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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8111)

ANNUAL REPORT 2021

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Contents

Corporate Structure

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

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

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

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

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

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

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

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

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

* For identification purpose only.

Corporate Information

Executive Directors
Mr. Chiu Tung Ping
(Chairman and Chief Executive Officer)
Ms. Yuen Hing Lan
Ms. Hu Xin
Mr. Tse Man Kit Keith

Independent non-executive Directors
Ms. Ma Xingqin
Mr. Meng Xianglin *(resigned on 1 April 2021)*
Mr. Dong Guangwu *(resigned on 1 April 2021)*
Ms. Shan Jinlan *(appointed on 1 April 2021)*
Mr. Wang Zhuchen *(appointed on 1 April 2021)*

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 *(resigned on 1 April 2021)*
Mr. Dong Guangwu *(resigned on 1 April 2021)*
Ms. Shan Jinlan *(appointed on 1 April 2021)*
Mr. Wang Zhuchen *(appointed on 1 April 2021)*

Members of remuneration committee
Ms. Ma Xingqin *(Chairman)*
Mr. Meng Xianglin *(resigned on 1 April 2021)*
Mr. Dong Guangwu *(resigned on 1 April 2021)*
Ms. Shan Jinlan *(appointed on 1 April 2021)*
Mr. Wang Zhuchen *(appointed on 1 April 2021)*

Members of nomination committee
Ms. Ma Xingqin *(Chairman)*
Mr. Meng Xianglin *(resigned on 1 April 2021)*
Mr. Dong Guangwu *(resigned on 1 April 2021)*
Ms. Shan Jinlan *(appointed on 1 April 2021)*
Mr. Wang Zhuchen *(appointed on 1 April 2021)*

Members of corporate governance committee
Mr. Tse Man Kit Keith *(Chairman)*
Mr. Chiu Tung Ping
Ms. Yuen Hing Lan
Ms. Hu Xin

Auditors
SHINEWING (HK) CPA Limited
43/F Lee Garden One
33 Hysan Avenue
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
Suite 704, 7th Floor,
Ocean Centre,
Harbour City,
Kowloon,
Hong Kong

Company website
www.chinatechindgroup.com

Principal share registrar and transfer office
Suntera (Cayman) Limited
Suite 3204,
Unit 2A, Block 3, Building D,
P.O. Box 1586, Gardenia Court,
Camana Bay Grand Cayman KYI-1100,
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

On behalf of the Board ("**Board**") of Directors ("**Directors**") of China Technology Industry Group Limited ("**Company**"), I present herewith the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2021.

The Group was principally engaged in (i) sales of renewable energy 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 2021.

2020 was the final year of "13th Five-Year Plan" of China. It was a critical year for the industry shifting from subsidised bidding photovoltaics to grid parity in China towards a self-sustaining development path. Despite the delay in the construction progress of the new energy power system integration projects because of the novel coronavirus ("**COVID-19**") pandemic during the first quarter of 2020, the market recovered rapidly beginning from the second quarter. As for the Group's new energy power system integration business, the development and construction works of some new energy power system integration projects were halted in the first quarter of 2020, but have gradually resumed since the second quarter of 2020 after the lifting of the movement and quarantine restrictions in certain cities of China.

Generally speaking, the COVID-19 pandemic had no material impact on the business operations of the Group in the year ended 31 March 2021. As for the Group's sales of renewable energy products business and new energy power system integration business, the overall operation remained unaffected during the year. There was no material delay in the supply and delivery of renewable energy products and provision of new energy power system integration business because of the epidemic. To cope with the rapidly changing and uncertain market environment, the Group has adopted flexible business strategies, strengthened cost control measures and enriched its product portfolios by selling wind power related products to sharpen its competitive edge.

BUSINESS REVIEW

The Group's revenue amounted to approximately RMB276.9 million for the year ended 31 March 2021, representing an increase of approximately 204.0 per cent. as compared with approximately RMB91.1 million recorded in the year ended 31 March 2020.

The Group's gross profit margin was approximately 18.9 per cent. for the year ended 31 March 2021, as compared to approximately 9.5 per cent. for the year ended 31 March 2020. The increase in the gross profit margin was due to (1) the increase in revenue generated from the sales of renewable energy products; and (2) that customers were willing to pay a higher price for renewable energy products for completion of new energy projects which had been postponed as a result of the outbreak of COVID-19 during the first quarter of 2020.

Basic earnings per share for the year ended 31 March 2021 was approximately RMB3.18 cents (2020: basic loss per share was approximately RMB1.47 cents).

Chairman's Statement

FUTURE PROSPECTS

According to the data from the China Photovoltaic Industry Association (CPIA) (中國光伏行業協會) ("**CPIA**"), the overall production of the photovoltaic industry grew steadily in first three quarters of 2020. China's National Energy Administration ("**NEA**") announced that in the newly installed capacity of China's power supply in 2020 was 190.87GW, in which 48.2 GW was photovoltaic capacity. The newly installed photovoltaic capacity was 18.7GW in the first three quarters announced by the NEA, which means there was 29.5GW installed in the fourth quarter. This is a new high of nearly three years since the peak of the installed capacity in 2017. In addition, the President of China, Xi Jinping, announced during the United Nations General Assembly held in September 2020 that China strives to reach the peak of carbon dioxide emissions by 2030 and to achieve carbon neutrality by 2060, whilst the total installed capacity of wind and solar power generation will reach 1.2 billion kilowatts or even more. China enters the "14th Five-Year Plan" in 2021. Photovoltaic power generation will no longer be subsidized and enter into the grid parity generation. It is foreseeable that the Chinese government will continue to introduce various photovoltaic policies to support the "14th Five-Year" energy plan in 2021 in order to stimulate the development of the photovoltaic industry and achieve the country's overall energy goals. Besides, some industrial projects that were delayed by the epidemic in early 2020 will also be completed in 2021. CPIA predicted that during the "14th Five-Year Plan" period, the average annual domestic photovoltaic installed capacity will be 70 to 90GW. It is predicted that the development of China's photovoltaic industry will continue to improve in 2021.

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

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

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

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

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

Mr. Chiu Tung Ping
Chairman and executive Director

Hong Kong, 29 June 2021

Management Discussion and Analysis

REVENUE

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

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Revenue		
Sales of renewable energy products	**231,061**	25,774
New energy power system integration service income	**45,872**	65,312
Sales of self-service ATM systems and printing systems	**–**	–
Provision of hardware and software technical support services	**–**	–
	276,933	91,086

The Group's revenue amounted to approximately RMB276.9 million for the year ended 31 March 2021, representing an increase of approximately 204.0 per cent. as compared with approximately RMB91.1 million recorded in the year ended 31 March 2020. The increase in revenue was mainly attributable to revenue generated from the sales of renewable energy products of approximately RMB231.1 million during the year ended 31 March 2021 where the revenue generated therefrom during the year ended 31 March 2020 was approximately RMB25.8 million, which was partly offset by the decrease in revenue generated during the year ended 31 March 2021 from the rendering of new energy power system integration services by approximately RMB19.4 million when compared to the year ended 31 March 2020.

The Group's gross profit margin was approximately 18.9 per cent. for the year ended 31 March 2021, as compared to approximately 9.5 per cent. for the year ended 31 March 2020. The increase in the gross profit margin was due to (1) the increase in revenue generated from the sales of renewable energy products as stated above; and (2) that customers were willing to pay a higher price for renewable energy products for completion of new energy projects which had been postponed as a result of the outbreak of COVID-19 during the first quarter of 2020.

SALES OF RENEWABLE ENERGY PRODUCTS

The business of sales of renewable energy 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 related products as well as wind power related products.

The Group sources business for the sales of renewable energy products by negotiating and securing contracts with the engineering, procurement, and construction contractors of construction projects of solar photovoltaic power station and wind power station. The Group will supply the renewable energy products required under such projects and be responsible for their design optimisation. The Group will assess 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.

Management Discussion and Analysis

During the year ended 31 March 2021, the Group has entered into several supply contracts with a PRC state-owned entity ("**Purchaser**") pursuant to which the Group agreed to (i) sell and the Purchaser agreed to purchase towers for wind turbines and (ii) provide to the Purchaser technical services associated with the wind power projects for which the towers for wind turbines will be used. Please refer to the section headed "Sales of Towers for Wind Turbines and Solar Power Related Products" below for details.

During the year ended 31 March 2021, the Group was able to secure new contracts with its clients.

The revenue generated from sales of renewable energy products was approximately RMB231.1 million for the year ended 31 March 2021 (2020: approximately RMB25.8 million), accounted for approximately 83.4 per cent. of the Group's total revenue (2020: approximately 28.3 per cent.).

NEW ENERGY POWER SYSTEM INTEGRATION BUSINESS

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

The revenue generated from the new energy power system integration business was approximately RMB45.9 million during the year ended 31 March 2021 (2020: RMB65.3 million).

The Group continues to look for business opportunities relating to solar energy generation projects and new energy power system integration services.

SALES OF SELF-SERVICE ATM SYSTEMS AND PRINTING SYSTEMS

There was no revenue generated from the sales of self-service ATM systems and printing systems during the year ended 31 March 2021 (2020: Nil).

PROVISION OF HARDWARE AND SOFTWARE TECHNICAL SUPPORT SERVICES

There was no revenue generated from the provision of hardware and software technical support services during the year ended 31 March 2021 (2020: Nil).

SELLING EXPENSES

Selling expenses incurred by the Group for the year ended 31 March 2021 amounted to approximately RMB2.2 million (2020: approximately RMB2.9 million), representing a decrease of approximately 23.2 per cent; the decrease was due to the Group's policy on cost control during the year ended 31 March 2021.

ADMINISTRATIVE EXPENSES

Administrative expenses incurred by the Group for the year ended 31 March 2021 amounted to approximately RMB12.9 million (2020: approximately RMB15.7 million), representing a decrease of approximately 17.7 per cent.; the decrease was due to the Group's policy on cost control during the year ended 31 March 2021.

Staff costs (including Directors' emoluments) which were included in both selling expenses and administrative expenses decreased by approximately 0.3 per cent. to approximately RMB7.1 million in aggregate (2020: approximately RMB7.1 million). The staff costs remained stable during the year ended 31 March 2021 when compared with that of last year.

FINANCE COSTS

For the year ended 31 March 2021, the Group has incurred the following finance costs:

	2021	2020
	RMB'000	RMB'000
Effective interest on convertible bonds	**4,620**	4,198
Interest on other loans	**649**	352
Interest on lease liabilities	**114**	119
	5,383	4,669

Management Discussion and Analysis

LIQUIDITY, FINANCIAL RESOURCES AND TREASURY POLICIES

As at 31 March 2021, the Group had bank balances and cash amounting to a total of approximately RMB1.9 million (2020: approximately RMB4.1 million) denominated in Hong Kong dollars, Renminbi and United States dollars. The Group had no outstanding bank overdraft as at 31 March 2021 (31 March 2020: Nil).

The decrease in bank balances and cash is mainly due to the cash from operations of approximately RMB10.7 million (2020: cash used in operations of approximately RMB2.1 million), overseas taxation paid of approximately RMB3.7 million (2020: approximately RMB3.2 million) for the year ended 31 March 2021, and cash from in investing activities of approximately RMB0.3 million (2020: net cash used in investing activities of approximately RMB0.9 million), which was partly offset by the cash used in financing activities of approximately RMB9.4 million (2020: cash from financing activities of approximately RMB7.7 million).

As at 31 March 2021, the Group had other loans amounting to (i) approximately RMB2.2 million (2020: approximately RMB1.1 million) that was due to an executive Director, Mr. Tse Man Kit Keith; and RMB2.9 million (2020: approximately RMB6.7 million) that was from Mr. Huang Yuan Ming, the son of Mr. Huang Bo, a substantial Shareholder of the Company, which were interest bearing at 12% per annum, unsecured and repayable on demand); and (ii) approximately RMB4.1 million (2020: approximately RMB2.7 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 2021, and did not have any outstanding hedging instrument as at 31 March 2021.

BANKING FACILITIES

As at 31 March 2021, the Company did not have any banking facilities.

CHARGES ON ASSETS

As of 31 March 2021, the Group did not pledge any asset to secure borrowings granted to the Group.

CURRENT RATIO

As at 31 March 2021, the Group's current ratio, represented by a ratio of current assets to current liabilities, was approximately 1.7 (31 March 2020: approximately 1.4). The current ratio remained stable as compared to that as at 31 March 2020.

GEARING RATIO

As at 31 March 2021, the gearing ratio of the Group, represented by the percentage of total liabilities over total assets was approximately 59.8 per cent. (2020: approximately 93.6 per cent.).

	31 March 2021	31 March 2020
	RMB'000	RMB'000
Total assets	**218,914**	141,559
Total liabilities	**130,972**	132,451
Gearing ratio	**59.8 per cent.**	93.6 per cent.

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

(i) the increase in total assets of the Company by approximately RMB77.4 million as a result of the increase in accounts receivable and other receivables, deposits and prepayments of approximately RMB79.3 million and RMB6.0 million respectively, which was partly offset by the decrease in contract assets and bank balances and cash by approximately RMB4.4 million and RMB2.2 million respectively; and

(ii) the decrease in total liabilities of the Company by approximately RMB1.5 million which was due to the decrease in other payables and accruals, other loans, lease liabilities by approximately RMB11.3 million, RMB1.4 million, RMB1.0 million respectively, which was partly offset by the increase in accounts payables, taxation payable, and convertible bonds of approximately RMB7.2 million, RMB3.4 million, and RMB1.6 million respectively during the year ended 31 March 2021.

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 2021, 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 2021, the Group did not have a foreign currency hedging policy. However, the management will closely monitor the Group's exposure to foreign exchange risks and will consider hedging significant foreign currency should the need arise.

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

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

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

THE ACQUISITION

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

GEM LISTING RULES IMPLICATIONS

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

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

An extraordinary general meeting ("**EGM-1**") was convened on 17 February 2020 for the independent shareholders of the Company to consider and, if thought fit, approve the specific mandate for the allotment and issue of the Consideration Shares. Given that none of the shareholders has a material interest in the Acquisition and the Equity Interest Transfer Agreement, none of them would be required to abstain from voting in the EGM-1. The Independent board committee ("**Independent Board Committee**") comprising all independent non-executive directors, namely Ms. Ma Xingqin, Mr. Meng Xianglin and Mr. Dong Guangwu, has been established to advise the independent shareholders on matters in relation to the issue of the Consideration Shares pursuant to the specific mandate. Giraffe Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the independent shareholders on the issue of the Consideration Shares pursuant to the Specific Mandate.

COMPLETION OF ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

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

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

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

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

SALES OF TOWERS FOR WIND TURBINES AND SOLAR POWER RELATED PRODUCTS

On 9 April 2020, each of Xizang Lineng and Shaanxi Baike New Energy Technology Development Co., Ltd.* (陝西百科新能源科技發展有限公司, "**Shaanxi Baike**") entered into a supply contract with a PRC state-owned entity, the purchaser, pursuant to which each of Xizang Lineng and Shaanxi Baike agreed to (i) sell and the purchaser agreed to purchase towers for wind turbines and (ii) provide to the purchaser technical services associated with the wind power projects for which the towers for wind turbines will be used, at a consideration (subject to adjustments in accordance with the respective supply contract) of RMB189.6 million and RMB60.0 million, respectively. Please refer to the announcement of the Company dated 9 April 2020 for further details.

On 8 May 2020, Xizang Lineng entered into a supply contract with a PRC state-owned entity, the purchaser, pursuant to which Xizang Lineng agreed to sell and the purchaser agreed to purchase mounting required under construction project of a solar photovoltaic power station at a consideration of approximately RMB65.8 million. Please refer to the announcement of the Company dated 8 May 2020 for further details.

