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 2022

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED ("STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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

Contents

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:

* 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

Chairman's Statement

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 2022.

The Group was principally engaged in (i) sales of renewable energy products business; and (ii) new energy power system integration business in the People's Republic of China ("**PRC**" or "**China**") during the year ended 31 March 2022.

BUSINESS REVIEW

During the year ended 31 March 2022, the Group's revenue amounted to approximately RMB72.2 million, representing a decrease of approximately 73.9 per cent as compared with approximately RMB276.9 million recorded for the year ended 31 March 2021, mainly attributable to the fact that, the Company had recently completed its 500MW solar power project, and 300MW wind power project, in Zhangbei county, the PRC (collectively, the "**Zhangbei Project**"), being its only project in recent years. After the completion of the Zhangbei Project, the Company had recently signed the sale and installation of solar modules agreement in relation to the Hebei Project (as defined in the supplemental announcement in relation to the third quarterly report for the 9 months ended 31 December 2021 of the Company dated 8 April 2022), for a consideration of RMB48,000,000.

The Group recorded a loss attributable to owners of the Company of approximately RMB3.7 million for the year ended 31 March 2022 (2021: profit attributable to owners of the Company of approximately RMB69.0 million), which was mainly attributable to (1) the decrease in revenue of the Group during the year ended 31 March 2022; (2) impairment losses recognised under expected credit loss model, net in the amount of approximately RMB4.6 million for the year ended 31 March 2022 (2021: impairment losses reversed under expected credit loss model, net of approximately RMB1.8 million); and (3) there being no recovery of bad debts during the year ended 31 March 2022 (2021: recovery of bad debts of approximately RMB39.3 million).

Basic loss per share for the year ended 31 March 2022 was approximately RMB0.83 cents (2021: basic earnings per share (restated) was approximately RMB15.69 cents).

BUSINESS PROSPECT AND FUTURE PLANS

The Company has not engaged in the (1) sales of self-service automatic teller machine systems and printing systems, and (2) provision of hardware and software technical support services, for some time. The Company has instead decided to refocus on two principal business lines mentioned in the above.

The Company continues to actively seek for opportunities to develop its business and expand its customer base, by keeping abreast of the latest developments in the renewable energy projects sector, and leveraging on the wealth of experience and extensive business networks of its management and shareholders.

After the completion of the Company's project in Zhangbei, being the only project of the Company during the Review Period, the Company had recently signed a sale and installation of solar modules agreement in relation to a project in Hebei whereby the Company will sell and install solar modules, for a consideration of RMB48,000,000. Under the sale and installation of solar modules agreement, in addition to the sale and installation of solar modules, the Company shall also provide certain ancillary value-added services, including technical guidance, technical cooperation, technical training in relation to inspection and acceptance, performance testing, operation, and maintenance, of the solar modules. For more information, please refer to the announcement of the Company dated 31 March 2022.

The Group is also exploring other avenues of development, and is in active discussions with different potential business partners. Currently, the Company is considering setting up a solar modules production plant in Hebei. It can provide a stable supply of goods for the Company's key projects in Hebei, allowing the Company to better maintain quality control over its components, and bring synergy to its existing business. For example, it will have a positive impact on the sales of our existing solar related products, as the Company would be able to offer a more comprehensive suite of solar related products.

The Company continues to believe that the renewable energy sector shows promising business prospects. As the problem of climate change continues, the Chinese government is actively responding. In 2021, the Chinese government published the Opinions of the CPC Central Committee and the State Council on Completely, Accurately and Comprehensively Implementing the New Development Concept and Doing a Good Job in Peak Carbon Dioxide Emissions (《中共中央國務院關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》) and Carbon Neutrality and the Action Plan for Peak Carbon Dioxide Emissions by 2030 (《2030年前碳達峰行動方案》), which put forward a number of goals to achieve carbon neutrality by 2060. Accelerating the construction of a clean, low-carbon, safe and efficient energy system is one of the key tasks mentioned in such policy papers.

The Group has been identifying and exploring other business new opportunities in the renewable energy sector and to broaden its sources of income to bring return to the Group and its shareholders (the "**Shareholders**").

Notice on the Action Plan for Further Tariff Mechanism Reform During the "14th Five-Year Period" (《關於「十四五」時期深化價格機制改革行動方案的通知》) issued by the NDRC clarified the improvement of the wind power and photovoltaic power generation pricing mechanism and the establishment of the pricing mechanism of new energy storage. A point to note is that many provinces and other places in China have introduced new energy allocation storage programs since this year, mainly focusing on "photovoltaic + energy storage", "wind power + energy storage" mode. We believe that with the goal of reaching carbon peak and carbon neutral, energy storage has become the necessary way to achieve the "new power system based on new energy". As the business model of energy storage is relatively diversified, the Group will continue to closely monitor the development of new energy storage industry.

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 2022

Management Discussion and Analysis

BUSINESS REVIEW

Riding on the trend of carbon neutrality in the PRC, the Group strived to develop the sales of renewable energy products business and new energy power system integration business and continued to explore new opportunities in new energy industry.

Sales of renewable energy products

The business of sales of renewable energy products business mainly involves the research, development and sales of photovoltaic mounting brackets, solar trackers, guardrails of solar power stations, solar power related products, and towers for wind turbines. In conjunction, the Group also provides, in some cases, (i) certain technology consultation services with respect to the photovoltaic mounting brackets that it sells (including photovoltaic mounting bracket design services), (ii) certain on-site services (including assisting customers on site with unloading goods, collecting products, stock-taking, final testing products before acceptance), and (iii) technical services for the wind turbine towers products (including technical advice, support and trainings).

New Energy Power System Integration Business

The business of new energy power system integration mainly involves acting as the contractor of its customers' new power station projects, helping its customers integrate their equipment, functions and information into a connected, unified and coordinated system. The Group is also responsible for making project design proposals, conducting site visits, procuring construction materials, carrying out construction work, and assisting in operation trials. The Group also offers subsequent system management services to its customers' new energy power stations.

The Group operates on a "project based" model, where each project will typically involve one customer. Under this model, the Group pursues business opportunities with EPC constructors of clean energy development projects (e.g. solar or wind power generation farms or plants) in the PRC for the supply of renewable energy products (such as photovoltaic mounting brackets, solar trackers, guardrails of solar power stations, solar power related products, and towers for wind turbines) that are specific for such project and/or the provision of power system integration for such wind or solar power generation projects. During the life of the project, the Group is typically responsible for, among other things, inspecting the land, supervising the suppliers' production site, receiving and examining equipment and materials, guiding installations, providing technical support, conducting tests, and resolving construction problems on-site. Typically, the contract amount (i.e. revenue) for a project involving the sales of renewable energy products is very substantial. Given the "project based" business model of the Group and its scale, the Group has also strategically sought to pursue fewer in number but larger in size projects.

During the year ended 31 March 2022, the Group has completed the Zhangbei Project. The Zhangbei Project was relatively large project for the Group, being an 800MW project and it was one of the demonstration projects in PRC. The Group has put its best endeavours to complete Zhangbei Project under the challenging circumstance. The COVID-19 pandemic has continuously spread over the world. Although the effects of the COVID-19 pandemic had gradually eased by the second quarter of 2020, material price and its supply were affected due to keen demands. As such, taking into account the size of the project and uncertain of global outlook, the Group has focus on the completion of the Zhangbei Project during the reporting period. The Group recorded a revenue of RMB72.2 million for the year ended 31 March 2022 (2021: RMB276.9 million). The Zhangbei Project contributed over RMB507 million over past 3 years, despite only one customer.

