

Exhibit 22

ENERGY CAPITAL INVESTMENT SARL
(Incorporated in the Grand-Duchy of Luxembourg, Registration No. B
199338)

MANAGEMENT REPORT

AND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

31 DECEMBER 2016

**ENERGY CAPITAL INVESTMENT SARL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016** **1.**

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**ENERGY CAPITAL INVESTMENT SARL
CORPORATE INFORMATION****2.****Appointed on**

MANAGERS : Mr. Weili Su - Manager A 10-Aug-15
Mr. Sanjay Shrestha - Manager A 22-Sep-15
Mr. Jianmin Wang - Manager A 22-Sep-15
Mr. Xavier De Cillia - Manager B 10-Aug-15

ADMINISTRATOR : **Citco C&T (Luxembourg) S.A.**
Le Dome, entrance C - 2nd floor
2-8, avenue Charles de Gaulle
L-1653 Luxembourg
Luxembourg

REGISTERED OFFICE : 11-13 Boulevard de la Foire,
L-1528
Luxembourg

BANKERS : ING Luxembourg
Inter-American Development Bank (Escrow Account)
EPC (Escrow Account)

**ENERGY CAPITAL INVESTMENT SARL
MANAGEMENT REPORT****3.**

The managers present their report and the financial statements of Energy Capital Investment S.à r.l (the "Company") for year ended 31 December 2016.

PRINCIPAL ACTIVITY

The principal activity of the Company is to carry out all transactions pertaining directly or indirectly to the acquisition of participating interests as well as financing of group companies.

RESULTS AND DIVIDENDS

The results for the year are shown in the statement of comprehensive income.

The managers do not propose the payment of any dividend for the year under review.

OVERVIEW OF ACTIVITIES

The state of affairs of the Company at the closing of the financial year is adequately presented in the statement of financial position and statement of comprehensive income, presented herewith. The course of business of the Company has been as the Management expected.

The Management will submit to the General Meeting of Shareholders the decision relating to the continuation of the Company, as the net assets has fallen below the subscribed capital.

FIELD OF RESEARCH AND DEVELOPMENT

During the financial year, the Company has not performed any activity in the field of research and development.

OWN SHARES

As at 31 December 2016, the Company does not own any own shares.

FUTURE DEVELOPMENTS

The Management does not anticipate any major changes during the coming financial year and expects to continue with its activities.

SUBSEQUENT EVENTS

No matters or circumstances of importance have arisen since the end of the financial year, which have significantly affected or may significantly affect the operations of the Company, the results of those operations or the affairs of the Company.

By Order of the Board of Managers

- Manager A

Mr. Xavier De Cillia - Manager B

Luxembourg,, 2016

**ENERGY CAPITAL INVESTMENT SARL
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

4.

	Notes	2016 EUR	2015 EUR
INCOME			
Finance income	5	117,296	-
EXPENSES			
Incorporation fees		-	3,510
Legal and professional fees		2,514,972	25,015
Compliance fees		2,428	573
Management services		3,656	1,146
Rent and water		5,603	1,201
Accountancy fees		18,542	6,036
Bank fees		4,437	974
General expenses		2,309	3,251
Amortisation cost		(2,119)	2,119
Transaction costs	12	1,151,190	-
Chambre de commerce		350	-
Loss before finance costs		(3,584,072)	(43,825)
Finance costs	6	(4,587,289)	(120,441)
Loss before taxation		(8,171,361)	(164,266)
Taxation	14	(3,210)	(3,210)
Net loss for the year/period		(8,174,571)	(167,476)
Other comprehensive income		-	-
Total comprehensive income for the year/period		(8,174,571)	(167,476)

The notes on pages 8 to 21 form an integral part of these financial statements.

ENERGY CAPITAL INVESTMENT SARL

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

5.

	Notes	2016 EUR	2015 EUR
ASSETS			
Non-current asset			
Investments in subsidiaries	7	39,194,473	2,745,729
Total non-current asset		39,194,473	2,745,729
Current assets			
Loans and receivables	8	28,901,787	33,024,450
Trade and other receivables	9	6,765,702	8,660
Cash and cash equivalents	10	1,358,619	66,932
Total current assets		37,026,108	33,100,042
TOTAL ASSETS		76,220,581	35,845,771
EQUITY AND LIABILITES			
Capital and reserves			
Ordinary share capital	11	12,500	12,500
Revenue deficit		(8,342,047)	(167,476)
Total equity		(8,329,547)	(154,976)
Non-current liability			
Borrowings	12	48,467,763	2,816,970
Total non-current liability		48,467,763	2,816,970
Current liabilities			
Trade and other payables	13	36,075,945	33,180,567
Current tax liabilities	14	6,420	3,210
Total current liabilities		36,082,365	33,183,777
Total liabilities		84,550,128	36,000,747
TOTAL EQUITY AND LIABILITIES		76,220,581	35,845,771

Approved by the Board of Managers on

Signed on behalf of the Board

.....
Manager.....
Mr. Xavier De Cillia - Manager B

The notes on pages 8 to 21 form an integral part of these financial statements.

ENERGY CAPITAL INVESTMENT SARL
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

6.

	Share capital EUR	Revenue deficit EUR	Total EUR
Ordinary shares issued during the period	12,500	-	12,500
Total comprehensive loss for the period			
<i>Loss for the period</i>	-	(167,476)	(167,476)
Balance as at 31 December 2015	12,500	(167,476)	(154,976)
Total comprehensive loss for the year			
<i>Loss for the year</i>	-	(8,174,571)	(8,174,571)
Balance as at 31 December 2016	12,500	(8,342,047)	(8,329,547)

The notes on pages 8 to 21 form an integral part of these financial statements.

