers and chips (collectively known as "LED Products")

In respect of sales of LED Products, the Group recognises the revenue at a point in time when there is persuasive evidence that the control of LED Products has been transferred to the customer, the customer has adequate control over the product and the Group has no unfulfilled obligations that effect customer acceptance products.

Sales of electricity

Revenue arising from the sales of electricity is recognised at a point in time when electricity is generated and transmitted.

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

5. REVENUE (Continued)

Disaggregation of revenue (Continued)

B. Performance obligations for contracts with customers (Continued)

Tariff subsidies

Tariff subsidies represent subsidies received and receivable from the government authorities in respect of the Group's solar power generation business. Tariff subsidies are recognised at their 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 subsidies is based on the difference between the feed-in-tariff regime implemented by the government for the provision of subsidies to the solar power plants operators and the revenue from sales of electricity.

C. Transaction price allocated to the remaining performance obligation for contracts with customers

The sales contracts in relation to the sales of LED Products are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6. SEGMENT INFORMATION

Information has been reported to the Chief Executive Officer, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance. During the current year, the Group discontinued the businesses engaging in (i) manufacturing and sales of Solar Products (as defined in note 12A) and installation services of PV Systems (as defined in 12A), (ii) provision of plant operations and services and (iii) solar power generation in overseas regions (as defined in note 12A) along with the completion of the disposal of the Disposal Group. The Group's reportable and operating segments in respect of continuing operations were presented for the both years as follows:

(1) Solar power generation in the PRC; and

(2) Manufacturing and sales of LED Products.

6. SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

Continuing operations

	Solar power generation in the PRC		Manufacturing and sales of LED Products		Total	
	2019	2018	**2019**	2018	**2019**	2018
	RMB'000	RMB'000 (Restated)	**RMB'000**	RMB'000	**RMB'000**	RMB'000 (Restated)
Segment revenue						
External sales	**326,382**	358,623	**362,744**	334,521	**689,126**	693,144
Tariff subsidies	**1,041,980**	949,771	**—**	—	**1,041,980**	949,771
	1,368,362	1,308,394	**362,744**	334,521	**1,731,106**	1,642,915
Segment (loss) profit	**(816,041)**	294,421	**52,173**	2,632	**(763,868)**	297,053
Unallocated income						
— Bank interest income					**1,921**	2,017
— Change in fair value of derivative financial liabilities					**(2,742)**	—
Unallocated expenses						
— Central administration costs					**(55,128)**	(50,053)
— Finance costs					**(1,163,046)**	(1,188,107)
Loss allowance reversed (recognised) on financial guarantee contracts for a joint venture					**85,673**	(6,826)
Impairment loss recognised on amounts due from the related parties					**(104,440)**	—
Share of gains of associates					**636**	2,774
Loss before tax					**(2,000,994)**	(943,142)

6. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Continuing operations (Continued)

Amounts included in the measure of segment profit (loss):

	Solar power generation in the PRC		Manufacturing and sales of LED Products		Total	
	2019	2018	**2019**	2018	**2019**	2018
	RMB'000	RMB'000 (Restated)	**RMB'000**	RMB'000	**RMB'000**	RMB'000 (Restated)
Impairment loss recognised on assets classified as held for sale	**(851,428)**	–	**–**	–	**(851,428)**	–
Impairment loss on solar power plants	**(282,794)**	–	**–**	–	**(282,794)**	–
Impairment losses recognised on trade and other receivables and contract assets	**(95,539)**	(34,997)	**(1,463)**	(10,603)	**(97,002)**	(45,600)
Write-down of inventory	**–**	–	**–**	(27,350)	**–**	(27,350)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents profit or the loss incurred earned by each segment without allocation of bank interest income, change in fair value of derivative financial liabilities, central administration cost, finance costs, loss allowance reversed/recognised on financial guarantee contracts for a joint venture, impairment loss recognised on amounts due from the related parties and share of gains of associates. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	2019 RMB'000	2018 RMB'000 (Restated)
Segment assets		
Continuing operations		
Solar power generation in the PRC	13,341,704	14,679,592
Manufacturing and sales of LED Products	593,587	594,071
Total segment assets	13,935,291	15,273,663
Assets relating to discontinued operations (note)	—	9,554,925
Other unallocated assets	2,197,203	575,158
Consolidated assets	16,132,494	25,403,746
Segment liabilities		
Continuing operations		
Solar power generation in the PRC	11,510,426	12,006,915
Manufacturing and sales of LED Products	269,650	273,732
Total segment liabilities	11,780,076	12,280,647
Liabilities relating to discontinued operations (note)	—	6,655,047
Other unallocated liabilities	3,767,785	2,820,830
Consolidated liabilities	15,547,861	21,756,524

Note: The comparative figures have been restated to represent the (i) manufacturing and sales of solar products and installation services of PV systems, (ii) provision of plant operation and services and (iii) solar power generation in overseas regions held by the Disposal Group as discontinued operations.

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

- All assets are allocated to operating segments other than bank balances and cash, restricted bank deposits, financial assets at FVTPL, interests in associates and amounts due from the related parties, as well as assets relating to discontinued operations; and

- All liabilities are allocated to operating segments other than lease liabilities, liability component of the Group's convertible bonds, financial guarantee provision for a joint venture, derivative financial liabilities, amounts due to the related parties, amount due to an associate and bonds payable liable for centralised financing of the Group as well as liabilities relating to discontinued operations.

6. SEGMENT INFORMATION (Continued)

Entity-wide disclosures

Revenue analysed by major products

The following table sets forth a breakdown of the Group's revenue from continuing operations for the years ended 31 December 2019 and 2018:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
		(Restated)
Sales of LED Products	**362,744**	334,521
Sales of electricity	**326,382**	358,623
Tariff subsidies (note)	**1,041,980**	949,771
Total	**1,731,106**	1,642,915

Note: The amount represents the tariff subsidies which were approximately 37% to 92% (2018: 36% to 80%) of the total electricity sales in the PRC. The amount is subject to the allocation of funds by the relevant government authorities and was determined in accordance with the on-grid unit tariff rate approval document and the electricity supply contracts.

Geographical information

Revenue from continuing operation from external customers, based on locations of customers, and information about the Group's non-current assets attributable to the Group by geographic areas are as follows:

	Year ended 31 December			
	Revenue from external customers		Non-current assets	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
		(Restated)		(Restated)
Continuing operations				
Mainland China	**1,724,134**	1,636,234	**8,078,291**	12,500,776
Other countries	**6,972**	6,681	**—**	—
Total	**1,731,106**	1,642,915	**8,078,291**	12,500,776

Note: The customers located in other countries are mainly from certain Asian countries in both years in respect of the Group's continuing operations.

6. SEGMENT INFORMATION (Continued)

Geographical information (Continued)

All the Group's non-current assets presented above, excluded those relating to discontinued operations, interests in associates and joint ventures, financial assets at FVTPL and deferred tax assets.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group from continuing operation are as follows:

	Year ended	
	31/12/2019	31/12/2018
	RMB'000	RMB'000
		(Restated)
Company A[1]	**302,674**	250,056
Company B[1]	**183,700**	168,018
Company C[1]	**N/A[2]**	165,884

[1] Revenue from sales of electricity and tariff subsidies.
[2] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. OTHER INCOME

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
		(Restated)
Continuing operations		
Bank interest income	**1,921**	2,017
Interest income arising from advances to independent third parties	**—**	2,653
Government grants (notes i and 28(iv))	**66,041**	96,658
Gain (loss) on sales of raw and other materials	**284**	(480)
Imputed interest income of accrued revenue on tariff subsidies classified as trade receivables and contract assets (note ii)	**47,220**	30,238
Others	**1,916**	(2,165)
	117,382	128,921

Notes:

(i) The government grants represent the amount received from the local government by the PRC operating entities of the Group. Government grants of approximately (a) RMB13,711,000 (2018: RMB16,422,000) represent unconditional incentive received and recognised, (b) as set out in note 28(iv), RMB51,174,000 (2018: RMB79,053,000) represent of Nanchang City, Jiangxi Province, PRC as to support the business development of LED industry in the PRC, and (c) RMB1,156,000 (2018: RMB1,183,000) represent subsidies on acquisitions of land use rights and machineries amortised to profit or loss.

(ii) The imputed interest income is released to other income, as a result of the significant financing component on sales of electricity in the PRC since the initial application of IFRS 15 from 1 January 2018. As the Ministry of Finance does not set out a rigid timetable for the settlement of accrued revenue on tariff subsidies, which is subject to settlement by state grid company upon finalisation of the allocation of funds by relevant government authorities to the state grid company, resulting in the recognition of significant financing component at initial time, and the imputed interest income would be released to other income, accordingly.

8. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
		(Restated)
Continuing operations		
Loss on change in fair value of derivative financial liabilities (notes (i) and 45)	**(2,742)**	—
Impairment loss recognised on assets classified as held for sale (note 12B)	**(851,428)**	—
Impairment loss on solar power plants	**(282,794)**	—
Net foreign exchange loss	**(155,448)**	(154,759)
Gain on disposal of property, plant and equipment	**104**	528
Others	**(10,022)**	(19,079)
	(1,302,330)	(173,310)

Note:

(i) The amount for the year ended 31 December 2019 represented the loss of change in fair value in respect of the warrants liabilities arising from the previous acquisition of Lattice Power Group of RMB2,742,000.

9. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
		(Restated)
Continuing operations		
Losses allowances (reversed) recognised on:		
— Trade receivables — goods and services	**(14,603)**	27,511
— Amounts due from the related parties	**104,440**	—
— Contract assets	**79**	—
— Other receivables	**111,526**	18,089
— Financial guarantee contracts, net (note 42(b))	**(94,872)**	15,405
	106,570	61,005

Details of impairment assessment on ECL for the years ended 31 December 2019 and 2018 are set out in note 55.

10. FINANCE COSTS

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
		(Restated)
Continuing operations		
Interest on bank and other borrowings	**892,606**	824,220
Finance charges on discounting of bills receivables	**26**	2,054
Interest on lease liabilities	**3,332**	—
Effective interest on convertible bonds	**207,704**	288,323
Effective interest on bond payables	**60,493**	71,657
Interest on amounts due to independent third parties	**—**	11,265
Total borrowing costs	**1,164,161**	1,197,519
Less: amounts capitalised	**(1,115)**	(9,412)
	1,163,046	1,188,107

Borrowing costs capitalised during the current year arose from the general borrowing pool and are calculated by applying a capitalisation rate of 6.30% (2018: 8.63%) per annum to expenditure on qualifying assets.

11. LOSS BEFORE TAX

Continuing operations

	Year ended 31 December 2019 RMB'000	2018 RMB'000 (Restated)
Loss before tax has been arrived at after charging (crediting):		
Directors' remuneration (note 13)	**9,480**	8,686
Other staff costs	**113,538**	109,828
Other staff's retirement benefits scheme contributions	**12,461**	12,337
Share-based payment expenses in relation to the share option scheme of the Lattice Power Group	**9,934**	50,176
Total staff costs	**145,413**	181,027
Capitalised in inventories	**(6,274)**	(7,379)
	139,139	173,648
Impairment loss recognised on assets classified as held for sale	**851,428**	—
Impairment loss recognised on solar power plants	**282,794**	—
Auditor's remuneration	**9,551**	11,167
Cost of inventories recognised as expense (note)	**246,243**	276,552
Depreciation of property, plant and equipment	**26,859**	25,860
Depreciation of completed solar power plants	**608,845**	595,676
Depreciation of right-of-use assets	**25,650**	—
Release of prepaid lease payments	**—**	13,326
Amortisation of intangible assets	**519**	1,014
Total depreciation and amortisation	**661,873**	635,876
Capitalised in inventories	**(14,419)**	(19,865)
	647,454	616,011

Note: Included in cost of inventories recognised as expense was the write-down of inventories to net realisable values of approximately RMB27,350,000 during the year ended 31 December 2018, and there was no write-down of inventories to net realisable values during the current year.

12A. DISCONTINUED OPERATIONS

On 10 December 2018, the Company entered into a share transfer agreement with Asia Pacific Resources, a company with limited liability which is 100% owned and controlled by Mr. Cheng, a substantial shareholder of the Company (the "Purchaser"), pursuant to which the Purchaser has agreed, subject to certain conditions, to acquire the entire equity interest of Jiangsu Shunfeng Photovoltaic Technology Company Limited*（江蘇順風光電科技有限公司）and its subsidiaries (hereafter collectively referred to as the "Disposal Group") from the Company. The disposal was effected in order to improve the Group's balance sheet position by reducing its debt level which, in turn, has strengthened the Group's liquidity in the long term. The transaction was approved by the shareholders on 8 August 2019 and completed on 30 September 2019.

There are 3 operations discontinued along with the completion of the Disposal Group as set out below:

i. Manufacturing and sales of solar cells, solar modules, photovoltaic systems ("PV Systems") and related products (collectively known as "Solar Products"); and installation services of PV Systems;

ii. Provision of solar plant operation related services, representing the operation of an internet monitoring portal which enables the generation of yield reports, solar energy forecasts, system ratings, satellite controlled historic and current solar irradiation data, solutions for network management as well as services covering all aspects of plant operation, plant monitoring and plant optimisation, and in the long term, the repowering, dismantling and recycling of plants ("Provision of Plant Operation and Services"); and

iii. Solar power generation in overseas regions.

The respective profit for the period from 1 January 2019 to 30 September 2019 and the year ended 31 December 2018 from the Disposal Group is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present as the discontinued operations.

	Manufacturing and sales of Solar Products and installation services of PV Systems RMB'000	**Provision of Plant Operation and Services** RMB'000	**Solar power generation in overseas regions** RMB'000	**Total** RMB'000
Profit (loss) of the discontinued operations for the period during the period from 1 January 2019 to 30 September 2019	73,139	(999)	16,522	88,662
Gain on disposal of discontinued operations (note 52A)				40,358
				129,020
(Loss) profit of the discontinued operations for the year ended 31 December 2018	(794,065)	17,840	18,046	(758,179)

* English name is for identification purpose only.

12A. DISCONTINUED OPERATIONS (Continued)

For the period from 1 January 2019 to 30 September 2019	Manufacturing and sales of Solar Products and installation services of PV Systems RMB'000	Provision of Plant Operation and Services RMB'000	Solar power generation in overseas regions RMB'000	Total RMB'000
Revenue	6,398,288	115,433	62,406	6,576,127
Cost of sales	(5,553,431)	(71,799)	(23,726)	(5,648,956)
Gross Profit	844,857	43,634	38,680	927,171
Other income	67,841	522	26	68,389
Imputed interest on amount due from the Group	234,376	—	—	234,376
Other gains and losses and other expenses	28,143	445	7,893	36,481
Impairment losses under expected credit loss model, net of reversal	(70,018)	(406)	—	(70,424)
ECL recognised on amount due from the Group	(1,668)	—	—	(1,668)
Distribution and selling expenses	(521,186)	(16,538)	(3,870)	(541,594)
Administrative expenses	(259,769)	(18,666)	(14,232)	(292,667)
Research and development expenditure	(60,955)	(16,055)	—	(77,010)
Share of (losses) profits of associates	(6,282)	5,375	—	(907)
Share of profits of joint ventures	100,008	—	—	100,008
Finance costs	(34,277)	(819)	(9,135)	(44,231)
Profit (loss) before tax	321,070	(2,508)	19,362	337,924
Income tax expense (credit)	(15,223)	1,509	(2,840)	(16,554)
Profit (loss) for the period	305,847	(999)	16,522	321,370
Intragroup elimination of imputed interest on amounts due from the Group	(234,376)	—	—	(234,376)
Intragroup elimination of ECL recognised on amounts due from the Group	1,668	—	—	1,668
Profit (loss) for the period attributable to the Group	73,139	(999)	16,522	88,662

12A. DISCONTINUED OPERATIONS (Continued)

For the year ended 31 December 2018	Manufacturing and sales of Solar Products and installation services of PV Systems RMB'000 (Restated)	Provision of Plant Operation and Services RMB'000 (Restated)	Solar power generation in overseas regions RMB'000 (Restated)	Total RMB'000 (Restated)
Revenue	8,428,399	136,980	82,341	8,647,720
Cost of sales	(7,307,259)	(66,888)	(34,928)	(7,409,075)
Gross profit	1,121,140	70,092	47,413	1,238,645
Other income	82,176	6,981	2,128	91,285
Imputed interest on amount due from the Group	198,958	—	—	198,958
Other gains and losses and other expenses	(744,455)	1,706	28,069	(714,680)
Impairment losses under expected credit loss model, net of reversal	(93,038)	—	—	(93,038)
ECL recognised on amount due from the Group	(60,040)	—	—	(60,040)
Distribution and selling expenses	(553,840)	(20,693)	(8,570)	(583,103)
Administrative expenses	(335,659)	(36,675)	(28,330)	(400,664)
Research and development expenditure	(88,258)	(14,840)	—	(103,098)
Share of profits of associates	874	5,591	—	6,465
Share of profits (losses) of joint ventures	17,976	6,854	(3,636)	21,194
Finance costs	(81,327)	(1,074)	(15,415)	(97,816)
(Loss) profit before tax	(535,493)	17,942	21,659	(495,892)
Income tax expense	(119,654)	(102)	(3,613)	(123,369)
(Loss) profit for the year	(655,147)	17,840	18,046	(619,261)
Intragroup elimination of imputed interest on amounts due from the Group	(198,958)	—	—	(198,958)
Intragroup elimination of ECL recognised on amounts due from the Group	60,040	—	—	60,040
(Loss) profit for the year	(794,065)	17,840	18,046	(758,179)

12A. DISCONTINUED OPERATIONS (Continued)

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

	For the period from 1 January 2019 to 30 September 2019 RMB'000	Year ended 31 December 2018 RMB'000
Loss before tax has been arrived at after charging (crediting):		
Other staff costs	**330,757**	540,822
Other staff's retirement benefits scheme contributions	**30,967**	42,400
Total staff costs	**361,724**	583,222
Capitalised in inventories	**(39,706)**	(39,265)
	322,018	543,957
Impairment loss on property, plant and equipment	**—**	771,492
Impairment loss on goodwill	**—**	6,237
Warranty provided (included in cost of sales)	**48,124**	68,203
Cost of inventories recognised as expense (note)	**5,505,307**	7,239,056
Depreciation of property, plant and equipment	**127,016**	255,092
Depreciation of completed solar power plants	**35,159**	27,129
Depreciation of right-of-use assets	**17,319**	—
Release of prepaid lease payment	**—**	6,381
Amortisation of intangible assets	**4,066**	5,120
Total depreciation and amortisation	**183,560**	293,722
Capitalised in inventories	**(14,773)**	(23,759)
	168,787	269,963
Subsidy on acquisition of land use right and machineries amortised to profit or loss	**3,878**	11,814

Note: Included in cost of inventories recognised as expense were write-down of inventories to net realisable values of approximately RMB6,334,000 (2018: RMB25,578,000).

12A. DISCONTINUED OPERATIONS (Continued)

Cash flows from discontinued operations:

	For the period from 01/01/2019 to 30/09/2019 RMB'000	Year ended 31/12/2018 RMB'000
Net cash inflows from operating activities	**924,264**	2,203,454
Net cash outflows from investing activities	**(775,947)**	(1,957,123)
Net cash outflows from financing activities	**(314,615)**	(129,890)
Net cash (outflows) inflows	**(166,298)**	116,441

The carrying amounts of the assets and liabilities of the Disposal Group at the date of disposal are disclosed in note 52A.

12B. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

On 15 November 2019, the Company entered into 11 sale and purchase agreements with the Zhonghe Shandong Energy Co., Ltd.* (中核山東能源有限公司) ("ZSEC"), an independent third party, pursuant to which the Company has conditionally agreed to sell, and ZSEC has conditionally agreed to purchase each of equity interest in i) Hami Hengxin New Energy Technology Co., Ltd.* (哈密恒鑫新能源科技有限公司) ("Hami Hengxin"), ii) Hami Junxin Photovoltaic Power Generation Co., Ltd.* (哈密浚鑫光伏發電有限公司)("Hami Junxin"), iii) Hami Tianhong Solar Power Technology Co., Ltd.* (哈密天宏陽光太陽能科技有限公司) ("Hami Tianhong"), iv) Hami Yixin New Energy Technology Co., Ltd.* (哈密益鑫新能源科技有限公司) ("Hami Yixin"), v) Hebei Guowei New Energy Technology Co., Ltd.* (河北國威新能源科技有限公司) ("Hebei Guowei"), vi) Jinchang Zhongke New Energy Co., Ltd.* (金昌市中科新能源有限公司) ("Jinchang Zhongke"), vii) Pingluo Zhongdianke Energy Co., Ltd.* (平羅中電科能源有限公司) ("Pingluo Zhongdianke"), viii) Shangde (Hami) Solar Power Generation Co., Ltd.* (尚德（哈密）太陽能發電有限公司) ("Shangde (Hami)"), ix) Sunan Yugur Autonomous County Zhongneng Changyeyuan Co., Ltd.* (肅南裕固族自治縣中能產業園有限公司) ("Sunan Yugur"), x) Wuwei Jiuyuan Metal Components Co., Ltd.* (武威久源金屬構件有限公司) ("Wuwei Jiuyuan") and xi) Wuwei Huadong Zhonghe New Energy Co., Ltd.* (武威華東眾合新能源有限公司) ("Wuwei Huadong"), (collectively referred to as the "11 Target Companies"), which owned and operated 11 solar power plants in total in the PRC. The proceeds arising from of the disposal of the 11 Target Companies were estimated to be RMB1,466,566,000, comprising the following:

1) the cash consideration of RMB641,420,000 (the "Consideration"), to be payable by ZSEC to the Group by four to five tranches;

2) the dividends payable of RMB196,848,000, which representing the undistributed profits up to 30 June 2019 declared in August 2019 in respect of the relevant Target Companies including Hebei Guowei, Jinchang Zhongke, Pingluo Zhongdianke, Shangde (Hami) and Sunan Yugur (the "Dividends Payment"), shall be payable by the relevant Target Companies to the Group by two tranches, of which timing of payment to the Group are conditional to the completion of certain conditions as stipulated in the relevant sale and purchase agreements; and

3) relevant payables representing the relevant amount payable by the relevant 11 Target Companies to the Group by two to three tranches, of which the timing and amount of payment to the Group are conditional to the completion of the disposal and certain conditions and are subject to adjustment from the result of transitional period audit to be performed by the PRC local auditor of the relevant Target Companies as stipulated in the relevant sale and purchase agreements (the "Relevant Payables"). The management of the Group assessed that the Relevant Payables amounted to RMB628,298,000 as at 31 December 2019.

Details of terms and conditions in respect of payment of Consideration, Dividends Payment and Relevant Payables to the Group were set out in the circular of "Very Substantial Disposal" dated 29 December 2019 and published on the website of the Stock Exchange.

Subsequent to the end of the reporting period, the registration for share transfer legal titles of Hami Hengxin, Hami Junxin, Hami Tianhong, Hami Yixin, Shangde (Hami), Pingluo Zhongdianke, Wuwei Huadong, Wuwei Jiuyuan and Hebei Guowei has been completed.

* English name is for identification purpose only.

12B. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

The disposal is still underway as at 31 December 2019 as certain conditions precedent have not yet been met. The transaction was approved by the shareholders of the Group on 17 January 2020. The management of the Group believes that the sale of each of the 11 Target Companies is highly probable to be completed within twelve months from the date of classification. Assets and liabilities of each of the 11 Target Companies, which are expected to be sold within twelve months, have been classified as "assets classified as held for sale" and "liabilities associated with assets classified as held for sale" respectively, and are presented separately in the consolidated statement of financial position as at 31 December 2019 (see below). The results, assets and liabilities in relation to 11 Target Companies were included in the Group's solar power generation in the PRC for segment reporting purposes (see note 6). The major classes of assets and liabilities of the 11 Target Companies as at 31 December 2019, which have been presented separately in the consolidation statement of financial position, are as follows:

	Year ended 31 December 2019 RMB'000
Property, plant and equipment	**362**
Right-of-use assets	**87,432**
Solar power plants	**3,518,553**
Other non-current assets	**37,517**
Value-added tax recoverable	**130,532**
Trade and other receivables	**908,060**
Receivables at FVTOCI	**7,915**
Restricted bank deposits	**48,428**
Bank balances and cash	**9,010**
	4,747,809
Impairment loss recognised on assets classified as held for sale (note)	**(851,428)**
Total assets classified as held for sale	**3,896,381**
Trade and other payables	**304,857**
Tax liabilities	**2,721**
Bank and other borrowings	**2,065,188**
Deferred income	**6,677**
Lease liabilities	**50,372**
Total liabilities associated with assets classified as held for sale	**2,429,815**

Note: As at 31 December 2019, taking into account the Consideration payable by ZSEC to the Group, the Dividends Payment and the Relevant Payables payable by the relevant 11 Target Companies to the Group, the expected total proceeds received by the Group was estimated less than the net carrying amount of the relevant assets and liabilities, and an impairment loss of RMB851,428,000 was recognised in other gains and losses, accordingly.

The following assets included in assets classified as held for sale have been pledged to various financial institutions for securing loans and general credit facilities granted to the Group.

	31 December 2019 RMB'000
Right-of-use assets	**18,877**
Solar power plants	**2,238,401**
Trade receivables and accrued revenue on tariff subsidies	**927,449**
Other deposits included in other non-current assets	**32,246**

13. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the 7 (2018: 7) directors of the Company were as follows:

	Fees RMB'000	Basic salaries and allowance RMB'000	Retirement benefit scheme contribution RMB'000	Performance related bonus RMB'000 (note i)	Total RMB'000
For the year ended 31 December 2019					
Executive directors: (note (a))					
Mr. Zhang Fubo	—	1,760	16	704	2,480
Mr. Wang Yu	—	1,760	16	704	2,480
Mr. Lu Bin	—	1,760	16	704	2,480
Mr. Chen Shi	—	1,320	16	—	1,336
Independent non-executive directors: (note (b))					
Mr. Tao Wenquan	176	—	—	—	176
Mr. Zhao Yuwen	176	—	—	—	176
Mr. Kwong Wai Sun Wilson	352	—	—	—	352
	704	6,600	64	2,112	9,480

Note: The performance related bonus is determined having regard to the performance of individuals and market trends.

13. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

	Fees RMB'000	Basic salaries and allowance RMB'000	Retirement benefit scheme contribution RMB'000	Performance related bonus RMB'000 (note i)	Total RMB'000
For the year ended 31 December 2018					
Executive directors: (note (a))					
Mr. Zhang Fubo	–	1,688	15	540	2,243
Mr. Wang Yu (note ii)	–	1,688	15	540	2,243
Mr. Lu Bin	–	1,688	15	540	2,243
Mr. Chen Shi	–	1,266	15	–	1,281
Independent non-executive directors: (note (b))					
Mr. Tao Wenquan	169	–	–	–	169
Mr. Zhao Yuwen	169	–	–	–	169
Mr. Kwong Wai Sun Wilson	338	–	–	–	338
	676	6,330	60	1,620	8,686

Notes: (i) The performance related bonus is determined having regard to the performance of individuals and market trends.

(ii) Mr. Wang Yu was appointed as Chief Executive Officer with effect from 9 September 2017.

Neither the Chief Executive Officer nor any of the Directors waived any emoluments received, compensation for the loss of office and inducement to join or upon joining the Group during the years ended 31 December 2019 and 2018.

(a) The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group.

(b) The independent non-executive directors' emoluments shown above were paid for the services as directors of the Company.

13. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Employees' emoluments

The five highest paid individuals of the Group included four (2018: four) directors of the Company during the year ended 31 December 2019. Details of whose emoluments are set out above. The emoluments of the remaining one (2018: one) individual during the year ended 31 December 2019 were as follows:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Employee		
— basic salaries and allowances	**1,201**	1,201
— performance-related incentive bonuses	**200**	200
— retirement benefit scheme contributions	**122**	55
	1,523	1,456

Their emoluments of the five highest paid individuals (including directors of the Company) were within the following bands:

	Year ended 31 December	
	2019	2018
HKD1,500,001 to HKD2,000,000	**2**	2
HKD2,000,001 to HKD2,500,000	**—**	—
HKD2,500,001 to HKD3,000,000	**3**	3
HKD4,500,001 to HKD5,000,000	**—**	—

During the years ended 31 December 2019 and 2018, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. INCOME TAX EXPENSE

Continuing operations

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
		(Restated)
Current tax:		
PRC Enterprise Income Tax	**15,067**	4,299
	15,067	4,299
(Over) under provision in prior year:		
PRC Enterprise Income Tax	**(2,061)**	1,197
	13,006	5,496
Deferred tax expense (note 26):	**(97)**	(97)
Income tax expense	**12,909**	5,399

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from Hong Kong for the both years.

Certain subsidiaries of the Group, being enterprises engaged in solar power generation projects, under the PRC Tax Law and its relevant regulations, are entitled to tax holidays of 3-year full exemption followed by 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived. Certain subsidiaries of the Company which were engaged in the public infrastructure project had their first year with operating incomes in 2014.

On 23 August 2017, the Lattice Power Group renewed the "High Technology Enterprise" status for 3 years that entitled them a preferential tax rate of 15% for a period of three years starting from 2017 to 2019 according to the PRC Tax Law.

The remaining subsidiaries of the Company established in the PRC are subject to PRC Enterprise Income Tax rate of 25% for both years.

14. INCOME TAX EXPENSE (Continued)

The income tax expense for the year is reconciled to loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
Continuing operations	**2019** **RMB'000**	2018 RMB'000 (Restated)
Loss before tax	**(2,000,994)**	(943,142)
Tax credit at the PRC tax rate of 25% (2018: 25%)	**(500,249)**	(235,786)
Tax effect of share of gains of associates	**(159)**	(694)
Tax effect of expenses not deductible for tax purpose	**203,411**	184,772
Tax effect of income not taxable for tax purpose	**(32,414)**	(9,686)
Tax effect of deductible temporary differences not recognised	**354,041**	23,261
(Over) under provision in prior year	**(2,061)**	1,197
Effect of tax losses not recognised	**54,305**	79,926
Utilisation of temporary differences or tax losses previously not recognised	**(60,135)**	(39,848)
Tax effect of concessions granted to PRC subsidiaries	**(3,462)**	65
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(368)**	2,192
Income tax expense for the year	**12,909**	5,399

15. LOSS PER SHARE – BASIC AND DILUTED

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
From continuing operations		
Loss		
Loss for the year attributable to owners of the Company for the purposes of basic loss per share	**(1,901,726)**	(1,705,630)
Less: (Profit) loss for the year from discontinued operations attributable to owners of the Company	**(129,020)**	758,179
Loss for the year attributable to owners of the Company from continuing operations for the purposes of basic loss per share	**(2,030,746)**	(947,451)
Effective of dilutive potential ordinary shares:		
Interest on convertible bonds (note)	**—**	—
Loss for the purposes of diluted loss per share	**(2,030,746)**	(947,451)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**4,982,375,490**	4,478,918,826
Effect of dilutive potential ordinary shares:		
— convertible bonds (note)	**—**	—
Weighted average number of ordinary shares for the purposes of diluted loss per share	**4,982,375,490**	4,478,918,826

Note: The computation of diluted loss per share for both years does not assume the conversion of convertible bonds, because this would result in a decrease in loss per share.

15. LOSS PER SHARE – BASIC AND DILUTED (Continued)

From continuing and discontinued operations

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Loss		
Loss for the year attributable to owners of the Company for the purposes of basic loss per share	**(1,901,726)**	(1,705,630)
Effect of dilutive potential ordinary shares: Interest on convertible bonds (note)	**—**	—
Loss for the purposes of diluted loss per share	**(1,901,726)**	(1,705,630)

From discontinued operations

For the year ended 31 December 2019, basic and diluted earnings (loss) per share for the discontinued operations was RMB2.59 (2018: RMB(16.93)) cent per share, based on the profit for the year from discontinued operations attributable to owners of the Company of RMB129,020,000 (2018: Loss for the year from discontinued operations attributable to the owner of the Company of RMB758,179,000) and the denominators detailed above for both basic and diluted loss per share.

16. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2019 and 2018, nor has any dividend been proposed since the end of the reporting period for 2019 and 2018.

17. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RMB'000	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2018	7,698	1,531,289	2,953,094	17,472	143,275	303,450	4,956,278
Additions	55,885	3,522	53,284	4	1,218	245,728	359,641
Transfers	–	125,104	207,221	788	19,254	(352,367)	–
Disposal	–	(441)	(64,439)	(1,401)	(7,516)	(3)	(73,800)
Exchange adjustment	(515)	2,284	1,258	7	580	(56)	3,558
At 31 December 2018	63,068	1,661,758	3,150,418	16,870	156,811	196,752	5,245,677
Adjustments upon application IFRS 16	–	(298,574)	–	–	–	–	(298,574)
At 1 January 2019	63,068	1,363,184	3,150,418	16,870	156,811	196,752	4,947,103
Additions	–	951	23,617	210	1,826	160,698	187,302
Transfers	–	10,819	162,205	272	11,590	(184,886)	–
Disposal	–	–	(354,172)	(1,607)	(21,125)	(12,860)	(389,764)
Disposal of the Disposal Group (note 52A)	(66,821)	(1,304,648)	(2,608,608)	(4,620)	(111,154)	(120,099)	(4,215,950)
Reclassified to assets classified as held for sale (note 12B)	–	–	–	(1,297)	(2,194)	–	(3,491)
Exchange adjustment	3,753	2,237	1,228	6	569	9	7,802
At 31 December 2019	–	72,543	374,688	9,834	36,323	39,614	533,002
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2018	–	471,795	1,560,322	9,206	48,212	35,214	2,124,749
Provided for the year	–	94,469	166,244	3,457	16,782	–	280,952
Transfers	–	24,175	–	–	–	(24,175)	–
Eliminated on disposals	–	(125)	(40,332)	(1,149)	(6,341)	–	(47,947)
Impairment loss recognised (note)	–	–	771,492	–	–	–	771,492
Exchange adjustment	–	1,633	1,139	7	487	–	3,266
At 31 December 2018	–	591,947	2,458,865	11,521	59,140	11,039	3,132,512
Adjustments upon application IFRS 16	–	(158,784)	–	–	–	–	(158,784)
At 1 January 2019	–	433,163	2,458,865	11,521	59,140	11,039	2,973,728
Provided for the year	–	67,905	71,787	1,736	12,447	–	153,875
Eliminated on disposals	–	–	(313,436)	(1,551)	(19,105)	(7,840)	(341,932)
Eliminated on disposal of the Disposal Group (note 52A)	–	(477,948)	(1,962,977)	(2,109)	(38,771)	(3,199)	(2,485,004)
Eliminated upon reclassification to assets classified as held for sale (note 12B)	–	–	–	(1,231)	(1,898)	–	(3,129)
Exchange adjustment	–	1,661	911	6	503	–	3,081
At 31 December 2019	–	24,781	255,150	8,372	12,316	–	300,619
CARRYING VALUES							
At 31 December 2019	–	47,762	119,538	1,462	24,007	39,614	232,383
At 31 December 2018	63,068	1,069,811	691,553	5,349	97,671	185,713	2,113,165

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

Note: As at 31 December 2018, due to the adverse changes in the market, the management of the Group concluded there was indication for impairment and conducted impairment assessment on recoverable amounts of property, plant and equipment with carrying amounts of RMB2,884,657,000.

The recoverable amount of CGU had been determined based on a value in use calculation. That calculation used cash flow projections based on financial budgets approved by the management of the respective subsidiary covering the following 5 years with a pre-tax discount rate is 15% as at 31 December 2018. The cash flows beyond the five-year period were extrapolated using 3% growth rate. This growth rate was based on the relevant industry growth forecasts and did not exceed the average long-term growth rate for the relevant industry. Another key assumption for the value in use calculated was the budgeted gross margin, which was determined based on the CGUs' past performance and management expectations for the market development.

Based on the result of the assessment, management of the Group determined that the recoverable amount of the CGU was lower than the carrying amount. Based on the value in use calculation and the allocation, an impairment of RMB771,492,000 had been recognised against the carrying amount of plant and machinery during the year ended 31 December 2018.

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis over the following estimated useful lives after taking into account the residual values:

Freehold land	0%
Buildings	20 years
Plant and machinery	10 years
Motor vehicles	4–5 years
Furniture, fixtures and equipment	3–5 years

The freehold land is located in Japan arising from the acquisition of Wuxi Suntech Power Co., Ltd ("Wuxi Suntech") and its subsidiaries (collectively) referred to as the ("Wuxi Suntech Group") during the year 2014, of which has been eliminated along with the completion of the disposal of the Disposal Group on 30 September 2019.

Certain property, plant and equipment of the Group has been pledged as securities for securing loans and general credit facilities granted to the Group in both years as detailed in note 58.

18. RIGHT-OF-USE ASSETS

	Leasehold land RMB'000	Leased properties RMB'000	Machinery RMB'000	Total RMB'000
As at 1 January 2019				
Carrying amount	498,298	165,993	8,640	672,931
As at 31 December 2019				
Carrying amount	202,764	732	—	203,496
For the year ended 31 December 2019				
Depreciation charged during the year	28,493	12,981	1,495	42,969
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of IFRS 16				1,900
Expense relating to leases of low-value assets, excluding short-term leases of low value assets				3,235
Total cash outflow for leases				77,486
Additions to right-of-use assets				48,756
Eliminated on disposals of the Disposal Group				(387,790)
Reclassified to assets classified as held for sale (note 12(B))				(87,432)

For both years, the Group leases leasehold land, various offices, and equipment for its operations. Lease contracts are entered into for fixed term of 1 year to 50 years. Certain leases of equipment were accounted for as finance leases during the year ended 31 December 2018 and carried interest ranged at 9.15%. 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.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

Certain right-of-use assets for the Group has been pledged as securities for securing loans and general credit facilities granted to the Group in both years as detailed in note 58.

The Group regularly entered into short-term leases for machinery and leased properties. As at 31 December 2019, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 2.1.

Restrictions or covenants on leases

In addition, lease liabilities of RMB16,639,000 are recognised with related right-of-use assets of RMB14,628,000 as at 31 December 2019. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

19. SOLAR POWER PLANTS

	Solar power plants under construction RMB'000	Completed solar power plants RMB'000	Total RMB'000
COST			
At 1 January 2018	1,321,839	13,018,184	14,340,023
Additions	133,660	—	133,660
Arising from disposal of subsidiaries (note 52B)	—	(199,413)	(199,413)
Disposal of a solar power plant	—	(19,484)	(19,484)
Transfer	(529,107)	529,107	—
Exchange adjustment	(29)	1,457	1,428
At 31 December 2018	926,363	13,329,851	14,256,214
Additions	106,124	—	106,124
Disposal of the Disposal Group (note 52A)	(104,604)	(621,354)	(725,958)
Reclassified to assets classified as held for sale (note 12B)	(15,600)	(4,581,110)	(4,596,710)
Transfer	(192,004)	192,004	—
Exchange adjustment	6,916	24,755	31,671
At 31 December 2019	727,195	8,344,146	9,071,341
ACCUMULATED DEPRECIATION AND IMPAIRMENT			
At 1 January 2018	243,214	1,870,174	2,113,388
Depreciation for the year	—	622,805	622,805
Eliminated on disposal of subsidiaries (note 52B)	—	(32,083)	(32,083)
Eliminated on disposal of a solar power plant	—	(6,658)	(6,658)
Exchange adjustment	—	208	208
At 31 December 2018	243,214	2,454,446	2,697,660
Impairment loss recognised in profit or loss	46,838	235,956	282,794
Depreciation for the year	—	644,004	644,004
Disposal of the Disposal Group (note 52A)	—	(264,300)	(264,300)
Eliminated upon reclassification to assets classified as held for sale (note 12B)	—	(1,078,157)	(1,078,157)
Exchange adjustment	—	6,383	6,383
At 31 December 2019	290,052	1,998,332	2,288,384
CARRYING AMOUNT			
At 31 December 2019	437,143	6,345,814	6,782,957
At 31 December 2018	683,149	10,875,405	11,558,554

19. SOLAR POWER PLANTS (Continued)

The solar power plants under construction would be transferred to completed solar power plants when the solar power plants complete trial operation and are successfully connected to grids and generate electricity.

Depreciation of completed solar power plants was calculated, after taken into account the estimated residual value, using the straight-line method over the estimated useful lives of 20 years for completed solar power plants.

Impairment assessment

Due to changes in market conditions and certain price competition requirement introduced by the relevant government authority in the market, the management of the Group concluded there was indication for impairment and conducted impairment assessment on recoverable amounts of solar power plants under construction and completed solar plants with then carrying amounts of RMB7,065,751,000 during the year ended 31 December 2019.

The recoverable amount of each CGU, representing each solar power plant, has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the respective subsidiary covering the remaining useful lives (ranging from 18 to 25 years) with a pre-tax discount rate is 7% as at 31 December 2019, respectively. The cash flows beyond the twenty-year period are extrapolated using 3% growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Another key assumption for the value in use calculated is the budgeted gross margin, which is determined based on each CGUs' past performance and management expectations for the market development.

Based on the result of the assessment, management of the Group determined that the recoverable amount of the CGU in respect of certain solar power plants located in Xinjiang Uygur Autonomous Region, Yunnan Province, Gansu Province and Hebei Province is lower than the carrying amount. Based on the value in use calculation and the allocation, an impairment of RMB46,838,000 and RMB235,956,000 has been recognised against the carrying amount of solar power plants under construction and completed solar power plants, respectively.

Certain solar power plants of the Group has been pledged as securing loans and general credit facilities granted to the Group in both years as detailed in note 58.

20. PREPAID LEASE PAYMENTS

	Year ended 31 December 2018 RMB'000
Analysed for reporting purpose as:	
Non-current assets	445,105
Current assets	17,477
	462,582

Upon the application of IFRS 16 since 1 January 2019, it is reclassified as right-of-use assets, please refer to note 18 for details.

Certain prepaid lease payment of the Group had been pledged as securities for securing loans and general credit facilities granted to the Group during the year ended 31 December 2018 as detailed in note 58.

21. INTANGIBLE ASSETS

	Computer software RMB'000	Technical know-how RMB'000	Trademarks RMB'000	Others RMB'000 (note i)	Total RMB'000
COST					
At 1 January 2018	35,364	120,776	78,431	55,688	290,259
Additions	1,340	–	–	–	1,340
Write-off (note ii)	(25,117)	–	–	–	(25,117)
Exchange adjustment	65	26	–	(15)	76
At 31 December 2018	11,652	120,802	78,431	55,673	266,558
Additions	988	–	–	–	988
Write-off	(136)	–	–	–	(136)
Disposal of the Disposal Group (note 52A)	(7,104)	(548)	(21,865)	(54,893)	(84,410)
Exchange adjustment	75	(7)	(292)	(733)	(957)
At 31 December 2019	5,475	120,247	56,274	47	182,043
ACCUMULATED AMORTISATION AND IMPAIRMENT					
At 1 January 2018	24,649	120,249	78,431	26,294	249,623
Amortisation for the year	1,957	51	–	4,126	6,134
Write-off (note ii)	(25,117)	–	–	–	(25,117)
Exchange adjustment	62	2	–	(7)	57
At 31 December 2018	1,551	120,302	78,431	30,413	230,697
Amortisation for the year	1,477	30	–	3,078	4,585
Eliminated on the disposal of the Disposal Group (note 52A)	(426)	(38)	(21,865)	(33,146)	(55,475)
Exchange adjustment	57	(47)	(292)	(298)	(580)
At 31 December 2019	2,659	120,247	56,274	47	179,227
CARRYING VALUES					
At 31 December 2019	2,816	–	–	–	2,816
At 31 December 2018	10,101	500	–	25,260	35,861

Notes: (i) As at 31 December 2018, others mainly include the development costs and monitoring and other related service contracts arising from the Group's acquisition of S.A.G. interests during the years of 2014 and 2015. During the current year, such items were fully eliminated along with the completion of the disposal of the Disposal Group on 30 September 2019.

(ii) The management of the Group had written off certain computer software as they assessed that there were no future economic benefits expected from it during the year ended 31 December 2018.

21. INTANGIBLE ASSETS (Continued)

The above items of intangible assets other than trademarks have finite useful lives and are amortised on a straight-line basis over the following periods:

Computer software	3 years
Technical know-how	10 years
Others	Over the shorter of the contracted period or 3–5 years

The Group's trademarks had a legal life of 10 years but is renewable every 10 years at minimal cost. The directors of the Company were of the opinion that the Group would renew the trademark continuously and had the ability to do so. Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities had been performed by management of the Group, which supported that the trademark had no foreseeable limit to the period over the trademarked products were expected to generate net cash flow for the Group.

As a result, the trademark was considered by the management of the Group as having an indefinite useful life and would not be amortised. Such items have been fully eliminated along with the completion of the disposal of the Disposal Group on 30 September 2019.

22. INTERESTS IN ASSOCIATES

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Cost of investments, unlisted	**27,940**	223,105
Share of post-acquisition losses and other comprehensive expense	**4,195**	(50,936)
	32,135	172,169
Less: impairment loss recognised (note)	**—**	(20,345)
	32,135	151,824

Note:

During the year ended 31 December 2016, due to the financial difficulty of certain associates held by S.A.G. Interests, in the opinion of the directors, the recoverable amount of the interests in these associates was estimated to be less than its carrying amount, and the carrying amount of the interests in these associates was reduced to the extent of its estimated recoverable amount accordingly. These certain associates held by S.A.G. Interests had been fully eliminated along with the completion of the disposal of the Disposal Group on 30 September 2019.

Except for the reclassification of interest in meteocontrol Electric Power of RMB3,461,000 from interests in joint ventures, there was no material acquisition nor disposal of equity interest in associates for the year ended 31 December 2018.

Certain associates held by the Disposal Group had been fully eliminated along with the completion of the disposal of the Disposal Group on 30 September 2019.

22. INTERESTS IN ASSOCIATES (Continued)

As 31 December 2019 and 2018, the Group had interests in the following major associates:

Name of associates	Registered capital	Place of establishment/ principal place of operation	Attributable interest to the Group At 31 December 2019	2018	Principal activities
Jiangsu Guoxin Suntech Co., Ltd.# ("Guoxin Suntech") (江蘇國信尚德太陽能發電有限公司)	RMB20,000,000 (2018: RMB20,000,000)	The PRC	**49.0%**	49.0%	Operation of rooftop solar power
Huadian Ningxia Suntech Ningdong Co., Ltd.# ("Ningxia Suntech") (華電寧夏寧東尚德太陽有限公司)	RMB38,000,000 (2018: RMB38,000,000)	The PRC	**40.0%**	40.0%	Operation of a power station
Interests in associates included in the Disposal Group:					
Shanghai Everpower Technology Co., Ltd# ("Shanghai Everpower") (上海恒勁動力科技有限公司)	RMB140,000,000 (2018: RMB140,000,000)	The PRC	**N/A (note (b))**	21.9%	Research, design and development of fuel cell technology and related new energy product and sales and provision of technical advisory services
SSP Gut Erlasee GmbH & Co. KG	EUR5,376,000 (2018: EUR5,376,000)	Germany	**N/A (note (b))**	30.7%	Operation of a roof-top power station
Orosolar ZWEI GmbH & Co. KG	EUR5,400,000 (2018: EUR5,400,000)	France	**N/A (note (b))**	31.48%	Operation of a roof-top power station
Changzhou Shunfeng Suntech Photovoltaic Systems Integration Co., Ltd.# ("Shunfeng Suntech") (常州順風尚德光電系統集成有限公司)	RMB50,000,000 (2018: RMB50,000,000)	The PRC	**N/A (note (b))**	20.0%	Trading of solar products, integration of solar power generation system, investment, design and construction of solar power station and related consulting services
meteocontrol Electric Power Development Co., Ltd# ("meteocontrol Electric Power") (昱投電力發展有限公司)	RMB10,000,000 (2018: RMB10,000,000)	The PRC	**N/A (note (b))**	27.0% (note (a))	Provision of operation and maintenance service for solar power plants

English name is for identification purpose only

22. INTERESTS IN ASSOCIATES (Continued)

Notes:

(a) meteocontrol Electric Power is a company mainly engaged in solar plant operation and services established by the Group and one of its senior management on 28 May 2016. The Group injected RMB4,900,000 by cash into meteocontrol Electric Power for the 49% equity interest of meteocontrol Electric Power while as decisions about all relevant activities of meteocontrol Electric Power require the unanimous consent of both the Group and the other shareholder of meteocontrol Electric Power the voting power of the Group in meteocontrol Electric Power is regarded as 50% and meteocontrol Electric Power is accounted for as a joint venture of the Group, accordingly. During the year ended 31 December 2018, meteocontrol Electric Power declared dividends distribution and the Group has received cash dividends of RMB10,845,000, which was proportional to 49% of the Group's equity interest in meteocontrol Electric Power. In addition, the Group transfer its 22% of equity interest to independent third parties at the proportional share of the net asset value of meteocontrol Electric Power for a cash consideration of RMB2,200,000, resulting in a loss of RMB620,000. Upon completion of the partial disposal, the voting power of the Group was reduced to 27% and the requirement of unanimous consent for the decisions about all relevant activities, had been withdrawn, then the carrying amount of RMB4,081,000 of interest in meteocontrol Electric Power was then accounted for an associate of the Group.

(b) The interests in these associates included in the Disposal Group were eliminated in full along with the completion of the disposal of the Disposal Group on 30 September 2019. Prior to the completion of disposal, there is no change in the Group's equity interest in each of these associates.

The summarised financial information in respect of each of the Group's material associates is set out below, representing amounts shown in the associate's financial statements prepared in accordance with IFRSs.

All of these associates are accounted for using the equity method in these consolidated financial statements.