Management Discussion and Analysis

On 31 March 2022, Shaanxi Baike New Energy Technology Development Co., Ltd* ("**Shaanxi Baike**")(陝西百科新能源科技發展有限公司)(as supplier), entered into the Sales and Installation of Solar Modules Agreement (as defined in CT Announcement) with 河北漢能售電有限公司 ("**Hebei Han Neng**") (as purchaser) in relation to the sales and installation of Solar Modules (as defined in CT Announcement) with consideration of RMB48 million, details of which are set out in the announcement and circular of the Company dated 31 March 2022 and 22 April 2022 respectively ("**CT Announcement**"). Shaanxi Baike shall sell approximately 25MW Solar Modules to Hebei Han Neng and install on Hebei Site (as defined in CT Announcement), and shall further provide ancillary value added services, including technical guidance, technical cooperation, technical training in relation to inspection and acceptance, performance testing, operation, and maintenance, of the Solar Modules.

With the PRC government strives to achieve the goals of "carbon peaking" and "carbon neutrality" by actively adjusting and optimising its industrial structure and energy mix, the Group continues to focus on developing the Group's renewable energy products business and new energy power system integration business, while exploring opportunities to diversify its renewable energy portfolios in order to face the changes of new energy allocation.

FINANCIAL REVIEW

Revenue and gross profit

During the year ended 31 March 2022, the Group's revenue was mainly derived from (i) sales of renewable energy products and (ii) new energy power system integration service income. The analysis of the Group's revenue are as follows:

	Year ended 31 March	
	2022	2021
	RMB'000	RMB'000
Revenue		
Sales of renewable energy products	**72,215**	231,061
New energy power system integration service income	**–**	45,872
	72,215	276,933

The decrease in revenue was mainly due to the completion of the Zhangbei Project during the year ended 31 March 2022. Zhangbei Project has contributed over RMB507 million revenue to the Group over past 3 years.

The Group's gross profit margin was approximately 18.2% for the year ended 31 March 2022, as compared to approximately 18.9% for the year ended 31 March 2021. The decrease in gross profit margin was mainly attributable to the increasing cost on procuring renewable energy products. With the economic activities resumed to normal after the outbreak of COVID-19 being substantially under control in 2021, many companies rush to purchase renewable energy products in order to catch up with the progress of the delayed projects. As such, the price of renewable energy products increased.

Selling expenses

Selling expense decreased by RMB1.8 million, or 83.2%, from RMB2.2 million for the year ended 31 March 2021 to RMB0.4 million for the year ended 31 March 2022, primarily due to not engaging in the business of (i) sales of self-service automatic teller machine systems and printing systems, and (ii) provision of hardware and software technical support services. No revenue was generated from these two businesses, as such, the Group has cut the cost.

Administrative expenses

Administrative expenses decreased by RMB2.5 million, or 19.5% from RMB12.9 million for the year ended 31 March 2021 to RMB10.4 million for the year ended 31 March 2022, primarily due to decrease of legal and professional fee with fewer corporate actions performed during the year under review and also effective control on other administrative expenses by the Group.

Finance costs

Finance cost decreased by RMB2.7 million, or 50.8% from 5.4 million for the year ended 31 March 2021 to RMB2.6 million for the year ended 31 March 2022, primarily due to the decrease of effective interest on convertible bonds. Save as disclosed on 31 May 2021 in the announcement in relation to the updates of outstanding convertible bonds ("**Outstanding CB Announcement**"), the convertible bonds with outstanding principal amount of HK$12 million ("**Disputed Convertible Bonds**") being held by Bondholder B (as defined in Outstanding CB Announcement) matured on 1 June 2021. The Company was notified by Bondholder A (as defined in Outstanding CB Announcement) that there is a potential dispute between Bondholder A and Bondholder B on the ownership of the Disputed Convertible Bonds, while the Company was unable to contact Bondholder B. As such, the conversion right of Disputed Convertible Bonds lapsed after the mature date and was regarded as other payables.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2022, the Group primarily sourced of funding from cash generated from operating activities and other borrowings. As at 31 March 2022, the Group had bank balances and cash amounting to a total of approximately RMB4.0 million (2021: approximately RMB1.9 million) and had no outstanding bank overdraft as at 31 March 2022 (31 March 2021: Nil).

As at 31 March 2022, the Group had other loans amounting to (i) approximately RMB0.8 million (2021: approximately RMB2.2 million) that was due to an executive Director, Mr. Tse Man Kit Keith; and RMB10.9 million (2021: approximately RMB2.9 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 RMB6.0 million (2021: approximately RMB4.1 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's current ratio (current assets over current liabilities) increased from 1.7 as at 31 March 2021 to 2.0 as at 31 March 2022. The gearing ratio (total liabilities over total assets) of the Group decreased from 59.8% as at 31 March 2021 to 49.0% as at 31 March 2022.

On 31 May 2021, the Company refinanced the Existing Convertible Bonds (as defined in the CB Announcement) by entering into a subscription agreement with the Subscriber (as defined in the CB Announcement) in respect of the issue of the convertible bonds ("**Convertible Bonds**") in the principal amount of HK$32,000,000, details of which are set out in the announcement of the Company dated 31 May 2021 ("**CB Announcement**"). The Convertible Bonds were initially convertible into 64,000,000 shares at initial Conversion Price (as defined in the CB Announcement) of HK$0.50 per Conversion Share (as defined in the CB Announcement), and were subsequently adjusted to 12,800,000 shares at the adjusted conversion price of HK$2.50 upon the completion of the Share Consolidation (as defined below). The Company did not receive any net proceeds from the issue of the Convertible Bonds as the subscription money payable by the Subscriber for the Convertible Bonds was set off against the redemption money payable by the Company to the Subscriber in respect of the Existing Convertible Bonds.

The Group did not use any financial instrument for hedging purpose during the year ended 31 March 2022, and did not have any outstanding hedging instrument as at 31 March 2022.

CHARGES ON ASSETS

As of 31 March 2022, the Group did not pledge any asset to secure borrowings granted to the Group.

CONTINGENT LIABILITIES

As at 31 March 2022, 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 2022, 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

There were no significant investments or material acquisition or disposal of subsidiaries by the Group during the year ended 31 March 2022.

HUMAN RESOURCES

As at 31 March 2022, the Group employed 7 and 21 staff in Hong Kong and the PRC respectively (31 March 2021: 8 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.

EVENTS AFTER THE REPORTING PERIOD

As disclosed in the announcement of the Company dated 27 June 2022 ("**M&CT Announcement**"), Xizang Lineng and Shaanxi Baike entered into the Loan Agreements (as defined in the M&CT Announcement) with Zhangbei Zhihui Energy on 27 June 2022, pursuant to which Xizang Lineng and Shaanxi Baike agreed to provide unsecured loans to Zhangbei Zhihui Energy in the principal amounts of up to RMB7,010,000 (in the case of the Xizang Lineng Loan (as defined in the M&CT Announcement)) and RMB54,000,000 (in the case of the Shaanxi Baike Loan (as defined in the M&CT Announcement)) for its need for short-term working capital. As at the date of the M&CT Announcement, all outstanding principal amounts and interest have been repaid by Zhangbei Zhihui Energy under the Loan Agreements.

Zhangbei Zhihui Energy, being a majority-controlled company held indirectly by Mr. Huang and Mr. Huang Yuan Ming, is an associate of Mr. Huang. Mr. Huang is a substantial shareholder of the Company. Accordingly, Zhangbei Zhihui Energy is a connected person of the Company under the GEM Listing Rules and the Loans would have constituted connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

Since the Loans were advanced within 12 months of each other, the Loans were required to be aggregated as a series of transactions pursuant to Rules 19.22 and 20.79 of the GEM Listing Rules. As the highest applicable percentage ratio of the Loans (on an aggregated basis) exceeds 25% but is below 75%, the Loans would have constituted non-exempt connected transactions of the Company and would have been subject to the reporting, announcement, circular, and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Management Discussion and Analysis

In light of the above, the Loans (on an aggregated basis) would have also constituted major transactions on the part of the Company and would have been subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

Also as disclosed in the M&CT Announcement, on 8 April 2022, the Company had, through Hebei Zhonghua (as defined in the M&CT Announcement), an indirectly wholly-owned subsidiary of the Company, won a bid at the Auction (by tender) for the Land Acquisition (as defined in the M&CT Announcement)at a consideration of RMB17,000,000. Hebei Zhonghua entered into a confirmation letter with the Vendor on 8 April 2022 and entered into a land use rights transfer agreement with the Vendor (as defined in the M&CT Announcement) in respect of the Land Acquisition on 15 April 2022.

