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中科光電

CHINA TECHNOLOGY SOLAR POWER HOLDINGS LIMITED
中科光電控股有限公司*

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

2018 ANNUAL REPORT

* For identification purpose only

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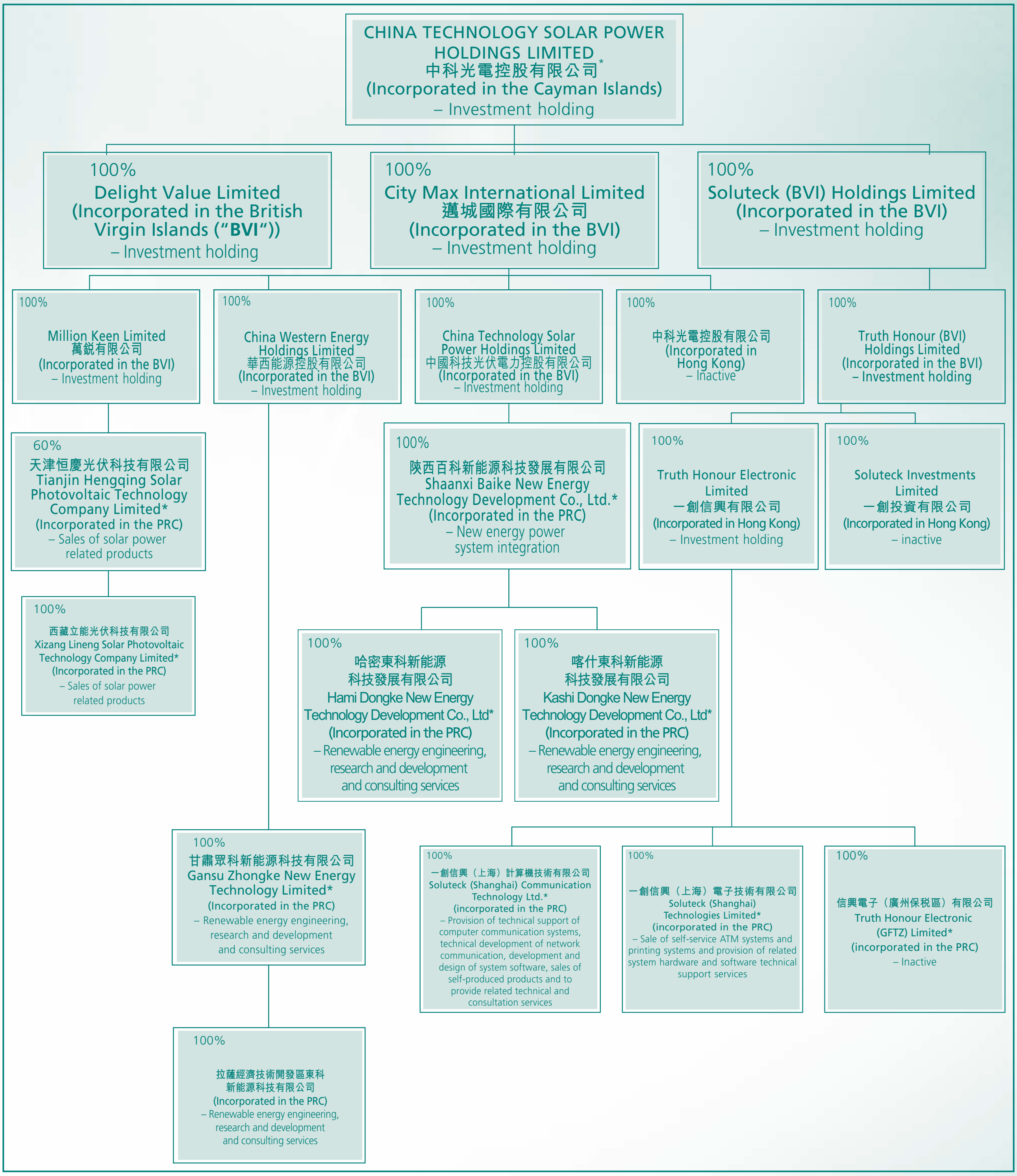
Contents

Corporate Structure

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



* *For identification purpose only*

Corporate Information

Executive Directors
Mr. Chiu Tung Ping
(Chairman and Chief executive officer)
Ms. Yuen Hing Lan
Mr. Hou Hsiao Bing
Ms. Hu Xin

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. Chiu Tung Ping *(Chairman)*
Ms. Yuen Hing Lan
Mr. Hou Hsiao Bing
Ms. Hu Xin

Auditors
Sky Base Partners CPA Limited
Level 20, Parkview Centre
7 Lau Li Street
Causeway Bay, 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
Room 1801, 18th Floor
Kai Tak Commercial Building
317 & 319 Des Voeux Road Central
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

ANNUAL RESULTS HIGHLIGHTS

The loss attributable to owners of the Company for the year ended 31 March 2018 was approximately HK$17.6 million (2017: loss attributable to owners of the Company of approximately HK$333.1 million).

The revenue of the Group for the year ended 31 March 2018 was approximately HK$94.0 million, representing an increase of approximately 667.6 per cent. as compared with the revenue of approximately HK$12.2 million for the year ended 31 March 2017.

Gross profit margin of the Group was approximately 18.1 per cent. for the year ended 31 March 2018, as compared to approximately 28.9 per cent. for the year ended 31 March 2017.

Basic loss per share for the year ended 31 March 2018 was approximately HK1.23 cents (2017: basic loss per share of approximately HK23.30 cents).

The Directors do not recommend the payment of a dividend for the year ended 31 March 2018 (2017: Nil).

I am pleased to present the annual results of China Technology Solar Power Holdings Limited and its subsidiaries for the year ended 31 March 2018.

BUSINESS REVIEW

The Group was principally 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 People's Republic of China ("**PRC**" or "**China**") during the year ended 31 March 2018.

The Group's revenue amounted to approximately HK$94.0 million for the year ended 31 March 2018, representing an increase of approximately 667.6 per cent. as compared with the revenue of approximately HK$12.2 million recorded for the year ended 31 March 2017. Such increase was attributable to the increase in revenue generated from the sales of solar power related products and new energy power system integration business by approximately HK$68.2 million and HK$14.2 million respectively during the year ended 31 March 2018, as compared with last year.

The Group's gross profit margin was approximately 18.1 per cent. for the year ended 31 March 2018, as compared to approximately 28.9 per cent. for the year ended 31 March 2017. The decrease in the gross profit margin was mainly as a result of the fierce competition in the PRC market.

Letter from the Chairman

The Group recorded a loss attributable to owners of the Company amounting to approximately HK$17.6 million for the year ended 31 March 2018 (2017: loss attributable to owners of the Company of approximately HK$333.1 million), mainly as a result of (i) the increase in revenue for the year ended 31 March 2018 as discussed above; (ii) the impairment loss in relation to goodwill arising from acquisition of subsidiaries engaging in new energy power system integration business and sales of solar power related products during the year ended 31 March 2018 has reduced significantly to approximately HK$4.8 million (2017: approximately HK$266.1 million); and (iii) the impairment loss on accounts and bills receivables during the year ended 31 March 2018 of approximately HK$0.5 million (2017: approximately HK$37.1 million).

Basic loss per share was approximately HK1.23 cents for the year ended 31 March 2018, as compared with the basic loss per share of approximately HK23.3 cents for the year ended 31 March 2017.

SALES OF SOLAR POWER RELATED PRODUCTS

During the year ended 31 March 2018, the Group was able to secure new contracts with its clients and the Group's sales of solar power related products have increased remarkably as compared to that of the last year. The revenue generated from the sales of solar power related products was approximately HK$79.8 million for the year ended 31 March 2018 (2017: approximately HK$11.6 million), accounted for approximately 84.8 per cent. of the Group's total revenue (2017: approximately 94.4 per cent.).

NEW ENERGY POWER SYSTEM INTEGRATION BUSINESS

The PRC government continues to support the development of the solar energy industry. The Thirteenth Five-Year Plan for the National Economic and Social Development has set clear targets on the development of different renewable energy technologies including but not limited to technologies relating to solar photovoltaic power and solar thermal power.

Considering the PRC government's 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 period under review. In November 2017, the Group, together with another energy company, entered into a subcontracting contract with a main contractor of a construction project of solar photovoltaic power station to be installed at the rooftop in Henan Province. The Group had commenced to provide these services in the first quarter of 2018. However, the construction project is currently put on hold pending further fundraising by the owner of the project.

The revenue generated from the new energy power system integration business was approximately HK$14.2 million during the year ended 31 March 2018 (2017: approximately HK$58,000). Such increase was attributable to (i) revenue of approximately HK$7.8 million arising from the provision of new energy power system integration services and technical consultation services during the construction of the Tibet Solar Power Station pursuant to the cooperation agreement as disclosed in the Company's announcements dated 19 August 2016 and 22 May 2017 and the paragraphs headed "Transfer of Land Use Right and Cooperation Agreement" in this report; and (ii) revenue of approximately HK$6.4 million arising from other new energy power system integration contracts such as the engineering consultation contracts entered into between the Group and an engineering contractor company in November 2017 for projects relating to provision of engineering consulting services for construction of solar photovoltaic power station, which are expected to have an aggregate capacity of 40MWp and 60MWp in Heilongjiang province and Shanxi province respectively. As at the date of this report, the Group had completed the provision of these services.

SALES OF SELF-SERVICE ATM SYSTEMS AND PRINTING SYSTEMS

The Group remains recognised as an ATM software, hardware and service company in the ATM sector and a marketing agent for Fuji Xerox for its printing systems in China.

The Group tries to put efforts on enhancing customer relationships, broadening business relationships and exploring new business opportunities in corporate outsourcing technical service sector.

DIVIDEND

The board of Directors ("**Board**") does not recommend the payment of a dividend for the year ended 31 March 2018 (2017: Nil).

APPRECIATION

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, 20 June 2018

Management Discussion and Analysis

REVENUE

During the year ended 31 March 2018, the Group was principally engaged in (i) sales of solar power related products; (ii) new energy power system integration business; (iii) sales of self-service ATM systems and printing systems; and (iv) provision of hardware and software technical support services in the PRC.

Revenues recognised during the year under review are as follows:

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Revenue		
Sales of solar power related products	**79,754**	11,565
New energy power system integration service income	**14,235**	58
Sales of self-service ATM systems and printing systems	**22**	–
Provision of hardware and software technical support services	**–**	625
	94,011	12,248
Other revenue		
Bank interest income	**50**	224
Bad debts recovery	**131**	–
Reversal of provision for doubtful debt	**1,215**	–
Gain on disposal of held-for-trading financial assets	**450**	–
Gain on disposal of property, plant and equipment	**95**	–
Compensation received from customer	**506**	–
Others	**82**	206
	2,529	430
Total revenue	**96,540**	12,678

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 2018, the Group was able to secure new contracts with its clients and the Group's sales of solar power related products have increased remarkably as compared to that of the last year.

The revenue generated from the sales of solar power related products was approximately HK$79.8 million for the year ended 31 March 2018 (2017: approximately HK$11.6 million), accounted for approximately 84.8 per cent. of the Group's total revenue (2017: approximately 94.4 per cent.).

NEW ENERGY POWER SYSTEM INTEGRATION BUSINESS

Considering the PRC government's 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. In November 2017, the Group, together with another energy company, entered into a subcontracting contract with a main contractor of a construction project of solar photovoltaic power station to be installed at the rooftop in Henan Province. The Group had commenced to provide these services in the first quarter of 2018. However, the construction project is currently put on hold pending further fundraising by the owner of the project.

The revenue generated from the new energy power system integration business was approximately HK$14.2 million during the year ended 31 March 2018 (2017: approximately HK$58,000). Such increase was attributable to (i) the revenue of approximately HK$7.8 million arising from provision of new energy power system integration services and technical consultation services during the construction of the Tibet Solar Power Station pursuant to the cooperation agreement as disclosed in the Company's announcements dated 19 August 2016 and 22 May 2017 and the paragraphs headed "Transfer of Land Use Right and Cooperation Agreement" in this report; and (ii) revenue of approximately HK$6.4 million arising from other new energy power system integration contracts such as the engineering consultation contracts entered into between the Group and an engineering contractor company in November 2017 for projects relating to provision of engineering consulting services for construction of solar photovoltaic power station, which are expected to have an aggregate capacity of 40MWp and 60MWp in Heilongjiang province and Shanxi province respectively. As at the date of this report, the Group had completed the provision of these services.

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.

SALES OF SELF-SERVICE ATM SYSTEMS AND PRINTING SYSTEMS

During the year ended 31 March 2018, the revenue generated from the sales of self-service ATM systems and printing systems was approximately HK$22,000 (2017: Nil), representing approximately 0.02 per cent. (2017: Nil) of the total revenue of the Group. Such increase was attributable to sales of ATM spareparts during the year ended 31 March 2018.

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 2018 (2017: approximately HK$625,000), representing a decrease of 100.0% as compared with that of the previous financial year, mainly as a result of the fierce competition in the PRC market.

SELLING EXPENSES

Selling expenses incurred by the Group for the year ended 31 March 2018 amounted to approximately HK$3.5 million (2017: approximately HK$3.1 million), representing an increase of approximately 13.8 per cent. because the Group had allocated more resources to explore new business opportunities during the year under review as compared to last year.

ADMINISTRATIVE EXPENSES

Administrative expenses incurred by the Group for the year ended 31 March 2018 amounted approximately HK$15.5 million (2017: approximately HK$14.2 million), mainly attributable to the general provision for obsolete stocks and impairment loss on accounts and bills receivables of approximately HK$0.7 million (2017: Nil) and HK$0.5 million (2017: approximately HK$37.1 million) respectively in the year under review.

Staff costs (including Directors' emoluments) which were included in both selling expenses and administrative expenses decreased by approximately 0.1 per cent. to approximately HK$9.0 million in aggregate (2017: approximately HK$9.0 million).

IMPAIRMENT LOSS ON GOODWILL

During the year ended 31 March 2018, (i) no impairment loss in respect of the goodwill arising in new energy power system integration business was recorded (2017: approximately HK$260.1 million); and (ii) an impairment loss of approximately HK$4.8 million (2017: approximately HK$6.0 million) in relation to goodwill arising from the sales of solar power related products was recorded, amounting to a total impairment loss on goodwill of approximately HK$4.8 million (2017: approximately HK$266.1 million).

FINANCE COSTS

For the year ended 31 March 2018, the Group has incurred the following finance costs:

	2018 **HK$'000**	2017 HK$'000
Imputed finance costs on convertible bonds	**3,977**	3,484
Interest on other loan	**2,381**	2,381
	6,358	5,865

INCOME TAX

The Group had an income tax expense for the year ended 31 March 2018 of approximately HK$3.2 million (2017: an income tax expense of approximately HK$10.1 million). Such decrease was due to a decision on the tax treatment ("**Tax Decision**") relating to 哈密東科新能源科技發展有限公司 (unofficial English translation as Hami Dongke New Energy Technology Development Co., Ltd) (a wholly-owned subsidiary of the Company incorporated in the PRC) ("**Hami Dongke**") dated 3 May 2017 issued by 哈密市國家税務局稽查局 (Hami City State Taxation Bureau Inspection Bureau) ("**Hami Tax Bureau**") during the year ended 31 March 2017.

