2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs (CONTINUED)

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise 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 type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures (Continued)

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the statement of profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in the statement of profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group’s previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in the statement of profit or loss as a gain on bargain purchase.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (Continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, financial assets at fair value through profit or loss, financial asset at fair value through other comprehensive income and financial guarantee contracts at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than goodwill, deferred tax assets, inventories, other tax recoverables, contract assets, financial assets, investment properties and a disposal group classified as Property, plant and equipment), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

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

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

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Certain properties included in property, plant and equipment were in progress of application of property ownership certificates as at the end of the reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation (Continued)

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	Over the lease terms
Leasehold improvements	Over the shorter of the lease terms and 20%
Photovoltaic and wind power plants	4% to 5%
Clean heat supply facilities	5% to 10%
Plant and machinery	10% to 20%
Motor vehicles	10%
Furniture, fixtures and equipment	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents photovoltaic and wind power plants, and clean heat supply facilities under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in an office and car parking spaces held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, the investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gain or loss on the retirement or disposal of the investment properties is recognised in the statement of profit or loss in the year of the retirement or disposal.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Service concession arrangements

Consideration given by the grantor

An intangible asset (operating concession) is recognised to the extent that the Group receives a right to charge users of the public service, which is not an unconditional right to receive cash because the amounts are contingent to the extent that the public uses the service. The intangible asset (operating concession) is accounted for in accordance with the policy set out for "Intangible assets (other than goodwill)" below.

Construction services

Revenue and costs relating to construction or upgrade services are accounted for in accordance with the policy set out in "Construction recognition" and set out in "Revenue" below.

Entrusted operating

Revenue relating to entrusted operating is accounted for in accordance with the policy for "Entrusted operating" and set out in "Revenue" below. Costs for entrusted operating are expensed in the period in which they are incurred.

Contractual obligations to restore the infrastructure to a specified level of serviceability

The Group has contractual obligations which it must fulfil as a condition of its licence, that is to operate and maintain the facilities at a specified level of serviceability and to restore the facilities to a specified condition before they are handed over to the grantor at the end of the service concession arrangement. These contractual obligations to restore the facilities, except for upgrade elements, are recognised and measured in accordance with the policy set out for "Provisions" below.

Intangible assets (other than goodwill)

Intangible assets (other than goodwill) acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Operating concessions

Operating concessions representing the rights to operate a photovoltaic power plant and clean heat supply facilities are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on the straight-line basis over the respective periods of the operating concessions granted to the Group of 25 to 30 years.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (other than goodwill) (Continued)

Operating rights

Operating rights represent the rights to operate (i) certain photovoltaic and wind power plants in designated locations according to the contractual arrangements entered into between the Group's project companies and State Grid Corporation of China ("State Grid") for the sale of electricity, operating licences granted by local governments and the existing government policies on the related businesses; and (ii) certain clean heat supply facilities in designated locations according to the contractual arrangements entered into between the Group's project companies and local government authorities for the operating licences granted by local governments. The operating rights were acquired through business combinations and initially measured at fair value. Operating rights are subsequently carried at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 20 years.

Computer software

Computer software is stated at cost less accumulated amortisation and any impairment losses. Amortisation is provided on the straight-line basis over its estimated useful life of 5 years.

Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Properties	Over the lease terms
Land leases	Over the lease terms
Photovoltaic and wind power plants	4% to 5%
Clean heat supply facilities	5% to 10%

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. 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, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases 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 leases of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (Continued)

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset to be in default when contractual payments are past due, in general, over 2 to 3 years based on the historical pattern and credit risk management practices of the Group. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

Simplified approach

For contract assets and trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For contract assets and trade receivables that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and interest-bearing bank and other borrowings and lease liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Perpetual capital instrument

The perpetual capital instrument with no contracted obligation to repay the principal or to pay any distribution is classified as part of equity.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included as finance costs in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions (Continued)

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general policy for provision above; and (ii) the amount initially recognised less, when appropriate, the amount of income recognised in accordance with the policy for revenue recognition.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Sale of electricity, provision of clean heat supply services and trading income

Revenue from the sale of electricity, provision of clean heat supply services and trading income is recognised at the point of time when control of the asset is transferred to the customer, generally on delivery of the electricity or goods. Payment is generally due within 30 days from date of billing for the sale of electricity. For trading income, payment is generally due within 30 days to 90 days from delivery of goods. Payment in advance is normally required for the provision of clean heat supply services.

(b) Tariff adjustment

Tariff adjustment, which represents subsidies received and receivable from the government authorities in respect of the Group's photovoltaic and wind power plant operations, is recognised at the point of time when control of the asset is transferred to the customer, generally on delivery of the electricity, and when the Group assessed that it has complied with all conditions to qualify to be registered into the Subsidy Catalogues. Payment is generally made upon registering into the Subsidy Catalogues.

(c) Construction and related services

Revenue from the provision of construction and related services, including construction revenue under Build-Operate-Transfer (the "BOT") contracts, is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction and related services.

Revenue from the construction of photovoltaic power plants and clean heat supply facilities under the terms of the BOT contracts (service concession agreements) is estimated on a cost-plus basis with reference to a prevailing market rate of gross margin at the date of the agreement applicable to similar construction and related services rendered in the PRC, and is recognised over time, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract.

The Group's entitlement to the final payment on the provision of construction services is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(d) Entrusted operations

Revenue from the entrusted operations is recognised at the point in time generally upon completion of delivery of services. The services are billed based on the services performed. Payment is generally due within 30 days to 90 days from the date of billing.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract balances

(a) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, contract assets are recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

(b) Trade receivables

A trade receivable represents the Group's right to an amount of consideration that is unconditional.

(c) Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 35 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments (Continued)

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. In addition, at the time when the share options are exercised, the amount previously recognised in the share option reserve will be transferred to the share premium account.

Options which are cancelled prior to their exercise date or lapse are deleted from the register of outstanding options. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share option reserve will be transferred to retained profits as a movement in reserves.

Other employee benefits

Defined contribution plans

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. Contributions are made based on a percentage of the participating employees' salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme. The employer contributions vest fully once made.

Termination benefits

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the construction in progress, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

Foreign currencies

These financial statements are presented in HK$, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain Mainland China subsidiaries are currencies other than HK$. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and statements of other comprehensive income are translated into HK$ at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of Mainland China and overseas subsidiaries, joint ventures and associates are translated into HK$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of Mainland China subsidiaries which arise throughout the year are translated into HK$ at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification of investments in limited partnerships

The Group has invested in limited partnerships as a junior limited partner. The directors of the Company assessed whether or not the Group has control, joint control or significant influence over these limited partnerships based on whether the Group has the practical ability to direct the relevant activities of these limited partnerships to affect the returns. In making the judgement, the directors considered whether the Group has the power to the relevant activities of the limited partnerships (e.g., investment and operation decisions, approval of budget, etc.) in the limited partnerships' partners meeting, investment committee meetings or any other management committee (if any), and the Group's exposure to variable returns from its involvement in the limited partnerships. After the assessment, the directors concluded that the Group has joint control over the limited partnerships. Further details of the investments in the limited partnerships are set out in note 20 to the financial statements.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on the Group's historical observed default rates, if available. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the clean energy sector, the historical default rates are adjusted.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Provision for expected credit losses on trade receivables and contract assets (Continued)

If the historical default information is not available due to the nature of the businesses, especially those receivables related to the construction of the clean energy businesses, the Group has assessed ECLs based on risks of default and the loss given default percentage based on customers segments. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in notes 24 and 25 to the financial statements, respectively.

Provision for expected credit losses on bills receivable and financial assets included in prepayments, deposits and other receivables

The measurement of impairment losses under HKFRS 9 requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, such as risks of default, losses given default and collateral recovery, changes in which can result in different levels of allowances. The Group's expected credit loss calculations on bills receivable, deposits and other receivables are based on assumptions about risks of default and losses given default. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on credit risks of the debtors or comparable companies in the market, existing market conditions as well as forward-looking estimates (such as gross domestic product, unemployment rate and market volatility) at the end of each reporting period. The Group reviews its models in the context of actual loss experience regularly and adjusts then, when necessary. Further details of the Group's bills receivable and deposits and other receivables, and the impairment disclosures are given in notes 25 and 26 to the financial statements, respectively.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the relevant business units to which the goodwill is allocated. Estimating the recoverable amount requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The net carrying amount of goodwill as at 31 December 2022 was HK$461,630,000 (2021: HK$547,837,000), details of which are set out in note 16 to the financial statements.

Deferred tax assets

Deferred tax assets relating to certain deductible temporary differences are recognised as management considers it is probable that future taxable profits will be available against which the unused temporary differences or unused tax losses can be utilised. The realisation of the deferred tax assets mainly depends on whether sufficient future taxable profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are less than expected, a material reversal of deferred tax assets may arise, which will be recognised in profit or loss in the period in which such a reversal takes place.

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group periodically reviews the changes in market conditions, expected physical wear and tear, and the maintenance of the asset. The estimation of the useful life of the asset is based on the historical experience of the Group with similar assets that are used in a similar way. The depreciation amount will be adjusted if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of the reporting period based on changes in circumstances.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of another operating segment. Particulars of the Group's reportable operating segments are summarised as follows: (a) the construction-related business segment engages in the provision of construction and related services of the clean energy business and (b) the operation of clean energy projects segment engages in the investment and development of the Photovoltaic Power Business, the Wind Power Business and the Clean Heat Supply Business.

The Group has expanded significantly in the past few years mainly through acquisitions on businesses of the sale of electricity and provision of clean heat supply services. During the year, management has separately reviewed and evaluated for management-related purposes under the above-mentioned segments.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment results represent the profit earned by each segment before corporate and other unallocated income and expenses, finance costs and share of profits and losses of joint ventures and associates. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2022

	Construction-related business HK$'000	Operation of clean energy projects HK$'000	Total HK$'000
Segment revenue	403,139	4,893,058	5,296,197
Intersegment sales	–	–	–
	403,139	4,893,058	5,296,197
Segment results	(4,356)	615,000	610,644
Elimination of intersegment results			–
Corporate and other unallocated income and expenses, net			7,670
Share of profits of:			
Joint ventures			4,544
Associates			25,759
Finance costs (other than interest on lease liabilities)			(365,151)
Profit before tax			283,466
Other segment information:			
Capital expenditure*			
– Operating segments	440	1,093,469	1,093,909
– Amount unallocated			134
			1,094,043
Depreciation and amortisation			
– Operating segments	19,793	1,559,382	1,579,175
– Amount unallocated			172
			1,579,347
(Reversal of impairment)/impairment of financial assets and contract assets, net**			
– Operating segments	(43,871)	64,274	20,403
– Amount unallocated			4,077
			24,480
Impairment of property, plant and equipment**			
– Operating segments	–	92,210	92,210
Impairment of goodwill**			
– Operating segments	–	42,093	42,093
Reversal of impairment of service concession arrangements**			
– Operating segments	–	(59,884)	(59,884)
Impairment of operating rights**			
– Operating segments	–	19,881	19,881

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2021

	Construction-related business HK$'000	Operation of clean energy projects HK$'000	Total HK$'000
Segment revenue	1,362,039	5,229,038	6,591,077
Intersegment sales	(567,658)	–	(567,658)
	794,381	5,229,038	6,023,419
Segment results	(623,181)	799,460	176,279
Elimination of intersegment results			(14,693)
Corporate and other unallocated income and expenses, net			(151,496)
Share of profits of:			
Joint ventures			17,815
Associates			36,909
Finance costs (other than interest on lease liabilities)			(329,688)
Loss before tax			(264,874)
Other segment information:			
Capital expenditure*			
– Operating segments	19,187	1,404,104	1,423,291
– Amount unallocated			3,507
			1,426,798
Depreciation and amortisation			
– Operating segments	21,669	1,652,389	1,674,058
– Amount unallocated			13,927
			1,687,985
Impairment/ (reversal of impairment) of financial assets and contract assets, net**			
– Operating segments	479,878	144,443	624,321
– Amount unallocated			(1,935)
			622,386
Reversal of impairment of an investment in an associate**			
– Amount unallocated			(53,551)
Impairment of property, plant and equipment**			
– Operating segments	–	130,722	130,722
Impairment of service concession arrangements**			
– Operating segments	–	168,956	168,956

4. OPERATING SEGMENT INFORMATION (CONTINUED)

* Capital expenditure consists of additions to property, plant and equipment, operating concessions and other intangible assets, excluding assets from the acquisition of subsidiaries.

** These amounts are recognised in the consolidated statement of profit or loss.

No segment assets and liabilities are disclosed as their information is not regularly provided to the chief operating decision makers.

Geographical information

Geographical segment information is not presented since over 90% of the Group's revenue from external customers is generated in Mainland China and over 90% of the assets of the Group are located in Mainland China. Accordingly, in the opinion of the directors, the presentation of segment geographical information would provide no additional useful information to the users of these financial statements.

Information about major customers

During the years ended 31 December 2022 and 2021, there was no single external customer, to which the sales were made contributed over 10% of the Group's total revenue for the years.