As the highest applicable percentage ratio of the Land Acquisition exceeds 25% but is below 75%, the Land Acquisition would have constituted a major transaction on the part of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

With respect to the Loans and the Land Acquisition, the Company regretfully admits that due to the oversight, it had failed to comply with the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules. The Company has taken remedial measures in this regard. Please refer to the M&CT Announcement for further details.

Save as further disclosed in note 36 to the consolidated financial statements, the Group did not have any other material events occurred after 31 March 2022 and up to the date of this report.

(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 2022 ("**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 C.2.1 and F.2.2 as explained below.

Code provision C.2.1

Pursuant to code provision C.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 F.2.2

Under code provision F.2.2 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 27 September 2021 ("**2021 AGM**"). Nevertheless, Mr. Tse Man Kit Keith, an executive Director, presided as the chairman at the 2021 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)	20/20	100%
Ms. Yuen Hing Lan	20/20	100%
Ms. Hu Xin	20/20	100%
Mr. Tse Man Kit Keith	20/20	100%
Independent non-executive Directors		
Ms. Ma Xingqin	20/20	100%
Mr. Meng Xianglin (resigned on 1 April 2021)	1/1	100%
Mr. Dong Guangwu (resigned on 1 April 2021)	1/1	100%
Ms. Shan Jinlan (appointed on 1 April 2021)	19/19	100%
Mr. Wang Zhuchen (appointed on 1 April 2021)	19/19	100%

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, legal 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. In last year, 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 seven 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 E.1.2 of the CG Code and was posted on the websites of the Company and the Stock Exchange. In last year, 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 two meetings and performed the following duties:

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

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

The policies for the remuneration of the Directors are:

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

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

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

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

(c) *Nomination Committee*

A nomination committee of the Board ("**Nomination Committee**") has been established with effect from 28 March 2012, with written terms of reference (revised in December 2018) following the requirements of code provision B.3.1 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. In last year, 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 two meetings and performed the following duties:

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

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

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

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

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

6. considered other topics as defined by the Board.

(d) Corporate Governance Committee

A corporate governance committee of the Board ("**Corporate Governance Committee**") has been established with effect from 28 March 2012 with written terms of reference following code provision A.2.1 of the CG Code and posted on the websites of the Company and the Stock Exchange.

During the year ended 31 March 2022, the Corporate Governance Committee comprised four executive Directors, namely (i) Mr. Chiu Tung Ping; (ii) Ms. Yuen Hing Lan; (iii) Ms. Hu Xin; and (iv) Mr. Tse Man Kit Keith, with Mr. Tse Man Kit Keith acting as the chairman of the Corporate Governance Committee.

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

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

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

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

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

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

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

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

Attendance of Board committees meetings

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

	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee
Executive Directors				
Mr. Chiu Tung Ping	–	–	–	1/1
Ms. Yuen Hing Lan	–	–	–	1/1
Ms. Hu Xin	–	–	–	1/1
Mr. Tse Man Kit Keith	–	–	–	1/1
Independent non-executive Directors				
Ms. Ma Xingqin	7/7	2/2	2/2	–
Mr. Meng Xianglin (resigned on 1 April 2021)	n/a	1/1	1/1	–
Mr. Dong Guangwu (resigned on 1 April 2021)	n/a	1/1	1/1	–
Ms. Shan Jinlan (appointed on 1 April 2021)	7/7	1/1	1/1	–
Mr. Wang Zhuchen (appointed on 1 April 2021)	7/7	1/1	1/1	–

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

(4) CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.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 44 to 49.

(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 C.1.4 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)	n/a
Dong Guangwu (resigned on 1 April 2021)	n/a
Shan Jinlan (appointed on 1 April 2021)	A, B
Wang Zhuchen (appointed on 1 April 2021)	A, B

Notes:

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

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

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

(7) COMPANY SECRETARY

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

(8) NON-EXECUTIVE DIRECTORS

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 RMB1,150,000, 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	1,150,000
Non-audit services (Agreed-upon procedures for interim report)	100,000

(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 2021 to 31 March 2022 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. For other non-major internal control findings, the management has instructed relevant departments to formulate corrective actions and improvement plans for remediation. Save for the Company's failure to comply with the relevant requirements under the GEM Listing Rules with respect to the Loans and the Land Acquisition, as discussed further in the "Events after the reporting period" section of this report, no major deficiencies on the Group's risk management and internal control systems have been identified during the Review Period.

In order to prevent the occurrence of similar non-compliance incidents in the future and to comply with the requirements under the GEM Listing Rules, the Company has taken the following remedial measures:

1. The Company has reviewed the ledger of its subsidiaries and checked for any transactions that are required to be disclosed under the GEM Listing Rules.

2. The Company has engaged an independent internal control consultant to conduct a scenario analysis on the Non-Compliances and a review on the internal control system and policies of the Group.

3. On the recommendation of the internal control consultant, the Company has adopted a Connected Party Transaction Policy shortly after the Company's discovery of the Non-Compliances. The Connected Party Transaction Policy covers areas including identification of connected parties, approval procedures of connected party transactions, etc. The Connected Party Transaction Policy has been circulated to the Directors and PRC operation team.

4. The Company has circulated the internal memo within the Group for identifying and reporting notifiable transactions. The internal control consultant will assist in preparing internal control policies on notifiable transactions.

5. The Company will seek legal advice and/or other professional advice from time to time as and when it is necessary to ensure proper compliance with the relevant requirements under the GEM Listing Rules.

6. The Company has required major shareholders to declare their most up-to-date connected parties. Furthermore, the Company has performed preliminary checking for any transactions conducted with such connected parties.

7. The Company will arrange for training sessions for all of the Directors and PRC operation team in relation to the relevant GEM Listing Rules.

For further details, please refer to the M&CT Announcement.

Save as disclosed above, 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.

Save as disclosed above, 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.

Corporate Governance Report

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 27 September 2021 ("**2021 AGM**"), and extraordinary general meeting on 15 July 2021 ("**2021 EGM**") were held and the attendance of each Director is set out as follows:

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

Code provision F.2.2

Under code provision F.2.2 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 2021 AGM. Nevertheless, Mr. Tse Man Kit Keith, an executive Director, presided as the chairman of the 2021 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 Directors have pleasure in presenting their report together with the audited consolidated financial statements for the year ended 31 March 2022.

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 (i) sales of renewable energy products business; and (ii) new energy power system integration business in China during the year ended 31 March 2022.

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 2022 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 50 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 2022 (2021: 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 2022, the Company did not have any distributable reserves (31 March 2021: Nil).

Details of the movements in the reserves of the Group and the Company during the year under review are set out on page 52 and page 128 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 25 to the consolidated financial statements.

SHARE CONSOLIDATION

By an ordinary resolution passed at the Company's extraordinary general meeting on 15 July 2021, every five (5) issued and unissued ordinary shares at par value of HK$0.10 each in the share capital of the Company has been consolidated into one (1) ordinary share(s) at par value of HK$0.50 each in the share capital of the Company (the "**Share Consolidation**") with effective on 19 July 2021. Accordingly, the total number of the issued capital was consolidated from 2,240,883,423 to 448,176,684.

Relevant disclosure was made in the Company's announcements dated 3 June 2021 and 4 June 2021, and the Company's circular dated 17 June 2021.

