中国科技产业集团有限公司
CHINA TECHNOLOGY INDUSTRY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8111)

Annual Report
2020

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*This report, for which the directors ("**Directors**") of China Technology Solar Power Holdings Limited ("**Company**", and its subsidiaries, the "***Group***", "***our Group***", "***we***" or "**us**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

Contents

Corporate Structure

The following chart illustrates the corporate structure of the Company and its principal subsidiaries and their respective business activities as at the date of this report:

CHINA TECHNOLOGY INDUSTRY GROUP LIMITED
中國科技產業集團有限公司*
(Incorporated in the Cayman Islands)
– Investment holding

100%
City Max International Limited
邁城國際有限公司
(Incorporated in the BVI)
– Investment holding

100%
Million Keen Limited
萬銳有限公司
(Incorporated in the BVI)
– Investment holding

100%
天津恒慶光伏科技有限公司
Tianjin Hengqing Solar Photovoltaic Technology Company Limited*
(Incorporated in the PRC)
– Sales of solar power related products

100%
西藏立能光伏科技有限公司
Xizang Lineng Solar Photovoltaic Technology Company Limited*
(Incorporated in the PRC)
– Sales of solar power and wind power related products

100%
China Technology Solar Power Holdings Limited
中國科技光伏電力控股有限公司
(Incorporated in the BVI)
– Investment holding

100%
陝西百科新能源科技發展有限公司
Shaanxi Baike New Energy Technology Development Co., Ltd.*
(Incorporated in the PRC)
– New energy power system integration and sales of solar power and wind power related product

100%
哈密東科新能源科技發展有限公司
Hami Dongke New Energy Technology Development Co., Ltd*
(Incorporated in the PRC)
– Renewable energy engineering,research and development and consulting services

Corporate Information

Executive Directors
Mr. Chiu Tung Ping
(Chairman and Chief Executive Officer)
Ms. Yuen Hing Lan
Mr. Hou Hsiao Bing *(retired on 26 August 2019)*
Ms. Hu Xin
Mr. Tse Man Kit Keith *(appointed on 12 July 2019)*

Independent non-executive Directors
Ms. Ma Xingqin
Mr. Meng Xianglin
Mr. Dong Guangwu

Company secretary
Ms. Chan Mi Ling, Anita, FCCA, CPA, FCA

Authorised representatives
Ms. Hu Xin
Ms. Chan Mi Ling, Anita, FCCA, CPA, FCA

Compliance officer
Ms. Hu Xin

Members of audit committee
Ms. Ma Xingqin *(Chairman)*
Mr. Meng Xianglin
Mr. Dong Guangwu

Members of remuneration committee
Ms. Ma Xingqin *(Chairman)*
Mr. Meng Xianglin
Mr. Dong Guangwu

Members of nomination committee
Ms. Ma Xingqin *(Chairman)*
Mr. Meng Xianglin
Mr. Dong Guangwu

Members of corporate governance committee
Mr. Tse Man Kit Keith
(appointed as Chairman on 12 July 2019)
Mr. Chiu Tung Ping
(ceased to be Chairman on 12 July 2019)
Ms. Yuen Hing Lan
Mr. Hou Hsiao Bing *(retired on 26 August 2019)*
Ms. Hu Xin

Auditors
Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F One Pacific Place
88 Queensway
Hong Kong

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

Head office and principal place of business in Hong Kong
Suite 704, 7th Floor,
Ocean Centre,
Harbour City,
Kowloon,
Hong Kong

Company website
www.chinatechsolar.com

Principal share registrar and transfer office
SMP Partners (Cayman) Limited
3rd Floor, Royal Bank House
24 Shedden Road, P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

Hong Kong branch share registrar and transfer office
Computershare Hong Kong Investor Services Limited
1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

GEM stock code
8111

I am pleased to present the annual results of China Technology Industry Group Limited and its subsidiaries for the year ended 31 March 2020.

The year ended 31 March 2020 was the first year for the new photovoltaics subsidy bidding mechanism in China's photovoltaics market. It was also the first year of parallel development of grid parity and bidding projects. The industry was gradually shifting from bidding photovoltaics to grid parity. The market is undergoing a structural transformation, improving production capacity and product quality, encouraging high-end and high-efficiency products, promoting technological progress, reducing power generation costs, reducing subsidy dependence, promoting the industry to high-quality development, and accelerating the achievement of comprehensive affordable grid parity.

During the year ended 31 March 2020, the energy poverty alleviation work was carried out steadily and effectively. According to the report of the National Energy Administration, 4.07 million poverty stricken households across the country obtained stable income through photovoltaic poverty alleviation projects, with a cumulative scale of 19.1 Giga-watt ("**GW**"). "The First Batch of Photovoltaic Poverty Alleviation Projects of the "13th Five-Year Plan"" (《"十三五"第一批光伏扶貧項目計劃》) with a total installed capacity of 4.186GW (3.85GW after revision), and "The Second Batch of Photovoltaic Poverty Alleviation Projects of the "13th Five-Year Plan"" (《"十三五"第二批光伏扶貧項目計劃》) with a total of 1.67GW, jointly issued and distributed by The National Energy Administration and The State Council Leading Group Office of Poverty Alleviation and Development*(國家能源局及國務院扶貧開發領導小組辦公室), were targeted to be completed and connected to the grid by the end of 2019. The National Energy Administration expected to establish the "14th Five-year Plan" and subsequent energy development plans as soon as possible in 2020. However, due to the impact of a new coronavirus (COVID-19) outbreak ("**Outbreak**") which has spread, among other places, in the People's Republic of China ("**PRC**" or "**China**") since January 2020, the on grid target in 2020 may be affected.

The Outbreak and the implementation of various control measures have brought about additional uncertainties in the Group's operating environment and have impacted the Group's operations and financial position. In particular, since the Outbreak to 31 March 2020, the Group's sales of solar power related products and new energy power system integration business have been adversely affected as no work can be conducted at construction sites. As such, the Group recorded no revenue generated from the sales of solar power related products and new energy power system integration business for the period commencing from 1 January 2020 to 31 March 2020.

BUSINESS REVIEW

During the year ended 31 March 2020, the Group was able to secure new contracts with its clients. The revenue generated from the sales of solar power related products was approximately RMB25.8 million for the year ended 31 March 2020 (2019: approximately RMB80.0 million), accounted for approximately 28.3 per cent. of the Group's total revenue (2019: approximately 49.1 per cent.). The decrease in the revenue was because the delivery of the solar power related products has been suspended and no revenue arising from the sales of solar power related products was recorded from 1 January 2020 to 31 March 2020 due to the Outbreak.

The revenue generated from the new energy power system integration business was approximately RMB65.3 million during the year ended 31 March 2020 (2019: approximately RMB82.8 million), accounted for approximately 71.7 per cent. of the Group's total revenue (2019: approximately 50.9 per cent.). The decrease in revenue was because no construction work had been conducted and no revenue was generated from the new energy power system integration business from 1 January 2020 to 31 March 2020 due to the Outbreak.

FUTURE PROSPECTS

Due to the impact of the Outbreak since January 2020 in China, the Chinese government has adopted measures in extending the New Year holidays in some affected provinces and shutting down major solar production areas in order to control the spread of the epidemic. The epidemic has severely affected productivity. The China Photovoltaic Industry Association（中國光伏行業協會）("**CPIA**") has urged the government to delay the deadline for large-scale solar projects to 31 March and 30 June 2020. If the virus is brought under control in the first half of 2020, recovery may begin in the coming year ending 31 March 2021. With the Chinese market being in a transitional stage to the development of unsubsidised solar energy and the impact of the virus epidemic, the CPIA estimates that China's new photovoltaic installations in 2020 will be between 35 and 45GW, as compared with 30.1GW in 2019.

Despite China's slowing economy, total power consumption in China still continues to grow, reaching 7,225,500 Giga-Watt-hours ("**GWh**") in 2019, representing an increase of 4.5% as compared to 2018. Wind and solar power generation capacity grew even more. Total wind power output was 405,700 GWh in 2019, an increase of around 11% compared to 2018, accounting for 5.6% of total power generation across the country. Total solar power output was 224,300 GWh in 2019, an increase of around 26% compared to 2018, accounting for 3% of total power generation across the country.

Although the Outbreak affected the Group's revenue for the first three months in 2020, we foresee there will be a rebound in revenue in the remaining months of the year ending 31 March 2021. On 9 April 2020 and 2 May 2020, the Group had entered into three supply contracts with a PRC state-owned entity (the "**Purchaser**") pursuant to which the Group agreed to (i) sell and the Purchaser agreed to purchase towers for wind turbines and provide to the Purchaser technical services associated with the wind power projects for which the towers for wind turbines will be used, at an aggregate consideration of approximately RMB249.6 million; and (ii) sell and the Purchaser agreed to purchase mounting required under a construction project of a solar photovoltaic power station at a consideration of approximately RMB65.8 million. These transactions and matters contemplated thereunder are expected to be completed by 31 March 2021.

Considering the PRC government's long-term encouragement on distributed photovoltaic power generation, the Group will continue to look for other solar energy generation projects and new energy power system integration services. The Group has been negotiating and securing new contracts for the new energy power system integration business during the year under review.

The Group has been identifying and exploring other business opportunities so as to diversify the Group's business into the wind power generation projects with growth potential and to broaden its sources of income to bring return to the Group and its shareholders.

The Group will finance its future business plans by internally generated cash flow and borrowings.

Leveraging on the prudent and experienced management and the strong and determined workforce of the Group, the Group will strive to maintain and expand its operations further, thus bringing greater return to its shareholders.

We treasure the harmonious relationship with our staff and would like to take this opportunity to express our gratitude to the management and staff of the Group for their dedicated performance which is instrumental to the future development of the Group. We would also like to take this opportunity to thank our shareholders, suppliers and customers for their continuous support to the Group.

Mr. Chiu Tung Ping
Chairman and executive Director

Hong Kong, 26 June 2020

REVENUE

Revenue by segment recognised during the year under review are as follows:

	Year ended 31 March	
	2020	2019
	RMB'000	RMB'000
Revenue		
Sales of solar power related products	**25,774**	79,978
New energy power system integration service income	**65,312**	82,805
Sales of self-service ATM systems and printing systems	**–**	–
Provision of hardware and software technical support services	**–**	–
	91,086	162,783

The decrease in revenue was due to a drop in the sales of solar power related products from approximately RMB80.0 million for the year ended 31 March 2019 to approximately RMB25.8 million for the year ended 31 March 2020, as well as the decrease in revenue derived from the rendering of new energy power system integration services from approximately RMB82.8 million for the year ended 31 March 2019 to approximately RMB65.3 million for the year ended 31 March 2020, as a result of the Outbreak and the implementation of various control measures in the PRC where people in the PRC have been restricted from returning to work since the Outbreak and no work can be conducted at construction sites.

The Group's gross profit margin was approximately 9.5 per cent. for the year ended 31 March 2020, as compared to approximately 21.9 per cent. for the year ended 31 March 2019. The decrease in the gross profit margin was attributable to the increase in cost for the new energy power system integration business due to the severe climate conditions in the PRC during the year under review.

SALES OF SOLAR POWER RELATED PRODUCTS

The business of sales of solar power related products includes the research and development, sales and provision of other relevant technology consultation services of photovoltaic mounting brackets, solar trackers, the guardrail of the solar power stations and solar power related products.

The Group sources business for the sales of solar power related products by negotiating and securing contracts with the engineering, procurement, and construction contractors of construction projects of solar photovoltaic power station. The Group will supply the solar power related products (mainly mounting) required under such projects and be responsible for their design optimisation. The Group will access the geological condition of the construction site and propose specific design, requirements and standards for such construction and engage mounting manufacturers to provide the relevant products.

During the year ended 31 March 2020, the Group was able to secure new contracts with its clients.

The revenue generated from the sales of solar power related products was approximately RMB25.8 million for the year ended 31 March 2020 (2019: approximately RMB80.0 million), accounted for approximately 28.3 per cent. of the Group's total revenue (2019: approximately 49.1 per cent.). The decrease in the revenue was because the delivery of the solar power related products has been suspended and no revenue arising from the sales of solar power related products was recorded from 1 January 2020 to 31 March 2020 due to the Outbreak.

NEW ENERGY POWER SYSTEM INTEGRATION BUSINESS

Power system integration refers to the optimisation of technologies in the civil engineering system, electrical system and other ancillary system, database technologies, surveillance and software management. The Group shall source equipment and products from different vendors based on the scale and capacity of the respective new energy power stations and subsequently carry out integration of the separated equipment, functions and information into a connected, unified and coordinated system. Power system integration enables the utilisation of resources at their best to enhance optimisation of performance of the entire system and achieve centralised, high efficiency, balanced performance, substitutable and available for maintenance, as well as low cost management. The Group also offers subsequent system management services to the new energy power stations.

Considering the PRC government's encouragement on distributed photovoltaic power generation, the Group continue to look for business opportunities relating to solar energy generation projects and new energy power system integration services.

In October 2018, Shaanxi Baike New Energy Technology Development Co., Ltd.*（陝西百科新能源科技發展有限公司）("**Shaanxi Baike**"), an indirect wholly-owned subsidiary of the Company, and an engineering company in Sichuan province of the PRC ("**Sichuan Company**") jointly entered into a subcontractor contract ("**Subcontractor Contract**") with PowerChina Hebei Engineering Corporation Limited for the provision of contractor services for the construction of a photovoltaic power station in Erquanjing Xiang, Zhangbei county of the PRC ("**Zhangbei Project**"). The Zhangbei Project has a designed capacity of 500MWp. The Subcontractor Contract is for the construction of 100MWp of the first phase of the Zhangbei Project of 240MWp.

The revenue generated from the new energy power system integration business was approximately RMB65.3 million during the year ended 31 March 2020 (2019: RMB82.8 million). The decrease in revenue was because no construction work had been conducted and no revenue was generated from the new energy power system integration business from 1 January 2020 to 31 March 2020 due to the Outbreak.

SALES OF SELF-SERVICE ATM SYSTEMS AND PRINTING SYSTEMS

There was no revenue generated from the sales of self-service ATM systems and printing systems during the year ended 31 March 2020 (2019: Nil).

PROVISION OF HARDWARE AND SOFTWARE TECHNICAL SUPPORT SERVICES

There was no revenue generated from the provision of hardware and software technical support services during the year ended 31 March 2020 (2019: Nil).

SELLING EXPENSES

Selling expenses incurred by the Group for the year ended 31 March 2020 amounted to approximately RMB2.9 million (2019: approximately RMB2.7 million), representing an increase of approximately 6.6 per cent; the increase was due to the Group allocating more resources to explore new business opportunities during the year under review as compared to that of the last year.

ADMINISTRATIVE EXPENSES

Administrative expenses incurred by the Group for the year ended 31 March 2020 amounted to approximately RMB15.7 million (2019: approximately RMB12.1 million), representing an increase of approximately 30.0 per cent.; the increase was due to the Group allocating more resources to explore new business opportunities during the year under review as compared to that of the last year.

Staff costs (including Directors' emoluments) which were included in both selling expenses and administrative expenses decreased by approximately 10.9 per cent. to approximately RMB7.1 million in aggregate (2019: approximately RMB8.0 million). The decrease in staff costs by approximately RMB0.9 million was mainly due to the absence of share-based payment expense of approximately RMB2.1 million attributable to the grant of share options last year, which was partly offset by the increase in the number of staff from 16 in last year to 26 in the year under review.

IMPAIRMENT LOSS ON GOODWILL

During the year ended 31 March 2020, there was no impairment loss in relation to goodwill (2019: approximately RMB32.1 million).

FINANCE COSTS

For the year ended 31 March 2020, the Group has incurred the following finance costs:

	2020 **RMB'000**	2019 RMB'000
Effective interest on convertible bonds	**4,198**	3,628
Interest on other loans	**352**	911
Interest on lease liabilities	**119**	–
	4,669	4,539

INCOME TAX

The Group had an income tax expense for the year ended 31 March 2020 of approximately RMB0.9 million (2019: approximately RMB7.4 million). The decrease in the provision of PRC Enterprise Income Tax was mainly attributable to the provision of PRC Enterprise Income Tax made last year in respect of certain income of Shaanxi Baike New Energy Technology Development Co., Ltd.* (陝西百科新能源科技發展有限公司) ("**Shaanxi Baike**") (the Group's subsidiary in the PRC) recognised in previous years subsequent to the communications with the PRC Tax Bureau that Shaanxi Baike might not meet the requirements of the relevant tax regulations on certain tax preferential treatments from the PRC Enterprise Income Tax. Please refer to further details as disclosed in the announcement of the Company dated 21 August 2018.

LIQUIDITY, FINANCIAL RESOURCES AND TREASURY POLICIES

As at 31 March 2020, the Group had bank balances and cash amounting to a total of approximately RMB4.1 million (2019: approximately RMB2.6 million) denominated in Hong Kong dollars, Renminbi and United States dollars. The Group had no outstanding bank overdraft as at 31 March 2020 (31 March 2019: Nil).

The increase in bank balances and cash is mainly due to the cash used in operations of approximately RMB2.1 million (2019: approximately RMB27.9 million), overseas taxation paid of approximately RMB3.2 million (2019: approximately RMB7.6 million) for the year ended 31 March 2020, and cash used in investing activities of approximately RMB942,000 (2019: approximately RMB204,000), which was partly offset by the cash from financing activities of approximately RMB7.7 million (2019: approximately RMB14.5 million).

As at 31 March 2020, the Group had other loans amounting to (i) approximately RMB1.1 million (2019: Nil) that was due to an executive Director, Mr. Tse Man Kit Keith; and RMB6.7 million (2019: Nil) that was from Mr. Huang Yuan Ming, the son of Mr. Huang Bo, a shareholder of the Company, which were interest bearing at 12% per annum, unsecured and repayable on demand); and (ii) approximately RMB2.7 million (2019: approximately RMB2.6 million) that was due to an executive Director, Mr. Chiu Tung Ping, which was unsecured, non-interest bearing and had no fixed term of repayment.

The Group financed its operations by internally generated cash flow and borrowings.

The Group did not use any financial instrument for hedging purpose during the year ended 31 March 2020, and did not have any outstanding hedging instrument as at 31 March 2020.

BANKING FACILITIES

As at 31 March 2020, the Company did not have any banking facilities.

CHARGES ON ASSETS

As of 31 March 2020, the Group did not pledge any asset to secure borrowings granted to the Group.

* For identification purpose only

CURRENT RATIO

As at 31 March 2020, the Group's current ratio, represented by a ratio of current assets to current liabilities, was approximately 1.4 (31 March 2019: approximately 1.7). The current ratio remained stable as compared to that as at 31 March 2019.

GEARING RATIO

As at 31 March 2020, the gearing ratio of the Group, represented by the percentage of total liabilities over total assets was approximately 93.6 per cent. (2019: approximately 75.3 per cent.).

	31 March 2020 **RMB'000**	31 March 2019 RMB'000
Total assets	**141,559**	161,691
Total liabilities	**132,451**	121,730
Gearing ratio	**93.6 per cent.**	75.3 per cent.

The increase in the gearing ratio was because of the followings:

(i) the decrease in total assets of the Company by approximately RMB20.1 million as a result of the increase in right-of-use assets, accounts and bills receivable and bank balances and cash of approximately RMB2.3 million, RMB34.5 million and RMB1.4 million respectively, which was partly offset by the decrease in other receivables, deposits and prepayments and contract assets by approximately RMB37.4 million and RMB20.3 million respectively; and

(ii) the increase in total liabilities of the Company by approximately RMB10.7 million which was due to the increase in other payables and accruals, other loans, lease liabilities, and convertible bonds by approximately RMB29.7 million, RMB7.9 million, RMB2.4 million and RMB6.1 million respectively, which was partly offset by the decrease in accounts payables and taxation payable of approximately RMB33.4 million and RMB2.0 million respectively during the year ended 31 March 2020.

DIRECTORS' OPINION ON SUFFICIENCY OF WORKING CAPITAL

In view of the Group's financial and liquidity positions and in the absence of unforeseen circumstances, the Directors are of the opinion that the Group has sufficient working capital for its present requirements.

CONTINGENT LIABILITIES

As at 31 March 2020, the Group did not have any significant contingent liabilities.

EXPOSURE TO FOREIGN EXCHANGE RISK

Most of the transactions, income and expenditure of the Group are denominated in Renminbi. The Group may be exposed to foreign currency risks such as the PRC's government control on foreign currency conversion. During the year ended 31 March 2020, the Group did not have a foreign currency hedging policy. However, the management will closely monitor the Group's exposure to foreign exchange risks and will consider hedging significant foreign currency should the need arise.

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Except as disclosed in the section below headed "Discloseable and Connected Transaction in relation to Acquisition of the Remaining 40% Equity Interest in Tianjin Hengqing and Issue of Consideration Shares under Specific Mandate", there were no significant investments or material acquisition or disposal of subsidiaries by the Group during the year under review.

CHANGE OF AUDITORS

Sky Base Partners CPA Limited ("**Sky Base Partners**") has resigned as the auditors of the Company with effect from 10 May 2019, due to the change of corporate business strategy of Sky Base Partners.

Sky Base Partners confirmed in its letter of resignation that there were no matters connected with its resignation that needed to be brought to the attention of the shareholders of the Company ("**Shareholders**").

The Board and the audit committee of the Board ("**Audit Committee**") confirmed that there was no disagreement between the Company and Sky Base Partners and there were no matters or circumstances in respect of the resignation of Sky Base Partners as auditors of the Company that needed to be brought to the attention of the Shareholders.

On 24 May 2019, the Board, with the recommendation of the Audit Committee, has appointed Deloitte Touche Tohmatsu as the new auditor of the Company to fill the casual vacancy following the resignation of Sky Base Partners and to hold office until conclusion of the next annual general meeting.

Please refer to the announcements of the Company dated 10 May 2019 and 24 May 2019 for further details of the change of auditors of the Company.

DISPOSAL OF SHARES BY SUBSTANTIAL SHAREHOLDER AND EXECUTIVE DIRECTORS

The board of directors of the Company ("**Board**") had been informed that on 11 July 2019, Good Million Investments Limited ("**Good Million**"), a substantial Shareholder (as defined in the GEM Listing Rules), entered into a sale and purchase agreement, as vendor, with an independent third party who is an individual, as purchaser ("**Purchaser**"), pursuant to which Good Million had agreed to sell 217,766,038 shares of the Company ("**Shares**") (representing approximately 11.87% of the total issued share capital of the Company as at 11 July 2019) held by it to the Purchaser.

As at 11 July 2019, Good Million was owned as to 70% and 30% by Mr. Chiu Tung Ping ("**Mr. Chiu**"), an executive director ("**Director**") of the Company, the chairman of the Company and the chief executive officer of the Company, and Ms. Yuen Hing Lan ("**Ms. Yuen**"). Ms. Yuen is the spouse of Mr. Chiu.

Upon completion of the Disposal, Good Million had ceased to be a substantial Shareholder and had ceased to be interested in any Shares.

APPOINTMENT OF EXECUTIVE DIRECTOR

On 12 July 2019, Mr. Tse Man Kit Keith ("**Mr. Tse**") the chief financial officer of the Company, has been appointed as an executive Director and the chairman of the corporate governance committee of the Board ("**Corporate Governance Committee**").