According to the Tax Decision, after conducting inspection, Hami Tax Bureau ruled that (i) certain tax preferential treatments from the PRC Enterprise Income Tax previously enjoyed by Hami Dongke did not meet the requirements of the relevant tax regulations; (ii) Hami Tax Bureau did not agree to certain cost entry of Hami Dongke in year 2015; and (iii) as a result, Hami Dongke should pay the shortfall in the PRC Enterprise Income Tax for the year 2015 in the amount of RMB9,037,955 and the delinquency interests calculated at the daily rate of 0.05% ("**Tax Shortfall**") within 15 days from the receipt of the Tax Decision. As at the date of this report, full amount of the Tax Shortfall in an aggregate amount of RMB9,037,955 was settled.

LIQUIDITY, FINANCIAL RESOURCES AND TREASURY POLICIES

As at 31 March 2018, the Group had bank balances and cash amounting to a total of approximately HK$29.7 million (2017: approximately HK$13.2 million) denominated in Hong Kong dollars, Renminbi and United States dollars. The Group had no outstanding bank overdraft as at 31 March 2018 (31 March 2017: Nil).

The increase in bank balances and cash is mainly due to the raising of the other loan of HK$5.5 million (2017: HK$1.5 million) during the year ended 31 March 2018, the cash flows from investing activities of approximately HK$23.0 million (2017: cash flows used in investing activities of approximately HK$0.2 million), and the effect of foreign exchange rate changes of approximately HK$9.3 million (2017: decrease for approximately HK$8.9 million), which was partly offset by the cash used in operations of approximately HK$8.5 million (2017: cash from operations of approximately HK$17.9 million) and overseas taxation paid of approximately HK$12.7 million (2017: approximately HK$0.6 million) for the year ended 31 March 2018.

As at 31 March 2018, the Group had other loans made in Hong Kong dollars amounting to (i) approximately HK$19.8 million (2017: approximately HK$19.8 million), which was interest bearing at 12% per annum, unsecured and repayable on demand; and (ii) approximately HK$7.0 million (2017: approximately HK$1.5 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 2018, and did not have any outstanding hedging instrument as at 31 March 2018.

BANKING FACILITIES

As at 31 March 2018, the Company did not have any banking facilities.

CHARGES ON ASSETS

As of 31 March 2018, the Group did not pledge any asset to secure borrowings granted to the Group.

CURRENT RATIO

As at 31 March 2018, the Group's current ratio, represented by a ratio of current assets to current liabilities, was approximately 1.9 (31 March 2017: approximately 1.7). The current ratio remained stable as compared to that as at 31 March 2017.

GEARING RATIO

As at 31 March 2018, the gearing ratio of the Group, represented by the percentage of total liabilities over total assets was approximately 64.6 per cent. (2017: approximately 65.6 per cent.).

	31 March 2018	31 March 2017
	HK$'000	HK$'000
Total assets	**171,266**	187,539
Total liabilities	**110,610**	123,079
Gearing ratio	**64.6 per cent.**	65.6 per cent.

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

(i) the decrease in total assets of the Company by approximately HK$16.3 million as a result of the impairment loss on goodwill of approximately HK$4.8 million, the disposal of the held-for-trading financial assets of approximately HK$22.4 million, and the decrease in other receivables, deposits and prepayments of approximately HK$7.8 million, which was partly offset by the increase in bank balances and cash by approximately HK$16.5 million; and

(ii) the decrease in total liabilities of the Company by approximately HK$12.5 million which was due to the settlement of accounts payables, other payables and accruals and taxation by approximately HK$6.7 million, HK$5.8 million and HK$8.9 million respectively, which was partly offset by the increase in other loans of approximately HK$5.5 million during the year ended 31 March 2018.

The gearing ratio remained stable during the year under review.

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 2018, 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 2018, 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

TRANSFER OF LAND USE RIGHT AND COOPERATION AGREEMENT

On 19 August 2016, 拉孜百科新能源科技有限公司 (unofficial English translation being Lazi Baike New Energy Technology Limited) ("**Lazi Baike**"), an indirect wholly-owned subsidiary of the Company, and Lazi County People's Government entered into a land use right transfer agreement pursuant to which the Lazi County People's Government agreed to transfer to Lazi Baike the land use right of a parcel of land ("**Tibet Land**") located in the Lazi County of the Tibet Autonomous Region of the PRC with an area of approximately 550 mu at the price of RMB22.0 million.

On 19 August 2016, 陝西百科新能源科技發展有限公司 (unofficial English translation being Shaanxi Baike New Energy Technology Development Co., Ltd.) ("**Shaanxi Baike**"), an indirect wholly-owned subsidiary of the Company, and 喀什天慶光電科技有限公司 (unofficial English translation being Kashii Tianqing New Energy Co., Ltd) ("**Kashii Tianqing**") entered into a cooperation agreement ("**Cooperation Agreement**") pursuant to which, among other matters, Shaanxi Baike and Kashii Tianqing have agreed to cooperate in the construction of a large-scale grid-connected solar photovoltaic power station ("**Tibet Solar Power Station**") with an expected capacity of 20MW on the Tibet Land and Shaanxi Baike has agreed to transfer 100% interest in Lazi Baike to Kashii Tianqing after completion of the construction of the Tibet Solar Power Station and the power integration ("**Disposal**").

On 22 May 2017, Kashii Tianqing, Shaanxi Baike and 西藏中核新能源有限公司 (unofficial English translation being Xizang Zhonghe New Energy Co., Ltd.) ("**Xizang Zhonghe**") entered into an assignment agreement pursuant to which Kashii Tianqing agreed to transfer all its rights and obligations under the Cooperation Agreement to Xizang Zhonghe.

The Disposal was completed in May 2017. The Group recorded other revenue of approximately HK$0.5 million in the year ended 31 March 2018 as a result of the Disposal.

Further details of the purchase of the Tibet Land and the Cooperation Agreement are set out in the announcements of the Company dated 19 August 2016 and 22 May 2017.

Save as disclosed above, there were no other significant investments or material acquisition or disposal of subsidiaries by the Group during the year under review.

EMPLOYEES

As at 31 March 2018, the Group employed 5 and 37 staff in Hong Kong and the PRC respectively (31 March 2017: 6 in Hong Kong and 36 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 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 2018.

BUSINESS OUTLOOK

Considering the PRC government's 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 Review Period. In April 2018, Shaanxi Baike has entered into a strategic cooperation agreement ("**Strategic Cooperation Agreement**") with China Construction New Energy Technology Co., Ltd.* (國建新能科技股份有限公司) ("**China Construction**") in relation to certain new energy power station projects, so as to establish a long-term strategic partnership in the field of new energy (photovoltaic and wind power) power generation. To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, China Construction and its ultimate beneficial owners are third parities independent of the Company and its connected persons (as defined in the GEM Listing Rules).

Management Discussion and Analysis

The new energy power station projects include Zhong He Xin Cheng Rooftop Distributed Photovoltaic Power Generation Project in Henan ("**Zhong He Xin Cheng Project**") and Laiyuan Wind Power Station Project in Hebei ("**Laiyuan Project**"). Among them, Shaanxi Baike has entered into a formal subcontractor agreement with China Construction in relation to the Zhong He Xin Cheng Project at a contract price of RMB74.62 million. The Zhong He Xin Cheng Project has an expected capacity of 14MW and is expected to have its grid-connection completed in September 2018. In addition, subject to the terms and conditions of the Strategic Cooperation Agreement, China Construction has agreed to engage Shaanxi Baike for the provision of contractor services for the Laiyuan Project. The expected capacity of the Laiyuan Project is 100MW and the initial design is expected to be completed in May 2018. Shaanxi Baike and China Construction would then determine the terms and conditions of the formal agreement of the Laiyuan Project based on the initial design. It is expected that the grid-connection of the Laiyuan Project will be completed in December 2019.

The Strategic Cooperation Agreement serves as a framework agreement for the strategic cooperation between the parties. Specific terms of the new energy power station projects are subject to further negotiation, determination and signing of formal agreement between China Construction and Shaanxi Baike. The Company will make further announcement under the GEM Listing Rules when necessary.

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

The business of sales of solar power related products will continue to enhance the competitive strength of the Group as well as to seize market opportunities in the solar energy industry.

For the sales of self-service ATM systems and printing systems, the Group plans to focus on existing clients, suppliers and manufacturers of the ATM systems and printing systems. For hardware and software technical support services, since the revenue recorded for the provision of these services has been decreasing, the Group did not intend to further invest in this business. Such services will be provided as and when requested by the customers in connection with the sales of self-service ATM systems and printing systems.

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.

EVENTS AFTER THE REPORTING PERIOD

STRATEGIC COOPERATION AGREEMENT

In April 2018, Shaanxi Baike has entered into a strategic cooperation agreement with China Construction in relation to certain new energy power station projects, so as to establish a long-term strategic partnership in the field of new energy (photovoltaic and wind power) power generation.

Further details of which are set out in the paragraphs headed "Business Outlook" above in this section and the announcement of the Company dated 20 April 2018.

GRANT OF SHARE OPTIONS

The Company has adopted a share option scheme ("**Share Option Scheme**") which became effective on 26 August 2014.

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 participants, all being employees of the Group, under the Share Option Scheme. The exercise price of the options granted was HK$0.10 per share with an exercise period of 2 years from 10 April 2018 to 9 April 2020 (both dates inclusive). The closing price of the shares of the Company on the date of grant of options was HK$0.088 per share. Further details of the grant of share options and the Share Option Scheme are set out in the "Share Option Scheme" of the report of the directors of this report and the announcement of the Company dated 10 April 2018.

Save as disclosed above, up to the date of this report, no options had been granted, exercised, cancelled or lapsed under the Share Option Scheme. As at the date of this report, the total number of securities available for issue under the Share Option Scheme was 2,064 ordinary shares of HK$0.1 each in the share capital of the Company, representing approximately 0.00014% of the Company's shares in issue.

RESUMPTION OF DUTIES OF A SENIOR MANAGEMENT OF THE GROUP

Due to an investigation conducted by the Independent Commission Against Corruption of Hong Kong ("**ICAC**") against Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen, Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen had volunteered and the Board had agreed to suspend the day-to-day management duties of Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen with effect from 19 June 2015 until further notice. Mr. Hou Hsiao Bing has informed the Board that he and Mr. Hou Hsiao Wen have received written notifications from the ICAC dated 27 April 2017 stating that the investigation by the ICAC against them has come to an end and on the basis of the facts now known, no further investigation action in relation thereto will be pursued by the ICAC.

As such, having considered all related circumstances, the Board is satisfied that the ICAC investigation does not affect the integrity and suitability of Mr. Hou Hsiao Wen acting as the chief executive officer of the Group's ATM business. The day-to-day management duties of Mr. Hou Hsiao Wen as the chief executive officer of the Group's ATM business have been resumed with effect from 19 June 2018.

Further details of which are set out in the announcements of the Company dated 19 June 2015, 23 June 2017 and 19 June 2018.

(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 2018 ("**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 of A.2.7 of the CG Code requires the Chairman to hold meetings at least annually with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. As the Chairman is also an executive Director, compliance with this code provision is infeasible.

Code provision E.1.2

Under code provision E.1.2 of the CG Code, the Chairman should attend the annual 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 25 September 2017 ("**2017 AGM**"). Nevertheless, Ms. Hu Xin, an executive Director, presided as the chairman at the 2017 AGM 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)
Ms. Yuen Hing Lan
Mr. Hou Hsiao Bing
Ms. Hu Xin

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
Mr. Chiu Tung Ping	12/12	100%
Ms. Yuen Hing Lan	10/12	83%
Mr. Hou Hsiao Bing	1/12	8%
Ms. Hu Xin	12/12	100%
Ms. Ma Xingqin	8/12	67%
Mr. Meng Xianglin	12/12	100%
Mr. Dong Guangwu	1/12	8%

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 a well balance of 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 solar power generation and related 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 March 2016) 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 2018, 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 four 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 2018, 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 one meeting 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 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 period year ended 31 March 2018, 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.

A board diversity policy ("**Board Diversity Policy**") has been reviewed and recommended by the Nomination Committee and was subsequently adopted by the Board on 28 August 2013. In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria having due regard for the benefits of diversity on the Board.

The Nomination Committee developed measurable objectives to implement the 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 one meeting 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; and

5. 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 Review Period, 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.

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;

– 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 are responsible.

Attendance of Board committees meetings

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

	Audit Committee	**Remuneration Committee**	**Nomination Committee**	**Corporate Governance Committee**
Executive Directors				
Mr. Chiu Tung Ping	–	–	–	1/1
Ms. Yuen Hing Lan	–	–	–	1/1
Mr. Hou Hsiao Bing	–	–	–	0/1
Ms. Hu Xin	–	–	–	1/1
Independent non-executive Directors				
Ms. Ma Xingqin	4/4	1/1	1/1	–
Mr. Meng Xianglin	4/4	1/1	1/1	–
Mr. Dong Guangwu	0/4	0/1	0/1	–

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 57 to 61.

(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 continuing 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 trainings:

Name of Director	Type of training
Chiu Tung Ping	A, B
Yuen Hing Lan	A, B
Hou Hsiao Bing	A, B
Hu Xin	A, B, C
Ma Xingqin	A, B
Meng Xianglin	A, B
Dong Guangwu	A, B

Note:

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 (i) delisting: maintaining sufficient level of operations/assets; and (ii) regulatory landscape and enforcement trend of anti-money laundering/counter-terrorist financing regulations in Hong Kong.

(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 Board policies and procedures are followed; advises the Board on governance matters, facilitates induction and monitors the training and continuing 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 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 HK$480,000, which was fees for their services rendered for auditing and taxation.

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 (HK$)**
Audit services	480,000
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. Qualified personnel and individual department heads throughout the Group maintain and monitor the compliance to these controls on an ongoing basis and report variance to senior management.

The Group does not have an internal audit function due to the size of the Group and for cost effectiveness consideration. During the Review Period, the Board, appoints its external auditors, Sky Base Partners CPA Limited, to carry out the annual review for the Review Period on the effectiveness of the risk management and internal control systems. The external auditors had reported during the Audit Committee meetings 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 material issues on the Group's risk management and internal control systems have been identified during the Review Period which required significant rectification works.

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 made by the external auditors and the Audit Committee, the Board considered the risk management and internal control systems of the Group are effective 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 2017 AGM was held and the attendance of each Director is set out as follows:

Directors	Attendance of the 2017 AGM
Executive Directors	
Mr. Chiu Tung Ping	0/1
Ms. Yuen Hing Lan	0/1
Mr. Hou Hsiao Bing	1/1
Ms. Hu Xin	1/1
Independent non-executive Directors	
Ms. Ma Xingqin	0/1
Mr. Meng Xianglin	0/1
Mr. Dong Guangwu	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. Due to other commitments which must be attended by the Chairman, the Chairman was unable to attend the 2017 AGM. Nevertheless, Ms. Hu Xin, an executive Director, presided as the chairman of the 2017 AGM to answer questions from the shareholders.