Guoxin Suntech

	At 31 December 2019 RMB'000	At 31 December 2018 RMB'000
Current assets	**1,004**	1,734
Non-current assets	**35,295**	36,797
Current liabilities	**(1,180)**	(1,678)

	Year ended 31 December 2019 RMB'000	Year ended 31 December 2018 RMB'000
Revenue	**5,315**	5,226
Profit for the year	**1,266**	5,425
Dividend received from the associate during the year	**980**	1,470
Dividend receivable from the associate	**490**	490

English name is for identification purpose only

22. INTERESTS IN ASSOCIATES (Continued)

Guoxin Suntech (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Guoxin Suntech recognised in the consolidated financial statements:

	At 31 December 2019 RMB'000	At 31 December 2018 RMB'000
Net assets of the associate	35,119	36,853
Proportion of the Group's ownership interest in the associate	49%	49%
Carrying amount of the Group's interest in the associate	17,208	18,058

Ningxia Suntech

	At 31 December 2019 RMB'000	At 31 December 2018 RMB'000
Current assets	33,816	26,867
Non-current assets	95,155	101,248
Current liabilities	(8,653)	(17,837)
Non-current liabilities	(83,000)	(73,000)

	Year ended 31 December 2019 RMB'000	Year ended 31 December 2018 RMB'000
Revenue	15,499	15,528
Profit for the year	40	291

Reconciliation of the above summarised financial information to the carrying amount of the interest in Ningxia Suntech recognised in the consolidated financial statements:

	At 31 December 2019 RMB'000	At 31 December 2018 RMB'000
Net assets of the associate	37,318	37,278
Proportion of the Group's ownership interest in the associate	40%	40%
Carrying amount of the Group's interest in the associate	14,927	14,911

22. INTERESTS IN ASSOCIATES (Continued)

Shanghai Everpower

	At 31 December 2019 RMB'000 (note b)	At 31 December 2018 RMB'000
Current assets	**N/A**	57,749
Non-current assets	**N/A**	83,271
Current liabilities	**N/A**	(1,607)
Non-current liabilities	**N/A**	(11,960)

	From the period from 01/01/2019 to 30/09/2019 RMB'000 (note b)	Year ended 31/12/2018 RMB'000
Revenue	**28**	42,898
(Loss) profit for the period/year	**(27,666)**	7,716

Reconciliation of the above summarised financial information to the carrying amount of the interest in Shanghai Everpower recognised in the consolidated financial statements:

	At 31 December 2019 RMB'000 (note b)	At 31 December 2018 RMB'000
Net assets of the associate	**N/A**	127,453
Proportion of the Group's ownership interest in the associate	**N/A**	21.9%
Goodwill	**N/A**	26,271
Carrying amount of the Group's interest in the associate	**N/A**	54,183

22. INTERESTS IN ASSOCIATES (Continued)

Shunfeng Suntech

	At 31 December 2019 RMB'000 (note b)	At 31 December 2018 RMB'000
Current assets	N/A	56,035
Non-current assets	N/A	4,664
Current liabilities	N/A	(14,112)

	From the period from 01/01/2019 to 30/09/2019 RMB'000 (note b)	Year ended 31/12/2018 RMB'000
Revenue	188,455	191,075
Loss for the period/year	(1,117)	(4,079)
Dividends received from the associate during the period/year	—	200

Reconciliation of the above summarised financial information to the carrying amount of the interest in Shunfeng Suntech recognised in the consolidated financial statements:

	At 31 December 2019 RMB'000 (note b)	At 31 December 2018 RMB'000
Net assets of the associate	N/A	46,587
Proportion of the Group's ownership interest in the associate	N/A	20.0%
Carrying amount of the Group's interest in the associate	N/A	9,317

22. INTERESTS IN ASSOCIATES (Continued)

meteocontrol Electric Power

	At 31 December 2019 RMB'000 (note b)	At 31 December 2018 RMB'000
Current assets	N/A	79,539
Non-current assets	N/A	28,145
Current liabilities	N/A	(52,691)
Non-current liabilities	N/A	(8,000)

	From the period from 01/01/2019 to 30/09/2019 RMB'000 (note b)	From date of transfer to 31/12/2018 RMB'000
Revenue	118,268	134,747
Profit for the period	19,909	34,174

Reconciliation of the above summarised financial information to the carrying amount of the interest in meteocontrol Electric Power recognised in the consolidation financial statements:

	At 31 December 2019 RMB'000 (note b)	At 31 December 2018 RMB'000
Net assets of the associate	N/A	46,993
Proportion of the Group's ownership interest in the associate	N/A	27.0%
Carrying amount of the Group's interest in the associate	N/A	12,688

Aggregate information of associates that are not individually material

	2019 RMB'000	2018 RMB'000
The Group's share of result	—	(3,636)
Cumulative impairment loss recognised	—	(20,345)
Aggregate carrying amount of the Group's interests in these associates	—	42,667

23. INTERESTS IN JOINT VENTURES

	At 31 December 2019 RMB'000	At 31 December 2018 RMB'000
Cost of investment in joint ventures	**313,848**	507,591
Share of post-acquisition losses and other comprehensive expense	**(52,492)**	(52,492)
	261,356	455,099
Less: Impairment loss recognised	**(261,356)**	(257,123)
	—	197,976

Details of each of the Group's joint ventures as at 31 December 2019 and 2018 are as follow:

Name of entry	Paid-in capital/ registered capital	Country of incorporation/ establishment and principal place of business	Proportion of ownership interest held by the Group 2019	Proportion of ownership interest held by the Group 2018	Proportion of voting rights held by the Group	Principal activity
Suniva Inc. ("Suniva") (note (a))	USD12,531,219 (2018: USD12,531,219)	US	**63.13%**	63.13%	57.14% (2018: 57.14%) (note (b))	Manufacturing and sales of Solar Products
Interests in joint ventures included in the Disposal Group:						
Jiangsu Shunfeng New Energy Technology Co., Ltd.# ("Shunfeng New Energy") ("江蘇順風新能源科技有限公司")	RMB400,000,000 (2018: RMB360,000,000)	The PRC	**N/A (note e)**	50%	50% (2018: 50%) (note (c))	Manufacturing and sales of Solar Products
Suntech Solar Power South Africa (PYA) Ltd ("Suntech South Africa")	USD20,000 (2018: N/A)	South Africa	**N/A (note e)**	N/A	(note (d))	Sales of Solar Products

\# English name is for identification purpose only.

23. INTERESTS IN JOINT VENTURES (Continued)

Notes:

(a) On 19 October 2015, although the Group acquired 63.13% equity interest of Suniva, as decisions about the relevant activities of Suniva require the unanimous consent of both the Group and the original shareholders of Suniva, Suniva is accounted for as a joint venture of the Group, accordingly.

In light of loss incurred and severe financial difficulty experienced by Suniva, and certain unfavourable factors expected by the management, the directors of the Company recognised impairment loss in full of RMB259,888,000 in relation to the Group's interest in Suniva as a joint venture during the year ended 31 December 2016.

Suniva declared bankruptcy during the year ended 31 December 2017 and was placed under liquidation since 2018.

(b) The voting power of the Group in respective joint venture is determined by the proportion of the Group's representatives in the board of directors.

(c) During the year ended 31 December 2018, Shunfeng New Energy was newly established by the Group and the other independent third party. Shunfeng New Energy was a company mainly engaged in researching, manufacturing and sales of high-quality and efficient solar products with latest advanced and innovative technology in the market. The Group injected RMB180,000,000 by cash into Shunfeng New Energy with the remaining unpaid capital contribution of RMB24,000,000 for the 51% equity interest of Shunfeng New Energy, while as decisions about all relevant activities of Shunfeng New Energy require the unanimous consent of both the Group and the other shareholder of Shunfeng New Energy, the voting power of the Group in Shunfeng New Energy is regarded as 50% and Shunfeng New Energy was accounted for as a joint venture of the Group, accordingly.

During the current year, the Group injected the remaining capital contribution of RMB24,000,000 by cash into Shunfeng New Energy and received a dividend of RMB71,800,000 from Shunfeng New Energy.

(d) Suntech South Africa is a company established by the Group and an independent third party, and mainly engaged in sales of Solar Products in South Africa. The Group completed cash injection of USD20,000 (equivalent to RMB137,000) into Suntech South Africa during the current year for the 66% equity interest of Suntech South Africa, while as decisions about all relevant activities of Suntech South Africa require the unanimous consent of both the Group and the other shareholder of Suntech South Africa, Suntech South Africa is accounted for as a joint venture of the Group, accordingly.

(e) The interests in these joint ventures included in the Disposal Group were eliminated in full along with the completion of the disposal of the Disposal Group on 30 September 2019.

The joint ventures are accounted for using the equity method in these consolidated financial statements, and the summarised financial information of Shunfeng New Energy prepared in accordance with IFRS was set forth below:

Shunfeng New Energy

	As at 31 December 2019 RMB'000 (note e)	As at 31 December 2018 RMB'000
Current assets	**N/A**	214,037
Non-current assets	**N/A**	371,130
Current liabilities	**N/A**	(189,215)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	**N/A**	60,366

23. INTERESTS IN JOINT VENTURES (Continued)

Shunfeng New Energy (Continued)

	From the period from 01/01/2019 to 30/09/2019 RMB'000 (note e)	From date of establishment to 31/12/2018 RMB'000
Revenue	**1,034,628**	387,831
Profit for the period	**176,944**	35,952
Dividend received from the joint venture during the period	**71,800**	—

The above profit for the period includes the following:

	RMB'000	RMB'000
Depreciation and amortisation	**(24,351)**	(1,817)
Interest income	**528**	1,797
Interest expense	**—**	—
Income tax expense	**22,737**	11,984

Reconciliation of the above summarised financial information to the carrying amount of the interest in Shunfeng New Energy recognised in the consolidation financial statements:

	At 31 December 2019 RMB'000 (note e)	As at 31 December 2018 RMB'000
Net assets of Shunfeng New Energy	**N/A**	395,952
Proportion of the Group's ownership interest in Shunfeng New Energy	**N/A**	50.0%
Carrying amount of the Group's interest in Shunfeng New Energy	**N/A**	197,976

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

The amount represents the Group's unlisted equity investment of RMB3,096,000. The fair value as at 31 December 2018 has been arrived at on the basis of valuation carried out by an independent valuer as set out in note 55(c). The fair value of the unlisted investment is determined by the appraisal value of the equity investment, using market multiples of public companies and applying a discount on the lack of marketability on the unlisted equity investment.

25. OTHER NON-CURRENT ASSETS

	2019 RMB'000	2018 RMB'000
Deposits paid for:		
Acquisition of property, plant and equipment (note (ii))	11,783	344,346
Engineering, procurement and construction ("EPC") of solar power plants (notes (iii))	—	57,298
Receivables included in non-current assets:		
Amount due from an independent third party (note (i))	—	312,541
Other deposits (note (v))	94,455	127,769
Consideration receivable for disposal of subsidiaries	—	5,000
Finance lease arrangement (note (iv))	—	12,843
Others	—	18,123
	106,238	877,920

Notes:

(i) This balance was originally deposits placed by the Disposal Group to a EPC contractor in the previous years, and as a result of the termination of the relevant EPC contract during the year ended 31 December 2018, had been converted to amount due from an independent third party, which was non-trade in nature, unsecured, interest free and repayable by installments before the year ended 31 December 2019.

The balance of RMB312,541,000 as at 31 December 2018 represented a gross amount of RMB474,245,000, adjusted for allowance of credit loss of RMB133,735,000 and time adjustment factor of RMB27,969,000 using the discount rate of 5.7% per annum.

During the period from 1 January 2019 to 30 September 2019, additional allowance for credit loss of RMB72,447,000 has been provided, and the respective carrying amount of RMB240,094,000 has then been eliminated upon completion of the disposal of the Disposal Group on 30 September 2019.

(ii) The amount represent the partial payments made by the Group for the acquisition of property, plant and equipment. Such amount would be transferred to property, plant and equipment upon receipt by the Group.

(iii) The amount as at 31 December 2018 represented the deposits paid to the EPC contractors for the solar power plants. Such amount would be utilised upon receipt of the progress billings issued to the Group.

(iv) The amount as at 31 December 2018 represented the deposit paid to independent third parties for the arrangement of plant and machineries and certain equipment and assets that are used for the operation of solar power plants under finance lease and was refundable to the Group at the expiry of the lease term.

(v) The amount represents the deposits placed for securing certain long term borrowings from financial institutions as summarised in note 58 and will be returned to the Group upon maturity, of which will not be matured within twelve months after the end of the reporting period.

26. DEFERRED TAX

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2019 RMB'000	2018 RMB'000
Deferred tax assets	—	93,902
Deferred tax liabilities	(3,652)	(38,356)
	(3,652)	55,546

26. DEFERRED TAX (Continued)

The following are the major deferred tax assets (liabilities) recognised and movements thereon for the year ended 31 December 2019 and 2018:

	Write-down of inventories RMB'000	Allowance for receivables RMB'000	Deferred income RMB'000	Valuation of long-term assets RMB'000	Provision for warranty costs RMB'000	Tax losses RMB'000	Impairment and accelerated depreciation relating to property, plant and equipment RMB'000	Others RMB'000 (note)	Total RMB'000
At 1 January 2018	5,312	1,226	7,839	(45,681)	50,512	69,234	52,355	26,052	166,849
Exchange adjustments	–	–	–	(3,436)	–	–	–	–	(3,436)
Eliminated on disposal of subsidiaries (note 52B)	–	–	–	7,815	–	–	–	–	7,815
Credit (debit) to profit or loss	1,905	–	(2,995)	3,910	(25,732)	(59,477)	(44,786)	11,493	(115,682)
At 31 December 2018	7,217	1,226	4,844	(37,392)	24,780	9,757	7,569	37,545	55,546
Exchange adjustments	–	–	–	2,129	–	–	–	83	2,212
Eliminated on disposal of the Disposal Group (note 52A)	(7,160)	(1,226)	(3,332)	31,805	(17,303)	–	–	(50,243)	(47,459)
(Debit) credit to profit or loss	(57)	–	(1,512)	(194)	(7,477)	(9,757)	(7,569)	12,615	(13,951)
At 31 December 2019	–	–	–	(3,652)	–	–	–	–	(3,652)

Note: The amount included in others mainly represented the deferred tax assets recognised for the future deductible temporary difference arising from accrued expenses and finance leases.

As at 31 December 2019, the Group has unrecognised tax losses of RMB1,042,099,000 (2018: RMB3,641,258,000) available for offset against future profits, which will expire from each of the year 2020 to 2029 (2018: 2019 to 2028). No deferred tax asset has been recognised in respect of above tax losses due to the unpredictability of future profit streams.

As at 31 December 2019, the Group has deductible temporary differences of RMB2,478,723,000 (2018: RMB2,730,436,000) not recognised as deferred tax assets as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the Law of the People's Republic of China on Enterprise Income Tax, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. As at 31 December 2019, deferred tax has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB298,596,000 (2018: RMB305,260,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

27. INVENTORIES

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Raw materials	**22,078**	174,346
Work-in-progress	**23,154**	26,365
Finished goods	**46,918**	864,332
	92,150	1,065,043

During the year ended 31 December 2018, there was a write-down of inventories in respect of Solar Products amounting to RMB27,350,000 and was recognised in cost of sales and there was no write-down of inventories recognised during the year ended 31 December 2019.

28. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Trade receivables	**326,899**	1,855,163
Accrued revenue on tariff subsidies (note i)	**1,217,930**	1,626,801
	1,544,829	3,481,964
Less: Allowance for credit losses	**(28,061)**	(220,803)
Total trade receivables and accrued revenue on tariff subsidies	**1,516,768**	3,261,161
Other receivables		
Prepaid expenses	**8,146**	25,114
Amounts due from independent third parties (note (ii))	**42,514**	277,933
Consideration receivable for disposal of subsidiaries (note (vii) and 52B)	**12,030**	40,468
Amounts due from disposed subsidiaries (notes (iii) and 52B)	**1,134**	40,171
Dividend receivable from an associate (note 22)	**490**	490
Security deposit (note v)	**107,000**	107,000
Government subsidy receivable arising from the sales of LED Products (note iv)	**51,174**	79,053
Others (note vi)	**8,720**	42,371
	231,208	612,600
	1,747,976	3,873,761

As at 1 January 2018, trade receivables from contracts with customers amounted to RMB1,419,741,000.

28. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

(i) The Group's accrued revenue on tariff subsidies are receivables from the state grid company. Generally, the trade receivables are due within 30 days from the date of billing, except for collection of the accrued revenue on tariff subsidies, which is subject to settlement by state grid company upon finalisation of the allocation of funds by relevant government authorities to the state grid company. As the collection of accrued revenue on tariff subsidies is expected in the normal operating cycle, which may be recovered after twelve months from the reporting date. Accrued revenue on tariff subsidies is discounted at an effective interest rate ranged from 2.65% to 2.67% (2018: 2.65% to 3.67%) per annum as at 31 December 2019.

In the opinion of the directors of the Company, the revenue recognition of tariff subsidies is proper based on their judgement and taking into account the opinion from the Group's PRC legal advisor, that the Group's operating solar power plant has qualified for registration in the Catalogue, and has met all the relevant requirements and conditions for the registration in the Catalogue. The directors of the Company are confident that the Group's operating solar power plant is able to be registered in the Catalogue in due course and the accrued revenue on tariff subsidies is fully recoverable upon the allocation of funds from the PRC government.

(ii) All balances are unsecured, interest-free and repayable on demand. The management of the Group expects the balances would be settled within the next 12 months after the end of the reporting period.

(iii) As at 31 December 2019, the amount included RMB1,134,000 (net of ECL allowance RMB33,419,000) (2018: RMB34,547,000 (net of ECL allowance RMB832,000)) representing the current accounts with the disposed subsidiaries which were disposed of to independent third parties during the year 2016. The amounts were unsecured, interest-free and repayable within one year.

(iv) The amount represented the receivable balance in respect of the incentive provided by the local government of Nanchang City, Jiangxi Province, PRC as to support the business development of LED industry in the PRC. During the year ended 31 December 2019, RMB79,053.000 (2018: RMB62,153,000) was received.

(v) The amount represented deposits placed by the Group in the security deposits account opened in the independent financial institution, which was one of the corporate bondholders of one subsidiary of the Group. Pursuant to the maturity notice dated on 15 June 2018, an offsetting right had been granted by the Group to the independent financial institution, allowing it to offset the entire security deposits against the Group's outstanding corporate bonds payable upon the maturity of the corporate bond. As set out in note 47, during the current year, the Group and the bondholder have entered into another supplementary agreement to further extend the due dates of the remaining outstanding amounts of corporate bond payable to 25 April 2020.

(vi) The amount includes mainly custom deposits and advances to staff for the operational purpose for both years.

(vii) As at 31 December 2019, the amount included consideration receivable of RMB5,000,000 reclassified from other non-current assets, according to the timing of settlement within one year as stated in the agreement. The amount was non-trade in nature, unsecured, interest-free and repayable within one year.

28. TRADE AND OTHER RECEIVABLES (Continued)

The following is an aged analysis of trade receivables and accrued revenue of tariff subsidies net of allowance for doubtful debts presented based on the goods delivery and electricity transmitted dates, which approximated the respective revenue recognition date.

Age	As at 31 December 2019 RMB'000	2018 RMB'000
0 to 30 days	**102,050**	871,041
31 to 60 days	**72,544**	414,498
61 to 90 days	**69,398**	159,149
91 to 180 days	**212,942**	366,203
Over 180 days	**1,059,834**	1,450,270
	1,516,768	3,261,161

The Group normally requests prepayments from customers before delivery of goods and allows credit period up to 180 days (2018: 180 days) to certain trade customers on a case by case basis.

The Group's trade receivables and accrued revenue on tariff subsidies from the sales of electricity are mainly receivables from the state grid companies. Generally, the trade receivables are due within 30 days from the date of billing, except for collection of the accrued revenue on tariff subsidies, representing 37% to 92% in 2019 (2018: 36% to 80%) of total electricity sales, which is subject to settlement by state grid companies upon finalisation of the allocation of funds by relevant government authorities to the state grid companies.

Pursuant to the New Tariff Notice, a set of standardised procedures for the settlement of the tariff subsidies has come into force since 2013 and approvals for the registration in the Reusable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄) (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.

The directors of the Company are of the opinion that the recognition of accrued revenue on tariff subsidies are proper based on their judgement and taken into account the opinion from Group's legal advisor, that all of the Group's operating power plants had been qualified for, and had met, all the requirements and conditions as required according to the requirements and conditions for the registration in the Catalogue. The directors of the Company are confident that all of the Group's operating power plants would be able to be registered in the Catalogue in due course and the accrued revenue on tariff subsidies would become fully recoverable, after considering that there were no bad debt experiences with the state grid companies in the past and the tariff subsidies were fully funded by the PRC government.

28. TRADE AND OTHER RECEIVABLES (Continued)

The following is an aged analysis of trade receivables (which with a defined credit policy), net of allowance for doubtful debts, presented based on goods delivery and electricity transmitted dates, which approximated the respective revenue recognition date.

Age	As at 31 December 2019 RMB'000	2018 RMB'000
0 to 30 days	**60,888**	802,853
31 to 60 days	**26,477**	336,838
61 to 90 days	**12,551**	57,919
91 to 180 days	**28,095**	66,607
Over 180 days	**170,827**	370,143
	298,838	1,634,360

Details of ECL loss allowance relating to trade receivables are set out in note 55(b).

Trade and other receivables that were denominated in United States Dollar ("USD"), Hong Kong Dollar ("HKD") and EURO ("EUR"), foreign currencies other than functional currencies of the relevant group entities, were retranslated to RMB and stated for reporting purpose as:

	As at 31 December 2019 RMB'000	2018 RMB'000
USD	**5,367**	399,241
HKD	**27,242**	33,720
EUR	**—**	79,480

29. CONTRACT ASSETS

	At 31 December 2019 RMB'000	At 31 December 2018 RMB'000
Non-current asset — sales of renewable energy (note a)	**310,473**	206,781
Current assets — installation service (note b)	**—**	38,462
Less: Allowance for credit losses	**(79)**	(168)
	310,394	245,075

29. CONTRACT ASSETS (Continued)

	At 31 December 2019 RMB'000	At 31 December 2018 RMB'000
Analysed for reporting purpose as:		
Non-current assets	**310,394**	206,781
Current assets	**—**	38,294
	310,394	245,075

As at 1 January 2018, contract assets amounted to RMB335,610,000.

Notes:

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

Contract assets, that are not expected to be settled within the Group's normal operating cycle, are classified as current and non-current based on expected settlement dates.

a. Sales of renewable energy

The contract assets relate to the Group's right to consideration for electricity sold to the local state grid in PRC. The contract assets are transferred to trade receivables when the solar power plants complete the registration to the Catalogue. The Group considers the settlement terms contain significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the relevant counterparties. The related contract assets are classified as non-current assets as at 31 December 2019 and 2018.

b. Installation services of PV Systems

The Group's Installation services of PV systems include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group classified the related contract assets as at 31 December 2018 as current because the Group expected to realise them in its normal operating cycle. Amount was nil upon completion of the disposal of the Disposal Group on 30 September 2019.

Details of ECL loss allowance relating to contract assets are set out in note 55(b).

30. RECEIVABLES AT FVTOCI

Receivables at FVTOCI comprise:

	At 31 December 2019 RMB'000	At 31 December 2018 RMB'000
Bills receivables aged within 6 months based on the issue dates of bills receivables	**17,069**	244,100

The balance represents bills receivables held by the Group and is measured at FVTOCI, since the bills receivables are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

31. TRANSFERS OF FINANCIAL ASSETS

The Group has discounted certain bills receivables to banks and transferred certain bills receivables to its suppliers to settle its payables through endorsing the bills to its suppliers, both with full recourse basis. The Group has derecognised these bills receivables and the payables to suppliers in their entirety as in the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers under the relevant PRC practice, rule and regulations. In the opinion of the directors of the Company, the Group has limited exposure in respect of the settlement obligation of these bills receivable under relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

As at 31 December 2019, the Group's maximum exposure to loss and cash outflow, which is same as the amount payable by the Group to collecting banks or the suppliers in respect of the bank issued bills endorsed, should the issuing banks fail to settle the bills on maturity date, of which amounted to RMB157,702,000 (2018: RMB1,940,915,000).

All the bills receivables discounted to banks or endorsed to suppliers of the Group have a maturity date of less than six months from the end of the reporting period.

32. PREPAYMENTS TO SUPPLIERS

As at 31 December 2019, prepayments to suppliers included advance of RMB18,890,000 (no allowance for doubtful debts) (2018: RMB813,457,000 (net of allowance of doubtful debt of RMB12,896,000)) to certain suppliers as deposits for raw material purchases. The entire amount is expected by the management of the Group to be utilised within the next twelve months after the end of the reporting period.

33. AMOUNTS DUE FROM AN ASSOCIATE AND A JOINT VENTURE

As at 31 December 2018, the amounts due from an associate and a joint venture were trade related, and the credit period granted by the Group to the associate and the joint venture was 90–180 days. Balances as at 31 December 2018 were all aged within 90 days based on the invoice date and the balance as at 31 December 2018 was subsequently fully settled during the year ended 31 December 2019.

34. AMOUNTS DUE FROM THE RELATED PARTIES

	Year ended 31 December 2019 RMB'000	Maximum amount outstanding during the year RMB'000
Consideration receivables arising from the disposal of the Disposal Group (note i and 52A)	**1,654,328**	**1,745,000**
Loan advanced to the related parties (note ii)	**346,784**	**512,122**
Trade receivables (note iii)	**3,473**	**N/A**
Less: Allowance for credit losses	**(172)**	**N/A**
	2,004,413	**2,257,122**

Notes:

(i) As at 31 December 2019, the amount included RMB1,654,328,000 (net of ECL allowance of RMB90,672,000), representing the consideration receivable from Asia Pacific Resources arising from disposal of the Disposal Group. Please refer to note 52A for details.

(ii) As at 31 December 2019, the amount included RMB346,784,000 (net of ECL allowance of RMB13,596,000), representing the loan advanced to the subsidiaries included in the Disposal Group, which was now indirectly and wholly owned by Mr. Cheng, a substantial of shareholder of the Company. The amounts were unsecured, interest-free, and repayable within one year.

(iii) As at 31 December 2019, the amount included RMB3,301,000 (net of ECL allowance of RMB172,000), arising from the supply and the sales of electricity to the subsidiaries included in the Disposal Group, generated from the Group's roof-top solar power plant, which was trade related, unsecured and interest-free, and the credit period granted by the Group to the related party was is 180 days. Balance as at 31 December 2019 was all aged within 180 days based on the electricity transmitted date.

Details of impairment assessment of amounts due from the related parties are set out in note 55(b).

35. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

The restricted bank deposits represents deposits pledged to banks to secure short-term banking facilities granted to the Group and bills payable and are therefore classified as current assets.

The ranges of interest rate of the Group's restricted bank deposits are as follows:

	As at 31 December	
	2019	2018
Interest rate:		
Fixed rate	**0.50%–2.00%**	0.55%–2.00%
Variable rate	**0.00%–0.35%**	0.00%–0.35%

The restricted bank deposits will be released upon the settlement of relevant bank borrowings, short-term banking facilities and bills payable.

Bank balances carry interest at market rates ranging from 0.00% to 0.35% (2018: 0.00% to 0.35%) per annum.

For the year ended 31 December 2019, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

Details of impairment assessment of restricted bank deposits are set out in note 55(b).