Please refer to the announcement of the Company dated 12 July 2019 for further details relating to the appointment of Mr. Tse as an executive Director.

RECONSTITUTION OF THE CORPORATE GOVERNANCE COMMITTEE

With effect from 12 July 2019, the Corporate Governance Committee is reconstituted. As at 30 September 2019, the Corporate Governance Committee comprised Mr. Tse, Mr. Chiu Tung Ping, Ms. Yuen Hing Lan and Ms. Hu Xin, with Mr. Tse acting as the chairman.

RETIREMENT OF DIRECTOR

As the resolution for the re-election of Mr. Hou Hsiao Bing ("**Mr. Hou**") as an executive Director was not passed at the annual general meeting ("**AGM**") of the Company held on 26 August 2019, Mr. Hou retired by rotation as a Director and ceased to be a member of the corporate governance committee of the Board at the conclusion of the AGM.

CHANGE OF COMPANY NAME

On 10 September 2019, the Board proposed to change the English name of the Company from "China Technology Solar Power Holdings Limited" to "China Technology Industry Group Limited" and adopt "中國科技產業集團有限公司" as its dual foreign name ("**Change of Company Name**").

Following the passing of a special resolution in relation to the Change of Company Name by the Shareholders at the EGM held on 17 February 2020, the Registry of Companies in the Cayman Islands has approved the Proposed Change of Company Name and has issued the Certificate of Incorporation on Change of Name on 17 February 2020. A Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Hong Kong Companies Registry on 5 March 2020 confirming the change of English name of the Company from "China Technology Solar Power Holdings Limited" to "China Technology Industry Group Limited" and the adoption of the Chinese name "中國科技產業集團有限公司" under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

On 13 March 2020, the Board announced that the English name of the Company has been changed from "China Technology Solar Power Holdings Limited" to "China Technology Industry Group Limited" and "中國科技產業集團有限公司" has been adopted as the dual foreign name of the Company.

EFFECTS OF THE CHANGE OF COMPANY NAME

The change of Company name will not affect any rights of the holders of securities of the Company or the Company's daily business operation and its financial position. All existing share certificates of the Company in issue bearing the former name of the Company shall continue to be evidence of title to such securities and the existing share certificates will continue to be valid for trading, settlement, registration and delivery purposes for the same number of shares in the new name of the Company. There will not be any arrangement for exchange of the existing certificates of securities for new certificates bearing the new name and new logo of the Company. New share certificates will be issued only in the new name and new logo of the Company with effect from 18 March 2020.

CHANGE OF STOCK SHORT NAMES

With effect from 9:00 a.m. on 18 March 2020, the stock short names for trading in the shares on the Stock Exchange will be changed from "CT SOLARPOWER" to "CT IND GROUP" in English and from "中科光電" to "中國科技產業集團" in Chinese. The stock code of the Company on the Stock Exchange remains unchanged as "8111".

ADOPTION OF NEW COMPANY LOGO

With effect from 13 March 2020, the logo of the Company was changed. The Company's new logo is as shown on the cover page of this annual report.

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF THE REMAINING 40% EQUITY INTEREST IN TIANJIN HENGQING AND ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

THE ACQUISITION

On 20 December 2019 (after trading hours), the Company and 天津市新慶光伏科技有限公司 (Tianjin Xinqing Solar Photovoltaic Technology Company Limited*) ("**Vendor**") entered into the Equity Interest Transfer Agreement ("**Equity Interest Transfer Agreement**"). Pursuant to the Equity Interest Transfer Agreement (as supplemented), the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the sale shares (representing 40% equity interests in 天津恆慶光伏科技有限公司 (Tianjin Hengqing Photovoltaic Technology Limited*) ("**Tianjin Hengqing**")) ("**Sale Shares**") at a consideration of RMB26,500,000 ("**Acquisition**"). Tianjin Hengqing is the legal and beneficial owner of the entire equity interests in 西藏立能光伏科技有限公司 (Xizang Lineng Solar Photovoltaic Technology Company Limited)* ("**Xizang Lineng**"). Upon completion, the Sale Shares was transferred from the Vendor to Million Keen Limited ("**Million Keen**"), a company incorporated in the BVI and a wholly-owned subsidiary of the Company, as the designated holder of the Sale Shares of the Company. The consideration for the Acquisition ("**Consideration**") was satisfied by the allotment and issue of 295,472,031 ordinary shares of the Company ("**Consideration Shares**") at HK$0.1 per Consideration Share ("**Issue Price**") to the Vendor (or its nominee(s)) within a reasonable period of time after date on which the new business license of Tianjin Hengqing as a wholly foreign owned enterprise is issued.

GEM LISTING RULES IMPLICATIONS

As at 20 December 2019, Tianjin Hengqing is an indirect 60%-owned subsidiary of the Company, and the remaining 40% equity interests in Tianjin Hengqing is held by the Vendor. Therefore, the Vendor is a substantial shareholder of Tianjin Hengqing and a connected person of the Company at the subsidiary level under Chapter 20 of the GEM Listing Rules. As (i) the board of Directors has approved the Acquisition; and (ii) the independent non-executive Directors have confirmed that the terms of the Acquisition are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Acquisition is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Rule 20.99 of the GEM Listing Rules. As the Vendor is a connected person to the Company, the issue of Consideration Shares of the Company to it will be subject to the announcement, reporting and shareholders' approval requirements unless otherwise exempted under Chapter 20 of the GEM Listing Rules.

Further, as one or more of the applicable percentage ratio(s) in respect of the Acquisition exceed 5% but none of the ratios exceeds 25%, the Acquisition also constitutes a discloseable transaction for the Company and is subject to announcement requirement under Chapter 19 of the GEM Listing Rules.

The EGM was convened for the independent shareholders of the Company to consider and, if thought fit, approve the specific mandate for the allotment and issue of the Consideration Shares. Given that none of the shareholders has a material interest in the Acquisition and the Equity Interest Transfer Agreement, none of them would be required to abstain from voting in the EGM. The Independent board committee ("**Independent Board Committee**") comprising all independent non-executive directors, namely Ms. Ma Xingqin, Mr. Meng Xianglin and Mr. Dong Guangwu, has been established to advise the independent shareholders on matters in relation to the issue of the Consideration Shares pursuant to the Specific Mandate. Giraffe Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the independent shareholders on the issue of the Consideration Shares pursuant to the Specific Mandate.

COMPLETION OF ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

The Consideration Shares would be issued by the Company under the specific mandate proposed by the Company to be granted to the Directors by the independent shareholders of the Company at the extraordinary general meeting to be convened on Monday, 17 February 2020 at 2:30 p.m. ("**EGM**"). An application has been made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

On 8 April 2020, the Board announced that all the conditions precedent under the Equity Interest Transfer Agreement have been fulfilled and Completion has taken place in accordance with the terms of the Equity Interest Transfer Agreement, and the allotment and issue of Consideration Shares has also been completed on 8 April 2020.

A total of 295,472,031 Shares (being the Consideration Shares) were allotted and issued by the Company to the Vendor's nominee, Li Xiaoyan*（李曉豔）("**Ms. Li**") at the Issue Price of HK$0.10 per Consideration Share. The Consideration Shares represent (i) approximately 16.10% of the issued Shares immediately before completion of the allotment and issue of the Consideration Shares and (ii) approximately 13.87% of the enlarged issued Shares immediately after the allotment and issue of the Consideration Shares. As a result, Ms. Li holds 295,472,031 Shares, representing approximately 13.87% of the enlarged issued Shares as at 8 April 2020 immediately after the allotment and issue of the Consideration Shares and has become a substantial shareholder (as defined in the GEM Listing Rules) of the Company.

Upon Completion, each of Tianjin Hengqing and Xizang Lineng has become an indirect wholly-owned subsidiary of the Company, and the financial results of Tianjin Hengqing and Xizang Lineng will remain consolidated into the consolidated financial statements of the Group.

Please refer to the announcements of the Company dated 20 December 2019, 30 December 2019, 15 January 2020 and 8 April 2020 and the circular of the Company dated 23 January 2020, for further details relating to the discloseable and connected transaction in relation to the acquisition of the remaining 40% equity interest in Tianjin Hengqing and issue of Consideration Shares under the specific mandate.

HUMAN RESOURCES

As at 31 March 2020, the Group employed 6 and 20 staff in Hong Kong and the PRC respectively (31 March 2019: 5 in Hong Kong and 11 in the PRC). The Group has developed its human resources policies and procedures based on performance and merit. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system. Employee trainings are also provided as and when required. We actively promote on-the-job training at all levels of employees, who are recommended to participate in various training courses, forums and seminars, with an aim to enhance their knowledge and working skills, which in turn they can create competitive advantages together with the Group. We provide external training and updated directors' training webcasts published by the Stock Exchange to our employees.

The remuneration of the Directors was determined by the Board with reference to the prevailing market rates, roles and responsibilities of the Directors. Share options may be granted to Directors and employees of the Group to subscribe for shares of the Company. Particulars of the Share Option Scheme are set out in the section "Report of the Directors" of this annual report.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the shares of the Company during the year ended 31 March 2020.

EVENTS AFTER THE REPORTING PERIOD

On 9 April 2020, each of Xizang Lineng Solar Photovoltaic Technology Company Limited*（西藏立能光伏科技有限公司）("**Xizang Lineng**", an indirect wholly owned subsidiary of the Company) and Shaanxi Baike New Energy Technology Development Co., Ltd.*（陝西百科新能源科技發展有限公司）("**Shaanxi Baike**", an indirect wholly-owned subsidiary of the Company) has entered into a supply contract with a PRC state-owned entity, the purchaser, pursuant to which each of Xizang Lineng and Shaanxi Baike agreed to (i) sell and the purchaser agreed to purchase towers for wind turbines and (ii) provide to the purchaser technical services associated with the wind power projects for which the towers for wind turbines will be used, at a consideration (subject to adjustments in accordance with the respective supply contract) of RMB189.6 million and RMB60.0 million, respectively. The transactions and matters contemplated thereunder are expected to be completed by 31 March 2021.

On 8 May 2020, Xizang Lineng entered into a supply contract with a PRC state-owned entity, the purchaser, pursuant to which Xizang Lineng agreed to sell and the purchaser agreed to purchase mounting required under construction project of a solar photovoltaic power station at a consideration of approximately RMB65.8 million. The transaction and matters contemplated thereunder are expected to be completed by 31 March 2021.

(1) CORPORATE GOVERNANCE PRACTICES

The Board and the senior management of the Company are committed to the principles of good corporate governance and have dedicated significant efforts to provide transparency, accountability and independence of their corporate governance practices. During the year ended 31 March 2020 ("**Review Period**"), the Company has applied the principles in the Corporate Governance Code ("**CG Code**") as contained in Appendix 15 to the GEM Listing Rules to its corporate governance structure and practices in the manner as described in this corporate governance report.

During the Review Period, the Company has complied with all the code provisions set out in the CG Code, except for the deviation from code provisions A.2.1, A.2.7 and E.1.2 as explained below.

Code provision A.2.1

Pursuant to code provision A.2.1 of the CG Code, the roles of the chairman of the Board and chief executive officer should be separate and should not be performed by the same individual.

The Company deviates from this provision because Mr. Chiu Tung Ping has been performing both the roles of the chairman of the Board ("**Chairman**") and the chief executive officer of the Group ("**Chief Executive Officer**") since 13 July 2012. However, the Board believes that vesting two roles in the same person provides the Group with strong and consistent leadership in the development and execution of the Group's business strategies and is beneficial to the Group. The Directors will continue to review the effectiveness of the current structure and assess whether separation of the roles of the Chairman and the Chief Executive Officer is necessary.

Code provision A.2.7

Code provision A.2.7 of the CG Code requires the Chairman to hold meetings at least annually with the independent non-executive Directors without the presence of other Directors. Due to the nature of the business discussed at the Board meetings held by the Chairman during the period from 1 April 2019 to 31 March 2020, which required the participation of independent non-executive Directors and other Directors, the Company has deviated from code provision A.2.7 of the CG Code. The Company will comply with the code provisions of the CG Code in coming years.

Code provision E.1.2

Under code provision E.1.2 of the CG Code, the Chairman should attend the annual general meeting and extraordinary general meeting. Due to other commitments which must be attended by the Chairman, the Chairman was unable to attend the annual general meeting of the Company held on 26 August 2019 ("**2019 AGM**") and the extraordinary general meeting of the Company held on 17 February 2020 ("**2020 EGM**"). Nevertheless, Mr. Tse Man Kit Keith, an executive Director, presided as the chairman at the 2019 AGM and 2020 EGM to answer questions from the shareholders of the Company.

(2) BOARD OF DIRECTORS

The Board is accountable to shareholders for the activities and performance of the Group and for the preparation of financial statements which give a true and fair view. It oversees the Group's overall strategic plans, reviews the financial performance, supervises the management of the business and affairs and approves the strategic plans. The Board delegates corporate matters to the management of the Group under the leadership of the Chief Executive Officer, including preparation of annual, interim and quarterly accounts, execution of business strategies adopted by the Board, implementation of risk management and internal control systems and compliance with relevant statutory requirements, rules and regulations. The management is required to present an annual budget and proposals for major investment, acquisitions of capital assets and change in business strategies for the Board's approval.

BOARD COMPOSITION

The composition of the Board during the Review Period and as at the date of this report is as follows:

Executive Directors:
Mr. Chiu Tung Ping (Chairman and Chief Executive Officer)
Ms. Yuen Hing Lan
Mr. Hou Hsiao Bing (retired on 26 August 2019)
Ms. Hu Xin
Mr. Tse Man Kit Keith (appointed on 12 July 2019)

Independent non-executive Directors:
Ms. Ma Xingqin
Mr. Meng Xianglin
Mr. Dong Guangwu

According to the articles of association of the Company ("**Articles**"), at every annual general meeting of the Company, one-third of all the Directors including the independent non-executive Directors shall retire from office by rotation. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. Moreover, any Director appointed by the Board to fill a casual vacancy or as an additional Director shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at the meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.

Mr. Chiu Tung Ping, an executive Director, the Chairman and the Chief Executive Officer, is the spouse of Ms. Yuen Hing Lan, an executive Director.

BOARD MEETING

The Board meets at least four times a year to review the financial and operating performance of the Group and discuss the Group's direction and strategy.

Details of the attendance of meetings of the Board held during the Review Period are as follows:

Name of Director	Number of board meetings attended/held during the Director's term of office in the Review Period	Attendance rate
Executive Directors		
Mr. Chiu Tung Ping (Chairman and Chief Executive Officer)	23/23	100%
Ms. Yuen Hing Lan	12/23	52%
Mr. Hou Hsiao Bing (retired on 26 August 2019)	0/11	0%
Ms. Hu Xin	20/23	87%
Mr. Tse Man Kit Keith (appointed on 12 July 2019)	14/14	100%
Independent non-executive Directors		
Ms. Ma Xingqin	18/23	78%
Mr. Meng Xianglin	20/23	87%
Mr. Dong Guangwu	7/23	30%

Directors are given notice of regular Board meetings of at least 14 days in advance. The Directors will receive details of agenda items for consideration in advance of each Board meeting.

All Directors have access to the company secretary of the Company who is responsible for ensuring that Board procedures are complied with and advising the Board on corporate governance and compliance matters.

The non-executive Directors have well-balanced expertise in corporate finance, accounting, and business matters. They bring independent and invaluable advice and judgement on the Group's business expansion and risk management issues. The executive Directors are seasoned practitioners in the sales of solar power related products and power system integration business and contribute to the Company with their industry and domain knowledge and management experience.

The Company confirmed that annual confirmations of independence were received from each of the independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules and all independent non–executive Directors are considered to be independent.

(3) THE FOUR COMMITTEES OF THE BOARD

The Company implements specific terms of reference for the audit committee, remuneration committee, nomination committee and corporate governance committee of the Board, whereby the powers and responsibilities of each committee are clearly defined.

(a) Audit Committee

The Company established an audit committee ("**Audit Committee**") on 13 December 2000 with written terms of reference (revised in December 2018) made in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules and posted on the websites of the Company and the Stock Exchange. During the year ended 31 March 2020, the Audit Committee comprised three independent non-executive Directors, namely (i) Ms. Ma Xingqin; (ii) Mr. Meng Xianglin; and (iii) Mr. Dong Guangwu, with Ms. Ma Xingqin acting as the chairman of the Audit Committee.

The Audit Committee's principal duties are to review and supervise the financial reporting process and internal control procedures of the Group.

The Audit Committee meets at least four times a year to review with Company's senior management and at least twice a year with the Company's auditors for the Company's audit findings, accounting policies and standards, changes of accounting rules (if any), compliance with the GEM Listing Rules, internal and audit control and budget and cash flow forecast.

During the Review Period, the Audit Committee held six meetings. The Group's unaudited quarterly and interim results and audited annual results during the Review Period have been reviewed by the Audit Committee and the Audit Committee was of the opinion that such statements comply with the applicable accounting standards and that adequate disclosures have been made. The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt of the Company's ability to continue as a going concern during the Review Period.

The Audit Committee also reviewed the effectiveness of the Group's risk management and internal control systems during the Review Period as set out in the paragraphs headed "Risk Management and Internal Control" below. The Company did not have an internal audit function during the Review Period.

(b) Remuneration Committee

The remuneration committee of the Board ("**Remuneration Committee**") was established in June 2005.

The Remuneration Committee was established with specific written terms of reference which deal clearly with its authorities and duties. The terms of reference (revised in March 2012) followed the requirements of code provision B.1.2 of the CG Code and was posted on the websites of the Company and the Stock Exchange. During the year ended 31 March 2020, the Remuneration Committee comprised three independent non-executive Directors namely (i) Ms. Ma Xingqin; (ii) Mr. Meng Xianglin; and (iii) Mr. Dong Guangwu, with Ms. Ma Xingqin acting as the chairman of the Remuneration Committee.

The Remuneration Committee is primarily responsible for making recommendations to the Board on the Company's policy and structure for all Directors and senior management's remuneration.

During the Review Period, the Remuneration Committee held two meetings and performed the following duties:

– determined, with delegated responsibility from the Board, the remuneration of individual executive Directors and senior management by assessing their performance and approved the terms of their service contracts (if any); and

– made recommendations to the Board to establish a more formal and transparent procedure for determining the remuneration policy.

The policies for the remuneration of the Directors are:

- to ensure that none of the Directors should determine his/her own remuneration;

- the remuneration should be broadly aligned with companies with which the Company competes for human resources;

- the Group should aim to attract and retain executives and to motivate them to pursue appropriate growth strategies while taking into account individual performance; and

- the remuneration should reflect the performance, complexity of duties and responsibilities of the individual Director.

(c) Nomination Committee

A nomination committee of the Board ("**Nomination Committee**") has been established with effect from 28 March 2012, with written terms of reference (revised in December 2018) following the requirements of code provision A.5.2 of the CG Code and posted on the websites of the Company and the Stock Exchange. The Procedures for Nomination of Directors adopted by the Nomination Committee can be found on the website of the Company.

During the year ended 31 March 2020, the Nomination Committee comprised three independent non–executive Directors namely (i) Ms. Ma Xingqin; (ii) Mr. Meng Xianglin; and (iii) Mr. Dong Guangwu, with Ms. Ma Xingqin acting as the chairman of the Nomination Committee.

The Nomination Committee is responsible for considering suitable candidates to serve as Directors and making recommendations on the appointment and termination of service of Directors. During the Review Period, the Nomination Committee's nomination policy was to select and nominate candidates based on whether they possess the skills and experience required by the Group's development.

The Nomination Committee developed measurable objectives to implement the board diversity policy ("**Board Diversity Policy**"), where selection of candidates will be based on a range of diversity perspectives as set out above and the ultimate decision will be based on merit and contribution that the selected candidates could bring to the Board. Pursuant to the Articles, one-third of all the Directors including independent non-executive Directors shall retire from office by rotation at the upcoming annual general meeting and being eligible, will offer themselves for re-election. The Nomination Committee, when making recommendations on the re-appointment of these Directors, has considered and taken into account the objectives set out in the Board Diversity Policy. The Nomination Committee is of the opinion that a balanced diversity of the Board has been achieved.

During the Review Period, the Nomination Committee held two meetings and performed the following duties:

1. conducted the annual review of the structure, size and composition (including the skills, knowledge and experience) of the Board and made recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

2. identified individuals suitably qualified to become Board members and made recommendations to the Board on the selection of individuals nominated for directorships;

3. assessed the independence of independent non-executive Directors;

4. made recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer;

5. made recommendations to the Board on the adoption of the Nomination Policy; and

6. considered other topics as defined by the Board.

(d) Corporate Governance Committee

A corporate governance committee of the Board ("**Corporate Governance Committee**") has been established with effect from 28 March 2012 with written terms of reference following code provision D.3.1 of the CG Code and posted on the websites of the Company and the Stock Exchange.

During the period from 1 April 2019 to 11 July 2019, the Corporate Governance Committee comprised four executive Directors, namely (i) Mr. Chiu Tung Ping; (ii) Ms. Yuen Hing Lan; (iii) Mr. Hou Hsiao Bing; and (iv) Ms. Hu Xin, with Mr. Chiu Tung Ping acting as the chairman of the Corporate Governance Committee.

Following the appointment of Mr. Tse Man Kit Keith as an executive Director of the Company on 12 July 2019, during the period from 12 July 2019 to 26 August 2019, the Corporate Governance Committee comprised five executive Directors, namely (i) Mr. Chiu Tung Ping; (ii) Ms. Yuen Hing Lan; (iii) Mr. Hou Hsiao Bing; (iv) Ms. Hu Xin; and (v) Mr. Tse Man Kit Keith, with Mr. Tse Man Kit Keith acting as the chairman of the Corporate Governance Committee.

Following the retirement of Mr. Hou Hsiao Bing as an executive Director of the Company on 26 August 2019, the Corporate Governance Committee comprised four executive Directors, namely (i) Mr. Chiu Tung Ping; (ii) Ms. Yuen Hing Lan; (iii) Ms. Hu Xin; and (iv) Mr. Tse Man Kit Keith, with Mr. Tse Man Kit Keith acting as the chairman of the Corporate Governance Committee.

The primary duties of the Corporate Governance Committee are, among other things, to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements.

During the Review Period, the Corporate Governance Committee held one meeting and performed the following duties:

– developed and reviewed the Company's policies and practices on corporate governance and made recommendations on changes and updates to the Board for approval;

– reviewed and monitored the training and continuous professional development of Directors and senior management;

– reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;

– developed, reviewed and monitored the code of conduct applicable to employees and Directors;

– reviewed the Company's compliance with the CG Code and disclosure in this corporate governance report; and

– such other corporate governance duties and functions set out in the CG Code (as amended from time to time) for which the Board is responsible.