CONNECTED TRANSACTION IN RELATION TO LOAN CAPITALISATION AND ISSUE OF NEW SHARES UNDER SPECIFIC MANDATES

THE LOAN CAPITALISATION

On 3 July 2020 (after trading hours), the Company entered into a subscription agreement with each of Mr. Tse Man Kit Keith ("**Mr. Tse**"), an executive Director ("**Mr. Tse Subscription Agreement**") and with Mr. Huang Yuan Ming ("**Mr. Huang**"), the son of Mr. Huang Bo (a substantial shareholder of the Company) ("**Mr. Huang Subscription Agreement**"), respectively, pursuant to which the Company has conditionally agreed to allot and issue, and each of Mr. Tse and Mr. Huang has conditionally agreed to subscribe for 12,587,857 new shares of the Company ("**Mr. Tse Subscription Shares**") and 98,994,980 new shares of the Company ("**Mr. Huang Subscription Shares**", together with Mr. Tse Subscription Shares, "**Subscription Shares**"), respectively, at the subscription price of HK$0.1 per share ("**Subscription Price**"). The subscription amount payable by Mr. Tse under Mr. Tse Subscription Agreement shall be satisfied by capitalising the amount owed by the Group to Mr. Tse of approximately HK$1,225,817 ("**Mr. Tse Indebted Amount**"), and the subscription amount payable by Mr. Huang under Mr. Huang Subscription Agreement shall be satisfied by capitalising the amount owed by the Group to Mr. Huang of approximately HK$9,624,859 ("**Mr. Huang Indebted Amount**"). Upon completion of the above, the Company shall save the interest expenses of approximately HK$988,284 for the following year immediately after the completion, which will further improve the profitability of the Company.

* For identification purpose only

GEM LISTING RULES IMPLICATIONS

Mr. Tse is an executive Director and therefore, Mr. Tse is a connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the loan capitalisation for Mr. Tse constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules, and is subject to the reporting, announcement, circular and independent shareholders' approval requirements.

As at 3 July 2020, Mr. Huang is interested in 80,000,000 Shares, representing approximately 3.75% of the total issued share capital of the Company. Mr. Huang is also the son of Mr. Huang Bo, a substantial Shareholder of the Company. As at 3 July 2020, Mr. Huang Bo is interested in 434,129,674 Shares, representing approximately 20.37% of the total issued share capital of the Company. Accordingly, Mr. Huang is an associate of a connected person of the Company under Chapter 20 of the GEM Listing Rules. Therefore, the loan capitalisation for Mr. Huang constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules, and is subject to the reporting, announcement, circular and independent shareholders' approval requirements.

Given that Mr. Huang Bo and Mr. Huang have a material interest in the loan capitalisation for Mr. Huang, Mr. Huang Bo and Mr. Huang are therefore required to abstain from voting on the relevant resolution(s) to be proposed at the EGM to approve Mr. Huang Subscription Agreement and the transactions contemplated thereunder (including the allotment and issue of Mr. Huang Subscription Shares under the specific mandate). Mr. Tse, being the executive Director, had abstained from voting on the Board resolution(s) for approving Mr. Tse Subscription Agreement and the transactions contemplated thereunder.

An independent committee of the Board ("**Independent Board Committee**"), comprising all the independent non-executive Directors, has been established to advise independent shareholders (taking into account the recommendation of the independent financial adviser) as to whether the terms of each of the Subscription Agreements and the transactions contemplated thereunder are (i) fair and reasonable, (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group and (iii) in the interests of the Company and its shareholders as a whole and how to vote on each of the Subscription Agreements and the transactions contemplated thereunder. Giraffe Capital Limited has been appointed by the Company with the approval of the Independent Board Committee as the independent financial adviser to advise the Independent Board Committee and the independent shareholders in this regard.

An extraordinary general meeting ("**EGM-2**") was convened and held on 14 August 2020 for the purpose of considering and, if thought fit, approving each of Mr. Tse Subscription Agreement and Mr. Huang Subscription Agreement (collectively, "**Subscription Agreements**") and the transactions contemplated thereunder, including the grant of the specific mandates for the allotment and issue of the Subscription Shares.

COMPLETION OF ISSUE OF SUBSCRIPTION SHARES UNDER SPECIFIC MANDATES

On 19 August 2020, all the conditions precedent under the Subscription Agreements have been fulfilled and completion has taken place in accordance with the terms of the Subscription Agreements, and the allotment and issue of shares for the loan capitalisation has also been completed on 19 August 2020.

A total of 97,741,194 Shares and a total of 12,437,348 Shares (together, the "**Actual Subscription Shares**") were allotted and issued by the Company to Mr. Huang and Mr. Tse, respectively, at the Subscription Price of HK$0.10 per Actual Subscription Share. The Actual Subscription Shares represent (i) approximately 5.17% of the issued Shares immediately before completion of the allotment and issue of the Actual Subscription Shares and (ii) approximately 4.92% of the enlarged issued Shares immediately after the allotment and issue of the Actual Subscription Shares. As a result, (i) Mr. Huang holds 177,741,194 Shares, representing approximately 7.93% of the enlarged issued Shares as at 19 August 2020 immediately after the allotment and issue of the Actual Subscription Shares, and (ii) Mr. Tse holds 12,437,348 Shares, representing approximately 0.56% of the enlarged issued Shares as at 19 August 2020 immediately after the allotment and issue of the Actual Subscription Shares.

Please refer to the announcements of the Company dated 3 July 2020, 14 August 2020 and 19 August 2020 and the circular of the Company dated 28 July 2020 for further details.

EXPANSION OF PRINCIPAL BUSINESS ACTIVITIES

During the three months ended 30 June 2020, 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 systems and printing systems and (iv) provision of hardware and software technical support services in the People's Republic of China.

As disclosed in the Company's announcement dated 9 April 2020 in relation to, among other matters, the sales of towers for wind turbines, the Group entered into two supply contracts pursuant to which the Group agreed to, among other things, sell towers for wind turbines (the "**Transactions**"). The Board believes that the Transactions represent a good opportunity in the renewable energy business that is closely related the Group's main business in order to tap into other renewable energy areas, diversify the Group's renewable energy portfolios and supplement multi-type energy supply in the long run. The Transactions contributed to an increase in revenue of the Group in the nine months ended 31 December 2020.

In order to broaden the source of income and offer better returns to the Shareholders, the Board has resolved that the Company will adopt sales of renewable energy products as one of the principal business activities of the Group. The Directors will continue to seek opportunities in respect of renewable energy products such as wind power related products so as to better utilise the existing resources to maximise returns to the Shareholders, broaden the source of income and improve the financial position of the Group. Please refer to the announcement of the Company dated 3 August 2020 for further details.

INCREASE IN AUTHORISED SHARE CAPITAL

By an ordinary resolution passed on 10 September 2020, the authorised share capital of the Company was increased from HK$250,000,000 divided into 2,500,000,000 shares of HK$0.1 each to HK$500,000,000 divided into 5,000,000,000 shares of HK$0.1 each by creation of additional 2,500,000,000 unissued shares in the share capital of the Company.

MAJOR TRANSACTION IN RELATION TO SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCT

SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCT

During the period from 30 September 2020 to 8 October 2020, Hami Dongke New Energy Technology Development Co., Ltd* (哈密東科新能源科技發展有限公司)("**Hami Dongke**"), a wholly-owned subsidiary of the Company, had subscribed for a wealth management product ("**Wealth Management Product**") from China Construction Bank Corporation (中國建設銀行股份有限公司)("**CCB**") Shaanxi Branch in an aggregate amount of RMB40,000,000 ("**Subscription**"). On 9 October 2020, Hami Dongke redeemed the Subscription and received the entire principal amount together with an aggregate interest in the amount of RMB22,685.

The Company earned approximately RMB22,685 during the period under review. As at 30 September 2020, the fair value of the wealth management product amounted to RMB40,000,000, which was approximately 21.0 per cent. of the total assets of the Group.

Below sets out the principal terms of the Subscription.

Parties	:	(i) CCB Shaanxi Branch; and (ii) Hami Dongke To the best knowledge, information and belief of the Directors having made all reasonable enquiries, CCB and its ultimate substantial beneficial owners as publicly disclosed by CCB are third parties independent from the Company and its connected persons.
Date of subscription	:	30 September 2020 (redeemed on 9 October 2020)
Name of product	:	CCB Shaanxi Branch "Qianyuan-Silutiantianying" Open-ended Asset Portfolio RMB Wealth Management Product* (中國建設銀行陝西省分行"乾元–絲路天天盈"開放式資產組合型人民幣理財產品)
Type of product	:	Non-principal guaranteed with floating income
Currency of principal and return	:	RMB

Subscription amount	:	RMB40,000,000
Basis of consideration	:	The minimum amount for the initial subscription by an institutional subscriber is RMB100,000. Each additional subscription amount by an institutional subscriber must be a multiple of RMB1,000.
Term of product	:	No fixed maturity period[#] # During the term of the Wealth Management Product, any application for purchase, additional investment and redemption can be made from 1:00am to 3:30pm on any business day. CCB Shaanxi Branch has a right to prematurely terminate the Wealth Management Product.
Scope of investment	:	Cash assets, money market instruments, money market funds, standardised fixed income assets, non-standardised debt assets and other assets in compliance with regulatory requirements
Expected annualised yield rate	:	2.3% if the term of subscription is not less than seven days and not more than 13 days CCB Shaanxi Branch may adjust the expected annualised yield rate in view of the prevailing market condition.
Return calculation	:	Return = principal of subscription x actual annualised yield rate x number of days of subscription/365 The return will be calculated according to the principal of each subscription, number of days of that subscription and the actual annualised yield rate for that subscription.
Repayment arrangement of principal and return	:	The principal and return, upon redemption, will be deposited to Hami Dongke's designated account in real time. Where the Wealth Management Product is prematurely terminated by CCB Shaanxi Branch, the principal and return will be deposited to Hami Dongke's designated account within five business days from the date of such premature termination.

* *For identification purpose only*

BASIS OF DETERMINATION FOR CONSIDERATION

The Board confirmed that the consideration of the Subscription was determined on the basis of commercial terms negotiated at arm's length.

INVESTMENT STRATEGY FOR THE SUBSCRIPTION

The Subscription was made from the spare funds of the Group and was made for the treasury management purpose to increase the return of the idle funds of the Group after taking into account, among others, the level of risk and return on investment. Although the Wealth Management Product was marketed as a non-principal guaranteed financial product and without a guaranteed return, the Board considers that the Wealth Management Product with a flexible redemption term had relatively low risk as the Group would be readily able to recover the principal and receive the expected return on the Subscription. Therefore, the Board considers that the Subscription does not cause any adverse impact on the working capital of the Group.

Appropriate short-term wealth management with low risk exposure is conducive to enhancing the utilisation of capital while increasing income from idle funds. The Board is of the view that the Subscription, which offered a better interest rate than the prevailing fixed-term deposit interest rates offered by banks or licensed financial institutions, was made on normal commercial terms in the ordinary course of business of the Group, is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER GEM LISTING RULES

At the relevant time, since at least one of the applicable percentage ratios for the Subscription exceeded 25% but were less than 100%, the Subscription constituted a major transaction under Chapter 19 of the GEM Listing Rules and was subject to the notification, announcement and shareholders' approval requirements set out under Chapter 19 of the GEM Listing Rules.

The Company regrets that it did not duly comply with the notification, announcement and shareholders' approval requirements under Rule 19.34, 19.38 and 19.40 of the GEM Listing Rules by omitting to issue an announcement and circular for shareholders' approval at the relevant time of making the Subscription. The Company wishes to apologise in this regard. It is always the intention of the Company to fully comply with the GEM Listing Rules. The Directors, having been fully informed of all the facts of the Subscription, consider that the failure to comply with Chapter 19 of the GEM Listing Rules in respect of the Subscription was inadvertent and can be avoided going forward. The Group has taken the incident seriously and shall implement remedial measures to prevent re-occurrence of similar incidents as detailed in the announcement of the Company dated 15 October 2020.

An extraordinary general meeting ("**EGM-3**") was convened on 16 December 2020 for the independent shareholders of the Company to consider and, if thought fit, to ratify and approve the Subscription.

Please refer to the announcements of the Company dated 15 October 2020, 6 November 2020 and 16 December 2020 and the circular of the Company dated 24 November 2020 for further details.

Management Discussion and Analysis

CHANGE OF COMPANY WEBSITE

The official website address of the Company has been changed from "www.chinatechsolar.com" to "www.chinatechindgroup.com" with effect from 31 December 2020. All announcements, notices or other documents to be submitted by the Company for publication on the website of the Stock Exchange will also be published on this new website of the Company.

CHANGE OF ADDRESS OF PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

The address of Suntera (Cayman) Limited, the Cayman Islands share registrar of the Company, has been changed from "Royal Bank House – 3rd Floor, 24 Shedden Road, P.O. Box 1586, Grand Cayman, KY1-1110, Cayman Islands" to "Suite 3204, Unit 2A, Block 3, Building D, P.O. Box 1586, Gardenia Court, Camana Bay, Grand Cayman, KY1-110 Cayman Islands" with effect from 1 March 2021.

The Company's branch share registrar and transfer office in Hong Kong is still maintained by Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

HUMAN RESOURCES

As at 31 March 2021, the Group employed 8 and 20 staff in Hong Kong and the PRC respectively (31 March 2020: 6 in Hong Kong and 20 in the PRC). The Group has developed its human resources policies and procedures based on performance and merit. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system. Employee trainings are also provided as and when required. We actively promote on-the-job training at all levels of employees, who are recommended to participate in various training courses, forums and seminars, with an aim to enhance their knowledge and working skills, which in turn they can create competitive advantages together with the Group. We provide external training and updated directors' training webcasts published by the Stock Exchange to our employees.

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

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the shares of the Company during the year ended 31 March 2021.

EVENTS AFTER THE REPORTING PERIOD

I. CHANGES OF INDEPENDENT NON-EXECUTIVE DIRECTORS AND COMPOSITION OF BOARD COMMITTEES

(1) RESIGNATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

On 1 April 2021, each of Mr. Dong Guangwu ("**Mr. Dong**") and Mr. Meng Xianglin ("**Mr. Meng**") has tendered his resignation as an independent non-executive Director of the Company with effect from 1 April 2021. Each of Mr. Dong and Mr. Meng has ceased to be a member of each of the Company's audit committee (the "**Audit Committee**"), nomination committee (the "**Nomination Committee**") and remuneration committee (the "**Remuneration Committee**") with effect from 1 April 2021.

Please refer to the announcement of the Company dated 1 April 2021 for further details.

(2) APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

On 1 April 2021, each of Ms. Shan Jinlan ("**Ms. Shan**") and Mr. Wang Zhuchen ("**Mr. Wang**") has been appointed as an independent non-executive Director and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee with effect from 1 April 2021.

There is no service contract between the Company and Ms. Shan. Ms. Shan is appointed for a term of one year and is subject to retirement by rotation and re-election in accordance with the articles of association of the Company and the GEM Listing Rules. Ms. Shan will be entitled to a Director's fee of RMB15,600 per month, which was recommended by the Remuneration Committee and has been determined with reference to the prevailing market conditions, her qualification and level of experience, and her roles and responsibilities in the Group, subject to review by the Board and the Remuneration Committee from time to time. She has not entered into nor proposed to enter into any service contracts which fall within the meanings of Rule 17.90 of the GEM Listing Rules requiring the prior approval of the Shareholders at general meetings, with the Company.

Further, there is no service contract between the Company and Mr. Wang. Mr. Wang is appointed for a term of one year and is subject to retirement by rotation and re-election in accordance with the articles of association of the Company and the GEM Listing Rules. Mr. Wang will be entitled to a Director's fee of RMB9,200 per month, which was recommended by the Remuneration Committee and has been determined with reference to the prevailing market conditions, his qualification and level of experience, and his roles and responsibilities in the Group, subject to review by the Board and the Remuneration Committee from time to time. He has not entered into nor proposed to enter into any service contracts which fall within the meanings of Rule 17.90 of the GEM Listing Rules requiring the prior approval of the Shareholders at general meetings, with the Company.

Please refer to the announcement of the Company dated 1 April 2021 for further details relating to their respective appointment.

Pursuant to code provision A.4.2 of the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Further, pursuant to article 112 of the articles of association of the Company, any Director appointed by the Board to fill a casual vacancy shall hold office until the next following general meeting of the Company and shall then be eligible for re-election at the meeting. Accordingly, the office of each of Ms. Shan and Mr. Wang will end at the upcoming EGM to be held on 15 July 2021 ("**EGM-4**"). Ms. Shan and Mr. Wang, being eligible, will offer themselves for the re-election at EGM-4. Please refer to the circular of the Company dated 17 June 2021 for further details relating to the proposed re-election.

II. RESIGNATION OF AUDITOR

On 10 May 2021, Deloitte Touche Tohmatsu ("**Deloitte**") has resigned as the auditor of the Group with effect from 10 May 2021, after taking into account factors including the level of audit fee and availability of internal resources, for the financial year ended 31 March 2021.