(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.

Environmental, Social and Governance Report

China Technology Solar Power Holdings Limited (the "**Company**", "**We**", or "**Our**") presents this Environmental, Social and Governance ("**ESG**") Report for the year ended 31 March 2018 (the "**Reporting Period**" or "**FY18**"), in accordance with Appendix 20 - Environmental, Social and Governance ("**ESG**") Reporting Guide of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited ("**GEM Listing Rules**").

This 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 syetems; 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 2018.

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

B2 Health and Safety

Workplace and Occupational Health and Safety

B3 Development and Training

Employee Development and Training

B4 Labour Standards

Anti-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 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 program 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;

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 the generation of exhaust is controlled. Meanwhile, employees are encouraged to take public transportation in their commute.

Unless otherwise specified, the 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	**FY18**
Total Greenhouse Gas ("**GHG**") emissions (Scope 1 and 2) (tonnes)	24.99
Direct emissions (Scope 1) (tonnes)	–
Energy Indirect emissions (Scope 2) (tonnes)	
– Electricity	24.38
Other Indirect emissions (Scope 3) (tonnes)	
– Paper consumption and waste disposal	0.61

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 the 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 and 26°C during the 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 staffs 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 FY18:

Use of resources	FY18
Total energy consumption (kilowatt-hour (kWh))	30,865
Direct energy consumption (kWh)	–
Indirect energy consumption (kWh)	
– Electricity	30,865

Note: 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.

As this is the first reporting period for which the Group discloses data on its emission and the use of resources, including electricity consumption, water consumption, discharges of hazardous and non-hazardous solid waste, the Group will conduct year to year comparison for the data in the coming year to quantify the Group's achievements in terms of its measures on emission and waste reduction and use of resources efficiency initiatives.

Aspect A3: The Environment and Natural Resources

Policies on Environment and Natural Resources

We are fully committed to minimizing 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 has any significant impact on the environment and natural resources.

B. SOCIAL

B1 EMPLOYMENT AND LABOUR PRACTICES

Staff is a cornerstone for sustainable development of enterprises, and the Company believes 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 realize 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. Through optimization of manpower deployment, a platform with a wide variety of opportunities 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 2018, the aggregate number of staff of the Company was 42 (2017: 42), with a balanced proportion between men and women, which accounted for 55% (2017: 60%) and 45% (2017: 40%) respectively. During the Reporting Period, the staff turnover rate of the Group was 33% (2017: 25%).

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 (《僱傭條列》(香港法例第57章)) 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 (2017: 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 as of 31 March 2018

Age	Number	Proportion (%)
25 and below	1	2.4
26-35	17	40.5
36-45	8	19.0
46 and above	16	38.1
Total	42	100.0%

Education	Number	Proportion
Master's degree	4	9.5
Bachelor's degree	22	52.4
College	12	28.6
Technical secondary school and below	4	9.5
Total	42	100.0%

Gender	Number	Proportion
Male	23	54.8
Female	19	45.2
Total	42	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 must be 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 staff.

Events	**FY18**
Number of reportable injuries[1]	0
Number of reportable occupational diseases	0
Number of lost days due to reportable injuries	0

1 Reportable injuries refer to work-related accidents on employees resulting in incapacity to work for a period exceeding three days in Hong Kong.

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 they can create competitive advantages together with the Group.

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

Type of training	**FY18 Number of employees**
Attending external trainings	5
Viewing updated directors' training webcasts published by the Stock Exchange	7

B4 Labour Standards

Anti-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 has not found 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 future 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]	**FY18**
By region	
Tianjin	3
Wuxi	1
Xi'an	2
Total	6
Total purchases from key suppliers (HK$ million)	76.8

1 The definition of "key suppliers" refer to suppliers of products and/or services to the Group whose purchase value exceeded HK$1 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 business, there is no packaging materials consumed during the year ended 31 March 2018.

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 national regulations 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.

B7 Anti-Corruption

Anti-bribery and Anti-corruption

The Group strictly complies with the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) enforced by the 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 misconduct case is discovered and confirmed, the employee will be subject to disciplinary action and the case will be reported to related governing body when necessary.

During the year ended 31 March 2018, 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 year.

B8 Community Investment

Supporting the Community

The Group always keeps in mind the importance of social responsibility since our establishment in 2000. We know well that only enterprises with a sense of social responsibility will bring more long-term profits to stakeholders and create values 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 always fulfil our promises to contribute to the social development.

The Board is pleased to present this Report of the Directors for the year ended 31 March 2018. 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 subsidiaries of the Company are set out in note 39 to the consolidated financial statements of the Company for the year ended 31 March 2018 ("**Consolidated Financial Statements**").

An analysis of the Group's performance for the year under review by business segments is set out in note 7 to the Consolidated Financial Statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2018 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 62.

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 2018 (2017: 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 2018, the Company did not have any distributable reserves (31 March 2017: Nil).

Details of the movements in the reserves of the Group and the Company during the year under review are set out on page 64 and page 126 respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 16 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 2018, 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 that the Law of Renewable Energy of the PRC has been enacted 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 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 large amount of equipments 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 equipments and installation techniques expose the Group to the risk of being unable to catch up with the updated technology of the industry. The Group shall familiarise itself with industry trend characteristics, accumulates technological experience, arrange regular trainings 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 has 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 industries 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 the compliance with these standards and regulations.

(4) Volatility in the securities market and financial risk

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 6B to the Consolidated Financial Statements.

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

During the financial years ended 31 March 2017 and 2018, the five largest customers of the Group, in aggregate, accounted for approximately 99.0% and 100.0% respectively of the Group's total revenue and the largest customer of the Group accounted for approximately 50.9% and 57.7% respectively of the Group's total revenue. 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) Funding

The Group's new energy power system integration business required 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.

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.

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 2018.

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

Relationship is the fundamentals of business. The Group fully understands this principle and maintains close relationship with its customers to fulfil their immediate and long-term need. The Group also strives to maintain fair and co-operating relationship 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 2018 and up to the date of this report were:

Mr. Chiu Tung Ping (Chairman)
Ms. Yuen Hing Lan
Mr. Hou Hsiao Bing
Ms. Hu Xin
Ms. Ma Xingqin*
Mr. Meng Xianglin*
Mr. Dong Guangwu*

* *Independent non-executive Directors*

Detailed information of the Directors standing for re-election at the forthcoming annual general meeting of the Company will be set out in the circular in relation to the annual general meeting 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 66, 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 was 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., the director of City Max International Limited, China Technology Solar Power Holdings Limited, Million Keen Limited, China Western Energy Holdings Limited, Delight Value Limited and 中科光電控股有限公司, the authorised representative of Shaanxi Baike New Energy Technology Development Co., Ltd. and Delight Value Limited and the company secretary of China Technology Solar Power Holdings Limited* (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 and a director of Good Million Investments Limited, a substantial shareholder of the Company, as at the date of this report.

Ms. Yuen Hing Lan, aged 62, 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. and director of City Max International Limited and China Technology Solar Power Holdings Limited* (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.

Mr. Hou Hsiao Bing, aged 64, joined the Group in April 2000. He has more than 37 years' experience in China business. Mr. Hou is also the director and authorised representative of Soluteck (Shanghai) Technologies Limited and Soluteck (Shanghai) Communication Technology Ltd. and the director of Truth Honour (BVI) Holdings Limited, Soluteck (BVI) Holdings Limited, Truth Honour Electronic Limited, Soluteck Investments Limited and Truth Honour Electronic (GFTZ) Limited. Mr. Hou graduated from The Hong Kong Polytechnic University with a Diploma in Marketing. Mr. Hou Hsiao Bing is the elder brother of Mr. Hou Hsiao Wen, a senior management of the Group.

Ms. Hu Xin, aged 35, 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 (重慶科技大學). Ms. Hu had been the general accountant (總帳會計) of ST Electronics (Software Services) Ltd. (新鉰信息系统(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), Kashi Dongke New Energy Technology Development Co., Ltd*(喀什東科新能源科技發展有限公司) and Lhasa Economic and Technological Development Zone Dongke New Energy Technology Co., Ltd* (拉薩經濟技術開發區東科新能源科技有限公司), the director of Shaanxi Baike New Energy Technology Development Co., Ltd. and the manager of Hami Dongke New Energy Technology Development Co., Ltd* and Lhasa Economic and Technological Development Zone Dongke New Energy Technology Co., Ltd*. Ms. Hu has extensive experience in new energy power system data estimates.

* For identification purpose only

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Ma Xingqin, aged 30, 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 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 six years' experience in auditing and corporate financial management. Ms. Ma has worked in an accounting firm in the PRC and is currently responsible for the accounting work 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 54, 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 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 46, graduated from Gangsu Agricultural University (甘肅農業大學) and obtained a Bachelor degree in Agriculture in 1995. In 1996, Mr. Dong studied economic law on 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 18 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 51, is the chief financial officer, 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 26 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.

Mr. Cao Ming Zhe, aged 37, is the chief technical engineer of a subsidiary of the Group responsible for the implementation and maintenance of solar energy projects. He holds a Bachelor degree in Computer Science and Technology of the University of Qinghai with the professional qualification of information system supervisor. He has about 13 years of experience in the photovoltaic industry, and had been the technical chief engineer responsible for the implementation and maintenance of Qinghai solar energy project jointly financed by the PRC and Germany, as well as various photovoltaic power stations projects. He also participated in the research and compilation of articles on the subjects of various photovoltaic industry projects. He is familiar with solar energy industry requirements and standards, and thus is able to design a photovoltaic power station independently in accordance with the requirements. Mr. Cao joined the Group in June 2011.

Mr. Hou Hsiao Wen, aged 57, is in charge of the Group's business development and management in respect of the sales of goods and rendering of services business segments. Mr. Hou was a former executive Director and has remained as the chief executive officer of the Group's business relating to the sale of self-service ATM systems and printing systems in the PRC after his resignation as an executive Director. Mr. Hou has over 31 years' experience in the information technology industry in the PRC. Mr. Hou holds a Bachelor of Science degree in Information System from the Ohio State University in the United States. Mr. Hou joined the Group in January 2000. Prior to this joining, he was the managing director of a private company principally engaged in providing satellite TV network solutions in the PRC. Mr. Hou is the younger brother of Mr. Hou Hsiao Bing, an executive Director.

Mr. Zhou Kang, aged 33, is primarily responsible for the quality control and sales of photovoltaic mounting brackets, which are the main products of the business of sales of solar related products of the Group. In addition, Mr. Zhou is responsible for market development, including obtaining product orders, negotiating contracts and maintaining relationship with customers and suppliers. Mr. Zhou graduated from Xi'an University of Architecture and Technology (西安建築科技大學), majoring in Civil Engineering. Mr. Zhou has accumulated solid experience in civil design, construction and optimisation of photovoltaic power station. He joined the Group in May 2015.

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 15 to the Consolidated Financial Statements.

CONNECTED TRANSACTIONS

The related party transactions undertaken by the Group as set out in notes 36(A) and 36(B) 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 2018.

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 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of 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 are as follows:

(A) DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE SHARES OF THE COMPANY

Name of Directors/ Chief executive	**Capacity**	**Number and class of securities** (Note 1)	**Approximate percentage of the Company's issued share capital as at 31 March 2018** (Note 2)
Mr. Chiu Tung Ping *(Executive Director)*	Interest in a controlled corporation (Note 3)	217,766,038 ordinary shares (L) (Note 4)	15.23%
Ms. Yuen Hing Lan *(Executive Director)*	Interest of spouse (Note 3)	217,766,038 ordinary shares (L) (Note 4)	15.23%
Mr. Hou Hsiao Bing *(Executive Director)*	Beneficial owner	131,140,000 ordinary shares (L)	9.17%

Notes:

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

2. As at 31 March 2018, the issued share capital of the Company was 1,430,012,850 ordinary shares of HK$0.1 each.

3. Mr. Chiu Tung Ping and Ms. Yuen Hing Lan held 70% and 30% interest in the entire issued share capital of Good Million Investments Limited. Ms. Yuen Hing Lan is the spouse of Mr. Chiu Tung Ping, and hence both Mr. Chiu Tung Ping and Ms. Yuen Hing Lan were deemed to be interested in all the shares of the Company held by Good Million Investments Limited.

4. Included in these shares were 207,766,038 shares of the Company held by Good Million Investments Limited and 10,000,000 shares of the Company to be issued to Good Million Investments Limited upon exercise of convertible bonds issued by the Company.

(B) DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS/SHORT POSITIONS IN THE SHARE CAPITAL OF THE COMPANY'S ASSOCIATED CORPORATIONS

Name of Director	Name of associated corporation	Number and class of securities	Capacity	Approximate percentage of the issued share capital of the associated corporation
Mr. Hou Hsiao Bing *(Executive Director)*	Truth Honour Electronic Limited	3,000,000 non-voting deferred shares	Beneficial owner	100% of the non-voting deferred shares
Mr. Hou Hsiao Bing *(Executive Director)*	Soluteck Investments Limited	500,000 non-voting deferred shares	Beneficial owner	100% of the non-voting deferred shares

Truth Honour Electronic Limited and Soluteck Investments Limited are subsidiaries of the Company and are thus associated corporations of the Company.

(C) DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE DEBENTURES OF THE COMPANY

Name of Director	Capacity in which the debentures are held	Amount of debentures
Mr. Chiu Tung Ping *(Executive Director)*	Interest in a controlled corporation (Note)	HK$5,000,000
Ms. Yuen Hing Lan *(Executive Director)*	Interest of spouse (Note)	HK$5,000,000

Note: Mr. Chiu Tung Ping and Ms. Yuen Hing Lan held 70% and 30% interest in the entire issued share capital of Good Million Investments Limited. Ms. Yuen Hing Lan is the spouse of Mr. Chiu Tung Ping, and hence both Mr. Chiu Tung Ping and Ms. Yuen Hing Lan were deemed to be interested in the debentures of the Company held by Good Million Investments Limited.

Save as disclosed above, as at 31 March 2018, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the 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 2018, 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 2018** (Note 2)
Good Million Investments Limited	217,766,038 (L) (Note 3)	Beneficial owner (Note 4)	15.23%
Mr. Qin Zhongde	88,000,000 (L) (Note 5)	Beneficial owner (Note 6)	6.15%
Creation Moral Limited	216,363,636 (L)	Beneficial owner (Note 7)	15.13%
Ms. Sun Aihui	216,363,636 (L)	Interest in a controlled corporation (Note 7)	15.13%

Notes:

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

2. As at 31 March 2018, the issued share capital of the Company was 1,430,012,850 ordinary shares of HK$0.1 each.

3. Included in these shares are 207,766,038 shares of the Company held by Good Million Investments Limited and 10,000,000 shares of the Company to be issued to Good Million Investments Limited upon exercise of convertible bonds issued by the Company.