**ENERGY CAPITAL INVESTMENT SARL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

7.

	Note	2016 EUR	2015 EUR
Cash flows from operating activities			
Loss before taxation		(8,171,361)	(164,266)
<i>Adjustment for:</i>			
Amortisation		-	2,119
Interest expense		2,220,675	52,167
Interest income		(117,296)	-
Fair value loss		417,669	-
Operating loss before working capital changes		(5,650,313)	(109,980)
Increase in trade and other receivables		(32,237,991)	(8,660)
Increase in trade and other payables		29,818,824	156,117
Net cash from operating activities		(8,069,480)	37,477
Cash flows from investing activities			
Loan granted			-
Payment for purchase of investments in subsidiaries		(8,504,639)	(2,745,729)
Loan repayment		1,776,803	-
Net cash used in investing activities		(6,727,836)	(2,745,729)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		-	12,500
Proceeds from borrowings		16,089,003	2,762,684
Net cash used in financing activities		16,089,003	2,775,184
Net increase in cash and cash equivalents		1,291,687	66,932
Cash and cash equivalents at start of financial year/ period		66,932	-
Cash and cash equivalents at end of financial year/ period		1,358,619	66,932

The notes on pages 8 to 21 form an integral part of these financial statements.

**ENERGY CAPITAL INVESTMENT SARL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

8.

1. LEGAL STATUS AND PRINCIPAL ACTIVITY

Energy Capital Investment S.à.r.l. is a limited liability Company incorporated and organised under the laws of Grand-Duchy of Luxembourg on 10 August 2015 and having its registered office at 11-13, Boulevard de la Foire, L-1528 Luxembourg, Luxembourg; registered with the Luxembourg Trade and Companies Register under number B199338.

The principal activity of the Company is to carry out all transactions pertaining directly or indirectly to the acquisition of participating interests as well as financing of group companies.

The immediate holding company is Sky International Enterprise Group Limited, incorporated in Hong Kong. The ultimate parent company is Sky Solar Holdings Limited, incorporated in Cayman Islands. The financial statements of the Company are included in the consolidated accounts of the parent company, forming the largest body of undertakings of which the Company forms a part as a subsidiary undertaking. These consolidated accounts may be obtained at the registered office of Sky Solar Holdings Limited.

2. NEW ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS

For 2016, new standards, amendments and interpretations are described below:

Standards, Amendments to published Standards and Interpretations effective in the reporting period

IFRS 14 Regulatory Deferral Accounts provides relief for first-adopters of IFRS in relation to accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). IFRS 14 permits these entities to apply their previous accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. The standard is not expected to have any impact on the Company's financial statements.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11). The amendments clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. Existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained. The amendments also apply when a joint operation is formed and an existing business is contributed. The amendment has no impact on the Company's financial statements.

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38). The amendments clarify that a revenue-based method of depreciation or amortisation is generally not appropriate. Amendments clarify that a revenue-based method should not be used to calculate the depreciation of items of property, plant and equipment. IAS 38 now includes a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome under specific conditions. The amendment has no impact on the Company's financial statements.

Equity method in separate financial statements (Amendments to IAS 27). The amendments allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value in their separate FS. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively. The amendment has no impact on the Company's financial statements.

**ENERGY CAPITAL INVESTMENT SARL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

9.

2. NEW ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS (CONTINUED)

Standards, Amendments to published Standards and Interpretations effective in the reporting period (continued)

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41). IAS 41 now distinguishes between bearer plants and other biological asset. Bearer plants must be accounted for as property plant and equipment and measured either at cost or revalued amounts, less accumulated depreciation and impairment losses. The amendment has no impact on the Company's financial statements.

Improvements to IFRSs 2012-2014 cycle

IFRS 5 is amended to clarify that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such. The amendment has no impact on the Company's financial statements.

IFRS 7 amendment provides specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition. The amendment has no impact on the Company's financial statements.

IAS 19 amendment clarifies that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise. The amendment has no impact on the Company's financial statements.

IFRS 7 is amended to clarify that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34. The amendment has no impact on the Company's financial statements.

Disclosure Initiative (Amendments to IAS 1). The amendments to IAS 1 provide clarifications on a number of issues. An entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals. Confirmation that the notes do not need to be presented in a particular order. The share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

**ENERGY CAPITAL INVESTMENT SARL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10.**2. NEW ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS (CONTINUED)**

Investment entities: Applying the consolidation exception (Amendments to IFRS 10, IFRS 12 and IAS 28). The amendments clarify that the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities. An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities. Entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair value measurement. The amendment has no impact on the Company's financial statements.

IAS 34 amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information. The amendment has no impact on the Company's financial statements.

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2017 or later periods, but which the Company's has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

IFRS 9 Financial Instruments

IFRS 15 Revenue from Contract with Customers

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

IFRS 16 Leases

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

Amendments to IAS 7 Statement of Cash Flows

Clarifications to IFRS 15 Revenue from Contracts with Customers

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

Annual Improvements to IFRSs 2014–2016 Cycle

IFRIC 22 Foreign Currency Transactions and Advance Consideration

Transfers of Investment Property (Amendments to IAS 40)

Where relevant, the Company is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

**ENERGY CAPITAL INVESTMENT SARL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

11.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). IFRS include standards and interpretations approved by the International Accounting Standards Board (IASB) and by the International Financial Reporting Interpretations Committee (IFRIC). The financial statements have been prepared under the historical cost convention.

The Company incurred a net loss of **EUR 8,174,571** (2015: EUR 167,476) during the year ended 31 December 2016 and, as of that date the Company's total liabilities exceeded its total assets by **EUR 8,329,547** (2015: EUR 154,976). The financial statements were prepared on a going concern basis which will only be applicable if the shareholders continue their financial support towards the Company.