BUSINESS REVIEW

Further discussion and analysis of the business of the Group, including a business review for the year ended 31 March 2022, its likely future development and events occurred after the reporting period is set out in the section "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

(1) Government policy and regulation

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 or alter of law and regulations which would be a substantial impact 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. The Group will pay close attention to any policy changes in order to foresee any unfavourable effects.

(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) 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.

The Group is exposed to fair value interest rate risk in relation to fixed-rate other loans and convertible bonds and cash flow interest rate risk in relation to variable-rate bank balances.

The Group's business is primarily located in the PRC with most of its revenue and expenses denominated in Renminbi. Minimal exposure to fluctuation in exchange rate is expected. The exposure to fluctuation in exchange rates mainly arise from translation of Group's assets and liabilities denominated in currencies other than its functional currency. The Group has not used any financial instruments for hedging purpose.

(4) 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.

(5) 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 renewable energy products such as photovoltaic mounting brackets, solar trackers, the guardrail of the solar power stations and towers for wind turbines. As such, the Group relies on purchasing such products from the suppliers. Any increase in the selling price of such renewable energy 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 renewable energy products to the Group, the Group may not be able to procure sufficient quantity of such renewable energy 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 renewable energy products could materially disrupt the Group's sales of renewable energy 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.

(6) 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 29 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

Save for the Company's failure to comply with the relevant requirements under the GEM Listing Rules with respect to the Loans and the Land Acquisition, as discussed further in the "Events after the reporting period" section of this report, 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 2022.

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.

Report of the Directors

REMUNERATION POLICY

Remuneration packages are generally structured with reference to prevailing market rates, individual performance and 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 2022 and up to the date of this report were:

Executive Directors
Mr. Chiu Tung Ping (Chairman)
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)

Mr. Meng Xianglin and Mr. Dong Guangwu resigned due to their other business engagements respectively, and had separately confirmed that they had no disagreement with the Board and there are no other matters in relation to their resignations that need to be brought to the attention of the shareholders or the Stock Exchange.

In accordance with Article 108(A) of the Articles of Association of the Company ("**Articles**"), Mr. Chiu Tung Ping, Ms. Yuen Hing Lan and Ms. Shan Jinlan 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 70, 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, Truth Honour Electronic Limited, Soluteck Investments 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 66, 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, Truth Honour Electronic Limited, Soluteck Investments 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 39, was appointed as an executive Director on 19 March 2012 and has become the compliance officer and one of the authorised representatives of the Company starting from 13 July 2012. She obtained her Bachelor of Management in Accounting from Chongqing Institute of Technology（重慶工學院）, presently known as Chongqing University of Technology（重慶理工大學）. Ms. Hu had been the general accountant（總帳會計）of ST Electronics (Software Services) Ltd.（新鈳信息系统（深圳）有限公司）and was involved in financial management. Ms. Hu is also the director 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, Soluteck Investments Limited, Truth Honour Electronic Limited and Truth Honour (BVI) Holdings Limited. Ms. Hu has extensive experience in new energy power system data estimates.

* For identification purpose only

Mr. Tse Man Kit Keith, aged 48, 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 23 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, Soluteck Investments Limited, Truth Honour Electronic Limited and Truth Honour (BVI) Holdings Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Ma Xingqin, aged 34, 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 ten 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.

Ms. Shan Jinlan, aged 50, 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 28, 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 55, 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 30 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

The Group entered into the following connected transactions which are required to be disclosed pursuant to the Chapter 20 of the Listing Rule during the year ended 31 March 2022.

SALE AND INSTALLATION OF SOLAR MODULES AGREEMENT

On 31 March 2022, Shaanxi Baike (as supplier) entered into the Sale and Installation of Solar Modules Agreement with Hebei Han Neng (as purchaser), pursuant to which Shaanxi Baike shall (i) supply and install approximately 25MW Solar Modules on the Hebei Site and (ii) provide certain value added services, including technical guidance, technical cooperation, technical training in relation to inspection and acceptance, performance testing, operation and maintenance of the Solar Modules, at consideration of RMB48 million.

Hebei Han Neng, being a majority-controlled company held indirectly by family members of Mr. Huang Bo, is an associate of Mr. Huang Bo. Mr. Huang Bo is a substantial shareholder of the Company. Accordingly, Hebei Han Neng is a connected person of the Company under the GEM Listing Rules and the Transaction constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

Details of the transactions have been set out in the announcement and circular of the Company dated 31 March 2022 and 22 April 2022 respectively.

The independent Shareholders' approval was obtained on 11 May 2022.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any shares of the Company during the year ended 31 March 2022.

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 2022.

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 2022, 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 of ordinary shares of the Company (after Share Consolidation)** (Note 1)	**Capacity**	**Approximate percentage of the Company's issued share capital as at 31 March 2022** (Note 2)
Mr. Tse Man Kit Keith (Executive Director)	2,487,469 (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 2022, the issued share capital of the Company was 448,176,682 (after Share Consolidation) ordinary shares of HK$0.5 each.

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

As at 31 March 2022, 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 (after Share Consolidation)** (Note 1)	**Capacity**	**Approximate percentage of the Company's issued share capital as at 31 March 2022** (Note 2)
Mr. Huang Bo (Note 3)	86,825,934 (L)	Beneficial owner	19.37%
Ms. Li Xiaoyan* (李曉豔女士)	59,094,406 (L)	Beneficial owner	13.19%
Mr. Huang Yuan Ming (Note 3)	35,548,238 (L)	Beneficial owner	7.93%
Mr. Hou Hsiao Bing (Note 4)	26,228,000 (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 2022, the issued share capital of the Company was 448,176,682 (after Share Consolidation) ordinary shares of HK$0.5 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 2022 or subsisted as at 31 March 2022:

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. Further, on 19 July 2021, the Share Consolidation became effective. Upon the Share Consolidation becoming effective, the Directors were allowed to grant options to Eligible Participants to subscribe for a maximum of 34,520,257 ordinary shares of HK$0.50 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 21,844,000 ordinary shares of HK$0.50 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 2021, 31 March 2022 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 2 September 2011, 24,000,000 ordinary shares of HK$0.1 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$12,000,000.

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.

On 19 July 2021, as a result of the Share Consolidation became effective, the conversion price of the 2021 CB was adjusted to HK$2.5 per conversion share and may converted into 12,800,000 ordinary shares.

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.

Report of the Directors

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 2022 are as follows:

PURCHASES

• the largest supplier:	76.7 per cent.
• five largest suppliers in aggregate:	100.0 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

During the year ended 31 March 2022, 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 12 to 26 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 2022 (2021: Nil).

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in section 9 of the Companies (Directors' Report) Regulation (Chapter 622D of the Laws of Hong Kong)) for the benefit of the Directors is currently in force as at the date of this report and was in force throughout the year ended 31 March 2022. 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

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 Deloitte Touche Tohmatsu.

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 2020 has been audited by Deloitte Touche Tohmatsu. The consolidated financial statements of the Company for the year ended 31 March 2021 and 31 March 2022 have 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 2022

Five Years Financial Summary

	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000 (Restated)
Results:					
Revenue	**72,215**	276,933	91,086	162,783	79,458
(Loss) Profit attributable to owners of the Company	**(3,732)**	69,005	(26,920)	(53,529)	(5,113)
Assets and liabilities					
Total assets	**165,949**	218,914	141,559	161,691	136,714
Total liabilities	**(81,359)**	(130,972)	(132,451)	(121,730)	(82,221)
Net assets	**84,590**	87,942	9,108	39,961	54,493

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

信永中和(香港)會計師事務所有限公司
香港銅鑼灣希慎道33號
利園一期43樓

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 50 to 131, which comprise the consolidated statement of financial position as at 31 March 2022, 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 2022, 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 MATTER

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 MATTER *(Continued)*

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

Impairment assessment of accounts and bills receivables
Refer to note 18 to the consolidated financial statements and the accounting policies on pages 70 – 73.