5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of the Group's revenue is as follows:

	2022 HK$'000	2021 HK$'000
Revenue from contracts with customers		
Sale of electricity and entrusted operation services		
Photovoltaic Power Business	**2,998,391**	3,125,977
Wind Power Business	**750,676**	815,895
Entrusted operations	**220,430**	194,734
Construction and related services	**403,139**	794,381
Provision of clean heat supply services	**923,561**	1,092,432
	5,296,197	6,023,419

5. REVENUE, OTHER INCOME AND GAINS, NET (CONTINUED)

Revenue from contracts with customers

(i) Disaggregated revenue information

	2022 HK$'000	2021 HK$'000
By timing of revenue recognition:		
Transferred at a point in time	**4,951,030**	5,403,709
Transferred over time	**345,167**	619,710
Total revenue from contracts with customers	**5,296,197**	6,023,419

(ii) Performance obligations

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at end of the reporting period are as follows:

	2022 HK$'000	2021 HK$'000
Amounts expected to be recognised as revenue:		
Within one year	**37,232**	161,949
After one year	**–**	20,236
	37,232	182,185

The amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year (2021: within two years).

5. REVENUE, OTHER INCOME AND GAINS, NET (CONTINUED)

An analysis of the Group's other income and gains, net is as follows:

	2022 HK$'000	2021 HK$'000
Bank interest income	**8,554**	6,928
Other interest income[@]	**29,976**	9,687
Government grants[#]	**35,298**	57,203
Contingent consideration adjustment arising from acquisition in prior years	**38,711**	–
Reversal of impairment of investment in an associate	**–**	53,551
Gains on bargain purchase of subsidiaries (note 39)	**2,243**	13,922
Gains on disposal of subsidiaries (note 40)	**682**	782
Fair value gain on financial assets at fair value through profit or loss	**10,650**	21,528
Gain on debt restructuring	**37,878**	–
Gains on remeasurement from step acquisition of a former joint venture to a subsidiary	**–**	18,855
Gains on disposal of a joint venture	**–**	3,178
Management income	**22,395**	13,827
Others	**32,559**	17,433
	218,946	216,894

@ Other interest income represents interest income from loans to related parties and independent third parties for the development and operation of the clean energy business, further details of which are set out in note 26 to the financial statements.

The government grants mainly represent government subsidies and value-added tax refunds. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging:

	Notes	2022 HK$'000	2021 HK$'000
Cost of sales of electricity and entrusted operation services		**1,536,662**	1,720,345
Cost of construction and related services		**342,739**	730,009
Cost of clean heat supply services		**856,301**	996,542
Depreciation of property, plant and equipment@	14	**1,195,805**	1,159,238
Depreciation of right-of-use assets recognised under property, plant and equipment@	14	**254,637**	340,230
Amortisation of operating concessions*	17	**91,274**	127,748
Amortisation of operating rights*	18	**34,494**	56,973
Amortisation of other intangible assets#	19	**3,137**	3,796
Lease payments not included in the measurement of lease liabilities		**20,023**	19,075
Auditor's remuneration		**11,182**	5,782
Employee benefit expenses (excluding directors' remuneration (note 8)):			
Salaries, allowances and benefits in kind		**168,447**	179,627
Equity-settled share option expenses, net	35	**2,031**	7,604
Net pension scheme contributions		**27,129**	24,952
Welfare and other expenses		**18,068**	5,190
		215,675	217,373
Foreign exchange differences, net		**31,736**	32,677
(Reversal of impairment)/impairment of financial assets and contract assets:			
(Reversal of impairment)/impairment of contract assets**	24	**(38,374)**	21,034
Impairment of trade and bills receivables**	25	**52,006**	39,951
Impairment of financial assets included in prepayments, deposits and other receivables**	26	**10,848**	561,401
Reversal of impairment of an investment in an associate	21	**–**	(53,551)
Impairment of property, plant and equipment**	14	**92,210**	130,722
(Reversal of impairment)/impairment of service concession arrangements**	17	**(59,884)**	168,956
Impairment of operating rights**	18	**19,881**	–
Impairment of goodwill**	16	**42,093**	–
Gain on remeasurement from step acquisition of a former joint venture to a subsidiary		**–**	(18,855)
Gains on disposal of a joint venture		**–**	(3,178)
Losses on disposal of an associate		**–**	30,570
Losses on disposal of property, plant and equipment**		**13,336**	–
Fair value loss on financial guarantees**		**3,328**	622
Gains on disposal of subsidiaries, net***	40	**(682)**	(782)
Gains on bargain purchase of subsidiaries***	39	**(2,243)**	(13,922)

6. PROFIT/(LOSS) BEFORE TAX (CONTINUED)

@ Depreciation for the year amounting to HK$1,440,122,000 and HK$10,320,000 (2021: HK$1,489,780,000 and HK$9,688,000) is included in "Cost of sales" and "Administrative expenses" in the consolidated statement of profit or loss, respectively.

* Amortisation of operating concessions and operating rights for the year are included in "Cost of sales" in the consolidated statement of profit or loss.

Amortisation of other intangible assets for the year is included in "Administrative expenses" in the consolidated statement of profit or loss.

** (Reversal of impairment)/impairment of financial assets and contract assets, impairment of property, plant and equipment, (reversal of impairment)/impairment of service concession arrangements, impairment of operating rights, impairment of goodwill, fair value gain on financial guarantees for the year, losses on disposal of property, plant and equipment, are included in "Other operating expenses, net" in the consolidated statement of profit or loss.

*** Gains on bargain purchase of subsidiaries and gains on disposal of subsidiaries for the year are included in "Other income and gains, net" in the consolidated statement of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 **HK$'000**	2021 HK$'000
Interest on interest-bearing bank loans and other borrowings	**1,291,130**	819,297
Interest on lease liabilities	**278,937**	418,009
Interest on options granted to non-controlling interests	**220,026**	205,849
Interest on corporate bonds	**24,463**	99,563
Total interest expenses on financial liabilities not at fair value through profit or loss	**1,814,556**	1,542,718
Less: Interest capitalised	**(11,232)**	(23,976)
	1,803,324	1,518,742

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2022 HK$'000	2021 HK$'000
Fees	**1,583**	1,186
Other emoluments:		
Salaries, allowances and benefits in kind	**4,482**	14,894
Performance related bonuses*	**3,750**	4,141
Equity-settled share option expense	**1,784**	7,079
Pension scheme contributions	**162**	140
	10,178	26,254
Total	**11,761**	27,440

* Certain executive directors of the Company are entitled to bonus payments which are determined as a percentage of the profit after tax of the Group.

Further details of share options are set out in note 35 to the financial statements.

(a) Independent non-executive directors

The remuneration paid to independent non-executive directors during the year were as follows:

2022

	Fees HK$'000	Equity-settled share option expense HK$'000	Total remuneration HK$'000
Independent non-executive directors:			
Professor Shen Zuojun[1]	136	–	136
Mr. Victor Huang[2]	136	–	136
Mr. Yang Xiangliang[3]	136	–	136
Mr. Chiu Kung Chik	191	72	263
Mr. Li Fujun[4]	55	26	81
Mr. Xu Honghua[5]	55	26	81
	709	124	833

8. DIRECTORS' REMUNERATION (CONTINUED)

(a) Independent non-executive directors (Continued)

2021

	Fees HK$'000	Equity-settled share option expense HK$'000	Total remuneration HK$'000
Independent non-executive directors:			
Mr. Chiu Kung Chik	144	107	251
Mr. Li Fujun[4]	144	107	251
Mr. Xu Honghua[5]	144	107	251
	432	321	753

There were no other emoluments payable to the independent non-executive directors during the year (2021: Nil).

1 Appointed as an independent non-executive director of the Company on 19 May 2022.

2 Appointed as an independent non-executive director of the Company on 19 May 2022.

3 Appointed as an independent non-executive director of the Company on 19 May 2022.

4 Resigned as an independent non-executive director of the Company on 19 May 2022.

5 Resigned as an independent non-executive director of the Company on 19 May 2022.

(b) Executive directors

The remuneration paid to executive directors during the year were as follows:

2022

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Equity-settled share option expense HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Executive directors:						
Mr. Wang Xiaodong[6]	–	–	–	–	–	–
Mr. Zhu Jianbo[7]	136	–	–	–	–	136
Mr. Wang Wenbo[8]	–	–	–	–	–	–
Mr. Sun Qingwei[9]	–	–	–	–	–	–
Mrs. Liao Jianrong[10]	136	–	–	–	–	136
Mr. Li Li[11]	136	–	–	–	–	136
Mr. He Yongbing[12]	–	–	–	–	–	–
Mrs. Ai Yan[13]	136	–	–	–	–	136
Mr. Zhang Tiefu[14]	55	1,197	1,000	–	51	2,303
Mr. Hu Xiaoyong[15]	55	1,324	1,000	1,386	9	3,774
Mr. Yang Guang[16]	55	1,197	1,000	–	51	2,303
Mr. Shi Xiaobei[17]	55	–	–	–	–	55
Mr. Tan Zaixing[18]	55	764	750	274	51	1,894
Mrs. Huang Danxia[19]	55	–	–	–	–	55
	874	**4,482**	**3,750**	**1,660**	**162**	**10,928**

8. DIRECTORS' REMUNERATION (CONTINUED)

(b) Executive directors (Continued)

2021

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Equity-settled share option expense HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Executive directors:						
Mr. Zhang Tiefu[14]	89	1,225	750	–	33	2,097
Mr. Hu Xiaoyong[15]	144	11,094	1,262	5,990	10	18,500
Mr. Yang Guang[16]	89	1,225	750	–	33	2,097
Mr. Shi Xiaobei[17]	144	–	–	–	–	144
Mr. Tan Zaixing[18]	144	1,350	1,379	768	64	3,705
Mrs. Huang Danxia[19]	144	–	–	–	–	144
	754	14,894	4,141	6,758	140	26,687

6 Appointed as an executive director and the Chairman of the Company on 19 May 2022, and agreed to waive any remuneration.

7 Appointed as an executive director of the Company on 19 May 2022.

8 Appointed as an executive director of the Company on 19 May 2022, and agreed to waive any remuneration.

9 Appointed as an executive director of the Company on 19 May 2022, and agreed to waive any remuneration.

10 Appointed as an executive director of the Company on 19 May 2022.

11 Appointed as an executive director of the Company on 19 May 2022.

12 Appointed as an executive director of the Company on 19 May 2022, and agreed to waive any remuneration.

13 Appointed as an executive director of the Company on 19 May 2022.

14 Resigned as an executive director and the Chairman of the Company on 19 May 2022.

15 Resigned as an executive director and the Joint Chairman of the Company on 16 May 2022.

16 Resigned as an executive director of the Company on 19 May 2022.

17 Resigned as an executive director of the Company on 19 May 2022.

18 Resigned as an executive director of the Company on 16 May 2022.

19 Resigned as an executive director of the Company on 19 May 2022.

During the year ended 31 December 2017 and 31 December 2020, share options were granted to the Directors in respect of their services to the Group under the share option scheme of the Company, details of which are set out in note 35 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined at the date of grant and the amounts included in the financial statements for the current year is included in the above Directors' disclosures.

During the year, Mr. Wang Xiaodong, Mr. Wang Wenbo, Mr. Sun Qingwei and Mr. He Yongbing agreed to waive emoluments of approximately HK$544,000 in aggregate. There was no agreement under which a director waived or agreed to waive any remuneration for the year ended 31 December 2021.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2021: four directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2021: one) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2022 **HK$'000**	2021 HK$'000
Salaries, allowances and benefits in kind	**3,077**	673
Performance related bonuses	**1,866**	857
Equity-settled share option expense	**768**	29
Pension scheme contributions	**163**	61
	5,874	1,620

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2022 **HK$'000**	2021 HK$'000
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$2,500,000	**1**	–
HK$3,500,001 to HK$4,000,000	**1**	–
	2	1

During the year and in prior years, share options were granted to a non-directors highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 35 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-directors and non-chief executive highest paid employee's remuneration disclosures.

10. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the Year (2021: Nil).

The PRC corporate income tax provision in respect of operations in Mainland China is calculated at the applicable tax rates on the estimated assessable profits for the Year based on the prevailing legislation, interpretations and practices in respect thereof. In accordance with the relevant tax rules and regulations of Mainland China, a number of the Company's subsidiaries enjoy income tax exemptions and reductions because (i) these companies are engaged in the operation of photovoltaic and wind power plants; and (ii) they have operations in certain regions of the PRC that are qualified for certain concessionary corporate income tax rates for a prescribed period of time.

	2022 **HK$'000**	2021 HK$'000
Current – Mainland China		
Charge for the Year	**247,615**	217,448
Underprovision in prior years	**11,861**	4,058
Deferred (note 33)	**(201,821)**	(197,546)
Total tax expense for the Year	**57,655**	23,960

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense for the year is as follows:

	2022 **HK$'000**	2021 HK$'000
Profit/(loss) before tax	**283,466**	(264,874)
Tax expense at the statutory tax rate	**70,867**	(66,219)
Tax concession	**(186,058)**	(188,978)
Adjustments in respect of current tax of previous periods	**11,861**	4,058
Profit or loss attributable to joint ventures and associates	**(7,576)**	(13,681)
Income not subject to tax	**(839)**	(4,373)
Expenses not deductible for tax	**79,027**	108,754
Tax losses not recognised	**119,460**	202,033
Tax losses utilised from previous periods	**(29,087)**	(17,634)
Tax expense for the year	**57,655**	23,960

Share of tax expense attributable to joint ventures amounting to HK$8,243,000 (2021: HK$6,964,000) and the share of tax attributable to associates amounting to HK$42,836,000 (2021: share of tax credit attributable to associates amounting to HK$12,303,000) are included in "Share of profits and losses of joint venture/associates" in the consolidated statement of profit or loss.