4. Mr. Chiu Tung Ping and Ms. Yuen Hing Lan, both being executive Directors, held 70% and 30% interest in the entire issued share capital of Good Million Investments Limited.

5. According to the register of bondholders maintained by the Company, Mr. Qin Zhongde is the holder of the convertible bonds issued by the Company in the principal amount of HK$32,000,000, convertible into 64,000,000 shares of the Company.

6. Ms. Huang Xiulan is the spouse of Mr. Qin Zhongde. Accordingly, Ms. Huang Xiulan is deemed, by virtue of SFO, to be interested in all the shares in which Mr. Qin Zhongde is interested.

7. Ms. Sun Aihui held 100% interest in the entire issued share capital of Creation Moral Limited. Hence, Ms. Sun Aihui was deemed to be interested in the shares of the Company held by Creation Moral Limited.

Save as disclosed above, as at 31 March 2018, 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 2018 or subsisted as at 31 March 2018:

Share Option Scheme

The Company has adopted a share option scheme ("**Share Option Scheme**") which became effective on 26 August 2014.

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 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 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 the basis that there were a total of 1,092,220,643 shares in issue as at the date of passing of the relevant resolution of the Share Option Scheme on 21 August 2014, the Directors were allowed to grant options carrying rights to subscribe for a maximum of 109,222,064 shares under the General Scheme Limit.

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.

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted, i.e. until 20 August 2024. As at 31 March 2018, the total number of securities available for issue under the Share Option Scheme was 109,222,064 ordinary shares of HK$0.1 each in the share capital of the Company, representing 7.64% of the Company's shares in issue. As at 1 April 2017 and 31 March 2018, no share option was outstanding.

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 participants, all being employees of the Group, under the Share Option Scheme. The exercise price of the options granted was HK$0.10 per share with an exercise period of 2 years from 10 April 2018 to 9 April 2020 (both dates inclusive). The closing price of the shares of the Company on the date of grant of options was HK$0.088 per share. Further details of the grant of share options are set out in the announcement of the Company dated 10 April 2018.

Save as disclose above, up to the date of this report, no options had been granted, exercised, cancelled or lapsed under the Share Option Scheme. As at the date of this report, the total number of securities available for issue under the Share Option Scheme was 2,064 ordinary shares of HK$0.1 each in the share capital of the Company, representing approximately 0.00014% of the Company's shares in issue.

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$77,094. 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.

During the year ended 31 March 2018, there was no conversion of the Tranche I CB into shares of the Company (2017: Nil; 2016: Tranche I CB in the principal amount of HK$15,000,000 was converted into 30,000,000 ordinary shares of HK$0.1 each in the share capital of the Company at a conversion price of HK$0.5 per share).

As at 31 March 2018, the aggregate outstanding principal amount of the 2011 CB was HK$49,000,000, which may be converted into 98,000,000 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 2018 are as follows:

PURCHASES

- the largest supplier: Approximately 28.9 per cent.
- five largest suppliers in aggregate: Approximately 92.2 per cent.

SALES

- the largest customer: Approximately 57.7 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 2018, 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 2018 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 30 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 was held by the public at the latest practicable date prior to the issue of this annual report.

DONATIONS

No donations of a total amount not less than HK$10,000 had been made by the Group for charitable or other purposes during the year ended 31 March 2018 (2017: 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 2018. 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

Sky Base Partners CPA Limited was appointed as auditors of the Company with effect from 22 April 2015 to fill the causal vacancy following the resignation of W.H. Tang & Partners CPA Limited.

The audited financial statements of the Company for the year ended 31 March 2018 have been audited by Sky Base Partners CPA Limited, 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, 20 June 2018

Five Years Financial Summary

	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results:					
Revenue	**94,011**	12,248	192,417	113,331	74,516
(Loss) Profit attributable to owners of the Company	**(17,579)**	(333,148)	46,490	29,673	10,065
Assets and liabilities					
Total assets	**171,266**	187,539	587,956	437,531	354,009
Total liabilities	**(110,610)**	(123,079)	(183,293)	(131,467)	(103,167)
Net assets	**60,656**	64,460	404,663	306,064	250,842

INDEPENDENT AUDITORS' REPORT

天璣會計師事務所有限公司
Sky Base Partners CPA Limited

To the Members of China Technology Solar Power Holdings Limited
(incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Technology Solar Power Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 62 to 133, which comprise the consolidated statement of financial position as at 31 March 2018, 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 2018, 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 ("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 Auditors' 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 those 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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Sky Base Partners CPA Limited

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on accounts and bills receivables	
As at 31 March 2018, accounts and bills receivables amounting to approximately HK$129,775,000 were material to the Group's consolidated financial statements. The assessment of impairment provision for accounts and bills receivables involved significant management's judgement including their assessment of customers' financial positions and expected future cash flows from customers. The disclosures about the impairment assessment of accounts and bills receivables are included in note 21 to the consolidated financial statements.	Our audit procedures included: • Checking the ageing analysis of accounts and bills receivables by customers • Checking the customers' historical payment patterns and the bank receipts for the payment received subsequent to the year end • Checking the evidence including correspondence with the accounts and bills receivables for the latest progress of the outstanding amounts and credit status of these accounts and bills receivables by performing company research; and • Assessing the disclosures about the Group's exposure to credit risk in the consolidated financial statements.
Impairment assessment of goodwill	
As at 31 March 2018, the Group has goodwill of approximately HK$40,676,000, and in respect of which management is required to perform annual impairment assessment. Management has concluded that impairment loss of approximately HK$4,800,000 in respect of the goodwill has been recognized in the consolidated statement of profit or loss and other comprehensive income. This conclusion was based on a value in use model that required significant management judgement with respect to revenue growth, future profitability, discount rates and market development.	Our audit procedures included: • We assessed the reasonableness of key assumptions such as revenue growth, future profitability and discount rates with reference to the business and industry circumstances • We reconciled input data to supporting evidence, such as approved forecasts of future profits • We considered the reasonableness of these forecasts of future profits by comparing them against past results achieved • We assessed management's sensitivity analysis around the key assumptions, to ascertain the extent to which adverse changes, both individually or in aggregate, might impact on the outcome of the impairment assessment of the goodwill We found the judgements made by management in relation to the value in use calculations to be reasonable based on available evidence.

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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 auditors' 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 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.

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天璣會計師事務所有限公司
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AUDITORS' 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 auditors' report that includes our opinion solely to you, as a body, 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.

- Conclude on the appropriateness of the directors' 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 auditors' 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.

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天璣會計師事務所有限公司
Sky Base Partners CPA Limited

AUDITORS' 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 auditors' 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.

Sky Base Partners CPA Limited
Certified Public Accountants (Practising)
20 June 2018, Hong Kong

TANG Wai Hung
Practising Certificate No.: P03525

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Revenue	8	**94,011**	12,248
Cost of sales		**(76,974)**	(8,705)
Gross profit		**17,037**	3,543
Other revenue	8	**2,529**	430
Selling expenses		**(3,518)**	(3,091)
Change in fair value of financial assets at fair value through profit or loss		**1,260**	(233)
Administrative expenses		**(15,468)**	(14,177)
Impairment loss on goodwill		**(4,800)**	(266,079)
Impairment loss on accounts and bills receivables		**(493)**	(37,102)
Finance costs	9	**(6,358)**	(5,865)
Loss before taxation	10	**(9,811)**	(322,574)
Income tax	11	**(3,176)**	(10,139)
Loss for the year		**(12,987)**	(332,713)
Other comprehensive income (expenses)			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of financial statements of foreign operations		**9,183**	(7,490)
Total comprehensive expenses for the year		**(3,804)**	(340,203)
Loss for the year attributable to:			
Owners of the Company		**(17,579)**	(333,148)
Non-controlling interests		**4,592**	435
		(12,987)	(332,713)
Total comprehensive (expenses) income for the year attributable to:			
Owners of the Company		**(8,992)**	(340,087)
Non-controlling interests		**5,188**	(116)
		(3,804)	(340,203)
Loss per share			
– Basic (HK cents)	13	**(1.23)**	(23.30)
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment	16	**177**	677
Available-for-sale financial assets	17	**–**	–
Intangible assets	18	**–**	–
Goodwill	19	**40,676**	45,476
		40,853	46,153
Current assets			
Inventories	20	**–**	706
Accounts and bills receivables	21	**82,077**	79,958
Other receivables, deposits and prepayments	22	**16,069**	23,846
Held-for-trading financial assets	23	**–**	22,412
Financial assets at fair value through profit or loss	24	**2,544**	1,284
Bank balances and cash	25	**29,723**	13,180
		130,413	141,386
Current liabilities			
Accounts payables	26	**19,103**	25,838
Other payables and accruals	27	**20,507**	26,323
Other loans	28	**26,840**	21,340
Taxation		**1,545**	10,434
Receipt in advance		**47**	46
		68,042	83,981
Net current assets		**62,371**	57,405
Total assets less current liabilities		**103,224**	103,558
Non-current liabilities			
Convertible bonds	29	**39,808**	35,831
Deferred tax liabilities	30	**2,760**	3,267
		42,568	39,098
Net assets		**60,656**	64,460
Capital and reserves			
Share capital	31	**143,001**	143,001
Reserves		**(95,300)**	(86,308)
Equity attributable to owners of the Company		**47,701**	56,693
Non-controlling interests		**12,955**	7,767
Total equity		**60,656**	64,460

The consolidated financial statements on pages 62 to 133 were approved and authorized for issue by the Board of Directors on 20 June 2018 and are signed on its behalf by:

Chiu Tung Ping	**Hu Xin**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 March 2018

	Attributable to owners of the Company								
	Share capital HK$'000	**Share premium** HK$'000	**Reserve arising from reorganization** HK$'000 (Note a)	**Exchange reserve** HK$'000 (Note b)	**Convertible bonds reserve** HK$'000	**Retained profits (Deficit)** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total** HK$'000
At 1 April 2016	143,001	215,968	(24,317)	5,176	27,997	28,955	396,780	7,883	404,663
Loss for the year	–	–	–	–	–	(333,148)	(333,148)	435	(332,713)
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	(6,939)	–	–	(6,939)	(551)	(7,490)
Total comprehensive expenses for the year	–	–	–	(6,939)	–	(333,148)	(340,087)	(116)	(340,203)
At 31 March 2017 and 1 April 2017	143,001	215,968	(24,317)	(1,763)	27,997	(304,193)	56,693	7,767	64,460
Loss for the year	–	–	–	–	–	(17,579)	(17,579)	4,592	(12,987)
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	8,587	–	–	8,587	596	9,183
Total comprehensive income (expenses) for the year	–	–	–	8,587	–	(17,579)	(8,992)	5,188	(3,804)
At 31 March 2018	143,001	215,968	(24,317)	6,824	27,997	(321,772)	47.701	12,955	60,656

Notes:

(a) The reserve arising from reorganization of approximately HK$24,317,000 represents the difference between the nominal value of the share capital of subsidiaries acquired and the cost of investments in these subsidiaries incurred by the Company in exchange thereof, and has been debited to the reserve of the Group.

(b) The exchange reserve comprises:

(i) The foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the functional currency of the Company.

(ii) The exchange differences on monetary items which form part of the Group's net investment in the foreign subsidiaries.

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES			
Loss before taxation		**(9,811)**	(322,574)
Adjustment for:			
Bad debts written off		**214**	118
Bad debts recovery		**(131)**	–
Depreciation		**537**	687
Interest income		**(50)**	(224)
Finance costs		**6,358**	5,865
Change in fair value of financial assets at fair value through profit or loss		**(1,260)**	233
Impairment loss on goodwill		**4,800**	266,079
Provision for obsolete stocks		**742**	–
Provision for doubtful debts		**493**	37,102
Reversal of provision for doubtful debts		**(1,215)**	–
Gain on disposal of held-for-trade financial assets		**(450)**	–
Gain on disposal of property, plant and equipment		**(95)**	–
Operating cash flows before movements in working capital		**132**	(12,714)
Changes in accounts and bills receivables		**(1,479)**	113,440
Changes in other receivables, deposits and prepayments		**7,776**	(11,190)
Changes in accounts payables		**(6,735)**	(80,695)
Changes in other payables and accruals		**(8,197)**	9,857
Changes in receipt in advance		**–**	(816)
Cash (used in) from operations		**(8,503)**	17,882
Overseas taxation paid		**(12,721)**	(590)
NET CASH (USED IN) FROM OPERATING ACTIVITIES		**(21,224)**	17,292
INVESTING ACTIVITIES			
Interest received		**50**	224
Purchase of property, plant and equipment		**(6)**	(338)
Net cash outflow on disposal of a subsidiary	35	**–**	(58)
Proceeds from disposal of property, plant and equipment		**95**	–
Proceeds from disposal of held-for-trading financial assets		**22,862**	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**23,001**	(172)
FINANCING ACTIVITIES			
Raised of other loans		**5,500**	1,500
Repayment of other loans		**–**	(4,176)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**5,500**	(2,676)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**7,277**	14,444
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**13,180**	7,604
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**9,266**	(8,868)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**29,723**	13,180
Represented by:			
Bank balances and cash		**29,723**	13,180

For The Year Ended 31 March 2018

1. GENERAL

The Company 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 Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is located at Room 1801, 18/F., Kai Tak Commercial Building, 317 & 319 Des Voeux Road Central, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars. Functional currency of the Group is Renminbi ("RMB"), as the Company is listed in the Stock Exchange, the directors of the Company considered that presentation currency of consolidated financial statements in Hong Kong dollar ("HK$") is appropriate.

The Company act as an investment holding company. The principal activities of its principal subsidiaries are set out in Note 39.

The consolidated financial statements on pages 62 to 133 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations ("HK(IFRIC)-Int, HK(SIC)-Int and HK-Int") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated financial statements include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules").

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2. APPLICATION OF NEW AND REVISED HKFRSs

(i) New and revised HKFRSs effective in the current year

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014-2016 Cycle	Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12

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

2. APPLICATION OF NEW AND REVISED HKFRSs *(Continued)*

(ii) New and revised HKFRSs issued but not yet effective

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9	Financial Instruments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after 1 January 2021
[4] No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below. Of those standards, HKFRS 9 and HKFRS 15 will be applicable for the Group's financial year ending 31 March 2019 and are expected to have certain impact upon adoption. Whilst management has performed an assessment of the estimated impacts of these standards, that assessment is based on the information currently available to the Group. The actual impacts upon adoption could be different to those below, depending on additional reasonable and supportable information being made available to the Group at the time of applying the standards.