Deloitte has confirmed in its letter of resignation that there are no matters connected with its resignation that need to be brought to the attention of the Shareholders.

The Board and the audit committee of the Company have confirmed that there is no disagreement between the Company and Deloitte and there are no matters or circumstances in respect of the resignation of Deloitte as auditor of the Group that need to be brought to the attention of the Shareholders.

Please refer to the announcement of the Company dated 10 May 2021 for further details.

III. APPOINTMENT OF AUDITOR

On 12 May 2021, the Board, with the recommendation of the audit committee of the Board, has appointed SHINEWING (HK) CPA Limited as the new auditor of the Company with effect from 12 May 2021 to fill the casual vacancy following the resignation of Deloitte Touche Tohmatsu and to hold office until conclusion of the next annual general meeting of the Company.

Please refer to the announcement of the Company dated 12 May 2021 for further details.

IV. ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

On 31 May 2021, the Company and the Mr. Qin Zhongde, an independent third party ("**Subscriber**") entered into a subscription agreement ("**Subscription Agreement**") pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the convertible bonds ("**Convertible Bonds**") in the principal amount of HK$32,000,000. Principal terms of the Convertible Bonds are set out in the announcement of the Company dated 31 May 2021 ("**Announcement**").

Conversion rights

The Subscriber shall have the right to convert the whole or part of the principal amount of the Convertible Bonds into Shares at any time and from time to time during the issue date of the Convertible Bonds to 1 October 2022 ("**Conversion Period**") in amounts of not less than HK$1 million and in integral multiples of HK$1 million in excess thereof on each conversion, save that if at any time, the principal outstanding amount of the Convertible Bonds is less than HK$1 million, the whole (but not part only) of the principal outstanding amount of the Convertible Bonds may be converted.

The Subscriber shall not have the right to convert the whole or part of the outstanding principal amount of the Convertible Bonds into existing ordinary share(s) of HK$0.1 each in the share capital of the Company ("**Shares**") to the extent that immediately after such conversion:

(a) there will not be sufficient public float of the Shares as required under the GEM Listing Rules; and

(b) the Subscriber whether on his own or together with parties acting in concert with him would be obliged to make a general offer under the The Hong Kong Code on Takeovers and Mergers ("**Takeovers Code**").

Conversion price

The initial Conversion Price (as defined in the Announcement) of HK$0.5 per Conversion Share (as defined in the Announcement) has been determined after arm's length negotiations between the Company and the Subscriber with reference to the then prevailing market price of the Shares. The Directors consider that the Conversion Price and the terms and conditions of the Subscription Agreement and the Convertible Bonds are fair and reasonable and in the interests of the Company and the shareholders as a whole.

Conditions precedent

Completion of the Subscription is conditional upon:

(i) the Subscriber receiving on or before the date of completion a copy of each of:

- the articles of association of the Company;

- the resolution(s) of the Directors authorising the execution of the bond instrument and certificates of the Convertible Bonds to which the Company is a party, the issue of the Convertible Bonds and the entry into and performance of the transactions contemplated hereby and thereby; and

- the bond instrument and certificates of the Convertible Bonds executed on or before the date of completion by or on behalf of all parties thereto;

(ii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Conversion Shares (and such listing and permission not having been subsequently revoked by the Stock Exchange prior to the Closing Date (as defined in the Announcement)); and

(iii) the statements represented, warranted and undertaken by the Company to the Subscriber as stated in the Subscription Agreement remaining true, accurate and not misleading in each case in all respects.

General mandate

The Conversion Shares will be issued under the General Mandate (as defined in the Announcement), subject to the limit up to 448,176,684 Shares (representing 20% of the then issued share capital of the Company). Accordingly, the allotment and issue of the Conversion Shares is not subject to the shareholders' approval.

As at the date of this report, no Share has been issued by the Company under the General Mandate.

Application for listing

An application has been made to the Stock Exchange for the listing of, and the permission to deal in, the Conversion Shares. No application will be made by the Company for the listing of the Convertible Bonds on the Stock Exchange.

Use of proceeds

The Company and the Subscriber have agreed that Existing Convertible Bonds (as defined in the Announcement) shall be redeemed by the Company on the date of completion. As the redemption money payable by the Company to the Subscriber in respect of the Existing Convertible Bonds in the principal amount of HK$32,000,000 shall be applied towards the payment of and be set off against the subscription money payable by the Subscriber for the Convertible Bonds in the principal amount of HK$32,000,000, the Company will not receive any net proceeds from the issue of the Convertible Bonds.

Reasons for and benefits of the subscription

The Board considers that the redemption of the Existing Convertible Bonds (as defined in the Announcement) and the issue of the Convertible Bonds allow the Company to postpone its cash outflow required for the repayment of the Existing Convertible Bonds and to retain its financial resources for a longer period for the development of its business. The Board has considered various ways of raising funds in the capital market and considers that the issue of the Convertible Bonds is an appropriate means of raising capital for the Company since such issue will not have an immediate dilution effect on the shareholding of the existing Shareholders. The Board considers that the terms of the Subscription Agreement and the Convertible Bonds are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Effects of the full conversion of the Convertible Bonds

The shareholdings in the Company as at the date of this report and immediately after conversion in full of the Convertible Bonds (assuming that there is no other change in the issued share capital of the Company) at the initial Conversion Price are summarised as follows:

	As at the date of this report		**Immediately upon full conversion of the Convertible Bonds at the initial Conversion Price (for illustration purpose only)**	
	No. of Shares	*Approximate %*	*No. of Shares*	*Approximate %*
Huang Bo	434,129,674	19.37%	434,129,674	18.84%
Li Xiaoyan* (李曉艷)	295,472,031	13.19%	295,472,031	12.82%
The Subscriber	–	–	64,000,000	2.78%
Public Shareholders	1,511,281,718	67.44%	1,511,281,718	65.56%
Total	2,240,883,423	100.00%	2,304,883,423	100.00%

For further details, please refer to the Announcement and the announcement of the Company dated 17 June 2021.

Completion

All conditions of the Subscription Agreement have been fulfilled and completion of the Subscription took place on 17 June 2021 in accordance with the terms and conditions thereof. The Convertible Bonds in the principal amount of HK$32,000,000 have been issued to the Subscriber.

* *For identification purpose only*

V. PROPOSED SHARE CONSOLIDATION AND PROPOSED CHANGE IN BOARD LOT SIZE

Reference is made to the announcements of the Company dated 3 June 2021 and 4 June 2021 and the circular of the Company dated 17 June 2021 ("**Circular**"). Capitalised terms under this section shall have the same meanings given to them in the Circular.

On 3 June 2021, the Board proposes to implement the proposed consolidation of every five (5) issued and unissued existing shares of HK$0.10 each in the share capital of the Company into one (1) ordinary share(s) of HK$0.50 each in the share capital of the Company ("**Share Consolidation**").

Effects of the Share Consolidation

As at the date of this report, 2,240,883,423 Existing Shares (as defined in the Circular) have been allotted and issued. Upon the Share Consolidation becoming effective and assuming that no new Existing Shares are issued or repurchased from the date hereof until the effective date of the Share Consolidation, 448,176,684* Consolidated Shares (as defined in the Circular) will be in issue. Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank pari passu in all respects with each other.

* *fractional number of shares is disregarded for illustration purposes*

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the shareholdings, proportionate interests or rights of the shareholders ("**Shareholders**"), save for any fractional Consolidated Shares to which Shareholders may be entitled.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions:

(i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at EGM-4 to consider, and if thought fit, to approve the Share Consolidation;

(ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and

(iii) the compliance with the relevant procedures and requirements under the laws in Cayman Islands (where applicable) and the GEM Listing Rules to effect the Share Consolidation.

The Share Consolidation is expected to become effective on 19 July 2021, being the second Business Day after the EGM, subject to the fulfilment of the above conditions.

Listing application

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the Hong Kong Securities Clearing Company Limited ("**HKSCC**"), the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the Central Clearing and Settlement System established and operated by HKSCC ("**CCASS**") with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the general rules of CCASS and the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time ("**CCASS Operational Procedures**") in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Proposed Change in Board Lot Size

As at the date of this report, the Existing Shares are traded on the Stock Exchange in the board lot size of 5,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 5,000 Existing Shares to 10,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK$0.087 per Existing Share (equivalent to the theoretical closing price of HK$0.435 per Consolidated Share) as at 3 June 2021, (i) the value of each existing board lot of Existing Shares is HK$435; (ii) the value of each board lot of 1,000 Consolidated Shares would be HK$435 assuming the Share Consolidation becoming effective; and (iii) the estimated value per board lot of 10,000 Consolidated Shares would be HK$4,350 assuming that the proposed change in board lot size of the Shares for trading on the Stock Exchange from 5,000 Exiting Shares to 10,000 Consolidated Shares had also been effective.

Adjustments in Relation to Other Securities of the Company

If the Share Consolidation becomes effective, pursuant to the terms of the Convertible Bonds, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the revised nominal amount and dividing the result by the former nominal amount with effect from the close of business in Hong Kong on the day immediately preceding the date on which the Share Consolidation becomes effective, as a result of which 12,800,000 Consolidated Shares will be issued. The Company will make further announcement(s) about the adjustment(s) pursuant to the GEM Listing Rules.

Save as disclosed above, the Company does not have any other derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares or Consolidated Shares, as at the date of this report.

Reason for the Share Consolidation and Change in Board Lot Size

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK$0.01 or HK$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. The "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019 has further stated that (i) market price of the Shares at a level less than HK$0.1 will be considered as approaching the extremities of HK$0.01 as referred to Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK$2,000.

The Shares are currently traded on the Stock Exchange in the board lot size of 5,000 Existing Shares. It is proposed that the board lot size will be increased to 10,000 Consolidated Shares when the Shares Consolidation becomes effective. Based on the closing price of HK$0.087 per Existing Share (equivalent to the theoretical closing price of HK$0.435 per Consolidation Share) as quoted on the Stock Exchange as at the date of this report, the theoretical market value of each board lot of the Consolidated Shares, assuming the Share Consolidation had become effective, would be HK$4,350.

In view of the recent trading price of the shares, the Board considers that the Share Consolidation will enable the Company to comply with the trading requirements under the GEM Listing Rules and reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade. With a corresponding upward adjustment in the trading price of the Consolidated Shares, the Board believes that the Share Consolidation will make investing in the Shares more attractive to a broader range of investors, and therefore further broaden the shareholder base of the Company.

In view of the above reasons, the Company considers the proposed Share Consolidation and Change in Board Lot Size is justifiable notwithstanding the potential costs and impact arising from creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

EGM-4

A circular containing, among other things, information relating to (i) the proposed Share Consolidation and Change in Board Lot Size and a notice convening the EGM-4 has been despatched to the Shareholders on 17 June 2021. The EGM-4 will be convened on 15 July 2021 to consider and, if thought fit, to approve, among other things, the Share Consolidation. To the best of the Directors' knowledge, information and belief, no Shareholder has a material interest in the Share Consolidation and therefore, no Shareholder will be required to abstain from voting on the relevant resolution at the EGM-4.

For further details, please refer to the announcements of the Company dated 3 June 2021 and 4 June 2021 and the Circular.

(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 2021 ("**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 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 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 10 September 2020 ("**2020 AGM**"). Nevertheless, Mr. Tse Man Kit Keith, an executive Director, presided as the chairman at the 2020 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 and Chief Executive Officer)
Ms. Yuen Hing Lan
Ms. Hu Xin
Mr. Tse Man Kit Keith

Independent non-executive Directors:
Ms. Ma Xingqin
Mr. Meng Xianglin (resigned on 1 April 2021)
Mr. Dong Guangwu (resigned on 1 April 2021)
Ms. Shan Jinlan (appointed on 1 April 2021)
Mr. Wang Zhuchen (appointed on 1 April 2021)

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

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

BOARD MEETING

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

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

Name of Director	Number of board meetings attended/held during the Director's term of office in the Review Period	Attendance rate
Executive Directors		
Mr. Chiu Tung Ping (Chairman and Chief Executive Officer)	19/19	100%
Ms. Yuen Hing Lan	18/19	95%
Ms. Hu Xin	19/19	100%
Mr. Tse Man Kit Keith	19/19	100%
Independent non-executive Directors		
Ms. Ma Xingqin	18/19	95%
Mr. Meng Xianglin (resigned on 1 April 2021)	18/19	95%
Mr. Dong Guangwu (resigned on 1 April 2021)	19/19	100%
Ms. Shan Jinlan (appointed on 1 April 2021)	N/A	N/A
Mr. Wang Zhuchen (appointed on 1 April 2021)	N/A	N/A

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

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

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

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

(3) THE FOUR COMMITTEES OF THE BOARD

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

(a) *Audit Committee*

The Company established an audit committee ("**Audit Committee**") on 13 December 2000 with written terms of reference (revised in December 2018) made in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules and posted on the websites of the Company and the Stock Exchange. During the year ended 31 March 2021, 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. Following the appointment of Ms. Shan Jinlan and Mr. Wang Zhuchen and the resignation of Mr. Meng Xianglin and Mr. Dong Guangwu as independent non-executive Directors on 1 April 2021, the Audit Committee comprises three independent non-executive Directors, namely, (i) Ms. Ma Xingqin; (ii) Ms. Shan Jinlan; and (iii) Mr. Wang Zhuchen, 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 five 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 2021, 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. Following the appointment of Ms. Shan Jinlan and Mr. Wang Zhuchen and the resignation of Mr. Meng Xianglin and Mr. Dong Guangwu as independent non-executive Directors on 1 April 2021, the Remuneration Committee comprises three independent non-executive Directors, namely, (i) Ms. Ma Xingqin; (ii) Ms. Shan Jinlan; and (iii) Mr. Wang Zhuchen, 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 (revised in December 2018) following the requirements of code provision A.5.2 of the CG Code and posted on the websites of the Company and the Stock Exchange. The Procedures for Nomination of Directors adopted by the Nomination Committee can be found on the website of the Company. During the year ended 31 March 2021, 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. Following the appointment of Ms. Shan Jinlan and Mr. Wang Zhuchen and the resignation of Mr. Meng Xianglin and Mr. Dong Guangwu as independent non-executive Directors on 1 April 2021, the Nomination Committee comprises three independent non-executive Directors, namely, (i) Ms. Ma Xingqin; (ii) Ms. Shan Jinlan; and (iii) Mr. Wang Zhuchen, with Ms. Ma Xingqin acting as the chairman of the Nomination Committee.

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

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

During the Review Period, the Nomination Committee held 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;

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

6. considered other topics as defined by the Board.

(d) Corporate Governance Committee

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

During the year ended 31 March 2021, the Corporate Governance Committee comprised four executive Directors, namely (i) Mr. Chiu Tung Ping; (ii) Ms. Yuen Hing Lan; (iii) Ms. Hu Xin; and (iv) Mr. Tse Man Kit Keith, with Mr. Tse Man Kit Keith acting as the chairman of the Corporate Governance Committee.

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

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

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

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

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

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

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

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

Attendance of Board committees meetings

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

	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee
Executive Directors				
Mr. Chiu Tung Ping	–	–	–	4/4
Ms. Yuen Hing Lan	–	–	–	4/4
Ms. Hu Xin	–	–	–	4/4
Mr. Tse Man Kit Keith	–	–	–	4/4
Independent non-executive Directors				
Ms. Ma Xingqin	5/5	1/1	1/1	–
Mr. Meng Xianglin (resigned on 1 April 2021)	5/5	1/1	1/1	–
Mr. Dong Guangwu (resigned on 1 April 2021)	5/5	1/1	1/1	–
Ms. Shan Jinlan (appointed on 1 April 2021)	n/a	n/a	n/a	–
Mr. Wang Zhuchen (appointed on 1 April 2021)	n/a	n/a	n/a	–

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 58 to 63.

(6) TRAINING FOR DIRECTORS

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

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

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

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

Name of Director	Type(s) of training
Chiu Tung Ping	A, B
Yuen Hing Lan	A, B
Hu Xin	A, B
Tse Man Kit Keith	A, B, C
Ma Xingqin	A, B
Meng Xianglin (resigned on 1 April 2021)	A, B
Dong Guangwu (resigned on 1 April 2021)	A, B
Shan Jinlan (appointed on 1 April 2021)	n/a
Wang Zhuchen (appointed on 1 April 2021)	n/a

Notes:

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

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

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

(7) COMPANY SECRETARY

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

(8) NON-EXECUTIVE DIRECTORS

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

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

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

(10) AUDITORS' REMUNERATION

The Audit Committee is responsible for considering the appointment of the external auditors. For the Review Period, the remuneration of the external auditor of the Company amounted to RMB1,100,000, which was fees for their services rendered for auditing.