11. ASSETS CLASSIFIED AS HELD FOR SALE

Pursuant to various agreements made between the Group's subsidiaries and the People's Governments of certain regions of the PRC from September to November 2022, the Group's subsidiaries agreed to dispose of the assets for the heating service to the People's Governments of certain regions within one year. As these disposals were not completed as at 31 December 2022, the assets of the Group's subsidiaries were classified as held for sale.

	2022 HK$'000
Assets	
Property, plant and equipment	375,923
Operating concessions	272,589
Others	126,018
Assets classified as held for sale	774,530

12. DIVIDENDS

The Board does not recommend the payment of any dividend for the Year (2021: Nil).

13. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) attributable to the equity holders of the Company, adjusted for the distribution related to the perpetual capital instrument, for the years ended 31 December 2022 and 2021, and the number of ordinary shares in issue during the year.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the years ended 31 December 2022 and 2021 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings/(loss) per share amounts presented.

The calculations of the basic and diluted earnings/(loss) per share amounts are based on the following data:

	2022 HK$'000	2021 HK$'000
Earnings/(loss)		
Profit/(loss) for the year attributable to equity holders of the Company	258,236	(321,312)
Distribution related to the perpetual capital instrument	–	(70,267)
Profit/(loss) used in the basic and diluted earnings/(loss) per share calculations	258,236	(391,579)

13. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (CONTINUED)

	2022	2021
Number of ordinary shares		
Weighted average number of ordinary shares in issue during the year, used in the basic and diluted earnings per share calculation	**93,877,498,178**	63,525,397,057
Basic earnings/(loss) per share	**HK0.28 cents**	HK(0.62) cents
Diluted earnings/(loss) per share	**HK0.28 cents**	HK(0.62) cents

14. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets				Owned assets									
	Properties HK$'000	Land leases HK$'000	Photovoltaic and wind power plants HK$'000	Sub-total HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Photovoltaic and wind power plants HK$'000	Clean heat supply facilities HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Furniture, fixtures and equipment HK$'000	Construction in progress HK$'000	Sub-total HK$'000	Total HK$'000
31 December 2022														
At 1 January 2022														
Cost	670,592	863,437	6,305,610	7,839,639	518,581	1,272	22,369,733	1,195,083	124,124	22,445	181,446	625,319	25,038,003	32,877,642
Accumulated depreciation	(73,298)	(92,228)	(902,682)	(1,068,208)	(92,817)	(1,183)	(3,706,499)	(153,870)	(8,943)	(14,720)	(85,549)	(13,448)	(4,077,029)	(5,145,237)
Net carrying amount	597,294	771,209	5,402,928	6,771,431	425,764	89	18,663,234	1,041,213	115,181	7,725	95,897	611,871	20,960,974	27,732,405
At 1 January 2022	597,294	771,209	5,402,928	6,771,431	425,764	89	18,663,234	1,041,213	115,181	7,725	95,897	611,871	20,960,974	27,732,405
Additions	88,256	69,032	83,760	241,048	2,946	108	66,477	3,322	2,061	956	10,103	1,055,786	1,141,759	1,382,807
Impairment loss (note 6)	-	-	-	-	-	-	(60,321)	(3,818)	-	-	-	(28,071)	(92,210)	(92,210)
Disposals	-	-	-	-	(711)	-	(18,091)	(1,345)	(1,122)	(38)	(109)	(1,381)	(22,797)	(22,797)
Depreciation provided during the year (note 6)	(29,884)	(33,743)	(191,010)	(254,637)	(23,509)	(41)	(1,095,744)	(51,166)	(5,626)	(2,535)	(17,184)	-	(1,195,805)	(1,450,442)
Disposal of subsidiaries (note 40)	-	-	-	-	-	-	-	-	-	(16)	(8)	(15,153)	(15,177)	(15,177)
Transfers	-	-	(2,031,398)	(2,031,398)	-	-	2,660,098	26,125	-	-	-	(654,825)	2,031,398	-
Transfer to held for sale	-	(14,932)	-	(14,932)	(16,407)	-	-	(329,477)	(20,612)	(609)	(3,703)	(1,356)	(372,164)	(387,096)
Exchange realignment	(47,454)	(59,683)	(352,284)	(459,421)	(31,537)	-	(1,474,914)	(69,500)	(8,096)	(527)	(7,034)	(50,905)	(1,642,513)	(2,101,934)
At 31 December 2022, net of accumulated depreciation	608,212	731,883	2,911,996	4,252,091	356,546	156	18,740,739	615,354	81,786	4,956	77,962	915,966	20,793,465	25,045,556
At 31 December 2022:														
Cost	697,071	838,904	3,549,608	5,085,583	463,703	1,380	23,212,407	774,440	93,722	20,101	171,957	924,078	25,661,788	30,747,371
Accumulated depreciation	(88,859)	(107,021)	(637,612)	(833,492)	(107,157)	(1,224)	(4,471,668)	(159,086)	(11,936)	(15,145)	(93,995)	(8,112)	(4,868,323)	(5,701,815)
Net carrying amount	608,212	731,883	2,911,996	4,252,091	356,546	156	18,740,739	615,354	81,786	4,956	77,962	915,966	20,793,465	25,045,556

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Right-of-use assets.					Owned assets									
	Properties HK$'000	Land leases HK$'000	Photovoltaic and wind power plants HK$'000	Clean heat supply facilities HK$'000	Sub-total HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Photovoltaic and wind power plants HK$'000	Clean heat supply facilities HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Furniture, fixtures and equipment HK$'000	Construction in progress HK$'000	Sub-total HK$'000	Total HK$'000
31 December 2021															
At 1 January 2021															
Cost	554,467	775,457	8,066,019	90,064	9,486,007	348,571	14,417	17,618,626	716,381	74	17,044	96,751	1,594,925	20,406,789	29,892,796
Accumulated depreciation	(47,392)	(58,450)	(1,990,978)	(90,064)	(2,186,884)	(93,288)	(9,512)	(1,171,040)	(16,752)	(34)	(8,098)	(60,159)	–	(1,358,883)	(3,545,767)
Net carrying amount	507,075	717,007	6,075,041	–	7,299,123	255,283	4,905	16,447,586	699,629	40	8,946	36,592	1,594,925	19,047,906	26,347,029
At 1 January 2021	507,075	717,007	6,075,041	–	7,299,123	255,283	4,905	16,447,586	699,629	40	8,946	36,592	1,594,925	19,047,906	26,347,029
Additions	84,541	62,736	23,792	–	171,069	–	–	430,713	4,521	78	1,620	4,455	905,454	1,346,841	1,517,910
Impairment loss (note 6)	–	–	–	–	–	–	–	(117,505)	–	–	–	–	(13,217)	(130,722)	(130,722)
Disposals	–	–	–	–	–	–	–	(158)	(1,573)	(24)	(6)	(3,865)	–	(5,626)	(5,626)
Acquisition of subsidiaries (note 39)	15,461	–	290,041	–	305,502	–	–	267,070	–	–	293	36	66,363	333,762	639,264
Depreciation provided during the year (note 6)	(27,403)	(32,184)	(280,643)	–	(340,230)	(22,020)	(72)	(1,045,649)	(62,054)	(5,820)	(3,390)	(20,233)	–	(1,159,238)	(1,499,468)
Transfers	–	–	(886,200)	–	(886,200)	182,909	(4,813)	2,113,465	372,639	118,922	–	76,744	(1,973,666)	886,200	–
Exchange realignment	17,620	23,650	180,897	–	222,167	9,592	69	567,712	28,051	1,985	262	2,168	32,012	641,851	864,018
At 31 December 2021, net of accumulated depreciation	597,294	771,209	5,402,928	–	6,771,431	425,764	89	18,663,234	1,041,213	115,181	7,725	95,897	611,871	20,960,974	27,732,405
At 31 December 2021:															
Cost	670,592	863,437	6,305,610	–	7,839,639	518,581	1,272	22,369,733	1,195,083	124,124	22,445	181,446	625,319	25,038,003	32,877,642
Accumulated depreciation	(73,298)	(92,228)	(902,682)	–	(1,068,208)	(92,817)	(1,183)	(3,706,499)	(153,870)	(8,943)	(14,720)	(85,549)	(13,448)	(4,077,029)	(5,145,237)
Net carrying amount	597,294	771,209	5,402,928	–	6,771,431	425,764	89	18,663,234	1,041,213	115,181	7,725	95,897	611,871	20,960,974	27,732,405

At 31 December 2022, certain of the Group's property, plant and equipment with a net carrying amount of HK$11,744,094,000 (2021: HK$12,702,970,000) were also pledged to secure certain interest-bearing bank and other borrowings (note 31(b)(iii)).

15. INVESTMENT PROPERTIES

	2022 HK$'000	2021 HK$'000
Carrying amount at 1 January and 31 December	**162,000**	162,000

Notes:

(a) The Group's investment properties consist of an office floor and 4 car parking spaces in Hong Kong and were revalued on 31 December 2022 based on valuations performed by an independent professionally qualified valuer. Each year, the Group's senior management decides which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior management has ongoing discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed.

(b) Fair value hierarchy disclosure

The fair value of the Group's investment properties was measured using significant unobservable inputs (Level 3 of fair value hierarchy) as defined in HKFRS 13. A reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy is as follows:

	Office floor and parking spaces HK$'000
Carrying amount at 1 January 2021	162,000
Loss from a fair value adjustment recognised in other operating expenses, net in profit or loss	–
Carrying amount at 31 December 2021 and 1 January 2022	162,000
Loss from a fair value adjustment recognised in other operating expenses, net in profit or loss	–
Carrying amount at 31 December 2022	162,000

Below is a summary of the valuation technique used and the key inputs to the valuation of the Group's investment properties:

Valuation technique	Significant unobservable inputs	Weighted average input	
Direct comparison method	Price per square feet	As at 31 December 2022 Office floor: HK$16,900 per square feet	As at 31 December 2021 Office floor: HK$17,300 per square feet
		Car parking spaces: HK$1,800,000 per space	Car parking spaces: HK$1,800,000 per space

The valuation of the investment properties was based on the direct comparison method by reference to comparable market transactions. A significant increase (decrease) in the estimated rental value per annum in isolation would result in a significant increase (decrease) in the fair value of the properties.

16. GOODWILL

	Notes	2022 HK$'000	2021 HK$'000
Cost and net carrying amount:			
At 1 January		**547,837**	490,682
Impairment loss	6	**(42,093)**	–
Acquisition of subsidiaries	39	**–**	41,038
Disposal of subsidiaries	40	**(2,732)**	–
Exchange realignment		**(41,382)**	16,117
At 31 December		**461,630**	547,837

Impairment testing of goodwill

The net carrying amount of the goodwill acquired through acquisitions of subsidiaries is separated into the investment, development, construction, operation and management of (i) the Photovoltaic Power Business and the Wind Power Business; and (ii) the Clean Heat Supply Business.

	2022 HK$'000	2021 HK$'000
Net carrying amount of goodwill		
Photovoltaic Power Business and the Wind Power Business	**410,242**	447,914
Clean Heat Supply Business	**51,388**	99,923
	461,630	547,837

The recoverable amounts have been determined by reference to business valuations performed by the independent professionally qualified valuers, using cash flow projections which are based on financial forecast approved by senior management covering a period up to 20 years for the Wind Power Business, and up to 25 years for the Photovoltaic Power Business and the Clean Heat Supply Business, based on the assumption that the size of the operations remains constant.

During the year ended 31 December 2022, an impairment loss of HK$42,093,000 has been provided as the recoverable amount of the goodwill for Clean Heat Supply Business was less than its carrying amount. The impairment loss arose as a result of the less than satisfactory past and expected performance of subsidiaries engaged in Clean Heat Supply Business.

16. GOODWILL (CONTINUED)

Key assumptions used in estimations of the recoverable amounts

The following describes each key assumption adopted by management in the preparation of the cash flow projections for the purpose of impairment testing of goodwill:

Photovoltaic Power Business and Wind Power Business

- Budgeted revenue
  - The budgeted revenue is based on the projected electricity sales volume and the latest electricity selling prices and tariff charges as issued by the National Development and Reform Commission of the PRC applicable to the respective projects.
- Budgeted gross margin
  - The basis used to determine the value assigned to the budgeted gross margin is the weighted average gross margin of ranging from 60.7% to 62.4% (2021: 58.0% to 65.3%) achieved in the year immediately before the budget year with reference to the respective projects, and the expected market development.
- Discount rate
  - The pre-tax discount rates of ranging from 6.06% to 8.26% (2021: 7.26% to 9.53%) are used and reflects specific risks of the respective units (group of cash-generating units) and is determined by reference to the discount rates for similar industries.
- Business environment
  - There will be no major changes in the existing political, legal and economic conditions in Mainland China.

The determination of the recoverable amount of the Photovoltaic Power Business and the Wind Power Business cash-generating units (group of cash-generating units) was particularly sensitive to changes in the discount rate for the year ended 31 December 2022. An increase of 0.5% (2021: 0.5%) in the discount rate adopted would result in the reduction of the recoverable amount of approximately HK$204 million (2021: HK$351 million).