Bank balances and cash and restricted bank deposits that were denominated in USD, HKD, EUR, AUD, GBP, CHF and JPY, foreign currencies other than functional currencies of the relevant group entities, were re-translated to RMB and stated for reporting purpose as:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
USD	**10,376**	162,209
HKD	**3,942**	240,250
EUR	**14**	5,020
JPY	**1**	43,336
AUD	**—**	10
GBP	**—**	62

Certain bank balances and cash and restricted bank deposits of the Group of approximately RMB143,225,000 (2018: RMB1,845,286,000) were denominated in RMB which is not freely convertible currency in the international market. The exchange of RMB is determined by the Government of the PRC and the remittance of these funds out of the PRC is subject to exchange restriction imposed by the Government of the PRC.

36. TRADE AND OTHER PAYABLES

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Trade payables	**121,280**	1,968,798
Bills payables	**—**	1,565,825
Payables for acquisition of property, plant and equipment	**17,542**	203,329
Payable for acquisition of leasehold lands	**—**	38,015
Payables for EPC of solar power plants (note i)	**1,276,421**	1,614,965
Other tax payables	**19,331**	48,540
Amounts due to independent third parties (note ii)	**21,740**	186,152
Accrued expense (note iv)	**495,701**	657,665
Accrued payroll and welfare	**21,668**	109,283
Consideration payable for previous acquisition of subsidiaries (note iii)	**14,497**	25,729
Penalty interest and termination fee (note 42(c))	**—**	69,377
Others	**13,111**	19,580
	2,001,291	6,507,258

Notes:

(i) Amount represented payables incurred for EPC of solar power plants. The amounts would be repayable within 12 months after the end of the reporting period and such amounts were therefore classified as current liabilities at the end of the reporting period.

(ii) As at 31 December 2018, except for the balance of RMB106,000,000 carried at fixed interest rate of 4.35% per annum, the remaining amount was non-trade in nature, unsecured, interest-free and repayable on demand. During the current year, a subsidiary included in the Disposal Group had fully returned one supplier with payment of RMB106,000,000.

(iii) The amounts mainly resulted from the Group's acquisition of subsidiaries with solar power plants currently under development in the prior years, which were unsecured, interest-free and repayable on demand or upon completion of the development of solar power plants.

(iv) Included in the balance of accrued expense as at 31 December 2019, interest expense on convertible bonds of HKD37,480,000 (equivalent to RMB29,745,000) was provided for the Second CB(as defined in note 46(b)). As set out in note 46(b), as at 31 December 2019, the Second CB arrived at its par value as the early redemption option gives the holder the right to require the Company to redeem up to 100% of the aggregate amount of the Second CB during the period from the date after the fifth anniversary of the date of issue of the Second CB to the Second CB Maturity Date. As a result, since then, the relevant interest expense was calculated used fixed interest rate on 8% per annum with interest to be paid annually.

The credit period on purchases of goods is 0 to 180 days (2018: 0 to 180 days) and certain suppliers allow longer credit period on a case-by-case basis.

36. TRADE AND OTHER PAYABLES (Continued)

The following is an aged analysis of the trade payable presented based on the invoice date at the end of the reporting period:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Age		
0 to 30 days	**37,802**	905,185
31 to 60 days	**18,547**	433,801
61 to 90 days	**14,993**	164,589
91 to 180 days	**26,725**	181,423
Over 180 days	**23,213**	283,800
	121,280	1,968,798

The following is an aged analysis of bills payable presented based on issue date at the end of the reporting period:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Age		
0 to 30 days	**—**	452,418
31 to 60 days	**—**	314,961
61 to 90 days	**—**	345,054
91 to 180 days	**—**	453,392
	—	1,565,825

The trade and other payables denominated in USD, HKD and EUR, the foreign currencies other than functional currency of the relevant group entities, were re-translated in RMB and stated for reporting purposes as:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
USD	**17,392**	250,679
HKD	**11,765**	124,053
EUR	**—**	613

37. CONTRACT LIABILITIES

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Amounts received in advance of:		
– Sales of LED Products only (2018: including Solar Products and LED Products) (note (b))	**12,510**	329,498
– Provision of Plant Operation and Services (note (c))	**—**	2,198
	12,510	331,696

Notes:

(a) As at 1 January 2018, contract liabilities amounted to RMB178,184,000.

(b) Revenue from sales of goods is recognised at a point in time when the customers obtain control of the goods transferred, since only by that time the Group has a present right to payment from the customers.

(c) Revenue from plant operating and services is recognised over time as the customers simultaneously receive and consume the benefits provided by the Group's performances and the Group has an enforceable right to payment for performances completed to date. Amount was fully eliminated along with the completion of disposal of the Disposal Group on 30 September 2019.

The following table shows how much of the revenue recognised (including both continuing and discontinued operations) relates to brought forward contract liabilities. There was no revenue recognised during the current year that related to performance obligations that were satisfied in prior years.

Revenue recognised that was included in the contract liabilities balance (including both continuing and discontinued operations) at the beginning of the year:

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Sales of goods (including Solar Products and LED Products)	**280,199**	177,226
Provision of Plant Operation and Services	**2,180**	958
	282,379	178,184

38. AMOUNTS DUE TO AN ASSOCIATE AND A JOINT VENTURE

As at 31 December 2018, the amounts due to an associate and a joint venture were trade related, unsecured and interest-free, and the credit period granted by the associate and the joint venture to the Group was is 30 days, respectively. Balance as at 31 December 2018 was all aged within 90 days based on the invoice date.

These balances were fully eliminated along with the completion of disposal of the Disposal Group on 30 September 2019.

39. AMOUNTS DUE TO THE RELATED PARTIES

Analysed for reporting purpose as:

	As at 31 December 2019 RMB'000
Loan advanced from the Disposal Group (note)	**2,224,930**

Note:

As at 31 December 2019, except for the unsecured balance of RMB10,000,000 carried at fixed interest rate of 6% per annum and repayable on demand. The remaining amounts due to the Disposal Group were non-trade in nature, unsecured, interest-free and repayable on demand.

40. OBLIGATIONS UNDER FINANCE LEASES

	As at 31 December 2018 RMB'000
Analysed for reporting purposes as:	
Current liabilities	38,943
Non-current liabilities	27,909
	66,852

40. OBLIGATIONS UNDER FINANCE LEASES (Continued)

It is the Group's policy to lease certain of its buildings and machineries under finance leases. As at 31 December 2018, the original lease term is 12 years and the corresponding variable interest rate is 9.15% per annum. Upon the initial application of IFRS 16, the balance of obligation under finance leases was reclassified to lease liabilities since 1 January 2019.

	Minimum lease payments As at 31 December 2018 RMB'000	**Present value of minimum lease payments** As at 31 December 2018 RMB'000
Amounts payable under finance leases:		
Repayable on demand or within one year	43,505	38,943
In more than one year but not more than two years	29,004	27,909
In more than two years but not more than five years	—	—
	72,509	66,852
Less: future finance charges	(5,657)	N/A
Present value of lease obligations	66,852	66,852
Less: Amount due for settlement within 12 months (shown under current liabilities)		(38,943)
Amount due for settlement after 12 months (shown under non-current liabilities)		27,909

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

41. LEASE LIABILITIES

	As at 31 December 2019 RMB'000
Lease liabilities payable:	
Within one year	**19,940**
Within a period of more than one year but not more than two years	**1,654**
Within a period of more than two years but not more than five years	**4,749**
Within a period of more than five years	**7,141**
	33,484
Less: Amount due for settlement with 12 months shown under current liabilities	**(19,940)**
Amount due for settlement after 12 months shown under non-current liabilities	**13,544**

Lease obligations that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	As at 31 December 2019 RMB'000
HKD	**1,139**

42. PROVISIONS

	Warranty provision RMB'000 (note a)	Financial guarantee RMB'000 (note b)	Provision on legal claims RMB'000 (note c)	Total RMB'000
At 1 January 2018	682,970	307,571	61,229	1,051,770
Provision for the year	68,203	16,235	8,148	92,586
ECL recognised	—	14,050	—	14,050
Reversal of ECL	—	(49,510)	—	(49,510)
Reclassified to other payable	—	—	(69,377)	(69,377)
Utilisation	(10,568)	(23,484)	—	(34,052)
Exchange adjustments	2,043	11,979	—	14,022
At 31 December 2018	742,648	276,841	—	1,019,489
ECL recognised	**—**	**4,071**	**—**	**4,071**
Reversal of ECL	**—**	**(115,657)**	**—**	**(115,657)**
Provision for the year	**48,124**	**16,714**	**—**	**64,838**
Utilisation of provision	**(15,910)**	**—**	**—**	**(15,910)**
Exchange adjustments	**2,097**	**3,255**	**—**	**5,352**
Eliminated on disposal of the Disposal Group (note 52A)	**(776,959)**	**(8,124)**	**—**	**(785,083)**
At 31 December 2019	**—**	**177,100**	**—**	**177,100**

Notes:

(a) The Wuxi Suntech Group's standard PV modules (excluding the standard PV modules produced by Suntech Power Japan Power Co., Ltd ("Suntech Japan")), were typically sold with a five-year warranty in terms of replacement and ten years in terms of defects in materials and workmanship. The Wuxi Suntech Group's standard PV modules also contain a 5, 12, 18 and 25-year standard warranty against declines of more than 5.0%, 10.0%, 15.0% and 20.0% of initial power generation capacity, respectively. Suntech Japan's standard PV modules sold in Japan are typically sold with a 10-year warranty in terms of replacement and repairing service for defects in materials and workmanship and a 25-year warranty against declines of more than 10.0% of initial peak power.

The warranty periods of Suntech Japan's building integrated photovoltaic ("BIPV") products vary depending on the nature and specification of each BIPV product. Additionally, a few of the customers have requested post-sales obligations. These obligations primarily consisted of (i) guaranteeing minimum system output for a certain period of time, normally less than five years, which requires Wuxi Suntech to compensate the customer for losses if the system output is lower than the minimum requirement; and (ii) providing certain post-sales system quality warranty in terms of replacement and repairing service for a certain period of time, normally less than five years. The Wuxi Suntech Group accrues warranty costs when recognising revenue and recognises such costs as a component of cost of sales. Warranty costs primarily consist of replacement costs for parts and materials and labor costs for maintenance personnel. Based on its best estimates of both future costs and the probability of incurring warranty claims, the Wuxi Suntech Group accrues for product warranties at approximately 1% of solar module sales and BIPV products. The Wuxi Suntech Group derives its estimates from a number of factors, including (1) an analysis of actual historical costs incurred in connection with its warranty claims, (2) an assessment of competitors' accrual and claim history, (3) changes in the market price of products required to be incurred to provide the warranty service, (i.e. the PV products) and (4) results from academic research, including industry-standard accelerated testing, and other assumptions that Wuxi Suntech believes to be reasonable under the circumstances.

The Wuxi Suntech Group's warranty provision is classified as current liabilities.

Warranty provision was eliminated in full upon the completion of the disposal of the Disposal Group on 30 September 2019.

42. PROVISIONS (Continued)

Notes: (Continued)

(b) Prior to 1 January 2019, the amounts represented:

1) Financial guarantee contracts with aggregate amounts of RMB42,754,000 provided by the Wuxi Suntech Group to a former related party and an independent third party. During the year ended 31 December 2018, amounting to RMB34,630,000 in relation to the financial guarantee contracts provided by Wuxi Suntech Group to its former related parities is reversed due to the termination of borrowing contracts. The remaining borrowing has been fully settled by its former related parties;

2) Financial guarantee contracts of RMB620,000 provided by Shunfeng Photovoltaic Investment (China) Co., Ltd ("Shunfeng Investment") to third parties. During the year ended 31 December 2018, additional ECL of RMB14,050,000 is recognised in relation to the financial guarantee contracts provided by Shunfeng Investment to third parties due to the increase in credit risk followed by a reversal of RMB5,471,000 is recognised as certain outstanding borrowing has been settled by the third party; and

3) Financial guarantee contracts with aggregate amounts of USD40,434,000 (equivalent to RMB264,197,000) provided by the Group and one of its subsidiary for Suniva. In light of loss incurred, Suniva declared bankruptcy as at the year ended 31 December 2017. The Company made full provision on the financial guarantee in respect of Suniva's additional bank borrowing and the outstanding accumulated accrued interest expenses amounting to USD35,882,000 (equivalent to RMB234,456,000) and accounts payable amounting to USD4,552,000 (equivalent to RMB29,741,000), respectively. During the year ended 31 December 2018, the Group made further provision of USD2,454,000 (equivalent to RMB16,235,000) relating to the additional outstanding interest expense that the Group is obliged to settle for Suniva followed by a reversal of USD962,000 (equivalent to RMB6,364,000) is recognised as certain outstanding borrowings has been settled by Suniva. Furthermore, in respect of accounts payables, USD3,653,000 (equivalent to RMB23,484,000) has been repaid by the Group as utilisation followed by a reversal of USD461,000 (equivalent to RMB3,045,000) is recognised as certain accounts payables has been settled by Suniva.

As at 31 December 2019, the amounts represented:

1) The remaining balance of RMB8,124,000 in respect of financial guarantee provided to an independent third party was fully eliminated along with the completion of the disposal of the Disposal Group on 30 September 2019.

2) During the year ended 31 December 2019, additional ECL of RMB4,071,000 is recognised in relation to the financial guarantee contracts provided by Shunfeng Investment to third parties due to the increase in credit risk followed by a reversal of RMB13,270,000 is recognised as certain outstanding borrowing has been settled by the third party.

3) During the year ended 31 December 2019, the Group made further provision of USD2,424,000 (equivalent to RMB16,714,000) relating to the additional outstanding interest expense that the Group is obliged to settle for Suniva followed by a reversal of USD14,851,000 (equivalent to RMB102,387,000) is recognised as certain outstanding borrowings has been settled by Suniva.

Details of the loss allowance for financial guarantee contracts are set out in note 55(b).

(c) On 1 September 2014, an independent third party, lodged a litigation against Wuxi Suntech. On 20 July 2015, court order for the first instance was made by the Jiangsu High People's Court that Wuxi Suntech is obliged to return the vendor payment of RMB206,000,000 and the estimated penalty interest and termination fee. On 17 April 2018, the final appeal was released by the National High People's Court that Wuxi Suntech is obliged to return the vendor payment of RMB206,000,000 and the accumulated penalty interest and termination fee totaling RMB69,377,000, including the additional provision on legal claims of RMB8,148,000 made during the current year. Wuxi Suntech returned the vendor payment of RMB100,000,000 in the current year and the remaining of RMB106,000,000 was accounted for amounts due to independent third parties and included in other payables as at 31 December 2018.

43. BANK AND OTHER BORROWINGS

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Bank loans	**2,803,337**	4,547,940
Other borrowings	**4,523,906**	6,519,405
	7,327,243	11,067,345
Secured and guaranteed	**2,404,824**	1,512,284
Secured and unguaranteed	**4,376,965**	8,978,970
Unsecured and guaranteed	**30,000**	381,000
Unsecured and unguaranteed	**515,454**	195,091
	7,327,243	11,067,345
Fixed-rate borrowings	**4,280,228**	6,074,239
Variable-rate borrowings	**3,047,015**	4,993,106
	7,327,243	11,067,345
Carrying amount repayable:		
Within one year (note (i))	**4,583,876**	6,056,486
More than one year, but not exceeding two years	**365,946**	626,111
More than two years, but not exceeding five years	**1,350,833**	2,545,691
More than five years	**1,026,588**	1,839,057
	7,327,243	11,067,345
Less: amounts due within one year shown under current liabilities (note (j))	**(5,097,942)**	(7,148,081)
Amounts shown under non-current liabilities	**2,229,301**	3,919,264

43. BANK AND OTHER BORROWINGS (Continued)

More analysis on the bank and other borrowings as at 31 December 2019 and 2018:

Bank and other borrowings	Principal amount in original currency as at 31 December				Current liabilities as at 31 December		Non current liabilities as at 31 December		Overdue amounts included in current liabilities as at 31 December	Overdue amounts up to the date of issue of the consolidated financial statements	Notes
	Original currency		Original currency		RMB equivalents		RMB equivalents				
	2019		2018		2019	2018	2019	2018	2019		
	HKD'000	RMB'000	HKD'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Major creditors											
Sino Alliance	1,300,000	–	2,500,000	–	1,164,540	2,190,500	–	–	447,900	447,900	(a)
CMBC-HK	980,000	–	980,000	–	877,884	858,676	–	–	286,656	286,656	(b)
Chongqing Trust	–	666,000	–	738,000	666,000	738,000	–	–	–	–	(c)
Bondholders A (as defined in note 46(d)) of the Fourth CB	564,250	–	–	–	505,455	N/A	–	–	26,870	488,435	(d)
True Bold	189,690	–	189,690	–	169,923	166,207	–	–	169,923	169,923	(e)
JIC	–	490,000	–	490,000	490,000	490,000	–	–	490,000	490,000	(f)
Consideration receivables in advance from Chongqing Future	–	33,484	–	33,484	33,484	33,484	–	–	33,484	33,484	(g)
Sub-total	3,033,940	1,189,484	3,669,690	1,261,484	3,907,286	4,476,867	–	–	1,454,833	1,916,398	
– held by group entities with solar power generation business	–	3,275,456	–	5,450,082	1,046,155	1,893,875	2,229,301	3,556,207	56,931	114,379	(h)
– held by the Disposal Group	–	–	–	980,396	–	625,339	–	355,057	–	–	
– held by the Lattice Power Group	–	144,501	–	160,000	144,501	152,000	–	8,000	10,000	10,000	(j)
Subtotal	–	3,419,957	–	6,590,478	1,190,656	2,671,214	2,229,301	3,919,264	66,931	124,379	
					5,097,942	7,148,081	2,229,301	3,919,264	1,521,764	2,040,777	

Notes:

(a). The remaining balance of HKD1,300,000,000 (equivalent to RMB1,164,540,000), which was advanced from Sino Alliance.

As at 31 December 2016, included in the other borrowings was a borrowing of HKD2,500,000,000 advanced from Sino Alliance, which carried interest at 8.5% per annum and originally matured on 21 December 2018.

During the current year, upon the disposal of the Disposal Group, amounting to HKD1,200,000,000 was assumed by Asia Pacific Resources as part of the consideration. In addition, a supplementary agreement entered into among the Group, Asia Pacific Resources, Mr. Cheng and Sino Alliance dated 28 June 2019 to further extend the due dates, pursuant to which the outstanding principal balance of HKD1,300 million is required to be settled in two instalments, including:

i. HKD500 million or 50% of consideration for the proposed disposal of the 11 Target Companies, whichever is higher, to be extended to 31 December 2019 or 30 business days after completion of the disposals, whichever is earlier; and

ii. the remaining balances to be settled on 31 December 2020 or 30 business days after completion of the Group's other disposals of solar power plants (including the proposed disposal of 6 Target Companies and Possible Disposals of Further Solar Power Plants), if any and whichever is earlier.

Given the recent impacts in relation to COVID-19 stated above, the management of the Company has been negotiating with Sino Alliance since early February 2020 through conference calls, emails and meetings to keep Sino Alliance informed of the progress of the disposal of the 11 Target Companies, as well as the updated information in relation to the announcement made by the Company on 18 March 2020 of the disposal of the 6 Target Companies.

43. BANK AND OTHER BORROWINGS (Continued)

Notes: (Continued)

(a). (Continued)

Upon rounds of discussion between the management of the Company and Sino Alliance, as of the date of issue the consolidated financial statements, the management of Sino Alliance has been aware of the progress and details of the Development Plan that the Company will repay the overdue borrowings with the proceeds received from the disposal of solar power plants held by the Group and they also stand for the Development Plan proposed by the management of the Company.

(b). The bank borrowing of HKD980,000,000 advanced from CMBC-HK, which was carried at the aggregate interest rate of 5% plus 3-month HIBOR per annum together with a management fee of 1.5% and advisory fee 1.5% per annum and matured on 21 December 2018 (the "Final Maturity Date"). During the year ended 31 December 2018, a Supplemental Deed was entered into between the Group and CMBC-HK pursuant to which the maturity of the bank loan had been conditionally extended to 20 August 2019 (the "Extended Maturity Date"). In addition, the interest rate charged by CMBC-HK during the extended period was decreased from 5% to 4% per annum while the other terms and conditions remain unchanged.

During the current year, another supplementary agreement is entered into between the Group and CMBC-HK dated 31 October 2019 to further extend the due dates, pursuant to which the Group has agreed to additionally pledge its entire 59% of equity interest in Lattice Power Group to CMBC-HK, and CMBC-HK has agreed a further extension of the due dates and the settlement of the outstanding principal of HKD980,000,000 by instalments, including:

i. an amount of HKD320 million to be extended to 31 December 2019 or expiry of 15 business days of receipt by the Group of the consideration of the disposal of 11 Target Companies, whichever is earlier (which is determined as the higher of amount of HKD200 million, 20% of the consideration for the disposal of 11 Target Companies or the sales capacity as of the disposal of 11 Target Companies divided by 1,500 megawatts and multiplied by HKD980 million);

ii. the higher of amount of HKD280 million and 20% of the consideration for the other disposals of solar power plants (including the proposed disposal of 6 Target Companies and Possible Disposals of Further Solar Power Plants) on or before 15 July 2020 or the sales capacity as of the Possible Disposals of Further Solar Power Plants on or before 15 July 2020 divided by 1,500 megawatts and multiplied by HKD980 million, to be extended to 15 July 2020; and

iii. the remaining balance to be extended to 18 December 2020.

Given the recent impacts in relation to COVID-19 stated above, the management of the Company has been negotiating with CMBC-HK since early February 2020 through conference calls, emails and meetings to keep CMBC-HK informed of the progress of the disposal of the 11 Target Companies, as well as the updated information in relation to the announcement made by the Company on 18 March 2020 of the disposal of the 6 Target Companies.

Upon rounds of discussion between the management of the Company and CMBC-HK, as of the date of issue the consolidated financial statements, the management of CMBC-HK has been aware of the progress and details of the Development Plan that the Company will repay the overdue borrowings with the proceeds received from the disposal of solar power plants held by the Group and they also stand for the Development Plan proposed by the management of the Company.

(c). The balances of RMB666,000,000 was advanced from Chongqing Trust which was secured by the Group's equity interest in Jiangsu Changshun and Nine Disposal Entities and guaranteed by the Company, carried fixed interest rate of 11% per annum, which is matured on 29 September 2019. Another supplementary agreement was entered into between the Group and Chongqing Trust dated 23 December 2019 to further extend the due date to 30 September 2020, with the terms remains unchanged.

(d). The balances of HKD564,250,000 due to the 19 individual bondholders of the Fourth CB (as defined as Bondholders A in note 46(d), which was unsecured and unguaranteed. Upon maturity of the Fourth CB on 15 June 2019, loan agreements had been entered into between the Group and the Bondholders A of the Fourth CB, the Group has extended the unpaid and outstanding principal balances totalling HKD564,250,000 (equivalent to RMB505,455,000) with a fixed annual interest rate of 4.0% to 20 December 2019, and all the rights under the original terms and conditions in relation to the Fourth CB to the Bondholders A have been waived.

On 20 December 2019, total principal balance of HKD564,250,000 (equivalent to RMB505,455,000) is matured, the Group has entered into certain supplementary agreements with certain Bondholder A of the Fourth CB to further extend the due date of total outstanding principal amount of HKD534,250,000 (equivalent to RMB478,581,000) to 25 March 2020, while the remaining outstanding principal amount of HKD30,000,000 (equivalent to RMB26,870,000) was overdue as at 31 December 2019. Total amount of HKD19,000,000 (equivalent to RMB17,020,000) has been settled in cash subsequent to the end of the reporting period and up to the date of issue of the consolidated financial statements.

Total outstanding principal amount of HKD545,250,000 (equivalent to RMB488,435,000) was due on the date of issue of consolidated financial statements.

* English name is for identification purpose use.

43. BANK AND OTHER BORROWINGS (Continued)

Notes: (Continued)

(d). (Continued)

Given the recent impacts in relation to COVID-19 as stated above, the management of the Company has been negotiating with the Bondholders A of the Fourth CB since early February 2020 through conference calls, emails and meetings to keep the Bondholders A of the Fourth CB informed of the progress of the disposal of the 11 Target Companies, with a view to extending the due date to the time that a sufficient amount of proceed will be received by the Group. Up to the date of issue of the consolidated financial statements, the management of the Group has received confirmations in the form of written document or emails from the majority of bondholders A of the Fourth CB, agreeing to further delay upon payment received from the disposal of the 11 Target Companies.

(e). The borrowing balances of HKD189,690,000 previously converted from the Fifth CB subscribed by True Bold upon maturity in 2017 was scheduled to be settled in the following way, according to the amendment agreement dated 29 June 2018:

a. amount of HKD54,690,000 will be repaid before the year ended 31 December 2018; and

b. amount of HKD135,000,000 will be repaid before the year ended 31 December 2019.

Such balance was secured and unguaranteed, carried fixed interest rate of 10% per annum.

Given the recent impacts in relation to COVID-19 stated above, the management of the Company has been negotiating with True Bold since early February 2020 through conference calls, emails and meetings to keep True Bold informed of the progress of the disposal of the 11 Target Companies, as well as the updated information in relation to the announcement made by the Company on 18 March 2020 of the disposal of the 6 Target Companies.

Upon rounds of discussion between the management of the Company and True Bold, as of the date of issue the consolidated financial statements, the management of True Bold has been aware of the progress and details of the Development Plan that the Company will repay the overdue borrowings with the proceeds received from the disposal of solar power plants held by the Group and they also stand for the Development Plan proposed by the management of the Company.

(f). The balance of RMB490,000,000 was advanced from JIC Trust Co., Ltd* (中建投信託有限公司) (referred as "JIC"), which was secured and carried fixed interest of 10.5%. Such loan has been overdue on 16 August 2019 and was included in the current liabilities. JIC lodged a litigation against the Group during the year ended 31 December 2019 and subsequently the Group received the first-instance judgement from Zhejiang High Court in January 2020. Further details were set out in note 60.

The management of the Group is under negotiation with the management of JIC and seeking for further extension.