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

Nature of Services	Amount (RMB)
Audit services	1,100,000
Non-audit services	–

(11) RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

To ensure the independency of the review, the Group has outsourced its internal audit function to an internal control adviser (hereafter referred as "**IC Adviser**"). The responsibilities of the IC Adviser include assisting the management to carry out an annual review on the effectiveness of the risk management and internal control systems. For the Review Period, the review conducted by the IC Adviser covers the period from 1 April 2020 to 31 March 2021 and is based on the risk assessment. The IC Adviser had reported to the Audit Committee regarding the key findings in respect of the Group's internal control and risk management and discussed findings and actions or measures taken in addressing those findings. No major deficiencies on the Group's risk management and internal control systems have been identified during the Review Period. For other non-major internal control findings, the management has instructed relevant departments to formulate corrective actions and improvement plans for remediation.

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

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

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

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

(12) DIRECTORS' AND OFFICERS' LIABILITIES INSURANCE

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

(13) CONSTITUTIONAL DOCUMENTS

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

(14) COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

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

(i) corporate communications such as annual reports, interim reports, quarterly reports and circulars, which are issued in printed form and are available on the GEM's website at www.hkgem.com and the Company's website at www.chinatechindgroup.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 annual general meeting of the Company on 10 September 2020 ("**2020 AGM**"), extraordinary general meeting on 14 August 2020 ("**2020 EGM 2**") and extraordinary general meeting on 16 December 2020 ("**2020 EGM 3**") were held and the attendance of each Director is set out as follows:

Directors	Attendance of the 2020 AGM	Attendance of the 2020 EGM 2	Attendance of the 2020 EGM 3
Executive Directors			
Mr. Chiu Tung Ping (Chairman and Chief Executive Officer)	0/1	0/1	0/1
Ms. Yuen Hing Lan	0/1	0/1	0/1
Ms. Hu Xin	0/1	1/1	1/1
Mr. Tse Man Kit Keith	1/1	0/1	0/1
Independent non-executive Directors			
Ms. Ma Xingqin	0/1	0/1	0/1
Mr. Meng Xianglin (resigned on 1 April 2021)	0/1	0/1	0/1
Mr. Dong Guangwu (resigned on 1 April 2021)	0/1	0/1	0/1
Ms. Shan Jinlan (appointed on 1 April 2021)	n/a	n/a	n/a
Mr. Wang Zhuchen (appointed on 1 April 2021)	n/a	n/a	n/a

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 2020 AGM. Nevertheless, Mr. Tse Man Kit Keith, an executive Director, presided as the chairman of the 2020 AGM to answer questions from the shareholders of the Company.

(15) SHAREHOLDERS' RIGHTS

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

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

(16) DIVIDEND POLICY

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

Report of the Directors

The Board is pleased to present this Report of the Directors for the year ended 31 March 2021. All cross-references mentioned herein form part of this Report of the Directors.

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries of the Company are set out in note 33 to the consolidated financial statements of the Company for the year ended 31 March 2021 ("**Consolidated Financial Statements**").

An analysis of the Group's performance for the year under review by business segments is set out in note 5 to the Consolidated Financial Statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2021 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 64 of this annual report.

No interim dividend have been paid or declared by the Company during the year under review. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2021 (2020: 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 2021, the Company did not have any distributable reserves (31 March 2020: Nil).

Details of the movements in the reserves of the Group and the Company during the year under review are set out on page 66 and page 142 respectively.

PROPERTY AND EQUIPMENT

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

SHARE CAPITAL

The Company did not issue any shares or debentures during the year under review. Details of the movements in share capital of the Company are set out in note 26 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 2021, its likely future development and events occurred after the reporting period is set out in the section "Management Discussion and Analysis" of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

(1) Government Support

The development of the new energy business relies on the supportive policies of the PRC government. Despite the enactment of the Law of Renewable Energy of the PRC and the 14th Five-Year Plan for the National Economic and Social Development for the purpose of promoting the development and utilisation of renewable energy, there is a risk that the PRC government may revise or suspend such supportive policies which would be a concern for market participants. However, considering the growing alert to the devastating consequences of global warming and increasing awareness in environmental protection, exploration of new energy has become a must across the globe.

(2) Fast technological advancement

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

(3) Government regulations

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

(4) Funding, interest rate and foreign exchange

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

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

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

(5) Reliance on major customers

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

(6) Risks arising from suppliers or sub-contractors

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

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

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

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

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

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

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

COMPLIANCE WITH REGULATIONS

There was no material breach of or non-compliance with the applicable laws and regulations such as the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong), the GEM Listing Rules and other applicable laws and regulations in the jurisdictions where the Group carried out operations during the year ended 31 March 2021.

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 environmental, social and governance report to be separately published in due course in accordance with the requirements under the GEM Listing Rules..

REMUNERATION POLICY

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

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

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

DIRECTORS

The Directors during the year ended 31 March 2021 and up to the date of this report were:

Mr. Chiu Tung Ping (Chairman)
Ms. Yuen Hing Lan
Ms. Hu Xin
Mr. Tse Man Kit Keith
Ms. Ma Xingqin*
Mr. Meng Xianglin* (resigned on 1 April 2021)
Mr. Dong Guangwu* (resigned on 1 April 2021)
Ms. Shan Jinlan* (appointed on 1 April 2021)
Mr. Wang Zhuchen* (appointed on 1 April 2021)

* *Independent non-executive Directors*

Mr. Meng Xianglin and Mr. Dong Guangwu did not resign due to reasons relating to the affairs of the Company.

In accordance with Article 108(A) of the Articles of Association of the Company ("**Articles**"), Mr. Tse Man Kit Keith, Ms. Hu Xin and Ms. Ma Xingqin will retire as Directors by rotation at the forthcoming annual general meeting of the Company ("**AGM**") and, being eligible, will offer themselves for re-election as Directors at the AGM. Detailed information of each of the Directors standing for re-election at the AGM will be set out in the circular in relation to the AGM to be despatched to the shareholders of the Company.

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

EXECUTIVE DIRECTORS

Mr. Chiu Tung Ping, aged 69, was appointed as an executive Director and the Chairman on 8 June 2011 and was appointed as the Chief Executive Officer with effect from 13 July 2012. He is in charge of the Group's strategic business development, executive management and monitoring of the Group's day-to-day operation. Mr. Chiu is a member of the 13th National Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第十三屆全國委員會委員). Mr. Chiu is also the chairman and general manager of Shaanxi Baike New Energy Technology Development Co., Ltd.* (陝西百科新能源科技發展有限公司), the director of City Max International Limited, China Technology Solar Power Holdings Limited (a company incorporated in the British Virgin Islands), Million Keen Limited, China Western Energy Holdings Limited, Delight Value Limited and China Technology Solar Power Holdings Limited (HK)* 中科光電控股有限公司, the authorised representative of Shaanxi Baike New Energy Technology Development Co., Ltd.* (陝西百科新能源科技發展有限公司) and Delight Value Limited and the company secretary of China Technology Solar Power Holdings Limited (HK)* (中科光電控股有限公司). Mr. Chiu was also the vice-chairperson of Gansu Province Industrial and Commercial Industry Association (甘肅省工商業聯合會). Mr. Chiu is the spouse of Ms. Yuen Hing Lan, an executive Director.

Ms. Yuen Hing Lan, aged 65, obtained the Bachelor of Public Health from Shanxi Medical School (山西醫學院) in 1979. Ms. Yuen is experienced in corporate management. Ms. Yuen was appointed as an executive Director on 8 June 2011. Ms. Yuen is also the deputy chairman of Shaanxi Baike New Energy Technology Development Co., Ltd.* (陝西百科新能源科技發展有限公司) and director of City Max International Limited and China Technology Solar Power Holdings Limited (HK)* (中科光電控股有限公司). Ms. Yuen is the spouse of Mr. Chiu Tung Ping, an executive Director and the Chairman.

Ms. Hu Xin, aged 38, was appointed as an executive Director on 19 March 2012 and has become the compliance officer and one of the authorised representatives of the Company starting from 13 July 2012. She obtained her Bachelor of Management in Accounting from Chongqing Institute of Technology (重慶工學院), presently known as Chongqing University of Technology (重慶理工大學). Ms. Hu had been the general accountant (總帳會計) of ST Electronics (Software Services) Ltd. (新銆信息系统 (深圳) 有限公司) and was involved in financial management. Ms. Hu is also the director and authorised representative of Hami Dongke New Energy Technology Development Co., Ltd* (哈密東科新能源科技發展有限公司), the director of Shaanxi Baike New Energy Technology Development Co., Ltd.* (陝西百科新能源科技發展有限公司), Soluteck (BVI) Holdings Limited and Truth Honour (BVI) Holdings Limited and the manager of Hami Dongke New Energy Technology Development Co., Ltd* (哈密東科新能源科技發展有限公司). Ms. Hu has extensive experience in new energy power system data estimates.

* For identification purpose only

Mr. Tse Man Kit Keith, aged 47, was appointed as the chief financial officer and executive director of the Company on 1 May 2019 and 12 July 2019 respectively. He has been an independent non-executive director of (i) Beijing Enterprises Medical And Health Industry Group Limited (formerly known as Genvon Group Limited) (stock code: 2389) since September 2014; and (ii) Beijing Sports and Entertainment Industry Group Limited (formerly known as ASR Logistics Holdings Limited) (stock code: 1803) since January 2016, the shares of which are listed on the Main Board of the Stock Exchange. Mr. Tse has around 22 years of working experience in accounting and financial management. He was the chief financial officer and company secretary of Shunfeng International Clean Energy Limited (stock code: 1165), the shares of which are listed on the Main Board of the Stock Exchange from September 2010 to November 2018. Mr. Tse also served as (i) a qualified accountant of Fosun International Limited (stock code: 656), the shares of which are listed on the Main Board of the Stock Exchange, from March 2008 to August 2010; and (ii) a director of corporate accounting in Flash Electronics, Inc. from January 2007 to January 2008. He worked in various international accountant firms from 1997 to 2007. Mr. Tse is a fellow Certified Practising Accountant of CPA Australia and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Tse obtained a bachelor's degree in commerce, majoring in accountancy and finance from University of Wollongong, New South Wales, Australia in 1997. Mr. Tse was also the director of City Max International Limited, China Technology Industry Investment Limited, Soluteck (BVI) Holdings Limited and Truth Honour (BVI) Holdings Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Ma Xingqin, aged 33, graduated from the China University of Petroleum (中國石油大學(華東)) in the PRC with a Bachelor degree in Accounting and a Master's degree in Management in 2009 and 2011 respectively. Ms. Ma is a member of the Chinese Institute of Certified Public Accountants (non-practising). Ms. Ma has more than nine years' experience in auditing and corporate financial management. Ms. Ma has worked in an accounting firm in the PRC. She was responsible for the accounting work until June 2018 in the Chongqing branch of Aluminum Corporation of China Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2600), the New York Stock Exchange (stock code: ACH) and the Shanghai Stock Exchange (stock code: SH601600). Ms. Ma was appointed as an independent non-executive Director on 19 July 2016.

Mr. Meng Xianglin, aged 57, graduated from Beijing College of Economics (北京經濟學院) (currently known as Capital University of Economics and Business (首都經濟貿易大學)) and obtained a Bachelor's degree in Economics in 1987. After his graduation, Mr. Meng worked as a staff of the All-China Federation of Industry & Commerce (中華全國工商業聯合會) until 1992. From 1992 to 2001, he worked as a reporter, an editor and the chief editor at Zhong Hua Gong Shang Shi Bao She (中華工商時報社). In 2000, he was granted with the qualification of senior editor (主任編輯) by the General Administration of Press and Publication of the PRC. From 2001 onwards, Mr. Meng is the chief executive officer of an investment company in Beijing. Mr. Meng is experienced in the media and publishing industry as well as investment. Mr. Meng was appointed on 27 November 2012 and resigned on 1 April 2021 as an independent non-executive Director.

Mr. Dong Guangwu, aged 49, graduated from Gangsu Agricultural University (甘肅農業大學) and obtained a Bachelor's degree in Agriculture in 1995. In 1996, Mr. Dong studied economic law on a part-time basis in the Northwest Institute of Politics and Law (西北政法學院) (currently known as Northwest University of Politics and Law (西北政法大學)) and graduated in 1998. In 1998, Mr. Dong was granted the Chinese Lawyers Qualification Certificate (中國律師資格證書) by the Judicial Department of the PRC. Mr. Dong has been a practicing lawyer for more than 21 years and is currently a partner of a law firm in the PRC. Mr. Dong was appointed on 27 November 2012 and resigned on 1 April 2021 as an independent non-executive Director.

Ms. Shan Jinlan, aged 49, received a junior college degree of Finance (Money and Banking) from The Open University of China (formerly known as China Central Radio and TV University* (中央廣播電視大學)) and obtained the intermediate accounting certificate from the Ministry of Finance of the People's Republic of China (the "**PRC**") in 2004. She previously worked at various companies that specialise in renewable energy and has accumulated extensive experience in finance and accounting. Ms. Shan was appointed as an independent non-executive Director on 1 April 2021.

Mr. Wang Zhuchen, aged 27, received a Bachelor of Economic Law from Northwest University of Political Science and Law and is a qualified lawyer in the PRC. He has worked at Shaanxi Yunde Law Firm in Shaanxi, the PRC since 2016 and has accumulated diverse experience in civil and commercial cases, construction-related matters and corporate-related matters. Mr. Wang was appointed as an independent non-executive Director on 1 April 2021.

SENIOR MANAGEMENT

Ms. Chan Mi Ling, Anita, aged 54, is the financial controller, the qualified accountant, company secretary and one of the authorised representatives of the Company. She is in charge of the Group's financial and accounting management. Ms. Chan holds a Master degree in Business Administration from the University of Western Sydney in Australia and a Master degree in Professional Accounting from Jinan University in the PRC. Ms. Chan is also a certified public accountant registered with the Hong Kong Institute of Certified Public Accountants, a fellow member of the Institute of Chartered Accountants in England and Wales and a fellow member of Association of Chartered Certified Accountants. Ms. Chan has over 29 years' experience in the fields of auditing, accounting and finance and have been engaged in international certified public accountants firms, Hong Kong listed companies and multinational company listed overseas. Ms. Chan joined the Group in July 2000.

DIRECTORS' SERVICE CONTRACTS

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

The emoluments paid or payable to the Directors during the year under review was set out in note 11 to the Consolidated Financial Statements.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Save as disclosed in the section headed "Management Discussion and Analysis" above, the related party transactions set out note 31 to the consolidated financial statements are not required to be disclosed pursuant to Chapter 20 of the GEM Listing Rules. The Company confirms that it has complied with the disclosure requirements in accordance with 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 2021.

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 2021, 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:

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

Name of Directors/ Chief executive	**Number and class of securities** (Note 1)	**Capacity**	**Approximate percentage of the Company's issued share capital as at 31 March 2021** (Note 2)
Mr. Tse Man Kit Keith (Executive Director)	12,437,348 ordinary shares (L)	Beneficial owner	0.56%

Notes:

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

2. As at 31 March 2021, the issued share capital of the Company was 2,240,883,423 ordinary shares of HK$0.1 each.

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

As at 31 March 2021, 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 2021 (Note 2)
Mr. Huang Bo (Note 3)	434,129,674 (L)	Beneficial owner	19.37%
Ms. Li Xiaoyan* (李曉豔女士)	295,472,031 (L)	Beneficial owner	13.19%
Mr. Huang Yuan Ming (Note 3)	177,741,194 (L)	Beneficial owner	7.93%
Mr. Hou Hsiao Bing (Note 4)	131,140,000 (L)	Beneficial owner	5.85%

* *for identification purpose only*

Notes:

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

2. As at 31 March 2021, the issued share capital of the Company was 2,240,883,423 ordinary shares of HK$0.1 each.

3. Mr. Huang Yuan Ming is the son of Mr. Huang Bo, a substantial shareholder of the Company.

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

EQUITY-LINKED AGREEMENTS

Set out below are the equity-linked agreements entered into by the Company during the year ended 31 March 2021 or subsisted as at 31 March 2021:

Share Option Scheme

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

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

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

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

The initial total number of shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue as at the date of passing of the relevant resolution adopting the Share Option Scheme ("**General Scheme Limit**"). On 26 September 2018, the General Scheme Limit was refreshed and the maximum number of shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Group has been re-set at 10% of the shares in issue as at the date of approval of refreshing the General Scheme Limit. On the basis that there were a total of 1,726,012,850 shares in issue as at the date of passing the relevant resolution of the refreshment of the General Scheme Limit, the Directors were allowed to grant options to Eligible Participants to subscribe for a maximum of 172,601,285 ordinary shares of HK$0.10 each, representing approximately 7.7% of the issued shares of the Company as at the date of this report. Share options in respect of a total of 109,220,000 ordinary shares of HK$0.10 each have been granted by the Company under the Share Option Scheme to Eligible Participants and have all been exercised during the year ended 31 March 2019.