2. APPLICATION OF NEW AND REVISED HKFRSs *(Continued)*

(ii) *New and revised HKFRSs issued but not yet effective* *(Continued)*

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets. Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognized financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other financial assets are measured at their fair value at subsequent accounting periods.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 Financial Instruments: Recognition and Measurement ("HKAS 39"). The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the directors of the Company anticipate the following potential impact on initial application of HKFRS 9:

Classification and measurement

All financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39. In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortized costs that are subject to impairment provision upon application of HKFRS 9 by the Group. Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognized by the Group as at 1 April 2018 would be increased as compared to the accumulated amount recognized under HKAS 39 mainly attributable to expected credit losses provision on trade receivables. Such further impairment recognized under expected credit loss model would increase the opening accumulated losses at 1 April 2018.

2. APPLICATION OF NEW AND REVISED HKFRSs *(Continued)*

(ii) New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognizes 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. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15. HKICPA also issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosure, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognized in the respective reporting periods.

2. APPLICATION OF NEW AND REVISED HKFRSs *(Continued)*

(ii) New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 16 Leases

HKFRS 16 requires almost all leases of lessees to be recognized on the statement of financial position, as the distinction between operating and finance leases is removed. The accounting for lessors will not significantly change. Under the new standard, the right to use the leased item and the duty to pay rent are recognized as an asset and a financial liability respectively. The only exceptions are short-term and low-value leases. The standard will affect primarily the accounting for operating leases of the Group. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

At 31 March 2018, the Group had operating lease commitments of approximately HK$1,106,000. Upon adoption of HKFRS 16, the majority of operating lease commitments will be recognized in the consolidated statement of financial position as lease liabilities and right-of-use assets. The lease liabilities would subsequently be measured at amortized cost and the right-of-use asset will be depreciated on a straight-line basis during the lease term.

The Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Based on the assessment performed, the Group is in the opinion that the adoption of above new standards and amendments to standards will not result in a significant effect on its consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below. The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values as explained in the accounting policies set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristic 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 within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

In addition, for financial reporting purpose, 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

BASIS OF CONSOLIDATION (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 acquired and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

GOODWILL

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

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

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognized when goods are delivered and titled has passed, at which time all the following conditions are satisfied:

– the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

– the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

– the amount of revenue can be measured reliably;

– it is probable that the economic benefits associated with the transaction will flow to the Group; and

– the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the provision of technical support services, technology consultation and design services and new energy power system integration business is recognized when the services are rendered. The unrecognized portion is recorded as receipt in advance when deposits and instalment payments are received.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

REVENUE RECOGNITION (Continued)

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life on the financial asset to that asset's net carrying amount on initial recognition.

GOVERNMENT GRANTS

Government grants are recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset are deducted from the carrying amount of the asset and consequently are effectively recognized in profit or loss over the useful life of the asset by way of reduced depreciation expense.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprising leasehold improvements, office equipment, furniture and fixtures and motor vehicles are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The principal annual rates are as follows:

Leasehold improvements	20% – 50%
Office equipment, furniture and fixtures	20% – 33%
Motor vehicles	20%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

INTANGIBLE ASSETS

Intangible assets acquired separately are capitalized at cost and those acquired from a business combination are capitalized at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets. Intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against the profit or loss in the year in which the expenditure is incurred.

Useful lives of acquired intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are stated at cost less accumulated amortization and any accumulated impairment losses. Intangible assets with indefinite useful lives are stated at cost less any subsequent accumulated impairment losses.

Amortization for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Intangible assets are tested for impairment annually either individually or at the cash generating unit ("CGU") level. Useful lives are also examined on an annual basis and, where applicable, adjustments are made on a prospective basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

INTANGIBLE ASSETS (Continued)

As intangible asset is derecognized on disposal or no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of the intangible asset, calculated as the difference between the net disposal proceeds and the carrying amount of the intangible asset, is recognized in the consolidated statement of profit or loss and other comprehensive income in the year when the intangible asset is derecognized.

Service contracts

Acquired service contracts are stated at costs less amortization and any identified impairment losses.

SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors who make strategic decisions.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

INVENTORIES

Inventories, comprising merchandise and spare parts, are stated at the lower of cost and net realizable value. Cost, calculated on the first-in, first-out basis, comprises cost of purchases. Net realizable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

EMPLOYEE BENEFITS

Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of reporting period.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

Retirement benefit costs

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees in Hong Kong who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged in profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when an employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme. The refunded contribution is recognized in the consolidated statement of profit or loss and other comprehensive income to offset the current year contribution made.

The subsidiaries operating in the People's Republic of China (the "PRC") are required to participate in defined contribution retirement schemes, organized by the relevant local government authorities. The subsidiaries are required to make contributions to the retirement schemes, at an applicable rate of the basic salary of their employees and there will be no other future obligations of the Group towards the employees' retirement benefits.

LEASING

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.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognized as a reduction of rental expense over the lease term on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, if it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognized as a provision.

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 as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized 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 recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

TAXATION (Continued)

The carrying amount of deferred tax assets is reviewed at the ended 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 calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, 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.

Current and deferred tax is recognized in profit or loss, except when it related to items that are recognized in other comprehensive income or directly in equity, in which case the deferred tax is also recognized in other comprehensive income or directly in equity respectively.

BORROWING COSTS

Borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

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 recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting date, 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FOREIGN CURRENCIES (Continued)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognized in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognized in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (the translation reserve). Such exchange differences are recognized in profit or loss in the period in which the foreign operating is disposed of.

DIVIDENDS

Dividends proposed or declared after the end of reporting date is not recognized as a liability at the end of the reporting period.

IMPAIRMENT LOSS ON TANGIBLE AND INTANGIBLE ASSETS OTHER THAN GOODWILL

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("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 fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

The financial assets of the Group are mainly financial assets at fair value through profit or loss, held-for-trading, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized 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 marketplace.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on 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, where appropriate, a shorter period to the net carrying amount on initial recognition. Interest income is recognized on an effective interest basis for debt instruments.

Financial assets at fair value through profit or loss

A financial asset is classified as fair value through profit or loss when the financial asset is either held-for-trading or it is designated as at fair value through profit or loss:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of 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.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognized directly in profit or loss in the period in which they arise. The net gain or loss recognized in profit or loss excludes any dividend or interest earned on the financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including accounts and bills receivables, other receivables, deposits and prepayments, bank balances and cash) are carried at amortized cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

At the end of each reporting period, subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognized in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of each reporting period subsequent to initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS (Continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial asset, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrowing will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as accounts receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment of a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

For financial assets carried at amortized cost, an impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When an accounts receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS (Continued)

Impairment of financial assets (Continued)

For financial assets measured at amortized costs, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognized, the previously recognized impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognized directly in other comprehensive income and accumulated in investment revaluation reserve.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognized on an effective interest basis for debt instruments.

Financial liabilities

Financial liabilities including accounts payables, other payables and accruals, receipt in advance and other loan are subsequently measured at amortized cost, using the effective interest method.

Convertible bonds issued by the Company

Convertible bonds issued by the Company contain both the liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instruments. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS (Continued)

Convertible bonds issued by the Company (Continued)

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds into equity, is included in equity (convertible bonds reserve).

In subsequent period, the liability component of the convertible bonds is carried at amortized cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds reserve until the embedded option is exercised (in which case the balance stated in convertible bond equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible bonds reserve will be released to the accumulated losses. No gain or loss is recognized in profit or loss upon conversion or expiration of the option.

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

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the assets' carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

RESEARCH AND DEVELOPMENT EXPENDITURE

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development expenditure is recognized only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity.

The resultant asset is amortized on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortization and any accumulated impairment losses.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

RELATED PARTIES

A person, or a close member of that person's family, is related to the Group if that person:

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or a parent of the Group;

or

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

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are disclosed 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 following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

USEFUL LIVES AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS

Property, plant and equipment and other intangible assets are depreciated or amortized on a straight-line basis over their estimated useful lives, after taking into account of their estimated residual value. The determination of the useful lives and residual values involve management's estimation. The Group assesses annually the residual value and the useful life of the property, plant and equipment and other intangible assets and if the expectation differs from the original estimate, such a difference may impact the depreciation or amortization in the year and the estimate will be changed in the future period.

ALLOWANCE FOR INVENTORIES

The management of the Group reviews an aging analysis at the end of each reporting date, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for sales. The management estimates the net realizable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at the end of each reporting date and makes allowance for obsolete and slow moving items.

ALLOWANCE FOR DOUBTFUL DEBTS

The policy for allowance of bad and doubtful debts of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realizable of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in impairment of their ability to make payments, addition allowance may be required.

IMPAIRMENT OF GOODWILL

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than previously estimated, a material impairment loss may arise. As at 31 March 2018, the carrying amount of goodwill is approximately HK$40,076,000 (2017: approximately HK$45,476,000). The Group recognize impairment loss of approximately HK$4,800,000 (2017: HK$266,079,000) in relation to goodwill arising from the acquisition of subsidiaries. Details of the recoverable amount calculation are disclosed in Note 19.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes other loan and convertible bonds as disclosed in Note 29 and 30 respectively, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debts.

6. FINANCIAL INSTRUMENTS

6A. CATEGORIES OF FINANCIAL INSTRUMENTS

	2018	2017
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**127,869**	116,984
Held-for-trading financial assets	**–**	22,412
Financial assets at fair value through profit or loss	**2,544**	1,284
Available-for-sale financial assets	**–**	–

	2018	2017
	HK$'000	HK$'000
Financial liabilities		
Amortized cost	**106,305**	109,378

6. FINANCIAL INSTRUMENTS *(Continued)*

6B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments to raise finance for the Group's operations comprise convertible bonds. The Group has various other financial instruments such as accounts and bills receivables, financial assets at fair value through profit or loss, held-for-trading financial assets, other receivables, deposits and prepayments, bank balances and cash, available-for-sale financial assets, accounts payables, other payables and accruals, other loan and receipt in advance which arise directly from its operations. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

CREDIT RISK

The Group's credit risk is primarily attributable to its accounts and bills receivables, other receivables and bank balances.

At the end of respective reporting dates, 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 arising from the carrying amount of the respective recognized financial assets stated in the consolidated statement of financial position.

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are authorized banks of good standing.

FOREIGN CURRENCY RISK

The Group's revenue are denominated and settled in Renminbi ("RMB"), in addition, incurred most of the expenditures for operating purposed as well as capital expenditures in RMB. Most of the subsidiaries' monetary assets and liabilities are also denominated in RMB. Future exchange rate of RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also affected by economic developments and political changes domestically and internationally, and supply and demand of RMB. The appreciation or devaluation of RMB against foreign currencies may have positive or negative impact on the result of operations of the Group.

6. FINANCIAL INSTRUMENTS *(Continued)*

6B. *FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)*

FOREIGN 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	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**124,668**	116,227	**24,841**	46,720
United States dollars ("USD")	**2,795**	1,510	**2,340**	2,340
	127,463	117,737	**27,181**	49,060

The Group and the Company 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 and Company's sensitivity to a 5% (2017: 5%) increase and decrease in HK$ against RMB 5% (2017: 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 currency denominated monetary items and adjusts their translation at the reporting date for a 5% (2017: 5%) change in foreign currency rates. A positive number below indicates an increase in profit or equity where the HK$ weakening 5% against the relevant currency. For a 5% strengthens of the HK$ against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

6. FINANCIAL INSTRUMENTS *(Continued)*

6B. *FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)*

FOREIGN CURRENCY RISK (Continued)

Sensitivity analysis *(Continued)*

	Profit or loss		**Equity**	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**362**	(2,731)	**4,991**	3,486

No sensitivity analysis has been presented as the directors consider that the Group's exposure to USD is insignificant on the grounds that Hong Kong dollars is pegged to USD.

INTEREST RATE RISK

The Group borrowed loan in fixed interest rate to minimize the exposure on cash flow interest rate risk. The Group has exposed to cash flow interest rate risk in relation to bank deposits that carrying interest at variable rates. The Group does not have an interest rate hedging policy. However, the management monitor interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The directors consider the Group's exposure to cash flow interest rate risk of bank deposit is not significant, hence no sensitivity analysis is presented for the year ended 31 March 2018 and 2017.

FAIR VALUE RISK

The Group is exposed to equity price risk through its financial assets at fair value through profit or loss. The Group's objective is to earn competitive relative return by investing in a diverse portfolio of high quality and liquid securities.

Sensitivity analysis

The following table details the Group's sensitivity to 5% increase/decrease in equity prices which is the sensitivity rate used when reporting price risk internally to key management personnel and represents management's assessment of the reasonably possible change in equity price.

6. FINANCIAL INSTRUMENTS *(Continued)*

6B. *FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)*

FAIR VALUE RISK (Continued)

Sensitivity analysis *(Continued)*

A positive/negative number below indicates an increase/decrease in profit or loss where equity prices increase/decrease by 5% respectively.

	Equity price impact	
	2018	2017
	HK$'000	HK$'000
Investment – Financial assets at fair value through profit or loss	**2,544**	1,284
5% price increase/decrease	**127**	64

The sensitivity analysis has been determined assuming that the reasonably possible changes in the value of equity securities had occurred at the end of the reporting period and had been applied to the exposure to price risk in existence at the date.

The analysis is performed on the same basis for 2017.

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 utilization 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 summarizes 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.

6. FINANCIAL INSTRUMENTS *(Continued)*

6B. *FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)*

LIQUIDITY RISK (Continued)

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period:

2018

	Carrying amounts HK$'000	**Total contractual undiscounted cash flows HK$'000**	**Within 1 year or on demands HK$'000**	**More than 1 year but less than 2 years HK$'000**	**More than 2 years but less than 5 years HK$'000**	**Over 5 years HK$'000**
Accounts payables	**19,103**	**19,103**	**19,103**	**–**	**–**	**–**
Other payables and accruals	**20,507**	**20,507**	**20,507**	**–**	**–**	**–**
Other loan	**26,840**	**26,840**	**26,840**	**–**	**–**	**–**
Receipt in advance	**47**	**47**	**47**	**–**	**–**	**–**
Convertible bonds	**39,808**	**49,000**	**2,699**	**2,884**	**43.417**	**–**
	106,305	**115,497**	**69,196**	**2,884**	**43,417**	**–**

2017

	Carrying amounts HK$'000	Total contractual undiscounted cash flows HK$'000	Within 1 year or on demands HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Over 5 years HK$'000
Accounts payables	25,838	25,838	25,838	–	–	–
Other payables and accruals	26,323	26,323	26,323	–	–	–
Other loan	21,340	23,721	23,721	–	–	–
Receipt in advance	46	46	46	–	–	–
Convertible bonds	35,831	49,000	2,807	3,027	43,166	–
	109,378	124,928	78,735	3,027	43,166	–

For The Year Ended 31 March 2018

6. FINANCIAL INSTRUMENTS *(Continued)*

6C. *FAIR VALUE*

The fair value of financial assets and financial liabilities are determined as follows:

– the fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and

– the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximated their fair values.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

	Fair value as at			
	2018 HK$'000	2017 HK$'000	Fair value hierarchy	Valuation technique and key input
Financial assets at FVTPL				
Non-derivative financial assets held-for-trading	**2,544**	1,284	Level 1	Quoted bid price
Held-for-trading financial assets	**–**	22,412	Level 2	Observed assets and liabilities

There were no transfers between Levels 1, 2 and 3 in the current and prior years.