The key audit matter	How the matter was addressed in our audit
We identified impairment assessment of accounts and bills receivables as a key audit matter due to the significance of accounts and bills 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 and bills receivables at the end of the reporting period. As at 31 March 2022, the Group's net accounts and bills receivables amounting to approximately RMB155,692,000, which represented approximately 94% of total assets of the Group.	Our procedures in relation to impairment assessment of accounts and bills receivables included: • Understanding key controls on how the management estimates the loss allowance for accounts and bills receivables;

KEY AUDIT MATTER *(Continued)*

Impairment assessment of accounts and bills receivables (Continued)

Refer to note 18 to the consolidated financial statements and the accounting policies on pages 70 – 73. *(Continued)*

The key audit matter *(Continued)*	**How the matter was addressed in our audit** *(Continued)*
Accounts and bills 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 lifetime ECL on accounts and bills receivables during the year ended 31 March 2022 amounted to approximately RMB575,000.	Our procedures in relation to impairment assessment of accounts and bills receivables included: *(Continued)* • Challenging management's basis and judgement in determining credit loss allowance on accounts and bills receivables as at 31 March 2022, including their identification and evaluation of accounts and bills 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 and bills receivables as at 31 March 2022 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 and bills receivables.

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 are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

- Conclude on the appropriateness of the 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.

- 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.

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

- 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, actions taken to eliminate threats or safeguards applied.

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 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2022

	Notes	2022 RMB'000	2021 RMB'000
Revenue	5	**72,215**	276,933
Cost of sales		**(59,051)**	(224,651)
Gross profit		**13,164**	52,282
Other revenue – bank interest income		**8**	267
Other gains and losses	6	**3,342**	42,394
Selling expenses		**(369)**	(2,194)
Change in fair value of financial assets at fair value through profit or loss		**(138)**	25
Change in fair value of financial derivative liabilities		**64**	213
Administrative expenses		**(10,408)**	(12,935)
Impairment loss (recognised) reversed under expected credit loss model, net	7	**(4,611)**	1,759
Finance costs	8	**(2,646)**	(5,383)
(Loss) profit before taxation	10	**(1,594)**	76,428
Income tax expense	9	**(2,135)**	(7,436)
(Loss) profit and total comprehensive (expense) income for the year		**(3,729)**	68,992
(Loss) profit for the year attributable to:			
– Owners of the Company		**(3,732)**	69,005
– Non-controlling interests		**3**	(13)
		(3,729)	68,992
Total comprehensive (expense) income for the year attributable to:			
– Owners of the Company		**(3,732)**	69,005
– Non-controlling interests		**3**	(13)
		(3,729)	68,992
(Loss) earnings per share:			(Restated)
Basic	14	**(0.83) cents**	15.69 cents
Diluted	14	**(0.83) cents**	15.45 cents

Consolidated Statement of Financial Position

As at 31 March 2022

	Notes	2022 RMB'000	2021 RMB'000
Non-current assets			
Property and equipment	15	**253**	460
Right-of-use assets	16	**514**	1,338
Goodwill	17	**–**	–
Rental deposit		**255**	255
		1,022	2,053
Current assets			
Accounts and bills receivables	18	**155,692**	190,385
Other receivables, deposits and prepayments	18	**5,198**	24,403
Financial assets at fair value through profit or loss	19	**–**	164
Bank balances and cash	20	**4,037**	1,909
		164,927	216,861
Current liabilities			
Accounts payables	21	**6,416**	36,301
Other payables and accruals	21	**29,650**	44,395
Other loans	22	**17,707**	9,137
Convertible bonds	23	**25,596**	36,333
Tax payable		**1,436**	3,397
Lease liabilities	16	**554**	832
		81,359	130,395
Net current assets		**83,568**	86,466
Total assets less current liabilities		**84,590**	88,519
Non-current liability			
Lease liabilities	16	**–**	577
		–	577
Net assets		**84,590**	87,942
Capital and reserves			
Share capital	25	**189,876**	189,876
Reserves		**(105,286)**	(101,554)
Equity attributable to owners of the Company		**84,590**	88,322
Non-controlling interests		**–**	(380)
Total equity		**84,590**	87,942

The consolidated financial statements on pages 50 to 131 were approved and authorised for issue by the board of directors on 29 June 2022 and are signed on its behalf by:

Chiu Tung Ping	**Tse Man Kit Keith**
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Attributable to the 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 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 27)	26,899	(6,621)	–	–	(20,278)	–	–	–	–
Issue of shares in relation to loan capitalisation (note 25)	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
(Loss) profit and total comprehensive (expense) income for the year	–	–	–	–	–	(3,732)	(3,732)	3	(3,729)
Deregistration of subsidiaries (note 30)	–	–	–	–	–	–	–	377	377
At 31 March 2022	189,876	120,291	(20,484)	156	(11,210)	(194,039)	84,590	–	84,590

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, details are set out in note 27.

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	2022 RMB'000	2021 RMB'000
OPERATING ACTIVITIES		
(Loss) profit before taxation	**(1,594)**	76,428
Adjustments for:		
Depreciation of property and equipment	**207**	216
Depreciation of right-of-use assets	**787**	842
Bank interest income	**(8)**	(267)
Loan interest income	**(631)**	–
Finance costs	**2,646**	5,383
Loss (gain) on fair value changes of financial assets at fair value through profit or loss	**138**	(25)
Gain on fair value changes of derivative financial liabilities	**(64)**	(213)
Gain on fair value of issuance of convertible bonds	**(953)**	–
Loss on deregistration of a subsidiary	**468**	–
Impairment losses recognised (reserved) under expected credit loss model, net	**4,611**	(1,759)
Gain on write-back of other payables	**(1,083)**	–
Recovery of bad debts written off, net	**–**	(39,320)
Foreign exchange gain	**(1,112)**	(3,050)
Operating cash flows before movements in working capital	**3,412**	38,235
Decrease (increase) in accounts receivables	**77,118**	(38,804)
Increase in other receivables, deposits and prepayments	**(1,692)**	(5,540)
Decrease in contract assets	**–**	4,395
(Decrease) increase in accounts payables	**(29,885)**	7,152
(Decrease) increase in other payables and accruals	**(6,043)**	4,119
Cash from operations	**42,910**	9,557
Income taxes paid	**(4,096)**	(3,722)
NET CASH FROM OPERATING ACTIVITIES	**38,814**	5,835
INVESTING ACTIVITIES		
Bank interest received	**8**	267
Loan interest received	**631**	–
Repayment from related parties	**34,463**	–
Advance to related parties	**(60,706)**	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(25,604)**	267
FINANCING ACTIVITIES		
Raise of other loans	**14,835**	8,436
Repayment of other loans	**(7,131)**	–
Interest paid	**(47)**	(114)
Advances from related parties	**7,295**	5,550
Repayments to related parties	**(25,171)**	(20,829)
Repayments to the owner of the solar power plant project	**–**	(250)
Repayments of lease liabilities	**(863)**	(1,062)
NET CASH USED IN FINANCING ACTIVITIES	**(11,082)**	(8,269)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**2,128**	(2,167)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**1,909**	4,076
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	**4,037**	1,909

For the year ended 31 March 2022

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 acts 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 following amendments to Hong Kong Financial Reporting Standards ("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 2021:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

The application of 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 years and/or on the disclosures set out in these consolidated financial statements.

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 related Amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	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[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, plant and Equipment: Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle[1]
Initial Application of HKFRS 17 and HKFRS 9	Comparative Information (Amendment to HKFRS 17)[2]

[1] Effective for annual periods beginning on or after 1 January 2022.
[2] Effective for annual periods beginning on or after 1 January 2023
[3] Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

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 of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved 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 over 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation (Continued)

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.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business Combinations (Continued)

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.

Goodwill

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing (Continued)

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, a 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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies (Continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

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

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

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

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 "(loss) profit 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation (Continued)

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

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment on property and equipment and right-of-use assets (Continued)

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments (Continued)

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

Amortised cost and effective interest method (Continued)

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.