(b) Consolidation

Based on the article 316 of the Luxembourg law of August 10 , 1915, as subsequently amended, the Company is exempted from the obligation to draw up consolidated accounts and consolidated management report for the year ended December 31, 2016. Therefore, in accordance with the legal provisions, these annual accounts were presented on a non-consolidated basis to be approved by the shareholders during the Annual General Meeting.

The ultimate parent company is Sky Solar Holdings Limited and as such the financial statements of the Company are included in the consolidated accounts of the parent company, forming the largest body of undertakings of which the Company forms a part as a subsidiary undertaking. These consolidated accounts may be obtained at the registered office of Sky Solar Holdings Limited.

(c) Going concern

The valuation of assets and equity & liabilities and the determination of the profit or loss are based on the assumption that the Company will continue as a going concern in the foreseeable future without materially curtailing the scope of its operations and without being declared in liquidation or bankrupt.

(d) Financial instruments

Financial instruments carried on the statement of financial position include trade and other receivables, cash and cash equivalents, borrowings and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures about financial instruments to which the Company is a party are provided in Note 15.

(i) Investments in subsidiaries

Investments in subsidiaries are shown at cost. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

**ENERGY CAPITAL INVESTMENT SARL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

12.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Cash and cash equivalents

Cash comprises cash at bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(iii) Trade and other receivables

Receivables with a short duration are not discounted. They are recognised initially at cost, which is the consideration given, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. When a receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

(iv) Accruals

Accruals are recognised at nominal value.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Euro' (EUR), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other (losses)/gains – net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the statement of comprehensive income, and other changes in carrying amount are recognised in equity.

**ENERGY CAPITAL INVESTMENT SARL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

13.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Foreign currency translation (continued)

(ii) Transactions and balances (continued)

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the statement of comprehensive income as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in other comprehensive income.

(f) Revenue recognition

Dividend income is recognised when the shareholders' right to receive such payment is established. Interest income is accounted for on a time-proportion basis using the effective interest rate.

(g) Related parties

Related parties are individuals and companies where the individual or company has the ability directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions, or vice versa.

(h) Offsetting financial instruments

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

(i) Expenses recognition

Transactions with service providers are recognised on an accrual basis in the year in which the services are received by the Company.

(j) Impairment

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use.

**ENERGY CAPITAL INVESTMENT SARL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

14.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against the share capital.

(l) Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**ENERGY CAPITAL INVESTMENT SARL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

15.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements:

Management judgement is applied in application of IFRS accounting policies and accounting treatment in preparation of these consolidated financial statements. In particular a significant level of judgement is applied regarding the following items:

- Contingent liabilities - the determination of whether or not a provision should be recorded for any potential liabilities.
- Control - determination of Energy Capital Investment S.à r.l, through voting rights attached to shares held by way of shareholders agreement or other factors, has the ability to direct the relevant activities of the subsidiaries it consolidates.
- Financial instruments that contain obligations to purchase own equity instruments – determination of the likelihood of change of control events occurring in assessing the fair value of these

Estimates

- Estimation of provisions, particularly related to legal and tax risks.
- Impairment testing.
- Fair value of financial assets and liabilities.

For critical accounting judgements and estimates reference is made to the relevant individual accounting policies and notes to these Financial statements, more specifically, note 8 - Loans and receivables, note 9 - Trade and other receivables, note 12 - Borrowings, note 13 - Trade and other payables and note 14 - Taxation.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in Note 3, the directors have considered those factors therein and have determined that the functional currency of the Company is the Euro (EUR).

**ENERGY CAPITAL INVESTMENT SARL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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5. FINANCE INCOME

	2016	2015
	EUR	EUR
Interest income on loans	<u>117,296</u>	<u>-</u>

6. FINANCE COSTS

Interest expense on Hudson notes	2,210,007	52,167
Interest expense on Sky International Enterprise Group Loans	10,668	-
Foreign exchange difference	1,839,766	22,995
Commitment fees	109,179	45,279
Fair value loss	417,669	-
	<u>4,587,289</u>	<u>120,441</u>

7. INVESTMENTS IN SUBSIDIARIES

At start of year	2,745,729	-
Additions	36,448,744	2,745,729
At 31 December	<u>39,194,473</u>	<u>2,745,729</u>

Details of investments in subsidiaries are as follows:

Name of companies (Unquoted)	Number of shares held	Country of Incorporation	% Holding	Cost EUR
Renewable Capital Investment 1 SLU	Ordinary shares	Spain	100	8,857,207
Renewable Capital Investment 2 SLU	Ordinary shares	Spain	100	27,597,537
Renewable Capital Investment 2 SLU	Preference shares	Spain	100	<u>2,739,729</u>
				<u>39,194,473</u>

8. LOAN AND RECEIVABLES

	2016	2015
	EUR	EUR
Amount receivables from subsidiaries	15,633,733	33,024,450
Loan to Sky Capital America	5,117,940	-
Loan to Lumens Holding LLC	8,150,114	-
	<u>28,901,787</u>	<u>33,024,450</u>

The Company entered into several loan agreements with Sky Capital America. The loans bear interest at the rate of 2% p.a. and repayable within 1 year.

During the year, loan and interest amounting to EUR 8,150,114 (USD 8.6M) and EUR 79,024 (USD 83,386) respectively were assigned to Lumens Holding LLC.

The loan bears interest at the rate of 2% p.a. and is repayable in full on or before July 31, 2016.

**ENERGY CAPITAL INVESTMENT SARL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

17.