(g). The balances of RMB33,484,000 in relation to the consideration received in advance, which was secured by the Group's equity interest in Jiangsu Changshun and Nine Disposal Entities and guaranteed by the Company, carried fixed interest rate of 9% per annum, as detailed in note 32 (iii) in the annual report of 2017.

This balance was overdue as at 31 December 2019. The management of the Group is under negotiation with the management of Chongqing Future and seeking for further extension.

(h). Included in the current liabilities as at 31 December 2019 were borrowings in relation to the solar power generation business with principal amounts of RMB56,931,000. Up to the date of issue of the consolidated financial statements, the overdue amounts increase to RMB114,379,000.

The management of the Group assessed that RMB56,931,000 out of total overdue balance of RMB100,415,000 as at 31 December 2019 and RMB114,379,000 out of total overdue balance of RMB157,863,000 on the date of issue of the consolidated financial statements were held by the subsidiaries holding the solar power plants in the PRC (including the 11 Target Companies and 6 Target Companies), the bank and other borrowings held by these entities will be eventually assumed by the purchasers according to the relevant sale and purchase agreements.

The management is optimistic that the relevant lenders will also accept in respect of the proposed disposal of the 6 Target Companies and Possible Disposals of Further Solar Power Plants.

43. BANK AND OTHER BORROWINGS (Continued)

Notes: (Continued)

(h). (Continued)

In addition, balance of current liabilities as at 31 December 2019 also included a bank borrowing with a carrying amount of RMB514,066,000 (2018: RMB1,091,595,000) as at 31 December 2019, of which certain financial covenants had been breached, primarily related to the debt-equity ratio of the Group. On discovery of the breach, the directors of the Company informed the lender and commenced a renegotiation of the terms of the borrowing with the relevant banker. As at 31 December 2019, those negotiations had not been concluded. Since the lender has not yet agreed to waive its right to demand immediate payment as at the end of the reporting period, the respective borrowing has been classified as current liabilities, accordingly. Up to the date of issue of the consolidated financial statements, the Group had not received any litigations from these counterparties or any notices demanding for immediate repayment.

(i). The amounts due within one year were classified to scheduled repayment dates set out in the loan agreements or supplementary extension agreement, and included the balances which had been overdue or which with certain financial covenants had been breached.

(j). Included in the current liabilities as at 31 December 2019 was the borrowings in relation to the business of manufacturing and sales of LED Products with a principal amount of RMB10,000,000 overdue. The creditor expressed its intention to invest in Lattice Power Semiconductor Co., Ltd* (江西省晶能半導體有限公司) ("Lattice Power Semiconductor"), a 100% subsidiary owned by Lattice Power (Jiangxi) Co., Ltd. and the outstanding loan would be converted as capital injection in return of 16.67% of Lattice Power Semiconductor to this creditor. Up to the date of issue of the consolidated financial statements, the Group has not yet entered into share and purchase agreement with the relevant creditor.

The ranges of effective interest rate of the Group's interest-bearing borrowings are as follows:

	As at 31 December	
	2019	2018
Effective interest rate:		
Fixed rate borrowings	**3.00% to 11.00%**	3.00% to 15.00%
Variable rate borrowings	**3.85% to 8.20%**	0.50% to 8.20%

At 31 December 2019 and 2018, the Group had variable-rate borrowings which carried interest based on the benchmark interest rate issued by the People's Bank of China ("PBOC"). Interest was reset every one month, three months or one year.

The borrowings denominated in HKD and USD, the foreign currency other than functional currency of the relevant group entities, were re-translated in RMB and stated for reporting purposes as:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
HKD	**2,717,802**	3,201,723
USD	**—**	94,369

44. DEFERRED INCOME

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Government grants (note)	**—**	28,514
Analysed for reporting purpose as:		
Current liabilities	**—**	6,394
Non-current liabilities	**—**	22,120
	—	28,514

Note:

During the current year, the Group received a government subsidy of approximately RMB831,000 (2018: RMB859,000) mainly related to compensation for acquisition of plant and equipment by the entities included in the 11 Target Companies. The amount was treated as deferred income and amortised to income over the useful lives of related assets upon the machineries are ready for their intended use and depreciation commences. As at 31 December 2019, the amount of RMB6,677,000 was included in liabilities associated with assets classified as held for sale.

45. DERIVATIVE FINANCIAL LIABILITIES

	2019	2018
	RMB'000	RMB'000
Warrants liabilities arising from previous acquisition of Lattice Power Group	**6,078**	3,336

Warrants liabilities arising from acquisition of Lattice Power Group

In connection with the acquisition of Lattice Power Group by the Group, the Company and certain existing shareholders of Lattice Power Corporation entered into a warrants subscription agreement pursuant to which Lattice Power Group agreed to issue, and the Company and certain existing shareholders of Lattice Power Corporation agreed to subscribe for the Series E Warrants convertible into 84,149,220 and 21,980,142 shares of Lattice Power Corporation at a nominal consideration of USD0.001 per share respectively, exercisable at the discretion of the Company and certain existing shareholders of Lattice Power Corporation.

The exercise price for the Series E Warrants shall be HKD41.56 (equivalent to RMB37.39 (2018: RMB36.80)) per share, subject to adjustment in the event of changes in the number of shares of Lattice Power Corporation by reason of share dividends, splits, recapitalisations, reclassifications, combinations or exchanges of shares, separations, reorganisations or liquidations. The Series E Warrants shall be exercisable, in whole or in part, during the term from 6 August 2015 to 5 August 2025 and was therefore classified as current liabilities, accordingly.

45. DERIVATIVE FINANCIAL LIABILITIES (Continued)

Warrants liabilities arising from acquisition of Lattice Power Group (Continued)

Series E Warrants were financial liabilities classified and designated as at FVTPL on initial recognition. The fair values of the Series E Warrants were calculated using the Binomial model. The inputs into the model on 31 December 2019 and 31 December 2018 were as follows:

Valuation date	**31 December 2019**	31 December 2018
Applicable share value (RMB)	**19.33**	19.30
Exercise price (RMB)	**37.39**	36.80
Expected volatility	**49.60%**	49.70%
Expected life	**5.6 year**	6.6 years
Risk-free rate	**3.19%**	3.80%
Expected dividend yield	**0.00%**	0.00%

The applicable share value was estimated based on the estimated share value of Lattice Power Corporation.

Expected volatility was determined by using the average annualised historical stock price volatilities of comparable companies as of the valuation date.

For the year ended 31 December 2019, loss on changes in fair value of RMB2,742,000 in respect of these warrants liabilities was credited to "other gains and losses" in profit or loss for the year ended 31 December 2019 (2018: nil).

46. CONVERTIBLE BONDS

(a) First CB (as defined below)

On 28 February 2013, the Company issued convertible bonds at par to Peace Link Services Limited ("Peace Link"), with principal amount of HKD449,400,000 (equivalent to RMB356,660,000) ("First CB"). The First CB bears no interest and is denominated in HKD with a conversion period of 20 years from the issue date and can be converted into ordinary shares of the Company at HKD0.214 per share, subject to the anti-dilution adjustments and certain events such as share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and other equity or equity derivative issues.

The holder(s) has the right to require the Company to redeem the outstanding convertible bond at an amount equals to the principal amount of the First CB prior to the twentieth anniversary of the date of issue of the First CB (the "First CB Maturity Date") in the following manner:

(i) up to 5% of the aggregate amount of the First CB, i.e. HKD22,470,000, during the period from the first anniversary of the date of issue of the First CB to the fifth anniversary of the date of issue of the First CB;

46. CONVERTIBLE BONDS (Continued)

(a) First CB (as defined below) (Continued)

(ii) subject to (i) above, up to 10% of the aggregate amount of the First CB, i.e. HKD44,940,000, during the period from the fifth anniversary of the date of issue of the First CB to the tenth anniversary of the date of issue of the First CB; and

(iii) up to 100% of the aggregate amount of the First CB during the period from the date after the tenth anniversary of the date of issue of the First CB to the First CB Maturity Date.

The Company has the right to redeem the outstanding First CB at an amount equals to the principal amount of the First CB prior to the First CB Maturity Date in the following manner:

(i) up to 5% of the aggregate amount of the First CB, i.e. HKD22,470,000, during the period from the first anniversary of the date of issue of the First CB to the fifth anniversary of the date of issue of the First CB;

(ii) subject to (I) above, up to 10% of the aggregate amount of the First CB, i.e. HKD44,940,000, during the period from the fifth anniversary of the date of issue of the First CB to the tenth anniversary of the date of issue of the First CB; and

(iii) up to 100% of the aggregate amount of the First CB during the period from the date after the tenth anniversary of the date of issue of the First CB to the First CB Maturity Date.

On 19 September 2013, the Company signed a supplementary agreement ("Supplementary Agreement") with the holders of the First CB, which modified the original terms of the First CB as follows:

(i) the outstanding amount of the First CB would be redeemed or repaid in RMB using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26; and

(ii) the First CB can be converted into ordinary shares of the Company at HKD0.214 using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26 while the principal extinguished upon conversion would be calculated using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26.

46. CONVERTIBLE BONDS (Continued)

(a) First CB (as defined below) (Continued)

The First CB was designated as financial liabilities at FVTPL upon initial recognition on 28 February 2013. The First CB was subsequently measured at fair value with changes in fair value recognised in profit or loss up to 19 September 2013. Upon the modification on 19 September 2013 as mentioned above, the original financial liability was extinguished and the fair value of the First CB on 19 September 2013 had been split into liability component and equity conversion component. At modification, the fair value of the liability component was calculated by using a market interest rate for an equivalent non-convertible bond while the equity conversion component was estimated using binomial option pricing model and was included in equity as "convertible bonds equity reserve". The liability component after modification was subsequently measured at amortised costs using the effective interest rate method while the equity conversion component remains in equity until the conversion option is exercised. The effective interest rate of the liability component which was measured at amortised costs was 26.31% per annum.

During the year ended 31 December 2013, principal sum of HKD36,400,000 of the First CB was converted by the bondholder to 170,093,457 ordinary shares of the Company.

During the year ended 31 December 2014, principal sum of HKD47,000,000 of the First CB was converted by the bondholder to 219,626,168 ordinary shares of the Company.

During the year ended 31 December 2015, principal sum of HKD79,400,000 of the First CB was converted by the bondholder to 371,028,037 ordinary shares of the Company.

During the year ended 31 December 2018, principal sum of HKD143,000,000 of the First CB was converted by the bondholder to 668,224,299 ordinary shares of the Company.

The movements of the components of First CB during the current year are set out below:

	Liability component at amortised cost RMB'000	**Convertible bonds option reserve** RMB'000	**Total** RMB'000
Carrying amount at 1 January 2018	83,600	1,351,428	1,435,028
Effective interest expense charged for the year	14,381	—	14,381
Convertible bonds converted during the year	(47,805)	(674,300)	(722,105)
At 31 December 2018	50,176	677,128	727,304
Effective interest expense charged for the year	10,203	—	10,203
At 31 December 2019	60,379	677,128	737,507

As at 31 December 2019, the First CB of RMB35,666,000 (2018: RMB35,666,000) was classified as current liability as the early redemption option gives the holder the right to require the Company to redeem 10% (2018: 10%) of the First CB on demand.

46. CONVERTIBLE BONDS (Continued)

(b) Second CB (as defined below)

On 19 August 2013, the Company issued convertible bonds at par to Peace Link with principal amount of HKD930,500,000 (equivalent to RMB738,492,000 as calculated using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26) ("Second CB"). The Second CB bears fixed interest rate on 8% per annum with interest to be paid annually in arrears at RMB using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26. The Second CB is with a conversion period of 10 years from the issue date and can be converted into ordinary shares of the Company at HKD0.922 with pre-determined fixed rate of exchange of RMB1.00 to HKD1.26, subject to the anti-dilution adjustments and certain events such as share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and other equity or equity derivative issues. The principal extinguished upon conversion and the corresponding unpaid interest to be distributed would be calculated using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26.

The holder(s) of the Second CB has the right to require the Company to redeem the outstanding Second CB at an amount equals to the principal amount of the Second CB prior to the tenth anniversary of the date of issue of the Second CB (the "Second CB Maturity Date") in the following manner:

(i) up to 20% of the aggregate amount of the Second CB, i.e. HKD186,100,000, during the period from the first anniversary of the date of issue of the Second CB to the fifth anniversary of the date of issue of the Second CB; and

(ii) up to 100% of the aggregate amount of the Second CB during the period from the date after the fifth anniversary of the date of issue of the Second CB to the Second CB Maturity Date.

The Company has the right to redeem the outstanding Second CB at an amount equals to the principal amount of the Second CB prior to the Second CB Maturity Date in the following manner:

(i) up to 20% of the aggregate amount of the Second CB, i.e. HKD186,100,000, during the period from the first anniversary of the date of issue of the Second CB to the fifth anniversary of the date of issue of the Second CB; and

(ii) up to 100% of the aggregate amount of the Second CB during the period from the date after the fifth anniversary of the date of issue of the Second CB to the Second CB Maturity Date.

The outstanding Second CB would be redeemed or repaid in RMB using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26.

46. CONVERTIBLE BONDS (Continued)

(b) Second CB (as defined below) (Continued)

The Second CB contained two components, liability and equity elements. The initial fair value of the liability component and the equity conversion component was determined based on net proceeds at issuance. The fair value of the liability component was calculated by using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, was included in equity as "convertible bonds equity reserve". The liability component was subsequently measured at amortised cost using the effective interest rate method. The effective interest rate of the Second CB is 20.67% per annum.

During the year ended 31 December 2015, principal sum of HKD362,000,000 of the Second CB was converted by the bondholder to 392,624,726 ordinary shares of the Company.

During the year ended 31 December 2016, principal sum of HKD100,000,000 of the Second CB was converted by the bondholder to 108,459,869 ordinary shares of the Company.

The movement of the components of the Second CB during the current year are set out below:

	Liability component at amortised cost RMB'000	**Convertible bonds equity reserve** RMB'000	**Total** RMB'000
Carrying amount at 1 January 2018	366,131	118,469	484,600
Effective interest expense charged for the year	39,516	—	39,516
Coupon interest paid during the year	(33,822)	—	(33,822)
At 31 December 2018 and 31 December 2019	371,825	118,469	490,294

As at 31 December 2019, the Second CB of RMB1,710,000 (2018: RMB1,710,000) was classified as current liability as the early redemption option gives the holder the right (except for Peace Link has waived such right during the current year as detailed below) to require the Company to redeem up to 100% of the aggregate amount of the Second CB during the period from the date after the fifth anniversary of the date of issue of the Second CB to the Second CB Maturity Date.

Meanwhile, as at 31 December 2019, the Second CB of RMB370,115,000 (2018: RMB370,115,000) was classified as non-current liability as the Group has obtained intention letter from Peace Link, one of the convertible bondholders of the Second CB, which expressed its consent not to exercise the right to early redemption for a period of 12 months from the end of the reporting period.

46. CONVERTIBLE BONDS (Continued)

(c) Third CB (as defined below)

On 16 April 2014, the Company issued convertible bonds at par to Peace Link and other independent third parties with aggregate principal amount of HKD3,580,000,000 (equivalent to RMB2,841,270,000 as calculated using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26) ("Third CB"). The Third CB bears no interest with a conversion period of 10 years from the issue date and can be converted into ordinary shares of the Company at HKD3.58 with pre-determined fixed rate of exchange of RMB1.00 to HKD1.26, subject to the anti-dilution adjustments and certain events such as share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and other equity or equity derivative issues. The principal extinguished upon conversion and the corresponding unpaid interest to be distributed would be calculated using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26.

The holder(s) of the Third CB has the right to require the Company to redeem the outstanding Third CB at an amount equals to the principal amount of the Third CB prior to the tenth anniversary of the date of issue of the Third CB (the "Third CB Maturity Date") in the following manner:

(i) up to 20% of the aggregate amount of the Third CB, i.e. HKD716,000,000, during the period from the first anniversary of the date of issue of the Third CB to the fifth anniversary of the date of issue of the Third CB; and

(ii) up to 100% of the aggregate amount of the Third CB during the period from the date after the fifth anniversary of the date of issue of the Third CB to the Third CB Maturity Date.

The Company has the right to redeem the outstanding Third CB at an amount equals to the principal amount of the Third CB prior to the Third CB Maturity Date in the following manner:

(i) up to 20% of the aggregate amount of the Third CB, i.e. HKD716,000,000, during the period from the first anniversary of the date of issue of the Third CB to the fifth anniversary of the date of issue of the Third CB; and

(ii) up to 100% of the aggregate amount of the Third CB during the period from the date after the fifth anniversary of the date of issue of the Third CB to the Third CB Maturity Date.

The outstanding Third CB would be redeemed or repaid in RMB using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26.

The Third CB contained two components, liability and equity elements. The initial fair value of the liability component and the equity conversion component was determined based on net proceeds at issuance. The fair value of the liability component was calculated by using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, was included in equity as "convertible bonds option reserve". The liability component was subsequently measured at amortised cost using the effective interest rate method. The effective interest rate of the Third CB is 21.31% per annum.

46. CONVERTIBLE BONDS (Continued)

(c) Third CB (as defined below) (Continued)

The movements of components of the Third CB during the current year are set out below:

	Liability component at amortised cost RMB'000	Convertible bonds equity reserve RMB'000	Total RMB'000
Carrying amount at 1 January 2018	505,067	904,971	1,410,038
Effective interest expense charged for the year	107,656	—	107,656
At 31 December 2018	612,723	904,971	1,517,694
Effective interest expense charged for the year	109,181	—	109,181
Waiver of the Third CB held by Peace Link (Note b)	(652,693)	(820,718)	(1,473,411)
At 31 December 2019 (note c)	69,211	84,253	153,464

Notes:

a: Subsequently on 1 September 2014, each of the Third CB holders issued a commitment confirmation letter to the Company individually and confirmed that they would not exercise the early redemption right but retain the share conversion right till the Third CB Maturity Date. A deed of undertaking had also been subsequently drawn up and entered into by each of the Third CB holders confirming that all of them hereby irrevocably undertook to the Company that they would comply with the terms of the commitment confirmation letter, with effect from 1 September 2014.

Upon receipt of the commitment confirmation letter and the deed of undertaking from each of the Third CB holders on 1 September 2014, the directors of the Company considered that the expected future cash flows of the Third CB had been changed and the original estimate of the amortisation period on the basis of the earliest date on which the entity can be required to pay (i.e., for a shorter period of 1 year and 5 years for the 20% and the remaining 80% of the aggregate amount of the Third CB, respectively) was no longer appropriate, and revised the estimate of the amortisation period till Third CB Maturity Date (i.e., for a period of 10 years) accordingly.

The liability component of the Third CB was therefore re-measured on 1 September 2014 by discounting the revised estimated cash flows at the Third CB's original effective interest rate, and resulted in a change in carrying amount of the liability component of the Third CB by RMB992,024,000, which required the adjustment to be recognised in the profit or loss for the year ended 31 December 2014 in accordance with IAS 39.

b: During the current year, Peace Link, one of the bondholders and a company beneficially owned by Mr. Cheng, has entered into a legally binding deed of waiver and undertaking in favour of the Company, pursuant to which Peace Link, conditional upon completion of the disposal of the Disposal Group, agreed to waive the repayment and redemption obligations of the Company in respect of principal amount of HKD1,948,000,000 (equivalent to RMB1,546,032,000) of the Third CB held by Peace Link for no consideration. The Third CB originally will be matured on 15 April 2024. The waiver of the Third CB had became effective since 14 October 2019.

As a result, the carrying amount of the Third CB of RMB652,693,000 has been derecognised and credited to special reserve as deemed capital contribution from the shareholder with the corresponding convertible bonds equity reserve of RMB820,718,000 reclassified to the accumulated deficits.

c: The balance represented the remaining principal balance of HKD200 million of the Third CB held by Mr. Cheng.

46. CONVERTIBLE BONDS (Continued)

(d) Fourth CB (as defined below)

On 16 June 2014, the Company issued convertible bonds at par to independent third parties with aggregate principal amount of HKD2,137,230,000 (equivalent to RMB1,696,214,000 as calculated using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26) ("Forth CB"). The Forth CB bears interest rate of 4% per annum with interest to be paid semi-annually in arrears at RMB using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26. The Forth CB is with a conversion period of 5 years from the issue date and can be converted into ordinary shares of the Company at HKD10.0 with pre-determined fixed rate of exchange of RMB1.00 to HKD1.26, subject to the anti-dilution adjustments and certain events such as share consolidation, share subdivision, capitalisation issue, capital distribution, right issue and other equity or equity derivative issues.

The holders of the Fourth CB has the right to require the Company and the Company has the right to redeem the Fourth CB at an amount equals to the principal amount of the Fourth CB on the fifth anniversary of the date of issue of the Fourth CB.

The Forth CB would be redeemed or repaid in RMB using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26.

The Fourth CB contained two components, liability and equity elements. The initial fair value of the liability component and the equity conversion component was determined based on the net proceeds at issuance. The fair value of the liability component was calculated by using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, was included in equity as "convertible bonds equity reserve". The liability component was subsequently measured at amortised cost using the effective interest rate method. The effective interest rate of the Fourth CB is 19.72% per annum.

During the year ended 31 December 2015, principal sum of HKD842,000,000 of the Fourth CB was converted by the bondholder to 84,200,000 ordinary shares of the Company.

46. CONVERTIBLE BONDS (Continued)

(d) Fourth CB (as defined below) (Continued)

The movements of component of the Fourth CB during the current year are set out below:

	Liability component at amortised cost RMB'000	Convertible bonds equity reserve RMB'000	Total RMB'000
Carrying amount at 1 January 2018	556,243	329,922	886,165
Effective interest expense charged for the year	115,825	—	115,825
Coupon interest paid during the year	(27,572)	—	(27,572)
At 31 December 2018	644,496	329,922	974,418
Effective interest expense charged for the year	58,575	—	58,575
Follow up arrangement included:			
Coupon interest paid during the year	(13,786)	—	(13,786)
Reclassification/settlement upon Maturity date (as detailed in note (c) below)	(689,285)	(329,922)	(1,019,207)
At 31 December 2019	—	—	—

During the year ended 31 December 2019, the outstanding principal sum of HKD868,500,000 (equivalent to RMB689,285,000) with 21 bondholders (who are independent third parties of, and not connected with the Company) of the Fourth CB, together with the unpaid interest of HKD17,370,000 (equivalent to RMB13,786,000), totalling HKD885,870,000 (equivalent to RMB703,071,000) was matured on 15 June 2019 ("Maturity Date"). The follow up arrangement are set out as follows:

(a) The Company has fully paid the entire outstanding interest payable of HKD17,370,000 (equivalent to RMB15,294,000) to all bondholders on Maturity Date;

(b) In respect of outstanding principal balance of HKD828,500,000 (equivalent to RMB657,540,000), the Company entered into loan agreements and settlement agreements with 19 bondholders (the "Bondholders A") on 15 June 2019 for the extension of aggregated unpaid principal of totalling HKD564,250,000 (equivalent to RMB496,800,000) with an annual interest rate of 4.0% to 20 December 2019, and all the rights under the original terms and conditions in relation to the Fourth CB and any interests payable to Bondholders A will be waived by the Company. Upon the follow up agreements, the Company has fully repaid Bondholders A with principal amount of HKD264,250,000 (equivalent to RMB228,582,000) during the year ended to 31 December 2019.

46. CONVERTIBLE BONDS (Continued)

(d) Fourth CB (as defined below) (Continued)

(c) In respect of outstanding principal balance of HKD40,000,000 (equivalent to RMB31,745,000), the Company agreed to repay the outstanding Fourth CB in full to the remaining 2 bondholders (the "Bondholders B") upon Maturity Date and has been fully repaid prior to 31 December 2019.

The follow up arrangement of the Fourth CB during the current year are set out below:

	Principal		Coupon interest payable		Total	
	HKD'000 (Original currency)	RMB'000 (RMB equivalent)	HKD'000 (Original currency)	RMB'000 (RMB equivalent)	HKD'000 (Original currency)	RMB'000 (RMB equivalent)
Total amount outstanding on Maturity Date	868,500	689,285	17,370	13,786	885,870	703,071
Bondholders A	828,500	657,540	16,570	13,151	845,070	670,691
Bondholders B	40,000	31,745	800	635	40,800	32,380
Less: reclassify to other borrowings during 2019	(564,250)	(496,800)	–	–	(564,250)	(496,800)
Bondholders A	(564,250)	(496,800)	–	–	(564,250)	(496,800)
Bondholders B	–	–	–	–	–	–
Less: amount paid to bondholders during 2019	(304,250)	(262,932)	(17,370)	(15,294)	(321,620)	(278,226)
Bondholders A	(264,250)	(228,582)	(16,570)	(14,590)	(280,820)	(243,172)
Bondholders B	(40,000)	(34,350)	(800)	(704)	(40,800)	(35,054)
Exchange realignment	–	70,447	–	1,508	–	71,955
Total amount as at 31 December 2019	–	–	–	–	–	–

46. CONVERTIBLE BONDS (Continued)

Liability components in respect of all the convertible bonds issued by the Company analysed for reporting purpose as:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Within one year classified as current liabilities	**37,376**	681,872
In more than one year but not more than two years	**370,115**	370,115
In more than two one year but not more than five years	**93,924**	14,510
More than five years	**—**	612,723
Total non-current liabilities	**464,039**	997,348
	501,415	1,679,220

47. BOND PAYABLES

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Analysed for reporting purpose:		
Current liabilities	**824,778**	830,471

As at 31 December 2019, an aggregate amount of arrangement fee totalling RMB686,000 (2018: RMB3,529,000) was included in the balance of bonds payable, and will be released to profit or loss as finance costs using the effective interest method over the bond period.

The proceeds from the bonds payable issued was used to finance the acquisition of property, plant and equipment, capital expenditure on solar power plants, and to fund working capital for general operation.

2015 corporate bond

On 10 November 2015, Shunfeng Investment, a subsidiary of the Group, issued a 3-year corporate bond at par to certain independent third parties in the principal amount of RMB550,000,000. The corporate bond is unsecured but guaranteed by the Company, carried fixed interest of 7.8% per annum, and with the maturity date on 10 November 2018.