Financial assets 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 29.

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. The ECL on these financial assets are estimated using a provision matrix 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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's operations.

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 foregoing, 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.

For the year ended 31 March 2022

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 ECL 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 with a corresponding adjustment to their carrying amount 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 and equity 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 and equity instruments (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 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 and cash 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 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the 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 judgements in applying accounting policies

The followings are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised 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 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty

The followings 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 and bills receivables

Accounts and bills 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 and bills receivables are determined after considering internal credit ratings of trade debtors, repayment history and/or past due status of respective accounts and bills 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 and bills receivables are disclosed in notes 18 and 29 respectively.

The carrying amount of accounts and bills receivables at 31 March 2022 is approximately RMB155,692,000 (2021: RMB190,385,000), net of accumulated loss allowance of approximately RMB16,905,000 (2021: RMB16,330,000).

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

Key sources of estimation uncertainty (Continued)

Deferred tax asset

As at 31 March 2022, no deferred tax asset has been recognised on the tax losses of RMB7,958,000 (2021: RMB35,116,000) 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

	2022 RMB'000	2021 RMB'000
Types of goods or services		
– Sales of renewable energy products	**72,215**	231,061
– Rendering of new energy power system integration services	**–**	45,872
	72,215	276,933

	2022 RMB'000	2021 RMB'000
Timing of revenue recognition		
At a point in time	**72,215**	231,061
Over time	**–**	45,872
	72,215	276,933

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 provided 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 created or enhanced assets without an alternative use to the Group. Further the Group had an enforceable right to payment for performance performed to date, the Group recognised revenue over time for EPC services. Revenue was 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 were 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 received up to 95% to 97% of the total contract sum in one month to three months after the construction project was completed and the solar power and wind plant is connected to the grid. The Group normally provided 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 2022 for sales of renewable energy products is RMB42,478,000 (2021: RMB71,970,000) 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; and

2) New energy power system integration business;

The management aggregated the segments of sales of self-service automatic teller machine ("ATM") systems and printing systems; and provision of hardware and software technical support services into unallocated segment as none of these segments met the quantitative threshold for the reportable segments on both current and prior year. Prior year segment disclosures have been represented to confirm with the current year's presentation.

(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 2022

	Sales of renewable energy products RMB'000	New energy power system integration business RMB'000	Unallocated RMB'000	Total RMB'000
Revenue from external customers	72,215	–	–	72,215
Segment profit (loss)	6,834	181	(1,230)	5,785
Unallocated other gains and losses				2,190
Unallocated expenses				(6,381)
Loss on deregistration of a subsidiary				(468)
Change in fair value of financial assets at FVTPL				(138)
Change in fair value of financial derivative liabilities				64
Finance costs				(2,646)
Loss before taxation				(1,594)
Income tax expense				(2,135)
Loss for the year				(3,729)

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 2021 (Restated)

	Sales of renewable energy products RMB'000	New energy power system integration business RMB'000	Unallocated RMB'000	Total RMB'000
Revenue from external customers	231,061	45,872	–	276,933
Segment profit (loss)	27,541	60,496	(480)	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				(7,436)
Profit for the year				68,992

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, loss on deregistration of a subsidiary, 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 2022

	Sales of renewable energy products RMB'000	New energy power system integration business RMB'000	Unallocated RMB'000	Total RMB'000
Segment assets	91,142	73,075	503	164,720
Property and equipment (for corporate)				253
Right-of-use assets (for corporate)				514
Rental deposit (for corporate)				255
Other receivables, deposits and prepayments (for corporate)				104
Bank balances and cash (for corporate)				103
Total assets				165,949
Segment liabilities	6,772	8,287	1,581	16,640
Other payables and accruals (for corporate)				20,862
Other loans (for corporate)				17,707
Lease liabilities (for corporate)				554
Convertible bonds (for corporate)				25,596
Total liabilities				81,359

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 2021 (Restated)

	Sales of renewable energy products RMB'000	New energy power system integration business RMB'000	Unallocated RMB'000	Total RMB'000
Segment assets	66,989	146,005	2,779	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	2,600	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

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.

For the year ended 31 March 2022

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 2022

	Sales of renewable energy related products RMB'000	New energy power system integration business RMB'000	Unallocated RMB'000	Total RMB'000
Depreciation of property and equipment	–	–	(207)	(207)
Depreciation of right-of-use assets	–	–	(787)	(787)
Impairment losses recognised under expected credit loss model, net	(2,095)	(416)	(2,100)	(4,611)

For the year ended 31 March 2021 (Restated)

	Sales of renewable energy related products RMB'000	New energy power system integration business 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

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 2022

	Sales of renewable energy products RMB'000	**New energy power system integration business RMB'000**	**Unallocated RMB'000**	**Total RMB'000**
Interest income	**7**	**–**	**1**	**8**

For the year ended 31 March 2021 (Restated)

	Sales of renewable energy products RMB'000	New energy power system integration business RMB'000	Unallocated RMB'000	Total RMB'000
Interest income	3	35	229	267

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:

	2022 **RMB'000**	2021 RMB'000
Customer A – sales of renewable energy products	**72,215**	231,061
Customer A – new energy power system integration	**–**	45,872

6. OTHER GAINS AND LOSSES

	2022 **RMB'000**	2021 RMB'000
Foreign exchange gain	**1,112**	3,050
Loan interest income (note (i))	**631**	-
Gain on write-back of other payables (note (ii))	**1,083**	–
Loss on deregistration of a subsidiary (note 30)	**(468)**	–
Recovery of bad debts written off, net (note (iii))	**–**	39,320
Gain on fair value of issuance of convertible bonds	**953**	–
Sundry income	**31**	24
	3,342	42,394

Notes:

(i) Being loan interest income generated 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"), the company controlled by Mr. Huang Yuan Ming, the son of Mr. Huang Bo, a shareholder of the Company, which are non-trade in nature. The loan principal amount of RMB60,706,000 with 1-year loan interest prime rate of 3.7% issued by the National Interbank Funding Centre. The amount was settled during year ended 31 March 2022.

(ii) Being write-back of other payables due to suppliers are deregistered.

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

7. IMPAIRMENT LOSSES RECOGNISED (REVERSED) UNDER EXPECTED CREDIT LOSS MODEL, NET

	2022	2021
	RMB'000	RMB'000
Impairment losses recognised (reversed) on:		
– Accounts and bills receivables – goods and services	**575**	(1,204)
– Other receivables, deposits and prepayments	**4,036**	(543)
– Contract assets	**–**	(12)
	4,611	(1,759)

Details of impairment assessment are set out in note 29.

8. FINANCE COSTS

	2022	2021
	RMB'000	RMB'000
Effective interest on convertible bonds	**1,455**	4,620
Interest on other loans	**1,144**	649
Interest on lease liabilities	**47**	114
	2,646	5,383

9. INCOME TAX EXPENSE

	2022	2021
	RMB'000	RMB'000
Current tax		
– PRC Enterprise Income Tax	**1,359**	7,048
Under provision in prior years	**776**	388
	2,135	7,436

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 2022 (2021: 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 2022 (2021: 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 years ended 31 March 2021 and 2022.

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

	2022 **RMB'000**	2021 RMB'000
(Loss) profit before taxation	**(1,594)**	76,428
Tax at the domestic income tax rate of 25% (2021: 25%) (note)	**(399)**	19,107
Tax effect of expenses not deductible for tax purpose	**1,245**	1,545
Tax effect of income not taxable for tax purpose	**(1,030)**	(230)
Tax effect of tax losses/deductible temporary differences not recognised	**1,185**	2,556
Utilisation of tax losses/deductible temporary differences previously not recognised	**(967)**	(8,559)
Effect of preferential tax rates of subsidiaries	**1,325**	(7,371)
Under provision in prior years	**776**	388
Income tax expense for the year	**2,135**	7,436

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 24.