9. TRADE AND OTHER RECEIVABLES

	2016	2015
	EUR	EUR
Interest receivable from Renewable Capital Investment II	14,825	-
Interest receivable from Sky Capital America	25,743	-
Amount receivable from Energy Capital Investment II Sarl	41,588	-
Interest receivable from Lumens Holding LLC	79,024	-
Other receivables (Escrow accounts)	6,604,254	-
Prepayments	-	8,660
Advance tax	268	-
	<u>6,765,702</u>	<u>8,660</u>

10. CASH AND CASH EQUIVALENTS

	2016	2015
	EUR	EUR
Cash and bank balances	<u>1,358,619</u>	<u>66,932</u>

The currency profile of the Company's cash and cash equivalents is as follows:

EUR	637	3,788
USD	1,357,982	63,144
	<u>1,358,619</u>	<u>66,932</u>

11. SHARE CAPITAL

	2016	2015
	EUR	EUR
<i>Issued and fully paid:</i>		
Ordinary shares of EUR 1.00 each	<u>12,500</u>	<u>12,500</u>

**ENERGY CAPITAL INVESTMENT SARL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

18.

12. BORROWINGS

	2016	2015
	EUR	EUR
Opening balance	2,816,970	-
Notes due to Hudson Solar Cayman (a)	41,759,960	3,913,875
Less : Transaction Costs (b)	-	(1,151,191)
Amortisation	-	2,119
Reversal of transactions costs	1,149,072	-
Interest accrued during the year/ period	2,319,010	52,167
Fair value change	422,751	-
	<u>48,467,763</u>	<u>2,816,970</u>

(a) As at 31 December 2016, Hudson Solar Cayman issued 5 Notes amounting to EUR 45,726,002 (USD 48,250,077). The interest rate of the notes ranges from 10.875% to 13 % and the maturity date is August 2036.

(b) Transactions costs previously capitalised has been written off to Profit and Loss in 2016.

13. TRADE AND OTHER PAYABLES

	2016	2015
	EUR	EUR
Other payables to Hudson Solar Cayman	226,198	108,753
Other payable to Shareholder (note 16 (c))	35,816,797	33,024,450
Other payables to other related party (note 16 (d))	8,944	8,944
Other payables to Energy Capital Investment II Sarl	9,808	-
Creditors	14,198	38,420
	<u>36,075,945</u>	<u>33,180,567</u>

ENERGY CAPITAL INVESTMENT SARL
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

19.

14. TAXATION

The Company is subject to the general tax regulation applicable to all Luxembourg "Commercial Companies".

	2016 EUR	2015 EUR
<u>Income tax liability</u>		
Corporate income tax	6,420	3,210
<u>Income tax charge</u>		
Corporate income tax	3,210	3,210

The calculation of the effective tax rates for the period ended 31 December 2016 is as follows:

	2016 EUR	2015 EUR
Loss before tax	(8,171,361)	(164,266)
Applicable tax rate	22.47%	22.47%
Calculated tax	(1,836,105)	(36,911)
<u>Tax effects:</u>		
Minimum income tax	3,210	3,210
Effect of current unrecognised tax loss	1,836,105	36,911
Tax expense	3,210	3,210

15. FINANCIAL INSTRUMENTS

(a) Fair values

The carrying amounts of loans and receivables, cash and cash equivalents, trade and other receivables, borrowings and trade and other payables are approximate to their fair values.

(b) Currency profile

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	Financial assets 2016 EUR	Financial liabilities 2016 EUR	Financial assets 2015 EUR	Financial liabilities 2015 EUR
EUR	637	13,073	3,788	-
USD	37,025,203	84,530,635	33,087,594	35,950,173
	<u>37,025,840</u>	<u>84,543,708</u>	<u>33,091,382</u>	<u>35,950,173</u>

**ENERGY CAPITAL INVESTMENT SARL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

20.

15. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Foreign currency risk

The Company has financial assets amounting to **EUR 37,025,203** (2015: EUR 33,087,594) and financial liabilities amounting to **EUR 84,530,635** (2015: EUR 35,950,173) denominated in United States dollars ("USD"). A 5% change in exchange rate of the EUR relative to the USD would impact net equity by **EUR 2,375,272** (2015: EUR 143,129).

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

(e) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' plus net debt.

**ENERGY CAPITAL INVESTMENT SARL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

21.

16. RELATED PARTY TRANSACTIONS

Outstanding balances	2016 EUR	2015 EUR
a) Subsidiaries		
Loan receivables (Note 8)	15,633,733	33,024,450
Interest receivables (Note 9)	14,825	-
	<u>15,648,558</u>	<u>33,024,450</u>
a) Fellow subsidiary		
Receivable from Energy Capital Investment II Sarl	<u>41,588</u>	<u>-</u>
Payable to Energy Capital Investment II Sarl (Note 13)	<u>(9,808)</u>	<u>-</u>
c) Shareholder		
Other payable (Note 13)	<u>(35,816,797)</u>	<u>(33,024,450)</u>
d) Enterprises that have a number of key management in common		
Loan to Sky Capital America (Note 8)	5,117,940	-
Interest receivables (Note 9)	25,743	-
	<u>5,143,683</u>	<u>-</u>
Loan to Lumens Holding LLC (Note 8)	8,150,114	-
Interest receivable from Lumens Holding LLC (Note 9)	79,024	-
	<u>8,229,138</u>	<u>-</u>
Sky Solar Energy (Note 13)	<u>(8,944)</u>	<u>(8,944)</u>

17. SUBSEQUENT EVENTS

No events were noted subsequent to financial year end, which would require disclosures or adjustments to the financial statements as of 31 December 2016.