Fair value of the Group's financial liabilities that are not measured at fair value (but fair value disclosures are required)

	Carrying value as at		**Fair value as at**		
	2018 HK$'000	2017 HK$'000	**2018 HK$'000**	2017 HK$'000	Fair value hierarchy
Convertible bonds	**39,808**	35,831	**33,068**	35,411	Level 1

Fair value estimation

The directors of the Company consider that the carrying amounts of the Group's financial assets and financial liabilities carried at amortized cost in the consolidated financial statements approximate to their fair values as at 31 March 2018 and 2017.

7. SEGMENT INFORMATION

The Group is organized on the basis of the type of goods or services delivered or provided. Information reported to the Executive Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided.

The Group has internal reports about the sales of self-service automatic teller machine ("ATM") systems and printing systems, and the provision of hardware and software technical support services and new energy power system integration business in the PRC that are regularly reviewed by the Executive Directors of the Company and accordingly, they are considered as four separate operating segments.

According to HKFRS 8, the Group's operating segments are as follows:

(a) Sales of solar power related products;

(b) New energy power system integration business;

(c) Sales of self-service ATM systems and printing systems; and

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

SEGMENT REVENUE AND RESULTS

The following table presents revenue and results for the Group's business segments:

Year ended 31 March 2018

	Sales of solar power related products HK$'000	New energy power system integration business HK$'000	Sales of self-service ATM systems and printing systems HK$'000	Provision of hardware and software technical support services HK$'000	Total HK$'000
Revenue from external customers	79,754	14,235	22	–	94,011
Segment results	8,117	(3,761)	(1,802)	513	3,067
Other revenue					450
Unallocated cost					(8,230)
Change in fair value of financial assets at fair value through profit or loss					1,260
Loss from operations					(3,453)
Finance costs					(6,358)
Loss before taxation					(9,811)
Income tax					(3,176)
Loss for the year					(12,987)

7. SEGMENT INFORMATION *(Continued)*

SEGMENT REVENUE AND RESULTS (Continued)

Year ended 31 March 2017

	Sales of solar power related products HK$'000	New energy power system integration business HK$'000	Sales of self-service ATM systems and printing systems HK$'000	Provision of hardware and software technical support services HK$'000	Total HK$'000
Revenue from external customers	11,565	58	–	625	12,248
Segment results	(4,577)	(299,421)	(1,314)	(659)	(305,971)
Other revenue					48
Unallocated cost					(10,553)
Change in fair value of financial assets at fair value through profit or loss					(233)
Loss from operations					(316,709)
Finance costs					(5,865)
Loss before taxation					(322,574)
Income tax					(10,139)
Loss for the year					(332,713)

7. SEGMENT INFORMATION *(Continued)*

SEGMENT ASSETS AND LIABILITIES

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

Year ended 31 March 2018

	Sales of solar power related products HK$'000	New energy power system integration business HK$'000	Sales of self-service ATM systems and printing systems HK$'000	Provision of hardware and software technical support services HK$'000	Total HK$'000
Segment assets	81,531	74,480	8,878	705	165,594
Property, plant and equipment (for corporate)					39
Other receivables, deposits and prepayments (for corporate)					309
Financial assets at fair value through profit or loss (for corporate)					2,544
Bank balances and cash (for corporate)					2,780
Total assets					171,266
Segment liabilities	3,588	16,100	4,156	758	24,602
Other payables and accruals (for corporate)					17,947
Other loans (for corporate)					26,840
Convertible bonds (for corporate)					39,808
Deferred tax liabilities (for corporate)					1,413
Total liabilities					110,610

7. SEGMENT INFORMATION *(Continued)*

SEGMENT ASSETS AND LIABILITIES (Continued)

Year ended 31 March 2017

	Sales of solar power related products HK$'000	New energy power system integration business HK$'000	Sales of self-service ATM systems and printing systems HK$'000	Provision of hardware and software technical support services HK$'000	Total HK$'000
Segment assets	59,840	87,592	14,605	485	162,522
Property, plant and equipment (for corporate)					194
Other receivables, deposits and prepayments (for corporate)					333
Financial assets at fair value through profit or loss (for corporate)					1,284
Held-for-trading financial assets					22,412
Bank balances and cash (for corporate)					794
Total assets					187,539
Segment liabilities	7,054	35,627	3,742	860	47,283
Other payables and accruals (for corporate)					16,633
Other loans (for corporate)					21,340
Convertible bonds (for corporate)					35,831
Deferred tax liabilities (for corporate)					1,992
Total liabilities					123,079

For the purpose of monitoring segment performances and allocation resources among segments:

– all assets are allocated to reportable-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, convertible bonds for corporate.

7. SEGMENT INFORMATION *(Continued)*

OTHER SEGMENT INFORMATION

Amounts included in the measure of segment profit or loss or segment assets:

Year ended 31 March 2018

	Sales of solar power related products HK$'000	New energy power system integration business HK$'000	Sales of self-service ATM systems and printing systems HK$'000	Provision of hardware and software technical support services HK$'000	Total HK$'000
Additions to property, plant and equipment	–	6	–	–	6
Depreciation of property, plant and equipment	–	95	277	10	382
Bad debts written off	–	214	–	–	214
Impairment loss on goodwill	4,800	–	–	–	4,800
Provision for obsolete stocks	–	–	742	–	742
Provision for doubtful debts	–	9	484	–	493

Year ended 31 March 2017

	Sales of solar power related products HK$'000	New energy power system integration business HK$'000	Sales of self-service ATM systems and printing systems HK$'000	Provision of hardware and software technical support services HK$'000	Total HK$'000
Additions to property, plant and equipment	–	–	–	203	203
Depreciation of property, plant and equipment	1	96	361	62	520
Bad debts written off	–	118	–	–	118
Impairment loss on goodwill	6,000	260,079	–	–	266,079
Provision for obsolete stocks	–	–	–	–	–
Provision for doubtful debts	–	37,102	–	–	37,102

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7. SEGMENT INFORMATION *(Continued)*

GEOGRAPHICAL INFORMATION

No geographical analysis is provided as less than 10% of the consolidated revenue and less than 10% of the operating results of the Group are attributable to markets outside the PRC. Therefore, no geographical information is presented.

Information about major customers

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

	2018 HK$'000	2017 HK$'000
Customer A – Sales of solar power related products	**54,518**	6,233
Customer B – Sales of solar power related products	**22,439**	4,771

8. REVENUE AND OTHER REVENUE

	2018 HK$'000	2017 HK$'000
Revenue		
Sales of goods	**79,776**	11,565
Rendering of services	**14,235**	683
	94,011	12,248
Other revenue		
Bank interest income	**50**	224
Others	**82**	206
Bad debts recovery	**131**	–
Reversal of provision for doubtful debt	**1,215**	–
Gain on disposal of held-for-trading financial assets	**450**	–
Gain on disposal of property, plant and equipment	**95**	–
Compensation received from customer	**506**	–
	2,529	430
Total revenue	**96,540**	12,678

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9. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Imputed finance costs on convertible bonds	**3,977**	3,484
Interest on other loan	**2,381**	2,381
	6,358	5,865

10. LOSS BEFORE TAXATION

Loss before taxation is stated after crediting and charging the following:

	2018 HK$'000	2017 HK$'000
Crediting:		
Change in fair value of financial assets at fair value through profit or loss	**1,260**	–
Gain on disposal of property, plant and equipment	**95**	–
Reversal of provision for doubtful debts	**1,215**	–
Bad debts recovery	**131**	–
Charging:		
Auditors' remuneration	**581**	511
Bad debts written off	**214**	118
Cost of inventories	**65,434**	8,705
Depreciation	**537**	687
Change in fair value of financial assets at fair value through profit or loss	**–**	233
Impairment loss on goodwill	**4,800**	266,079
Operating leases for land and building	**1,224**	1,126
Net foreign exchange losses	**–**	11
Provision for doubtful debts	**493**	37,102
Provision for obsolete stocks	**742**	–
Staff costs (including directors' emoluments)	**9,023**	9,032

11. INCOME TAX

The Company is incorporated in the Cayman Islands and is exempted from taxation in the Cayman Islands until 2021. The Company's subsidiaries established in the British Virgin Islands is incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, is exempted from payment of the British Virgin Islands income taxes.

The Company's subsidiaries established in the PRC are subject to Enterprise Income Tax rate of 25% (2017: 25%). Pursuant to the relevant laws and regulations in the PRC, the Group's certain subsidiaries are entitled to tax preference from PRC Enterprise Income Tax.

No provision for Hong Kong Profits Tax has been made as there is no assessable profit (2017: Nil) for the subsidiaries operating in Hong Kong during the year ended 31 March 2018.

The amount of tax charged (credited) to the consolidated statement of profit or loss and other comprehensive income represents:

	2018 **HK$'000**	2017 HK$'000
Current income tax:		
– Hong Kong Profits Tax	**–**	–
– PRC Enterprise Income Tax	**3,832**	10,875
Deferred taxation (Note 30)	**(656)**	(736)
Income tax	**3,176**	10,139

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

	2018 **HK$'000**	2017 HK$'000
Loss before taxation	**(9,811)**	(322,574)
Calculated at a rate of income tax of 16.5% (2017: 16.5%)	**(1,619)**	(53,225)
Effect of difference rate of income tax in other countries	**837**	169
Tax effect on income not subject to tax	**(216)**	(3)
Tax effect on expenses not deductible for taxation purposes	**3,013**	59,540
Tax effect of temporary differences	**1,152**	512
Tax effect of tax loss not previously recognized	**793**	109
Tax effect of utilization of tax loss not previously recognized	**(128)**	(6,092)
Tax concession	**–**	(669)
Underprovision in prior years (Note i)	**–**	10,534
Deferred taxation (Note 30)	**(656)**	(736)
	3,176	10,139

Note i: According to tax decision by Hami City State Taxation Bureau Inspection Bureau in May 2017, a wholly owned subsidiary of the Company was required to pay approximately HK$10,400,000 for the shortfall in the PRC Enterprise Income Tax for previous years.

12. DIVIDEND

No dividend was paid or proposed during the two years ended 31 March 2018 and 2017 nor has any dividend been proposed since the end of reporting date.

13. 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:

	2018 **HK$'000**	2017 HK$'000
Loss		
Loss for the year attributable to the owners of the Company	**(17,579)**	(333,148)

	2018	2017
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,430,012,850**	1,430,012,850
Weighted average number of ordinary shares for the purpose of diluted loss per share	**1,430,012,850**	1,430,012,850

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 the years ended 31 March 2018 and 31 March 2017.

14. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2018 **HK$'000**	2017 HK$'000
Wages and salaries	**8,961**	8,962
Pension costs – defined contribution plans	**62**	70
	9,023	9,032

15. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(A) DIRECTORS' EMOLUMENTS

Emoluments paid or payable to each of the seven (2017: eight) directors of the Company during the year were as follows:

2018	Fee	Salaries and other emoluments	Contribution to retirement benefit scheme	Performance-based bonus (Note 1)	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors:					
Chiu Tung Ping	–	360	–	–	360
Hou Hsiao Bing	–	1,500	18	–	1,518
Hu Xin	–	257	–	–	257
Yuen Hing Lan	–	120	–	–	120
Independent non-executive directors:					
Dong Guangwu	–	241	–	–	241
Meng Xianglin	–	120	–	–	120
Ma Xingqin	–	44	–	–	44
	–	2,642	18	–	2,660

Note 1: The performance-based bonus is determined by the performance of each individual director for the relevant year.

Note 2: The emoluments shown above for executive directors were mainly for their services in connection with the management of the affairs of the Company and the Group. The emoluments for independent non-executive directors were mainly for their services as directors of the Company.

15. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(A) DIRECTORS' EMOLUMENTS (Continued)

2017	Fee	Salaries and other emoluments	Contribution to retirement benefit scheme	Performance-based bonus (Note 3)	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors:					
Chiu Tung Ping	–	360	–	–	360
Hou Hsiao Bing	–	1,500	18	–	1,518
Hu Xin	–	221	–	–	221
Yuen Hing Lan	–	120	–	–	120
Independent non-executive directors:					
Dong Guangwu	–	221	–	–	221
Meng Xianglin	–	110	–	–	110
Ma Xingqin (Note 1)	–	59	–	–	59
Shi Huizhong (Note 2)	–	72	–	–	72
	–	2,663	18	–	2,681

Note 1: Ma Xingqin was appointed as independent non-executive director on 19 July 2016.

Note 2: Shi Huizhong resigned as independent non-executive director on 19 July 2016.

Note 3: The performance-based bonus is determined by the performance of each individual director for the relevant year.

Note 4: The emoluments shown above for executive directors were mainly for their services in connection with the management of the affairs of the Company and the Group. The emoluments for independent non-executive directors were mainly for their services as directors of the Company.

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15. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(B) FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year include three (2017: three) directors whose emoluments have been disclosed in the preceding paragraph. The emoluments payable to the remaining two (2017: two) individuals during the year are as follows:

	2018 **HK$'000**	2017 HK$'000
Basic salaries, allowances and benefits in kind	**2,157**	2,157
Pension costs-defined contribution plans	**36**	36
	2,193	2,193

The emoluments fell within the following bands:

	Number of Individuals	
	2018	2017
Emoluments bands		
Nil – HK$1,000,000	**1**	1
HK$1,000,001 – HK$1,500,000	**1**	1

During the year ended 31 March 2018, no emoluments have been paid by the Group to the directors and the highest paid individuals other than the directors above as bonus (2017: Nil). No emoluments were paid by the Group to any of the directors as inducement to join the Group or as compensation for loss of office (2017: Nil).

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Office equipment, furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost				
At 1 April 2016	2,159	5,589	1,761	9,509
Additions	203	135	–	338
Disposal of a subsidiary	–	(135)	–	(135)
Disposal	–	(525)	–	(525)
Exchange adjustment	(132)	(131)	(44)	(307)
At 31 March 2017 and At 1 April 2017	2,230	4,933	1,717	8,880
Additions	–	6	–	6
Disposal	–	–	(294)	(294)
Exchange adjustment	241	184	57	482
At 31 March 2018	**2,471**	**5,123**	**1,480**	**9,074**
Accumulated depreciation				
At 1 April 2016	1,856	5,378	1,079	8,313
Charged for the year	325	86	276	687
Disposal of a subsidiary	–	(3)	–	(3)
Eliminated on disposal	–	(525)	–	(525)
Exchange adjustment	(120)	(123)	(26)	(269)
At 31 March 2017 and At 1 April 2017	2,061	4,813	1,329	8,203
Charged for the year	178	122	237	537
Eliminated on disposal	–	–	(294)	(294)
Exchange adjustment	232	179	40	451
At 31 March 2018	**2,471**	**5,114**	**1,312**	**8,897**
Net book values				
At 31 March 2018	**–**	**9**	**168**	**177**
At 31 March 2017	169	120	388	677

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are comprised of:

	2018 HK$'000	2017 HK$'000
Unlisted investment, at cost (Note)	**190**	190
	190	190
Less: Impairment loss	**(190)**	(190)
At 31 March	**–**	–
Analysed for:		
Non-current assets	**–**	–
Current assets	**–**	–
	–	–

Note: This is investment in an unlisted private entity incorporated in the PRC. Its fair value information is not disclosed because the related fair value cannot be measured reliably.