Attendance of Board committees meetings

The attendance of each Board committee member at Board committee meetings during the Review Period is as follows:

	Audit Committee	**Remuneration Committee**	**Nomination Committee**	**Corporate Governance Committee**
Executive Directors				
Mr. Chiu Tung Ping	–	–	–	1/1
Ms. Yuen Hing Lan	–	–	–	0/1
Mr. Hou Hsiao Bing (retired on 26 August 2019)	–	–	–	N/A
Ms. Hu Xin	–	–	–	1/1
Mr. Tse Man Kit Keith (appointed on 12 July 2019)	–	–	–	1/1
Independent non-executive Directors				
Ms. Ma Xingqin	6/6	2/2	2/2	–
Mr. Meng Xianglin	6/6	2/2	2/2	–
Mr. Dong Guangwu	4/6	0/2	0/2	–

Note: Attendance is counted by the number of Board committee meetings attended divided by the number of Board committees meetings held during the Board committee member's term of office in the Review Period.

(4) CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the CG Code stipulates that the roles of the Chairman and the Chief Executive Officer should be separate and should not be performed by the same individual.

Since 13 July 2012, Mr. Chiu Tung Ping acted as both the Chairman and Chief Executive Officer. The Directors consider that vesting two roles in the same person provides the Group with strong and consistent leadership in the development and execution of the Group's business strategies and is beneficial to the Group.

The Directors will continue to review the effectiveness of the current structure and assess whether separation of the roles of the Chairman and the Chief Executive Officer is necessary.

(5) DIRECTORS AND AUDITORS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibilities for preparing the financial statements of the Group in accordance with the statutory requirements and accounting standards and other financial disclosure requirements under the GEM Listing Rules. The Directors also acknowledged their responsibilities to ensure that the financial statements of the Group are published in a timely manner as required by the GEM Listing Rules.

The external auditors' statement about reporting responsibility is set out on pages 62 to 63.

(6) TRAINING FOR DIRECTORS

Each newly appointed Director will receive comprehensive, formal and tailored induction on his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements. There are also arrangements in place for providing continuing briefing and professional development to the Directors at the Company's expenses whenever necessary.

The Company provides regular updates and presentations on changes and developments relating to the Group's business and the legislative and regulatory environment to the Directors at Board meetings or through emails.

The Directors are committed to complying with code provision A.6.5 of the CG Code on directors' training. All Directors have participated in continuous professional development to develop and refresh their knowledge and skills and provided a record of training they received during the Review Period to the Company.

During the Review Period, the Directors had participated in the following types of training:

Name of Director	Type(s) of training
Chiu Tung Ping	A, B
Yuen Hing Lan	A, B
Hou Hsiao Bing (retired on 26 August 2019)	A
Hu Xin	A, B
Mr. Tse Man Kit Keith (appointed on 12 July 2019)	A, B, C
Ma Xingqin	A, B
Meng Xianglin	A, B
Dong Guangwu	A, B

Notes:

A reading journals and updates relating to the economy, business, directors' duties and responsibilities, etc.

B viewing updated directors' training webcasts published by the Stock Exchange.

C attending seminars and/or conference and/or forums on topics relating to the economy, business, directors' duties and responsibilities, etc.

(7) COMPANY SECRETARY

During the Review Period, the company secretary of the Company ("**Company Secretary**"), Ms. Chan Mi Ling, Anita, complied with the requirements under the Rules 5.14 and 5.15 of the GEM Listing Rules. The Company Secretary supports the Board, ensures good information flow within the Board and that Board policies and procedures are followed; advises the Board on governance matters, facilitates induction and monitors the training and continuous professional development of the Directors. The Company Secretary has attended not less than 15 hours of relevant professional training during the Review Period. Her biography is set out in the paragraphs headed "Biographical Details of the Directors and the Senior Management of the Group" in the "Report of the Directors" of this annual report.

(8) NON-EXECUTIVE DIRECTORS

Code provision A.4.1 of the CG Code provides that a non-executive Director should be appointed for a specific term and subject to re-election. The Company's non-executive Directors are appointed for a term of one year and are subject to retirement by rotation and re-election in accordance with the Articles and the GEM Listing Rules.

(9) COMPLIANCE OF CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTION

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors have complied with the required standard of dealings and the code of conduct regarding Directors' securities transactions adopted by the Company throughout the Review Period.

(10) AUDITORS' REMUNERATION

The Audit Committee is responsible for considering the appointment of the external auditors. For the Review Period, the remuneration of the external auditor of the Company amounted to RMB1,830,000, which was fees for their services rendered for auditing.

The fees paid/payable to the Company's external auditors in respect of audit and non-audit services rendered for the Review Period are as follows:

Nature of Services	Amount (RMB)
Audit services	1,830,000
Non-audit services	–

(11) RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining sound and effective risk management and internal control systems in order to safeguard the Group's assets and shareholders' interests. It reviews and monitors the effectiveness of the Group's risk management and internal control systems annually so as to ensure that the risk management and internal control systems in place are adequate. The purpose is to provide reasonable, but not absolute, assurance against material misstatements, errors, losses or fraud, and to manage rather than eliminate risks of failure in achieving the Group's business objectives.

The management of the Group has established the Group's risk management and internal control policies and guidance for implementing the risk management and internal control systems of the Group.

The Board has delegated to the management the implementation of such systems of risk management and internal control and to the Audit Committee the review of relevant financial, operational and compliance controls and risk management procedures and their effectiveness by conducting a review at least once a year. When carrying out the review on the risk management and internal control procedures, the Board had taken into consideration the adequacy of resources for accounting, internal audit and financial reporting, the qualifications and experience of the staff, trainings to be provided to the staff and the relevant budget. When identifying risks, the management will communicate with different operational departments and collect information of significant risk factors. Upon specifying areas of risk assessment, the management will evaluate the importance of risks based on their potential impact and the possibility of occurrence and set up internal control measures to mitigate the risks. On-going monitoring and reporting of any change of risks will also be conducted.

To ensure the independency of the review, the Group has outsourced its internal audit function to an internal control adviser (hereafter referred as "**IC Adviser**"). The responsibilities of the IC Adviser include assisting the management to carry out an annual review on the effectiveness of the risk management and internal control systems. For the Review Period, the review conducted by the IC Adviser covers the period from 1 April 2019 to 31 March 2020 and is based on the risk assessment. The IC Adviser had reported to the Audit Committee regarding the key findings in respect of the Group's internal control and risk management and discussed findings and actions or measures taken in addressing those findings. No major deficiencies on the Group's risk management and internal control systems have been identified during the Review Period. For other non-major internal control findings, the management has instructed relevant departments to formulate corrective actions and improvement plans for remediation.

For the Review Period, the Audit Committee was satisfied that:

- the risk management and internal control and accounting systems of the Group provided reasonable assurance that material assets were protected, business risks attributable to the Group were identified and monitored, material transactions were executed in accordance with management's authorisation and the accounts were reliable for publication; and

- there was an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group.

Based on the assessment and review conducted by the IC Adviser and the Audit Committee, the Board considered the risk management and internal control systems of the Group as effective and adequate during the Review Period.

(12) DIRECTORS' AND OFFICERS' LIABILITIES INSURANCE

The Company has arranged appropriate insurance covering the Directors' and officers' liabilities in respect of legal actions against the Directors, officers and senior management of the Company arising out of corporate activities.

(13) CONSTITUTIONAL DOCUMENTS

There was no change to the Company's memorandum and articles of association during the Review Period. A copy of the latest consolidated version of the Company's memorandum and articles of association is posted on the websites of the Company and the Stock Exchange.

(14) COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has adopted a shareholders' communication policy with the objective to ensure that the shareholders and potential investors of the Company are provided with ready, equal and timely access to balanced and understandable information about the Company.

The Company has established a number of channels to communicate with the shareholders as follows:

(i) corporate communications such as annual reports, interim reports, quarterly reports and circulars, which are issued in printed form and are available on the GEM's website at www.hkgem.com and the Company's website at www.chinatechsolar.com;

(ii) periodic announcements published on the respective websites of the Stock Exchange and the Company;

(iii) corporate information is made available on the Company's website;

(iv) annual and extraordinary general meetings provide a forum for the shareholders of the Company to make comments and exchange views with the Directors and senior management; and

(v) the Hong Kong branch share registrar and transfer office of the Company serves the shareholders in respect of share registration, dividend payment and related matters.

The Company keeps on promoting investor relations and enhancing communication with its shareholders and potential investors . It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

Shareholders' comments and suggestions as well as any proposals put forward to general meetings of the Company at a reasonable time are welcome and such comments and proposals can be sent in writing to the Company Secretary at the Company's principal place of business in Hong Kong. The Board endeavors to answer all valuable questions from the shareholders of the Company.

GENERAL MEETING

During the Review Period, the 2019 AGM and 2020 EGM were held and the attendance of each Director is set out as follows:

Directors	**Attendance of the 2019 AGM**	**Attendance of the 2020 EGM**
Executive Directors		
Mr. Chiu Tung Ping (Chairman and Chief Executive Officer)	0/1	0/1
Ms. Yuen Hing Lan	0/1	0/1
Mr. Hou Hsiao Bing (retired on 26 August 2019)	1/1	N/A
Ms. Hu Xin	0/1	0/1
Mr. Tse Man Kit Keith (appointed on 12 July 2019)	1/1	1/1
Independent non-executive Directors		
Ms. Ma Xingqin	0/1	0/1
Mr. Meng Xianglin	0/1	0/1
Mr. Dong Guangwu	0/1	0/1

Code provision E.1.2

Under code provision E.1.2 of the CG Code, the Chairman should attend the annual general meeting and extraordinary general meeting. Due to other commitments which must be attended by the Chairman, the Chairman was unable to attend the 2019 AGM and 2020 EGM. Nevertheless, Mr. Tse Man Kit Keith, an executive Director, presided as the chairman of the 2019 AGM and 2020 EGM to answer questions from the shareholders of the Company.

(15) SHAREHOLDERS' RIGHTS

In accordance with Article 64 of the Articles, one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company and having the right of voting at general meetings of the Company, shall have the right, by written requisition to the Directors or the Company Secretary, to require an extraordinary general meeting of the Company to be called by the Directors for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Directors fail to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the requisitionist(s) by the Company.

A shareholders' communication policy was adopted by the Company in March 2012 to maintain an on-going dialogue with the shareholders and encourage them to communicate actively with the Company. Such policy has been posted on the website of the Company at www.chinatechsolar.com. The Company reviews the policy on a regular basis to ensure its effectiveness.

(16) DIVIDEND POLICY

The declaration and payment of dividends by the Company shall be determined at the sole discretion of the Board taking into account factors including (i) the actual and expected financial performance of the Company; (ii) the undistributed profits and distributable reserves of the Company; (iii) the level of debt-to-equity ratio, return on equity and relevant financial commitments of the Group; (iv) the Group's expected working capital requirements and future expansion plans; (v) the general economic conditions of the Group; and (vi) other internal and external factors that may affect the business or financial performance and condition of the Group.

China Technology Industry Group Limited (the "**Company**", "**We**", or "**Our**") presents this Environmental, Social and Governance ("**ESG**") Report ("**ESG Report**") for the year ended 31 March 2020 (the "**Reporting Period**" or "**FY20**") together with the comparative figures for the year ended 31 March 2019 (the "**FY19**"), in accordance with Appendix 20 – Environmental, Social and Governance Reporting Guide of the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("**GEM Listing Rules**").

This ESG Report covers the Company's principal business in (a) sales of solar power related products; (b) new energy power system integration business; (c) sales of self-service automatic teller machine ("**ATM**") systems and printing systems; and (d) provision of hardware and software technical support services in the People's Republic of China ("**PRC**" or "**China**") during the year ended 31 March 2020.

The Board of Directors has the overall responsibility for the Company's ESG strategy and reporting.

This ESG Report was compiled to disclose the relevant information according to the requirements of the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange:

1. Materiality: This ESG Report shall make a disclosure when relevant environmental, social and governance matters significantly impact investors and other related parties.

2. Quantitative: If key performance indicators (KPI) have been established, these indicators must be quantified and subject to valid comparisons under appropriate conditions. The purposes and effects of all established indicators must be explained.

3. Balance: The ESG Report must give an unbiased description of the Company's environmental, social and governance performance and avoid inappropriately misguiding readers or omitting important information.

4. Consistency: The ESG Report adopts a consistent quantification methodology to allow for meaningful data comparisons being made over time. If there is any subsequent change in methodology, it shall be indicated in the ESG Report.

Our management is responsible for monitoring and managing ESG-related issues and risks and the effectiveness of the ESG management systems. The management personnel leading our various business activities, in conjunction with their respective staff, have for the purposes of this ESG Report identified the following material ESG issues:

SUMMARY OF MATERIAL ESG ISSUES FOR THE COMPANY

A. Environmental

A1 Emissions

Air Emissions and Carbon Footprint

Waste Management

A2 Use of Resources

Efficient Use of Resources

Green Practice

Employee Education and Engagement

A3 The Environment and Natural Resources

Policies on Environmental and Natural Resources

B. Social

B1 Employment and Labour Practices

Employees

Working Hours

B2 Health and Safety

Workplace and Occupational Health and Safety

B3 Development and Training

Employee Development and Training

B4 Labour Standards

Prohibition of Child and Forced Labour

B5 Supply Chain Management

Sustainable Procurement

B6 Product Responsibility

Product & Service Quality Assurance Policy

Data Privacy Policy

B7 Anti-Corruption

Anti-bribery and Anti-corruption

B8 Community Investment

Supporting the Community

A. ENVIRONMENTAL

Aspect A1：Emissions

Air Emissions and Carbon Footprint

We committed to strategically incorporating green elements into our business model and operations with a clear aim of conducting our business in the most environmental-friendly manner.

The Group is mainly engaged in (i) sales of solar power related products; (ii) new energy power system integration business; (iii) sales of self-service automatic teller machine ("**ATM**") systems and printing systems, and (iv) provision of hardware and software technical support services in the PRC that is an asset-light industry without contamination emissions such as effluent or exhaust. The Group formulates the Company's environmental protection management rules in compliance with relevant laws and regulations, such as the "Solid Waste Pollution Prevention and Control Law"《固體廢物污染防治法》of the PRC as it strives to reduce environmental pollution and wastage of resources. The principal business of the Group, namely sales of solar power related products and new energy power system integration business, falls within the scope of new energy which brings positive effect on the environment inherently and reduces emission of greenhouse gas and wastes. Besides, the Group participates in the programme of "Carbon Footprint Repository for Hong Kong Listed Companies" established by the Hong Kong Environmental Protection Department to indicate its determination in propelling emission reduction.

Waste Management

The Group does not generate enormous amount of waste due to the nature of its business. The small amount of waste produced during the routine business process and operation is strictly controlled by the Group as follows:

I. Waste is recycled and classified into recyclable, non-recyclable and hazardous wastes. There is no hazardous waste generated by the Group during the Reporting Period. Recyclable substances will be reused. Toxic and hazardous substances are disposed of in accordance with relevant management measures; and

II. Self-owned vehicles of the Group run on high-quality fuels to reduce exhaust emissions, and are regularly maintained to ensure that the vehicles are in operational condition and exhaust emissions are controlled. Meanwhile, employees are encouraged to take public transportation in their commute.

Unless otherwise specified, the below environmental data covers the Group's operation in Hong Kong only, excluding its offices in the PRC due to their relatively small environmental footprint.

Emissions	**FY20**	**FY19**
Total Greenhouse Gas ("**GHG**") emissions (tonnes)	13.23	11.55
Direct emissions (Scope 1) (tonnes)	–	–
Energy Indirect emissions (Scope 2) (tonnes)		
– Electricity	12.64	11.15
Other Indirect emissions (Scope 3) (tonnes)		
– Paper consumption and waste disposal	0.59	0.40

Note:

Emissions (direct and indirect) can be broadly classified into three separate scopes as set out below:

Scope 1 – Direct emissions from operations that are owned or controlled by the company;

Scope 2 – Indirect emissions resulting from the generation of purchased or acquired electricity, heating, cooling and steam consumed within the company; and

Scope 3 – All other indirect emissions that occur outside the company, including both upstream and downstream emissions.

The Group is not aware of any material non-compliance with relevant laws and regulations which have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste during the Reporting Period.

Aspect A2：Use of Resources

Efficient Use of Resources

Electricity is the main form of energy consumed by the Group. Employees are required to utilise daylight instead of lamplight as much as possible during daily operations. Air conditioners of the Company are maintained at the temperature between 24°C and 26°C during summer time. Air conditioners and lights in vacant rooms must be turned off. We also display posters in main office areas to raise the environmental awareness among employees. We regularly monitor the consumption of paper, power and water supply of each department and inform relevant departments of any abnormality. No issue arises in sourcing water as the water supply is managed by the building management office.

Green Practice

Shortage of natural resources is a global area of concern. We work to establish a more sustainable business by focusing on our resource conservation and water stewardship efforts where we can have the greatest impact. We have developed several energy-saving principles and green practice in our workplace. Examples of such green practice include switching off office equipment, lighting and air-conditioning when not in use. In addition, we actively support the "Energy Saving Charter on Indoor Temperature" established by the Government of The Hong Kong Special Administrative Region so as to combat climate change. We attempt to maintain the average indoor temperature of our office workspace between 24°C and 26°C during summer time. Furthermore, we constantly monitor the electricity consumption from our office operations, and evaluate the existing action plans on environmental protection in order to demonstrate our long-term support on green practice.

Employee Education and Engagement

We provide regular training to our employees to raise or maintain their awareness on energy and water conservation. Relevant environmental awareness messages such as tips for saving electricity, fuel and water are also communicated to all levels of staff via emails and posters. We hope the involvement of our employees in energy and water saving practices could assist in alerting them the importance of resource conservation as well as enhancing our energy efficiency methods.

The below table sets out the total consumption of certain resources from the operation of the Group in FY20:

Carbon emissions from energy consumption	**FY20**	**FY19**
Total energy consumption (kg CO_2e)	12,641	14,111
Direct energy consumption (kg CO_2e)	–	–
Indirect energy consumption (kg CO_2e)		
– Electricity	12,641	14,111

Use of resources	**FY20**	**FY19**
Total energy consumption (kilowatt-hour (kWh))	44,656.80	49,849.86
Direct energy consumption (kWh)	–	–
Indirect energy consumption (kWh)		
– Electricity	44,656.80	49,849.86

Notes:

1 Data of water consumption is not available since the Group operates in leased office premises for which both water supply and consumption are solely controlled by the building management. The provision of water consumption data or sub-meter for individual occupants is not feasible.

2 Since the Group is not engaged in manufacturing business, there was no packaging materials consumed during the Reporting Period.

Aspect A3: The Environment and Natural Resources

Policies on Environment and Natural Resources

We are fully committed to minimising environmental impacts associated with our business activities.

During the Reporting Period, all of our operations are compliant with the relevant national environmental laws.

The photovoltaic power stations developed in our new energy power system integration business generate solar energy power, which is a kind of clean energy, without any material effects on environment and resources. The Group is not aware that any activities in its operation have any significant impact on the environment and natural resources.

B. SOCIAL

B1 Employment and Labour Practices

Our employees are the cornerstone of the sustainable development of our business and the Company believes that talent is one of its most valuable assets. Upholding such philosophy, the Company continues to improve its human resources management system and talent development mechanism, through which, staff can enjoy diversified career paths and their potentials can be further explored, thereby helping them realise work values and personal achievement values.

Recruitments are carried out strictly according to the Company's policies and systems. Opportunities are given to employees with different backgrounds and characteristics so as to build a diversified work force. To optimise manpower deployment, a wide variety of opportunities at work is created for staff to fully explore their talents and also for the Company to create a harmonious and stable development environment. As at 31 March 2020, the aggregate number of staff of the Company was 26 (2019: 16), with a balanced proportion between men and women, which accounted for 50.0% (2019: 62.5%) and 50.0% (2019: 37.5%) respectively. During the Reporting Period, the staff turnover rate of the Group was 31.3% (2019: 44.8%).

The Company delegates to the senior management to take charge of the management of social responsibilities and regularly arranges internal audit and management reviews to ensure that the Company's business activities are in line with the international labour standards and applicable labour regulations in China and Hong Kong. The Company strictly complies with China's relevant employment laws and regulations, including the "Labour Law" (《勞動法》), the "Employment Contract Law" (《勞動合同法》), the "Employment Promotion Law" (《就業促進法》), the "Labour Dispute Mediation and Arbitration Law" (《勞動爭議調解仲裁法》) and other labour laws and regulations of the local governments of the PRC, and the Employment Ordinance (Cap 57 of the Laws of Hong Kong) and other labour laws and regulations of Hong Kong. The Company does not allow any form of discrimination, and provides equal and fair employment opportunities and working environment to all job applicants and staff. During the Reporting Period, the Company did not receive any complaint of any form of discrimination (2019: nil).

Staff can enjoy statutory social insurances and benefits as well as statutory holidays such as annual leave, casual leave, sick leave, marriage leave and maternity leave, etc., in accordance with the "Tentative Provisions on Payment of Wages" (《工資支付暫行規定》), "Regulations on the Administration of Housing Fund" (《住房公積金管理條例》) and "Regulation on the Annual Leave" (《職工帶薪年休假條例》) of the PRC. The Company also provides retirement protection for Hong Kong staff in accordance with the Mandatory Provident Fund Schemes Ordinance (Cap 485 of the Laws of Hong Kong).

Employees

Basic information of employees

Age	As at 31 March 2020 Number	Proportion (%)	As at 31 March 2019 Number	Proportion (%)
25 and below	1	3.8	0	0
26-35	6	23.1	4	25.0
36-45	6	23.1	2	12.5
46 and above	13	50.0	10	62.5
Total	26	100.0	16	100.0

Education	Number	Proportion	Number	Proportion
Master's degree	3	11.5	3	18.8
Bachelor's degree	15	57.7	9	56.2
College	6	23.1	3	18.8
Technical secondary school and below	2	7.7	1	6.2
Total	26	100.0	16	100.0

Gender	Number	Proportion	Number	Proportion
Male	13	50.0	10	62.5
Female	13	50.0	6	37.5
Total	26	100.0	16	100.0

Working Hours

The Group implements a five-day, eight-hour working system and discourages employees from working overtime. If required by special conditions, employees who work overtime are entitled to an allowance of time-off in lieu.

B2 Health and Safety

Workplace and Occupational Health and Safety

The occupational health and safety ("**OHS**") of our staff have always been the key focus of the Company. In terms of the health of staff, the Company strictly abides by the relevant laws and regulations such as the "Labour Law" (《勞動法》), the "Occupational Health and Safety Management System" 《(職業健康安全管理體系》), the "Measures for the Ascertainment of Work-related Injuries" (《工傷認定辦法》) and the "Regulation on Work-related Injury Insurances" (《工傷保險條例》) of the PRC and other relevant laws and regulations in Hong Kong, and is committed to providing healthy, safe and hygienic working conditions for its staff.

Throughout the Reporting Period, the Company endeavoured to enhance its health and safety management and ensure both physical and mental well-being of its employees by providing a safe and comfortable working environment. We have established a system in place to ensure that all related matters are properly reported and managed. Throughout the Reporting Period, there were no reported cases of occupational fatalities or injury. Occupational health and safety management is a key focus for our offices in Hong Kong and the PRC. To minimise the occurence of health incidents and provide staff with a comfortable working environment, we implemented a series of preventative health measures in our offices, including:

- ensuring adequate lighting and ventilation in office;
- monitoring of in-door air quality; and
- providing sufficient sanitary supply, such as protection masks, antibacterial hand soap and alcohol-based antibacterial tissues.