ENERGY CAPITAL INVESTMENT SARL
(Incorporated in the Grand-Duchy of Luxembourg, Registration No. B
199338)

MANAGEMENT REPORT

AND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

31 DECEMBER 2017

**ENERGY CAPITAL INVESTMENT SARL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017** **1.**

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**ENERGY CAPITAL INVESTMENT SARL
CORPORATE INFORMATION****2.**

		Appointed on	Resigned on
MANAGERS	: Mr. Weili Su - Manager A	10-Aug-15	4-Jul-17
	Mr. Sanjay Shrestha - Manager A	22-Sep-15	
	Mr. Jianmin Wang - Manager A	22-Sep-15	
	Mr. Xinhua Yu- Manager A	4-Jul-17	
	Mr. Xiaoguang Duan - Manager A	4-Jul-17	
	Mr. Xavier De Cillia - Manager B	10-Aug-15	18-Aug-17
	Mrs Catherine Noens - Manager B	18-Aug-17	
ADMINISTRATOR	: Citco C&T (Luxembourg) S.A. 20 Rue de la Poste L-2346 Luxembourg		
REGISTERED OFFICE	: 11-13 Boulevard de la Foire, L-1528 Luxembourg		
BANKERS	: ING Luxembourg		

**ENERGY CAPITAL INVESTMENT SARL
MANAGEMENT REPORT**

3.

The managers present their report and the financial statements of Energy Capital Investment S.à r.l (the "Company") for year ended 31 December 2017.

PRINCIPAL ACTIVITY

The principal activity of the Company is to carry out all transactions pertaining directly or indirectly to the acquisition of participating interests as well as financing of group companies.

RESULTS AND DIVIDENDS

The results for the year are shown in the statement of comprehensive income.
The managers do not propose the payment of any dividend for the year under review.

OVERVIEW OF ACTIVITIES

The state of affairs of the Company at the closing of the financial year is adequately presented in the statement of financial position and statement of comprehensive income, presented herewith. The course of business of the Company has been as the Management expected.

In accordance with Article 480-2 of the Luxembourg Company Law of August 15, 2016 as amended, the Management will submit to the Shareholders the decision relating to the possible dissolution of the Company, as the Company's net assets are reduced to an amount lower than 25% of its share capital.

FIELD OF RESEARCH AND DEVELOPMENT

During the financial year, the Company has not performed any activity in the field of research and development.

OWN SHARES

As at 31 December 2017, the Company does not own any own shares.

FUTURE DEVELOPMENTS

The Management does not anticipate any major changes during the coming financial year and expects to continue with its activities.

SUBSEQUENT EVENTS

No matters or circumstances of importance have arisen since the end of the financial year, which have significantly affected or may significantly affect the operations of the Company, the results of those operations or the affairs of the Company.

By Order of the Board of Managers

- Manager A

Mrs Catherine Noens - Manager B

Luxembourg,, 2018

**ENERGY CAPITAL INVESTMENT SARL
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

4.

	Notes	2017 EUR	2016 EUR
INCOME			
Finance income	5	<u>10,354,236</u>	<u>117,296</u>
EXPENSES			
Legal and professional fees		(535,201)	(2,514,972)
Compliance fees		(7,812)	(2,428)
Management services		(2,925)	(3,656)
Rent and water		(5,382)	(5,603)
Accountancy fees		(11,408)	(18,542)
Bank fees		(2,331)	(4,437)
General expenses		(1,170)	(2,309)
Amortisation cost	12	-	2,119
Transaction costs	12	-	(1,151,190)
Chambre de commerce		(350)	(350)
Loss on disposal of investment		(698,841)	-
Profit/(loss) before finance costs		<u>9,088,816</u>	<u>(3,584,072)</u>
Finance costs	6	<u>(4,837,410)</u>	<u>(4,587,289)</u>
Profit/(loss) before taxation		4,251,406	(8,171,361)
Taxation	14	(4,949)	(3,210)
Net profit/(loss) for the year		<u>4,246,457</u>	<u>(8,174,571)</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>4,246,457</u>	<u>(8,174,571)</u>

The notes on pages 8 to 21 form an integral part of these financial statements.

ENERGY CAPITAL INVESTMENT SARL

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

5.

	Notes	2017 EUR	2016 EUR
ASSETS			
Non-current asset			
Investments in subsidiaries	7	30,620,465	39,194,473
Total non-current asset		30,620,465	39,194,473
Current assets			
Loans and receivables	8	26,719,168	28,901,787
Trade and other receivables	9	3,563,708	6,765,702
Cash and cash equivalents	10	89,142	1,358,619
Total current assets		30,372,018	37,026,108
TOTAL ASSETS		60,992,483	76,220,581
EQUITY AND LIABILITES			
Capital and reserves			
Ordinary share capital	11	12,500	12,500
Revenue deficit		(4,095,590)	(8,342,047)
Total equity		(4,083,090)	(8,329,547)
Non-current liability			
Borrowings	12	41,308,504	48,467,763
Total non-current liability		41,308,504	48,467,763
Current liabilities			
Trade and other payables	13	23,762,120	36,075,945
Current tax liabilities	14	4,949	6,420
Total current liabilities		23,767,069	36,082,365
Total liabilities		65,075,573	84,550,128
TOTAL EQUITY AND LIABILITIES		60,992,483	76,220,581

Approved by the Board of Managers on

Signed on behalf of the Board

.....
- Manager A.....
Mrs Catherine Noens - Manager B

The notes on pages 8 to 21 form an integral part of these financial statements.

**ENERGY CAPITAL INVESTMENT SARL
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

6.

	Share capital EUR	Revenue deficit EUR	Total EUR
Balance as at 01 January 2016	12,500	(167,476)	(154,976)
Total comprehensive loss for the year			
<i>Loss for the year</i>	-	(8,174,571)	(8,174,571)
Balance as at 31 December 2016	12,500	(8,342,047)	(8,329,547)
Total comprehensive income for the year			
<i>Profit for the year</i>	-	4,246,457	4,246,457
Balance as at 31 December 2017	12,500	(4,095,590)	(4,083,090)

The notes on pages 8 to 21 form an integral part of these financial statements.