18. INTANGIBLE ASSETS

	New energy power system integration services contracts HK$'000	**Sales of solar power related products contracts** HK$'000	**Total** HK$'000
Cost			
At 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018	2,474	10,142	12,616
Amortization			
At 1 April 2016	2,474	10,142	12,616
Provided for the year	–	–	–
At 31 March 2017 and 1 April 2017	2,474	10,142	12,616
Provided for the year	–	–	–
At 31 March 2018	**2,474**	**10,142**	**12,616**
Carrying amounts			
At 31 March 2018	**–**	**–**	**–**
At 31 March 2017	–	–	–

Intangible assets represent new energy power system integration services contracts and sales of solar power related products contracts signed by the subsidiary being acquired and valued by an independent professional valuer.

19. GOODWILL

	New energy power system integration business	Sales of solar power related products	Total
	HK$'000	HK$'000	HK$'000
Cost			
At 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018	**260,079**	**51,476**	**311,555**
Impairment			
At 1 April 2016	–	–	–
Impairment loss recognized for the year	260,079	6,000	266,079
At 31 March 2017 and 1 April 2017	260,079	6,000	266,079
Impairment loss recognized for the year	–	4,800	4,800
At 31 March 2018	**260,079**	**10,800**	**270,879**
Carrying values			
At 31 March 2018	**–**	**40,676**	**40,676**
At 31 March 2017	–	45,476	45,476

The goodwill is allocated to the cash generating unit ("CGU"), namely new energy power system integration business and sales of solar power related products. The Group tests goodwill annually for impairment in the financial year in which the acquisition takes place, or more frequently if there are indications that goodwill might be impaired.

19. GOODWILL *(Continued)*

As at 31 March 2018, the goodwill is approximately HK$40,676,000 (2017: approximately HK$45,476,000).

The recoverable amounts of cash generating units ("CGUs") are determined from value in use calculations based on cash flow projections covering a five-year period. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. The management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

During the year ended 31 March 2018, the Group recognized impairment loss of approximately HK$4,800,000 (2017: HK$266,079,000) in relation to goodwill arising on new energy power system integration business and sales of solar power related products.

The key assumption used for cash flow projections for the new energy power system integration business and sales of solar power related products are as follows:

New energy power system integration business

Discount rate	9.43%
Operating margin*	25%
Growth rate	Reference to the project being under negotiation and the estimated project revenue

The management has paid due and careful consideration to the impairment loss on goodwill arising from new energy power system integration business. Although the Group signed memorandum of undertaking with the customers, it still has uncertainty for execution in the near future. Therefore, impairment loss of approximately HK$260,079,000 was recognized for the year ended 31 March 2017.

Sales of solar power related products

Discount rate	17%
Operating margin*	20%
Growth rate	Reference to the co-operation agreement

* Defined as profit before income tax expenses divided by revenue

The discount rate used is pre-tax and reflect specific risks relating to the relevant CGU. The operating margin and growth rate within the five-year period have been based on management expectation.

The management believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

20. INVENTORIES

	2018 HK$'000	2017 HK$'000
Merchandize for re-sale	**6,635**	6,635
Spare parts	**1,873**	1,873
	8,508	8,508
Less: Provision for slow moving and obsolete inventories	**(8,856)**	(8,114)
Exchange adjustment	**348**	312
	–	706

21. ACCOUNTS AND BILLS RECEIVABLES

	2018 HK$'000	2017 HK$'000
Accounts receivables	**106,688**	113,461
Bills receivables	**23,087**	11,039
Less: Allowance for doubtful debts	**(47,698)**	(44,542)
	82,077	79,958

The majority of the Group's sales are on open account in accordance with terms specified in the contracts governing relevant transactions. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

At 31 March 2018, the aging analysis of the Group's accounts and bills receivables based on transaction date was as follows:

	2018 HK$'000	2017 HK$'000
Current to 60 days	**15,722**	5,100
61 to 90 days	**–**	–
Over 90 days	**114,053**	119,400
	129,775	124,500
Less: Allowance for doubtful debts	**(47,698)**	(44,542)
	82,077	79,958

As at 31 March 2018, the top five customers accounted for 64.87% (2017: 10.05%) of the Group's accounts receivables.

21. ACCOUNTS AND BILLS RECEIVABLES *(Continued)*

AGING OF OVERDUE ACCOUNTS RECEIVABLES BUT NOT IMPAIRED

The Group has credit policies in place to review the credit worthiness of all existing and potential customers. Credit terms range between 30 and 90 days. As at 31 March 2018, accounts receivables of approximately HK$66,355,000 (2017: approximately HK$74,858,000) were overdue but not impaired. The management assessed the credit quality by reference to the repayment history and current financial position of the customers. The management believes that no provision for impairment is necessary and these balances are expected to be fully recovered. The Group does not hold any collateral over these balances. The aging of these overdue accounts receivables but not impaired based on due date is as follows:

	2018	2017
	HK$'000	HK$'000
91 to 120 days	**9,372**	–
121 to 150 days	**8,177**	–
Over 150 days	**48,806**	74,858
	66,355	74,858

Movement in the allowance for doubtful debts:

	2018	2017
	HK$'000	HK$'000
Balance at the beginning of the year	**44,542**	8,803
Allowance for doubtful debts	**493**	37,102
Reversal of allowance for doubtful debts	**(1,215)**	–
Exchange adjustment	**3,878**	(1,363)
Balance at the end of the year	**47,698**	44,542

22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Other receivables, deposits and prepayments included the following:

(a) Deposit of approximately HK$14,006,000 (2017: approximately HK$11,264,000) for purchase of trading goods.

(b) No prepayment (2017: approximately HK$8,785,000) for new energy power system integration business for construction contract.

23. HELD-FOR-TRADING FINANCIAL ASSETS

	2018 HK$'000	2017 HK$'000
The movement in held-for-trading financial assets summarized as follows:		
At the beginning of the year	**22,412**	–
Additions	**–**	22,412
Disposal	**(22,412)**	–
At the end of the year	**–**	22,412

On 19 August 2016, 陝西百科新能源科技發展有限公司 (unofficial English translation being Shaanxi Baike New Energy Technology Development Co., Ltd.) ("Shaanxi Baike"), an indirect wholly-owned subsidiary of the Company, and 喀什天慶光電科技有限公司 (unofficial English translation being Kashii Tianqing New Energy Co., Ltd) ("Kashii Tianqing") entered into a cooperation agreement ("Cooperation Agreement") pursuant to which, among other matters, Shaanxi Baike and Kashii Tianqing have agreed to cooperate in the construction of a large-scale grid-connected solar photovoltaic power station ("Tibet Solar Power Station") with an expected capacity of 20MW on the land ("Tibet Land") located in the Lazi County of the Tibet Autonomous Region of the PRC and Shaanxi Baike has agreed to transfer 100% interest in 拉孜百科新能源科技有限公司 (unofficial English translation being Lazi Baike New Energy Technology Limited) ("Lazi Baike"), an indirect wholly-owned subsidiary of the Company which had obtained the land use right of the Tibet Land from the Lazi County people's government, to Kashii Tianqing after completion of the construction of the Tibet Solar Power Station and the power integration.

Upon signing of the Cooperation Agreement, Laizi Baike was derecognised from a wholly-owned subsidiary of the Company to held-for-trading financial assets of the Company.

The transaction was completed in May 2017.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
	HK$'000	HK$'000
Listed securities held for trading:		
Market value of equity securities listed in New York		
Cost	**24,250**	24,250
Change in fair value	**(21,706)**	(22,966)
31 March	**2,544**	1,284

The fair value of the above listed securities was determined based on the quoted market bid prices of the listed securities available on the relevant exchanges.

25. BANK BALANCES AND CASH

	2018	2017
	HK$'000	HK$'000
Cash at bank and on hand	**29,723**	13,180
Bank balances and cash in the consolidated statement of financial position and in the consolidated statement of cash flows	**29,723**	13,180

	2018	2017
	HK$'000	HK$'000
Cash and bank deposits denominated in:		
Hong Kong dollars	**2,779**	751
Chinese Renminbi	**26,693**	12,203
United States dollars	**251**	226
	29,723	13,180

Included in the balance was approximately HK$26,594,000 (2017: approximately HK$11,818,000), representing bank deposits denominated in Renminbi placed with banks in the PRC by the Group. The remittance of these funds out of the PRC is subject to the exchange control restrictions imposed by the PRC government.

The effective interest rates on bank deposits ranged from 0.05% to 0.35% (2017: from 0.05% to 0.35%) per annum.

26. ACCOUNTS PAYABLES

	2018	2017
	HK$'000	HK$'000
Accounts payables	**19,103**	25,838

At 31 March 2018, the aging analysis of the Group's accounts payables based on transaction date was as follows:

	2018	2017
	HK$'000	HK$'000
Current to 60 days	**2,585**	601
61 to 90 days	**7,678**	–
Over 90 days	**8,840**	25,237
	19,103	25,838

27. OTHER PAYABLES AND ACCRUALS

Included in other payables and accruals, there are amounts due to executive directors, Mr. Hou Hsiao Bing, Ms. Yuen Hing Lan, Mr. Chiu Tung Ping and Ms. Hu Xin, the amounts are approximately HK$259,000 (2017: approximately HK$1,772,000), HK$710,000 (2017: approximately HK$590,000), approximately HK$1,419,000 (2017: approximately HK$1,059,000) and approximately HK$550,000 (2017: Nil) respectively.

There is amount due to Dynatek Limited amounting to HK$182,000 (2017: HK$1,020,000). The amount is unsecured, interest free and has no fixed repayment term.

Mr. Hou Hsiao Bing is the common director of the Company and Dynatek Limited.

28. OTHER LOANS

	2018	2017
	HK$'000	HK$'000
Other loan (note (a))	**19,840**	19,840
Other loan (note (b))	**7,000**	1,500
	26,840	21,340

(a) Other loan amounting to HK$19,840,000 (2017: HK$19,840,000) is interest bearing on 12% per annum, unsecured and repayable on demand.

(b) Other loan amounting to HK$7,000,000 (2017: HK$1,500,000) is due to an executive director, Chiu Tung Ping, the loan is non-interest bearing, unsecured and has no fixed repayment term.

Borrowings are repayable as follows:

	2018	2017
	HK$'000	HK$'000
On demand or within one year	**26,840**	21,340
Less: Amount shown under non-current liabilities	**–**	–
Amount shown under current liabilities	**26,840**	21,340

29. CONVERTIBLE BONDS

2011 CONVERTIBLE BONDS ("2011 CB")

On 1 June 2011 ("Issue Date"), the Company issued the ten-year zero coupon convertible bonds 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 British Virgin Islands ("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 amount should be subject to change in relation to a profit guarantee made by the vendor to the Company. Refer 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 the profit guarantee 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$77,094. On such basis, the amended target profit of HK$40,000,000 under the sale and purchase agreement (as supplemented by the supplemental agreement) was not achieved and the principal amount of the Tranche II CB in the principal amount of HK$50,000,000 was adjusted to HK$0.

There was no conversion of convertible bonds for the year ended 31 March 2018 (Year ended 31 March 2017: Nil).

The 2011 CB contain liability and equity components. The effective interest rate of the liability component is 13.39% per annum. The equity component is presented under the equity heading of "convertible bonds reserve".

For The Year Ended 31 March 2018

29. CONVERTIBLE BONDS *(Continued)*

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

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.

2018

	Tranche I HK$'000
Equity component of convertible bonds at the beginning of the year	**27,997**
Conversion of convertible bonds	**–**
Equity component at 31 March	**27,997**
Liability component of convertible bonds at the beginning of the year	**35,831**
Imputed finance costs (Note 9)	**3,977**
Liability component at 31 March	**39,808**

2017

	Tranche I HK$'000
Equity component of convertible bonds at the beginning of the year	27,997
Conversion of convertible bonds	–
Equity component at 31 March	27,997
Liability component of convertible bonds at the beginning of the year	32,347
Conversion of convertible bonds	–
Imputed finance costs (Note 9)	3,484
Liability component at 31 March	35,831

30. DEFERRED TAXATION

The movement on the deferred tax liabilities account is as follows:

	2018 **HK$'000**	2017 HK$'000
At 1 April	**3,267**	4,100
Exchange adjustment	**(149)**	(97)
Deferred taxation credited to consolidated statement of profit or loss and other comprehensive income (Note 11)	**(656)**	(736)
At 31 March	**2,760**	3,267

Deferred tax assets are recognized for tax losses carry forwards to the extent that the realization of related tax benefits through the future taxable profits is probable. The Group did not recognize deferred tax assets of approximately HK$8,594,000 (2017: approximately HK$7,830,000) that can be carried forward against future taxable income. Losses amounting to approximately HK$52,080,000 (2017: approximately HK$47,455,000). The tax losses of approximately HK$15,145,000 (2017: approximately HK$7,256,000) that will expire within 1-5 years from the year origination. Other losses may be carried forward indefinitely.

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

DEFERRED TAX LIABILITIES

	Accelerated tax depreciation		**Other temporary difference**		**Total**	
	2018 **HK$'000**	2017 HK$'000	**2018** **HK$'000**	2017 HK$'000	**2018** **HK$'000**	2017 HK$'000
At 1 April	**–**	–	**3,895**	4,770	**3,895**	4,770
Exchange adjustment	**–**	–	**226**	(139)	**226**	(139)
Credited to consolidated statement of profit or loss and other comprehensive income	**–**	–	**(656)**	(736)	**(656)**	(736)
At 31 March	**–**	–	**3,465**	3,895	**3,465**	3,895

30. DEFERRED TAXATION *(Continued)*

DEFERRED TAX ASSETS

	Provision		Tax losses		Other temporary differences		Total	
	2018 HK$'000	2017 HK$'000	**2018 HK$'000**	2017 HK$'000	**2018 HK$'000**	2017 HK$'000	**2018 HK$'000**	2017 HK$'000
At 1 April	**–**	–	**–**	–	**628**	670	**628**	670
Exchange adjustment	**–**	–	**–**	–	**77**	(42)	**77**	(42)
Charged to consolidated statement of profit or loss and other comprehensive income	**–**	–	**–**	–	**–**	–	**–**	–
At 31 March	**–**	–	**–**	–	**705**	628	**705**	628

	2018 HK$'000	2017 HK$'000
Deferred tax assets	**705**	628
Deferred tax liabilities	**(3,465)**	(3,895)
	2,760	3,267

Deferred tax liabilities are to be recovered and settled after more than 12 months.