16. GOODWILL (CONTINUED)

Key assumptions used in estimations of the recoverable amounts (Continued)

Clean Heat Supply Business

- Budgeted revenue
  - The budgeted revenue is based on the projected area for heat supply and the heat supply sales unit price.
- Budgeted gross margin
  - The basis used to determine the value assigned to the budgeted gross margin is the weighted average gross margin of 7.3% (2021: 8.8%) achieved in the year immediately before the budget year with reference to the respective projects, and the expected market development.
- Discount rate
  - The pre-tax discount rates of ranging from 7.32% to 9.17% (2021: 7.77% to 9.92%) is used and reflects specific risks of the respective units (group of cash-generating units) and is determined by reference to the discount rates for similar industries.
- Business environment
  - There will be no major changes in the existing political, legal and economic conditions in Mainland China.

The determination of the recoverable amount of the Clean Heat Supply Business cash-generating units (group of cash-generating units) was particularly sensitive to changes in the following key assumptions for the year ended 31 December 2022:

- An increase of 0.5% (2021: 0.5%) in the discount rate adopted would result in the reduction of the recoverable amount of approximately HK$68 million (2021: HK$39 million).
- An increase of 0.5% (2021: 0.5%) in the cost inflation of clean heat materials would result in the reduction of the recoverable amount of approximately HK$87 million (2021: HK$150 million).

In the opinion of the Directors, any reasonably possible change in any of the above assumptions would not cause the cash-generating units' recoverable amounts to fall below their carrying amounts.

17. SERVICE CONCESSION ARRANGEMENTS

The Group has entered into certain service concession arrangements with governmental authorities in Mainland China on a Build-Operate-Transfer (the "BOT") basis in respect of its Photovoltaic Power Business and Clean Heat Supply Business. These service concession arrangements generally involve the Group as an operator in (i) constructing photovoltaic power plants and clean heat supply facilities (collectively, the "Facilities") for those arrangements on a BOT basis; and (ii) operating and maintaining the Facilities at a specified level of serviceability on behalf of the relevant governmental authorities for periods ranging from 25 to 30 years (the "Service Concession Periods"), and the Group will be paid for its services over the relevant periods of the service concession arrangements at prices stipulated through specific pricing mechanisms. The Group is generally entitled to use all the property, plant and equipment of the Facilities, however, the relevant governmental authorities as grantors will control and regulate the scope of services that the Group must provide with the Facilities, and retain the beneficial entitlement to any residual interest in the Facilities at the end of the terms of the Service Concession Periods.

Each of these service concession arrangements is governed by a contract and, where applicable, supplemental agreements entered into between the Group and the relevant governmental authority in Mainland China setting out, inter alia, performance standards, mechanisms for adjusting prices for the services rendered by the Group, specific obligations imposed on the Group to restore the Facilities to a specified level of serviceability at the end of the Service Concession Period, and/or arrangements for arbitrating disputes.

At 31 December 2022, the Group had 1 and 3 (2021: 1 and 4) service concession arrangements in the operation on the Photovoltaic Power Business and the Clean Heat Supply Business, respectively, with the respective governmental authorities in Mainland China, and a summary of the major terms of these service concession arrangements is set out as below:

Name of company as operator	Name of project	Location	Name of grantor	Type of service concession arrangement	Service concession period
新泰北控清潔能源有限公司 (Xintai BE Clean Energy Company Limited*)	新泰市採煤沉陷區光伏領跑技術基地100MW項目 (A 100MW project in the advanced photovoltaic technology demonstration base in the coal mining subsidence area of Xintai City*)	Xintai City, Shandong Province, the PRC*	新泰市人民政府 (Xintai City People's Government*)	BOT on sale of photovoltaic power	25 years from 2017 to 2042
山西山高綠威環能科技有限公司 (Shanxi Shangao Lvwei Huanneng Technology Company Limited*)	山西興縣燃氣供熱項目 (A natural gas heat supply project in Xing County, Shanxi Province*)	Xing County, Lvliang City, Shanxi Province, the PRC*	興縣住房保障和城鄉建設管理局 (Xing County Housing Protection and Urban-Rural Development Administration*)	BOT on natural gas heat supply services	30 years from 2017 to 2047

17. SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

Name of company as operator	Name of project	Location	Name of grantor	Type of service concession arrangement	Service concession period
安澤縣山高熱力有限公司 (Anze County Shangao Heat Energy Company Limited*)	山西省臨汾市安澤縣城區集中供熱項目 (A centralised city heat supply project in Anze County, Linfen City, Shanxi Province*)	Anze County, Linfen City, Shanxi Province, the PRC*	安澤縣人民政府 (Anze County People's Government*)	BOT on clean heat supply	30 years from 2017 to 2047
文水山高供熱有限公司 (Wenshui Shangao Heat Supply Company Limited*)	山西省呂梁市文水縣城市集中供熱項目 (A centralised city heat supply project in Wenshui County, Lvliang City, Shanxi Province*)	Wenshui County, Lvliang City, Shanxi Province, the PRC*	文水縣人民政府 (Wenshui County People's Government*)	BOT on clean heat supply	30 years from 2014 to 2044
長子縣北控供熱有限公司／長子縣利通供熱有限公司 (Zhangzixian Juneng Heat Supply Ltd.*/Zhangzixian Litong Heat Supply Ltd.*)	山西省長治市長子縣城區集中供熱項目 (A centralised city heat supply project in Changzi County, Changzhi City, Shanxi Province*)	Zhangzi County, Changzhi City, Shanxi Province, the PRC*	長子縣人民政府 (Zhangzi County People's Government*)	BOT on clean heat supply	2015 to Nov.2022

Pursuant to the service concession agreements entered into by the Group, the Group is granted the rights to use the property, plant and equipment of the Facilities and the related land, which are generally registered under the names of the relevant companies in the Group during the service concession periods, but the Group is generally required to surrender these property, plant and equipment to the grantors at a specified level of serviceability at the end of the respective service concession periods.

17. SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

As further explained in the accounting policy for "Service concession arrangements" set out in note 2.4 to the financial statements, the rights to operate the Facilities are stated at cost less accumulated amortisation and any accumulated impairment losses, and are accounted for as intangible assets (i.e. operating concessions). The following is the summarised information of the operating concessions with respect to the Group's service concession arrangements:

	Notes	2022 HK$'000	2021 HK$'000
At 1 January:			
Cost		**2,656,282**	2,497,962
Accumulated amortisation		**(518,271)**	(209,609)
Net carrying amount		**2,138,011**	2,288,353
At 1 January		**2,138,011**	2,288,353
(Consideration adjustments)/additions		**(50,663)**	76,450
Impairment losses, net	6	**59,884**	(168,956)
Amortisation provided during the year	6	**(91,274)**	(127,748)
Transfer to held for sale		**(280,490)**	–
Exchange realignment		**(153,365)**	69,912
At 31 December		**1,622,103**	2,138,011
At 31 December:			
Cost		**2,011,550**	2,656,282
Accumulated amortisation		**(389,447)**	(518,271)
Net carrying amount		**(1,622,103)**	2,138,011

At 31 December 2022, concession rights of the Group included in service concession arrangements with an aggregate carrying amount of HK$1,052,812,000 (2021: HK$1,118,580,000) were pledged to secure certain lease liabilities of the Group (note 31(iv)).

18. OPERATING RIGHTS

Operating rights represent the rights to operate (i) certain photovoltaic and wind power plants in designated locations according to the contractual arrangements entered into between the Group's project companies and State Grid for the sale of electricity, operating licences granted by governmental authorities in Mainland China and the existing government policies on the related businesses; and (ii) certain clean heat supply facilities in designated locations according to the contractual arrangements entered into between the Group's project companies and governmental authorities in Mainland China for the operating licences granted by relevant governmental authorities. The operating rights were acquired through business combinations and initially measured at fair value.

	Notes	**2022** **HK$'000**	2021 HK$'000
At 1 January:			
Cost		**1,242,835**	1,150,084
Accumulated amortisation		**(222,087)**	(160,679)
Net carrying amount		**1,020,748**	989,405
At 1 January		**1,020,748**	989,405
Acquisition of subsidiaries	39	**–**	56,428
Amortisation provided during the year	6	**(34,494)**	(56,973)
Transfer to held for sale		**(86,572)**	–
Impairment loss	6	**(19,881)**	–
Exchange realignment		**(13,918)**	31,888
At 31 December		**865,883**	1,020,748
At 31 December:			
Cost		**1,087,157**	1,242,835
Accumulated amortisation		**(221,274)**	(222,087)
Net carrying amount		**865,883**	1,020,748

19. OTHER INTANGIBLE ASSETS

	Notes	2022 HK$'000	2021 HK$'000
At 1 January:			
Cost		**61,219**	55,850
Accumulated amortisation		**(41,218)**	(36,189)
Net carrying amount		**20,001**	19,661
At 1 January		**20,001**	19,661
Additions		**2,947**	3,507
Amortisation provided during the year	6	**(3,137)**	(3,796)
Disposal of a subsidiary	40	**(2,296)**	–
Exchange realignment		**(1,461)**	629
At 31 December		**16,054**	20,001
At 31 December:			
Cost		**57,161**	61,219
Accumulated amortisation		**(41,107)**	(41,218)
Net carrying amount		**16,054**	20,001

20. INVESTMENTS IN JOINT VENTURES

	2022 HK$'000	2021 HK$'000
Share of net assets	**442,801**	473,450
Goodwill on acquisition	**21,892**	23,709
	464,693	497,159

The Group's amounts due from the joint ventures are disclosed in note 26 to the financial statements.

In the opinion of the directors, the joint ventures were not individually material to the Group in the current and prior years. Hence, no disclosure of their separate financial information has been made.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2022 HK$'000	2021 HK$'000
Share of the joint ventures' profit for the year	**4,544**	17,815
Share of the joint ventures' total comprehensive income	**(33,642)**	32,854
Aggregate carrying amount of the Group's investments in joint ventures	**464,693**	497,159

Since 2017, the Group entered into certain partnership agreements with certain senior limited partners in relation to the establishment and management of some limited partnerships, pursuant to which these senior limited partners are entitled to preferential returns based on its actual capital contribution.

In connection with these limited partnerships, the Group and certain general partners or junior limited partners made undertakings to the senior limited partners on a joint and several basis, to procure (i) each of their outstanding capital contributions to the related limited partnerships as at the end of each of the limited partnerships; and (ii) the distributions or preferential returns to be payable by the limited partnerships to certain partners.

The Group has engaged an independent professionally qualified valuer to measure the fair value of these guarantees provided by the Group. In the opinion of the Directors, the fair value of these guarantees is not material that no separate disclosure is made.

21. INVESTMENTS IN ASSOCIATES

	2022 HK$'000	2021 HK$'000
Share of net assets	**638,549**	574,056
Goodwill on acquisition	**695,533**	556,907
	1,334,082	1,130,963
Impairment	**(1,420)**	(1,538)
	1,332,662	1,129,425

The Group's amounts due from the associates are disclosed in note 26 to the financial statements.

In the opinion of the directors, the associates were not individually material to the Group in the current and prior years. Hence, no disclosure of their separate financial information has been made.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2022 HK$'000	2021 HK$'000
Share of the associates' profit for the year	**25,759**	36,909
Share of the associates' total comprehensive income	**(62,060)**	70,147
Aggregate carrying amount of the Group's investments in associates	**1,332,662**	1,129,425
Market value of the Group's listed investment	**1,464,718**	1,111,435

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 HK$'000	2021 HK$'000
Unlisted investments, at fair value	**411,916**	581,123

The above unlisted investments represent the investments in asset management funds and private equity funds. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

23. OTHER NON-CURRENT ASSETS, OTHER CURRENT LIABILITIES AND OTHER NON-CURRENT LIABILITIES

	Notes	2022 HK$'000	2021 HK$'000
Other non-current assets	(a)	**1,385,240**	1,332,003
Other non-current liabilities			
Other non-current liabilities	(a)	**1,542,398**	1,547,605
Financial liabilities of options granted to non-controlling interests	(b)	**–**	2,805,013
Guarantees given to third parties and related parties		**13,058**	7,061
		1,555,456	4,359,679
Portion classified as other current liabilities		**–**	(1,577,945)
		1,555,456	2,781,734

Notes:

(a) Other non-current assets/liabilities represent the cost of equipment/contracted selling price of equipment delivered to and construction and related services provided to third party project companies, respectively, under certain contracts for wind power plant development, and there are possibilities that those third party project companies would be acquired by the Group subsequently.

(b) Balance as at 31 December 2021 represented financial liabilities at amortised cost for options granted to certain non-controlling interests of a subsidiary under which the non-controlling interests shall have the right to request certain of the Group's subsidiaries to repurchase the equity interests in a subsidiary of the Group held by the non-controlling interests at any time after the occurrence of certain events.

The financial liabilities were fully repaid during the year ended 31 December 2022.

24. CONTRACT ASSETS

	Notes	2022 HK$'000	2021 HK$'000
Tariff adjustment receivables	(a)	**587,798**	839,064
Construction contracts	(b)	**456,015**	458,853
Retention money	(b)	**58,855**	113,638
		1,102,668	1,411,555
Less: Impairment	(c)	**(15,922)**	(57,602)
Total		**1,086,746**	1,353,953

Notes:

(a) Tariff adjustment receivables included in contract assets represented the central government renewable energy subsidy for the Group's photovoltaic and wind power plant projects that are to be billed and settled upon entering into the list of national renewable energy power generation subsidies for the renewable energy power generation projects (the "**Project List**"). In the opinion of the Directors, the registration procedures of the Project List for the Group's photovoltaic and wind power plant projects are of administrative in nature and the Group will comply with the related procedures stipulated by the current government policy in Mainland China and all other attaching conditions, if any.