ENERGY CAPITAL INVESTMENT SARL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

7.

	Note	2017 EUR	2016 EUR
Cash flows from operating activities			
Profit/(loss) before taxation		4,251,406	(8,171,361)
<i>Adjustments for:</i>			
Interest expense	6	4,830,398	2,220,675
Interest income	5	(476,999)	(117,296)
Fair value (gain)/loss	5	(4,101,522)	417,669
Loss on disposal		698,841	-
Operating profit/ (loss) before working capital changes		5,202,124	(5,650,313)
Tax paid		(6,420)	-
Decrease/ (increase) in trade and other receivables		14,671,447	(32,237,991)
(Decrease)/ increase in trade and other payables		(20,201,961)	29,818,824
Net cash used in operating activities		(334,810)	(8,069,480)
Cash flows from investing activities			
Loan granted		(934,667)	-
Payment for purchase of investments in subsidiaries		-	(8,504,639)
Loan repayment		-	1,776,803
Net cash used in investing activities		(934,667)	(6,727,836)
Cash flows from financing activities			
Proceeds from borrowings		-	16,089,003
Net cash from financing activities		-	16,089,003
Net (decrease)/increase in cash and cash equivalents		(1,269,477)	1,291,687
Cash and cash equivalents at start of financial year		1,358,619	66,932
Cash and cash equivalents at end of financial year	10	89,142	1,358,619

The notes on pages 8 to 21 form an integral part of these financial statements.

**ENERGY CAPITAL INVESTMENT SARL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8.

1. LEGAL STATUS AND PRINCIPAL ACTIVITY

Energy Capital Investment S.à.r.l. is a limited liability Company incorporated and organised under the laws of Grand-Duchy of Luxembourg on 10 August 2015 and having its registered office at 11-13, Boulevard de la Foire, L-1528 Luxembourg, Luxembourg; registered with the Luxembourg Trade and Companies Register under number B199338.

The principal activity of the Company is to carry out all transactions pertaining directly or indirectly to the acquisition of participating interests as well as financing of group companies.

The immediate holding company is Sky International Enterprise Group Limited, incorporated in Hong Kong. The ultimate parent company is Sky Solar Holdings Limited, incorporated in Cayman Islands. The financial statements of the Company are included in the consolidated accounts of the parent company, forming the largest body of undertakings of which the Company forms a part as a subsidiary undertaking. These consolidated accounts may be obtained at the registered office of Sky Solar Holdings Limited.

2. NEW ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS

For 2017, new standards, amendments and interpretations are described below:

Amendments to published Standards effective in the reporting year

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12). The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. The amendment has no impact on the Company's financial statements.

Disclosure Initiative (Amendments to IAS 7). The amendments require the entity to explain changes in its liabilities arising from financing activities. This includes changes arising from cash flows (eg drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences.

Improvements to IFRSs 2012-2014 cycle

IFRS 12 Disclosure of Interests in Other Entities. The amendments clarify that entities are not exempt from all of the disclosure requirements in IFRS 12 when entities have been classified as held for sale or as discontinued operations. The amendment has no impact on the Company's financial statements.

**ENERGY CAPITAL INVESTMENT SARL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9.

2. NEW ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS (CONTINUED)

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2018 or later periods, but which the Company has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective

IFRS 9 Financial Instruments

IFRS 15 Revenue from Contracts with Customers

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

IFRS 16 Leases

Clarifications to IFRS 15 Revenue from Contracts with Customers

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

Annual Improvements to IFRSs 2014–2016 Cycle

IFRIC 22 Foreign Currency Transactions and Advance Consideration

Transfers of Investment Property (Amendments to IAS 40)

IFRS 17 Insurance Contracts

IFRIC 23 Uncertainty over Income Tax Treatments

Prepayment Features with negative compensation (Amendments to IFRS 9)

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)

Annual Improvements to IFRSs 2015–2017 Cycle

Where relevant, the Company is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

**ENERGY CAPITAL INVESTMENT SARL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

(a) Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). IFRS include standards and interpretations approved by the International Accounting Standards Board (IASB) and by the International Financial Reporting Interpretations Committee (IFRIC). The financial statements have been prepared under the historical cost convention.

(b) Going concern

The valuation of assets and equity & liabilities and the determination of the profit or loss are based on the assumption that the Company will continue as a going concern in the foreseeable future without materially curtailing the scope of its operations and without being declared in liquidation or bankrupt.

The Company incurred a net profit of **EUR 4,246,457** (2016: Loss of EUR 8,174,571) during the year ended 31 December 2017 and, as of that date the Company's total liabilities exceeded its total assets by **EUR 4,083,090** (2016: EUR 8,329,547). The financial statements were prepared on a going concern basis which will only be applicable if the shareholders continue their financial support towards the Company.

(c) Investments in subsidiaries

Investments in subsidiaries are shown at cost. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

(d) Consolidation

Based on the article 316 of the Luxembourg law of August 10 , 1915, as subsequently amended, the Company is exempted from the obligation to draw up consolidated accounts and consolidated management report for the year ended December 31, 2017. Therefore, in accordance with the legal provisions, these annual accounts were presented on a non-consolidated basis to be approved by the shareholders during the Annual General Meeting.

The ultimate parent company is Sky Solar Holdings Limited and as such the financial statements of the Company are included in the consolidated accounts of the parent company, forming the largest body of undertakings of which the Company forms a part as a subsidiary undertaking. These consolidated accounts may be obtained at the registered office of Sky Solar Holdings Limited.