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

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

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

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

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

During the Review Period, no options had been granted, exercised, cancelled or lapsed under the Share Option Scheme. As at 1 April 2020, 31 March 2021 and the date of this report, there was no outstanding option under the Share Option Scheme.

Convertible bonds

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

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

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

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

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

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

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

As at 31 March 2021, the aggregate outstanding principal amount of the 2011 CB was HK$44,000,000, which may be converted into 88,000,000 ordinary shares of HK$0.1 each in the share capital of the Company at a conversion price of HK$0.5 per share. During the year ended 31 March 2021, no conversion right was exercised in respect of the 2011 CB.

Pursuant to a subscription agreement ("**Subscription Agreement**") dated 31 May 2021 entered into between the Company and Mr. Qin Zhongde (the "**Subscriber**") who held the 2011 CB with an outstanding principal amount of HK$32,000,000 as at the date of the Subscription Agreement, the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to issue convertible bonds in the principal amount of HK$32,000,000 ("**2021 CB**") at an initial conversion price of HK$0.5 per conversion share. Details of the subscription are contained in the announcement of the Company dated 31 May 2021.

On 1 June 2021, the 2011 CB with the aggregate outstanding principal amount of HK$44,000,000 matured and as a result, the conversion right of the 2011 CB ended on 1 June 2021.

On 17 June 2021, all conditions of the Subscription Agreement have been fulfilled and completion of the subscription took place in accordance with the terms and conditions thereof. The 2021 CB in the principal amount of HK$32,000,000 were issued to the Subscriber.

As at the date of this report, the Company is unable to contact the bondholder ("**Bondholder B**") holding the 2011 CB with an aggregate principal amount of HK$12,000,000 based on the contact information registered in the register of bondholders of the Company. Further, on 28 May 2021, the Company was notified by the Subscriber that there is a potential dispute between the Subscriber and Bondholder B on the ownership of the 2011 CB with an aggregate principal amount of HK$12,000,000. The Company will keep the Shareholders and potential investors informed of any further material development of the foregoing matters by way of announcement as and when appropriate.

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 2021 are as follows:

PURCHASES

- the largest supplier: 42.4 per cent.
- five largest suppliers in aggregate: 95.6 per cent.

SALES

- the largest customer: 100.0 per cent. (one customer only)
- five largest customers in aggregate: 100.0 per cent. (one customer only)

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 the only one customer 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 2021, 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 and there was no other conflict of interest which any such person had or may have with the Group. The Company did not have a controlling shareholder as at 31 March 2021 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 28 to 41 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

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

DONATIONS

These was no donation made by the Group for charitable or other purposes during the year ended 31 March 2021 (2020: Donations of a total amount of HK$100,000).

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 2021. The Company has arranged appropriate insurance covering the Directors' and officers' liabilities in respect of legal actions against Directors, officers and senior management arising out of corporate activities.

AUDITORS

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

SHINEWING (HK) CPA Limited was appointed as auditors of the Company with effect from 12 May 2021 to fill the causal vacancy following the resignation of Deloittee Touche Thomatsu.

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

The consolidated financial statements of the Company for the year ended 31 March 2019 and 31 March 2020 have been audited by Deloitte Touche Tohmatsu. The consolidated financial statements of the Company for the year ended 31 March 2021 has been audited by SHINEWING (HK) 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, 29 June 2021

Five Years Financial Summary

	2021	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Restated)	(Restated)
Results:					
Revenue	**276,933**	91,086	162,783	79,458	10,644
Profit (Loss) attributable to owners of the Company	**69,005**	(26,920)	(53,529)	(5,113)	(289,506)
Assets and liabilities					
Total assets	**218,914**	141,559	161,691	136,714	162,248
Total liabilities	**(130,972)**	(132,451)	(121,730)	(82,221)	(106,524)
Net assets	**87,942**	9,108	39,961	54,493	55,724

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

To the Members of CHINA TECHNOLOGY INDUSTRY GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Technology Industry Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 64 to 145, which comprise the consolidated statement of financial position as at 31 March 2021, 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 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are 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.

KEY AUDIT MATTERS *(Continued)*

Key audit matter identified in our audit is summarised as follows:

Impairment assessment of accounts receivables
Refer to note 18 to the consolidated financial statements and the accounting policies on pages 86 – 89.

The key audit matter	How the matter was addressed in our audit
We identified impairment assessment of accounts receivables as a key audit matter due to the significance of accounts receivables to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the expected credit losses ("ECL") of the Group's accounts receivables at the end of the reporting period. As at 31 March 2021, the Group's net accounts receivables amounting to approximately RMB190,385,000, which represented approximately 87% of total assets of the Group.	Our procedures in relation to impairment assessment of accounts receivables included: • Understanding key controls on how the management estimates the loss allowance for accounts receivables;

KEY AUDIT MATTERS *(Continued)*

Impairment assessment of accounts receivable (Continued)

Refer to note 18 to the consolidated financial statements and the accounting policies on pages 86 – 89.*(Continued)*

The key audit matter *(Continued)*	**How the matter was addressed in our audit** *(Continued)*
Accounts receivables from customers that with significant outstanding balance or that are credit-impaired are assessed for ECL individually. The loss allowance amount is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of ECL. The ECL are determined after considering internal credit rating of trade debtors, ageing, repayment history and/or past due status. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. The Group recognised reversal of lifetime ECL on accounts receivables during the year ended 31 March 2021 amounted to approximately RMB1,204,000.	Our procedures in relation to impairment assessment of accounts receivables included: *(Continued)* • Challenging management's basis and judgement in determining credit loss allowance on accounts receivables as at 31 March 2021, including their identification and evaluation of accounts receivables with significant outstanding balances or credit impaired that are individually assessed, and the basis of estimated loss rates applied with reference to historical default rates and forward-looking information; • Testing the ageing analysis of accounts receivables as at 31 March 2021 used by management on a sample basis, by comparing individual items in the analysis with the relevant sales agreements, sales invoices and other supporting documents; and • Evaluating the disclosures regarding the impairment assessment of accounts receivables.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 26 June 2020.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND AUDIT COMMITTEE 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 of the Company 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.

Audit Committee is responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

- Conclude on the appropriateness of the Company's 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Lee Shun Ming.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Lee Shun Ming
Practising Certificate Number: P07068

Hong Kong
29 June 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 31 March 2021

	Notes	2021 RMB'000	2020 RMB'000
Revenue	5	**276,933**	91,086
Cost of sales		**(224,651)**	(82,401)
Gross profit		**52,282**	8,685
Other revenue – bank interest income		**267**	6
Other gains and losses	6	**42,394**	(977)
Selling expenses		**(2,194)**	(2,855)
Change in fair value of financial assets at fair value through profit or loss		**25**	(813)
Change in fair value of financial derivative liabilities		**213**	53
Administrative expenses		**(12,935)**	(15,720)
Reversal of impairment (impairment losses) under expected credit loss model, net	7	**1,759**	(13,704)
Finance costs	8	**(5,383)**	(4,669)
Profit (loss) before taxation	10	**76,428**	(29,994)
Income tax expense	9	**(7,436)**	(859)
Profit (loss) and total comprehensive income (expense) for the year		**68,992**	(30,853)
Profit (loss) for the year attributable to:			
– Owners of the Company		**69,005**	(26,920)
– Non-controlling interests		**(13)**	(3,933)
		68,992	(30,853)
Total comprehensive income (expense) for the year attributable to:			
– Owners of the Company		**69,005**	(26,920)
– Non-controlling interests		**(13)**	(3,933)
		68,992	(30,853)
Earnings (loss) per share:			
Basic	14	**3.18 cents**	(1.47) cents
Diluted	14	**3.12 cents**	(1.47) cents

Consolidated Statement of Financial Position

As At 31 March 2021

	Notes	2021 RMB'000	2020 RMB'000
Non-current assets			
Property and equipment	15	**460**	676
Right-of-use assets	16	**1,338**	2,275
Goodwill	17	**–**	–
Rental deposit		**255**	255
		2,053	3,206
Current assets			
Accounts receivables	18	**190,385**	111,057
Other receivables, deposits and prepayments	18	**24,403**	18,381
Contract assets	19	**–**	4,383
Financial assets at fair value through profit or loss	20	**164**	139
Tax recoverable		**–**	317
Bank balances and cash	21	**1,909**	4,076
		216,861	138,353
Current liabilities			
Accounts payables	22	**36,301**	29,149
Other payables and accruals	22	**44,395**	55,710
Other loans	23	**9,137**	10,511
Convertible bonds	24	**36,333**	–
Tax payable		**3,397**	–
Lease liabilities	16	**832**	929
		130,395	96,299
Net current assets		**86,466**	42,054
Total assets less current liabilities		**88,519**	45,260
Non-current liabilities			
Convertible bonds	24	**–**	34,695
Lease liabilities	16	**577**	1,457
		577	36,152
Net assets		**87,942**	9,108
Capital and reserves			
Share capital	26	**189,876**	153,135
Reserves		**(101,554)**	(143,660)
Equity attributable to owners of the Company		**88,322**	9,475
Non-controlling interests		**(380)**	(367)
Total equity		**87,942**	9,108

The consolidated financial statements on pages 64 to 145 were approved and authorised for issue by the board of directors on 29 June 2021 and are signed on its behalf by:

Chiu Tung Ping
Director

Tse Man Kit Keith
Director

Consolidated Statement of Changes in Equity

For The Year Ended 31 March 2021

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Reserve arising from reorganisation RMB'000 (Note a)	Exchange reserve RMB'000	Equity transaction reserve RMB'000 (Note b)	Accumulated losses RMB'000	Sub-total RMB'000	Non controlling interests RMB'000	Total RMB'000
At 1 April 2019	153,135	126,912	(20,484)	156	–	(232,392)	27,327	12,634	39,961
Loss and total comprehensive expense for the year	–	–	–	–	–	(26,920)	(26,920)	(3,933)	(30,853)
Acquisition of additional interest in a non-wholly owned subsidiary (note 28)	–	–	–	–	9,068	–	9,068	(9,068)	–
At 31 March 2020	153,135	126,912	(20,484)	156	9,068	(259,312)	9,475	(367)	9,108
Profit (loss) and total comprehensive income (expense) for the year	–	–	–	–	–	69,005	69,005	(13)	68,992
Issue of shares pursuant to an equity interest transfer agreement (note 28)	26,899	(6,621)	–	–	(20,278)	–	–	–	–
Issue of shares in relation to loan capitalisation (note 26)	9,842	–	–	–	–	–	9,842	–	9,842
At 31 March 2021	189,876	120,291	(20,484)	156	(11,210)	(190,307)	88,322	(380)	87,942

Notes:

(a) Reserve arising from reorganisation

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

(b) Equity transaction reserve

The equity transaction reserve represents the effect of changes in the Group's ownership interests in existing subsidiaries without losing control and the consideration to be issued for the aforementioned transaction. Please refer to note 28 for details.

Consolidated Statement of Cash Flows

For The Year Ended 31 March 2021

	Note	2021 RMB'000	2020 RMB'000
OPERATING ACTIVITIES			
Profit (loss) before taxation		**76,428**	(29,994)
Adjustments for:			
Depreciation of property and equipment		**216**	38
Depreciation of right-of-use assets		**842**	515
Gain on disposal of right-of-use assets and lease liabilities		**–**	(313)
Interest income		**(267)**	(6)
Finance costs		**5,383**	4,669
(Gain) loss on fair value changes of financial assets at fair value through profit or loss		**(25)**	813
Gain on fair value changes of derivative financial liabilities		**(213)**	(53)
(Reversal of impairment) impairment loss recognised under expected credit loss model		**(1,759)**	13,704
Loss on termination of a lease contract		**–**	398
Gain on write-back of other payables		**–**	(1,404)
Recovery of bad debts written off, net		**(39,320)**	–
Foreign exchange (gain) loss		**(3,050)**	2,296
Operating cash flows before movements in working capital		**38,235**	(9,337)
Increase in accounts receivables		**(38,804)**	(48,280)
Decrease in debt instruments at FVTOCI		**–**	700
(Increase) decrease in other receivables, deposits and prepayments		**(5,540)**	39,797
Decrease in contract assets		**4,395**	20,437
Increase (decrease) in accounts payables		**7,152**	(8,429)
Increase in other payables and accruals		**5,266**	2,990
Cash from (used in) operations		**10,704**	(2,122)
Income taxes paid		**(3,722)**	(3,210)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		**6,982**	(5,332)
INVESTING ACTIVITIES			
Interest received		**267**	6
Purchase of property and equipment		**–**	(693)
Payment of rental deposit		**–**	(255)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**267**	(942)
FINANCING ACTIVITIES			
Raise of other loans		**8,436**	7,260
Interest paid		**(114)**	(119)
Advances from a related party		**5,550**	37,000
Repayments to related parties		**(21,976)**	(33,850)
Advances from the owner of the solar power plant project		**–**	4,250
Repayments to the owner of the solar power plant project		**(250)**	(6,700)
Repayments of lease liabilities		**(1,062)**	(132)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(9,416)**	7,709
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(2,167)**	1,435
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**4,076**	2,641
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash		**1,909**	4,076

1. GENERAL INFORMATION

China Technology Industry Group Limited (the "Company"), is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal places of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1– 1111, Cayman Islands and Suite 704, 7/F, Ocean Centre, Harbour City, Kowloon, Hong Kong, respectively.

The Company act as an investment holding company. The principal activities of its principal subsidiaries are set out in note 33.

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

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

In the current year, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in Hong Kong Financial Reporting Standards ("HKFRSs") and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial year beginning 1 April 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

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

Amendments to HKFRS 9, HKAS 39 and HKFRS 7, Interest Rate Benchmark Reform

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to HKAS 1 and HKAS 8, Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The application of these amendments in the current year had no impact on the consolidated financial statements.

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

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments [5]
Amendments to HKFRS 3	Reference to Conceptual Framework[4]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]
Amendments to HKFRS 16	Covid-19-Related Rent Concessions[1]
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5(2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[5]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[5]
Amendments to HKAS 8	Definition of Accounting Estimates[5]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a single transaction[5]
Amendments to HKAS 16	Property, plant and Equipment: Proceeds before Intended Use[4]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[4]
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle[4]

1 Effective for annual periods beginning on or after 1 June 2020.
2 Effective for annual periods beginning on or after 1 January 2021.
3 Effective for annual periods beginning on or after 1 April 2021.
4 Effective for annual periods beginning on or after 1 January 2022.
5 Effective for annual periods beginning on or after 1 January 2023.
6 Effective for annual periods beginning on or after a date to be determined.

Except as described below, the directors of the Company anticipate that the application of other new and amendments to HKFRSs will have no material impact on the results and the consolidated statement of financial position of the Group.

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

New and amendments to HKFRSs issued but not yet effective (Continued)

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

Amendments to HKFRS 3 – Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, at the end of each reporting period.