(b) Contract assets are initially recognised for revenue earned from construction and related services as the receipt of consideration is conditional on construction progress. Included in contract assets for construction and related services are retention receivables. Upon completion of certain milestones as agreed with customers and such being accepted by them, the amounts recognised as contract assets are reclassified to trade receivables.

(c) The movements in the loss allowance for impairment of contract assets are as follows:

	2022 HK$'000	2021 HK$'000
At beginning of year	**57,602**	36,928
Impairment losses, net (note 6)	**(38,374)**	21,034
Exchange realignment	**(3,306)**	(360)
At end of year	**15,922**	57,602

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses on the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on the groupings of various customer segments with similar loss patterns (i.e., customer type).

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

	2022	2021
Expected credit loss rate	**1.44%**	4.08%
Gross carrying amount (HK$'000)	**1,102,668**	1,411,555
Expected credit losses (HK$'000)	**15,922**	57,602

25. TRADE AND BILLS RECEIVABLES

	2022 HK$'000	2021 HK$'000
Trade receivables	**2,314,294**	2,261,296
Bills receivable	**38,124**	172,654
	2,352,418	2,433,950
Tariff adjustment receivables (Note)	**5,943,134**	7,646,618
	8,295,552	10,080,568
Less: Impairment	**(118,626)**	(73,775)
Total	**8,176,926**	10,006,793

Note: Tariff adjustment receivables included in trade receivables represent the central government renewable energy subsidy for the Group's photovoltaic and wind power plant projects that have been registered into the Project List.

(a) The Group's trading terms with its customers are mainly on credit, except for certain new customers where payment in advance is normally required. The Group generally allows credit periods of 30 days to 90 days to its customers, and generally accepts settlement of certain trade receivables by bank and commercial bills with maturity periods ranging from 90 days to 180 days.

Management seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade and bills receivables balances. Trade receivables are non-interest bearing.

(b) Certain subsidiaries engaging in the operation of clean energy businesses have pledged trade receivables to secure certain bank loans and other borrowings and other borrowings (note 31(b)(ii)).

(c) The ageing analysis of trade and bills receivables (excluding tariff adjustment receivables, net of loss allowance) as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2022 HK$'000	2021 HK$'000
Within 3 months	**706,278**	934,851
4 to 6 months	**322,461**	127,366
7 to 12 months	**260,807**	239,909
1 to 2 years	**390,180**	528,315
Over 2 years	**558,960**	535,936
	2,238,686	2,366,377

25. TRADE AND BILLS RECEIVABLES (CONTINUED)

Notes: (Continued)

(c) (Continued)

The ageing analysis of the tariff adjustment receivables as at the end of the reporting period, based on the revenue recognition date and net of loss allowance, is as follows:

	2022 **HK$'000**	2021 HK$'000
Within 3 months	**915,705**	1,497,335
4 to 6 months	**544,856**	804,237
7 to 12 months	**992,951**	1,270,687
1 to 2 years	**1,275,165**	1,503,687
Over 2 years	**2,209,563**	2,564,470
	5,938,240	7,640,416

Tariff adjustment receivables included in trade receivables represent the central government renewable energy subsidy for the Group's photovoltaic and wind power plant projects that have been registered into the Subsidy Catalogues.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables and tariff adjustment receivables using a provision matrix:

As at 31 December 2022:

		Past due.				
	Current	**Less than 6 months**	**7 to 12 months**	**1 to 2 years**	**Over 2 years**	**Total**
Expected credit loss rate	**0.19%**	**1.94%**	**2.08%**	**2.18%**	**17.26%**	**1.43%**
Gross carrying amount (HK$'000)	**7,195,486**	**187,496**	**167,668**	**162,644**	**544,134**	**8,257,428**
Expected credit losses (HK$'000)	**13,827**	**3,636**	**3,481**	**3,553**	**93,910**	**118,407**

As at 31 December 2021:

		Past due.				
	Current	Less than 6 months	7 to 12 months	1 to 2 years	Over 2 years	Total
Expected credit loss rate	0.20%	1.07%	1.37%	1.66%	19.32%	0.74%
Gross carrying amount (HK$'000)	8,908,861	190,207	140,005	439,685	229,156	9,907,914
Expected credit losses (HK$'000)	17,431	2,038	1,921	7,312	44,283	72,985

For bills receivable, impairment analysis is performed at each reporting date by considering the probability of default of comparable companies. The measurement of impairment is a function of the probability of default, loss given default and the exposure at default. A loss allowance of HK$219,000 (2021: HK$790,000) was provided for bills receivable as at 31 December 2022.

25. TRADE AND BILLS RECEIVABLES (CONTINUED)

Notes: (Continued)

(d) The movements in the Group's loss allowance for expected credit losses on trade and bills receivables during the year are as follows:

	2022 HK$'000	2021 HK$'000
At beginning of year	**73,775**	35,752
Impairment losses (note 6)	**52,006**	39,951
Exchange realignment	**(7,155)**	(1,928)
At end of year	**118,626**	73,775

(e) At 31 December 2022, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB491,000 (equivalent to HK$556,000). The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2022 HK$'000	2021 HK$'000
Prepayments	(a)	**657,553**	746,846
Deposits and other receivables	(b)	**4,675,746**	4,969,417
Due from joint ventures	(c)	**293,643**	151,870
Due from associates	(d)	**361,359**	429,828
		5,988,301	6,297,961
Less: Impairment	(e)	**(622,683)**	(662,947)
		5,365,618	5,635,014
Portion classified as current assets		**(2,032,773)**	(2,343,586)
Non-current portion		**3,332,845**	3,291,428

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

Notes:

(a) The Group's prepayments mainly included prepayments for the purchase of equipment for photovoltaic and wind power plant projects and clean heat supply facilities.

(b) The Group's deposits and other receivables as at 31 December 2022 included, inter alia, the following:

(i) Investment/bidding deposits of HK$232,739,000 (2021: HK$289,455,000) in aggregate paid to independent third parties in the PRC for potential acquisition of clean energy projects.

(ii) Advances of HK$392,449,000 (2021: HK$407,100,000) provided to independent third parties, The advances were generally secured, bore interest at rates ranging from 8% to 10% (2021: 8% to 10%) per annum; and

(iii) Refundable security deposits under finance lease arrangements of HK$312,346,000 (2021: HK$423,192,000).

(c) Except for (1) amounts due from a joint venture of nil (2021: HK$10,419,000) which are unsecured, interest-bearing at 10% per annum and are repayable within three years; and (2) amounts due from joint ventures of HK$282,033,000 (2021: HK$141,451,000) which are unsecured, interest-bearing at rates ranging from 8% to 10% (2021: 4.8% to 10%) per annum and are repayable within one year, the remaining amounts due from joint ventures are unsecured, interest-free and have no fixed terms of repayment. There was no recent history of default for amounts due from joint ventures. As at 31 December 2021 and 2022, the loss allowance was assessed to be minimal.

(d) Except for amounts due from associates of HK$19,683,000 (2021: HK$34,294,000) which are unsecured, interest-bearing at rates ranging from 6.525% to 8% (2021: 6.525% to 7.425%) per annum and are repayable within one year, the remaining amounts due from associates are unsecured, interest-free and have no fixed terms of repayment. There was no recent history of default for amounts due from associates. As at 31 December 2021 and 2022, the loss allowance was assessed to be minimal.

(e) The movements in the Group's loss allowance for expected credit losses on other receivables during the year are as follows:

	2022 **HK$'000**	2021 HK$'000
At beginning of year	**662,947**	87,857
Impairment losses (note 6)	**10,848**	561,401
Exchange realignment	**(51,112)**	13,689
At end of year	**622,683**	662,947

Deposits and other receivables mainly represent deposits with suppliers, investment/bidding deposits and loans and advances to potential acquisitions customers. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. As at 31 December 2022, the probability of default applied ranged from 0.53% to 8.30% (2021: 0.46% to 8.08%) and the estimated loss ratio arising from default was estimated to be 61.70% (2021: 61.70%). In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

27. OTHER TAX RECOVERABLES

Other tax recoverables mainly represent the net value-added tax paid by the Group for the construction of photovoltaic and wind power plants and clean heat supply facilities which will be utilised and offset against the value-added tax payable for the sale of electricity and provision of clean heat supply services after the commencement of operation of the plants and facilities.

28. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND PLEDGED DEPOSITS

	2022 HK$'000	2021 HK$'000
Restricted cash and pledged bank deposits	**247,454**	227,200
Cash and bank balances	**3,637,264**	1,140,832
Total cash and bank balances	**3,884,718**	1,368,032
Less: Restricted cash and pledged bank deposits (note)	**(247,454)**	(227,200)
Cash and cash equivalents	**3,637,264**	1,140,832

Note:

The Group's restricted cash and bank balances as at 31 December 2022 included cash restricted due to litigations of RMB53,324,000 (equivalent to HK$60,355,000) (2021: RMB106,221,000, equivalent to HK$130,205,000). The Group's pledged bank deposits as at 31 December 2022 included (i) pledged bank deposits of USD10,600,000 (equivalent to HK$82,781,000) (2021: Nil) to secure the borrowings of the Group (note 31(b)); (ii) the bank deposits of RMB42,643,000 (equivalent to HK$48,266,000) (2021: RMB79,128,000 (equivalent to HK$96,995,000)) which were pledged to secure certain banking facilities in the form of bills payable (note 29); and (iii) other pledged bank deposits of RMB49,522,000 (equivalent to HK$56,052,000) (2021:Nil).

At the end of the reporting period, the carrying amounts of the Group's total cash and bank balances are denominated in the following currencies:

	2022 HK$'000	2021 HK$'000
HK$	**60,577**	54,982
RMB	**3,528,637**	1,222,322
Other currencies	**295,504**	90,728
	3,884,718	1,368,032

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

29. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2022 **HK$'000**	2021 HK$'000
Within 3 months	**152,310**	92,689
4 to 6 months	**145,828**	329,994
7 to 12 months	**245,366**	407,888
1 to 2 years	**285,510**	639,273
Over 2 years	**1,112,799**	1,826,213
	1,941,813	3,296,057

The trade payables are non-interest bearing. Trade and bills payables are normally settled on terms of 30 days to 180 days.

Included in the trade and bills payables as at 31 December 2022 were trade payables of nil (2021: HK$1,471,000) due to a joint venture which are generally repayable within 30 to 90 days, which represents credit terms similar to those offered by the associate to their major customers.

The Group's bills payable amounting to RMB29,500,000 (equivalent to HK$33,390,000) (2021: RMB53,319,000, equivalent to HK$65,358,000) were secured by the pledged bank deposits as at 31 December 2022 (note 28).

30. OTHER PAYABLES AND ACCRUALS

	Notes	2022 HK$'000	2021 HK$'000
Deposits received		**35,391**	44,942
Other payables	(a)	**1,385,091**	1,576,771
Accruals		**28,580**	74,264
Contract liabilities	(b)	**439,061**	667,844
		1,888,123	2,363,821

Notes:

(a) Other payables are non-interest-bearing and are normally settled within three months. The Group's other payables as at 31 December 2022 included, inter alia, the following:

(i) an aggregate amount of HK$195,588,000 (2021: HK$288,704,000) of outstanding considerations payable and debt assumed by the Group in respect of the acquisitions of subsidiaries, which are due to certain independent third parties during the year. The debts assumed balances mainly represented construction costs payable by the acquired companies and, according to the debt settlement agreements entered into between the Group and counterparties, the debts originally owed by the acquired subsidiaries were assumed by the Group upon acquisitions. The amounts are repayable according to the time schedules as stipulated in the debt settlement agreements and the last repayments of each assumed liability are usually repayable within 1 year of the acquisition;

(ii) an aggregate amount of HK$659,182,000 (2021: HK$864,038,000) due to certain contractors arising from the construction and purchase of equipment of photovoltaic and wind power plants, and clean heat supply facilities; and

(iii) an aggregate amount of HK$65,791,000 (2021: HK$33,236,000) represents other tax payables, which are mainly VAT related tax payables.

(b) Details of contract liabilities are as follows:

	31 December 2022 HK$'000	31 December 2021 HK$'000
Contract liabilities	**439,061**	667,844

Contract liabilities include short-term advances received to deliver clean heat supply services, construction and management services.

31. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	2022			2021		
	Effective Interest rate (%)	**Maturity**	**HK$'000**	Effective Interest rate (%)	Maturity	HK$'000
Current						
Lease liabilities	**4.97-8.23**	**2023**	**532,363**	4.65-9.04	2022	1,009,155
Bank loans – unsecured	**2.91-5.3**	**2023**	**2,934,036**	1.56-5.30	2022	6,628,107
Bank loans – secured	**3.5-5.0**	**2023**	**1,463,397**	4.00-5.23	2022	423,292
Other loans – secured	**4.69-8.01**	**2023**	**1,188,101**	2.49-9.22	2022	1,127,103
Other loans – unsecured	**–**	**N/A**	**–**	8.00	2022	863,175
			6,117,897			10,050,832
Non-current						
Lease liabilities	**4.97-8.23**	**2024-2036**	**2,917,441**	4.65-9.04	2023-2052	3,531,063
Bank loans – unsecured	**3.31-5.18**	**2024-2027**	**4,833,085**	1.56-5.30	2023-2031	3,945,528
Bank loans – secured	**2.6-5.23**	**2024-2042**	**10,125,667**	4.00-5.23	2023-2037	4,465,034
Other loans – secured	**4.69-8.01**	**2024-2034**	**6,578,631**	2.49-9.22	2023-2031	8,988,640
			24,454,824			20,930,265
			30,572,721			30,981,097

	2022 HK$'000	2021 HK$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**4,397,433**	7,051,399
In the second year	**3,562,719**	1,771,425
In the third to fifth years, inclusive	**5,850,436**	4,589,126
Beyond five years	**5,545,597**	2,050,011
	19,356,185	15,461,961
Other borrowings repayable:		
Within one year or on demand	**1,720,464**	2,999,433
In the second year	**1,780,448**	1,745,933
In the third to fifth years, inclusive	**4,615,446**	5,952,324
Beyond five years	**3,100,178**	4,821,446
	11,216,536	15,519,136
Total bank loans and other borrowings	**30,572,721**	30,981,097

31. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS (CONTINUED)

Notes:

(a) The carrying amounts of the Group's bank and other borrowings are denominated in the following currencies:

	2022 HK$'000	2021 HK$'000
HK$	**4,643,956**	9,036,027
RMB	**23,604,798**	20,707,831
US$	**2,323,967**	1,237,239
	30,572,721	30,981,097

(b) Certain of the Group's bank loans and other borrowings are secured by:

(i) guarantees given by the Company and/or its subsidiaries;

(ii) pledges over trade receivables and contract assets of certain subsidiaries with an aggregate amount of HK$8,583,198,000 (2021: HK$6,961,563,000) as at 31 December 2022 (note 25(b));

(iii) pledges over the Group's property, plant and equipment with an aggregate carrying amount of HK$11,744,094,000 (2021: HK$12,702,970,000) as at 31 December 2022(note 14);

(iv) pledges over the Group's concession rights of the Group's service concession arrangements with an aggregate carrying amount of HK$1,052,812,000 (2021: HK$1,118,580,000) as at 31 December 2022 (note 17);

(v) pledges over the Group's bank deposits with an aggregate carrying amount of HK$82,781,000 (2021:Nil) as at 31 December 2022 (note 28); and

(vi) pledges over the Group's equity interests in certain subsidiaries.

(c) The Group's lease liabilities, secured and unsecured bank loans and secured other loans as at 31 December 2022 bear interest at effective interest rates ranging from 4.97% to 8.23% (2021: from 4.65% to 9.04%) per annum, ranging from 2.60% to 5.23% (2021: from 1.56% to 5.30%) per annum and ranging from 4.69% to 8.01% (2021: from 2.49% to 9.22%) per annum, respectively.

32. CORPORATE BONDS

	2022 HK$'000	2021 HK$'000
Total corporate bonds	**527,366**	1,188,385
Portion classified as current liabilities	**(563)**	(1,188,385)
Non-current portion	**526,803**	–

Corporate bonds of the Group as at 31 December 2022 and 31 December 2021 comprised:

(a) On 6 December 2019, the Company issued a corporate bond with a principal amount of RMB500 million and an annual interest rate of 5.99%. As at 31 December 2022, the corporate bond has been fully repaid.

(b) On 29 April 2020, the Company issued a corporate bond with a principal amount of RMB900 million and an annual interest rate of 5.50%. In April 2022, the Company partially redeemed the corporate bond with principal amount of RMB899,449,000, and the remaining principal shall be repaid on 29 April 2023, was classified as current liabilities as at 31 December 2022.

(c) Corporate bonds with an aggregate principal amount of RMB465 million were issued by a subsidiary of the Company to certain institutional investors on 20 December 2022, with interest rates ranging from 4.20% to 4.90% per annum. The corporate bonds are guaranteed by trade receivables and repayable on 30 November 2025.

33. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries	Temporary differences related to service concession arrangements	Right-of-use assets and lease liabilities	Other temporary differences	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2022	(210,045)	(66,189)	(111,396)	(14,816)	(402,446)
Deferred tax credited/(charged) to profit or loss during the year	35,309	23,588	(6,409)	8,565	61,053
Exchange realignment	15,076	4,390	8,721	888	29,075
Gross deferred tax liabilities at 31 December 2022	(159,660)	(38,211)	(109,084)	(5,363)	(312,318)

Deferred tax assets

	Right-of-use assets and lease liabilities	Other temporary differences	Total
	HK$'000	HK$'000	HK$'000
At 1 January 2022	115,494	245,628	361,122
Deferred tax credited to profit or loss during the year	37,353	103,415	140,768
Exchange realignment	(9,927)	(18,975)	(28,902)
Gross deferred tax assets at 31 December 2022	142,920	330,068	472,988

33. DEFERRED TAX (CONTINUED)

The components of deferred tax assets and liabilities and their movements in 2021 are as follows:

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Temporary differences related to service concession arrangements HK$'000	Right-of-use assets and lease liabilities HK$'000	Other temporary differences HK$'000	Total HK$'000
At 1 January 2021	(207,548)	(75,474)	(99,632)	(40,436)	(423,090)
Acquisition of subsidiaries (note 39)	(8,040)	–	–	–	(8,040)
Deferred tax credited/(charged) to profit or loss during the year	12,161	11,516	(8,405)	26,460	41,732
Exchange realignment	(6,618)	(2,231)	(3,359)	(840)	(13,048)
Gross deferred tax liabilities at 31 December 2021	(210,045)	(66,189)	(111,396)	(14,816)	(402,446)

Deferred tax assets

	Right-of-use assets and lease liabilities HK$'000	Other temporary differences HK$'000	Total HK$'000
At 1 January 2021	103,919	92,331	196,250
Deferred tax credited to profit or loss during the year	8,083	147,731	155,814
Exchange realignment	3,492	5,566	9,058
Gross deferred tax assets at 31 December 2021	115,494	245,628	361,122

33. DEFERRED TAX (CONTINUED)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2022 HK$'000	2021 HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	**397,753**	285,508
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(237,083)**	(326,832)
Net deferred tax liabilities in respect of continuing operations	**160,670**	(41,324)

Deferred tax has not been fully recognised for withholding taxes that would be payable on certain portions of the unremitted earnings that are subject to withholding taxes of certain of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute these unremitted earnings in the foreseeable future. The aggregate amount of temporary differences associated with the investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$5,500,155,000 (2021: HK$5,454,917,000) as at 31 December 2022.

The Group also has tax losses arising in Mainland China of HK$1,101,287,000 (2021: HK$1,077,691,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time. In the opinion of the directors, it is not considered probable that taxable profits will be available against which the tax losses can be utilised in the foreseeable future.

34. SHARE CAPITAL

	2022 HK$'000	2021 HK$'000
Authorised:		
Ordinary shares:		
466,637,115,100 shares of HK$0.001 each	**466,637**	466,637
Convertible preference shares:		
33,362,884,900 shares of HK$0.001 each	**33,363**	33,363
	500,000	500,000
Issued and fully paid:		
Ordinary shares:		
112,329,436,304 shares (2021: 63,525,397,057 shares) of HK$0.001 each (note)	**112,329**	63,525

Note:

On 4 March 2022, a subscription agreement was entered into between the Company and Profit Plan Global Investment Limited (an indirect wholly-owned subsidiary of SDHG) (the "Subscriber"). Pursuant to which, the Company had conditionally agreed to allot and issue, and the Subscriber had conditionally agreed to subscribe for 48,804,039,247 subscription shares at the subscription price of HK$0.096 per share for the total cash consideration, before expenses, of HK$4,685 million (the "Subscription"). The Subscription was completed on 19 May 2022.

35. SHARE OPTION SCHEME

The Share Option Scheme was adopted pursuant to a resolution passed on 11 June 2013 for the primary purpose of attracting and retaining the best available personnel, providing additional incentives to employees (full-time or part-time), directors, consultants, advisors, distributors, contractors, suppliers, agents, customers, business partners, service providers or substantial shareholders (the "Eligible Participants") of the Group and promoting the success of the business of the Group, which will remain in force for a period of ten years commencing on the adoption date and shall expire on 9 June 2023 (close of business on the business day immediately preceding the tenth anniversary thereof), subject to early termination provisions contained in the Share Option Scheme. The Board may grant options to the Eligible Participants to subscribe for shares in the Company subject to the terms of the Share Option Scheme.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Further, the aggregate number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company must not exceed 30% of the issued share capital of the Company from time to time. Options granted to a substantial shareholder or an independent non-executive director, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period up to and including the date of grant, are subject to shareholders' approval in advance in a general meeting.

Options granted must be taken up within 7 days inclusive of the day on which an offer was made, upon payment of HK$1.00 by the grantee. Options may be exercised at any time for a period determined by its directors which shall not be later than 10 years from the date of grant. The exercise price of the share options shall be a price solely determined by the Board and notified to an Eligible Participant and shall be at least the highest of (i) the closing price of the Company's shares as stated in the daily quotation sheet of the Stock Exchange on the date of the grant of the options, which must be a business day; (ii) the average of the closing prices of the Company's shares as stated in the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date of the grant of the option; and (iii) the nominal value of a share of the Company on the date of grant.

On 18 September 2017, a total of 1,490,000,000 share options were granted to certain directors of the Group in respect of their services to the Group (the "2017 Options"). The 2017 Options had an exercise price of HK$0.199 per share and an exercise period from 18 September 2020 to 17 September 2027. The closing price of the Company's share of the 2017 Options at the date of grant was HK$0.199 per share.

On 15 September 2020 (the "Modification Date"), 630,000,000 share options were cancelled, and a total of 1,060,000,000 share options were granted to the eligible participants (the "2020 Options"), part of them are served as replacement share options to the cancelled share options of the 2017 Grant. After the modification, the 2020 Options had an exercise price of HK$0.08 per share and an exercise period from 15 September 2023 to 14 September 2030. The closing price of the Company's share of the 2020 Options at the date of grant was HK$0.039 per share.

35. SHARE OPTION SCHEME (CONTINUED)

The following share options were outstanding under the Share Option Scheme during the year:

	2022		2021	
	Weighted average exercise price HK$'000	**Number of options per share**	Weighted average exercise price HK$'000	Number of options per share
At 1 January	**0.080**	**1,010,000**	0.080	1,030,000
Granted during the year	**–**	**–**	–	–
Cancelled during the year	**–**	**–**	–	–
Lapsed/forfeited during the year	**0.080**	**(17,000)**	0.080	(20,000)
At 31 December	**0.080**	**993,000**	0.080	1,010,000

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2022

Number of options	**Exercise price** HK$ per share	**Exercise periods**
198,600,000	0.080	15 September 2023 to 14 September 2030
198,600,000	0.080	15 September 2024 to 14 September 2030
198,600,000	0.080	15 September 2025 to 14 September 2030
198,600,000	0.080	15 September 2026 to 14 September 2030
198,600,000	0.080	15 September 2027 to 14 September 2030
993,000,000		

35. SHARE OPTION SCHEME (CONTINUED)

2021

Number of options	Exercise price HK$ per share	Exercise periods
202,000,000	0.080	15 September 2023 to 14 September 2030
202,000,000	0.080	15 September 2024 to 14 September 2030
202,000,000	0.080	15 September 2025 to 14 September 2030
202,000,000	0.080	15 September 2026 to 14 September 2030
202,000,000	0.080	15 September 2027 to 14 September 2030
1,010,000,000		

The fair values of the share options granted during the year ended 31 December 2020 (excluding the 430,000,000 share options of the 2020 Options which are treated as the replacement of the cancelled 630,000,000 share options of the 2017 Options) were approximately HK$6,200,000. Meanwhile, the incremental fair value arising from the aforementioned modification of 430,000,000 share options of the 2020 Options was approximately HK$1,392,000. The Group recognised a share option expense of HK$2,031,000 during the year (2021: HK$7,604,000).

The fair value of equity-settled share options granted during the year ended 31 December 2022 was estimated as at the date of grant using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2020 Options	2017 Options
Date of grant/Modification Date	**15 September 2020**	15 September 2020
Dividend yield (%)	**0.0000%**	0.0000%
Expected volatility (%)	**55.27%**	55.27%
Risk-free interest rate (%)	**0.54%**	0.47%
Expected life of options (year)	**10**	7
Forfeiture rate (%)	**13%**	13%

The expected life of the options is the time to maturity of the options granted under the Share Option Scheme. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 993,000,000 share options (2021: 1,010,000,000) outstanding under the Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 993,000,000 (2021: 1,010,000,000) additional ordinary shares of the Company and additional share capital of HK$993,000 (2021: HK$1,010,000) (before issue expenses) and additional share premium of approximately HK$78,447,000 (2021: HK$79,790,000) (before issue expenses).

Subsequent to the end of the reporting period, no share options forfeited due to resignation.

35. SHARE OPTION SCHEME (CONTINUED)

At the date of approval of these financial statements, the Company had 993,000,000 share options outstanding under the Share Option Scheme which represent 0.88% of the ordinary shares in issue of the Company as at the date of approval of these financial statements.

36. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 87 to the financial statements.

Share option reserve

It comprises the fair value of share options vested which are yet to be exercised, as further explained in the accounting policy of share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related share options are exercised, or transferred to retained profits should the related share options lapse or be forfeited.

Special reserves

The Group's special reserves mainly represent the difference between the carrying amount of the share of net assets acquired and the consideration in respect of the acquisition and disposal of the non-controlling interests in subsidiaries during the year ended 31 December 2022 and in prior years.