**ENERGY CAPITAL INVESTMENT SARL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments

Financial instruments carried on the statement of financial position include trade and other receivables, cash and cash equivalents, borrowings and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures about financial instruments to which the Company is a party are provided in Note 15.

(i) Cash and cash equivalents

Cash comprises cash at bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(ii) Trade and other receivables

Receivables with a short duration are not discounted. They are recognised initially at cost, which is the consideration given, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. When a receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

(iii) Borrowings

Borrowings are recognised initially at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds and the net redemption value is recognised in the statement of comprehensive income over the year of the borrowing using the effective interest method. The Company's borrowings have been shown at net proceeds.

(iv) Trade and other payables

Trade and other payables with short duration are not discounted. They are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(v) Accruals

Accruals are recognised at nominal value.

**ENERGY CAPITAL INVESTMENT SARL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Euro' (EUR), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other (losses)/gains – net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the statement of comprehensive income, and other changes in carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the statement of comprehensive income as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in other comprehensive income.

(g) Revenue recognition

Dividend income is recognised when the shareholders' right to receive such payment is established. Interest income is accounted for on a time-proportion basis using the effective interest rate.

(h) Related parties

Related parties are individuals and companies where the individual or company has the ability directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions, or vice versa.

**ENERGY CAPITAL INVESTMENT SARL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) *Offsetting financial instruments*

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

(j) *Expenses recognition*

Transactions with service providers are recognised on an accrual basis in the year in which the services are received by the Company.

(k) *Impairment*

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use.

(l) *Share capital*

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against the share capital.

(l) *Current and deferred income tax*

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

**ENERGY CAPITAL INVESTMENT SARL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

14.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Current and deferred income tax (Continued)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements:

Management judgement is applied in application of IFRS accounting policies and accounting treatment in preparation of these consolidated financial statements. In particular a significant level of judgement is applied regarding the following items:

- Contingent liabilities - the determination of whether or not a provision should be recorded for any potential liabilities.
- Control - determination of Energy Capital Investment S.à r.l, through voting rights attached to shares held by way of shareholders agreement or other factors, has the ability to direct the relevant activities of the subsidiaries it consolidates.
- Financial instruments that contain obligations to purchase own equity instruments – determination of the likelihood of change of control events occurring in assessing the fair value of these instruments.

**ENERGY CAPITAL INVESTMENT SARL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

15.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Estimates

- Estimation of provisions, particularly related to legal and tax risks.
- Impairment testing.
- Fair value of financial assets and liabilities.

For critical accounting judgements and estimates reference is made to the relevant individual accounting policies and notes to these Financial statements, more specifically, note 8 - Loans and receivables, note 9 - Trade and other receivables, note 12 - Borrowings, note 13 - Trade and other payables and note 14 - Taxation.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in Note 3, the directors have considered those factors therein and have determined that the functional currency of the Company is the Euro (EUR).

5. FINANCE INCOME

	2017	2016
	EUR	EUR
Interest income on loans	476,999	117,296
Foreign exchange difference	5,775,715	-
Fair value gain on Hudson notes	4,101,522	-
	<u>10,354,236</u>	<u>117,296</u>

6. FINANCE COSTS

Interest expense on Hudson notes	4,788,075	2,210,007
Interest expense on Sky International Enterprise Group Loans	42,323	10,668
Foreign exchange difference	-	1,839,766
Commitment fees	7,012	109,179
Fair value loss on Hudson notes	-	417,669
	<u>4,837,410</u>	<u>4,587,289</u>

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7. INVESTMENTS IN SUBSIDIARIES

	2017	2016
	EUR	EUR
At start of year	39,194,473	2,745,729
Additions	283,199	36,448,744
Disposal	(8,857,207)	-
At 31 December	<u>30,620,465</u>	<u>39,194,473</u>

Details of investment in subsidiary is as follows:

Name of company (Unquoted)	Number of shares held	Country of Incorporation	% Holding	Cost EUR
Renewable Capital Investment 2 SLU	Ordinary shares	Spain	100	27,880,736
Renewable Capital Investment 2 SLU	Preference shares	Spain	100	<u>2,739,729</u>
				<u>30,620,465</u>

Pursuant to resolution dated 02 Oct 2017, the Company disposed of all its shares in Renewable Capital Investment 1 SLU for and in consideration of EUR 8,158,366.

8. LOAN AND RECEIVABLES

	2017	2016
	EUR	EUR
Amount receivables from subsidiaries	13,599,375	15,633,733
Loan to Sky Capital America	5,646,336	5,117,940
Loan to Lumens Holding LLC	7,153,552	8,150,114
Loan to Arica Solar Generacion I SPA	319,905	-
	<u>26,719,168</u>	<u>28,901,787</u>

The Company entered into several loan agreements with Sky Capital America. The loans bear interest at the rate of 2% p.a. and repayable within 1 year.

During the year 2017, the Company provided loan amounting to **USD 384,590** (EUR 319,905) to Arica Solar Generacion I SPA. The loan bears interest at the rate of 2% p.a. and is repayable within 1 year.