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 in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

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 where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries 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 intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

Changes in the Group's interests in existing subsidiaries

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business Combinations

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill

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

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

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

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

Revenue recognition

Revenue is recognised to depict the transfer of promised goods and services to customers at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services to a customer. Specifically, the Group uses a five-step approach to recognise revenue:

- 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: Recognise revenue when (or as) the Group satisfies a performance obligation

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition (Continued)

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

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

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

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

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

Contract assets and contract liabilities

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

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition (Continued)

Contract assets and contract liabilities (Continued)

The Group recognised revenue from the following major sources:

- Sales of renewable energy products
- Rendering of new energy power system integration services

Sales of renewable energy products

Revenue from sale of renewable energy products is recognised at the point when the control of the goods is transferred to the customers.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation (output method)

Revenue from rendering of new energy power system integration services is recognised over time

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

Principal versus agent

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing

Definition of a lease

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

The Group as lessee

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease, at inception of the contract or modification date. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date, the Group measures lease liabilities at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing (Continued)

Lease liabilities (Continued)

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, provision is recognised and measured under HKAS 37 "Provision, Contingent Liabilities and Contingent Assets". The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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

The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

Refundable rental deposits

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

Lease modification

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

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

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

Foreign currencies

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

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

Borrowing costs

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits

Retirement benefits costs

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

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Taxation

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation (Continued)

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

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either (i) the same taxable entity; or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax are recognised in profit or loss.

Property and equipment

Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment on property and equipment and right-of-use assets

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

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

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI") and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments (Continued)

Financial assets at amortised cost (debt instruments) (Continued)

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding ECL, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "other revenue – bank interest income" line item.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments (Continued)

Financial assets measured at FVTPL

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

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item. Fair value is determined in the manner described in note 30.

A financial asset is held for trading if:

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

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

- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments (Continued)

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

The Group recognises a loss allowance for ECL on financial assets that are measured at amortised cost and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for accounts receivables and contract assets and records lifetime ECL that results from all possible default events over the expected life of these financial instruments. In estimating the ECL, the Group has estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For other financial instruments, the Group measures the loss allowance equal to 12-month ECL. The 12-month ECL is the portion of lifetime ECL that results from possible default events within 12 months after the reporting date, unless when there has been a significant increase in credit risk since initial recognition of the financial instrument, the allowance will be based on the lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments (Continued)

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

Significant increase in credit risk (Continued)

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

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

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

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Group considers a debt asset to have low credit risk when the asset has an external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'low risk'. Low risk means that the counterparty has a strong financial position and there is no past due amounts.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments (Continued)

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

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

Credit-impaired financial assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments (Continued)

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

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, etc, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of accounts receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, 2) held for trading, or 3) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments (Continued)

Financial liabilities at FVTPL (Continued)

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in consolidated statement of profit or loss and other comprehensive income.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised 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 (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments (Continued)

Financial liabilities at FVTPL (Continued)

Convertible bonds

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

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

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

Derecognition of financial liabilities

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

Derivative financial instruments

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

Embedded derivatives

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

Bank balances in the consolidated statement of financial position comprise cash at banks and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and short-term deposits, as defined above.

Fair value measurement

When measuring fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgement in applying accounting policies

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

Principal versus agent consideration (principal)

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

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

Key sources of estimation uncertainty

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

Provision of ECL for accounts receivables

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

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

The provision for ECL is sensitive to changes in estimates. The information about the ECL and the Group's accounts receivables are disclosed in notes 18 and 30 respectively.

The carrying amount of accounts receivables at 31 March 2021 is approximately RMB190,385,000 (2020: RMB111,057,000), net of accumulated loss allowance of approximately RMB16,330,000 (2020: RMB17,534,000).

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

Key sources of estimation uncertainty (Continued)

Deferred tax asset

As at 31 March 2021, no deferred tax asset has been recognised on the tax losses of RMB35,116,000 (2020: RMB20,005,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a further recognition takes place.

5. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	2021 **RMB'000**	2020 RMB'000
Types of goods or services:		
– Sales of renewable energy products	**231,061**	25,774
– Rendering of new energy power system integration services	**45,872**	65,312
	276,933	91,086

	2021 **RMB'000**	2020 RMB'000
Timing of revenue recognition		
A point in time	**231,061**	25,774
Over time	**45,872**	65,312
	276,933	91,086

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(ii) Performance obligations for contracts with customers

Sales of renewable energy products

The Group sells renewable energy products (i.e. solar and wind power related products) directly to customers. Revenue is recognised at a point in time when the goods are accepted by the customers after delivery to the customers' premises, since only by that time the Group passes control of the goods to the customers. The normal credit term is 30 to 180 days upon delivery.

Customers are generally required to make an advance payment of 20% to 35% of the total contract sum before the Group commences any work, and this will give rise to contract liabilities at the start of a contract. Generally, customers will be required to pay 95% of the total contract sum when the goods are delivered and accepted.

The Group normally provides a warranty period of around 12 months from the date that the solar and wind power plant is connected to the grid or the last batch of the products under the contract is delivered to the customers' premises. For those contracts with warranty period provided, the outstanding balances representing the retention money of 4% to 5% of the total contract sum initially recognised as contract assets upon delivery of goods and will be transferred to accounts receivables and paid to the Group in the absence of warranty claim after the warranty period.

New energy power system integration services

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

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

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

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

New energy power system integration services (Continued)

During the course of providing integration services, customers are generally required to make progress payment. In general, customers will be required to pay 70% to 80% of amounts corresponding to the relevant services provided or customers will be required to pay 80% of the total contract sum upon the completion of the construction project and the solar power and wind plant is connected to the grid.

The Group will receive up to 95% to 97% of the total contract sum in one month to three months after the construction project is completed and the solar power and wind plant is connected to the grid. The Group normally provides a retention period of 12 months from the date that the solar power plant is connected to the grid. For those contracts with retention period provided, the outstanding balances representing the retention money of approximately 3% to 5% of the total contract sum initially recognised as the contract assets until the end of retention period and will be transferred to accounts receivables and paid to the Group in the absence of warranty claim.

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

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

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2021 for sales of renewable energy products is RMB71,970,000 (2020: RMB11,925,000) which is expected to be recognised within one year.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

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

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

1) Sales of renewable energy products;

2) New energy power system integration business;

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

4) Provision of hardware and software technical support services.

(a) Segment revenues and results

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

For the year ended 31 March 2021

	Sales of renewable energy products RMB'000	New energy power system integration business RMB'000	Sales of self-service ATM systems and printing systems RMB'000	Provision of hardware and software technical support services RMB'000	Total RMB'000
Revenue from external customers	231,061	45,872	–	–	276,933
Segment profit (loss)	27,541	60,496	(142)	(338)	87,557
Unallocated other gains and losses					3,270
Unallocated expenses					(9,254)
Change in fair value of financial assets at FVTPL					25
Change in fair value of financial derivative liabilities					213
Finance costs					(5,383)
Profit before taxation					76,428
Income tax expense	(6,358)	(1,078)	–	–	(7,436)
Profit for the year					68,992

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(a) *Segment revenues and results (Continued)*

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

For the year ended 31 March 2020

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

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

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) *Segment assets and liabilities*

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

As at 31 March 2021

	Sales of renewable energy products RMB'000	New energy power system integration business RMB'000	Sales of self-service ATM systems and printing systems RMB'000	Provision of hardware and software technical support services RMB'000	Total RMB'000
Segment assets	66,989	146,005	2,763	16	215,773
Property and equipment (for corporate)					460
Right-of-use assets (for corporate)					1,338
Rental deposit (for corporate)					255
Other receivables, deposits and prepayments (for corporate)					829
Financial assets at FVTPL (for corporate)					164
Bank balances and cash (for corporate)					95
Total assets					218,914
Segment liabilities	22,843	40,070	2,377	223	65,513
Other payables and accruals (for corporate)					18,580
Other loans (for corporate)					9,137
Lease liabilities (for corporate)					1,409
Convertible bonds (for corporate)					36,333
Total liabilities					130,972

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) *Segment assets and liabilities (Continued)*

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

As at 31 March 2020

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

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

– All assets are allocated to operating segments, other than corporate assets of the management companies and investment holdings companies, such as property and equipment, right-of-use assets, rental deposit, other receivables, deposits and prepayments, financial assets at FVTPL and bank balances and cash; and

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

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(c) Other segment information

Amounts included in the measure of segment profit or loss:

For the year ended 31 March 2021

	Sales of renewable energy related products RMB'000	New energy power system integration business RMB'000	Sales of self-service ATM systems and printing systems RMB'000	Provision of hardware and software technical support services RMB'000	Unallocated RMB'000	Total RMB'000
Depreciation of property and equipment	–	(1)	–	–	(215)	(216)
Depreciation of right-of-use assets	–	–	–	–	(842)	(842)
Recovery of bad debts written off, net	–	39,320	–	–	–	39,320
Reversal of impairment loss on accounts and other receivables recognised in profit or loss	1,457	290	–	–	–	1,747
Reversal of impairment loss on contract assets recognised in profit or loss	10	2	–	–	–	12

For the year ended 31 March 2020

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

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(c) Other segment information (Continued)

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

For the year ended 31 March 2021

	Sales of renewable energy products RMB'000	New energy power system integration business RMB'000	Sales of self-service ATM systems and printing systems RMB'000	Provision of hardware and software technical support services RMB'000	Unallocated RMB'000	Total RMB'000
Interest income	**3**	**35**	**11**	**–**	**218**	**267**

For the year ended 31 March 2020

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

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

No geographical analysis is provided as all of the consolidated revenue of the Group are generated from the People's Republic of China (the "PRC") and substantially all non-current assets are located in the PRC.

Information about major customers

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

	2021 **RMB'000**	2020 RMB'000
Customer A – sales of renewable energy products	**231,061**	25,774
Customer A – new energy power system integration	**45,872**	53,991
Customer B – new energy power system integration	**–**	11,321

6. OTHER GAINS AND LOSSES

	2021 **RMB'000**	2020 RMB'000
Foreign exchange gain (loss)	**3,050**	(2,296)
Gain on disposal of right-of-use assets and lease liabilities (note (a))	**–**	313
Loss on termination of a lease contract	**–**	(398)
Gain on write-back of other payables (note (b))	**–**	1,404
Recovery of bad debts written off, net (note (c))	**39,320**	–
Sundry income	**24**	–
	42,394	(977)

Notes:

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

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

(c) Being the recovery of bad debt previously written off for the year ended 31 March 2019.

7. (REVERSAL OF IMPAIRMENT) IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET

	2021	2020
	RMB'000	RMB'000
Impairment losses recognised (reversed) on:		
– Accounts receivables – goods and services	**(1,204)**	13,828
– Other receivables and deposits	**(543)**	35
– Contract assets	**(12)**	(159)
	(1,759)	13,704

Details of impairment assessment are set out in note 30.

8. FINANCE COSTS

	2021	2020
	RMB'000	RMB'000
Effective interest on convertible bonds	**4,620**	4,198
Interest on other loans	**649**	352
Interest on lease liabilities	**114**	119
	5,383	4,669

9. INCOME TAX EXPENSE

	2021	2020
	RMB'000	RMB'000
Current tax		
– PRC Enterprise Income Tax	**7,048**	859
Under provision in prior years	**388**	–
	7,436	859

No provision for Hong Kong Profits Tax has been made as there is no assessable profit for the subsidiaries operating in Hong Kong during the year ended 31 March 2021 (2020: nil).

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI for the year ended 31 March 2021 (2020: nil).

9. INCOME TAX EXPENSE *(Continued)*

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years, except for certain subsidiaries of the Group in the PRC are under the Western China Development Plan, and were approved to enjoy the preferential tax rate of 15% in accordance with the EIT Law and relevant regulations for the year ended 31 March 2021 and 2020.

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

	2021 **RMB'000**	2020 RMB'000
Profit (loss) before taxation	**76,428**	(29,994)
Tax at the domestic income tax rate of 25% (2020: 25%) (note)	**19,107**	(7,499)
Tax effect of expenses not deductible for tax purpose	**1,545**	2,016
Tax effect of income not taxable for tax purpose	**(230)**	(13)
Tax effect of tax losses/deductible temporary differences not recognised	**2,556**	3,959
Utilisation of tax losses/deductible temporary differences previously not recognised	**(8,559)**	(67)
Effect of preferential tax rates of subsidiaries	**(7,371)**	2,463
Under provision in prior years	**388**	–
Income tax expense for the year	**7,436**	859

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

Details of deferred taxation are set out in note 25.

10. PROFIT (LOSS) BEFORE TAXATION

	2021 **RMB'000**	2020 RMB'000
Profit (loss) before taxation has been arrived at after charging (crediting):		
Cost of inventories recognised as expenses	**204,293**	22,213
Depreciation of property and equipment	**216**	38
Depreciation of right-of-use assets	**842**	515
Auditors' remuneration	**1,100**	1,830
Short-term lease payments	**1,252**	686
Foreign exchange (gain) loss	**(3,050)**	2,296
Staff costs (including directors' emoluments)		
– Salaries and other benefits	**6,733**	6,780
– Retirement benefit scheme contributions	**346**	322
	7,079	7,102

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of emoluments paid or payable to each of the 7 (2020: 8) directors and chief executive were as follows:

	Year ended 31 March 2021			
	Fees	**Salaries, allowances and other benefits**	**Contributions to retirement benefits scheme**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings:				
Executive directors				
Mr. Chiu Tung Ping (note (i))	**–**	**314**	**–**	**314**
Ms. Hu Xin	**–**	**252**	**–**	**252**
Ms. Yuen Hing Lan	**–**	**105**	**–**	**105**
Mr. Tse Man Kit Keith (note (iii))	**–**	**568**	**16**	**584**
Independent non-executive directors				
Mr. Dong Guangwu	**209**	**–**	**–**	**209**
Ms. Meng Xianglin	**105**	**–**	**–**	**105**
Ms. Ma Xingqin	**36**	**–**	**–**	**36**
	350	**1,239**	**16**	**1,605**

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

Details of emoluments paid or payable to each of the 7 (2020: 8) directors and chief executive were as follows: *(Continued)*

	Year ended 31 March 2020			
	Fees RMB'000	Salaries, allowances and other benefits RMB'000	Contributions to retirement benefits scheme RMB'000	Total RMB'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings:				
Executive directors				
Mr. Chiu Tung Ping (note (i))	–	321	–	321
Mr. Hou Hsiao Bing (note (ii))	–	539	4	543
Ms. Hu Xin	–	239	–	239
Ms. Yuen Hing Lan	–	107	–	107
Mr. Tse Man Kit Keith (note (iii))	–	660	16	676
Independent non-executive directors				
Mr. Dong Guangwu	213	–	–	213
Ms. Meng Xianglin	106	–	–	106
Ms. Ma Xingqin	36	–	–	36
	355	1,866	20	2,241

Notes:

i) Being chief executive of the Group.

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

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

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2020: nil). The executive directors' emoluments were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments were for their services as directors of the Company.

12. EMPLOYEES EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2020: two) of them were directors and the chief executive of the Company whose emoluments are included in the disclosures in note 11 above. The emoluments of the remaining three (2020: three) individuals were as follows:

	2021 **RMB'000**	2020 RMB'000
Salaries, allowances and other benefits	**2,714**	2,316
Contributions to retirement benefits scheme	**48**	48
	2,762	2,364

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

	2021 **No. of** **employees**	2020 No. of employees
Nil to HK$1,000,000	**4**	4
HK$1,500,001 to HK$2,000,000	**1**	1
	5	5

During the year ended 31 March 2021, no emoluments were paid by the Group to any of the directors or the chief executive of the Group or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2020: nil).

13. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2021, nor has any dividend been proposed since the end of the reporting period (2020: nil).

14. EARNINGS (LOSS) PER SHARE

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

	2021 **RMB'000**	2020 RMB'000
Earnings (loss)		
Earnings (loss) for the purpose of basic earnings (loss) per share	**69,005**	(26,920)
Effect of dilutive potential ordinary shares:		
– Interest expense on liability component of convertible bonds	**4,620**	–
– Changes in fair values of derivatives component of convertible bonds	**(213)**	–
– Exchange gain on translation of convertible bonds	**(2,769)**	–
Earnings (loss) for the purpose of diluted earnings (loss) per share	**70,643**	(26,920)

	2021 **'000**	2020 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**2,173,267**	1,836,042
Effect of dilutive potential ordinary shares:		
Convertible bonds	**88,000**	–
Weighted average number of ordinary shares for the purposes of diluted earnings (loss) per share	**2,261,267**	1,836,042

	2021 **RMB cents**	2020 RMB cents
Basic earnings (loss) per share	**3.18**	(1.47)
Diluted earnings (loss) per share	**3.12**	(1.47)

For the year ended 31 March 2020, the weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share has been taken into account 295,472,031 number of ordinary shares to be issued for the acquisition of additional interest in a subsidiary as details disclosed in note 28.