Statutory surplus reserve

Pursuant to the relevant laws and regulations applicable to Mainland China, the Group's subsidiaries established in Mainland China are required to transfer part of their profit after tax to the reserve funds, which are non-distributable and restricted as to use.

37. PERPETUAL CAPITAL INSTRUMENT

	2022 HK$'000	2021 HK$'000
At beginning of the Year	**–**	1,143,587
Share of profit for the Year	**–**	70,267
Distribution for the Year	**–**	(79,345)
Redemption of perpetual capital instrument during the Year	**–**	(1,134,509)
At end of the Year	**–**	–

During the year ended 31 December 2018, the Company issued a perpetual capital instrument (the "Perpetual Capital Instrument") with an aggregate principal amount of RMB1,000,000,000. Net proceeds after deducting issue expenses amounted to RMB997,000,000.

The Perpetual Capital Instrument confers the holders a right to receive distributions at the applicable distribution rate of 6.5% per annum, payable annually on 27 November. The distribution rate is subject to review in accordance with the terms thereof at each of the third anniversary from the date of issuance of the Perpetual Capital Instrument. The Company may, at its sole discretion, elect to defer a distribution. In the event when the Company elects to defer a distribution, the Company shall not declare or pay any dividends or reduce its share capital until the distribution deferred is fully settled. The Perpetual Capital Instrument may be redeemed at the option of the Company in whole but not in part, subject to certain conditions under the terms of the Perpetual Capital Instrument.

The Perpetual Capital Instrument was fully redeemed during the year of 2021.

38. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

During the year ended 31 December 2022, the Group has no subsidiaries that has material non-controlling interests (2021: Nil)

39. BUSINESS COMBINATIONS

The fair values of the identifiable assets and liabilities of the subsidiaries acquired as at the date of acquisition were as follows:

	Notes	2022 HK$'000	2021 HK$'000
Property, plant and equipment	14	–	639,264
Operating rights	18	–	56,428
Investments in associates		255,194	–
Inventories		–	76
Trade and bills receivables		–	94,207
Prepayments, deposits and other receivables		–	565,467
Other tax recoverables		–	28,458
Cash and cash equivalents		6	9,598
Trade and bills payables		–	(27,155)
Other payables and accruals		(1,340)	(548,033)
Interest-bearing bank loans and other borrowings		–	(442,652)
Deferred tax liabilities	33	–	(8,040)
Total identifiable net assets at fair value		253,860	367,618
Non-controlling interests		–	(1,687)
		253,860	365,931
Goodwill	16	–	41,038
Gains on bargain purchase	5, 6	(2,243)	(13,922)
		251,617	393,047
Satisfied by:			
Cash consideration		251,617	138,592
Other receivable		–	254,455
		251,617	393,047

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to nil (2021: HK$94,207,000) and nil (2021: HK$500,378,000), respectively. The gross contractual amounts of trade receivables and other receivables were nil (2021: HK$94,207,000) and nil (2021: HK$500,378,000), respectively.

The Group incurred transaction costs of nil for these acquisitions.

39. BUSINESS COMBINATIONS (CONTINUED)

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	2022 HK$'000	2021 HK$'000
Cash consideration	**(251,617)**	(138,592)
Cash and cash equivalents acquired	**6**	9,598
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	**(251,611)**	(128,994)

Since the acquisition, these acquired entities contributed nil (2021: HK$83,189,000) to the Group's revenue and HK$2,000 to the consolidated loss (2021: HK$12,732,000 to the consolidated profit) for the year ended 31 December 2022.

Had the above business combinations taken place at the beginning of the year, the Group's profit for the year would have been HK$225,776,000 (2021: loss for HK$279,345,000) and the Group's revenue would have been HK$5,296,197,000 (2021: HK$6,048,788,000).

Notes:

During the year ended 31 December 2022, the Group completed the acquisition of the 100% equity interest in Tibet Yuze Investment Management Co., Ltd. – Yuze Red Bull No.1 Private Equity Investment Fund (西藏禹澤投資管理有限公司-禹澤紅牛壹號私募股權投資基金) from an independent third party at a cash consideration of RMB215,888,000, which is principally engaged in investment holding, and recorded a gain on bargain purchase of HK$2,243,000.

40. DISPOSAL OF SUBSIDIARIES

	Notes	2022 HK$'000	2021 HK$'000
Property, plant and equipment	14	**15,177**	–
Goodwill	16	**2,732**	–
Other intangible assets	19	**2,296**	–
Inventories		**242**	–
Trade and bills receivables		**103,138**	–
Prepayments, deposits and other receivables		**56,952**	–
Other tax recoverables		**675**	–
Restricted cash and pledged deposits		**1,779**	–
Cash and cash equivalents		**6,414**	–
Trade payables		**(88,518)**	(9)
Other payables and accruals		**(70,617)**	(572)
Income tax payables		**(8,451)**	–
Non-controlling interests		**(8,162)**	–
		13,657	(581)
Exchange fluctuation reserve realised		**–**	–
Gains on disposal of interests in subsidiaries	5,6	**682**	782
		14,339	201
Satisfied by:			
Cash consideration		**–**	201
Other receivables		**14,339**	–
		14,339	201

An analysis of the cash flows in respect of the disposal of subsidiaries is as follows:

	2022 HK$'000	2021 HK$'000
Cash consideration	**–**	201
Cash and cash equivalents disposed of	**(6,414)**	–
Consideration receivables as at the year end	**–**	–
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**(6,414)**	201

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$157,288,000 and HK$157,288,000, respectively, in respect of lease arrangements for properties and land leases (2021: HK$147,277,000 and HK$147,277,000).

(b) Changes in liabilities arising from financing activities

	Corporate bonds HK$'000	Interest-bearing bank and other borrowings HK$'000
At 1 January 2021	1,696,323	29,010,769
Changes from financing cash flows	(653,713)	(239,322)
Interest expense	99,563	1,237,306
Refundable security deposits under finance leases	–	106,625
Increase arising from acquisition of subsidiaries (note 39)	–	442,652
Foreign exchange movement	46,212	423,067
At 31 December 2021 and 1 January 2022	1,188,385	30,981,097
Changes from financing cash flows	(611,359)	(633,638)
Interest expense	24,463	1,570,067
Refundable security deposits under finance leases	–	110,846
Foreign exchange movement	(74,123)	(1,455,651)
At 31 December 2022	527,366	30,572,721

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2022 HK$'000	2021 HK$'000
Within operating activities	**20,023**	19,075
Within financing activities	**2,100,605**	1,370,221
	2,120,628	1,389,296

42. CONTINGENT LIABILITIES

At 31 December 2022, the Group did not have any significant contingent liabilities (2021: Nil).

43. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2022 HK$'000	2021 HK$'000
Contracted, but not provided for:		
Construction, material and equipment costs for development of clean energy projects	**354,361**	998,669
Capital contributions to joint ventures	**320,883**	347,512
	675,244	1,346,181

44. RELATED PARTY DISCLOSURES

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year ended 31 December 2022:

Name of related group/company	Nature of transactions	Notes	2022 HK$'000	2021 HK$'000
BEWG[#1] and its subsidiaries	Sales of electricity	(i)	**18,396**	17,129
BEWG and its subsidiaries	Licence fee	(ii)	**953**	1,498
BEWG and its subsidiaries	Rental expenses	(ii)	**12,278**	10,847
BEWG and its subsidiaries	Interest expenses	(iii)	**16,874**	5,033
Joint ventures:	Interest income	(iv)	**19,739**	6,053
Joint ventures:	Entrusted operations		**1,227**	–
Associates:	Interest income	(v)	**46**	–
Associates:	Entrusted operations		**6,633**	–
Great First[#2]	Acquisition of equity interest	(vi)	**–**	40,023
China Railway Long Construction[#3]	Cost of construction and related services	(vii)	**49,805**	–

[#1] Beijing Enterprises Water Group Limited, a company listed on the main board of The Stock Exchange of Hong Kong Limited, is a substantial shareholder of the Company.

[#2] Great First (Hong Kong) Limited is wholly owned by Mr. Hu, a former executive director of the Company.

[#3] China Railway Long Construction Group Limited (中鐵隆工程集團有限公司) is a subsidiary of Shandong Hi-Speed Group.

44. RELATED PARTY DISCLOSURES (CONTINUED)

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year ended 31 December 2022: (Continued)

Notes:

(i) The sales to a related group were made according to the published prices and conditions offered to customers of the Group. The related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(ii) The licence fee and the rental expenses were charged on a mutually agreed basis. The related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(iii) The interest expenses were generated from the interest-bearing loan with Beijing Enterprises Water (China) Investment Co., Ltd, with an interest rate at 8% per annum.

(iv) The interest income was generated from the interest-bearing loan to joint ventures, with interest rates ranging from 8% to 10.00% per annum.

(v) The interest income was generated from the interest-bearing loan to associates, with interest rates ranging from 6.525% to 8% per annum.

(vi) On 14 May 2021, an indirect non-wholly-owned subsidiary of the Group (the "Purchaser") and Great First entered into the Great First Target Equity Transfer Agreement, pursuant to which the Purchaser agreed to acquire, and Great First agreed to dispose of, an approximately 8.33% equity interest in the Tibet Shandong Hi-Speed Wind.

(vii) On 20 October 2022, an indirect non-wholly owned subsidiary of the Group, entered into a construction contract with Zhonggong Wuda Design Group Limited (Zhonggong Wuda) and China Railway Long Construction, subsidiaries of Shangdong Hi-Speed Group, pursuant to which Zhonggong Wuda and China Railway Long Construction agreed to act as the contractors at an aggregate contracting fee of RMB149,171,000 (inclusive of all taxes).

(b) In the opinion of the Directors, the Directors represent the key management personnel of the Group. Details of Directors' remuneration are included in note 8 to the financial statements.

45. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2022

Financial assets

	Financial assets at amortised cost HK$'000	Financial assets at fair value through profit or loss HK$'000	Total HK$'000
Financial assets at fair value through profit or loss	–	411,916	411,916
Trade and bills receivables	8,176,926	–	8,176,926
Financial assets included in prepayments, deposits and other receivables	4,708,065	–	4,708,065
Restricted cash and pledged deposits	247,454	–	247,454
Cash and cash equivalents	3,637,264	–	3,637,264
Other non-current assets	1,385,240	–	1,385,240
	18,154,949	411,916	18,566,865

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade and bills payables	1,941,813
Financial liabilities included in other payables and accruals	1,391,007
Interest-bearing bank and other borrowings	30,572,721
Corporate bonds	527,366
Other current liabilities and other non-current liabilities	1,555,456
	35,988,363

45. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (Continued)

2021

Financial assets

	Financial assets at amortised cost HK$'000	Financial assets at fair value through profit or loss HK$'000	Total HK$'000
Financial assets at fair value through profit or loss	–	581,123	581,123
Trade and bills receivables	10,006,793	–	10,006,793
Financial assets included in prepayments, deposits and other receivables	4,888,168	–	4,888,168
Restricted cash and pledged deposits	227,200	–	227,200
Cash and cash equivalents	1,140,832	–	1,140,832
Other non-current assets	1,332,003	–	1,332,003
	17,594,996	581,123	18,176,119

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade and bills payables	3,296,057
Financial liabilities included in other payables and accruals	1,519,255
Interest-bearing bank and other borrowings	30,981,097
Corporate bonds	1,188,385
Other non-current liabilities	4,359,679
	41,344,473

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, largely due to the short term maturities of the instruments or because they bear floating interest rates if they have long term maturities, are as follows:

	Carrying amounts		Fair values	
	2022 **HK$'000**	2021 HK$'000	**2022** **HK$'000**	2021 HK$'000
Financial assets				
Financial assets at fair value through profit or loss	**411,916**	581,123	**411,916**	581,123
Loan to a joint venture	**–**	10,419	**–**	8,466
Financial assets included in prepayments, other receivables and other assets – non-current	**3,104,155**	2,928,635	**2,890,958**	2,449,256
Total	**3,516,071**	3,520,177	**3,302,874**	3,038,845

	Carrying amounts		Fair values	
	2022 **HK$'000**	2021 HK$'000	**2022** **HK$'000**	2021 HK$'000
Financial liabilities				
Other non-current liabilities	**13,058**	7,061	**13,058**	7,061
Interest-bearing bank borrowings with fixed interest rates – non-current	**587,134**	474,810	**598,402**	480,909
Total	**600,192**	481,871	**611,460**	487,970

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Management has assessed that the fair values of cash and cash equivalents, restricted cash and pledged deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, corporate bonds and interest-bearing bank loans and other borrowings with short term maturities or bearing floating interest rates approximate to their carrying amounts largely due to the short term maturities of these instruments or because they bear floating interest rates if they are have long term maturities.

The Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation.

The fair values of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair value of the non-current portion of deposits and other receivables, interest-bearing bank loans and other borrowings and corporate bonds have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. In the opinion of the directors, since their carrying amounts are not significantly different from their respective fair values, no disclosure of the fair values of these financial instruments is made.

The fair values of unlisted equity investments at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple and price to earnings ("P/E") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The fair values of financial guarantee contracts are measured at the higher of the ECL allowance and the amount initially recognised less the cumulative amount of income recognised. The ECL allowance is measured by estimating the cash shortfalls, which are based on the expected payments to reimburse the holders for a credit loss that it incurs less any amounts that the Group expects to receive from the debtor.