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9. TRADE AND OTHER RECEIVABLES

	2017	2016
	EUR	EUR
Interest receivable from Renewable Capital Investment II	202,998	14,825
Interest receivable from Sky Capital America	74,496	25,743
Amount receivable from Energy Capital Investment II Sarl	849,223	41,588
Amount receivable from Renewable Capital Investment I	133,533	-
Interest receivable from Lumens Holding LLC	212,432	79,024
Interest receivable from Arica Solar Generacion I SPA	5,210	-
Other receivables (Escrow accounts)	2,079,521	6,604,254
Prepayments	1,346	-
Advance tax	4,949	268
	<u>3,563,708</u>	<u>6,765,702</u>

10. CASH AND CASH EQUIVALENTS

	2017	2016
	EUR	EUR
Cash and bank balances	<u>89,142</u>	<u>1,358,619</u>

The currency profile of the Company's cash and cash equivalents is as follows:

EUR	300	637
USD	88,842	1,357,982
	<u>89,142</u>	<u>1,358,619</u>

11. SHARE CAPITAL

	2017	2016
	EUR	EUR
<i>Issued and fully paid:</i>		
Ordinary shares of EUR 1.00 each	<u>12,500</u>	<u>12,500</u>

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12. BORROWINGS

	2017	2016
	EUR	EUR
Opening balance	48,467,763	2,816,970.00
Notes due to Hudson Solar Cayman (a)	-	41,759,960
Reversal of transactions costs	-	1,149,072
Interest accrued during the year	4,788,075	2,319,010
Repayment of interest	(1,848,525)	-
Fair value change	(4,101,522)	422,751
Foreign exchange difference	(5,997,287)	-
	41,308,504	48,467,763

- (a) As at 31 December 2017, Hudson Solar Cayman issued 5 Notes at a face value of **EUR 40,134,817** (USD 48,250,077). The interest rate of the notes ranges from 10.875% to 13 % and the maturity date is August 2036.

13. TRADE AND OTHER PAYABLES

	2017	2016
	EUR	EUR
Other payables to Hudson Solar Cayman	205,251	226,198
Other payable to Shareholder (note 16 (c))	23,464,305	35,816,797
Accrued interest on loan from SIEG (note 16 (c))	52,101	-
Other payables to other related party (note 16 (d))	8,944	8,944
Other payables to Energy Capital Investment II Sarl	8,608	9,808
Creditors	22,911	14,198
	23,762,120	36,075,945

14. TAXATION

The Company is subject to the general tax regulation applicable to all Luxembourg "Commercial Companies".

	2017	2016
	EUR	EUR
<u>Income tax liability</u>		
Minimum Net Wealth Tax	4,949	6,420
<u>Income tax charge</u>		
Net Wealth Tax	4,949	3,210

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14. TAXATION (CONTINUED)

The calculation of the effective tax rates for the year ended 31 December 2017 is as follows:

	2017	2016
	EUR	EUR
Profit/(loss) before taxation	<u>4,251,406</u>	(8,171,361)
Applicable tax rate	<u>27.08%</u>	29.22%
Calculated tax	1,151,281	(2,387,672)
 <u>Tax effects:</u>		
Minimum Net Wealth Tax	4,949	3,210
Effect of previously unrecognised tax losses	<u>(1,151,281)</u>	2,387,672
Tax expense	<u>4,949</u>	<u>3,210</u>

15. FINANCIAL INSTRUMENTS

(a) *Fair values*

The carrying amounts of loans and receivables, cash and cash equivalents, trade and other receivables, borrowings and trade and other payables are approximate to their fair values.

(b) *Currency profile*

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	Financial assets 2017 EUR	Financial liabilities 2017 EUR	Financial assets 2016 EUR	Financial liabilities 2016 EUR
EUR	41,888	27,193	637	13,073
USD	<u>30,323,835</u>	<u>65,043,431</u>	<u>37,025,203</u>	<u>84,530,635</u>
	<u>30,365,723</u>	<u>65,070,624</u>	<u>37,025,840</u>	<u>84,543,708</u>

(c) *Foreign currency risk*

As at 31 December 2017, the Company has financial assets amounting to **EUR 30,323,835** (2016: EUR 37,025,203) and financial liabilities amounting to **EUR 65,043,431** (2016: EUR 84,530,635) denominated in United States dollars ("USD"). A 5% change in exchange rate of the EUR relative to the USD would impact net equity by **EUR 1,735,980** (2016: EUR 2,375,272).

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15. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

(e) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' plus net debt.

16. RELATED PARTY TRANSACTIONS

Outstanding balances	2017 EUR	2016 EUR
a) Subsidiaries		
Loan receivables (Note 8)	13,599,375	15,633,733
Interest receivables (Note 9)	202,998	14,825
	<u>13,802,373</u>	<u>15,648,558</u>
a) Fellow subsidiary		
Receivable from Energy Capital Investment II Sarl	<u>849,223</u>	<u>41,588</u>
Payable to Energy Capital Investment II Sarl (Note 13)	<u>(8,608)</u>	<u>(9,808)</u>
c) Shareholder		
Other payable (Note 13)	<u>(23,464,305)</u>	<u>(35,816,797)</u>
Interest payable (Note 13)	<u>(52,101)</u>	<u>-</u>

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16. RELATED PARTY TRANSACTIONS (CONTINUED)

Outstanding balances	2017 EUR	2016 EUR
d) Enterprises that have a number of key management in common		
Loan to Sky Capital America (Note 8)	5,646,336	5,117,940
Interest receivables (Note 9)	74,496	25,743
	<u>5,720,832</u>	<u>5,143,683</u>
Loan to Lumens Holding LLC (Note 8)	7,153,552	8,150,114
Interest receivable from Lumens Holding LLC (Note 9)	212,432	79,024
	<u>7,365,984</u>	<u>8,229,138</u>
Loan to Arica Solar Generacion I SPA (Note 8)	319,905	-
Interest receivable from Arica Solar Generacion I SPA (Note 9)	5,210	-
	<u>325,115</u>	<u>-</u>
Renewable Capital Investment I (Note 9)	<u>133,533</u>	<u>-</u>
Sky Solar Energy (Note 13)	<u>(8,944)</u>	<u>(8,944)</u>

17. SUBSEQUENT EVENTS

No events were noted subsequent to financial year end, which would require disclosures or adjustments to the financial statements as of 31 December 2017.