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

15. PROPERTY AND EQUIPMENT

	Leasehold improvements RMB'000	Office equipment, furniture and fixtures RMB'000	Motor vehicles RMB'000	Total RMB'000
COST				
At 1 April 2019	1,980	4,385	1,073	7,438
Additions	618	75	–	693
At 31 March 2020, 1 April 2020 and 31 March 2021	2,598	4,460	1,073	8,131
ACCUMULATED DEPRECIATION				
At 1 April 2019	1,980	4,382	1,055	7,417
Provided for the year	17	3	18	38
At 31 March 2020 and 1 April 2020	1,997	4,385	1,073	7,455
Provided for the year	200	16	–	216
At 31 March 2021	**2,197**	**4,401**	**1,073**	**7,671**
CARRYING VALUES				
At 31 March 2021	**401**	**59**	**–**	**460**
At 31 March 2020	601	75	–	676

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

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

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

	2021 RMB'000	2020 RMB'000
Leased properties	**1,338**	2,275

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

Additions to the right-of-use assets for the year ended 31 March 2020 amounted to approximately RMB2,559,000 (2021: nil), due to a new lease agreement of office property.

(ii) Lease liabilities

	2021 RMB'000	2020 RMB'000
Non-current	**577**	1,457
Current	**832**	929
	1,409	2,386

Amounts payable under lease liabilities	2021 RMB'000	2020 RMB'000
Within one year	**832**	929
After one year but within two years	**577**	887
After two years but within five years	**–**	570
	1,409	2,386

For the year ended 31 March 2020, the Group entered into a new lease agreement of office property and recognised lease liabilities of approximately RMB2,559,000 (2021: nil).

As at 31 March 2021 and 2020, all lease obligations are denominated in Hong Kong dollars, which is a currency other than the functional currencies of the relevant group entity.

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(Continued)*

(iii) Amounts recognised in profit and loss

	2021 **RMB'000**	2020 RMB'000
Depreciation expense on right-of-use assets		
– Leased properties	**842**	515
Interest expense on lease liabilities	**114**	119
Expense relating to short-term leases	**1,252**	686

(iv) Others

For the year ended 31 March 2021, the total cash outflow for leases amount to approximately RMB2,428,000 (2020: approximately RMB937,000).

Restrictions or covenants on leases

As at 31 March 2021, lease liabilities of approximately RMB1,409,000 are recognised with related right-of-use assets of approximately RMB1,338,000 (2020: lease liabilities of approximately RMB2,386,000 and related right-of-use assets of approximately RMB2,275,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

17. GOODWILL

	New energy power system integration business RMB'000	**Sales of solar power related products** RMB'000	**Total** RMB'000
COST			
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	196,752	40,587	237,339
IMPAIRMENT			
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	196,752	40,587	237,339
CARRYING VALUES			
At 31 March 2020 and 31 March 2021	–	–	–

18. ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 RMB'000	2020 RMB'000
Receivables at amortised cost comprise:		
Accounts receivables – contracts with customers (note (a))	**206,715**	128,591
Less: allowance for impairment of accounts receivables	**(16,330)**	(17,534)
	190,385	111,057
Prepayments to suppliers	**5,356**	2,546
Deposits	**3,988**	5,119
Value-added tax recoverable	**1,152**	1,059
Other receivables (note (b))	**14,836**	11,129
Less: allowance for impairment of other receivables	**(929)**	(1,472)
	24,403	18,381

Notes:

(a) As at 31 March 2021, accounts receivables from contracts with customers amounted to RMB190,385,000 (31 March 2020: RMB111,057,000, 1 April 2019: RMB64,705,000). As at 31 March 2021 and 2020, accounts receivables included RMB11,700,000 due from a related company controlled by Mr. Huang Yuan Ming, the son of Mr. Huang Bo, a shareholder of the Company.

The Group does not hold any collateral over these balances.

The Group allows an average credit period of 180 days (2020: 180 days) to its trade customers. The following is an aged analysis of accounts receivables, net of allowance for impairment, presented based on dates of delivery of goods/the invoice dates.

	2021 RMB'000	2020 RMB'000
0 to 90 days	**56,442**	11,655
91 to 180 days	**78,614**	33,000
Over 180 days	**55,329**	66,402
	190,385	111,057

18. ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

Notes: *(Continued)*

(a) As at 31 March 2021, included in the Group's accounts receivables balance are debtors with aggregate carrying amount of RMB34,573,000 (2020: RMB40,553,000) which are past due as at the reporting date. Out of the past due balances, RMB34,573,000 (2020: RMB31,650,000) has been past due 90 days or more and is not considered as in default as the management considers that there has not been a significant change in credit quality and the amounts are still considered recoverable based on historical experience and credit reassessment of each individual customer.

Details of impairment assessment of accounts receivables is set out in note 30.

(b) As at 31 March 2021 and 2020, other receivables included short-term loan advances of RMB805,000 to a related party controlled by Ms. Li Xiao Yan, a shareholder of the Company. The amount was unsecured, interest free and repayable on demand.

Details of impairment assessment of deposits and other receivables are set out in note 30.

19. CONTRACT ASSETS

	2021	2020
	RMB'000	RMB'000
Current assets – new energy power system integration business	–	4,395
Less: allowance for impairment of contract assets	–	(12)
Current assets – new energy power system integration business	–	4,383

At as 1 April 2019, the contacts assets amounted to RMB24,832,000.

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

During the year ended 31 March 2021, allowance for credit losses of RMB12,000 has been reversed (2020: recognised reversal of allowance of RMB159,000) on the contract assets, details of which are set out in note 30.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 **RMB'000**	2020 RMB'000
Financial assets mandatorily measured at FVTPL		
Listed securities held for trading:		
Equity securities listed in New York Stock Exchange classified as current assets	**164**	139

21. BANK BALANCES AND CASH

Bank balances carry interest at market rates ranging from 0.001% to 0.3% (2020: 0.05% to 0.455%) per annum.

For the year ended 31 March 2021 and 2020, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for impairment is provided.

22. ACCOUNTS AND OTHER PAYABLES

	2021 **RMB'000**	2020 RMB'000
Accounts payables (note (i))	**36,301**	29,149
Payroll payable	**982**	1,094
Amounts due to a former director:		
– Mr. Hou Hsiao Bing (note (ii))	**2,474**	2,310
Amounts due to directors:		
– Ms. Yuen Hing Lan (note (ii))	**955**	869
– Mr. Chiu Tung Ping(note (ii))	**2,337**	2,029
– Ms. Hu Xin (note (ii))	**472**	472
Amounts due to related parties (note (iii))	**24,024**	40,450
Other payables (note (iv))	**3,551**	3,128
Other tax payables	**3,240**	685
Accrued expenses	**6,360**	4,673
	44,395	55,710

22. ACCOUNTS AND OTHER PAYABLES *(Continued)*

Notes:

(i) The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2021 RMB'000	2020 RMB'000
0 to 90 days	**3,009**	2,561
91 to 180 days	**29,346**	9,944
Over 180 days	**3,946**	16,644
	36,301	29,149

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

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

(iii) The amount represented short-term loan advances of RMB24,024,000 and nil (2020: RMB36,950,000 and RMB3,500,000) from Zhangbei Zhihui Energy Internet Demonstration Power Station Co., Ltd.* 張北智慧能源互聯網示範電站有限公司 ("Zhangbei Zhihui") and Hebei Hanneng Electricity Sales Co., Ltd.* 河北漢能售電有限公司 ("Hebei Hanneng"), the companies controlled by Mr. Huang Yuan Ming, the son of Mr. Huang Bo, a shareholder of the Company, which are non-trade in nature. The amount is unsecured, interest free and repayable on demand.

(iv) As at 31 March 2020, other payables mainly included short-term loan advances of RMB250,000 from the owner of the solar power plant project. The amount was non-trade nature, unsecured, interest free and expected to be repaid within the next 12 months. The amount was fully settled during the year ended 31 March 2021.

23. OTHER LOANS

	2021 RMB'000	2020 RMB'000
Loans from directors (note (a))	**6,271**	3,830
Loan from a close family member of a shareholder (note (b))	**2,866**	6,681
Total – current liabilities	**9,137**	10,511

Notes:

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

	2021 RMB'000	2020 RMB'000
Mr. Tse Man Kit Keith (note i)	**2,164**	1,089
Mr. Chiu Tung Ping (note ii)	**4,107**	2,741
	6,271	3,830

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

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

(b) The loan was advanced from Mr. Huang Yuan Ming, the son of Mr. Huang Bo, a shareholder of the Company. The loan is interest bearing at a fixed interest rate at 12% per annum, unsecured and repayable on demand.

24. CONVERTIBLE BONDS

2011 CONVERTIBLE BONDS ("2011 CB")

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

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

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

For the year ended 31 March 2019, Tranche I CB with a nominal value of HK$5,000,000 (equivalent to RMB4,343,000) were converted by the bondholders into 10,000,000 ordinary shares at a conversion price of HK$0.5 per ordinary share. Up to 31 March 2020, Tranche I CB with a nominal value of HK$69,100,000 (equivalent to RMB55,973,000) had been converted by the bondholders into 138,200,000 ordinary shares at a conversion price of HK$0.5 per ordinary share and with a nominal value of HK$44,000,000 (equivalent to RMB37,179,000) have not been converted by the bondholders. For the year ended 31 March 2021, there was no conversion of ordinary shares.

The remaining of 2011 CB comprises two components:

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

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

24. 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.

	Debt component		Derivative component		Total	
	HK$'000	RMB'000	HK$'000	RMB'000	HK$'000	RMB'000
At 1 April 2019	32,985	28,295	310	266	33,295	28,561
Interest charge	4,698	4,198	–	–	4,698	4,198
Exchange loss	–	1,989	–	–	–	1,989
Gain arising on changes of fair value	–	–	(77)	(53)	(77)	(53)
As at 31 March 2020	37,683	34,482	233	213	37,916	34,695
Interest charge	5,316	4,620	–	–	5,316	4,620
Exchange gain	–	(2,769)	–	–	–	(2,769)
Gain arising on changes of fair value	–	–	(233)	(213)	(233)	(213)
As at 31 March 2021	42,999	36,333	–	–	42,999	36,333

25. DEFERRED TAXATION

At the end of the reporting period, the Group has unused tax losses of RMB35,116,000 (2020: RMB20,005,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. These tax losses will expire in five years from the year they were incurred.

At the end of the reporting period, the Group has deductible temporary differences of RMB19,219,000 (2020: RMB76,278,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB182,254,000 (2020: RMB97,015,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

26. SHARE CAPITAL

Ordinary shares of HK$0. 1 each	Number of shares '000	Share capital HK$'000
Authorised		
At 1 April 2019 and 31 March 2020	2,500,000	250,000
Increase in authorised share capital (note (i))	2,500,000	250,000
At 31 March 2021	5,000,000	500,000
Issued and fully paid		
At 1 April 2019 and 31 March 2020	1,835,233	183,523
Issue of consideration shares under specific mandate on 8 April 2020 (note (ii))	295,472	29,547
Issue of subscription shares under specific mandate on 19 August 2020 (note (iii))	110,178	11,018
At 31 March 2021	2,240,883	224,088

	2021 RMB'000	2020 RMB'000
Presented in the consolidated financial statement as	**189,876**	153,135

Notes:

(i) On 10 September 2020, the authorised share capital of the Company was increased from HK$250,000,000 divided into 2,500,000,000 shares of HK$0.1 each to HK$500,000,000 divided into 5,000,000,000 shares of HK$0.1 each by creation of additional 2,500,000,000 unissued shares in the share capital of the Company.

(ii) On 17 January 2020, the Company entered into a supplementary agreement with the counterparty and confirmed that the number of consideration shares to be issued was fixed at 295,472,031 shares. The details were disclosed in note 28.

(iii) On 19 August 2020, a total of 97,741,194 shares and a total of 12,437,348 shares (together, the "Actual Subscription Shares") were allotted and issued by the Company to Mr. Huang Yuan Ming and Mr. Tse Man Kit Keith, respectively for capitalisation of loan advanced by them in aggregate of approximately HK$11,158,000 (equivalent to RMB9,842,000), at the subscription price of HK$0.10 per Actual Subscription Share. Further details were disclosed in the announcement of the Company dated 3 July 2020, 14 August 2020 and 19 August 2020 and the circular of the Company dated 28 July 2020.

27. RETIREMENT BENEFITS PLANS

Defined Contribution Plans

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

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

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

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

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

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

29. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debts, which includes other loans and convertible bonds disclosed in notes 23 and 24 respectively, net of bank balances and cash, and equity attributable to the owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and the issue of new borrowings or the redemption of existing borrowings.

30. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2021 **RMB'000**	2020 RMB'000
Financial assets		
Financial assets at amortised cost	**210,444**	130,164
Financial assets at FVTPL	**164**	139
	210,608	130,303
Financial liabilities		
FVTPL – Convertible bond – derivative component	**–**	213
Financial liabilities at amortised cost	**115,584**	123,400
	115,584	123,613

Financial risk management objectives and policies

The Group's major financial assets and financial liabilities include rental deposit, accounts receivables, other receivables and deposits, financial assets at FVTPL, bank balances and cash, accounts payables, other payables and other loans and convertible bonds. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments included market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

30. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies (Continued)

Market risk

Currency risk

The primary economic environment which the principal subsidiaries of the Company operates is the PRC and their functional currency is RMB. However, certain transactions of the Company and its subsidiaries including issue of convertible bonds and raise of the other loans, are denominated in foreign currencies.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	2021 **RMB'000**	2020 RMB'000
Monetary assets		
Hong Kong dollar (HK$)	**523**	701
United States dollars (US$)	**164**	141
	687	842
Monetary liabilities		
HK$	**54,326**	54,811

The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2020: 5%) increase or decrease in the functional currencies of the relevant group entities against the relevant foreign currencies. 5% (2020: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2020: 5%) change in foreign currency rates. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in post-tax profit (2020: a decrease in post-tax loss) where respective functional currency strengthen 5% (2020: 5%) against the relevant foreign currency. For a 5% (2020: 5%) weakening of respective functional currency against the relevant foreign currency, there would be an equal and opposite impact on the post-tax profit (post-tax loss) and the balances below would be negative.

30. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Sensitivity analysis (Continued)

	Effect on profit or loss	
	2021	2020
	RMB'000	RMB'000
HK$	**2,018**	2,705
US$	**(6)**	(7)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate other loans and convertible bonds (see notes 23 and 24 for details of other loans and liability component of convertible bonds). The Group aims at keeping borrowings at fixed rates to minimise the exposure on cash flow interest rate risk. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 21 for details). The directors of the Company monitor interest rate exposures and will consider hedging significant interest rate risk should the need arise.

The directors consider the Group's exposure to cash flow interest rate risk of bank balances is not significant, hence, no sensitivity analysis is presented for the years ended 31 March 2021 and 2020.

Other price risk

The Group is exposed to equity price risk through its financial assets at FVTPL and derivative component of convertible bonds. The Group's objective is to earn competitive relative return by investing in high quality and liquid securities.

The directors consider the Group's exposure to other price risk is not significant, hence, no sensitivity analysis is presented for the years ended 31 March 2021 and 2020.

30. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Other price risk (Continued)

For derivative component of convertible bonds

The Group is required to estimate the fair values of the derivative component of convertible bonds issued by the Company at the end of each reporting period, which therefore exposed the Group to equity price risk. The fair value adjustment will be affected either positively or negatively, amongst others, by the changes in risk-free rate, the Company's share price, share price volatility and foreign currency exchange rate. Details of the Convertible Bonds issued by the Company are set out in note 24.

The directors consider the Group's exposure to share price and volatility risk is not significant, hence, no sensitivity analysis is presented for the years ended 31 March 2021 and 2020.

30. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies (Continued)

Credit risk

As at 31 March 2021 and 2020, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as rental deposit, accounts receivables, other receivables and deposits, contract assets and bank balances as stated in the consolidated statement of financial position.

In order to minimise credit risk, the Group regularly monitors the external credit ratings on the financial institutions based on available information at each reporting date for its bank balances which are placed in financial institutions with high credit rating. The credit rating information is supplied by independent rating agencies where available and, if not available, the credit management team uses other publicly available financial information.