Events	**FY20**	**FY19**
Number of reportable injuries[1]	0	0
Number of reportable occupational diseases	0	0
Number of lost days due to reportable injuries	0	0

Note:

1 In Hong Kong, reportable injuries refer to work-related accidents resulting in an employee's incapacity to work for a period exceeding three days.

B3 Development and Training

Employee Development and Training

We place great importance on the development of talents. We actively promote on-the-job training at all levels of employees, who are recommended to participate in various training courses, forums and seminars, with an aim to enhance their knowledge and working skills, which in turn help to create a competitive advantage for the Group.

Types of training participated by certain employees of the Company during the Reporting Period:

	Number of employees	
Type of training	**FY20**	**FY19**
Attending external trainings	3	1
Viewing updated directors' training webcasts published by the Stock Exchange	7	7

B4 Labour Standards

Prohibition of Child and Forced Labour

The Group has formulated human resource recruitment management measures in strict accordance with the Labour Law of the PRC. Violation of laws and regulations such as the "Labour Law of the People's Republic of China" (《中華人民共和國勞動法》) and the "Regulations on Prohibiting Use of Child Labour" (《禁止使用童工規定》) in relation to employment of child labour or forced labour is strictly prohibited. The Company was not aware of any recruitment of child or forced labour during the Reporting Period.

B5 Supply chain management

Sustainable Procurement

Supply chain management includes management of suppliers, materials, services sourcing and purchases. The Group's main suppliers include suppliers of solar power related products and system integration services. We generally select suppliers based on their scale of business and reputation. Our suppliers are required to comply with all relevant local and national laws and regulations in relation to environmental and social governance. When a supplier does not comply with our policy or contractual requirements, we will terminate our cooperation with the supplier until the situation has been improved.

During the Reporting Period, the Group was not aware that any key suppliers had any significant actual and potential non-compliance on business ethics, environmental protection, human rights and labour practices.

Number of key suppliers[1]	**FY20**	**FY19**
By region		
Tianjin	–	1
Anhui	1	1
Hebei	7	4
Shenzhen	–	1
Shaanxi	1	1
Total	9	8
Total purchases from key suppliers (RMB million)	80.8	127.1

Note:

1 The definition of "key suppliers" refers to suppliers of products and/or services to the Group of which the purchase value exceeded RMB1 million.

B6 Product Responsibility

Product & Service Quality Assurance Policy

The Group adheres to the business philosophy of "customer first, forge ahead" and upholds the "customer first" principle to provide quality products and services for customers. The Group strives to make sure all the products and services satisfy the relevant safety and quality requirements. We have well-established sales services, such as provisions of remote technical support and product installation and commissioning.

Since the Group is not engaged in manufacturing, the Group had not consumed any packaging materials during the Reporting Period.

In terms of quality and safety, we design plans for the photovoltaic power stations according to the technical requirements demanded by the customers, select equipment that fits the "Construction Law of People's Republic of China"(中華人民共和國建築法) and other national laws and regulations, as well as industry standards according to the aforesaid plans, and organise inspection of the construction quality subsequent to completion of construction and prior to operation of the power stations.

Customers are welcome to provide comments on our services. A dedicated customer service team is responsible for handling consumer complaint(s) and complaint(s) will be investigated by various management personnel. All complaint cases will be reported to senior management for review and approval. Remedial measures will be implemented to reduce the chance of re-occurrence of the same kind of compliant in the future.

Data Privacy Policy

We value the confidentiality of personal data and are committed to protecting customer information with care. Therefore, we have implemented the appropriate data protection measures in order to comply with the Personal Data (Privacy) Ordinance (Cap 486 of the Laws of Hong Kong). During the Reporting Period, the Group was not aware of any significant non-compliance with any applicable laws and regulations in relation to health and safety, advertising, labelling and privacy matters relating to products and services provided or methods of redress.

B7 Anti-Corruption

Anti-bribery and Anti-corruption

The Group strictly complies with the Prevention of Bribery Ordinance (Cap 201 of the Laws of Hong Kong) enforced by the Hong Kong Independent Commission Against Corruption to prevent unethical pursuit. We place great importance in maintaining the highest standards of integrity and honesty and have no tolerance for any misconduct case. Once a misconduct case is discovered and confirmed, the employee will be subjected to disciplinary action and the case will be reported to the related governing body when necessary.

During the year ended 31 March 2020, no significant risks relating to corruption were identified. There were no confirmed incidents in relation to corruption or public legal cases brought against the Group or its employees concerning corruption. There were also no confirmed incidents where contracts with business partners were terminated or not renewed due to violations relating to corruption during the Reporting Period.

B8 Community Investment

Supporting the Community

The Group always keeps in mind the importance of social responsibility since our establishment in 2000. We understand that having a sense of social responsibility will benefit our long-term financial performance and create value for the society. Corporate social responsibility has become an important component of the corporate culture of the Group. We encourage our employees to actively participate in community volunteer services, and call on our employees to serve and repay the society. We strive to fulfil our promises to contribute to the social development.

The Group has donated HK$100,000 to Oxfam Trailwalker during the Review Period.

Promoting a green and sustainable lifestyle has been a tradition of the Company. We share the responsibility to build a green community with blue sky which also balances environmental sustainability and urban prosperity.

Report of the Directors

The Board is pleased to present this Report of the Directors for the year ended 31 March 2020. All cross-references mentioned herein form part of this Report of the Directors.

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries of the Company are set out in note 40 to the consolidated financial statements of the Company for the year ended 31 March 2020 ("**Consolidated Financial Statements**").

An analysis of the Group's performance for the year under review by business segments is set out in note 6 to the Consolidated Financial Statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2020 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 64 of this annual report.

No interim dividend have been paid or declared by the Company during the year under review. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2020 (2019: Nil).

RESERVES

The Company may pay dividends out of share premium, retained earnings and other reserves provided that immediately following the payment of such dividends the Company will be in a position to pay off debts as they fall due in the ordinary course of business.

As at 31 March 2020, the Company did not have any distributable reserves (31 March 2019: Nil).

Details of the movements in the reserves of the Group and the Company during the year under review are set out on page 66 and page 148 respectively.

PROPERTY AND EQUIPMENT

Details of the movements in property and equipment of the Group are set out in note 15 to the Consolidated Financial Statements.

SHARE CAPITAL

The Company did not issue any shares or debentures during the year under review. Details of the movements in share capital of the Company are set out in note 31 to the Consolidated Financial Statements.

BUSINESS REVIEW

Further discussion and analysis of the business of the Group, including a business review for the year ended 31 March 2020, its likely future development and events occurred after the reporting period is set out in the section "Management Discussion and Analysis" of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

(1) Government Support

The development of the new energy business relies on the supportive policies of the PRC government. Despite the enactment of the Law of Renewable Energy of the PRC and the Thirteenth Five-Year Plan for the National Economic and Social Development for the purpose of promoting the development and utilisation of renewable energy, there is a risk that the PRC government may revise or suspend such supportive policies which would be a concern for market participants. However, considering the growing alert to the devastating consequences of global warming and increasing awareness in environmental protection, exploration of new energy has become a must across the globe.

(2) Fast technological advancement

The new energy power system integration business of the Group involves a large amount of equipment and related products required by solar energy, biomass and other energies power generation systems. The Group shall possess sound knowledge of and have quick adaptation to the changing installation technology. Fast technological advancement of equipment and installation techniques expose the Group to the risk of being unable to catch up with the latest technology of the industry. The Group shall familiarise itself with industry trends and characteristics, accumulate technological experience, arrange regular trainings for staff and catch up with advanced industry technology via its own projects in progress and external system integration projects so as to lay a more solid foundation for the continuous development of its new energy power system integration business. The technologies and products that the Group have been adopting may not be able to catch up with the rapid development of the solar photovoltaic industry. However, the Group will continue to conduct research and development and pay attention to the development of the technology in the new energy industry in the world in order to enhance the existing technology owned by the Group.

(3) Government regulations

The businesses which the Group operates in the PRC are subject to extensive industry standards and government regulations. If the Group fails to comply with these standards and regulations, the Group may incur liability and its operation and sales may be adversely affected. The Group will continually monitor its compliance with these standards and regulations.

(4) Funding, interest rate and foreign exchange

The Group's new energy power system integration business requires a substantial amount of capital investment. There is risk that the Group may not be able to raise adequate funds for the development of its future projects. The Group may consider seeking cooperation opportunities with other market participants in order to share the funding for future projects and/or seeking for equity and debt financing.

Changes in interest rate will certainly have an impact to the Group's cost of capital. With sound credibility, a stable debt structure and diversified financing channels, the Group has consistently enjoyed stable and reasonable financing interest rates.

The Group's business is primarily located in the PRC with most of its revenue and expenses denominated in Renminbi. Fluctuations in Renminbi exchange rate will result in foreign exchange gains or losses. The Group has not used any financial instruments for hedging purpose.

(5) Reliance on major customers

The Group did not enter into any long-term sales agreement with its customers, including the top five customers. There is no assurance that future orders placed by customers will be on the same or similar terms of the existing orders and the Group's major customers are not obligated in any way to continue placing purchase orders with the Group at the same prices. As such, it is essential for the Group to maintain good relationships with its major customers. If any of these major customers substantially reduces the volume and/or the value of the orders it places with the Group or terminates its business relationship with the Group entirely, there is no assurance that (i) the Group will be able to obtain orders from new customers or other existing customers to make up for such loss of sales; and (ii) even if the Group would be able to obtain other orders, they may not be on commercially comparable terms. As such, the Group's operations and financial results may be adversely affected.

(6) Risks arising from suppliers or sub-contractors

The Group has signed various contracts with its suppliers and sub-contractors. However, if these suppliers and sub-contractors are unable to perform their obligations to the Group or the Group's customers, the Group may be required to make additional remedy to ensure adequate performance and delivery of services to the Group's customers.

The Group does not have its own factories to produce solar power related products such as photovoltaic mounting brackets, solar trackers and the guardrail of the solar power stations. As such, the Group relies on purchasing such products from the suppliers. Any increase in the selling price of such solar power related products procured from the suppliers could have an adverse effect on the Group's financial results and profits. In addition, there is no assurance that the business relationships between the Group and the suppliers will not deteriorate in the future. If the suppliers terminate or reduce the supply of such solar power related products to the Group, the Group may not be able to procure sufficient quantity of such solar power related products from other existing suppliers or new suppliers on commercially reasonable terms and in a timely manner for delivery. Any interruption of, or decline in, the supply of such solar power related products could materially disrupt the Group's sales of solar power related products business.

Moreover, there may be disputes brought by the Group's customers, main contractors, sub-contractors or suppliers who seek to avoid payment or deny their obligations to perform certain duties under their contracts with the Group, which could have a material adverse impact on the Group's reputation, business, financial position and results of operations.

The Group will explore cooperation opportunities with new suppliers and sub-contractors to mitigate this risk.

(7) Volatility in the securities market and other financial risks

Volatility in the securities market may affect the Groups' investments in the share market. The Company is also subject to market risk, such as currency fluctuations, volatility of interest rates, credit risk, and liquidity risk in the normal course of the Group's business. Particulars of the financial risk management of the Group are set out in note 36B to the Consolidated Financial Statements.

The Company has established risk management and internal control systems to effectively monitor the risks facing the Group. Further details of which are set out in the paragraphs headed "Risk Management and Internal Control" in the corporate governance report of this annual report.

COMPLIANCE WITH REGULATIONS

There was no material breach of or non-compliance with the applicable laws and regulations such as the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong), the GEM Listing Rules and other applicable laws and regulations in the jurisdictions where the Group carried out operations during the year ended 31 March 2020.

SOCIAL RESPONSIBILITIES AND SERVICES AND ENVIRONMENTAL POLICY

The Group is committed to the long-term sustainability of its businesses and the communities in which it engages. It pursues this business approach by managing its business prudently and executing management decisions with due care and attention. For details, please refer to the section "Environmental, Social and Governance Report" of this annual report.

REMUNERATION POLICY

Remuneration packages are generally structured with reference to prevailing market rates and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors.

Apart from salary payments, there are other staff benefits including mandatory provident fund, medical insurance and performance related bonus. Share options may also be granted to eligible employees of the Group. For details, please refer to the paragraphs headed "Share Option Scheme" below.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Having effective relationships with employees, customers and suppliers is fundamental to any business. The Group fully understands this principle and maintains close relationship with its customers to fulfil their immediate and long-term needs. The Group also strives to maintain fair and co-operating relationships with its suppliers. During the year under review, policies have been in place for staff to refer opinions from the customers and suppliers of the Group to the Directors and senior management of the Group.

DIRECTORS

The Directors during the year ended 31 March 2020 and up to the date of this report were:

Mr. Chiu Tung Ping (Chairman)
Ms. Yuen Hing Lan
Mr. Hou Hsiao Bing (Retired on 26 August 2019)
Ms. Hu Xin
Mr. Tse Man Kit Keith (Appointed on 12 July 2019)
Ms. Ma Xingqin*
Mr. Meng Xianglin*
Mr. Dong Guangwu*

* *Independent non-executive Directors*

In accordance with Article 108(A) of the Articles of Association of the Company ("**Articles**"), Mr. Chiu Tung Ping, Ms. Yuen Hing Lan and Mr. Dong Guangwu will retire as Directors by rotation at the forthcoming annual general meeting of the Company ("**AGM**") and, being eligible, will offer themselves for re-election as Directors at the AGM. Detailed information of each of the Directors standing for re-election at the AGM will be set out in the circular in relation to the AGM to be despatched to the shareholders of the Company.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT OF THE GROUP

EXECUTIVE DIRECTORS

Mr. Chiu Tung Ping, aged 68, was appointed as an executive Director and the Chairman on 8 June 2011 and was appointed as the Chief Executive Officer with effect from 13 July 2012. He is in charge of the Group's strategic business development, executive management and monitoring of the Group's day-to-day operation. Mr. Chiu is a member of the 13th National Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第十三屆全國委員會委員). Mr. Chiu is also the chairman and general manager of Shaanxi Baike New Energy Technology Development Co., Ltd.* (陝西百科新能源科技發展有限公司), the director of City Max International Limited, China Technology Solar Power Holdings Limited (a company incorporated in the British Virgin Islands), Million Keen Limited, China Western Energy Holdings Limited, Delight Value Limited and China Technology Solar Power Holdings Limited (HK)* 中科光電控股有限公司, the authorised representative of Shaanxi Baike New Energy Technology Development Co., Ltd.* (陝西百科新能源科技發展有限公司) and Delight Value Limited and the company secretary of China Technology Solar Power Holdings Limited (HK)* (中科光電控股有限公司). Mr. Chiu was also the vice-chairperson of Gansu Province Industrial and Commercial Industry Association (甘肅省工商業聯合會). Mr. Chiu is the spouse of Ms. Yuen Hing Lan, an executive Director.

Ms. Yuen Hing Lan, aged 64, obtained the Bachelor of Public Health from Shanxi Medical School (山西醫學院) in 1979. Ms. Yuen is experienced in corporate management. Ms. Yuen was appointed as an executive Director on 8 June 2011. Ms. Yuen is also the deputy chairman of Shaanxi Baike New Energy Technology Development Co., Ltd.* (陝西百科新能源科技發展有限公司) and director of City Max International Limited and China Technology Solar Power Holdings Limited (HK)* (中科光電控股有限公司). Ms. Yuen is the spouse of Mr. Chiu Tung Ping, an executive Director and the Chairman.

Ms. Hu Xin, aged 37, was appointed as an executive Director on 19 March 2012 and has become the compliance officer and one of the authorised representatives of the Company starting from 13 July 2012. She obtained her Bachelor of Management in Accounting from Chongqing Institute of Technology (重慶工學院), presently known as Chongqing University of Technology (重慶理工大學). Ms. Hu had been the general accountant (總帳會計) of ST Electronics (Software Services) Ltd. (新鈳信息系统(深圳)有限公司) and was involved in financial management. Ms. Hu is also the director and authorised representative of Hami Dongke New Energy Technology Development Co., Ltd* (哈密東科新能源科技發展有限公司), the director of Shaanxi Baike New Energy Technology Development Co., Ltd.* (陝西百科新能源科技發展有限公司) and the manager of Hami Dongke New Energy Technology Development Co., Ltd* (哈密東科新能源科技發展有限公司). Ms. Hu has extensive experience in new energy power system data estimates.

* For identification purpose only

Mr. Tse Man Kit Keith, aged 46, was appointed as the chief financial officer and executive director of the Company on 1 May 2019 and 12 July 2019 respectively. He has been an independent non-executive director of (i) Beijing Enterprises Medical And Health Industry Group Limited (formerly known as Genvon Group Limited) (stock code: 2389) since September 2014; and (ii) Beijing Sports and Entertainment Industry Group Limited (formerly known as ASR Logistics Holdings Limited) (stock code: 1803) since January 2016, the shares of which are listed on the Main Board of the Stock Exchange. Mr. Tse has around 21 years of working experience in accounting and financial management. He was the chief financial officer and company secretary of Shunfeng International Clean Energy Limited (stock code: 1165), the shares of which are listed on the Main Board of the Stock Exchange from September 2010 to November 2018. Mr. Tse also served as (i) a qualified accountant of Fosun International Limited (stock code: 656), the shares of which are listed on the Main Board of the Stock Exchange, from March 2008 to August 2010; and (ii) a director of corporate accounting in Flash Electronics, Inc. from January 2007 to January 2008. He worked in various international accountant firms from 1997 to 2007. Mr. Tse is a fellow Certified Practising Accountant of CPA Australia and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Tse obtained a bachelor's degree in commerce, majoring in accountancy and finance from University of Wollongong, New South Wales, Australia in 1997. Mr. Tse was also the director of City Max International Limited and China Technology Industry Investment Limited (formerly known as China Technology Industry Group Limited).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Ma Xingqin, aged 32, graduated from the China University of Petroleum（中國石油大學（華東））in the PRC with a Bachelor degree in Accounting and a Master's degree in Management in 2009 and 2011 respectively. Ms. Ma is a member of the Chinese Institute of Certified Public Accountants (non-practising). Ms. Ma has more than eight years' experience in auditing and corporate financial management. Ms. Ma has worked in an accounting firm in the PRC. She was responsible for the accounting work until June 2018 in the Chongqing branch of Aluminum Corporation of China Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2600), the New York Stock Exchange (stock code: ACH) and the Shanghai Stock Exchange (stock code: SH601600). Ms. Ma was appointed as an independent non-executive Director on 19 July 2016.

Mr. Meng Xianglin, aged 56, graduated from Beijing College of Economics（北京經濟學院）(currently known as Capital University of Economics and Business（首都經濟貿易大學））and obtained a Bachelor's degree in Economics in 1987. After his graduation, Mr. Meng worked as a staff of the All-China Federation of Industry & Commerce（中華全國工商業聯合會）until 1992. From 1992 to 2001, he worked as a reporter, an editor and the chief editor at Zhong Hua Gong Shang Shi Bao She（中華工商時報社）. In 2000, he was granted with the qualification of senior editor（主任編輯）by the General Administration of Press and Publication of the PRC. From 2001 onwards, Mr. Meng is the chief executive officer of an investment company in Beijing. Mr. Meng is experienced in the media and publishing industry as well as investment. Mr. Meng was appointed as an independent non-executive Director on 27 November 2012.

Mr. Dong Guangwu, aged 48, graduated from Gangsu Agricultural University（甘肅農業大學）and obtained a Bachelor's degree in Agriculture in 1995. In 1996, Mr. Dong studied economic law on a part-time basis in the Northwest Institute of Politics and Law（西北政法學院）(currently known as Northwest University of Politics and Law（西北政法大學））and graduated in 1998. In 1998, Mr. Dong was granted the Chinese Lawyers Qualification Certificate（中國律師資格證書）by the Judicial Department of the PRC. Mr. Dong has been a practicing lawyer for more than 20 years and is currently a partner of a law firm in the PRC. Mr. Dong was appointed as an independent non-executive Director on 27 November 2012.

SENIOR MANAGEMENT

Ms. Chan Mi Ling, Anita, aged 53, is the financial controller, the qualified accountant, company secretary and one of the authorised representatives of the Company She is in charge of the Group's financial and accounting management Ms. Chan holds a Master degree in Business Administration from the University of Western Sydney in Australia and a Master degree in Professional Accounting from Jinan University in the PRC Ms. Chan is also a certified public accountant registered with the Hong Kong Institute of Certified Public Accountants, a fellow member of the Institute of Chartered Accountants in England and Wales and a fellow member of Association of Chartered Certified Accountants Ms. Chan has over 28 years' experience in the fields of auditing, accounting and finance and have been engaged in international certified public accountants firms, Hong Kong listed companies and multinational company listed overseas Ms. Chan joined the Group in July 2000

DIRECTORS' SERVICE CONTRACTS

There are no existing or proposed service contracts of the Directors with the Company which are not determinable by the Company within one year without payment of compensation other than statutory compensation.

The emoluments paid or payable to the Directors during the year under review was set out in note 12 to the Consolidated Financial Statements.

CONNECTED TRANSACTIONS

The related party transactions undertaken by the Group as set out in note 38 to the Consolidated Financial Statements constituted connected transactions of the Company. However, such transactions are exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENT AND CONTRACTS

Save as disclosed in this annual report, no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year ended 31 March 2020.

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

As at 31 March 2020, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2020, the following persons or entities, other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholder	Number of ordinary shares (Note 1)	Capacity	Approximate percentage of the Company's issued share capital as at 31 March 2020 (Note 2)
Mr. Huang Bo	434,129,674 (L) (Notes 3 and 4)	Beneficial owner (Notes 3 and 4)	23.66%
Mr. Hou Hsiao Bing	131,140,000 (L) (Note 5)	Beneficial owner (Note 5)	7.15%

Notes:

1. The letter "L" represents long position in the shares or underlying shares of the Company.

2. As at 31 March 2020, the issued share capital of the Company was 1,835,232,850 ordinary shares of HK$0.1 each.

3. On 11 July 2019, Good Million Investments Limited ("**Good Million**"), a substantial shareholder (as defined in the GEM Listing Rules) of the Company ("**Shareholder**"), entered into a sale and purchase agreement as vendor with Mr. Huang Bo, an independent third party who is an individual, as purchaser ("**Purchaser**") pursuant to which Good Million has agreed to sell 217,766,038 shares of the Company (representing approximately 11.87% of the total issued share capital of the Company as at 11 July 2019) held by it to the Purchaser.

   As at 11 July 2019, Good Million was owned as to 70% and 30% by Mr. Chiu Tung Ping ("**Mr. Chiu**"), an executive Director, the chairman of the Company and the chief executive officer of the Company, and Ms. Yuen Hing Lan ("**Ms. Yuen**"). Ms. Yuen is the spouse of Mr. Chiu.

   Upon completion of the disposal, Good Million ceased to be a substantial Shareholder and ceased to be interested in any shares.