47. BOND PAYABLES (Continued)

2015 corporate bond (Continued)

On 10 November 2018, the outstanding principal sum of RMB550,000,000 of the 3-year corporate bond, together with the unpaid interest of RMB42,900,000, totalling RMB592,900,000 was matured, and the Group had repaid all interest of RMB42,900,000 to the bondholders. In addition, the Group had entered into a supplementary agreement with the bondholders, to extend the maturity date of the corporate bond to 9 November 2019, carried fixed interest rate of 7.8%.

As at 31 December 2019, the outstanding principal of RMB550,000,000 and unpaid interest of RMB49,012,000 have been overdue, while the overdue balance of unpaid interest increased to RMB63,233,000 on the date of issue of the consolidated financial statements.

Given the recent impacts in relation to COVID-19 stated above, the management of the Group has been negotiating with the bondholders of the 2015 Corporate Bond since early February 2020 through conference calls and meetings to keep them informed of the progress of the disposal of the 11 Target Companies. Up to the date of issue of the consolidated financial statements, the Company has not received any litigation letter from these bondholders of the 2015 Corporate Bond. The management of the Group is optimistic that these bondholders of the 2015 Corporate Bond will support the Development Plan and agree to extend the due date to the time that a sufficient amount of proceed from the disposal of solar power plants held by the Group will be received by the Group.

2016 corporate bond

In addition, on 22 June 2016, Shunfeng Investment issued a 2-year corporate bond at par to certain independent third parties in the principal amount of RMB450,000,000 and to Wuxi Suntech Power Co., Ltd, another subsidiary of the Group, in the principal amount of RMB50,000,000. The corporate bond is unsecured but guaranteed by the Company, carried fixed interest of 7.7% per annum, and with the maturity date on 22 June 2018. During the year ended 31 December 2017, principal amount of RMB20,000,000 of the corporate bond held by Wuxi Suntech Power Co., Ltd was transferred at par value to an independent financial institution.

On 22 June 2018, the outstanding principal sum of RMB500,000,000 of the 2-year corporate bond, together with the unpaid interest of RMB38,500,000, totalling RMB538,500,000 was matured. The Group has repaid an aggregate settlement of RMB194,500,000 (including the principal sum of RMB156,000,000 and interest of RMB38,500,000). Then the Group has entered into a supplementary agreement with the bondholder during the year ended 31 December 2018 and has agreed with the bondholder by the following ways of settlement:

— the repayment date of RMB60,000,000 of the principal is extended to 22 September 2018;

— the repayment date of RMB284,000,000 of the principal is extended to 22 March 2019.

During the year ended 31 December 2018, the first instalment of RMB60,000,000 was fully settled subsequent to the extension. During the current year, only partial settlement in the principal amount of RMB8,537,000 and interest of RMB11,463,000 in respect of the second instalment was made by the Group. The Group and the bondholder have entered into another supplementary agreement dated 25 April 2019 to further extend the due dates to 25 April 2020. The outstanding principal of RMB275,463,000 carried interest rate of 7.7% per annum and was secured as the Group placed a security deposit of RMB107,000,000 (2018: RMB107,000,000) as at year ended 31 December 2019, as detailed in note 28(v) and the interest of RMB21,458,000 was still outstanding as at 31 December 2019 and had been overdue.

As at the date of issue of the consolidated financial statement, the outstanding principal of RMB284,000,000 and unpaid interest of RMB28,489,000 have been overdue.

47. BOND PAYABLES (Continued)

2016 corporate bond (Continued)

Given the recent impacts in relation to COVID-19 stated above, the management of the Group has been negotiating with the bondholder of the 2016 Corporate Bond since early February 2020 through conference calls and meetings to keep the bondholder of the 2016 Corporate Bond informed of the progress of the disposal of the 11 Target Companies. Up to the date of issue of the consolidated financial statements, the Company has not received any litigation letter from the bondholder of the 2016 Corporate Bond and entered into an extension agreement dated 25 April 2020 with the bondholder agreed conditionally to extend the due date to the time that a sufficient amount of Consideration received by the Group from the disposal of the 11 Target Companies or on or before 25 October 2020, whichever is earlier.

48. SHARE CAPITAL

Ordinary shares of HKD0.01 each.

Authorised:

	Number of shares	**Amount** HKD
At 1 January 2018, 31 December 2018 and 2019	10,000,000,000	100,000,000

Issued and fully paid:

	Number of shares	**Amount** HKD
At 1 January 2018	4,314,151,191	43,141,512
Issue of new shares upon conversion of convertible bonds (note i)	668,224,299	6,682,243
At 31 December 2018 and 2019	4,982,375,490	49,823,755

	As at 31 December	
	2019 **RMB'000**	2018 RMB'000
Presented in the consolidated financial statements as	**40,756**	40,756

Note:

(i) During the year ended 31 December 2018, the Company issued and allotted 668,224,299 ordinary shares of HKD0.01 each upon conversion of certain portion of the First CB as set out in note 46(a). The new ordinary shares issued upon conversion of convertible bonds ranked pari passu with the then existing shares in all aspects.

49. NON-CONTROLLING INTERESTS

	Total RMB'000
At 1 January 2018	1,313,300
Loss and total comprehensive expense for the year	(964)
Recognition of share-based payment of Lattice Power Group	20,331
Transfer of profit for the year in relation to Jiangsu Changshun and Nine Disposal Entities to non-controlling interests (note 4(i)(e))	51,758
At 31 December 2018	1,384,425
Profit and total comprehensive income for the year	16,695
Recognition of share-based payment of Lattice Power Group	4,025
Transfer of profit for the year in relation to Jiangsu Changshun and Nine Disposal Entities to non-controlling interests (note 4(i)(e))	48,588
At 31 December 2019	1,453,733

The table below shows details of the non-wholly-owned subsidiary of the Group that has material non-controlling interests:

Name of Subsidiary	Principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interest		Accumulated non-controlling interests	
		31/12/2019	31/12/2018	**31/12/2019** **RMB'000**	31/12/2018 RMB'000	**31/12/2019** **RMB'000**	31/12/2018 RMB'000
Jiangsu Changshun and Nine Disposal Entities	The PRC	**100%**	100%	**48,588**	51,758	**1,264,224**	1,200,703
Lattice Power Group	The PRC	**41%**	41%	**16,843**	(1,090)	**202,192**	181,472

Summarised financial information in respect of Jiangsu Changshun and Nine Disposal Entities and Lattice Power Group is set out below. The summarised financial information below represents amounts before intragroup eliminations.

49. NON-CONTROLLING INTERESTS (Continued)

Jiangsu Changshun and Nine Disposal Entities	**At 31 December 2019 RMB'000**	At 31 December 2018 RMB'000
Current assets	**1,195,426**	1,202,289
Non-current assets	**1,210,933**	1,280,919
Current liabilities	**(802,030)**	(916,884)
Non-current liabilities	**(340,105)**	(365,621)
Equity attributable to owners of the Company (note)	**—**	—
Non-controlling interests	**1,264,224**	1,200,703

Note: The legal ownership in respect of the 100% entire equity interest of Jiangsu Changshun and the Nine Disposal Entities will be transferred back to the Group once upon the completion of 1) repayment of the outstanding balance of RMB33,484,000 together with the relevant interest by the Group to Chongqing Future; and 2) repayment of the borrowings of RMB666,000,000 together with the relevant interest by the Group to Chongqing Trust.

49. NON-CONTROLLING INTERESTS (Continued)

Jiangsu Changshun and Nine Disposal Entities (Continued)	Year ended 31 December 2019 RMB'000	Year ended 31 December 2018 RMB'000
Revenue	**187,173**	180,358
Cost of sales	**(98,557)**	(101,806)
Other income	**113**	137
Expenses	**(25,208)**	(26,931)
Profit for the year	**63,521**	51,758
Profit and total comprehensive income attributable to owners of the Company	**—**	—
Profit attributable to the non-controlling interests	**63,521**	51,758
Profit and total comprehensive income for the year	**63,521**	51,758
Dividends paid to non-controlling interests	**—**	—
Net cash inflow from operating activities	**150,553**	33,407
Net cash outflow from investing activities	**(30,133)**	(8,359)
Net cash outflow from financing activities	**(136,428)**	(60,269)
Net cash outflow	**(16,008)**	(35,221)

49. NON-CONTROLLING INTERESTS (Continued)

Lattice Power Group	**At 31 December 2019 RMB'000**	At 31 December 2018 RMB'000
Current assets	**436,943**	402,475
Non-current assets	**294,949**	282,027
Current liabilities	**(295,389)**	(278,114)
Non-current liabilities	**(3,652)**	(11,749)
Equity attributable to owners of the Company	**146,080**	123,352
Non-controlling interests	**286,771**	271,287

49. NON-CONTROLLING INTERESTS (Continued)

Lattice Power Group (Continued)	Year ended 31 December 2019 RMB'000	Year ended 31 December 2018 RMB'000
Revenue	**362,743**	334,521
Cost of sales	**(246,243)**	(276,552)
Other income (note)	**52,406**	91,402
Expenses	**(130,664)**	(101,883)
Profit for the year (note)	**38,242**	47,488
Profit attributable to owners of the Company	**22,746**	28,246
Profit attributable to the non-controlling interests	**15,496**	19,242
	38,242	47,488
Other comprehensive (expense) income attributable to owners of the Company	**(18)**	63
Other comprehensive (expense) income attributable to the non-controlling interests	**(12)**	43
Other comprehensive (expense) income for the year	**(30)**	106
Total comprehensive income attributable to owners of the Company	**22,728**	28,309
Total comprehensive income attributable to the non-controlling interests	**15,484**	19,285
Total comprehensive income for the year	**38,212**	47,594
Dividends paid to non-controlling interests	**—**	—
Net cash inflow from operating activities	**94,933**	24,139
Net cash outflow from investing activities	**(44,025)**	(66,774)
Net cash outflow from financing activities	**(15,500)**	(2,566)
Effect of foreign exchange rate changes	**(376)**	(45)
Net cash inflow (outflow)	**35,032**	(45,246)

Note: The amounts included the loss of RMB13,259,000 on changes in fair value of Series E Warrants before intragroup eliminations for the year ended 31 December 2019. No change in fair value of Series E warrants was resulted for the year ended 31 December 2018.

50. INFORMATION OF THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Non-current assets		
Investment in subsidiaries	**1**	1,274
Amounts due from subsidiaries	**2,865,285**	5,628,252
	2,865,286	5,629,526
Current assets		
Other receivables	**26,509**	33,366
Bank balances and cash	**12**	7,150
	26,521	40,516
Current liabilities		
Bank and other borrowings	**1,563,412**	1,034,809
Convertible bonds	**37,376**	681,872
Other payables	**274,104**	53,072
Provision	**177,100**	259,517
	2,051,992	2,029,270
Net current liabilities	**(2,025,471)**	(1,988,754)
Total assets less current liabilities	**839,815**	3,640,772
Capital and reserves		
Share capital	**40,756**	40,756
Reserves	**335,020**	2,602,668
	375,776	2,643,424
Non-current liability		
Convertible bonds	**464,039**	997,348
	839,815	3,640,772

50. INFORMATION OF THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

The movement of the Company's reserves has set forth below:

	Share premium RMB'000	Special reserve RMB'000	Convertible bonds equity reserve RMB'000	Accumulated deficits RMB'000	Total RMB'000
At 1 January 2018	5,360,199	233,968	2,704,790	(4,011,406)	4,287,551
Loss and total comprehensive expense for the year	–	–	–	(1,726,808)	(1,726,808)
Issue of shares upon conversion of the First CB	716,225	–	(674,300)	–	41,925
At 31 December 2018	6,076,424	233,968	2,030,490	(5,738,214)	2,602,668
Loss and total comprehensive expense for the year	–	–	–	(2,920,341)	(2,920,341)
Impact upon maturity of the Fourth CB	–	–	(329,922)	329,922	–
Waiver of the Third CB	–	652,693	(820,718)	820,718	652,693
At 31 December 2019	6,076,424	886,661	879,850	(7,507,915)	335,020

51. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of Lattice Power Group:

On 18 April 2006, Lattice Power Corporation approved the 2006 Global Share Plan (the "2006 ESOP") and common shares of Lattice Power Corporation were reserved to grant to its employees, directors and consultants in certain years. As of 5 August 2015, a total number of 28,000,000 options have been granted to the employees, directors and consultants of Lattice Power Group.

51. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option scheme of Lattice Power Group: (Continued)

On 6 August 2015, the date on which Lattice Power Group was acquired by the Group, pursuant to the agreement entered into between the Company and the ESOP Sellers, the Company acquired from the ESOP Sellers 14,280,000 common shares of Lattice Power Corporation, which were converted from 51% of the outstanding options granted (the "51% ESOP Completion").

The 2006 ESOP was terminated prior to the 51% ESOP Completion but the remaining 49% of the outstanding options, with a total number of 13,720,000 convertible shares in accordance with the original terms according to the 2006 ESOP would continue to be valid after the 51% ESOP Completion ("49% Outstanding Options").

Exercise Price

The exercise price varies depend on the time period when the options were granted:

	From June 2007 to January 2010	From March 2010 to July 2011	From November 2011 to December 2013	From January 2015 to April 2015
Exercise price	USD0.20	USD0.50	USD1.00	USD1.05

Vesting Schedule

Subject to the participant's continued status as employees through each of the applicable vesting dates and to the extent permitted by applicable law, the options are exercisable, in whole or in part, in accordance with the following schedule:

The full vesting period is 4 years since the vesting commencement date. Twenty five percent of the option shall vest on the one year anniversary of the vesting commencement date, and 1/48 of the shares shall vest each month thereafter on the same day of the month as the vesting commencement date, subject to participant continuing to be an employee through each vesting date.

As at 6 August 2015, 4,391,694 options were vested and 9,328,306 options were unvested. The vesting periods of the unvested options are from 7 August 2015 to 30 April 2019.

The exercise periods range from 1 January 2020 to 29 April 2025 and from 1 January 2019 to 29 April 2025 for the options outstanding as at 31 December 2019 and 31 December 2018 respectively. The weighted average remaining contractual terms of options outstanding as at 31 December 2019 is 5.33 years (2018: 6.33 years).

Upon termination as employees (except as provided below), the maximum time to exercise option is 3 months after termination. Upon termination as employees due to disability or death, the maximum time to exercise option is 12 months after termination. The option may only be exercised to shares that have vested as of the date of the participant's termination as a service provider and in no event may the option be exercised after the expiration date. It is the participant's responsibility to exercise the option, if the participant so desires, before it expires or terminates.

51. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option scheme of Lattice Power Group: (Continued)

The following table discloses movements of the 49% Outstanding Options for the year ended 31 December 2019 and from 6 August 2015 (date of the Group's acquisition of Lattice Power Group) to 31 December 2019:

	Number of options	Weighted average exercise price per option
Outstanding on 6 August 2015	13,720,000	USD0.93
Exercised	1,960	USD0.52
Outstanding on 31 December 2016 and 2017 and 2018 and 2019	13,718,040	USD0.93
Exercisable on 31 December 2016	7,857,279	USD0.78
Exercisable on 31 December 2017	10,546,927	USD0.85
Exercisable on 31 December 2018	12,750,037	USD0.88
Exercisable on 31 December 2019	13,718,040	USD0.90

As at 6 August 2015, the outstanding share-based payment transactions of Lattice Power Corporation are not exchanged by the Group and are measured at their market-based measure at the acquisition date.

These fair values on 6 August 2015 were calculated using the Binomial model. The inputs into the model were as follows:

	Remeasurement of vested portion	Remeasurement of unvested portion
Applicable share value	RMB30.92	RMB30.92
Exercise price	USD0.20–USD1.05	USD1.00–USD1.05
Expected volatility	49.82%–56.49%	51.73%–56.49%
Expected life	1.82–9.73 years	6.24–9.73 years
Risk-free rate	2.53%–3.43%	3.31%–3.43%
Expected dividend yield	0.00%	0.00%
Expected forfeiture rate	0.00%	0.00%
Total fair value on 6 August 2015	RMB76,402,000	RMB235,295,000

51. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option scheme of Lattice Power Group: (Continued)

The applicable share value was estimated based on the acquisition share price of Lattice Power Corporation.

Expected volatility was determined by using the average of industry annualised historical stock price volatilities as at 6 August 2015. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The estimations on expected dividend yield and forfeiture rate are based on the historical experience of Lattice Power Corporation.

The fair value of vested portion amounting to RMB76,402,000 are included as part of the non-controlling interest in Lattice Power Corporation. The market-based measure of the unvested portion of RMB34,977,000 is allocated to the non-controlling interest in Lattice Power Corporation based on the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of those share options. The balance of RMB200,318,000 in respect of the unvested portion will be recognised as remuneration cost for post-combination service.

The Group recognised total share-based payment expense of RMB9,934,000 for the year ended 31 December 2019 (2018: RMB50,176,000) in relation to the options granted by Lattice Power Corporation.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate as assisted by an independent professional valuer.

52A. DISPOSAL OF THE DISPOSAL GROUP

As referred to in note 12A, on 30 September 2019, the Group discontinued its several operations at the time of the disposal of the Disposal Group. The net assets of the Disposal Group at the date of disposal (i.e., 30 September 2019) were as follows:

	30/09/2019 RMB'000
Total consideration satisfied by	
The loan facility of HKD1,200 million (note i)	1,055,000
Consideration receivable — Current assets (notes ii and 34 (i))	1,745,000
Cash consideration received (note ii)	200,000
	3,000,000

52A. DISPOSAL OF THE DISPOSAL GROUP (Continued)

Analysis of assets and liabilities over which control was lost:	**30/09/2019 RMB'000**
Property, plant and equipment	1,730,946
Right-of-use assets	387,790
Solar power plants	461,658
Intangible assets	28,935
Interests in associates	119,888
Interests in joint ventures	246,280
Financial assets at fair value through profit or loss ("FVTPL")	100
Other non-current assets	670,111
Deferred tax assets	80,143
Inventories	893,657
Trade and other receivables	1,451,743
Contract assets	5,939
Receivables at FVTOCI	101,466
Value-added tax recoverable	67,397
Tax recoverable	6,120
Prepayments to suppliers	769,172
Amount due from the Group	1,985,656
Amount due from joint ventures	127,244
Restricted bank deposits	1,562,275
Bank balances and cash	522,758
Trade and other payables	(4,421,617)
Contract liabilities	(178,665)
Amount due to the Group	(512,122)
Amount due to a joint venture	(124,920)
Lease liabilities — current	(45,214)
Provisions	(785,083)
Tax liabilities	(2,143)
Bank and other borrowings — current	(411,066)
Deferred income	(5,238)
Derivative financial liability	(23,272)
Deferred tax liabilities	(32,684)
Bank and other borrowings — non-current	(396,911)
Lease liabilities — non-current	(15,725)
Deferred income	(9,559)
Net assets in the Disposal Group's standalone financial statements	4,255,059
Intragroup elimination of ECL recognised on amount due from the Group	185,982
Intragroup elimination of time value adjustment on amount due from the Group	356,620
Net assets disposed of	4,797,661

52A. DISPOSAL OF THE DISPOSAL GROUP (Continued)

	30/09/2019 RMB'000
Impact of the disposal to profit or loss (note iii)	
Cumulative exchange differences in respect of the foreign operation included in the Disposal Group reclassified from equity to profit or loss (note iii)	41,365
Cumulative FVTOCI reserve of the Disposal Group reclassified from equity to profit or loss (note iii)	(1,007)
	40,358
Impact of the disposal to equity	
Consideration	3,000,000
Net assets disposed of	(4,797,661)
Loss debited to special reserve as deemed distribution (note iv)	(1,797,661)
Net cash outflow arising on disposal:	
Cash consideration received (note ii)	200,000
Less: bank balances and cash disposed of	(522,758)
	(322,758)

Notes:

(i) As at 30 September 2019, the total amount of borrowings from Sino Alliance to the Group was HKD2,500 million. As part of the Consideration, the Group had entered into an agreement and all relevant legal documents with Sino Alliance, the Group and other relevant parties, to the effect that (1) the debt amount of HKD1,200 million out of the HKD2,500 million loan facility provided by Sino Alliance was assigned and assumed by the Asia Pacific Resources; and (2) the Group was not be required to assume the repayment obligation of the principal amount and interests in respect of the HKD1,200 million loan facility upon the assignment of loan. HKD1,200 million was re-translated to approximately RMB1,055 million using the fixed exchange rate of HKD1.00 to RMB0.88 as at the dated of 30 June 2019.

(ii) During the current year, consideration of RMB200 million has been received by the Group. Pursuant to the original share purchase agreement, the remaining portion of the consideration amounting to RMB1,745 million will be paid in cash free of interest within three months after the completion date of the disposal of the Disposal Group. The latest term is now amended to nine months (i.e. 30 June 2020) after the completion date pursuant to the latest supplementary agreement dated 30 December 2019, while other terms remained unchanged.

(iii) The carrying amounts of the net assets in the Disposal Group's standalone financial statements as at 30 September 2019 approximate its fair value as at 30 September 2019, which is determined with reference to the valuation report prepared by an independent professional valuer not connected to the Group. As such, no disposal gain or loss was recognised in relation to the Disposal. In addition, the cumulative exchange differences in respect of the foreign operation (i.e., the solar power generation in overseas regions) held by and controlled by the Disposal Group and the cumulative FVTOCI reserve of the Disposal Group were reclassified from equity to profit or loss upon the completion of the disposal of the Disposal Group.

(iv) RMB1,797,661,000 is debited to special reserve in equity, representing the excess of the carrying amount of net assets disposed of over the consideration, which was considered as a deemed distribution made to the owner of the Company, since Asia Pacific Resources is indirectly wholly owned and controlled by Mr. Cheng, a substantial shareholder of the Company, constituting transaction with owner in its capacity as owner.

The impact of the Disposal Group on the Group's results and cash flows in the current and prior periods is disclosed in note 12A.

52B. DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2018, the Group disposed of all of its equity interests in six subsidiaries, which holds six completed solar power plants to independent third parties for a total cash consideration of JPY1,441,000,000 (equivalent to RMB84,999,000). The cash consideration of JPY1,441,000,000 (equivalent to RMB84,999,000) has been fully settled as at 31 December 2018. The net assets of the subsidiaries at the date of disposal were as follows:

Analysis of assets and liabilities over which control was lost:

	2018 RMB'000
Solar power plants	167,330
Other non-current assets	5,758
Trade and other receivables	589
Bank balances and cash	23,697
Trade and other payables	(1,047)
Tax liabilities	(592)
Bank and other borrowings	(134,507)
Deferred tax liabilities	(7,815)
Net assets disposed of	53,413
Gain on disposal of subsidiaries:	
Cash consideration received	84,999
Less: net assets disposed of	(53,413)
Gain on disposal	31,586
Net cash inflow arising on disposal:	
Cash consideration	84,999
Less: bank balances and cash disposed of	(23,697)
	61,302

53. OPERATING LEASE COMMITMENTS

The Group as lessee

At 31 December 2018, the Group was committed to make the following future minimum leases payments in respect of rented premises under non-cancellable operating leases which fall due as follows:

	As at 31 December 2018 RMB'000
Within one year	15,399
In the second to fifth years	47,122
Over five years	54,045
	116,566

Operating lease payments represented rental payable by the Group for certain of its office properties and factory premises. The leases are negotiated for an average term ranged from one year to twenty three years.

54. CAPITAL COMMITMENTS

At the end of the reporting period, the Group was committed to the following capital expenditure:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Capital expenditure in respect of acquisition of property, plant and equipment and EPC of solar power plants — contracted for but not provided in the consolidated financial statements	**—**	372,528

As at 31 December 2018, the Group's share of the capital commitments made jointly with the other joint investors relating to its joint venture, meteocontrol Electric Power and Shunfeng New Energy, but not recognised at the end of the reporting period is as follows:

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Commitments to contribute investments in meteocontrol Electric Power	**N/A**	24,300
Commitments to contribute investments in Shunfeng New Energy	**N/A**	24,000

55. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost:		
Trade and other receivables	**1,739,830**	3,848,647
Receivables included in other non-current assets	**94,455**	476,276
Amounts due from the related parties	**2,004,413**	—
Amount due from an associate	**—**	160
Amount due from a joint venture	**—**	9,261
Restricted bank deposits	**67,856**	2,039,632
Bank balances and cash	**89,703**	754,586
Total financial assets at amortised cost	**3,996,257**	7,128,562
Receivables at FVTOCI	**17,069**	244,100
Financial assets at FVTPL	**3,096**	3,096
Total	**4,016,422**	7,375,758
Financial liabilities		
Liabilities measured at amortised costs:		
Trade and other payables	**1,486,259**	6,094,031
Amounts due to the related parties	**2,224,930**	—
Amount due to an associate	**—**	48,286
Amount due to a joint venture	**—**	127,374
Bank and other borrowings	**7,327,243**	11,067,345
Liability components of convertible bonds	**501,415**	1,679,220
Bond payables	**824,778**	830,471
Total financial liabilities at amortised cost	**12,364,625**	19,846,727
Obligations under finance leases	**—**	66,852
Derivative financial liabilities	**6,078**	3,336
Financial guarantee contracts	**177,100**	276,841
Total	**12,547,803**	20,193,756

55. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, receivables at FVTOCI, receivables included in other non-current assets, trade and other receivables, amount due from (to) associate, restricted bank deposits, bank balances and cash, trade and other payables, amount due from (to) a joint venture, amounts due from (to) the related parties, bank and other borrowings, liability components of convertible bonds, derivative financial liabilities, bond payables and financial guarantee contracts. Details of these financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below.

The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The primary economic environment which the principal subsidiaries of the Company operates is the PRC and their functional currency is RMB. However, certain transactions of the principal subsidiaries including sales of goods and purchases of machinery and equipment are denominated in foreign currencies.