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets at fair value through profit or loss	**–**	**–**	**411,916**	**411,916**

As at 31 December 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets at fair value through profit or loss	–	–	581,123	581,123

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

Assets measured at fair value: (Continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	Total HK$'000
As at 1 January 2022	581,123
Total gains recognised in the statement of profit or loss included in other income	10,650
Purchases	320,280
Disposal	(462,306)
Exchange	(37,831)
As at 31 December 2022	411,916

Liabilities measured at fair value:

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Other non-current liabilities	–	–	**13,058**	**13,058**

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2021: Nil).

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

Assets for which fair values are disclosed:

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets included in prepayments, other receivables and other assets – non-current	**–**	**–**	**2,890,958**	**2,890,958**

As at 31 December 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Loan to a joint venture	–	–	8,466	8,466
Financial assets included in prepayments, other receivables and other assets – non-current	–	–	2,449,256	2,449,256
	–	–	2,457,722	2,457,722

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include cash and cash equivalents, trade and bills receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables, other payables, interest-bearing bank and other borrowings and corporate bonds. Details of the major financial instruments and the Group's relevant accounting policies are disclosed in note 2.4 to the financial statements.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit/(loss) before tax (through the impact on floating rate borrowings):

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit before tax** HK$'000
2022		
HK$	**100**	**(67,039)**
RMB	**100**	**(106,069)**
HK$	**(100)**	**67,039**
RMB	**(100)**	**106,069**

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax HK$'000
2021		
HK$	**100**	**(46,982)**
RMB	**100**	**(99,433)**
HK$	**(100)**	**46,982**
RMB	**(100)**	**99,433**

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. As a result of its significant business operations in Mainland China, the consolidated statement of financial position can be affected significantly by movements in the RMB/HK$ exchange rate.

RMB is not a freely convertible currency. Future exchange rates of RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally, and the demand and supply of RMB. The appreciation or depreciation of RMB against HK$ may have an impact on the operating results of the Group.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rates, with all other variables held constant, of the Group's profit/(loss) before tax and the Group's equity.

	Increase/ (decrease) in foreign exchange rate %	Increase/ (decrease) in profit before tax HK$'000
2022		
If HK$ weakens against RMB	**1.00**	**3,379**
If HK$ strengthens against RMB	**(1.00)**	**(3,379)**

	Increase/ (decrease) in foreign exchange rate %	(Increase)/ decrease in loss before tax HK$'000
2021		
If HK$ weakens against RMB	1.00	(8,535)
If HK$ strengthens against RMB	(1.00)	8,535

Credit risk

The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, contract assets, trade and bills receivables, and deposit and other receivable balances are monitored on an ongoing basis to ensure that follow-up action is taken to recover overdue debts and the Group's exposure to bad debts is not significant. The Group's maximum exposures to credit risk are the carrying amounts of contract assets, trade and bills receivables, and deposits and other receivables as disclosed in notes 24, 25 and 26 to the financial statements, respectively. In addition, the Group reviews the recoverable amount of each individual trade and non-trade debtor at the end of the reporting period to ensure that adequate provision for impairment losses has been made for irrecoverable amounts.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2022. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	**Stage 2** HK$'000	**Stage 3** HK$'000	**Simplified approach** HK$'000	**Total** HK$'000
Trade receivables*	**–**	**–**	**–**	**8,257,428**	**8,257,428**
Bills receivable	**38,124**	**–**	**–**	**–**	**38,124**
Contract assets*	**–**	**–**	**–**	**1,102,668**	**1,102,668**
Financial assets included in prepayments, deposits and other receivables	**4,007,405**	**668,144**	**655,199**	**–**	**5,330,748**
Restricted cash and pledged deposits	**247,454**	**–**	**–**	**–**	**247,454**
Cash and cash equivalents	**3,637,264**	**–**	**–**	**–**	**3,637,264**
Guarantees given to third parties and related parties	**13,058**	**–**	**–**	**–**	**13,058**
Other non-current assets	**1,385,240**	**–**	**–**	**–**	**1,385,240**
	9,328,545	**668,144**	**655,199**	**9,360,096**	**20,011,984**

As at 31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables*	–	–	–	9,907,914	9,907,914
Bills receivable	172,654	–	–	–	172,654
Contract assets*	–	–	–	1,411,555	1,411,555
Financial assets included in prepayments, deposits and other receivables	4,053,123	693,084	804,908	–	5,551,115
Restricted cash and pledged deposits	227,200	–	–	–	227,200
Cash and cash equivalents	1,140,832	–	–	–	1,140,832
Guarantees given to third parties and related parties	7,061	–	–	–	7,061
Other non-current assets	1,332,003	–	–	–	1,332,003
	6,932,873	693,084	804,908	11,319,469	19,750,334

* For contract assets and trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 24 and 25 to the financial statements, respectively.

At the end of the reporting period, the Group had certain concentrations of credit risk as 6.2% and 17.7% of the Group's trade and bills receivables were due from the Group's largest customer and five largest customers, respectively.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through cash receipts from receivables, the issue of new shares and a perpetual capital instrument, and the raising of interest-bearing bank and other borrowings, corporate bonds and financial liabilities of options granted to non-controlling interests to cover expected cash demands, as well as the strict control over its daily operating expenses. Accordingly, the Group expects to have adequate sources of funding to finance the Group's operations and manage its liquidity position.

The maturity profile of the Group's financial liabilities (other than the financial guarantees given) as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	On demand HK$'000	Within 1 year HK$'000	1-2 years HK$'000	2-3 years HK$'000	3-4 years HK$'000	4-5 years HK$'000	Beyond 5 years HK$'000	Total HK$'000
2022								
Trade and bills payables	**–**	**1,941,813**	**–**	**–**	**–**	**–**	**–**	**1,941,813**
Other payables	**–**	**1,391,007**	**–**	**–**	**–**	**–**	**–**	**1,391,007**
Interest-bearing bank and other borrowings	**–**	**7,227,450**	**6,329,423**	**6,421,884**	**3,246,892**	**2,548,573**	**10,129,426**	**35,903,648**
Corporate bonds	**–**	**–**	**–**	**569,996**	**–**	**–**	**–**	**569,996**
	–	**10,560,270**	**6,329,423**	**6,991,880**	**3,246,892**	**2,508,573**	**10,129,426**	**39,806,464**
2021								
Trade and bills payables	–	3,296,057	–	–	–	–	–	3,296,057
Other payables	–	1,519,255	–	–	–	–	–	1,519,255
Interest-bearing bank loans and other	245,158	8,796,425	6,441,553	8,272,235	4,913,932	4,171,446	10,284,615	43,125,364
Corporate bonds	–	1,205,573	–	–	–	–	–	1,205,573
Financial liabilities of options granted to non-controlling interests	–	1,537,847	–	1,924,589	–	–	–	3,462,436
	245,158	16,355,157	6,441,553	10,196,824	4,913,932	4,171,446	10,284,615	52,608,685

The exposure of the Group's financial guarantee contracts given in relation are an associate disclosed in note 23 to the financial statements, which would be repayable on demand when the guarantee is called.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may issue new shares to increase capital or sell assets to reduce debt.

The Group monitors capital using the net gearing ratio, which is calculated by dividing net debt by the sum of net debt and total equity. Net debt is calculated as total interest-bearing bank loans and other borrowings and corporate bonds (as shown in notes 31 and 32), less cash and cash equivalents and other lease liabilities. The net gearing ratios at 31 December 2022 and 2021 were as follows:

	2022 **HK$'000**	2021 HK$'000
Interest-bearing bank and other borrowings	**30,572,721**	30,981,097
Corporate bonds	**527,366**	1,188,385
Less: Cash and cash equivalents	**(3,637,264)**	(1,140,832)
Other lease liabilities	**(1,022,369)**	(952,621)
Net debt	**26,440,454**	30,076,029
Total equity	**15,091,724**	12,082,054
Net debt and total equity	**41,532,178**	42,158,083
Gearing ratio	**64%**	71%

48. EVENT AFTER THE REPORTING PERIOD

On 20 December 2022, (i) China Power Construction Henan Electric Power Co., Ltd.* (中電建河南電力有限公司), Qingdian Green Energy Co., Ltd.* (清電綠色能源有限公司), Tianjin Fuyi Enterprise Management Consulting Co., Ltd.* (天津富驛企業管理諮詢有限公司) (the "Purchaser"), an indirect non-wholly owned subsidiary of the Company, entered into the equity transfer agreement (the "Equity Transfer Agreement-1") in relation to the sale and purchase of entire equity interest in Shangqiu Ningdian New Energy Co., Ltd.* (商丘寧電新能源有限公司) (the "Target Company-1") at the consideration of RMB143,568,000 (the "Acquisition-1"); (ii) Henan Qingdian New Energy Co., Ltd.* (河南清電新能源有限公司) and Purchaser, entered into the equity transfer agreement (the "Equity Transfer Agreement-2") in relation to the sale and purchase of entire equity interest in Lankao Gold Wind Power New Energy Co., Ltd.* (蘭考金風清電新能源有限公司) (the "Target Company-2") at the consideration of RMB55,929,000 (the "Acquisition-2"); (iii) Henan Qingdian New Energy Co., Ltd.* (河南清電新能源有限公司), and the Purchaser, entered into the equity transfer agreement (the "Equity Transfer Agreement-3", together with Equity Transfer Agreement-1 and Equity Transfer Agreement-2, the "Equity Transfer Agreements") in relation to the sale and purchase of entire equity interest in Shenqiu Yingdian New Energy Co., Ltd.* (沈丘潁電新能源有限公司) (the "Target Company-3", together with the Target Company-1 and Target Company-2, the "Target Companies") at the consideration of RMB43,226,000 (the "Acquisition-3", together with Acquisition-1 and Acquisition-2, the "Acquisitions"). Upon the completion of the Acquisitions in accordance with the terms and conditions of the Equity Transfer Agreements in January 2023, the Purchaser holds entire equity interests in each of the Target Companies and Target Companies become the indirect wholly-owned subsidiaries of the Company.

49. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current year's presentation.

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2022	2021
	HK$'000	HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**393**	431
Interests in subsidiaries	**5,142,782**	6,289,760
Total non-current assets	**5,143,175**	6,290,191
CURRENT ASSETS		
Financial assets at fair value through profit or loss	**100,711**	–
Prepayments, deposits and other receivables	**11,804,757**	9,806,607
Cash and cash equivalents	**167,569**	154,108
Total current assets	**12,073,037**	9,960,715
CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**1,774,690**	6,058,906
Corporate bond	**563**	1,188,385
Other payables and accruals	**1,189,931**	54,905
Total current liabilities	**2,965,184**	7,302,196
NET CURRENT ASSETS	**9,107,853**	2,658,519
TOTAL ASSETS LESS CURRENT LIABILITIES	**14,251,028**	8,948,710
NON-CURRENT LIABILITIES		
Interest-bearing bank loans and other borrowings	**5,193,233**	4,214,360
Net assets	**9,057,795**	4,734,350
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	**112,329**	63,525
Reserves (Note)	**8,945,466**	4,670,825
Total equity	**9,057,795**	4,734,350

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK$'000	Share option reserve HK$'000	Special reserves HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2021	5,925,295	32,330	2,799	(810,815)	5,149,609
Loss and total comprehensive loss for the year	–	–	–	(401,197)	(401,197)
Deemed perpetual bonds	–	–	(85,191)	–	(85,191)
Equity-settled share option arrangements (note 35)	–	7,604	–	–	7,604
At 31 December 2021 and 1 January 2022	**5,925,295**	**39,934**	**(82,392)**	**(1,212,012)**	**4,670,825**
Loss and total comprehensive loss for the year	**–**	**–**	**–**	**(361,250)**	**(361,250)**
Issue of shares	**4,636,384**	**–**	**–**	**–**	**4,636,384**
Share issue expenses	**(2,524)**	**–**	**–**	**–**	**(2,524)**
Equity-settled share option arrangements (note 35)	**–**	**2,031**	**–**	**–**	**2,031**
At 31 December 2022	**10,559,155**	**41,965**	**(82,392)**	**(1,573,262)**	**8,945,466**

The share option reserve comprises the fair value of share options vested which are yet to be exercised, as further explained in the accounting policy of share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related share options are exercised or transferred to retained profits should the related share options lapse or be forfeited.

51. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Board on 30 March 2023.

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below.

RESULTS

	Years ended 31 December				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000 (Restated)	HK$'000	HK$'000
REVENUE	**5,296,197**	6,023,419	5,551,791	6,335,620	6,980,270
PROFIT/(LOSS) BEFORE TAX	**283,466**	(264,874)	1,018,410	1,031,631	1,537,580
Income tax expense	**(57,655)**	(23,960)	(131,970)	(189,545)	(159,624)
PROFIT/(LOSS) FOR THE YEAR	**225,811**	(288,834)	886,440	842,086	1,377,956
Profit/(loss) attributable to equity holders of the Company	**258,236**	(321,312)	763,694	682,864	1,268,645

ASSETS AND LIABILITIES

	As at 31 December				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000 (Restated)	HK$'000 (Restated)	HK$'000
Total assets	**52,028,265**	54,874,237	57,127,247	52,192,282	43,408,150
Total liabilities	**(36,936,541)**	(42,792,183)	(44,002,357)	(41,186,513)	(32,532,743)
	15,091,724	12,082,054	13,124,890	11,005,769	10,875,407

The summary of the consolidated results and of the assets and liabilities of the Group for the last five financial years has been extracted from the published audited financial statements of the Company.

山高新能源集團有限公司
SHANDONG HI-SPEED NEW ENERGY GROUP LIMITED