10. (LOSS) PROFIT BEFORE TAXATION

	2022	2021
	RMB'000	RMB'000
(Loss) profit before taxation has been arrived at after charging (crediting):		
Cost of inventories recognised as expenses	**51,530**	204,293
Depreciation of property and equipment	**207**	216
Depreciation of right-of-use assets	**787**	842
Auditors' remuneration	**1,150**	1,100
Short-term lease payments	**1,063**	1,252
Foreign exchange gain	**(1,112)**	(3,050)
Staff costs (including directors' emoluments)		
– Salaries and other benefits	**4,377**	6,733
– Retirement benefit scheme contributions	**465**	346
	4,842	7,079

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of emoluments paid or payable to each of the nine (2021: seven) directors and chief executive were as follows:

	Year ended 31 March 2022			
	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))	–	297	–	297
Ms. Hu Xin	–	254	–	254
Ms. Yuen Hing Lan	–	99	–	99
Mr. Tse Man Kit Keith	–	536	15	551
Independent non-executive directors				
Mr. Dong Guangwu (note (ii))	–	–	–	–
Ms. Meng Xianglin (note (ii))	–	–	–	–
Ms. Ma Xingqin	36	–	–	36
Ms. Shan Jinlan (note (iii))	187	–	–	187
Mr. Wang Zhuchen (note (iii))	111	–	–	111
	334	1,186	15	1,535

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

Details of emoluments paid or payable to each of the nine (2021: seven) directors and chief executive were as follows: *(Continued)*

	Year ended 31 March 2021			
	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))	–	314	–	314
Ms. Hu Xin	–	252	–	252
Ms. Yuen Hing Lan	–	105	–	105
Mr. Tse Man Kit Keith	–	568	16	584
Independent non-executive directors				
Mr. Dong Guangwu (note (ii))	209	–	–	209
Ms. Meng Xianglin (note (ii))	105	–	–	105
Ms. Ma Xingqin	36	–	–	36
	350	1,239	16	1,605

Notes:

i) Being chief executive of the Group.

ii) Being resigned as a director of the Company on 1 April 2021.

iii) Being appointed as a director of the Company on 1 April 2021.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2021: 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

12. EMPLOYEES EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2021: 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 (2021: three) individuals were as follows:

	2022 **RMB'000**	2021 RMB'000
Salaries, allowances and other benefits	**1,508**	2,714
Contributions to retirement benefits scheme	**34**	48
	1,542	2,762

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

	2022 **No. of** **employees**	2021 No. of employees
Nil to HK$1,000,000	**5**	4
HK$1,500,001 to HK$2,000,000	**–**	1
	5	5

During the year ended 31 March 2022, 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 (2021: nil).

13. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2022, nor has any dividend been proposed since the end of the reporting period (2021: nil).

14. (LOSS) EARNINGS PER SHARE

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

	2022 **RMB'000**	2021 RMB'000
(Loss) earnings		
(Loss) earnings for the purpose of basic (loss) earnings per share	**(3,732)**	69,005
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)
(Loss) earnings for the purpose of diluted (loss) earnings per share	**(3,732)**	70,643

	2022 **'000**	2021 '000 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**448,177**	439,725
Effect of dilutive potential ordinary shares:		
Convertible bonds	**–**	17,600
Weighted average number of ordinary shares for the purposes of diluted (loss) earnings per share	**448,177**	457,325

	2022 **RMB cents**	2021 RMB cents (Restated)
Basic (loss) earnings per share	**(0.83)**	15.69
Diluted (loss) earnings per share	**(0.83)**	15.45

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 2022.

The weighted average number of ordinary shares for the purpose of basic (loss) earnings per share for the years ended 31 March 2022 and 2021 has been retrospectively adjusted to reflect the share consolidation on 19 July 2021 as disclosed in note 25.

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 2020, 31 March 2021 and 31 March 2022	2,598	4,460	1,073	8,131
ACCUMULATED DEPRECIATION				
At 1 April 2020	1,997	4,385	1,073	7,455
Provided for the year	200	16	–	216
At 31 March 2021 and 1 April 2021	2,197	4,401	1,073	7,671
Provided for the year	193	14	–	207
At 31 March 2022	**2,390**	**4,415**	**1,073**	**7,878**
CARRYING VALUES				
At 31 March 2022	**208**	**45**	**–**	**253**
At 31 March 2021	401	59	–	460

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

	2022 RMB'000	2021 RMB'000
Leased properties	**514**	1,338

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.

There is no addition to right-of-use assets for the years ended 31 March 2022 and 2021.

(ii) Lease liabilities

	2022 RMB'000	2021 RMB'000
Non-current	**–**	577
Current	**554**	832
	554	1,409

Amounts payable under lease liabilities	**2022 RMB'000**	2021 RMB'000
Within one year	**554**	832
After one year but within two years	**–**	577
	554	1,409

As at 31 March 2022 and 2021, all lease obligations are denominated in Hong Kong dollars, which is a currency other than the functional currencies of the relevant group entity.

For the year ended 31 March 2022

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

(iii) Amounts recognised in profit and loss

	2022 RMB'000	2021 RMB'000
Depreciation expense on right-of-use assets		
– Leased properties	**787**	842
Interest expense on lease liabilities	**47**	114
Expense relating to short-term leases	**1,063**	1,252

(iv) Others

For the year ended 31 March 2022, the total cash outflow for leases amount to approximately RMB1,973,000 (2021: approximately RMB2,428,000).

Restrictions or covenants on leases

As at 31 March 2022, lease liabilities of approximately RMB554,000 are recognised with related right-of-use assets of approximately RMB514,000 (2021: lease liabilities of approximately RMB1,409,000 and related right-of-use assets of approximately RMB1,338,000). 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 2020, 31 March 2021, 1 April 2021 and 31 March 2022	196,752	40,587	237,339
ACCUMULATED IMPAIRMENT			
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	196,752	40,587	237,339
CARRYING VALUES			
At 31 March 2021 and 31 March 2022	–	–	–

18. ACCOUNTS AND BILLS RECEIVABLES AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2022 RMB'000	2021 RMB'000
Receivables at amortised cost comprise:		
Accounts receivables – contracts with customers (note (i))	**129,597**	206,715
Bills receivables	**43,000**	–
Less: allowance for impairment of accounts and bills receivables	**(16,905)**	(16,330)
	155,692	190,385
Prepayments to suppliers	**5,356**	5,356
Deposits	**2,148**	3,988
Value-added tax recoverable	**759**	1,152
Other receivables (note (iii))	**1,900**	14,836
Less: allowance for impairment of other receivables	**(4,965)**	(929)
	5,198	24,403

Notes:

(i) As at 31 March 2022, accounts receivables from contracts with customers amounted to RMB112,931,000 (31 March 2021: RMB190,385,000, 1 April 2020: RMB111,057,000). As at 31 March 2022 and 2021, 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 (2021: 180 days) to its trade customers. The following is an aged analysis of accounts and bills receivables, net of allowance for impairment, presented based on dates of delivery of goods/the invoice dates:

	2022 RMB'000	2021 RMB'000
0 to 90 days	**42,762**	56,442
91 to 180 days	**43,118**	78,614
Over 180 days	**69,812**	55,329
	155,692	190,385

Details of impairment assessment of accounts and bills receivables is set out in note 29.

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

Notes: *(Continued)*

(ii) As at 31 March 2022, included in the Group's accounts receivables balance are debtors with aggregate carrying amount of RMB41,352,000 (2021: RMB34,573,000) which are past due as at the reporting date. Out of the past due balances, RMB41,352,000 (2021: RMB34,573,000) 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 29.

(iii) As at 31 March 2021, 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. The balance was fully repaid during the year ended 31 March 2022.