4. On 2 March 2020, Creation Moral Limited ("**Creation Moral**"), a substantial Shareholder (as defined in the GEM Listing Rules) of the Company, entered into a sale and purchase agreement as vendor with Mr. Huang Bo, a substantial Shareholder (as defined in the GEM Listing Rules), as purchaser, pursuant to which Creation Moral has agreed to sell 216,363,636 shares of the Company (representing approximately 11.79% of the total issued share capital of the Company as at 2 March 2020) held by it to Mr. Huang Bo.

   As at 2 March 2020, Creation Moral is wholly-owned by Ms. Sun Aihui, an independent third party of the Company. Upon completion of the transfer of disposal, Creation Moral ceased to be a substantial Shareholder and Mr. Huang Bo held 434,129,674 shares in aggregate, representing approximately 23.66% of the total issued share capital of the Company as at 2 March 2020.

5. Mr. Hou Hsiao Bing retired as an executive Director with effect from 26 August 2019.

Save as disclosed above, as at 31 March 2020, no person or entity, other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO.

EQUITY-LINKED AGREEMENTS

Set out below are the equity-linked agreements entered into by the Company during the year ended 31 March 2020 or subsisted as at 31 March 2020:

Share Option Scheme

The Company has adopted a share option scheme ("**Share Option Scheme**") which became effective on 26 August 2014 and will remain in force for a period of 10 years until 20 August 2024.

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity ("**Invested Entity**") in which the Group holds an equity interest.

Eligible participants ("**Eligible Participants**") under the Share Option Scheme include (a) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of, or any individual for the time being seconded to work for, the Company, any of its subsidiary or any Invested Entity; (b) any non-executive Director (including independent non-executive Directors) of the Company, any subsidiary of the Company or any Invested Entity; (c) any supplier of goods or services to any member of the Group or any Invested Entity; (d) any customer of the Group or any Invested Entity; (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (g) any adviser (professional or otherwise) or consultant to the Group relating to business development of the Group or any member of the Group or any Invested Entity; and (h) any joint venture or business alliance of any member of the Group who have contributed to the development and growth of the Group.

The maximum number of shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

The initial total number of shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue as at the date of passing of the relevant resolution adopting the Share Option Scheme ("**General Scheme Limit**"). On 26 September 2018, the General Scheme Limit was refreshed and the maximum number of shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Group has been re-set at 10% of the shares in issue as at the date of approval of refreshing the General Scheme Limit. On the basis that there were a total of 1,726,012,850 shares in issue as at the date of passing the relevant resolution of the refreshment of the General Scheme Limit, the Directors were allowed to grant options to Eligible Participants to subscribe for a maximum of 172,601,285 ordinary shares of HK$0.10 each, representing approximately 8.1% of the issued shares of the Company as at the date of this report. Share options in respect of a total of 109,220,000 ordinary shares of HK$0.10 each have been granted by the Company under the Share Option Scheme to Eligible Participants and have all been exercised during the year ended 31 March 2019.

The maximum number of shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised, cancelled or outstanding options) to each Eligible Participant in any 12-month period shall not exceed 1% of the issued shares of the Company from time to time.

An offer of the grant of option may be accepted by an Eligible Participant within such time as may be specified in the offer (which shall not be later than 21 days from the offer date).

Unless otherwise determined by the Directors and stated in the offer for the grant of option to the grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

The subscription price for a share under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of a share of the Company.

During the Review Period, no options had been granted, exercised, cancelled or lapsed under the Share Option Scheme.

Convertible bonds

On 1 June 2011, the Company issued the ten-year zero coupon convertible bonds ("**2011 CB**") at par with a nominal value of HK$163,100,000 to the vendor, in acquiring of the entire issued share capital of China Technology Solar Power Holdings Limited, a company incorporated in the BVI with limited liability ("**CTSP (BVI)**"), and its subsidiaries ("**Target Group**"). The convertible bonds are denominated in Hong Kong dollars. The bonds entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the bonds and their settlement date on 1 June 2021 ("**Maturity Date**") at a conversion price of HK$0.5 per share. If the bonds have not been converted, they will be redeemed on Maturity Date at par.

The 2011 CB was divided into Tranche I Convertible bonds ("**Tranche I CB**") and Tranche II Convertible bonds ("**Tranche II CB**") of HK$113,100,000 and HK$50,000,000 respectively. For Tranche I CB, the CB holders are not subject to any restriction for exercising the conversion of Tranche I CB into share. For Tranche II CB, the principal amount would be subject to change in relation to a profit guarantee made by the vendor to the Company.

Referring to a supplementary agreement made between the vendor and the Company on 30 January 2012, the amount of profit guarantee was increased to HK$40,000,000 and the guarantee period was extended to 30 September 2012. In the event that the profit guarantee could not be achieved, the principal amount of the Tranche II CB will be adjusted to HK$0 if consolidated net profit after tax of the Target Group is equivalent to or less than HK$15,000,000 or a loss.

Based on the audited consolidated financial statements of the Target Group for the 12 months ended 30 September 2012, the Target Group recorded a loss of HK$77,000. On such basis, the amended target profit of HK$40,000,000 under the sale and purchase agreement (as supplemented by a supplemental agreement mentioned above) was not achieved and the principal amount of the Tranche II CB was adjusted to HK$0.

On 26 November 2013, 74,200,000 ordinary shares of HK$0.10 each were issued by the Company as a result of the exercise of the conversion rights attached to Tranche I CB in the principal amount of HK$37,100,000.

On 22 March 2016, 30,000,000 ordinary shares of HK$0.10 each were issued by the Company as a result of the exercise of the conversion rights attached to Tranche I CB in the principal amount of HK$15,000,000.

On 4 July 2018, 10,000,000 ordinary shares of HK$0.10 each were issued by the Company as a result of the exercise of the conversion rights attached to Tranche I CB in the principal amount of HK$5,000,000.

As at 31 March 2020, the aggregate outstanding principal amount of the 2011 CB was HK$44,000,000, which may be converted into 88,000,000 ordinary shares of HK$0.1 each in the share capital of the Company at a conversion price of HK$0.5 per share.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year under review.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of purchases and sales for the year attributable to the Group's major suppliers and customers for the year ended 31 March 2020 are as follows:

PURCHASES

- the largest supplier: Approximately 19.4 per cent.
- five largest suppliers in aggregate: Approximately 69.7 per cent.

SALES

- the largest customer: Approximately 87.6 per cent.
- five largest customers in aggregate: Approximately 100.0 per cent.

None of the Directors or their respective close associates (as defined in the GEM Listing Rules) or any shareholders of the Company (which to the knowledge of the Directors, owns more than five per cent. of the Company's issued share capital) had any interest in the major suppliers or customers disclosed above.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles, although there are no restrictions against such rights under the laws in the Cayman Islands.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at 31 March 2020, none of the Directors or his/her close associate(s) had an interest in a business which competes or may compete with the business of the Group. The Company did not have a controlling shareholder as at 31 March 2020 and as at the date of this report.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on page 18 to 31 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's issued shares were held by the public at the latest practicable date prior to the issue of this annual report.

DONATIONS

Donations of a total amount of HK$100,000 had been made by the Group for charitable or other purposes during the year ended 31 March 2020 (2019: Nil).

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in section 9 of the Companies (Directors' Report) Regulation (Chapter 622D of the Laws of Hong Kong)) for the benefit of the Directors is currently in force as at the date of this report and was in force throughout the year ended 31 March 2020. The Company has arranged appropriate insurance covering the Directors' and officers' liabilities in respect of legal actions against Directors, officers and senior management arising out of corporate activities.

AUDITORS

Deloitte Touche Tohmatsu was appointed as auditors of the Company with effect from 24 May 2019 to fill the causal vacancy following the resignation of Sky Base Partners CPA Limited.

Save as aforesaid, there has been no change of auditors of the Company in the preceding three financial years.

The audited financial statements of the Company for the year ended 31 March 2019 and 31 March 2020 have been audited by Deloitte Touche Tohmatsu, the auditors of the Company, who will retire and being eligible, offer themselves for reappointment at the forthcoming annual general meeting of the Company.

On behalf of the Board
Mr. Chiu Tung Ping
Chairman and executive Director

Hong Kong, 26 June 2020

Five Years Financial Summary

	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	HK$'000
			(Restated)	(Restated)	
Results:					
Revenue	**91,086**	162,783	79,458	10,644	192,417
(Loss) Profit attributable to owners of the Company	**(26,920)**	(53,529)	(5,113)	(289,506)	46,490
Assets and liabilities					
Total assets	**141,559**	161,691	136,714	162,248	587,956
Total liabilities	**(132,451)**	(121,730)	(82,221)	(106,524)	(183,293)
Net assets	**9,108**	39,961	54,493	55,724	404,663

Deloitte. 德勤

TO THE SHAREHOLDERS OF CHINA TECHNOLOGY INDUSTRY GROUP LIMITED
(formerly known as China Technology Solar Power Holdings Limited)
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Technology Industry Group, formerly known as China Technology Solar Power Holdings Limited, Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 64 to 151, which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are the matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of accounts receivable	
We identified impairment assessment of accounts receivable as a key audit matter due to the significance of accounts receivable to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the expected credit losses ("ECL") of the Group's accounts receivable at the end of the reporting period. As at 31 March 2020, the Group's net accounts receivable amounting to approximately RMB111,057,000, which represented approximately 78.45% of total assets of the Group and out of these accounts receivable of approximately RMB40,553,000 were past due.	Our procedures in relation to impairment assessment of accounts receivable included: • Understanding key controls on how the management estimates the loss allowance for accounts receivable;

KEY AUDIT MATTERS *(Continued)*

Key audit matter *(Continued)*

Impairment assessment of accounts receivable (Continued)

As disclosed in note 36 to the consolidated financial statements, accounts receivable from customers that with significant outstanding balance or that are credit-impaired amounted to RMB99,402,000, representing approximately 90% of the total outstanding accounts receivable, are assessed for ECL individually. The loss allowance amount is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses. In addition, the management of the Group estimates the amount of lifetime ECL of the remaining accounts receivable based on provision matrix through grouping of various debtors that have similar loss patterns. The ECL under individual assessment or provision matrix are determined after considering internal credit rating of trade debtors, ageing, repayment history and/or part due statues. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information.

As disclosed in note 8 to the consolidated financial statements, the Group recognised lifetime ECL on accounts receivable during the year ended 31 March 2020 amounted to approximately RMB13,828,000.

How our audit addressed the key audit matter *(Continued)*

- Challenging management's basis and judgement in determining credit loss allowance on accounts receivable as at 31 March 2020, including their identification and evaluation of accounts receivables with significant outstanding balances or credit-impaired that are individually assessed, the reasonableness of management's grouping of the remaining trade debtors into different categories in the provision matrix, and the basis of estimated loss rates applied in each category (with reference to historical default rates and forward-looking information);

- Testing the ageing analysis of accounts receivable as at 31 March 2020 used by management to develop the provision matrix on a sample basis, by comparing individual items in the analysis with the relevant sales agreements, sales invoices and other supporting documents; and

- Evaluating the disclosures regarding the impairment assessment of accounts receivable in notes 36 and 18 to the consolidated financial statements.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the directors of the Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is David Leung Ho Ming.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 June 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 31 March 2020

	Notes	2020 RMB'000	2019 RMB'000
Revenue	5	**91,086**	162,783
Cost of sales		**(82,401)**	(127,061)
Gross profit		**8,685**	35,722
Other revenue – bank interest income		**6**	19
Other gains and losses	7	**(977)**	(5,129)
Selling expenses		**(2,855)**	(2,678)
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")		**(813)**	(1,087)
Change in fair value of financial derivative liabilities		**53**	576
Administrative expenses		**(15,720)**	(12,095)
Impairment loss on goodwill	17	**–**	(32,072)
Impairment losses under expected credit loss model, net of reversal	8	**(13,704)**	(22,552)
Finance costs	9	**(4,669)**	(4,539)
Loss before tax	10	**(29,994)**	(43,835)
Income tax expense	11	**(859)**	(7,440)
Loss for the year		**(30,853)**	(51,275)
Total comprehensive expense for the year		**(30,853)**	(51,275)
(Loss) profit for the year attributable to:			
Owners of the Company		**(26,920)**	(53,529)
Non-controlling interests		**(3,933)**	2,254
		(30,853)	(51,275)
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(26,920)**	(53,529)
Non-controlling interests		**(3,933)**	2,254
		(30,853)	(51,275)
Loss per share	14		
Basic (RMB cents)		**(1.47)**	(3.26)
Diluted (RMB cents)		**(1.47)**	(3.26)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 31 March 2020

	Notes	31 March 2020 RMB'000	31 March 2019 RMB'000
Non-current assets			
Property and equipment	15	**676**	21
Right-of-use assets	16	**2,275**	–
Goodwill	17	**–**	–
Rental deposit		**255**	343
		3,206	364
Current assets			
Accounts and bills receivable	18	**111,057**	76,605
Debt instruments at FVTOCI	23	**–**	700
Other receivables, deposits and prepayments	19	**18,381**	55,768
Contract assets	21	**4,383**	24,661
Financial assets at fair value through profit or loss	22	**139**	952
Tax recoverable		**317**	–
Bank balances and cash	24	**4,076**	2,641
		138,353	161,327
Current liabilities			
Accounts payable	25	**29,149**	62,578
Other payables and accruals	26	**55,710**	25,984
Other loans	27	**10,511**	2,573
Taxation payable		**–**	2,034
Lease liabilities	28	**929**	–
		96,299	93,169
Net current assets		**42,054**	68,158
Total assets less current liabilities		**45,260**	68,522
Non-current liabilities			
Convertible bonds	29	**34,695**	28,561
Lease liabilities	28	**1,457**	–
		36,152	28,561
Net assets		**9,108**	39,961
Capital and reserves			
Share capital	31	**153,135**	153,135
Reserves		**(143,660)**	(125,808)
Equity attributable to owners of the Company		**9,475**	27,327
Non-controlling interests		**(367)**	12,634
Total equity		**9,108**	39,961

The consolidated financial statements on pages 64 to 151 were approved and authorised for issue by the Board of Directors on 26 June 2020 and are signed on its behalf by:

Chiu Tung Ping
Director

Tse Man Kit Keith
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 March 2020

	Attributable to owners of the Company									
	Share capital	**Share premium**	**Reserve arising from reorganisation**	**Exchange reserve**	**Equity transaction reserve**	**Share options reserve**	**Accumulated losses**	**Total**	**Non controlling interests**	**Total**
	RMB'000	RMB'000	RMB'000 (note a)	RMB'000	RMB'000 (note b)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2018 (restated)	117,718	123,342	(20,484)	156	–	–	(178,863)	41,869	10,380	52,249
(Loss) profit for the year	–	–	–	–	–	–	(53,529)	(53,529)	2,254	(51,275)
Total comprehensive (expense) income for the year	–	–	–	–	–	–	(53,529)	(53,529)	2,254	(51,275)
Recognition of equity-settled share-based payments (note 32)	–	–	–	–	–	2,070	–	2,070	–	2,070
Issue of shares upon conversion of convertible bonds (note 29)	856	2,190	–	–	–	–	–	3,046	–	3,046
Issue of shares upon exercise of share options (note 32)	9,628	2,070	–	–	–	(2,070)	–	9,628	–	9,628
Issue of shares pursuant to a placing agreement (note 31)	24,933	(690)	–	–	–	–	–	24,243	–	24,243
At 31 March 2019	153,135	126,912	(20,484)	156	–	–	(232,392)	27,327	12,634	39,961
Loss for the year	–	–	–	–	–	–	(26,920)	(26,920)	(3,933)	(30,853)
Total comprehensive expense for the year	–	–	–	–	–	–	(26,920)	(26,920)	(3,933)	(30,853)
Acquisition of additional interest in a non-wholly owned subsidiary (note 34)	–	–	–	–	823	–	8,245	9,068	(9,068)	–
At 31 March 2020	153,135	126,912	(20,484)	156	823	–	(251,067)	9,475	(367)	9,108

Notes:

a. Reserve arising from reorganisation

The reserve arising from reorganisation of approximately RMB20,484,000 represents the difference between the nominal value of the share capital of subsidiaries acquired and the cost of investments in these subsidiaries made by the Company in exchange thereof, and has been debited to the reserve of the Group.

b. Equity transaction reserve

The equity transaction reserve represents the effect of changes in the Group's ownership interests in existing subsidiaries without losing control and the consideration to be issued for the aforementioned transaction, which would be reclassified to share capital and share premium upon issuance of ordinary shares. Please refer to note 34 for details.

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 31 March 2020

	Note	2020 RMB'000	2019 RMB'000
OPERATING ACTIVITIES			
Loss before taxation		**(29,994)**	(43,835)
Adjustments for:			
Depreciation of property and equipment		**38**	85
Depreciation of right-of-use assets		**515**	–
Gain on disposal of right-of-use assets and lease liabilities		**(313)**	–
Interest income		**(6)**	(19)
Finance costs		**4,669**	4,539
Loss on fair value changes of financial assets at FVTPL		**813**	1,087
Gain on fair value changes of derivative financial liabilities		**(53)**	(576)
Impairment loss on goodwill		**–**	32,072
Impairment loss recognised under expected credit loss model		**13,704**	22,552
Gain on disposal of investments in subsidiaries		**–**	(19)
Gain on disposal of property and equipment		**–**	(69)
Loss on termination of a lease contract		**398**	–
Gain on write-back of other payables		**(1,404)**	–
Share-based payment expense		**–**	2,070
Foreign exchange loss		**2,296**	5,269
Operating cash flows before movements in working capital		**(6,529)**	23,156
Increase in accounts and bills receivable		**(48,280)**	(52,934)
Decrease in debt instruments at FVTOCI		**700**	17,800
Decrease (increase) in other receivables, deposits and prepayments		**39,797**	(43,576)
Increase in rental deposit		**–**	(343)
Decrease (increase) in contract assets		**20,437**	(24,832)
Decrease (increase) in accounts payable		**(8,429)**	47,271
Increase in other payables and accruals		**182**	5,592
Cash used in operations		**(2,122)**	(27,866)
Income taxes paid		**(3,210)**	(7,640)
NET CASH USED IN OPERATING ACTIVITIES		**(5,332)**	(35,506)
INVESTING ACTIVITIES			
Interest received		**6**	19
Purchase of property and equipment		**(693)**	–
Payment of rental deposit		**(255)**	–
Net cash inflow on disposal of investments in subsidiaries	7	**–**	2
Proceeds from disposal of property and equipment		**–**	56
Advances to an independent third party		**–**	(29,287)
Repayments from an independent third party		**–**	29,006
NET CASH USED IN INVESTING ACTIVITIES		**(942)**	(204)
FINANCING ACTIVITIES			
Raise of other loans		**7,260**	882
Repayment of other loans		**–**	(21,928)
Interest paid		**(119)**	(10,791)
Advances from a related party		**37,000**	–
Repayments to related parties		**(33,850)**	–
Advances from the owner of the solar power plant project		**4,250**	21,000
Repayments to the owner of the solar power plant project		**(6,700)**	(8,500)
Repayments of lease liabilities		**(132)**	–
Proceeds from issue of shares upon exercise of share option		**–**	9,628
Proceeds from issue of shares upon placing agreement		**–**	24,933
Payments for transaction costs on issue of share upon placing agreement		**–**	(690)
NET CASH FROM FINANCING ACTIVITIES		**7,709**	14,534
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**1,435**	(21,176)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**2,641**	23,817
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**4,076**	2,641
Represented by:			
Bank balances and cash		**4,076**	2,641

1. GENERAL

China Technology Industry Group Limited (formerly known as China Technology Solar Power Holdings Limited, the "Company", and together with its subsidiaries, collectively referred to as the "Group") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal places of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Room 1801, 18/F., Kai Tak Commercial Building, 317 & 319 Des Voeux Road Central, Hong Kong.

Pursuant to a special resolution duly passed at the extraordinary general meeting of the Company held on 17 February 2020, the English name of the Company has been changed from "China Technology Solar Power Holdings Limited" to "China Technology Industry Group Limited" and "中國科技產業集團有限公司" has been adopted as the dual foreign name of the Company with effect from 17 February 2020.

The Company act as an investment holding company. The principal activities of its principal subsidiaries are set out in note 40.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

NEW AND AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

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

2.1 HKFRS 16 Leases

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

Definition of a lease

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

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

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

NEW AND AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR (Continued)

As a lessee (Continued)

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

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

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

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

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

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied is 12%.

	As at 1 April 2019 RMB'000
Operating lease commitments disclosed as at 31 March 2019	4,153
Lease liabilities discounted at relevant incremental borrowing rates	3,519
Less: Practical expedient – leases with lease term ending within 12 months from the date of initial application	(667)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 April 2019	2,852
Analysed as	
Current	868
Non-current	1,984
	2,852

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

NEW AND AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR (Continued)

As a lessee (Continued)

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

	Right-of-use assets RMB'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	2,852
By class:	
Office properties	2,852

There is no impact of transition to HKFRS 16 in accumulated losses at 1 April 2019. The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019 RMB'000	Adjustments RMB'000	Carrying amounts under HKFRS 16 at 1 April 2019 RMB'000
Non-current assets			
Right-of-use assets	–	2,852	2,852
Current liabilities			
Lease liabilities	–	(868)	(868)
Non-current liabilities			
Lease liabilities	–	(1,984)	(1,984)

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 March 2020, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 April 2019 as disclosed above.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

NEW AND AMENDMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 16	Covid-19-related Rent Concession[5]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2020.

5 Effective for annual periods beginning on or after 1 June 2020.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

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

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

The principal accounting policies are set out below.

BASIS OF CONSOLIDATION

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

BASIS OF CONSOLIDATION (Continued)

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

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

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

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

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

Changes in the Group's interests in existing subsidiaries

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

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

BUSINESS COMBINATIONS

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

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

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

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

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

GOODWILL

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

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

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

OVER TIME REVENUE RECOGNITION: MEASUREMENT OF PROGRESS TOWARDS COMPLETE SATISFACTION OF A PERFORMANCE OBLIGATION

Output method

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

PRINCIPAL VERSUS AGENT

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

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

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

DEFINITION OF A LEASE (UPON APPLICATION OF HKFRS 16 IN ACCORDANCE WITH TRANSITIONS IN NOTE 2)

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

THE GROUP AS A LESSEE (UPON APPLICATION OF HKFRS 16 IN ACCORDANCE WITH TRANSITIONS IN NOTE 2)

Allocation of consideration to components of a contract

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

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

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

THE GROUP AS A LESSEE (UPON APPLICATION OF HKFRS 16 IN ACCORDANCE WITH TRANSITIONS IN NOTE 2) (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- amounts expected to be payable by the Group under residual value guarantees;
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

THE GROUP AS A LESSEE (UPON APPLICATION OF HKFRS 16 IN ACCORDANCE WITH TRANSITIONS IN NOTE 2) (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

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

The Group as a lessee (prior to 1 January 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FOREIGN CURRENCIES

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

BORROWING COSTS

Borrowing costs, other than those directly attributable to the acquisition, construction or production of qualifying assets, are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS AND TERMINATION BENEFITS

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

SHORT-TERM EMPLOYEE BENEFITS

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

SHARE-BASED PAYMENTS

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

TAXATION

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

TAXATION *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

PROPERTY AND EQUIPMENT

Property and equipment are tangible assets that are held for use in the supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

IMPAIRMENT ON PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment and right-of-use assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property and equipment and right-of-use assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

IMPAIRMENT ON PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS (Continued)

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

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

FINANCIAL INSTRUMENTS

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL ASSETS

Classification and subsequent measurement of financial assets

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

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

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

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

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

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

All other financial assets are subsequently measured at FVTPL.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL ASSETS (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

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

(ii) Debt instruments classified as at FVTOCI

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

(iii) Financial assets at FVTPL

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL ASSETS (Continued)

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

The Group performs impairment assessment under ECL model on financial assets (including rental deposits, accounts and bills receivable, other receivables and deposits, debt instruments at FVTOCI and bank balances), and other items (contract assets) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for accounts receivable and contract assets. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

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

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL ASSETS (Continued)

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

(i) Significant increase in credit risk *(Continued)*

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL ASSETS (Continued)

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

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL ASSETS (Continued)

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

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

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

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

Except for investments in debt instruments that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of accounts receivables, other receivables and deposits and contract assets where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the FVTOCI reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL ASSETS (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

FINANCIAL LIABILITIES AND EQUITY

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL LIABILITIES AND EQUITY (Continued)

Financial liabilities at FVTPL

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

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at amortised cost

Financial liabilities including accounts payable, other payables, other loans and the debt component of convertible bonds are subsequently measured at amortised cost, using the effective interest method.