Details of trade and other receivables, restricted bank deposits, bank balances and cash, trade and other payables and bank and other borrowings that are denominated in foreign currencies other than functional currencies of the relevant group entities, are set out in respective notes.

The Group currently does not have a foreign currency hedging policy but the directors of the Company monitor foreign exchange exposure by closely monitoring the foreign exchange risk profile and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the foreign currency denominated monetary assets and liabilities other than functional currencies of the relevant group entities at the end of the reporting period are as follows:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Assets		
USD	**15,743**	561,450
HKD	**30,647**	273,970
Liabilities		
USD	**(17,392)**	(345,048)
HKD	**(2,763,143)**	(3,339,436)

The Group is mainly exposed to foreign currency risk between USD/RMB and HKD/RMB.

55. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Currency risk (Continued)

Sensitivity analysis

This sensitivity analysis details the sensitivity to a 5% (2018: 5%) appreciation and depreciation in each relevant foreign currency against functional currency 5% (2018: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjusts their translation at the end of the year for a 5% (2018: 5%) change in foreign currency rates. A negative number below indicates a decrease in post-tax profit for the year and a positive number below indicates an increase in post-tax profit for the year where the relevant foreign currencies change 5% (2018: 5%) against RMB.

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
USD impact		
— if USD strengthens against RMB	**(62)**	8,115
— if USD weakens against RMB	**62**	(8,115)
HKD impact		
— if HKD strengthens against RMB	**(102,469)**	(114,955)
— if HKD weakens against RMB	**102,469**	114,955

55. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate restricted bank deposits, bank and other borrowings, liability components of convertible bonds, amount due to the related parties, bond payables and lease liabilities (see notes 35, 43, 46, 39, 47 and 41 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate restricted bank deposits, bank balances and bank and other borrowings (see notes 35 and 43 for details). The directors of the Company monitor interest rate exposures and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments (including restricted bank deposits, bank balances and bank and other borrowings) at the end of the reporting period and the stipulated changes taking place at the beginning of the financial year and held constant throughout the reporting period in the case of restricted bank deposits, bank balances, obligations under finance leases and bank and other borrowings.

10 basis points (2018: 10 basis points) increase or decrease on variable-rate restricted bank deposits and bank balances, and 100 basis points (2018: 100 basis points) increase or decrease on variable-rate borrowings are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates on variable-rate restricted bank deposits and bank balances had been 10 basis points (2018: 10 basis points) higher/lower and all other variables were held constant, the post-tax profits for the year would have increased/decreased by RMB118,000 (2018: RMB2,094,000).

If the interest rate variable-rate borrowings had been 100 basis points (2018: 100 basis points) higher/lower and all other variables were held constant, the post-tax profits for the year would have decreased/increased by RMB22,853,000 (2018: RMB37,448,000).

55. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Other price risk

Assets at FVTPL

The Group is exposed to equity price risk through its investments in unlisted managed investment funds measured at FVTPL.

The fair value adjustment in unlisted managed investment funds will be affected either positively or negatively, amongst others, by the changes in the expected yield of the investments. No sensitivity analysis of other price risk in respect of unlisted managed investment fund has been prepared as the management estimates the actual yield would not significantly deviate from the expected yield.

Warrants liabilities arising from the acquisition of Lattice Power Group

The Group is required to estimate the fair values of the warrants liabilities arising from the acquisition of Lattice Power Group at the end of each reporting period, which therefore exposed the Group to equity price risk as at 31 December 2019. The fair value adjustment will be affected either positively or negatively, amongst others, by the changes in risk-free rate and volatility.

Details of the derivative financial liabilities in respect of warrants liabilities arising from the acquisition of Lattice Power Group is set out in note 45.

55. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Other price risk (Continued)

Sensitivity analysis

The sensitivity analyses below had been determined based on the exposure to the Company's volatility as of 31 December 2019 only as the directors considered that the change in risk-free rate might not have significant financial impact on the fair values of derivative financial liabilities.

Changes in volatility

As at 31 December 2019, if the volatility to the valuation models had been 10% (2018: 10%) higher/lower while all other input variables of the valuation models were held constant, the Group's profit for the year would (decrease) increase as follows:

	2019 **RMB'000**	2018 RMB'000
Higher by 10%		
Derivative financial liabilities		
— Warrants liabilities arising from the acquisition of Lattice Power Group	**(2,354)**	(1,249)
Lower by 10%		
Derivative financial liabilities		
— Warrants liabilities arising from the acquisition of Lattice Power Group	**2,048**	1,352

In the opinion of the Directors, the sensitivity analyses were unrepresentative of the inherent market risk as the pricing model used in the fair value valuation of the derivative financial liabilities involve multiple variables and certain variables were inter-dependent.

Credit risk and impairment assessment

As at 31 December 2019, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group include (i) issuing banks fail to settle the bills transferred to collecting banks or suppliers through endorsing the bills to suppliers with full recourse as described in note 31 and (ii) the amount of contingent liability in relation to financial guarantee issued by the Group as disclosed in note 60.

55. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	**Description**	**Trade receivables/ contract assets/ amount due from an associate/a joint venture/a related party**	**Other financial assets/other items** (note)
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resource	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

Note: Other items included bank balances, restricted bank deposits, receivables at FVTOCI, amounts due from the related parties, other receivables and receivables included in non-current assets.

55. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	Internal credit rating	12-month or lifetime ECL	2019 Gross carrying amount RMB'000	2018 Gross carrying amount RMB'000
Receivables at FVTOCI	30	N/A	12-month ECL	17,069	244,100
Financial assets at amortised costs					
Receivables included in other non-current assets	25	Low risk	12-month ECL	88,205	163,735
		Doubtful	Lifetime ECL (credit-impaired)	—	446,276
				88,205	610,011
Other receivables	28	Low risk	12-month ECL	150,211	165,270
		Watch list	12-month ECL	128,684	490,812
		Loss	Lifetime ECL (credit-impaired)	471,024	431,223
				749,919	1,087,305
Trade receivables	28	Low risk	Lifetime ECL (not credit impaired)	1,513,794	2,993,836
		Watch list	Lifetime ECL (not credit impaired)	—	137,220
		Doubtful	Lifetime ECL (not credit impaired)	4,433	202,474
		Loss	Lifetime ECL (credit-impaired)	26,602	148,434
				1,544,829	3,481,964
Contract assets	29	Low risk	Lifetime ECL (not credit impaired)	310,473	245,243
Restricted bank deposits	35	N/A	12-month ECL	67,856	2,039,632
Bank balances	35	N/A	12-month ECL	89,703	754,586
Amounts due from a related party — trade-in-nature	34	Low risk	Lifetime ECL (not credit impaired)	3,473	—
Amounts due from the related parties — non trade-in-nature	34	Low risk	12-month ECL	2,105,380	—
Amount due from an associate	33	Low risk	Lifetime ECL (not credit impaired)	—	160
Amount due from a joint venture	33	Low risk	Lifetime ECL (not credit impaired)	—	9,261

55. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Bank balances, restricted bank deposits, receivables at FVTOCI and amount due from an associate/a joint venture

Bank balances, restricted bank deposits, receivables at FVTOCI and amount due from an associate/a joint venture are determined to have low risk at the end of the reporting period. The credit risk on bank balances, restricted bank deposits and receivables at FVTOCI are limited because the counterparties are reputable banks and the risk of inability to pay or redeem at the due date is low, while the credit risk on amount due from an associate/a joint venture is insignificant.

Trade receivables, contract assets and amount due from a related party

For trade receivables, contract assets and amount due from a related party, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The assessment of ECL is based on historical observed default rates and adjusted by forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

Particularly, based on the track record of regular repayment of receivables from sales of electricity and the settlement of accrued revenue on tariff subsidies is in accordance with the prevailing government policies. The PRC government is responsible to collect and allocate the fund and make settlement through state-owned grid companies to the solar power companies. The management of the Group considers that all trade receivables from sales of electricity, including accrued revenue on tariff subsidies and contract assets, are exposed to very low credit risk at the reporting date and the ECL provision on trade receivables is considered to be insignificant.

In order to minimise credit risk, the Group has tasked its operation management committee to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default.

The credit rating information is supplied by independent rating agencies where available and, if not available, the operation management committee uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

55. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables, contract assets and amount due from a related party (Continued)

2019

Customer assessed individually		Default rate	Gross carrying amounts RMB'000	Impairment loss allowance RMB'000	Net RMB'000
Trade receivables					
Customer Group A	Low risk	**0.00% to 0.27%**	**1,453,134**	**(854)**	**1,452,280**
Contract assets	Low risk	**0.03%**	**310,473**	**(79)**	**310,394**
Amount due from a related party	Low risk	**4.95%**	**3,473**	**(172)**	**3,301**

2018

Customer assessed individually		Default rate	Gross carrying amounts RMB'000	Impairment loss allowance RMB'000	Net RMB'000
Trade receivables					
Customer Group A	Low risk	0.00% to 5.10%	2,865,677	(16,030)	2,849,647
Customer Group B	Watch list	10.02% to 15.71%	121,299	(16,205)	105,094
Customer Group C	Doubtful	21.43% to 31.70%	119,549	(29,247)	90,302
Customer Group D	Loss	100%	1,300	(1,300)	—
			3,107,825	(62,782)	3,045,043
Contract assets	Low risk	0.00% to 0.44%	245,243	(168)	245,075

The following table details the risk profile of trade receivables as at 31 December 2019 and 2018, which are assessed collectively.

55. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables, contract assets and amount due from a related party (Continued)

2019

Customer Group B assessed collectively	Trade receivables — day past due Not past due	Not more than 3 months (not credit impaired)	3–6 months	Over 6 months (credit impaired)	Total
Weighted average expected credit loss rate	2.68%	—	20.96%	92.66%	
Total gross carrying amount (RMB'000)	60,660	—	4,433	26,602	91,695
Lifetime ECL (RMB'000)	(1,628)	—	(929)	(24,650)	(27,207)
Net carrying amount (RMB'000)	59,032	—	3,504	1,952	64,488

2018

Customer Group E assessed collectively	Trade receivables — day past due Not past due	Not more than 3 months (not credit impaired)	3–6 months	Over 6 months (credit impaired)	Total
Weighted average expected credit loss rate	4.82%	8.4%	26.47%	87.37%	
Total gross carrying amount (RMB'000)	128,159	15,921	82,925	147,134	374,139
Lifetime ECL (RMB'000)	(6,175)	(1,338)	(21,953)	(128,555)	(158,021)
Net carrying amount (RMB'000)	121,984	14,583	60,972	18,579	216,118

55. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables, contract assets and amount due from a related party (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables, contract assets and amount due from a related party under the simplified approach.

Trade receivables	Lifetime ECL (not credit impaired) RMB'000	Lifetime ECL (credit impaired) RMB'000	Total RMB'000
As at 1 January 2018 – As restated	96,414	132,886	229,300
Transfer to credit impaired	(5,658)	5,658	—
ECL recognised	51,900	14,709	66,609
Reversal of ECL (note)	(52,314)	—	(52,314)
Write-off	—	(30,238)	(30,238)
Exchange adjustment	606	6,840	7,446
As at 31 December 2018	90,948	129,855	220,803
Transfer to credit impaired	(26,312)	26,312	—
ECL recognised	13,353	53,878	67,231
Reversal of ECL (note)	(22,067)	—	(22,067)
Write-off	—	(147)	(147)
Exchange adjustment	426	1,214	1,640
Disposal of the Disposal Group	(52,269)	(186,462)	(238,731)
Reclassified to assets classified as held for sale	(668)	—	(668)
As at 31 December 2019	3,411	24,650	28,061

Contract assets	Lifetime ECL (not credit impaired) RMB'000	Lifetime ECL (credit impaired) RMB'000	Total RMB'000
As at 1 January 2018 — As restated	—	—	—
ECL recognised	168	—	168
As at 31 December 2018	168	—	168
ECL recognised	81	—	81
Disposal of the Disposal Group	(170)	—	(170)
As at 31 December 2019	79	—	79

55. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables, contract assets and amount due from a related party (Continued)

Amount due from a related party	**Lifetime ECL (not credit impaired)** RMB'000	**Lifetime ECL (credit impaired)** RMB'000	**Total** RMB'000
As at 31 December 2018	—	—	—
ECL recognised	172	—	172
As at 31 December 2019	172	—	172

Note:

Reversal of ECL relating to trade receivables was due to the following reason:

	31/12/2019 Decrease in lifetime ECL		31/12/2018 Decrease in lifetime ECL	
	Not credit-impaired RMB'000	**Credit-impaired RMB'000**	Not credit-impaired RMB'000	Credit-impaired RMB'000
Settlement in full of trade debtors with a gross carrying amount of RMB248,056,000 (2018: RMB410,749,000)	**22,067**	**—**	52,314	—

The Group writes off a trade receivable, contract assets and amount due from a related party when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. The Group has taken legal action against the debtors to recover the amount due.

55. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following tables show reconciliation of loss allowances that has been recognised for other receivables, receivables included in other non-current assets and amounts due from the related parties using the general approach under IFRS 9.

Other receivables	12m ECL RMB'000	Not credit impaired RMB'000	Credit impaired RMB'000	Total RMB'000
As at 1 January 2018 — As restated	—	43,016	426,462	469,478
ECL recognised	6,443	20,377	—	26,820
Reversal of ECL	—	(1,750)	—	(1,750)
Write-off	—	—	(11)	(11)
Exchange adjustment	—	510	4,772	5,282
As at 31 December 2018	6,443	62,153	431,223	499,819
ECL recognised	8,640	52,007	66,322	126,969
Transfer to not credit impaired	(2,094)	2,094	—	—
Transfer to credit impaired	(1,169)	(10,191)	11,360	—
Reversal of ECL	(191)	—	—	(191)
Exchange adjustment	—	(8)	2,130	2,122
Disposal of the Disposal Group	(7,905)	(53,842)	(40,011)	(101,758)
Reclassified to assets classified as held for sale	—	(104)	—	(104)
As at 31 December 2019	3,724	52,109	471,024	526,857

55. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Receivables included in other non-current assets	**12m ECL** RMB'000	**Not credit impaired** RMB'000	**Credit impaired** RMB'000	**Total** RMB'000
As at 1 January 2018 — As restated	N/A	N/A	N/A	N/A
ECL recognised (Note)	—	133,735	—	133,735
As at 31 December 2018	—	133,735	—	133,735
Transfer to credit impaired	—	(133,735)	133,735	—
ECL recognised (Note)	—	—	72,447	72,447
Disposal of the Disposal Group	—	—	(206,182)	(206,182)
As at 31 December 2019	—	—	—	—

Note:

ECL recognised for receivables included in other non-current assets was mainly due to:

	31/12/2019				31/12/2018			
		Increase in lifetime ECL				Increase in lifetime ECL		
	Increase in 12m ECL RMB'000	**Not credit-impaired** RMB'000	**Credit-impaired** RMB'000	**Total** RMB'000	Increase in 12m ECL RMB'000	Not credit-impaired RMB'000	Credit-impaired RMB'000	Total RMB'000
One debtor with a gross carrying amount of RMB474,245,000 defaulted and recognised lifetime ECL (credit-impaired)	–	–	–	–	–	133,735	–	133,735

Amounts due from the related parties	**12m ECL** RMB'000	**Not credit impaired** RMB'000	**Credit impaired** RMB'000	**Total** RMB'000
As at 31 December 2018	—	—	—	—
ECL recognised (Note)	104,268	—	—	104,268
As at 31 December 2019	104,268	—	—	104,268

Note:

Change in the loss allowance for amounts due from the related parties was mainly due to:

	31/12/2019		
		Increase in lifetime ECL	
	Increase in 12m ECL RMB'000	**Not credit-impaired** RMB'000	**Credit impaired** RMB'000
Consideration receivables arising from the disposal of the Disposal Group	1,745,000	—	—
Advance of new loan receivables	360,380	—	—
	2,105,380	—	—

55. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table show reconciliation of loss allowances that has been recognised for financial guarantee contracts.

Financial guarantee contracts	Increase/ (decrease) in 12m ECL RMB'000	Increase/decrease in lifetime ECL: Not credit-impaired RMB'000	Increase/decrease in lifetime ECL: Credit-impaired RMB'000 (note)	Total RMB'000
As at 1 January 2018 — As restated	43,374	—	264,197	307,571
Transfer	(620)	620	—	—
Provision for the year	—	—	16,235	16,235
ECL allowance recognised	—	14,050	—	14,050
Reversal of ECL	(34,630)	(5,471)	(9,409)	(49,510)
Utilisation	—	—	(23,484)	(23,484)
Exchange adjustment	—	—	11,979	11,979
As at 31 December 2018	8,124	9,199	259,518	276,841
Transfer	—	(4,428)	4,428	—
Provision for the year	—	—	16,714	16,714
ECL allowance recognised	—	—	4,071	4,071
Reversal of ECL	—	(4,771)	(110,886)	(115,657)
Exchange adjustment	—	—	3,255	3,255
Disposals of the Disposal Group	(8,124)	—	—	(8,124)
As at 31 December 2019	—	—	177,100	177,100

Note: The credit impaired balance was in relation to the financial guarantee contract provided for Suniva, as detailed in note 42(b).

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was RMB307,100,000, RMB364,017,000 as at 31 December 2019 and 2018.

55. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Concentration risk on financial assets

At 31 December 2019, the credit risk arising from the continuing operation owned by the Group is concentrated on trade receivables and accrued revenue on tariff subsidies from ten (2018: ten) of the Group's customers, all of which were the Group's major customers engaged in the sales and manufacturing of LED products and state grid companies, which amounted to approximately RMB33,456,000 (2018: RMB21,049,000) and RMB1,416,560,000 (2018: RMB1,840,049,000) and accounted for approximately 2% (2018: 1%) and 92% (2018: 93%) of the Group's total trade receivables and accrued revenue on tariff subsidies. The Group's credit risk is also concentrated on amounts due from independent third parties, consideration receivable for disposal of subsidiaries, accounts due from disposal subsidiaries and amounts due from the related parties, all are recorded in "other receivables" and "amounts due from the related parties" in note 28 and 34, as these balances were concentrated on a limited number of counterparties. Amounts due from independent third parties are concentrated on six (2018: six) counterparties, accounting for 89% (2018: 77%) of the total balance as at 31 December 2019. These customers and counterparties have good repayment history and credit quality under internal assessment by the Group. In order to minimise the credit risk, the directors of the Company continuously monitor the level of exposure by frequent review of the credit evaluation of the financial conditions and credit qualities of its customers to ensure that prompt actions will be taken to lower exposure.

There is concentration of credit risk on restricted bank deposits and bank balances and cash for the Group in respect of the continuing operations as at 31 December 2019 and 2018. As at 31 December 2019, balances deposited at ten (2018: ten) banks accounted for 98% (2018: 98%) of the total restricted bank deposits and bank balances and cash of the Group. The credit risk on liquid funds is limited because majority of counterparties are banks with high credit-ratings assigned by international credit-rating agencies and state owned banks with good reputation.

Liquidity risk management

The directors of the Company have built an appropriate liquidity risk management framework for the management of the Group's short-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by closely and continuously monitoring the Group's consolidated financial position. The directors of the Company monitor the sufficiency of cashflows with availability of unutilised banking facilities, internally generated funds, possible proceeds arising from disposal of solar power plants and alternative refinancing and extension of due date of bank and other borrowings. The directors of the Company also review the forecasted cashflows on an on-going basis to ensure that the Group will be able to meet its financial obligations falling due and have sufficient capital for operation.

The following tables detail the remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows, include both principal and interest, on non-derivative financial liabilities based on the earliest date in which the Group can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. When the amount payable is not fixed, the amount disclosed has been determined by reference to the inputs as detailed in note 45. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

55. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk management (Continued)

	Weighted average interest rate %	On demand or less than 6 months RMB'000	6 months to 1 year RMB'000	1 year to 2 years RMB'000	2 years to 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amounts RMB'000
At 31 December 2019								
Non-derivative financial liabilities								
Trade and other payables	**—**	**1,486,259**	**—**	**—**	**—**	**—**	**1,486,259**	**1,486,259**
Amounts due to the related parties	**—**	**2,224,930**	**—**	**—**	**—**	**—**	**2,224,930**	**2,224,930**
Bank and other borrowings								
— Fixed rate	**6.38%**	**2,246,416**	**1,489,441**	**369,801**	**914,665**	**388,802**	**5,409,125**	**4,280,228**
— Variable rate	**7.28%**	**193,897**	**1,154,441**	**295,094**	**1,077,813**	**986,912**	**3,708,157**	**3,047,015**
Lease liabilities	**7.43%**	**16,844**	**3,096**	**1,654**	**4,749**	**16,386**	**42,729**	**33,484**
Bond payables	**7.7%**	**889,574**	**—**	**—**	**—**	**—**	**889,574**	**824,778**
Liability component of convertible bonds	**6.11%**	**66,985**	**—**	**399,724**	**237,350**	**—**	**704,059**	**501,415**
Financial guarantee contracts	**—**	**177,100**	**—**	**—**	**95,000**	**35,000**	**307,100**	**177,100**
Total		**7,302,005**	**2,646,978**	**1,066,273**	**2,329,577**	**1,427,100**	**14,771,933**	**12,575,209**
Derivative financial liabilities								
Warrants liabilities arising from the acquisition of Lattice Power Group	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**6,078**
Total	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**6,078**
At 31 December 2018								
Non-derivative financial liabilities								
Trade and other payables	0.07	5,988,031	180,901	—	—	—	6,168,932	6,094,031
Amount due to an associate	—	48,286	—	—	—	—	48,286	48,286
Amount due to a joint venture	—	127,374	—	—	—	—	127,374	127,374
Obligations under finance leases	10.72	21,753	21,752	29,004	—	—	72,509	66,852
Bank and other borrowings								
— Fixed rate	5.47	2,836,473	1,849,650	618,367	1,141,725	803,771	7,249,986	6,074,239
— Variable rate	5.92	1,660,734	1,293,518	473,351	1,534,796	1,118,284	6,080,683	4,993,106
Bond payables	7.77	305,868	592,900	—	—	—	898,768	830,471
Liability component of convertible bonds	20.94	726,662	—	370,115	78,302	1,704,762	2,879,841	1,679,220
Financial guarantee contracts	—	249,017	36,000	79,000	—	—	364,017	276,841
Total		11,964,198	3,974,721	1,569,837	2,754,823	3,626,817	23,890,396	20,190,420
Derivative financial liabilities								
Warrants liabilities arising from the acquisition of Lattice Power Group	—	—	—	—	—	—	—	3,336
Total	—	—	—	—	—	—	—	3,336

55. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk management (Continued)

Bank and other borrowings with a repayment on demand clause are included in the "on demand or less than 6 months" time band in the above maturity analysis. As at 31 December 2019, the aggregate carrying amounts of these bank loans amounted to RMB514,066,000 (2018: RMB1,091,595,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank and other borrowings will be repaid after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

Maturity Analysis-Bank loans with a repayment on demand clause based on scheduled repayments

	Less than 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash outflows RMB'000	Carrying amount RMB'000
31 December 2019	–	48,510	146,273	319,283	514,066	514,066
31 December 2018	–	102,900	343,550	645,145	1,091,595	1,091,595

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

In addition to the amounts shown in the above table as at 31 December 2019, the Group may also be required to settle the maximum exposure to loss arising from endorsed bills arrangements with full recourse which were derecognised by the Group as detailed in note 31 in the next six months, amounting to RMB157,702,000 (2018: RMB1,940,915,000).

As at 31 December 2019, the Group has not entered into any master netting arrangements with counterparties. The collaterals of which, such as bank and other borrowings are disclosed in the corresponding notes, which are generally not on the net basis in financial position.

55. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(c) Fair value

The fair value of financial assets and financial liabilities at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities at amortised costs (except for liability component of the convertible bonds as described below) recognised in the consolidated financial statements approximate their fair values. There were no transfers into and out of level 3 during both years.

	2019		2018	
	Carrying amount RMB'000	**Fair value RMB'000**	Carrying amount RMB'000	Fair value RMB'000
Liability component of convertible bonds	**501,415**	**318,058**	1,679,220	1,468,755

The fair value of the liability component of convertible bonds as at 31 December 2019 and 2018 is under level 3 category and was determined by the directors of the Company with reference to the valuation performed by independent professional valuers. The fair value of the liability component of convertible bonds is determined by discounted cash flow using the inputs including estimated cash flows over the remaining terms of the convertible bonds and discount rate that reflected the credit risk of the Company.

Fair value measurements recognised in the statement of financial position that are measured at fair value on a recurring basis

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial items	Classified as	Fair value as at 31/12/2019 RMB'000	Fair value as at 31/12/2018 RMB'000	Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Unlisted equity investments classified as financial assets at FVTPL	Financial assets at FVTPL	**3,096**	3,096	Level 3	Market approach the value is based upon what investors are paying for similar assets or securities in the market place	Market multiples	The higher the market multiples, the higher the fair value
Receivables at FVTOCI	Financial assets at FVTOCI	**17,069**	244,100	Level 2	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the cash flows to be derived from the receivables	Discount rate	The higher the discount rate, the lower the fair value
Warrants liabilities arising from acquisition of Lottice Power Group (note)	Derivative financial liabilities	**(6,078)**	(3,336)	Level 3	Binomial model	Volatility	Refer to sensitivity analysis in note 55

Note: An increase in the volatility used in isolation would result in an increase in the fair value measurement of the warrants liabilities, and vice versa. A 10% increase or decrease in the volatility holding all other variables constant would increase or decrease the carrying amount of the warrants liabilities by RMB2,354,000 (2018: RMB1,249,000) and RMB2,048,000 (2018: RMB1,352,000) respectively.

55. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(c) Fair value (Continued)

Fair value measurements recognised in the statement of financial position that are measured at fair value on a recurring basis (continued)

The following table represents the changes in Level 3 derivative financial instruments during the year ended 31 December 2018 and 2019.