The Group has concentration of credit risk as 88.3% (2020: 81.5%) and 100.0% (2020: 100.0%) of the total accounts receivables was due from the Group's largest customer and the five largest customers respectively.

The Group's concentration of credit risk by geographical locations is in the PRC, which accounted for 100% (2020: 100%) of the total accounts receivables as at 31 March 2021.

Accounts receivables and contract assets arising from contracts with customers

The Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by estimation based on historical credit loss experience based on the past default experience of the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast conditions at the reporting date.

Rental deposit, other receivables and deposits

The Group assessed the impairment individually based on past due information which, in the opinion of the directors, have no significant increase in credit risk since initial recognition. ECL is estimated based on historical observed default rates over the expected life of debtors and is adjusted for forward-looking information that is available without undue cost or effort. Therefore, loss allowances of rental deposit, other receivables and deposits are assessed on 12m ECL basis. During the year ended 31 March 2021, reversal of expected credit losses on rental deposit, other receivables and deposits amounting to nil and RMB543,000 (2020: expected credit losses of nil and RMB35,000), respectively was recognised in the profit or loss.

Bank balances

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

30. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse change in business, financial or economic conditions that are expected to cause a significant change to the borrowers' ability to make its obligations
- actual or expected significant changes in the operating results of the borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements
- significant increase in credit risk on other financial instruments of the borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower

The Group's exposure to credit risk

In order to minimise credit risk, the Group has tasked its management team to develop and maintain the Group's credit risk grading to categories exposures according to their degree of risk of default. The management team uses publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

30. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Accounts receivable/ contract assets	Other financial assets/ other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit–impaired	12-month ECL
Watchlist	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL – not credit–impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit–impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

30. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The credit quality of the Group's financial assets and contract assets as well as the Group's maximum exposure to credit risk by credit risk rating grades are disclosed below:

31 March 2021	Notes	**Internal credit rating**	**12-month or lifetime ECL**	**Gross carrying amount** RMB'000	**Loss allowance** RMB'000	**Net carrying amount** RMB'000
Accounts receivables	18	(Note)	lifetime ECL (simplified approach)	206,715	(16,330)	190,385
Other receivables and deposits	18	Low risk	12-month ECL	18,824	(929)	17,895
Rental deposit		Low risk	12-month ECL	255	–	255
Bank balances	21	N/A	12-month ECL	1,909	–	1,909
					(17,259)	

31 March 2020	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Accounts receivables	18	(Note)	lifetime ECL (simplified approach)	128,591	(17,534)	111,057
Contract assets	19	Low risk	lifetime ECL (simplified approach)	4,395	(12)	4,383
Other receivables and deposits	18	Low risk	12-month ECL	16,248	(1,472)	14,776
Rental deposit		Low risk	12-month ECL	255	–	255
Bank balances	21	N/A	12-month ECL	4,076	–	4,076
					(19,018)	

30. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Note: For accounts receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Notes 18 and 19 include further details on the loss allowance for these assets respectively.

As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The Group recognised lifetime ECL for accounts receivables and contract assets based on individually assessment as follows:

As at 31 March 2021	**Weighted average expected loss rate** %	**Gross carrying amount** RMB'000	**Impairment loss allowance** RMB'000
Accounts receivables			
Lifetime ECL (not credit-impaired)	**4.49%**	**188,288**	**8,445**
Lifetime ECL (credit-impaired)	**42.79%**	**18,427**	**7,885**
		206,715	**16,330**

As at 31 March 2020	Weighted average expected loss rate %	Gross carrying amount RMB'000	Impairment loss allowance RMB'000
Accounts receivables			
Lifetime ECL (not credit-impaired)	2.86%	105,163	3,009
Lifetime ECL (credit-impaired)	62.00%	23,428	14,525
		128,591	17,534
Contract assets			
Lifetime ECL (not credit-impaired)	0.27%	4,395	12

30. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The following table shows the movement in lifetime ECL that has been recognised for accounts receivables and contract assets under the simplified approach.

Accounts receivables	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 April 2019	1,150	2,276	3,426
Transfer to credit-impaired	(815)	815	–
ECL recognised	2,674	11,434	14,108
As at 31 March 2020 and 1 April 2020	3,009	14,525	17,534
ECL (Reversal of ECL) recognised	5,436	(6,640)	(1,204)
As at 31 March 2021	8,445	7,885	16,330

The change in loss allowance of accounts receivables was due to the repayment of certain credit-impaired receivables during the year ended 31 March 2021.

Contract assets	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 April 2019	171	–	171
ECL recognised	12	–	12
Reversal of ECL	(171)	–	(171)
As at 31 March 2020 and 1 April 2020	12	–	12
Reversal of ECL	(12)	–	(12)
As at 31 March 2021	–	–	–

The Group writes off an account receivable or contract asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the accounts receivables are over two years past due, whichever occurs earlier.

30. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The following tables show reconciliation of loss allowances that has been recognised for other receivables and deposits using the general approach under HKFRS 9, with ECL allowance of RMB929,000 (2020: RMB1,472,000).

Other receivables and deposits	**12 m ECL**	**Lifetime ECL (credit-impaired)**	**Total**
	RMB'000	RMB'000	RMB'000
As at 1 April 2019	1,437	–	1,437
ECL recognised	134	–	134
Reversal of impairment losses recognised	(99)	–	(99)
As at 31 March 2020 and 1 April 2020	1,472	–	1,472
Reversal of impairment losses recognised	(543)	–	(543)
As at 31 March 2021	929	–	929

Bills receivable	**12 m ECL**
	RMB'000
As at 1 April 2019	280
Impairment losses reversed	(280)
As at 31 March 2020	–

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. In addition, the Group relies on other loans and convertible bonds as significant sources of liquidity and the management monitors the utilisation of other loans.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and the maturity profile of its lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay.

30. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The table includes both interest and principal cash flows.

	At 31 March 2021				
	On demand or within 1 year RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total contractual undiscounted cash flow RMB'000	Carrying amount RMB'000
Non-derivative financial instruments					
Accounts payables	**36,301**	**–**	**–**	**36,301**	**36,301**
Other payables and accruals	**33,813**	**–**	**–**	**33,813**	**33,813**
Other loans	**9,741**	**–**	**–**	**9,741**	**9,137**
Lease liabilities	**871**	**632**	**–**	**1,503**	**1,409**
Convertible bonds	**41,198**	**–**	**–**	**41,198**	**36,333**
	121,924	**632**	**–**	**122,556**	**116,993**

	At 31 March 2020				
	On demand or within 1 year RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total contractual undiscounted cash flow RMB'000	Carrying amount RMB'000
Non-derivative financial instruments					
Accounts payables	29,149	–	–	29,149	29,149
Other payables and accruals	49,258	–	–	49,258	49,258
Other loans	11,401	–	–	11,401	10,511
Lease liabilities	952	952	635	2,539	2,386
Convertible bonds	–	39,666	–	39,666	34,482
	90,760	40,618	635	132,013	125,786

30. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurement of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

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

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

The valuation techniques and input used in the fair value measurements of each financial instruments on a recurring basis are set out below:

Financial assets/liabilities at fair value through profit of loss:

Financial assets/liabilities	**Fair value as at**		**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of key inputs and significant unobservable inputs to fair value**
	31 March 2021 RMB'000	31 March 2020 RMB'000				
1) Financial assets measured at FVTPL – Held for trading – listed equity securities	**164**	139	Level 1	Quoted bid price in an active market	N/A	N/A
2) Financial liabilities measured at FVTPL – Derivative component in relation to the convertible bonds issued by the Group	**nil**	213	Level 3	Based on binomial option pricing model Expected volatility: 66.68% (2020: 91.96%) Dividend yield: nil (2020: nil) Risk-free rate: 0.01% (2020: 0.58%) Share price: 0.088 (2020: HK$0.075) Exercise price: 0.5 (2020: HK$0.5)	Expected volatility of 66.68% (2020: 91.96%), taking into account the actual historical share price of the Company over the same time period as the convertible bond's remaining time to maturity	The higher the expected volatility, the higher the fair value

For the years ended 31 March 2021 and 31 March 2020, there were no transfers between Level 1 and level 2 in the fair value hierarchy.

Details of changes in Level 3 derivative component of convertible bonds during the year ended 31 March 2021 and 2020 are set out in note 24.

30. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurement of financial instruments (Continued)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	As at 31/3/2021		As at 31/3/2020		Fair value hierarchy level
	Carrying amount RMB'000	**Fair value RMB'000**	Carrying amount RMB'000	Fair value RMB'000	
Debt component of convertible bonds	**36,333**	**43,720**	34,482	25,498	Level 3

The fair value of the debt component of convertible bonds as at 31 March 2021 and 2020 was determined by the directors with reference to the valuation performed by a firm of independent professional valuers. The fair value of the debt component of convertible bonds is determined by discounted cash flow using the inputs including estimated cash flows over the remaining terms of the convertible bond and discount rate that reflected the credit risk of the Company.

31. RELATED PARTY TRANSACTIONS

(a) *Transactions with related parties*

Other than as disclosed elsewhere in these consolidated financial statements, during the year, the Group entered into the following transactions with related parties:

	2021 **RMB'000**	2020 RMB'000
Provision of new energy power system integration services to a related company controlled by Mr. Huang Yuan Ming, the son of Mr. Huang Bo, a shareholder of the Company.	**–**	11,321
Rental expenses in respect of office premises rented from		
– Dynatek Limited ("Dynatek") (note)	**N/A**	320
Finance costs to:		
– Mr. Tse Man Kit Keith	**105**	92
– Mr. Huang Yuan Ming	**544**	258
	649	350

Note: Dynatek is owned by Mr. Hou Hsiao Bing, who retired as an executive director of the Company from 26 August 2019.

The above transactions are determined in accordance with mutually agreed terms.

(b) *Balances with related parties*

Details of the Group's balances with related parties are disclosed in notes 18, 22 and 23.

(c) *Compensation of directors and key management personnel*

The remuneration of the directors and key management personnel during the years ended 31 March 2021 and 2020 are as follows:

	2021 **RMB'000**	2020 RMB'000
Salaries and other benefits	**4,303**	4,537
Retirement benefit scheme contributions	**64**	68
	4,367	4,605

The remuneration of the directors of the Company and key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

32. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	Notes	2021 RMB'000	2020 RMB'000
Non-current assets			
Interests in subsidiaries	33	**29,337**	29,337
Amount due from a subsidiary		**25,164**	22,850
Property and equipment		**460**	676
Right-of-use assets		**1,338**	2,275
Rental deposit		**255**	255
		56,554	55,393
Current assets			
Other receivables, deposits and prepayments		**163**	238
Financial assets at FVTPL		**164**	139
Bank balances		**21**	21
		348	398
Current liabilities			
Other payables and accruals		**7,881**	7,570
Convertible bonds		**36,333**	–
Lease liabilities		**832**	929
		45,046	8,499
Net current liabilities		**(44,698)**	(8,101)
Total assets less current liabilities		**11,856**	47,292
Non-current liabilities			
Convertible bonds		**–**	34,695
Lease liabilities		**577**	1,457
		577	36,152
Net assets		**11,279**	11,140
Capital and reserves			
Share capital	26	**189,876**	153,135
Reserves	(a)	**(178,597)**	(141,995)
Total equity		**11,279**	11,140

32. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(Continued)

Note (a):

Movements in reserves of the Company

	Share premium RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 April 2019	126,912	(253,714)	(126,802)
Loss and total comprehensive expense for the year	–	(15,193)	(15,193)
At 31 March 2020 and 1 April 2020	126,912	(268,907)	(141,995)
Issue of shares pursuant to an equity interest transfer agreement (note 28)	(6,621)	–	(6,621)
Loss and total comprehensive expense for the year	–	(29,981)	(29,981)
At 31 March 2021	120,291	(298,888)	(178,597)

33. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

(a) General information of subsidiaries

Details of the principal subsidiaries held by the Company at the end of the reporting period are set out below:

Name of company	Place of incorporation or registration or operation	Issued and fully paid ordinary share capital	Equity interest attributable to the Company		Principal activities
			2021	2020	
Indirectly held					
陝西百科新能源科技發展有限公司 Shaanxi Baike New Energy Technology Development Co., Ltd.*	The PRC	United States Dollars ("US$") $1,000,000	**100%**	100%	Sales of renewable energy products and rendering new energy power system integration services
哈密東科新能源科技發展有限公司 Hami Dongke New Energy Technology Development Co., Ltd*	The PRC	RMB1,000,000	**100%**	100%	Inactive
西藏立能光伏科技有限公司 Xizang Lineng Solar Photovoltaic Technology Company Limited*	The PRC	RMB1,000,000	**100%**	100%	Sales of renewable energy products

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

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

None of the subsidiaries has material non-controlling interests to the Group for the years ended 31 March 2021 and 2020.

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flow will be, classified in the Group's consolidated statement of cash flows from financing activities.

For the year ended 31 March 2021

			Non-cash changes				
	1 April 2020 RMB'000	Financing cash flows RMB'000	Loan capitalisation (note 26(iii)) RMB'000	Finance costs incurred (note 8) RMB'000	Gain arising on changes of fair value RMB'000	Exchange adjustments RMB'000	31 March 2021 RMB'000
Liabilities							
Other Loans	10,511	8,436	(9,842)	649	–	(617)	9,137
Advances from the owner of the solar power plant project	250	(250)	–	–	–	–	–
Advances from related parties	40,450	(16,426)	–	–	–	–	24,024
Convertible bonds	34,695	–	–	4,620	(213)	(2,769)	36,333
Lease liabilities	2,386	(1,176)	–	114	–	85	1,409
	88,292	(9,416)	(9,842)	5,383	(213)	(3,301)	70,903

For the year ended 31 March 2020

			Non-cash changes						
	1 April 2019 RMB'000	Financing cash flows RMB'000	The effect of off-set agreements (note 35) RMB'000	Finance costs incurred (note 8) RMB'000	Gain arising on changes of fair value RMB'000	New lease recognised (note 16) RMB'000	Disposal of lease liabilities (note 6) RMB'000	Exchange adjustments RMB'000	31 March 2020 RMB'000
Liabilities									
Other Loans	2,573	7,260	–	352	–	–	–	326	10,511
Advances from the owner of the solar power plant project	12,500	(2,450)	(9,800)	–	–	–	–	–	250
Advances from related parties	–	3,150	37,300	–	–	–	–	–	40,450
Convertible bonds	28,561	–	–	4,198	(53)	–	–	1,989	34,695
Lease liabilities	2,852	(251)	–	119	–	2,559	(2,934)	41	2,386
	46,486	7,709	27,500	4,669	(53)	2,559	(2,934)	2,356	88,292

35. MAJOR NON-CASH TRANSACTIONS

(i) The Group entered into a new lease agreement for the use of office property for 3 years for the year ended 31 March 2020. On the lease commencement, the Group recognised RMB2,559,000 (2021: nil) of right-of-use asset and RMB2,559,000 (2021: nil) of lease liability.

(ii) In September and December 2019, the Group had entered into settlement agreements, pursuant to which the accounts payables due to two suppliers of RMB5,000,000 and RMB20,000,000, respectively, were transferred to the owner of the solar power plant project. On 5 December 2019, the Group had entered into an settlement agreement, pursuant to which the advances from the owner of the solar power plant project of totaling RMB37,300,000 were transferred to a related company.

(iii) During the year ended 31 March 2021, the Group entered into an equity interest transfer agreement of "Acquisition of additional interest in a subsidiary without change of control" disclosed in note 29 with the issuance of share capital of RMB26,899,000 and the effect of changes in the Group's ownership interests in share premium of RMB6,621,000 and equity transaction reserve of RMB20,278,000.

(iv) During the year ended 31 March 2021, the Group entered into a subscription agreement with Mr. Tse Man Kit Keith, Mr. Huang Yuan Ming for loan capitalisation of RMB9,842,000 for the repayment of other loans disclosed in note 26. Further details were disclosed in the announcement of the Company dated 3 July 2020, 14 August 2020 and 19 August 2020 and the circular of the Company dated 28 July 2020.

36. EVENT AFTER THE REPORTING PERIOD

Subsequent to the year ended 31 March 2021, the Group has issued a convertible bond with principal amount of HK$32,000,000 at the initial conversion price of HK$0.5 per conversion share. Further details were disclosed in the announcements of the Company dated 31 May 2021 and 17 June 2021.

37. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 29 June 2021.