CONVERTIBLE BONDS

A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative.

At the date of issue, both the debt component and derivative components are recognised at fair value. In subsequent periods, the debt component of the convertible bonds is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible bonds are allocated to the debt and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative component are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the convertible bonds using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

DERECOGNITION OF FINANCIAL LIABILITIES

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets nor financial liabilities within the scope of HKFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

Principal versus agent consideration (principal)

The Group engages in sales of solar power related products. In determining whether the Group is acting as a principal or as an agent in the sales of goods requires judgement and consideration of all relevant facts and circumstances. In evaluation of the Group acting as a principal or an agent, the Group considers whether it obtains control of the goods and if necessary, also considers individually or in combination, whether the Group is primarily responsible for fulfilling the contracts, is subject to inventory risk, has discretion in establishing prices for the goods. Significant judgement is required when inventory risk is not significant. Having considered the relevant facts and circumstances, management considers that the Group obtains control of solar power related products sold before the goods are transferred to the customers. Accordingly, the Group is acting as a principal and the corresponding revenue is presented on a gross basis.

KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Provision of ECL for accounts receivable

Accounts receivable that with significant outstanding balances are assessed for ECL individually. The loss allowance amount of the credit-impaired accounts receivable is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses. In addition, the management of the Group estimates the amount of lifetime ECL of the remaining accounts receivable based on provision matrix through group of various debtors that have similar loss patterns. The ECL under individual assessment or provision matrix are determined after considering internal credit ratings of trade debtors, repayment history and/or past due status of respective accounts receivable.

Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's accounts receivable are disclosed in notes 36 and 18 respectively.

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

KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Deferred tax asset

As at 31 March 2020, no deferred tax asset has been recognised on the tax losses of RMB20,005,000 (2019: RMB19,545,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a further recognition takes place.

Fair value measurement of financial instruments

The Group's derivative component of convertible bonds amounting to RMB213,000 as at 31 March 2020 (2019: RMB266,000) are measured at fair values with fair values being determined based on unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. Fair value measurement of financial instruments is set out in note 36C.

5. REVENUE

(i) Disaggregation of revenue from contracts with customers

	2020 **RMB'000**	2019 RMB'000
Types of goods or services		
Sales of solar power related products	**25,774**	79,978
Rendering of new energy power system integration services	**65,312**	82,805
Total	**91,086**	162,783
Timing of revenue recognition		
A point in time	**25,774**	79,978
Over time	**65,312**	82,805
Total	**91,086**	162,783

5. REVENUE *(Continued)*

(ii) Performance obligations for contracts with customers

Sales of solar power related products

The Group sells solar power related products directly to customers.

Revenue is recognised at a point in time when the goods are accepted by the customers after delivery to the customers' premises, since only by that time the Group passes control of the goods to the customers. The normal credit term is 30 to 180 days upon delivery.

Customers are generally required to make an advance payment of 20% to 30% of the total contract sum before the Group commences any work, and this will give rise to contract liabilities at the start of a contract. Generally, customers will be required to pay 95% of the total contract sum when the goods are delivered and accepted.

The Group normally provides a warranty period of around 12 months from the date that the solar power plant is connected to the grid or the last batch of the products under the contract is delivered to the customers' premises. For those contracts with warranty period provided, the outstanding balances representing the retention money of 5% of the total contract sum initially recognised as contract assets upon delivery of goods and will be transferred to trade receivables and paid to the Group in the absence of warranty claim after the warranty period.

New energy power system integration services

The Group provides new energy power system integration services to customers, such as engineering procurement construction ("EPC") services and design and consultancy services.

Revenue from EPC services is recognised as a performance obligation satisfied over time. The Group's performance under the EPC contracts creates or enhances assets without an alternative use to the Group. Further the Group has an enforceable right to payment for performance performed to date, the Group recognises revenue over time for EPC services. Revenue is recognised for these EPC services based on the stage of completion of the contract using the output method.

Revenue from design and consultancy services is recognised as a performance obligation satisfied over time. The Group's performance under the design and consultancy contracts does not create an asset with an alternative use to the Group. As the Group has an enforceable right to payment for performance completed to date, the Group recognises revenue over time for design and consultancy services. Revenue is recognised for these design and consultancy services based on the stage of completion of the contract using the output method.

5. REVENUE *(Continued)*

(ii) Performance obligations for contracts with customers (Continued)

New energy power system integration services *(Continued)*

During the course of providing integration services, customers are generally required to make progress payment. In general, customers will be required to pay 70% to 80% of amounts corresponding to the relevant services provided or customers will be required to pay 80% of the total contract sum upon the completion of the construction project and the solar power plant is connected to the grid. The Group will receive up to 95% to 97% of the total contract sum in one month to three months after the construction project is completed and the solar power plant is connected to the grid.

The Group normally provides a retention period of 12 months from the date that the solar power plant is connected to the grid. For those contracts with retention period provided, the outstanding balances representing the retention money of approximately 3% to 5% of the total contract sum initially recognised as the contract assets until the end of retention period and will be transferred to trade receivables and paid to the Group in the absence of warranty claim.

A contract asset is recognised over the period in which the integration services are performed representing the Group's rights to consideration for the services performed because the rights to billing are conditional upon specified payment milestone is reached. The Group typically transfers the contract assets to trade receivables when the Group achieved the specific milestones of payments in the corresponding contracts.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2020 for sales of solar power related products is RMB 11,925,000 which is expected to be recognised within one year. Part of the remaining performance obligations for new energy power system integration business as at 31 March 2019 were cancelled due to change of working arrangement with the customer, and the new contract is still under negotiation.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2019 and the expected timing of recognising revenue are as follows:

	Sales of solar power related products	**New energy power system integration business**	**Total**
	RMB'000	RMB'000	RMB'000
Within one year	36,725	239,440	276,165

6. OPERATING SEGMENTS

Information reported to the executive directors of the Company, being the chief operating decision maker (CODM), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

(a) Sales of solar power related products;

(b) New energy power system integration business;

(c) Sales of self-service automatic teller machine ("ATM") systems and printing systems; and

(d) Provision of hardware and software technical support services.

SEGMENT REVENUE AND RESULTS

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

For the year ended 31 March 2020

	Sales of solar power related products RMB'000	New energy power system integration business RMB'000	Sales of self-service ATM systems and printing systems RMB'000	Provision of hardware and software technical support services RMB'000	Total RMB'000
Revenue from external customers	25,774	65,312	–	–	91,086
Segment loss	(9,087)	(4,204)	(1,837)	(345)	(15,473)
Unallocated other gains and losses					(964)
Unallocated expenses					(8,128)
Change in fair value of financial assets at FVTPL					(813)
Change in fair value of financial derivative liabilities					53
Finance costs					(4,669)
Loss before taxation					(29,994)
Income tax expense	(502)	(357)	–	–	(859)
Loss for the year					(30,853)

6. OPERATING SEGMENTS *(Continued)*

SEGMENT REVENUE AND RESULTS (Continued)

For the year ended 31 March 2019

	Sales of solar power related products RMB'000	New energy power system integration business RMB'000	Sales of self-service ATM systems and printing systems RMB'000	Provision of hardware and software technical support services RMB'000	Total RMB'000
Revenue from external customers	79,978	82,805	–	–	162,783
Segment loss	(20,153)	(1,465)	(1,922)	(435)	(23,975)
Unallocated other gains and losses					(5,184)
Unallocated expenses					(9,626)
Change in fair value of financial assets at FVTPL					(1,087)
Change in fair value of financial derivative liabilities					576
Finance costs					(4,539)
Loss before taxation					(43,835)
Income tax expense	(694)	(7,742)	–	–	(8,436)
Unallocated income tax expense					996
Loss for the year					(51,275)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment loss represents the profit earned by/loss incurred from each segment without allocation of central administration expenses, unallocated other gains and losses, change in fair value of financial assets at FVTPL, change in fair value of financial derivative liabilities, finance costs and income tax expense. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

6. OPERATING SEGMENTS *(Continued)*

SEGMENT ASSETS AND LIABILITIES

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

As at 31 March 2020

	Sales of solar power related products RMB'000	New energy power system integration business RMB'000	Sales of self-service ATM systems and printing systems RMB'000	Provision of hardware and software technical support services RMB'000	Total RMB'000
Segment assets	**24,574**	**109,561**	**3,002**	**15**	**137,152**
Property and equipment (for corporate)					**676**
Right-of-use assets (for corporate)					**2,275**
Rental deposit (for corporate)					**255**
Other receivables, deposits and prepayments (for corporate)					**904**
Financial assets at fair value through profit or loss (for corporate)					**139**
Bank balances and cash (for corporate)					**158**
Total assets					**141,559**
Segment liabilities	**24,847**	**43,860**	**2,381**	**104**	**71,192**
Other payables and accruals (for corporate)					**13,667**
Other loans (for corporate)					**10,511**
Lease liabilities (for corporate)					**2,386**
Convertible bonds (for corporate)					**34,695**
Total liabilities					**132,451**

6. OPERATING SEGMENTS *(Continued)*

SEGMENT ASSETS AND LIABILITIES (Continued)

As at 31 March 2019

	Sales of solar power related products RMB'000	New energy power system integration business RMB'000	Sales of self-service ATM systems and printing systems RMB'000	Provision of hardware and software technical support services RMB'000	Total RMB'000
Segment assets	52,557	100,594	7,044	32	160,227
Other receivables, deposits and prepayments (for corporate)					253
Financial assets at fair value through profit or loss (for corporate)					952
Bank balances and cash (for corporate)					259
Total assets					161,691
Segment liabilities	19,923	57,341	3,107	742	81,113
Other payables and accruals (for corporate)					9,483
Other loans (for corporate)					2,573
Convertible bonds (for corporate)					28,561
Total liabilities					121,730

For the purpose of monitoring segment performance and allocating resources among segments:

– all assets are allocated to operating segments, other than corporate assets of the management companies and investment holdings companies; and

– all liabilities are allocated to operating segments, other than corporate liabilities of the management companies and investment holdings companies, such as other payables and accruals, other loans, lease liabilities and convertible bonds for corporate.

6. OPERATING SEGMENTS *(Continued)*

OTHER SEGMENT INFORMATION

Amounts included in the measure of segment profit or loss:

For the year ended 31 March 2020

	Sales of solar power related products RMB'000	New energy power system integration business RMB'000	Sales of self-service ATM systems and printing systems RMB'000	Provision of hardware and software technical support services RMB'000	Unallocated RMB'000	Total RMB'000
Depreciation of property and equipment	–	21	–	–	17	38
Depreciation of right-of-use assets	–	–	–	–	515	515
Impairment loss on accounts and other receivables recognised (reversed) in profit or loss	11,675	2,278	(99)	–	9	13,863
Impairment loss on contract assets recognised (reversed) in profit or loss	4	(163)	–	–	–	(159)

For the year ended 31 March 2019

	Sales of solar power related products RMB'000	New energy power system integration business RMB'000	Sales of self-service ATM systems and printing systems RMB'000	Provision of hardware and software technical support services RMB'000	Unallocated RMB'000	Total RMB'000
Depreciation of property and equipment	–	50	–	–	35	85
Impairment loss on goodwill	32,072	–	–	–	–	32,072
Impairment loss on accounts and other receivables recognised in profit or loss	894	21,487	–	–	–	22,381
Impairment loss on contract assets recognised in profit or loss	–	171	–	–	–	171
Gain on disposal of property and equipment	–	69	–	–	–	69

6. OPERATING SEGMENTS *(Continued)*

OTHER SEGMENT INFORMATION (Continued)

Amounts regularly provided to the chief operating decision marker but not included in the measure of segment profit or loss or segment assets:

For the year ended 31 March 2020

	Sales of solar power related products RMB'000	New energy power system integration business RMB'000	Sales of self-service ATM systems and printing systems RMB'000	Provision of hardware and software technical support services RMB'000	Total RMB'000
Interest income	**1**	**–**	**5**	**–**	**6**

For the year ended 31 March 2019

	Sales of solar power related products RMB'000	New energy power system integration business RMB'000	Sales of self-service ATM systems and printing systems RMB'000	Provision of hardware and software technical support services RMB'000	Total RMB'000
Interest income	8	9	2	–	19

6. OPERATING SEGMENTS *(Continued)*

GEOGRAPHICAL INFORMATION

No geographical analysis is provided as all of the consolidated revenue of the Group are generated from the PRC and substantially all non-current assets are located in the PRC.

INFORMATION ABOUT MAJOR CUSTOMERS

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

	2020 **RMB'000**	2019 RMB'000
Customer A – sales of solar power related products	**25,774**	77,044
Customer A – new energy power system integration	**53,991**	65,824
Customer B – new energy power system integration	**11,321**	16,981

7. OTHER GAINS AND LOSSES

	2020 **RMB'000**	2019 RMB'000
Gain on disposal of investments in subsidiaries (note a)	**–**	19
Gain on disposal of property and equipment	**–**	69
Foreign exchange loss	**(2,296)**	(5,269)
Gain on disposal of right-of-use assets and lease liabilities (note b)	**313**	–
Loss on termination of a lease contract	**(398)**	–
Gain on write-back of other payables (note c)	**1,404**	–
Others	**–**	52
	(977)	(5,129)

7. OTHER GAINS AND LOSSES *(Continued)*

Notes:

(a) On 4 September 2018, Gansu Zhongke New Energy Technology Limited* 甘肅眾科新能源科技有限公司 ("Gansu Zhongke") and its subsidiary were disposed of for a cash consideration of RMB190,000. The net assets of Gansu Zhongke and its subsidiary were RMB171,000 and realised a gain on disposal of subsidiaries of RMB19,000. Net cash inflow arising on disposal was RMB2,000 (net of bank balances and cash disposed of amounting to RMB188,000). Since the financial line items in arriving at the net assets of the subsidiaries up to the date of disposal are not individually material, no separate note was disclosed for the disposal of subsidiaries.

* The English name is for identification only. The official name of the entity is in Chinese.

(b) A lease contract of the Group was terminated on 30 June 2019 and a gain on disposal of right-of-use assets and lease liabilities of RMB313,000 was recognised.

(c) Being gain on write-back of other payables with long ageing.

8. IMPAIRMENT LOSSES UNDER EXEPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2020	2019
	RMB'000	RMB'000
Impairment losses recognised (reversed) on:		
– Accounts and bills receivable – goods and services	**13,828**	22,151
– Other receivables and deposits	**35**	230
– Contract assets	**(159)**	171
	13,704	22,552

Details of impairment assessment for the year ended 31 March 2020 are set out in note 36.

9. FINANCE COSTS

	2020	2019
	RMB'000	RMB'000
Effective interest on convertible bonds	**4,198**	3,628
Interest on other loans	**352**	911
Interest on lease liabilities	**119**	–
	4,669	4,539

10. LOSS BEFORE TAX

Loss before tax has been arrived at after charging (crediting):

	2020	2019
	RMB'000	RMB'000
Cost of inventories recognised as expenses	**22,213**	66,508
Depreciation of property and equipment	**38**	85
Depreciation of right-of-use assets	**515**	–
Auditors' remuneration	**1,830**	1,700
Minimum operating lease payments in respect of rented premises	**–**	907
Short-term lease payments	**686**	–
Foreign exchange loss	**(2,296)**	(5,269)
Staff costs (including directors' emoluments)		
– Salaries and other benefits	**6,780**	5,720
– Retirement benefit scheme contributions	**322**	182
– Share-based payment expense	**–**	2,070
	7,102	7,972

11. INCOME TAX EXPENSE

	2020	2019
	RMB'000	RMB'000
Current tax		
– PRC Enterprise Income Tax	**859**	5,633
Underprovision in prior years	**–**	2,803
Deferred tax (note 30)	**–**	(996)
	859	7,440

No provision for Hong Kong Profits Tax has been made as there is no assessable profit for the subsidiaries operating in Hong Kong during the year ended 31 March 2020 (2019: nil).

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

11. INCOME TAX EXPENSE *(Continued)*

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years, except for certain subsidiaries of the Group in the PRC are under the Western China Development Plan, and were approved to enjoy the preferential tax rate of 15% in accordance with the EIT Law and relevant regulations until 2020.

The income tax expense for the year can be reconciled to the loss before tax as per the consolidated statement of profit or loss and other comprehensive income as follows:

	2020 **RMB'000**	2019 RMB'000
Loss before tax	**(29,994)**	(43,835)
Tax credit at the domestic income tax rate of 25% (2019: 25%) (note)	**(7,499)**	(10,959)
Tax effect on expenses not deductible for tax purpose	**2,016**	11,290
Tax effect on income not taxable for tax purpose	**(13)**	(144)
Tax effect of tax losses/deductible temporary differences not recognised	**3,959**	5,960
Utilisation of tax losses/deductible temporary differences previously not recognised	**(67)**	–
Effect of different tax rates of subsidiaries	**2,463**	(1,510)
Underprovision in prior years	**–**	2,803
Income tax expense	**859**	7,440

Note: The domestic tax rate (which is PRC Enterprise Income Tax rate) in the jurisdiction where the operation of the Group is substantially based is used.

12. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(A) DIRECTORS' AND THE CHIEF EXECUTIVE'S

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Companies Ordinance, is as follows:

2020	**Fee RMB'000**	**Salaries and other emoluments RMB'000**	**Contribution to retirement benefit scheme RMB'000**	**Total RMB'000**
Executive directors:				
Chiu Tung Ping (note a)	**–**	**321**	**–**	**321**
Hou Hsiao Bing (note b)	**–**	**539**	**4**	**543**
Hu Xin	**–**	**239**	**–**	**239**
Yuen Hing Lan	**–**	**107**	**–**	**107**
Tse Man Kit Keith (note c)	**–**	**660**	**16**	**676**
Independent non-executive directors:				
Dong Guangwu	**213**	**–**	**–**	**213**
Meng Xianglin	**106**	**–**	**–**	**106**
Ma Xingqin	**36**	**–**	**–**	**36**
	355	**1,866**	**20**	**2,241**

2019	Fee RMB'000	Salaries and other emoluments RMB'000	Contribution to retirement benefit scheme RMB'000	Total RMB'000
Executive directors:				
Chiu Tung Ping (note a)	–	309	–	309
Hou Hsiao Bing (note b)	–	1,287	15	1,302
Hu Xin	–	182	–	182
Yuen Hing Lan	–	103	–	103
Independent non-executive directors:				
Dong Guangwu	207	–	–	207
Meng Xianglin	104	–	–	104
Ma Xingqin	36	–	–	36
	347	1,881	15	2,243

12. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

(A) DIRECTORS' AND THE CHIEF EXECUTIVE'S (Continued)

Notes:

(a) Being chief executive of the Group.

(b) Being retired by rotation as a director of the Company on 26 August 2019.

(c) Being appointed as a director of the Company on 12 July 2019.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2019: nil). The executive directors' emoluments were for their services in connection with the management of the affairs of the Company and the Group. The independent non–executive directors' emoluments were for their services as directors of the Company.

(B) EMPLOYEES' EMOLUMENTS

The five highest paid employees of the Group during the year included two directors (2019: three directors), details of whose remuneration are set out in note 12(A) above. Details of the remuneration for the year of the remaining three (2019: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2020 **RMB'000**	2019 RMB'000
Salaries, allowances and benefits in kind	**2,316**	1,850
Retirement benefit scheme contributions	**48**	31
	2,364	1,881

The number of the highest paid employees including directors of the Company whose remuneration fell within the following bands is as follows:

	2020 **No. of** **employees**	2019 No. of employees
Nil to HK$1,000,000	**4**	3
HK$1,500,001 to HK$2,000,000	**1**	2
	5	5

During the year ended 31 March 2020, no emoluments were paid by the Group to any of the directors or the chief executive of the Group or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2019: nil).

13. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2020, nor has any dividend been proposed since the end of reporting date (2019: nil).

14. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

Loss figures are calculated as follows:

	2020 RMB'000	2019 RMB'000
Loss for the year attributable to the owners of the Company and for the purpose of basic and diluted loss per share	**(26,920)**	(53,529)

	2020 '000	2019 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,836,042**	1,643,905

	2020 RMB cents	2019 RMB cents
Loss for the purpose of basic and diluted loss per share	**(1.47)**	(3.26)

The weighed average number of ordinary shares for the purpose of calculating basic loss per share has been taken into account 295,472,031 number of ordinary shares to be issued for the acquisition of additional interest in a subsidiary as details disclosed in note 34.

Outstanding convertible bonds of the Company are anti-dilutive since their exercise or conversion would result in a decrease in basic loss per share for both years ended 31 March 2019 and 2020.

Share options before exercise under the Scheme defined in note 32 are anti-dilutive since their exercise would result in a decrease in basic loss per share for the year ended 31 March 2019. No share options remain outstanding for the year ended 31 March 2020.