	Unlisted managed investment fund classified as at FVTPL RMB'000	Warrants Liabilities arising from previous acquisition of Lattice Power Group RMB'000	Unlisted equity investments classified as financial assets at FVTPL RMB'000	Total RMB'000
Assets (liabilities) at 1 January 2018 —				
As restated	111,337	(3,336)	3,096	111,097
Reclassified to other receivables (note 28(v))	(111,337)	—	—	(111,337)
(Liabilities) assets at 31 December 2018	—	(3,336)	3,096	(240)
Total loss recognised in profit or loss included in other gains and losses included in other income	—	(2,742)	—	(2,742)
(Liabilities) assets at 31 December 2019	—	(6,078)	3,096	(2,982)

(d) Capital risk management

The Group manages its capital to ensure that the group entities will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the year.

The capital structure of the Group consists of restricted bank deposits, cash and cash equivalents, obligations under finance leases, bank and other borrowings, lease liabilities, liability component of convertible bonds, bonds payable, equity which includes, share capital, share premium, reserves and accumulated deficits.

The directors of the Company review the capital structure regularly. The directors of the Company consider the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through raising and repayment of bank and other borrowings.

56. 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. Liabilities arising 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.

	Bank and other borrowings	Convertible bonds	Lease liabilities	Bond payables	Amounts due to the related parties	Amounts due to independent third parties	Interest payable included in accrued expenses	Total
	Note 43	Note 46	Note 41	Note 47	Note 39	Note 36	Note 36	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019 (restated)	11,067,345	1,679,220	175,426	830,471	–	186,152	292,978	14,231,592
Financing cash flows	(412,336)	(278,226)	(42,717)	(8,537)	(314,728)	(68,703)	(823,467)	(1,948,714)
Non-cash changes:								
Foreign exchange translation	82,587	71,955	–	–	–	–	–	154,542
Finance costs incurred	–	177,959	7,547	2,844	–	–	1,020,042	1,208,392
Additions to lease liabilities	–	–	4,539	–	–	–	–	4,539
Transfer due to arrangement with an EPC	21,012	–	–	–	–	–	–	21,012
Transfer due to arrangement with a related party held by the Disposal Group	–	–	–	–	11,400	–	–	11,400
Offset the receivable and payable recognised on the same entity	–	–	–	–	–	(21,430)	–	(21,430)
Transfer due to arrangement with bondholders (notes 46(d))	496,800	(496,800)	–	–	–	–	–	–
Waiver of the Third CB held by Peace Link (note 46(c))	–	(652,693)	–	–	–	–	–	(652,693)
Disposal of subsidiaries (note 52B)	(807,977)	–	(60,939)	–	2,528,258	(74,279)	(33,922)	1,551,141
Transfer of borrowings as part of the consideration for disposal of the Disposal Group	(1,055,000)	–	–	–	–	–	–	(1,055,000)
Reclassified to liabilities associated with assets classified as held for sale (note 12(B))	(2,065,188)	–	(50,372)	–	–	–	(58,174)	(2,173,734)
At 31 December 2019	7,327,243	501,415	33,484	824,778	2,224,930	21,740	397,457	11,331,047

56. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (Continued)

	Bank and other borrowings Note 43 RMB'000	Convertible bonds Note 46 RMB'000	Obligations under finance leases Note 40 RMB'000	Bond payables Note 47 RMB'000	Amounts due to independent third parties Note 36 RMB'000	Interest payable included in accrued expenses Note 36 RMB'000	Total RMB'000
At 1 January 2018	10,865,293	1,511,041	112,047	1,045,061	762,182	129,528	14,425,152
Financing cash flows	1,657	(61,393)	(52,948)	(216,000)	(415,510)	(818,523)	(1,562,717)
Non-cash changes:							
Foreign exchange translation	165,422	–	–	–	1,508	8,599	175,529
Finance costs incurred	–	277,377	7,753	1,410	7,452	973,374	1,267,366
Transfer due to arrangement with True Bold	169,480	–	–	–	(169,480)	–	–
Issue of shares upon conversion of convertible bonds (note 46)	–	(47,805)	–	–	–	–	(47,805)
Disposal of subsidiaries (note 52B)	(134,507)	–	–	–	–	–	(134,507)
At 31 December 2018	11,067,345	1,679,220	66,852	830,471	186,152	292,978	14,123,018

57. RETIREMENT BENEFITS SCHEMES

The Group operates MPF Scheme for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rate specified in the rules. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The employees of the subsidiaries in the PRC are members of the state-managed retirement benefits scheme operated by the PRC government. The Group is required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

58. PLEDGE OF ASSETS

At the end of the reporting period, saved as restricted bank deposits as set out in note 35 and the leased asset (i.e., machineries) under lease liabilities as set out in note 41 (2018: obligation under finance lease as set out in note 40), the Group had pledged its 59% of equity interest in Lattice Power Group (2018: 100% equity interests in Wuxi Suntech Power Co., Ltd., Jiangsu Shunfeng Photovoltaic Technology Co., Ltd. and Shunfeng Photovoltaic Holdings Limited). Meanwhile, 40 (2018: 51) subsidiaries of the Group, which operated solar power generation, 100% equity interests and related assets were also pledged in order to obtain bank and other borrowing. The following assets (excluding those of assets classified as held for sale) to various financial institutions for securing loans and general credit facilities granted to the Group.

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Right-of-use assets	**69,391**	—
Prepaid lease payments	**—**	122,208
Property, plant and equipment	**23,379**	3,436,970
Solar power plants	**3,879,579**	5,430,717
Trade receivables and accrued revenue on tariff subsidies	**1,447,496**	1,858,443
Security deposit included in trade and other receivables (note 28(v))	**107,000**	107,000
Other deposits included in other non-current assets (note 25(v))	**94,455**	127,769

59. RELATED PARTY DISCLOSURES

(a) Related party transactions

Saved as disclosed elsewhere in the consolidated financial statements, during the year, the Group has the following significant transactions with related parties.

Name of related parties	Relationship	Nature of transactions	As at 31 December 2019 RMB'000	2018 RMB'000
meteocontrol Electric Power	note (i)	Solar power plant operation and maintenance services charges	**74,295**	112,097
Tiancheng International Auctioneer Limited ("Tiancheng International") ("天成國際拍賣有限公司")	note (ii)	Rental expense	**—**	3,158
		Interest expense on lease liabilities	**213**	—
Shunfeng Suntech	note (iii)	Sales of solar products	**—**	3,102
Shunfeng New Energy	note (iv)	Sales of solar products	**12,913**	15,584
		Purchase of solar products	**163,405**	206,542
Suntech South Africa	note (v)	Sales of solar products	**363,373**	—
Wuxi Suntech	note (vi)	Sales of power generation	**250**	—
Wuxi University Science Park International Incubator Co., Ltd# ("Wuxi Incubator") ("無錫大學科技園國際孵化器有限公司")	note (vi)	Utility	**25**	—
Jiangsu Shunfeng	note (vi)	Interest expense	**767**	—
Luoyang Suntech Power Co., Ltd# ("Luoyang Suntech") ("洛陽尚德太陽能電力有限公司")	note (vi)	Interest expense	**145**	—
Changzhou Shunfeng Photovoltaic Materials Co., Ltd# ("Changzhou Materials") ("常州順風光電材料有限公司")	note (vi)	Interest expense	**1,150**	—

English name is for identification purpose only.

59. RELATED PARTY DISCLOSURES (Continued)

(a) Related party transactions (Continued)

Notes:

(i) The management considers meteocontrol Electric Power is a related party as it is accounted for as an associate of the Group as at 31 December 2018. Further details were set out in note 22. This company was established by the Group and one of its senior management during the year ended 31 December 2016.

(ii) The management considers Tiancheng International is a related party as it is 100% owned by Ms. Zheng Yan, who is the wife of Mr. Lu Bin (an executive Director) and the sister of Mr. Cheng Kin Ming (a substantial shareholder of the Company).

(iii) This entity was established by the Disposal Group and other three independent third parties during the year ended 31 December 2017. The management considers Shunfeng Suntech is a related party as it is accounted for as an associate of the Disposal Group.

(iv) This entity was established by the Disposal Group and the other independent third party during the year ended 31 December 2018. The management considers Shunfeng New Energy was a related party as it is accounted for as a joint venture of the Disposal Group.

(v) This entity was established by the Disposal Group and the other independent third party during the year ended 31 December 2019. The management considers Suntech South Africa is a related party as it is accounted for a joint venture of the Disposal Group.

(vi) The management considers Wuxi Suntech, Wuxi Incubator, Jiangsu Shunfeng, Luoyang Suntech and Changzhou Material are related parties of the Group as they are previously held by the Disposal Group of which, currently held by Asia Pacific Resources, an entity wholly owned and controlled by Mr. Cheng, a substantial shareholder of the Company.

During the current year, except as disclosed elsewhere in the consolidated financial statements, the Group has the following significant outstanding balances with related parties:

		As at 31 December	
		2019	2018
Name of related parties	**Name of balance**	**RMB'000**	RMB'000
Tiancheng International	Lease liabilities payable by the Group	**1,139**	—

The remuneration of directors and other members of key management of the Group during the year was as follows:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Basic salaries and allowances	**8,505**	9,410
Performance-related incentive bonuses	**2,312**	1,870
Retirement benefits scheme contributions	**187**	131
	11,004	11,411

The remuneration of directors and key executives is determined with reference to the performance of individuals and market trends.

60. CONTINGENT LIABILITY AND MAJOR LITIGATION

	2019 RMB'000	2018 RMB'000
Guarantees provided to financial institutions in respect of banking facilities granted to third parties and a related party:		
Total guaranteed amounts	**307,100**	364,017
Less: amounts provided as financial guarantee contracts (note 42)	**(177,100)**	(276,841)
Unprovided amount	**130,000**	87,176

During the year ended 31 December 2019

Litigation lodged by Xinxi Chanye (as defined below) against the Group

On 19 July 2019, Xinxi Chanye Electronics No.11 Design and Research Technology Construction Co., Ltd.* (訊息產業電子第十一設計研究院科技工程股份有限公司) ("Xinxi Chanye") lodged a litigation against two subsidiaries of the Group, which are wholly owned subsidiaries of the Group, for the delay in payment of EPC payables, which was guaranteed by Jiangxi Shunfeng, a wholly owned subsidiary of the Group. The relevant EPC payables amounting to RMB28,872,000 and had been recorded as trade and other payables of the Group. An application of property preservation was submitted to the court and accordingly, the equity interests of certain entities included in the 11 Target Companies, assets and liabilities of which were all classified as held for sale in note 12 (B) including Hami Hengxin, Hami Junxin, Hami Tianhong, Hami Yixin, Jinchang Zhongke, Pingluo Zhongdianke and Shangde (Hami) are put under freezing orders as a result of the contractual dispute between the Group and Xinxi Chanye. The Group and Xinxi Changye entered into a settlement agreement on 2 December 2019, pursuant to which the Group will repay the EPC payables upon the collection of proceeds from the Disposal of the 11 Target Companies, the first Tranche of the Dividends Payment and Relevant Payables and Xinxi Chanye has made the applications for the release of the freezing orders imposed. As at 31 December 2019, the management of the Group has completed the release of freezing orders of each of the relevant Target Companies.

* *English name is for identification purpose only.*

60. CONTINGENT LIABILITY AND MAJOR LITIGATION (Continued)

During the year ended 31 December 2019 (Continued)

Litigation lodged by JIC against the Group

In respect of the borrowing from JIC, an independent financial institution, of a principal balance of RMB490,000,000 which have been overdue on 16 August 2019. JIC lodged a litigation against the Group during the year ended 31 December 2019 and subsequently the Group received the first-instance judgement from the High People's Court of Zhejiang in January 2020, requesting the Group to repay the outstanding loan principal of RMB490,000,000, interest payable of RMB97,066,000 and penalty interest payable of RMB37,146,000, totalling RMB624,212,000 immediately. The Group accepted the judgement and, apart from the principal balance of RMB490,000,000 included in "bank and other borrowings", and has also provided additional interest expenses of RMB55,586,000 and additional penalty interest of RMB37,146,000 for the year ended 31 December 2019 as "finance cost". As at 31 December 2019, the principal balance due to JIC of RMB490,000,000, and interest payable of RMB97,066,000 and penalty interest payable of RMB37,146,000 had be recorded by the Group as "bank and other borrowings" and "other payables", respectively. Since the equity interest of the Group's subsidiary which owns and operates the solar power plant have been pledged to JIC, the management of the Group expects they will repay the outstanding loan principal, related interest payables and penalty interest payable from the proceed arising from the possible disposal of the entire equity interest of the relevant subsidiary which holds such solar power plant in the near future.

During the year ended 31 December 2018

A writ of summons taken out by King Success (as defined below)

In addition, on 19 August 2016, the Company received a writ of summons taken out by King Success Corporate Consulting Limited ("King Success") against Company. In the writ of summons, King Success has alleged that King Success had subscribed for convertible bonds in the principal amount of HKD1,000,000,000 issued by the Company in 2014 pursuant to a written agreement entered into with the Company's placing agent and they were induced to subscribe for such bonds by misrepresentations made over, amongst others, the return to be generated from such convertible bonds. The writ of summons did not specify the amount of damages claimed.

During the year ended 31 December 2018, King Success and the Company had reached a mutual consent (which does not involve any payment or guarantee given by the Company or security over the Company's assets or any similar obligations of the Company) in respect of the Disputed Matter on a confidential basis to dismiss the legal proceedings with no order as to costs, and an application was made to the High Court of Hong Kong for a consent order to that effect. On 27 April 2018, the High Court of Hong Kong sealed a consent order to the effect that the claims by King Success against, amongst others, the Company be dismissed.

61. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Place and date of incorporation/ establishment	Attributable equity interest of the Group As at 31 December 2019	2018	Proportion of voting right held by the Company As at 31 December 2019	2018	Paid-in share capital/registered capital at 31 December 2018	Principal activities
Directly held							
Shunfeng Photovoltaic Holding Limited	Hong Kong 16 August 2010	**100%**	100%	**100%**	100%	HKD500	Investment holding
Indirectly held							
S.A.G. Solar GmbH & Co. KG	Germany 9 January 2014	**N/A (note (c))**	100%	**N/A (note (c))**	100%	EUR1,000	Trading and Investment holding
meteocontrol GmbH	Germany 29 January 1998	**N/A (note (c))**	100%	**N/A (note (c))**	100%	EUR30,300	Solar power plant operation and services
Wuxi Suntech Power Co., Ltd (note (a))	The PRC 22 January 2001	**N/A (note (c))**	100%	**N/A (note (c))**	100%	RMB4,607,222,516	Manufacturing and sales Solar Products
Luoyang Suntech Power Co., Ltd. (note (a))	The PRC 16 November 2005	**N/A (note (c))**	100%	**N/A (note (c))**	100%	RMB320,000,000	Manufacturing and sales of Solar Products
Suntech Japan	Japan 31 July 1967	**N/A (note (c))**	100%	**N/A (note (c))**	100%	JPY450,000,000	Manufacturing and sales of Solar Products
Jiangsu Shunfeng (note (b))	The PRC 10 October 2005	**N/A (note (c))**	100%	**N/A (note (c))**	100%	RMB4,835,512,127	Manufacturing and sales of Solar Products
Changzhou Shunfeng Photovoltaic Materials Co., Ltd. (note (a))	The PRC 21 September 2010	**N/A (note (c))**	100%	**N/A (note (c))**	100%	RMB434,731,874	Manufacturing and sales of Solar Products
Jiangsu Shunfeng Photovoltaic Electronic Power Co., Ltd (note (b))	The PRC 29 December 2011	**100%**	100%	**100%**	100%	USD200,000,000	Manufacturing and sales of Solar Products and provision of related installation services
Shunfeng Photovoltaic Investment (China) Co., Ltd ("Shunfeng Investment") (note (b))	The PRC 13 May 2013	**N/A (note (c))**	100%	**N/A (note (c))**	100%	USD658,000,000	Investment holding and provision of technical advisory services

61. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Attributable equity interest of the Group As at 31 December 2019	2018	Proportion of voting right held by the Company As at 31 December 2019	2018	Paid-in share capital/registered capital at 31 December 2018	Principal activities
Jiangxi Shunfeng Photovoltaic Investments Co., Ltd (note (a))	The PRC 24 June 2013	**100%**	100%	**100%**	100%	RMB450,000,000	Investment holding
Lattice Power Corporation	The Island of Grand Cayman 18 January 2006	**59%**	59%	**100%**	100%	USD84,151.16	Manufacturing and sales of LED Products
Lattice Power (Jiangxi) Co., Ltd (note (b))	The PRC 13 February 2006	**100%**	100%	**100%**	100%	USD123,000,000	Manufacturing and sales of LED Products
Lattice Power Semiconductor Co., Ltd (2017: Jiangxi Latticebright Co., Ltd.) (note (a))	The PRC 14 March 2013	**100%**	100%	**100%**	100%	RMB60,000,000	Manufacturing and sales of LED Products
Jiangxi Changda Optoelectronic Science & Technology Co., Ltd (note (a))	The PRC 1 December 2000	**100%**	100%	**100%**	100%	RMB19,800,000	Manufacturing and sales of LED Products
Mega-Solar	Japan 1 August 2014	**N/A (note (c))**	100%	**N/A (note (c))**	100%	JPY820,000,000	Solar power generation
Sangri Suntech Power Co., Ltd.	The PRC 21 April 2011	**100%**	100%	**100%**	100%	RMB46,000,000	Solar power generation

Notes:

(a) The companies are limited liability companies.

(b) The companies are wholly owned foreign enterprises.

(c) The companies are no longer the subsidiaries of the Group upon the completion of the disposal of the Disposal Group.

Apart from that Shunfeng Investment, the 3-year 7.8% RMB550,000,000 corporate bond issued on 10 November 2015 and the 2-year 7.7% RMB500,000,000 corporate bond issued on 22 June 2016 as detailed in note 47, no other subsidiaries had issued any debt securities at the end of both years.

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

62. EVENTS AFTER THE END OF THE REPORTING PERIOD

The disposal of 11 Target Companies

As detailed in note 12B, the shareholders have attended extraordinary general meeting dated 17 January 2020 and have approved, confirmed and ratified the disposal of 11 Target Companies. For more details, please refer to the announcement made by the Company on 17 January 2020.

Subsequent to the end of the reporting period and up to the date of issue of these consolidated financial statements registration for share transfer has been completed in respect of 9 entities of the 11 Target Companies, being Hami Hengxin, Hami Junxin, Hami Tianhong, Hami Yixin, Shangde (Hami), Pingluo Zhongdianke, Wuwei Huadong, Wuwei Jiuyuan and Hebei Guowei, while, partial amount of the Consideration, in respect of the disposal of for Hami Hengxin, Hami Junxin, Hami Tianhong, Hami, Yixin, Shangde (Hami) and Hebei Guowei has been paid by ZSEC into the escrow account held by the Group.

The proposed disposal of 6 Target Companies

As disclosed in the announcement published on 18 March 2020, the Group has entered into six sale and purchase agreements with an independent potential purchaser, pursuant to which the Group have conditionally agreed to sell, and the purchaser have conditionally agreed to purchase 100% of the equity interests in all of the 6 Target Companies, at an aggregate consideration of RMB181,140,000.

The Catalogue is replaced by the Platform (as defined below)

In January 2020, the Ministry of Finance of the PRC release a notice that the Catalogue is replaced by National Reusable Energy Information Management Platform (國家可再生能源信息管理平台) ("the Platform"). Pursuant to the New Tariff Notice issued in August 2013 (the "New Tariff Notice") by the National Development and Reform Commission of the Peoples' Republic of China (the "PRC"), approvals for the registration in the Platform on a project by-project basis are required for the settlement of the tariff subsidy.

On 20 January 2020, the Ministry of Finance, the National Development and Reform Commission of the People's Republic of China (the "NDRC") and the National Energy Administration (the "NEA") jointly issued the Administrative Measures on the additional subsidies on Renewable Energy Electricity Prices (可再生能源電價附加資金管理辦法) (the "2020 Administrative Measures") which was effective on 20 January 2020. It sets out additional measures on providing the subsidies to renewable energy projects. Particularly:

(1) for the renewable energy generation projects launched before the issue of the 2020 Administrative Measures, such projects would be included in the list of subsidised projects after approval by the power grid enterprises;

(2) for the renewable energy generation projects launched after the issue of the 2020 Administrative Measures, the Ministry of Finance shall determine the amount of subsidies based on the amount of the Renewable Energy Development Fund, the technological advancement and the industry development; and

62. EVENTS AFTER THE END OF THE REPORTING PERIOD (Continued)

The Catalogue is replaced by the Platform (as defined below) (Continued)

(3) the criteria under which the renewable energy generation projects would be included in the list of subsidised projects includes the following: (i) newly launched projects are required to be counted towards the total renewable energy generation subsidy for the year in which the projects are launched. Existing projects are required to meet the requirements of the NEA, and be included in the annual construction scale management according to the scale management needs; (ii) examination, approval or filing has been completed in accordance with relevant national regulations; compliance with the national renewable energy price policy, and the on-grid electricity price has been reviewed and approved by the pricing authority; (iii) the timetable for grid connection of all the units meets the subsidy requirement; and (iv) relevant examination, approval, filing and grid connection requirements have been reviewed and approved by the national renewable energy information management platform.

The management of the Group assesses that the launch of 2020 Administrative Measures would not have any impact in respect of the Group's completed solar power plants which had been enrolled in the Catalogue, while they are still assessing the impact in respect of the Group's solar power plants under construction.

Effect assessment of the novel coronavirus disease outbreak

Since the outbreak of the novel coronavirus disease (COVID-19) ongoing prevention and control measures have been carried out throughout the whole world. The epidemic will impact the economy as well as the Group. All the industries have been impacted to varying degrees, and it will finally result in the slowdown in power demand.

Therefore, the Group's operations and revenue and the outcome of the Development Plan to reduce the Group's highly indebted position and enhance its liquidity may be negatively affected to a certain extent depending on the effects of the prevention and control measures, duration of the outbreak and implementation of various policies.

The Company will closely monitor the situation, and assess its impacts on the Group's financial position and operating results. As of the date of the issue of the consolidated financial statements, such assessment is still ongoing.

FINANCIAL SUMMARY

Results	For the year ended 31 December 2015 RMB'000 Restated Continuing operations	2016 RMB'000 Restated Continuing operations	2017 RMB'000 Restated Continuing operations	2018 RMB'000 Restated Continuing operations	**2019 RMB'000 Continuing operations**
Turnover	1,038,786	1,391,328	1,534,464	1,642,915	**1,731,106**
Profit (loss) before interest expenses and tax	269,802	(1,454,276)	351,734	244,965	**(837,948)**
Interest expenses	(607,677)	(956,772)	(1,358,073)	(1,188,107)	**(1,163,046)**
Profit (loss) before tax	(337,875)	(2,411,048)	(1,006,339)	(943,142)	**(2,000,994)**
Income tax (expense) credit	(7,658)	(15,512)	(744)	(5,399)	**(12,909)**
Profit (loss) for the year	(345,533)	(2,426,560)	(1,007,083)	(948,541)	**(2,013,903)**
Total comprehensive income (expense) for the year	(24,644)	31,608	41,903	(9,786)	**(2,314)**
(Loss) profit and total comprehensive income (expense) for the year	33,316	(2,367,787)	(792,233)	(1,716,506)	**(1,887,197)**
Profit (loss) for the year attributable to:					
Owner of the Company	(359,614)	(2,136,961)	(1,005,000)	(947,451)	**(2,030,746)**
Non-controlling interest	14,081	(289,599)	(2,083)	(1,090)	**16,843**
	(345,533)	(2,426,560)	(1,007,083)	(948,541)	**(2,013,903)**
Profit (loss) and total comprehensive income (expense) for the year attributable to:					
Owners of the Company	14,186	(2,080,982)	(789,730)	(1,715,542)	**(1,903,892)**
Non-controlling interests	19,130	(286,805)	(2,503)	(964)	**16,695**
	33,316	(2,367,787)	(792,233)	(1,716,506)	**(1,887,197)**

Results	For the year ended 31 December 2015 RMB'000	2016 RMB'000	2017 RMB'000	2018 RMB'000	**2019 RMB'000**
Total assets	28,859,411	28,013,407	25,325,942	25,403,746	**16,132,494**
Total liabilities	(20,687,373)	(21,922,125)	(19,971,448)	(21,756,524)	**15,547,861**
	8,172,038	6,091,282	5,354,494	3,647,222	**584,633**
Equity attributable to owners of the Company	6,628,177	4,812,591	4,041,194	2,262,797	**(869,100)**
Non-controlling interests	1,543,861	1,278,691	1,313,300	1,384,425	**1,453,733**
	8,172,038	6,091,282	5,354,494	3,647,222	**584,633**

DEFINITIONS

In this annual report, unless the context otherwise requires, the following terms shall have the following meanings:

"Board"	the board of Directors
"Company"	Shunfeng International Clean Energy Limited
"Corporate Governance Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Director(s)"	the director(s) of the Company
"EPC"	engineering, procurement and construction
"Group"	the Company and its subsidiaries
"GW"	gigawatt, which equals one billion watt
"HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"JPY"	Japanese Yen, the lawful currency of Japan
"Lattice Power"	Lattice Power Corporation, a company incorporated in Cayman Islands and a non-wholly owned subsidiary of the Company
"Lattice Power Group"	Lattice Power and its subsidiaries
"LED"	light-emitting diode
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"MW"	megawatt, which equals one million watt
"MWh"	megawatt hour
"PRC" or "China"	the People's Republic of China
"PV"	photovoltaic
"RMB"	Renminbi, the lawful currency of the PRC

"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"United States" or "U.S."	the United States of America
"USD" or "US$"	U.S. dollar, the lawful currency of the U.S.
"we", "our", "us"	the Company or the Group (as the context requires)
"Year"	twelve months ended 31 December 2019

順風國際清潔能源有限公司

SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED

This annual report is printed on environmentally friendly paper