31. SHARE CAPITAL

	Authorized Ordinary shares of HK$0.1 each	
	No. of shares	HK$'000
At 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018	2,500,000,000	250,000

	Issued and fully paid Ordinary shares of HK$0.1 each	
	No. of shares	HK$'000
At 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018	1,430,012,850	143,001

31. SHARE CAPITAL *(Continued)*

SHARES ISSUED ON EXERCISE OF CONVERTIBLE BONDS

For the year ended 31 March 2018, there was no conversion of convertible bonds (Year ended 31 March 2017: Nil).

SHARE OPTIONS

The Company has adopted a share option scheme ("New Scheme") by shareholders' resolutions passed at its Annual General Meeting held on 26 August 2014. The New Scheme became effective on 26 August 2014. No option shares have been granted under the New Scheme to any person since its adoption (2016: Nil).

32. BANKING FACILITIES

As at 31 March 2018, the Group did not have any banking facilities (2017: Nil).

33. COMMITMENTS UNDER OPERATING LEASES – LAND AND BUILDINGS

At 31 March 2018, the Group had future aggregate minimum lease payments under operating leases as follows:

	2018 **HK$'000**	2017 HK$'000
Not later than one year	**441**	468
Later than one year and not later than five years	**665**	141
	1,106	609

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases and rentals are negotiated and fixed for an average of two years.

34. CAPITAL COMMITMENTS

	2018	2017
	HK$'000	HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– Capital injection to subsidiaries	**1,835**	2,782

35. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

DISPOSAL OF A SUBSIDIARY

On 19 August 2016, Shaanxi Baike and Kashii Tianqing entered into a cooperation agreement ("Cooperation Agreement") pursuant to which, among other matters, Shaanxi Baike and Kashii Tianqing have agreed to cooperate in the construction of a large-scale grid-connected solar photovoltaic power station ("Tibet Solar Power Station") with an expected capacity of 20MW on the land ("Tibet Land") located in the Lazi County of the Tibet Autonomous Region of the PRC and Shaanxi Baike has agreed to transfer 100% interest in Lazi Baike New Energy Technology Limited ("Lazi Baike"), an indirect wholly-owned subsidiary of the Company which had obtained the land use right of the Tibet Land from the Lazi County people's government, to Kashii Tianqing after completion of the construction of the Tibet Solar Power Station and the power integration.

Upon signing of the Cooperation Agreement, Laizi Baike was derecognized from a wholly-owned subsidiary of the Company to held-for-trading financial assets of the Company.

Details of the disposal were summarized as follows:

	HK$'000
Property, plant and equipment	132
Construction in progress	1,097
Prepayments and other receivables	22,326
Bank balances and cash	58
Other payables	(1,201)
Net assets	22,412
Recognized as held-for-trading financial assets	(22,412)
	–
Net cash outflows arising on disposal:	
Bank balances and cash	58

36. RELATED PARTY TRANSACTIONS

During the year, the Group undertook the following material transactions with the directors and/or related parties, some of which are also deemed to be connected persons pursuant to the GEM Listing Rules. The transactions during the year are as follows:

(A) TRANSACTIONS WITH CONNECTED OR RELATED PARTIES

	Note	**2018** **HK$'000**	2017 HK$'000
Rental paid to the related parties	(i)	**630**	579

Note:

(i) The Group leased office premises from Dynatek Limited ("Dynatek") in Hong Kong at an annual rental of HK$360,000 (2017: HK$360,000) for the Group's use for the year ended 31 March 2018. Dynatek is owned by Mr. Hou Hsiao Bing, the executive director of the Company. Besides, the Group leased office premises from Mr. Hou Hsiao Bing, the executive director of the Company, at an annual rental of approximately HK$142,000 (2017: approximately HK$138,000) for the Group's use. The Group leased an office premise from Mr. Hou Hsiao Wen at an annual rental of approximately HK$128,000 (2017: HK$81,000) for the year ended 31 March 2018. Mr. Hou Hsiao Wen was a former executive director and has remained as the chief executive officer of the Group's business relating to the sales of self-service ATM systems and printing systems in the PRC after his resignation as an executive director. Mr. Hou Hsiao Wen is the younger brother of Mr. Hou Hsiao Bing, an executive director.

(B) BALANCES WITH RELATED PARTIES

Included in other payables and accruals, there are amounts due to executive directors, Mr. Hou Hsiao Bing, Ms. Yuen Hing Lan, Mr. Chiu Tung Ping and Ms. Hu Xin, the amounts are approximately of HK$259,000 (2017: approximately HK$1,772,000), HK$710,000 (2017: HK$590,000, approximately HK$1,419,000 (2017: approximately HK$1,059,000) and approximately HK$550,000 (2017: Nil) respectively. The amounts are unsecured, interest free and have no fixed repayment terms.

In addition, other loan of HK$7,000,000 (2017: HK$1,500,000) is due to an executive Director, Mr. Chiu Tung Ping. The amount is unsecured, interest free and has no fixed repayment terms.

There is also amount due to Dynatek Limited amounting to HK$182,000 (2017: HK$1,020,000). The amount is unsecured, interest free and has no fixed repayment term.

36. RELATED PARTY TRANSACTIONS *(Continued)*

(C) COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

	2018	2017
	HK$'000	HK$'000
Short-term benefits	**4,799**	4,820
Post-employment benefits	**54**	54
	4,853	4,874

37. MAJOR NON-CASH TRANSACTIONS

During the year, the Group incurred imputed finance costs on convertible bonds of approximately HK$3,977,000 (2017: approximately HK$3,484,000).

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2018	2017
	HK$'000	HK$'000
Non-current assets		
Interests in subsidiaries	**33,629**	36,861
Current assets		
Other receivables, deposits and prepayments	**235**	235
Financial assets at fair value through profit or loss	**2,544**	1,284
Bank balances	**29**	33
	2,808	1,552
Current liabilities		
Other payables and accruals	**3,878**	3,171
	3,878	3,171
Net current liabilities	**(1,070)**	(1,619)
Total assets less current liabilities	**32,559**	35,242

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

	2018 HK$'000	2017 HK$'000
Non-current liabilities		
Deferred tax liabilities	**1,517**	2,748
Convertible bonds	**39,808**	35,831
	41,325	38,579
Net liabilities	**(8,766)**	(3,337)
Capital and reserves		
Share capital	**143,001**	143,001
Reserves (Note)	**(151,767)**	(146,338)
Capital deficiency	**(8,766)**	(3,337)

The statement of financial position of the Company was approved and authorized for issue by Board of Directors on 20 June 2018 and are signed on its behalf by:

Chiu Tung Ping
Director

Hu Xin
Director

NOTE: MOVEMENT IN RESERVES OF THE COMPANY

	Share premium HK$'000	Convertible bonds reserve HK$'000	Deficit HK$'000	Total HK$'000
At 1 April 2016	215,968	27,997	(114,967)	128,998
Total comprehensive expenses for the year	–	–	(275,336)	(275,336)
At 31 March 2017 and 1 April 2017	215,968	27,997	(390,303)	(146,338)
Total comprehensive expenses for the year	–	–	(5,429)	(5,429)
At 31 March 2018	215,968	27,997	(395,732)	(151,767)

For The Year Ended 31 March 2018

39. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

The following is a list of subsidiaries as at 31 March 2017:

Name of company	Place of incorporation/ establishment/ operation and type of legal entity	Principal activities	Particular of issued share capital/ registered capital	Interest held %
Subsidiaries held directly:				
Soluteck (BVI) Holdings Limited	British Virgin Islands ("BVI"), limited liability company	Investment holding	1,000 ordinary shares of US$1 each	100
Delight Value Limited	BVI, limited liability company	Investment holding	1 ordinary share of US$1 each	100
City Max International Limited	BVI, limited liability company	Investment holding	1 ordinary share of US$1 each	100
Subsidiaries held indirectly:				
Soluteck Investments Limited	Hong Kong, limited liability company	Inactive	Ordinary share capital of HK$2 and non-voting deferred share capital of HK$500,000	100
Truth Honour Electronic Limited	Hong Kong, limited liability company	Investment holding	Ordinary share capital of HK$2 each and non-voting deferred share capital of HK$3,000,000	100

39. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of company	Place of incorporation/ establishment/ operation and type of legal entity	Principal activities	Particular of issued share capital/ registered capital	Interest held %
Truth Honour (BVI) Holdings Limited	BVI, limited liability company	Investment holding	100 ordinary shares of US$1 each	100
一創信興(上海)計算機技術有限公司	PRC, limited liability company	Provision of technical support of computer communication systems, technical development of network communication, development and design of system software, sales of self-produced products and provision of related technical and consultation services	Registered capital of US$1,300,000	100
China Technology Solar Power Holdings Limited	BVI, limited liability company	Investment holding	2 ordinary shares of US$1 each	100
中科光電控股有限公司	Hong Kong, limited liability company	Inactive	Ordinary share capital of HK$1	100
一創信興(上海)電子技術有限公司	PRC, limited liability company	Sale of self-service ATM systems and printing systems and provision of related hardware and software technical support services	Registered capital of US$1,400,000	100

For The Year Ended 31 March 2018

39. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of company	Place of incorporation/ establishment/ operation and type of legal entity	Principal activities	Particular of issued share capital/ registered capital	Interest held %
陝西百科新能源科技發展有限公司	PRC, limited liability company	New energy power system integration	Registered capital of US$1,000,000	100
China Western Energy Holdings Limited	BVI, limited liability company	Investment holding	1 ordinary share of US$1 each	100
甘肅眾科新能源科技有限公司	PRC, limited liability company	Renewable energy engineering, research, development and consulting services	Registered capital of US$30,000	100
拉薩經濟技術開發區東科新能源科技有限公司	PRC, limited liability company	Renewable energy engineering, research, development and consulting services	Registered capital of RMB$500,000	100
哈密東科新能源科技發展有限公司	PRC, limited liability company	Renewable energy engineering, research, development and consulting services	Registered capital of RMB$1,000,000	100
Million Keen Limited	BVI, limited liability company	Investment holding	1 ordinary share of US$1 each	100
天津恒慶光伏科技有限公司	PRC, limited liability company	Sales of solar power related products	Registered capital of RMB$2,000,000	60
西藏立能光伏科技有限公司	PRC, limited liability company	Sales of solar power related products	Registered capital of RMB$1,000,000	60

39. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of company	Place of incorporation/ establishment/ operation and type of legal entity	Principal activities	Particular of issued share capital/ registered capital	Interest held %
信興電子(廣州保稅區)有限公司	PRC, limited liability company	Inactive	Registered capital of US$200,000	100
喀什東科新能源科技發展有限公司	PRC, limited liability company	Renewable energy engineering, research, development and consulting services	Registered capital of RMB$1,000,000	100
西安星燦光電科技有限公司	PRC, limited liability company	Renewable energy engineering, research, development and consulting services	Registered capital of RMB$1,000,000	100

Information about the composition of the Group at the end of reporting period is as follows:

		Number of non-wholly-owned subsidiary	
Principal activity	Place of incorporation	**2018**	2017
Sales of solar power related products	PRC	**2**	2

		Number of wholly owned subsidiary	
Principal activity	Place of incorporation	**2018**	2017
Sale of self-service ATM systems, printing systems and provision of related system hardware and software technical support services	PRC	**2**	2
Renewable energy engineering, research and development and consulting services	PRC	**4**	4

39. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

Details of non-wholly-owned subsidiary that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2018	2017	**2018**	2017	**2018**	2017
				HK$'000	HK$'000	**HK$'000**	HK$'000
天津恒慶光伏科技有限公司	PRC	**40%**	40%	**4,592**	435	**12,955**	7,767

Summarized financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarized financial information below represents the amount before intragroup elimination.

	2018	2017
	HK$'000	HK$'000
Non-current assets	**–**	–
Current assets	**53,583**	25,642
Current liabilities	**19,798**	6,078
Equity attributable to owners of the Company	**20,830**	11,797
Non-controlling interests	**12,955**	7,767

39. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

Details of non-wholly-owned subsidiary that has material non-controlling interests *(Continued)*

	Year ended 31-3-2018 HK$'000	Year ended 31-3-2017 HK$'000
Revenue	**57,315**	11,628
Expenses	**45,834**	10,540
Profit for the year	**11,481**	1,088
Profit attributable to owners of the Company	**6,889**	653
Profit attributable to non-controlling interests	**4,592**	435
Profit for the year	**11,481**	1,088
Total comprehensive income attributable to owners of the Company	**6,293**	1,204
Total comprehensive income attributable to non-controlling interests	**5,188**	(116)
Total comprehensive income for the year	**11,481**	1,088
Net cash outflows from operating activities	**(3,021)**	(99)
Net cash inflows from investing activities	**12**	7
Net cash inflows from financing activities	**16,173**	–
Net cash inflows (outflows)	**13,164**	(92)

40. EVENTS AFTER THE REPORTING PERIOD

STRATEGIC COOPERATION AGREEMENT

In April 2018, Shaanxi Baike has entered into a strategic cooperation agreement with China Construction in relation to certain new energy power station projects, so as to establish a long-term strategic partnership in the field of new energy (photovoltaic and wind power) power generation.

GRANT OF SHARE OPTIONS

The Company has adopted a share option scheme ("Share Option Scheme") which became effective on 26 August 2014.

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 participants, all being employees of the Group, under the Share Option Scheme. The exercise price of the options granted was HK$0.10 per share with an exercise period of 2 years from 10 April 2018 to 9 April 2020 (both dates inclusive). The closing price of the shares of the Company on the date of grant of options was HK$0.088 per share.

Save as disclosed above, up to the date of this report, no options had been granted, exercised, cancelled or lapsed under the Share Option Scheme. As at the date of this report, the total number of securities available for issue under the Share Option Scheme was 2,064 ordinary shares of HK$0.1 each in the share capital of the Company, representing approximately 0.00014% of the Company's shares in issue.

RESUMPTION OF DUTIES OF A SENIOR MANAGEMENT OF THE GROUP

Due to an investigation conducted by the Independent Commission Against Corruption of Hong Kong ("ICAC") against Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen, Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen had volunteered and the Board had agreed to suspend the day-to-day management duties of Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen with effect from 19 June 2015 until further notice. Mr. Hou Hsiao Bing has informed the Board that he and Mr. Hou Hsiao Wen have received written notifications from the ICAC dated 27 April 2017 stating that the investigation by the ICAC against them has come to an end and on the basis of the facts now known, no further investigation action in relation thereto will be pursued by the ICAC.

As such, having considered all related circumstances, the Board is satisfied that the ICAC investigation does not affect the integrity and suitability of Mr. Hou Hsiao Wen acting as the chief executive officer of the Group's ATM business. The day-to-day management duties of Mr. Hou Hsiao Wen as the chief executive officer of the Group's ATM business have been resumed with effect from 19 June 2018.

41. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors of the Company on 20 June 2018.