15. PROPERTY AND EQUIPMENT

	Leasehold improvements	Office equipment, furniture and fixtures	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost				
At 1 April 2018	1,980	4,385	1,276	7,641
Disposals	–	–	(203)	(203)
At 31 March 2019	1,980	4,385	1,073	7,438
Additions	618	75	–	693
At 31 March 2020	**2,598**	**4,460**	**1,073**	**8,131**
Accumulated depreciation				
At 1 April 2018	1,980	4,378	1,141	7,499
Provided for the year	–	4	81	85
Eliminated on disposals	–	–	(167)	(167)
At 31 March 2019	1,980	4,382	1,055	7,417
Provided for the year	17	3	18	38
At 31 March 2020	**1,997**	**4,385**	**1,073**	**7,455**
Carrying values				
At 31 March 2020	**601**	**75**	**–**	**676**
At 31 March 2019	–	3	18	21

The above items of property and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	Over the shorter of the lease term, or their useful lives in the range of 20% to 50%
Office equipment, furniture and fixtures	20% to 33%
Motor vehicles	20%

16. RIGHT-OF-USE ASSETS

	Leased properties RMB'000
As at 1 April 2019	
Carrying amount	2,852
As at 31 March 2020	
Carrying amount	2,275
For the year ended 31 March 2020	
Depreciation charge	515
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16	686
Total cash outflow for leases	937
Additions to right-of-use assets	2,559

For both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of 2 years to 3 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

RESTRICTIONS OR COVENANTS ON LEASES

In addition, lease liabilities of RMB2,386,000 are recognised with related right-of-use assets of RMB2,275,000 as at 31 March 2020. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

17. GOODWILL

	New energy power system integration business	Sales of solar power related products	Total
	RMB'000	RMB'000	RMB'000
Cost			
At 1 April 2018	215,855	40,587	256,442
Eliminated on disposal of subsidiaries (Note)	(19,103)	–	(19,103)
At 31 March 2019 and 31 March 2020	196,752	40,587	237,339
Impairment			
At 1 April 2018	215,855	8,515	224,370
Eliminated on disposal of subsidiaries (Note)	(19,103)	–	(19,103)
Impairment loss recognised in the year	–	32,072	32,072
At 31 March 2019 and 31 March 2020	**196,752**	**40,587**	**237,339**
Carrying values			
At 31 March 2019 and 31 March 2020	**–**	**–**	**–**

Note: As Gansu Zhongke and its subsidiary were disposed of during the year ended 31 March 2019, the goodwill associated with the related operation disposed which was fully impaired in prior periods was eliminated accordingly.

17. GOODWILL *(Continued)*

IMPAIRMENT TEST ON GOODWILL

For the purposes of impairment testing, goodwill have been allocated to an individual CGU, being Million Keen Limited and its subsidiaries ("Million Keen Group") engaged in the sales of solar power related products segment. The carrying amounts of goodwill (net of accumulated impairment losses) allocated to these units are as follows:

	Goodwill	
	2020	2019
	RMB'000	RMB'000
Sales of solar power related products – Million Keen Group	**–**	–

The basis of the recoverable amount of the above CGU and its major underlying assumptions are summarised below:

MILLION KEEN GROUP

As at 31 March 2019, the recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and discount rate of 18.72%. Million Keen Group's cash flows beyond the five-year period are extrapolated based on sales orders existing or expected to obtain in the next five-year period. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and operating margin defined as profit before tax divided by revenue, such estimation is based on the unit's past performance and management's expectations for the market development.

During the year ended 31 March 2019, due to adverse changes in market conditions, in particular, the release of the new governmental policy on cutting down the subsidy on solar electricity published on 31 May 2018, the management of the Group reviewed and reassessed the recoverable amount of the relevant CGU (which is the higher of its value-in-use and its fair value less costs of disposal) to determine whether there is any impairment loss. Because of the negative impact on the solar power industry as a result of the new government policy on solar electricity subsidy, the directors have consequently determined impairment of goodwill directly related to Million Keen Group amounting to RMB32,072,000. No other write-down of the assets of Million Keen Group is considered necessary.

The recoverable amount of the Million Keen Group is less than the carrying amount as at 31 March 2019. The impairment loss has been included in profit or loss in the impairment loss on goodwill line item.

18. ACCOUNTS AND BILLS RECEIVABLE

	2020 RMB'000	2019 RMB'000
Accounts receivable – contracts with customers	**128,591**	68,131
Bills receivable	**–**	12,180
Less: Allowance for credit losses	**(17,534)**	(3,706)
	111,057	76,605

As at 31 March 2020, accounts receivable from contracts with customers amounted to RMB111,057,000 (31 March 2019: RMB64,705,000; 1 April 2018: RMB45,822,000). Accounts receivable included amount of RMB11,700,000 due from a related company controlled by Mr. Huang Yuan Ming, the son of Mr. Huang Bo, a shareholder of the Company.

The Group normally allows credit period of 180 days (2019: 180 days).

The following is an aged analysis of accounts and bills receivable net of allowance for credit losses presented based on dates of delivery of goods/the invoice dates:

	2020 RMB'000	2019 RMB'000
0 to 90 days	**11,655**	56,270
91 to 180 days	**33,000**	–
Over 180 days	**66,402**	20,335
	111,057	76,605

As at 31 March 2020, included in the Group's accounts receivable balance are debtors with aggregate carrying amount of RMB40,553,000 (2019: RMB14,626,000) which are past due as at the reporting date. Out of the past due balances, RMB31,650,000 (2019: RMB11,746,000) has been past due 90 days or more and is not considered as in default as the management considers that there has not been a significant change in credit quality and the amounts are still considered recoverable based on historical experience and credit reassessment of each individual customer. The Group does not hold any collateral over these balances.

Details of impairment assessment of accounts and bills receivable are set out in note 36.

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2020 RMB'000	2019 RMB'000
Prepayments to suppliers	**2,546**	38,746
Retentions and deposits	**5,119**	5,146
Value-added tax recoverable	**1,059**	278
Other receivables (Note)	**11,129**	13,035
Less: Allowance for credit losses	**(1,472)**	(1,437)
	18,381	55,768

Note: As at 31 March 2020, other receivables included short-term loan advances of RMB805,000 to a related party controlled by Ms. Li Xiao Yan, a shareholder of the Company. The amount is unsecured, interest free and repayable on demand.

Details of impairment assessment of deposits and other receivables are set out in note 36.

20. TRANSFERS OF FINANCIAL ASSETS

TRANSFERRED FINANCIAL ASSETS THAT ARE NOT DERECOGNISED IN THEIR ENTIRETY

At 31 March 2020, the Group endorsed certain bills receivable in the PRC (the "Endorsed Bills") with a carrying amount of RMB nil (31 March 2019: 12,180,000) to certain suppliers in settlement of the accounts payable due to them. As the Group has not transferred the significant risks and rewards relating to these bills receivable, it continued to recognise the full carrying amount of the Endorsed Bills and the associated accounts payable being settled. The Endorsed Bills are carried at amortised cost in the Group's consolidated statement of financial position.

21. CONTRACT ASSETS

	2020 RMB'000	2019 RMB'000
Current assets – new energy power system integration business	**4,395**	24,832
Less: allowance for credit losses	**(12)**	(171)
Current assets – new energy power system integration business	**4,383**	24,661

As at 1 April 2018, no contract assets existed for the Group.

21. CONTRACT ASSETS *(Continued)*

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance in achieving specified milestones stipulated in the relevant contracts at the reporting date on new energy power system integration business. The contract assets are transferred to trade receivables when the rights become unconditional.

During the year ended 31 March 2020, allowance for credit losses of RMB159,000 has been reversed (2019: recognised allowance of RMB171,000) on the contract assets, details of which are set out in note 36.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets mandatorily measured at FVTPL:

	2020 **RMB'000**	2019 RMB'000
Listed securities held for trading:		
Equity securities listed in New York Stock Exchange		
classified as current assets	**139**	952

23. DEBT INSTRUMENTS AT FVTOCI

The maturity profile of the debt instruments at FVTOCI are as follows:

	2020 **RMB'000**	2019 RMB'000
Over 3 months but within 6 months	**–**	700

The balance represents bills receivable held by the Group and is measured at FVTOCI under HKFRS 9, since the bills receivable are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

Details of impairment assessment of debt instruments at FVTOCI are set out in note 36.

24. BANK BALANCES AND CASH

Bank balances carry interest at market rates ranging from 0.05% to 0.455% (2019: 0.05% to 0.35%) per annum.

For the year ended 31 March 2020, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

25. ACCOUNTS PAYABLE

The following is an aged analysis of accounts payable presented based on the invoice dates.

	2020 RMB'000	2019 RMB'000
0 to 60 days	**2,561**	34,434
91 to 180 days	**9,944**	22,793
Over 180 days	**16,644**	5,351
	29,149	62,578

The credit period is generally 90 to 180 days and certain suppliers are allowed a longer credit period on a case–by-case basis.

26. OTHER PAYABLES AND ACCRUALS

	2020 RMB'000	2019 RMB'000
Payroll payable	**1,094**	2,454
Amounts due to directors:		
– Mr. Hou Hsiao Bing (note i)	**2,310**	1,616
– Ms. Yuen Hing Lan (note i)	**869**	712
– Mr. Chiu Tung Ping(note i)	**2,029**	1,526
– Ms. Hu Xin (note i)	**472**	472
Amount due to Dynatek Limited ("Dynatek") (note ii)	**346**	464
Amounts due to related parties (note iii)	**40,450**	–
Other payables (note iv)	**2,782**	14,213
Other tax payables	**685**	2,008
Accrued expenses	**4,673**	2,519
	55,710	25,984

Notes:

(i) The amounts are non-trade in nature, unsecured, interest free and repayable on demand.

(ii) Mr. Hou Hsiao Bing, a former director of the Company, is the controlling shareholder of Dynatek. The amount is trade in nature, unsecured, interest free and repayable on demand.

The following is an aged analysis of amount due to Dynatek based on invoice dates.

	2020 RMB'000	2019 RMB'000
0 to 90 days	**80**	77
91 to 180 days	**81**	77
over 180 days	**185**	310
	346	464

26. OTHER PAYABLES AND ACCRUALS *(Continued)*

Notes: *(Continued)*

(iii) The amount represented short-term loan advances of RMB36,950,000 and RMB3,500,000 (31 March 2019: nil and nil) from Zhangbei Zhihui Energy Internet Demonstration Power Station Co., Ltd.* 張北智慧能源互聯網示範電站有限公司 ("Zhangbei Zhihui") and Hebei Hanneng Electricity Sales Co., Ltd.* 河北漢能售電有限公司 ("Hebei Hanneng"), the companies controlled by Mr. Huang Yuan Ming, the son of Mr. Huang Bo, a shareholder of the Company, which are non-trade in nature. The amount is unsecured, interest free and repayable on demand. Please refer note 42 for the revise in repayment terms subsequent to the year end date.

(iv) Other payables mainly included short-term loan advances of RMB250,000 (2019: RMB12,500,000) from the owner of the solar power plant project which is non-trade in nature. The amount is unsecured, interest free and is expected to be repaid within the next 12 months.

27. OTHER LOANS

	2020 **RMB'000**	2019 RMB'000
Loans from directors (note a)	**3,830**	2,573
Loan from a close family member of a shareholder (note b)	**6,681**	–
Total – current liabilities	**10,511**	2,573

Notes:

(a) The loans were advanced from the following executive directors:

	2020 **RMB'000**	2019 RMB'000
Mr. Tse Man Kit Keith (note i)	**1,089**	–
Mr. Chiu Tung Ping (note ii)	**2,741**	2,573
	3,830	2,573

i. The amount is interest bearing at a fixed interest rate of 12% per annum, unsecured and repayable on demand.

ii. The amount is non-interest bearing, unsecured and repayable on demand.

(b) The loan was advanced from Mr. Huang Yuan Ming, the son of Mr. Huang Bo, a shareholder of the Company. The loan is interest bearing at a fixed interest rate at 12% per annum, unsecured and repayable on demand. Please refer note 42 for the revise in repayment terms subsequent to the year end and date.

28. LEASE LIABILITIES

Lease liabilities payable:	2020 RMB'000
Within one year	929
Within a period of more than one year but not more than two years	887
Within a period of more than two years but not more than five years	570
	2,386
Less: Amount due for settlement with 12 months shown under current liabilities	929
Amount due for settlement after 12 months shown under non-current liabilities	1,457

As at 31 March 2020, all lease obligations are denominated in Hong Kong dollars, which is a currency other than the functional currencies of the relevant group entity.

29. CONVERTIBLE BONDS

2011 CONVERTIBLE BONDS ("2011 CB")

On 1 June 2011 ("Issue Date"), the Company issued a ten-year zero coupon convertible bonds at par with a nominal value of HK$163,100,000 (equivalent to RMB140,592,000) to Good Million Investments Limited (the "Vendor"), in acquiring from the Vendor of the entire issued share capital of China Technology Solar Power Holdings Limited, a company incorporated in the British Virgin Islands ("CTSP (BVI)"), and its subsidiaries ("Target Group"). The convertible bonds are denominated in HK$. The bonds entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the bonds and their settlement date on 1 June 2021 ("Maturity Date") at a conversion price of HK$0.5 per share. If the bonds have not been converted, they will be redeemed on Maturity Date at par.

The 2011 CB was divided into Tranche I convertible bonds ("Tranche I CB") and Tranche II convertible bonds ("Tranche II CB") of HK$113,100,000 (equivalent to RMB97,492,000) and HK$50,000,000 (equivalent to RMB43,100,000) respectively. For Tranche I CB, the CB holders are not subject to any restriction for exercising the conversion of Tranche I CB into share. For Tranche II CB, the amount should be subject to change in relation to a profit guarantee amounted to HK$30,000,000 (equivalent to RMB24,408,000) made by the Vendor to the Company during the year ended 30 March 2012. Pursuant to a supplementary agreement made between the Vendor and the Company on 30 January 2012, the amount of profit guarantee was increased to HK$40,000,000 (equivalent to RMB32,544,000) and the guarantee period was extended to 30 September 2012. In the event that the profit guarantee could not be achieved, the principal amount of the Tranche II CB will be adjusted to HK$0 if the profit guarantee is equivalent to or less than HK$15,000,000 (equivalent to RMB12,204,000) or a loss.

Based on the audited consolidated financial statements of the Target Group for the 12 months ended 30 September 2012, the Target Group recorded a loss of HK$77,000 (equivalent to RMB63,000). On such basis, the revised profit under the revised profit guarantee of HK$40,000,000 (equivalent to RMB32,544,000) was not achieved. Accordingly, the principal amount of the Tranche II CB in the principal amount of HK$50,000,000 (equivalent to RMB40,680,000) was adjusted to HK$0.

29. CONVERTIBLE BONDS *(Continued)*

2011 CONVERTIBLE BONDS ("2011 CB") *(Continued)*

For the year ended 31 March 2019, Tranche I CB with a nominal value of HK$5,000,000 (equivalent to RMB4,343,000) were converted by the bondholders into 10,000,000 ordinary shares at a conversion price of HK$0.5 per ordinary share. Up to 31 March 2020, Tranche I CB with a nominal value of HK$69,100,000 (equivalent to RMB55,973,000) had been converted by the bondholders into 138,200,000 ordinary shares at a conversion price of HK$0.5 per ordinary share.

The 2011 CB comprises two components:

(a) Debt component was initially measured at fair value amounted to approximately HK$29,943,000 (equivalent to RMB25,811,000). The effective interest rate of the liability component on initial recognition was 13.39% per annum.

(b) Derivative component comprises conversion right of the Bondholders. It is subsequently measured at fair value.

The fair value of the liability component of the convertible bonds at the issue date was valued by an independent professional valuer determined based on the present value of the estimated future cash outflows discounted at the prevailing market rate for an equivalent non-convertible loan.

	Debt component		**Derivative component**		**Total**	
	HK$'000	RMB'000	HK$'000	RMB'000	HK$'000	RMB'000
As at 1 April 2018	32,154	25,765	1,170	938	33,324	26,703
Conversion of convertible bonds	(3,397)	(2,950)	(119)	(96)	(3,516)	(3,046)
Interest charge	4,228	3,628	–	–	4,228	3,628
Exchange loss	–	1,852	–	–	–	1,852
Gain arising on changes of fair value	–	–	(741)	(576)	(741)	(576)
As at 31 March 2019	32,985	28,295	310	266	33,295	28,561
Interest charge	4,698	4,198	–	–	4,698	4,198
Exchange loss	–	1,989	–	–	–	1,989
Gain arising on changes of fair value	–	–	(77)	(53)	(77)	(53)
As at 31 March 2020	37,683	34,482	233	213	37,916	34,695

30. DEFERRED TAXATION

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

	2020 **RMB'000**	2019 RMB'000
Deferred tax assets	**–**	–
Deferred tax liabilities	**–**	–
	–	–

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

	Other Temporary differences RMB'000
At 1 April 2019	996
Credit to profit or loss	(996)
At 31 March 2019 and 31 March 2020	–

At the end of the reporting period, the Group has unused tax losses of RMB20,005,000 (31 March 2019: RMB19,545,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. These tax losses will expire in five years from the year they were incurred.

At the end of the reporting period, the Group has deductible temporary differences of RMB76,278,000 (31 March 2019: RMB62,574,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB97,015,000 (31 March 2019: RMB106,028,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

31. SHARE CAPITAL

	Number of shares		Share capital	
Ordinary shares of HK$0.1 each	**2020 '000**	2019 '000	**2020 HK$'000**	2019 HK$'000
Authorised				
At 1 April 2018, 31 March 2019 and 31 March 2020	**2,500,000**	2,500,000	**250,000**	250,000
Issued and fully paid				
At beginning of year	**1,835,233**	1,430,013	**183,523**	143,001
Issue of shares upon conversion of convertible bonds (note i)	**–**	10,000	**–**	1,000
Issue of shares upon exercise of share options (note ii)	**–**	109,220	**–**	10,922
Issue of shares pursuant to a placing agreement (note iii)	**–**	286,000	**–**	28,600
At end of year	**1,835,233**	1,835,233	**183,523**	183,523

	2020 RMB'000	2019 RMB'000
Presented in the consolidated financial statement as	**153,135**	153,135

31. SHARE CAPITAL *(Continued)*

Notes:

i. On 4 July 2018, HK$5,000,000 (equivalent to RMB4,279,000) convertible bonds were converted and 10,000,000 ordinary shares at HK$0.1 each were issued. The new shares rank pari passu with the existing shares in all respects.

ii. On 5 December 2018 and 4 January 2019, 31,220,000 ordinary shares and 78,000,000 ordinary shares were issued upon exercise of share options under the share option scheme, respectively. The new shares rank pari passu with the existing shares in all respects.

iii. On 2 August 2018, arrangements were made for a private placement to certain independent private investors of 286,000,000 ordinary shares of HK$0.1 each in the Company, at a price of HK$0.1 per ordinary share representing i) a premium of approximately 5.26% over the closing market price of HK$0.095 per share as quoted on the Stock Exchange on 2 August 2018, the date of the placing agreement, and ii) a premium of approximately 1.21% over the average closing price of HK$0.0988 per share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to 2 August 2018. The Placing was completed on 17 August 2018.

Pursuant to the placing agreement, the placees subscribed for 286,000,000 new ordinary shares of HK$0.1 each in the Company at a price of HK$0.1 per ordinary share. The proceeds were used to repay certain loans granted by an independent third party. These new shares were issued under the general mandate granted to the directors at the annual general meeting of the Company held on 25 September 2017 and rank pari passu with other shares in issue in all respects.

32. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company:

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 21 August 2014 for the primary purpose of providing incentives to directors and eligible employees. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

On 10 April 2018, share options to subscribe for up to 109,220,000 ordinary shares of HK$0.10 each in the share capital of the Company was granted to nine eligible employees of the Group, under the Scheme.

At 31 March 2019, the options had been fully exercised. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 30% of the shares of the Company in issue from time to time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Options granted must be taken up within 21 days of the date of grant, upon payment of HK$1 per option. Options may be exercised at any time from the date of grant of the share option to the second anniversary of the date of grant. The exercise price is determined by the directors of the Company to be fixed at the nominal value of the Company's share.

32. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Details of specific categories of options are as follows:

	Date of grant	Vesting period	Exercise period	Exercise Price
Employees	10 April 2018	Nil	10 April 2018 to 9 April 2020	HK$0.10 per share

The following table discloses movements of the Company's share options held by employees during the year:

Option type	Outstanding at 1 April 2018	Granted during the year	Exercised during the year	**Outstanding at 31 March 2019**
Employees	–	109,220,000	109,220,000	–

In respect of the share options exercised during the year ended 31 March 2019, the weighted average share price at the dates of exercise was HK$0.12.

During the year ended 31 March 2019, options were granted on 10 April 2018. The estimated fair values of the options granted are RMB2,070,000.

The fair values were calculated using the Binomial model. The inputs into the model were as follows:

	2019
Weighted average share price	HK$0.088
Exercise price	HK$0.10
Expected volatility	52.062%
Expected life	2 years
Risk-free rate	1.337%
Expected dividend yield	0.0%
Exercise multiple	2.20

Expected volatility was determined by using the historical daily volatility of the Company's share price. The expected life used in the model has been adjusted by exercise multiple, which defines early exercise strategy.

The Group recognised the total expense of RMB2,070,000 for the year ended 31 March 2019 in relation to share options granted by the Company.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

33. RETIREMENT BENEFITS PLANS

DEFINED CONTRIBUTION PLANS

The Group operates a MPF Scheme for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of the trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The employees of the subsidiaries in the PRC are members of the state-managed retirement benefits scheme operated by the PRC government. The Group is required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

34. ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY WITHOUT CHANGE OF CONTROL

On 20 December 2019, the Company entered into an equity interest transfer agreement to acquire 40% equity interest held by non-controlling interest in Tianjin Hengqing Solar Photovoltaic Technology Company Limited* 天津恒慶光伏科技有限公司 ("Tianjin Hengqing"), a non-wholly owned subsidiary of the Company, with total consideration to be satisfied by issuing ordinary shares of the Company. On 17 January 2020, the Company entered into a supplementary agreement with the counterparty and confirmed that the number of consideration shares to be issued was fixed at 295,472,031 shares. The transaction was completed upon all the conditions precedents attached with the equity interest transfer agreement fulfilled on 31 March 2020. The consideration shares of 295,472,031 ordinary shares of the Company was issued on 8 April 2020. Further details are set out in the Company's circular dated 23 January 2020.

In the view of the directors of the Company, the fixed numbers of shares of the Company to be issued in exchange for the 40% equity interest of a subsidiary (held by a non-controlling interest), is an equity transaction of the Group. As at 31 March 2020, the Company recorded the consideration of RMB20,278,000, which would be reclassified to share capital and share premium upon issuance of ordinary shares, and the difference between the consideration and non-controlling interests, in the equity transaction reserve.

* The English name is for identification only. The official name of the entity is in Chinese.

35. OPERATING LEASES

THE GROUP AS LESSEE

	2019 RMB'000
Minimum lease payments paid under operating leases during the year	907

The Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2019 RMB'000
Within one year	1,516
In the second to fifth year inclusive	2,637
	4,153

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases and rentals are negotiated and fixed for an average of two years.

36. FINANCIAL INSTRUMENTS

36A. CATEGORIES OF FINANCIAL INSTRUMENTS

	2020	2019
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost (including cash and cash equivalents)	**130,164**	95,990
Financial assets at FVTPL	**139**	952
Debt instruments at FVTOCI	**–**	700

	2020	2019
	RMB'000	RMB'000
Financial liabilities		
FVTPL – Convertible bond – derivative component	**213**	266
Amortised cost	**123,400**	112,449

36B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include rental deposit, accounts and bills receivable, other receivables and deposits, financial assets at FVTPL, debt instruments at FVTOCI, bank balances and cash, accounts payable, other payables, other loans and convertible bonds. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) *Currency risk*

The primary economic environment which the principal subsidiaries of the Company operates is the PRC and their functional currency is RMB. However, certain transactions of the Company and its subsidiaries including issue of convertible bonds and raise of the other loans, are denominated in foreign currencies.

36. FINANCIAL INSTRUMENTS *(Continued)*

36B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Market risk (Continued)

(i) Currency risk (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
HK$	**701**	559	**54,811**	34,234
United States dollars ("US$")	**141**	955	**–**	–
	842	1,514	**54,811**	34,234

The Group currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2019: 5%) increase and decrease in each relevant foreign currency against RMB. 5% (2019: 5%) is the sensitivity rate used that represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currencies denominated monetary items and adjusts their translation at the reporting date for a 5% (2019: 5%) change in foreign currencies rates. A positive number below indicates an increase in loss for the year where the RMB weakening 5% against the relevant currencies. For a 5% strengthens of the RMB against the relevant currencies, there would be an equal and opposite impact on the loss for the year, and the amounts below would be negative.

	Profit or loss	
	2020	2019
	RMB'000	RMB'000
HK$	**(2,705)**	(1,684)
US$	**7**	48

36. FINANCIAL INSTRUMENTS *(Continued)*

36B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate other loans and convertible bonds (see notes 27 and 29 for details of other loans and liability component of convertible bonds). The Group aims at keeping borrowings at fixed rates to minimise the exposure on cash flow interest rate risk. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 24 for details). The directors of the Company monitor interest rate exposures and will consider hedging significant interest rate risk should the need arise.

The directors consider the Group's exposure to cash flow interest rate risk of bank balances is not significant, hence, no sensitivity analysis is presented for the years ended 31 March 2020 and 2019.

(iii) Other price risk

The Group is exposed to equity price risk through its financial assets at FVTPL and derivative component of convertible bonds. The Group's objective is to earn competitive relative return by investing in high quality and liquid securities.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date.

If the prices of the respective equity instruments had been 5% (2019: 5%) higher/lower, the loss for the year ended 31 March 2020 would have decreased/increased by RMB7,000 (2019: decrease/increase by RMB48,000) as a result of the changes in fair value of financial assets at FVTPL (2019: financial assets at FVTPL).

For derivative component of convertible bonds

The Group is required to estimate the fair values of the derivative component of convertible bond issued by the Company at the end of each reporting period, which therefore exposed the Group to equity price risk. The fair value adjustment will be affected either positively or negatively, amongst others, by the changes in risk-free rate, the Company's share price, share price volatility and foreign currency exchange rate. Details of the Convertible Bond issued by the Company are set out in note 29.

The sensitivity analyses below have been determined based on the exposure to the Company's share price and volatility only as the directors consider that the change in risk-free rate may not have significant financial impact on the fair values of derivative component of convertible bond. The exposure to foreign currency exchange rate of the convertible bond had been covered in note 36B(i) already.

36. FINANCIAL INSTRUMENTS *(Continued)*

36B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(1) Changes in share price

If the share price of the Company had been 10% higher/lower while all other input variables of the valuation models were held constant, the Group's loss for the year would have increased (decreased) as follows:

	2020 **RMB'000**	2019 RMB'000
Higher by 10%	**35**	113
Lower by 10%	**(79)**	(70)

(2) Changes in volatility

If the volatility to the valuation model had been 10% higher/lower while all other variables were held constant, the Group's loss for the year would have increased (decreased) as follows:

	2020 **RMB'000**	2019 RMB'000
Higher by 10%	**126**	283
Lower by 10%	**(94)**	(173)

Credit risk and impairment assessment

As at 31 March 2020, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised as rental deposit, accounts and bills receivable, debt instruments at FVTOCI, other receivables and deposits, contract assets and bank balances as stated in the consolidated statement of financial position.

In order to minimise credit risk, the Group regularly monitors the external credit ratings on the financial institutions based on available information at each reporting date for its bank balances which are placed in financial institutions with high credit rating. The credit rating information is supplied by independent rating agencies where available and, if not available, the credit management team uses other publicly available financial information.

The Group has concentration of credit risk as 81.5% (31 March 2019: 35.0%) and 100.0% (31 March 2019: 100.0%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

36. FINANCIAL INSTRUMENTS *(Continued)*

36B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk and impairment assessment (Continued)

Accounts receivable and contract assets arising from contracts with customers

The Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by estimation based on historical credit loss experience based on the past default experience of the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast conditions at the reporting date.

Rental deposit, bills receivable, other receivables and deposits

The Group assessed the impairment individually based on past due information which, in the opinion of the directors, have no significant increase in credit risk since initial recognition. ECL is estimated based on historical observed default rates over the expected life of debtors and is adjusted for forward-looking information that is available without undue cost or effort. Therefore, loss allowances of rental deposit, bills receivable, other receivables and deposits are assessed on 12m ECL basis. During the year ended 31 March 2020, expected credit losses on rental deposit, bills receivable, other receivables and deposits amounting to RMBnil, RMBnil and RMB35,000 (2019: N/A, RMB280,000 and RMB230,000), respectively was recognised in the profit or loss.

Bank balances

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

36. FINANCIAL INSTRUMENTS *(Continued)*

36B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk and impairment assessment (Continued)

Debt instruments at FVTOCI

The credit risks on debt instruments at FVTOCI which are bills receivable accepted by banks are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	**Description**	**Accounts receivable/ contract assets**	**Other financial assets/other items**
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit–impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit–impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit–impaired	Lifetime ECL – not credit–impaired
Loss	There is evidence indicating the asset is credit–impaired	Lifetime ECL – credit–impaired	Lifetime ECL – credit– impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

36. FINANCIAL INSTRUMENTS *(Continued)*

36B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, debt instruments at FVTOCI and contract assets, which are subject to ECL assessment:

2020	Notes	Internal credit rating	12m or lifetime ECL	2020 Gross carrying amount		2019 Gross carrying amount	
				RMB'000	RMB'000	RMB'000	RMB'000
Debt instruments at FVTOCI							
Bills receivable	23	Low risk	12m ECL	–	–	700	700
Financial assets at amortised cost							
Bank balances	24	N/A	12m ECL	4,076	4,076	2,641	2,641
Other receivables and deposits	19	Low risk	12m ECL	16,248	16,248	18,181	18,181
Accounts receivable	18	Low risk	Lifetime ECL not credit-impaired	11,700		50,618	
		Watch list	Lifetime ECL not credit-impaired	93,463		3,015	
		Doubtful	Lifetime ECL not credit-impaired	–		10,648	
		Loss	Lifetime ECL credit-impaired	23,428	128,591	3,850	68,131
Bills receivable	18	Low risk	12m ECL	–	–	12,180	12,180
Rental deposit		Low risk	12m ECL	255	255	–	–
Other items							
Contract assets	21	Low risk	Lifetime ECL not credit-impaired	4,395	4,395	24,832	24,832

Notes:

For accounts receivable and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determine the expected credit losses on these items by using a provision matrix.

Debtors which were credit-impaired with gross carrying amounts of RMB23,428,000 as at 31 March 2020 (2019: RMB3,850,000) were assessed individually.

36. FINANCIAL INSTRUMENTS *(Continued)*

36B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk and impairment assessment (Continued)

2020

Customer assessed individually		Expected credit loss rate	Gross carrying amounts RMB'000	Impairment loss allowance RMB'000	Net RMB'000
Account receivable					
Customer A	Watch list	3.17%	93,463	(2,964)	90,499
Customer C	Loss	62.00%	22,452	(13,920)	8,532
Customer D	Loss	62.00%	976	(605)	371
Contract assets					
Customer A	Low risk	0.27%	4,395	(12)	4,383

2019

Customer assessed individually		Expected credit loss rate	Gross carrying amounts RMB'000	Impairment loss allowance RMB'000	Net RMB'000
Account receivable					
Customer C	Loss	59.11%	3,850	(2,276)	1,574

The following table details the risk profile of accounts receivable, which are assessed collectively:

2020

Customer group assessed collectively	Accounts receivable – day past due Not past due (Not credit impaired)
Weighted average expected credit loss rate	0.38%
Total gross carrying amount (RMB'000)	11,700
Lifetime ECL (RMB'000)	(45)
Net carrying amount (RMB'000)	11,655

36. FINANCIAL INSTRUMENTS *(Continued)*

36B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk and impairment assessment (Continued)

2019

	Accounts receivable and contract assets – day past due			
Customer group assessed collectively	Not past due	Not more than 3 months	3-6 months	Total
	(Not credit impaired)			
Weighted average expected credit loss rate	0.94%	4.44%	4.48%	
Total gross carrying amount (RMB'000)	75,450	3,015	10,648	89,113
Lifetime ECL (RMB'000)	(709)	(134)	(478)	(1,321)
Net carrying amount (RMB'000)	74,741	2,881	10,170	87,792

During the year ended 31 March 2020, the Group provided RMB13,828,000 and reversed RMB159,000 (2019: recognised RMB22,151,000 and RMB171,000) impairment allowance for accounts and bills receivable and contract assets respectively, based on the provision matrix.

36. FINANCIAL INSTRUMENTS *(Continued)*

36B. *FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)*

Credit risk and impairment assessment (Continued)

The following table shows the movement in lifetime ECL that has been recognised for accounts receivable and contract assets under the simplified approach.

Accounts receivable	**Lifetime ECL (not credit-impaired)**	**Lifetime ECL (credit-impaired)**	**Total**
	RMB'000	RMB'000	RMB'000
At 1 April 2018	1,446	32,242	33,688
Transfer to credit-impaired	(243)	243	–
ECL recognised	–	22,182	22,182
Reversal of ECL	(53)	(258)	(311)
Write-off	–	(52,133)	(52,133)
As at 31 March 2019	1,150	2,276	3,426
Transfer to credit-impaired	(815)	815	–
ECL recognised	2,674	11,434	14,108
As at 31 March 2020	3,009	14,525	17,534

Contract assets	**Lifetime ECL (not credit-impaired)**	**Lifetime ECL (credit-impaired)**	**Total**
	RMB'000	RMB'000	RMB'000
At 1 April 2018	–	–	–
ECL recognised	171	–	171
As at 31 March 2019	171	–	171
ECL recognised	12	–	12
Reversal of ECL	(171)	–	(171)
As at 31 March 2020	12	–	12

The Group writes off an account receivable or contract asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the accounts receivable are over two years past due, whichever occurs earlier.

36. FINANCIAL INSTRUMENTS *(Continued)*

36B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk and impairment assessment (Continued)

The following tables show reconciliation of loss allowances that has been recognised for other receivables and deposits and debt instruments at FVTOCI using the general approach under HKFRS 9, with ECL allowance of RMB1,472,000 and RMBnil (2019: RMB1,437,000 and RMB280,000), respectively.

Other receivables and deposits	**12 m ECL**	**Lifetime ECL (credit-impaired)**	**Total**
	RMB'000	RMB'000	RMB'000
As at 1 April 2018	798	409	1,207
Transfer to 12M ECL	409	(409)	–
ECL recognised	417	–	417
Impairment losses reversed	(187)	–	(187)
As at 31 March 2019	1,437	–	1,437
ECL recognised	134	–	134
Impairment losses reversed	(99)	–	(99)
As at 31 March 2020	1,472	–	1,472

Bills receivable	**12 m ECL**
	RMB'000
As at 1 April 2018	–
ECL recognised	280
As at 31 March 2019	280
Impairment losses reversed	(280)
As at 31 March 2020	–

36. FINANCIAL INSTRUMENTS *(Continued)*

36B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surplus and the raising of loans to cover expected cash demands, subject to approval by the Company's directors when the borrowings exceed certain predetermined levels of authority.

The table below summarises the maturity profile of the Group's financial liabilities as at the end of reporting period, based on the contracted undiscounted payments. The maturity dates for other non–derivative financial liabilities are based on the agreed repayment dates.

	Weighted average interest rate %	On demands or within 1 year RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total contractual undiscounted cash flows RMB'000	Carrying amounts RMB'000
2020						
Accounts payables	–	29,149	–	–	29,149	29,149
Other payables and accruals	–	49,258	–	–	49,258	49,258
Other loans	8.76	11,401	–	–	11,401	10,511
Lease liabilities	4.68	952	952	635	2,539	2,386
Convertible bonds	13.39	–	39,666	–	39,666	34,482
		90,760	40,618	635	132,013	125,786

	Weighted average interest rate %	On demands or within 1 year RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total contractual undiscounted cash flows RMB'000	Carrying amounts RMB'000
2019						
Accounts payables	–	62,578	–	–	62,578	62,578
Other payables and accruals	–	19,003	–	–	19,003	19,003
Other loans	–	2,573	–	–	2,573	2,573
Convertible bonds	13.39	–	–	37,743	37,743	28,295
		84,154	–	37,743	121,897	112,449

36. FINANCIAL INSTRUMENTS *(Continued)*

36C. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Classified as	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
		2020 RMB'000	2019 RMB'000				
Held for trading – listed equity securities	Financial assets at FVTPL	**139**	952	Level 1	Quoted bid price in an active market	N/A	N/A
Debt instruments at FVTOCI	Financial assets at FVTOCI	**–**	700	Level 2	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the cash flows to be derived from the receivables	N/A	N/A
Derivative component in relation to the convertible bonds issued by the Group	Financial liabilities at FVTPL	**213**	266	Level 3	Binomial option pricing model Expected volatility: 91.96% (2019: 58.27%) Dividend yield: nil Risk-free rate: 0.58% (2019: 1.40%) Share price: HK$0.075 (2019: HK$0.1) Exercise price: HK$0.5 (2019: HK$0.5)	Expected volatility of 91.96%, taking into account the actual historical share price of the Company over the same time period as the convertible bond's remaining time to maturity	The higher the expected volatility, the higher the fair value

There were no transfers between Level 1 and 2 during the year.

Details of changes in Level 3 derivative component of convertible bond during the year ended 31 March 2020 and 2019 are set out in note 29.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

36. FINANCIAL INSTRUMENTS *(Continued)*

36C. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	As at 31/3/2020		As at 31/3/2019		Fair value hierarchy level
	Carrying amount RMB'000	**Fair value RMB'000**	Carrying amount RMB'000	Fair value RMB'000	
Debt component of convertible bond	**34,482**	**25,498**	28,295	28,066	Level 3

The fair value of the debt component of convertible bond as at 31 March 2020 and 2019 was determined by the directors with reference to the valuation performed by a firm of independent professional valuers. The fair value of the debt component of convertible bond is determined by discounted cash flow using the inputs including estimated cash flows over the remaining terms of the convertible bond and discount rate that reflected the credit risk of the Company.

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Other Loans RMB'000	**Amounts due to directors** RMB'000	**Advances from the owner of the solar power plant project** RMB'000	**Advances from related parties** RMB'000	**Convertible bonds** RMB'000	**Lease Liabilities** RMB'000	**Total** RMB'000
At 1 April 2019	2,573	4,326	12,500	–	28,561	2,852	50,812
Financing cash flows	7,260	–	(2,450)	3,150	–	(251)	7,709
Non-cash changes:							
The effect of off-set agreements (note 41)	–	–	(9,800)	37,300	–	–	27,500
Finance costs	352	–	–	–	4,198	119	4,669
Accrual of staff costs and other expenses	–	1,310	–	–	–	–	1,310
Gain arising on changes of fair value	–	–	–	–	(53)	–	(53)
Additions to lease liabilities	–	–	–	–	–	2,559	2,559
Deposal of lease liabilities (note 7)	–	–	–	–	–	(2,934)	(2,934)
Exchange adjustments	326	44	–	–	1,989	41	2,400
At 31 March 2020	10,511	5,680	250	40,450	34,695	2,386	93,972

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES
(Continued)

	Other Loans RMB'000	Interest payable RMB'000	Amounts due to directors RMB'000	Advances from an independent third party RMB'000	Convertible bonds RMB'000	Total RMB'000
At 1 April 2018	21,507	8,910	2,355	–	26,703	59,475
Financing cash flows	(21,046)	(10,791)	–	12,500	–	(19,337)
Non-cash changes:						
Finance costs	–	911	–	–	3,628	4,539
Accrual of staff costs and other expenses	–	–	1,807	–	–	1,807
Conversion of convertible bonds	–	–	–	–	(2,950)	(2,950)
Gain arising on changes of fair value	–	–	–	–	(672)	(672)
Exchange adjustments	2,112	970	164	–	1,852	5,098
At 31 March 2019	2,573	–	4,326	12,500	28,561	47,960

38. RELATED PARTY TRANSACTIONS

(A) TRANSACTION WITH RELATED PARTIES

During the year, the Group had transactions with the following related parties:

	2020 RMB'000	2019 RMB'000
Provision of new energy power system integration services to a related company controlled by Mr. Huang Yuan Ming, the son of Mr. Huang Bo, a shareholder of the Company.	**11,321**	–
Rental expenses in respect of office premises rented from		
– Dynatek (note i)	**320**	309
– Hou Hsiao Wen (note ii)	**–**	81
	320	390
Finance cost to:		
– Mr. Tse Man Kit Keith	**92**	–
– Mr. Huan Yuan Ming	**258**	–
	350	–

Notes:

(i) Dynatek is owned by Mr. Hou Hsiao Bing, a former executive director of the Company.

(ii) Mr. Hou Hsiao Wen is the younger brother of Mr. Hou Hsiao Bing.

The above transactions are determined in accordance with mutually agreed terms.

38. RELATED PARTY TRANSACTIONS *(Continued)*

(B) BALANCES WITH RELATED PARTIES

Details of the Group's balances with related parties are disclosed in notes 18, 19, 26 and 27.

(C) COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

	2020	2019
	RMB'000	RMB'000
Salaries and other benefits	**4,537**	4,076
Retirement benefit scheme contributions	**68**	46
	4,605	4,122

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2020 RMB'000	2019 RMB'000
Non-current assets		
Interests in subsidiaries	**29,337**	29,337
Amount due from a subsidiary	**22,850**	29,453
Right-of-use assets	**2,275**	–
Rental deposit	**255**	–
Property and equipment	**676**	–
	55,393	58,790
Current assets		
Other receivables, deposits and prepayments	**238**	207
Financial assets at FVTPL	**139**	952
Bank balances	**21**	22
	398	1,181
Current liabilities		
Other payables and accruals	**7,570**	5,077
Lease liabilities	**929**	–
	8,499	5,077
Net current liabilities	**(8,101)**	(3,896)
Total assets less current liabilities	**47,292**	54,894

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

	2020 **RMB'000**	2019 RMB'000
Non-current liabilities		
Convertible bonds	**34,695**	28,561
Lease liabilities	**1,457**	–
	36,152	28,561
Net assets	**11,140**	26,333
Capital and reserves		
Share capital	**153,135**	153,135
Reserves (Note)	**(141,995)**	(126,802)
Total equity	**11,140**	26,333

Note: movement in reserves of the Company

	Share premium RMB'000	**Share options reserve** RMB'000	**Accumulated losses** RMB'000	**Total** RMB'000
At 1 April 2018	123,342	–	(239,283)	(115,941)
Total comprehensive expense for the year	–	–	(14,431)	(14,431)
Recognition of equity-settled share-based payments	–	2,070	–	2,070
Issue of shares upon conversion of convertible bonds	2,190	–	–	2,190
Issue of shares upon exercise of share options	2,070	(2,070)	–	–
Issue of shares pursuant to a placing agreement	(690)	–	–	(690)
At 31 March 2019	126,912	–	(253,714)	(126,802)
Total comprehensive expense for the year	–	–	(15,193)	(15,193)
At 31 March 2020	126,912	–	(268,907)	(141,995)

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

40.1 GENERAL INFORMATION OF SUBSIDIARIES

Details of the principal subsidiaries held by the Company at the end of the reporting period are set out below:

Name of subsidiary	Place of incorporation/ registration/ operation	Issued and full paid share capital/ registered capital	Equity interest attributable to the Company as at		Principal activities
			2020 %	2019 %	
Indirectly held					
陝西百科新能源科技發展有限公司 Shaanxi Baike New Energy Technology Development Co., Ltd.*	The PRC	US$1,000,000	**100**	100	New energy power system integration
哈密東科新能源科技發展有限公司 Hami Dongke New Energy Technology Development Co., Ltd*	The PRC	RMB1,000,000	**100**	100	Renewable energy engineering, research, development and consulting services
Tianjin Hengqing	The PRC	RMB2,000,000	**100**	60	Sales of solar power related products
西藏立能光伏科技有限公司 Xizang Lineng Solar Photovoltaic Technology Company Limited*	The PRC	RMB1,000,000	**60**	60	Sales of solar power related products

* The English name is for identification only. The official name of the entity is in Chinese.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

40.2 DETAILS OF NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non–controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2020 %	2019 %	**2020 RMB'000**	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
Tianjin Hengqing	The PRC	**–**	40	**(3,566)**	1,805	**–**	12,634

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents the amount before intragroup eliminations.

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

40.2 DETAILS OF NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

Tianjin Hengqing and its subsidiary

	2020 RMB'000	2019 RMB'000
Current assets	**N/A**	51,508
Current liabilities	**N/A**	19,923
Equity attributable to owners of the Company	**N/A**	18,951
Non-controlling interests	**N/A**	12,634
Revenue	**25,758**	38,970
Expenses	**34,673**	34,458
(Loss)profit for the year	**(8,915)**	4,512
(Loss)profit attributable to owners of the Company	**(5,349)**	2,707
(Loss)profit attributable to non-controlling interests	**(3,566)**	1,805
Profit for the year	**(8,915)**	4,512
Total comprehensive (expense) income attributable to owners of the Company	**(5,349)**	2,707
Total comprehensive (expense) income attributable to non-controlling interests	**(3,566)**	1,805
Total comprehensive (expense) income for the year	**(8,915)**	4,512
Net cash outflows (inflows) from operating activities	**(10,032)**	3,724
Net cash inflows (outflows) from financing activities	**250**	(7,280)
Net cash outflows	**(9,782)**	(3,556)

41. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into a new lease agreement for the use of office properties for 3 years. On the lease commencement, the Group recognised RMB2,559,000 of right-of-use asset and RMB2,559,000 of lease liability.

In September and December 2019, the Group had entered into settlement agreements, pursuant to which the account payables due to two suppliers of RMB5,000,000 and RMB20,000,000, respectively, were transferred to the owner of the solar power plant project. On 5 December 2019, the Group had entered into an settlement agreement, pursuant to which the advances from the owner of the solar power plant project of totaling RMB37,300,000 were transferred to a related company. After the settlement, the amount due from the owner of the solar power plant project which was included in other receivables and advances from the owner of the solar power plant project was RMB2,500,000 and RMB250,000 respectively, as at 31 March 2020.

42. EVENTS AFTER THE REPORTING PERIOD

In April 2020, Zhangbei Zhihui and Hebei Hanneng, which are controlled by Mr. Huang Yuan Ming, the son of Mr. Huang Bo, a shareholder of the Company, with total balance of approximately RMB40,450,000 advanced to the Group as at 31 March 2020 as set out in note 26, have agreed to revise and extend the repayment date to August 2021.

A total of 295,472,031 ordinary shares of the Company were allotted and issued for acquisition of additional interest in Tianjin Hengqing on 8 April 2020 as disclosed in note 34.

On 9 April 2020, the Group entered into certain supply contracts with a PRC state-owned enterprise to sell towers for wind turbines and to provide technical services associated with the wind power projects for which the towers for wind turbines will be used, at a consideration of RMB189.6 million and RMB60 million, respectively.

43. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 26 June 2020.