Details of impairment assessment of other receivables, deposits and prepayments are set out in note 29.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022	2021
	RMB'000	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

20. BANK BALANCES AND CASH

Bank balances carry interests at market rates ranging from 0.001% to 0.01% (2021: 0.001% to 0.3%) per annum.

For the years ended 31 March 2022 and 2021, 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.

21. ACCOUNTS PAYABLES, OTHER PAYABLES AND ACCRUALS

	2022 **RMB'000**	2021 RMB'000
Accounts payables (note (i))	**6,416**	36,301
Payroll payables	**599**	982
Amount due to a former director:		
– Mr. Hou Hsiao Bing (note (ii))	**781**	2,474
Amounts due to directors:		
– Ms. Yuen Hing Lan (note (ii))	**1,014**	955
– Mr. Chiu Tung Ping (note (ii))	**2,539**	2,337
– Ms. Hu Xin (note (ii))	**472**	472
Amounts due to related parties (note (iii))	**7,295**	25,171
Other payables (note (iv))	**13,422**	2,404
Other tax payables	**37**	3,240
Accrued expenses	**3,491**	6,360
	29,650	44,395

Notes:

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

	2022 **RMB'000**	2021 RMB'000
0 to 90 days	**–**	3,009
91 to 180 days	**4,277**	29,346
Over 180 days	**2,139**	3,946
	6,416	36,301

The credit period is generally 90 to 180 days and certain suppliers allow 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 nil and RMB7,295,000 (2021: RMB24,024,000 and nil) from Zhangbei Zhihui and Hebei Hanneng Electricity Sales Co., Ltd. 河北漢能售電有限公司 ("Hebei Hanneng") respectively, 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 2022, included in other payables with outstanding principal amount of approximately RMB10,131,000 (equivalent to HK$12,000,000) of the convertible bonds are held by another individual bondholder, in which the transfer of convertible bonds to other payables upon the maturity of 2011CB.

Details of convertible bonds are set out in note 23.

22. OTHER LOANS

	2022 **RMB'000**	2021 RMB'000
Loans from directors (note (i))	**6,796**	6,271
Loan from a close family member of a shareholder (note (ii))	**10,911**	2,866
Total – current liabilities	**17,707**	9,137

Notes:

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

	2022 **RMB'000**	2021 RMB'000
Mr. Tse Man Kit Keith (note (a))	**823**	2,164
Mr. Chiu Tung Ping (note (b))	**5,973**	4,107
	6,796	6,271

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

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

(ii) 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.

23. 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.

23. CONVERTIBLE BONDS *(Continued)*

2011 CB *(Continued)*

For the year ended 31 March 2022, the 2011 CB was being redeemed through entering into a new subscription agreement with an individual bondholder ("Bondholder A") who held the 2011 CB with an outstanding principal amount of HK$32,000,000. As the redemption money payable by the Company to the Bondholder A in respect of the 2011 CB 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 Bondholder A for the 2011 CB in the principal amount of HK$32,000,000, the Company will not receive any net proceeds from the issue of the 2021 CB. The remaining outstanding principal amount of HK$12,000,000 (the "Disputed Convertible Bonds") are held by another individual bondholder ("Bondholder B").

As at 31 May 2021, the Company is unable to contact Bondholder B based on the contact information registered in the register of bondholders of the Company. Further, on 28 May 2021, the Company was notified by Bondholder A that there is a potential dispute between Bondholder A and Bondholder B on the ownership of the Disputed Convertible Bonds. For details, please refer to the Company's announcement dated 31 May 2021.

On maturity date, 1 June 2021, 2011 CB held by Bondholder B was reclassified from convertible bonds to other payables during the year ended 31 March 2022.

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 2020	37,683	34,482	233	213	37,916	34,695
Interest charge	5,316	4,620	–	–	5,316	4,620
Exchange loss	–	(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
Interest charge	1,001	814	–	–	1,001	814
Convertible bonds redemption	(32,000)	(27,016)	–	–	(32,000)	(27,016)
Transfer to other payables and accruals (note 21)	(12,000)	(10,131)	–	–	(12,000)	(10,131)
As at 31 March 2022	–	–	–	–	–	–

23. CONVERTIBLE BONDS *(Continued)*

2021 CONVERTIBLE BONDS ("2021 CB")

On 31 May 2021, the Company and the Bondholder A entered into the subscription agreement, pursuant to which the Bondholder A has conditionally agreed to subscribe for and the Company has conditionally agreed to issue a zero coupon convertible bonds in the principal amount of HK$32,000,000 (equivalent to RMB27,016,000) at the initial conversion price of HK$0.5 per conversion share and the maturity date of the 2021 CB is on 1 October 2022.

Based on the initial conversion price of HK$0.5 per conversion share, a total of 64,000,000 conversion shares will be allotted and issued upon exercise of the conversion rights attaching to the 2021 CB in full, which represent approximately 2.86% of the existing issued share capital of the Company and approximately 2.78% of the issued share capital of the Company as enlarged by the allotment and issue of the conversion shares.

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 2021 CB in the principal amount of HK$32,000,000 have been issued to the Bondholder A. For details, please refer to the Company's announcement dated 17 June 2021.

The 2021 CB comprises two components:

(a) Debt component was initially measured at fair value amounted to approximately HK$30,767,000 (equivalent to approximately RMB25,358,000). The effective interest rate of the liability component on initial recognition was 3.05% per annum.

(b) Derivative component comprises conversion right of the bondholder. It is subsequently measured at fair value. The fair value of the liability component of the convertible bonds at the issue date was valued by an independent professional valuer determined based on the present value of the estimated future cash outflows discounted at the prevailing market rate for an equivalent non-convertible loan.

23. CONVERTIBLE BONDS *(Continued)*

2021 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
Convertible bonds issued on 17 June 2021	30,767	25,359	77	63	30,844	25,422
Interest charge	746	641	–	–	746	641
Exchange (loss) gain	–	(404)	–	1	–	(403)
Gain arising on changes fair value	–	–	(77)	(64)	(77)	(64)
As at 31 March 2022	31,513	25,596	–	–	31,513	25,596

24. DEFERRED TAXATION

At the end of the reporting period, the Group has unused tax losses of RMB7,958,000 (2021: RMB35,116,000) 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 RMB23,830,000 (2021: RMB19,219,000). 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 RMB162,027,000 (2021: RMB182,254,000) 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.

25. SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Ordinary shares of HK$0.5 (1 April 2020 and 31 March 2021: HK$0.1) each		
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 1 April 2020 and 31 March 2021	5,000,000	500,000
Decrease due to share consolidation on 19 July 2021 (note (iv))	(4,000,000)	–
At 31 March 2022	1,000,000	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 1 April 2020 and 31 March 2021	2,240,883	224,088
Decrease due to share consolidation on 19 July 2021 (note (iv))	(1,792,706)	–
At 31 March 2022	448,177	224,088

25. SHARE CAPITAL *(Continued)*

	2022 RMB'000	2021 RMB'000
Presented in the consolidated financial statement as	**189,876**	189,876

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 27.

(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$11,018,000 (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.

(iv) On 15 July 2021, the Company implemented a share consolidation with effect from 19 July 2021, on the basis that every five issued and unissued shares of HK$0.10 each in the share capital of the Company were consolidated into one share of HK$0.50 each, in the share capital of the Company, ranked pari passu in all respect with each other ("Share Consolidation"). Upon completion of the Share Consolidation, the Company's authorised share capital consists of 1,000,000,000 ordinary shares of HK$0.50 each, of which 448,176,684 ordinary shares were in issue. For details, please refer to the Company's announcements dated 3 June 2021, 4 June 2021 and 15 July 2021 and the circular dated 17 June 2021.

26. 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.

27. 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 had been 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.

28. 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 22 and 23 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 debt or the redemption of existing debt.

29. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2022 RMB'000	2021 RMB'000
Financial assets		
Financial assets at amortised cost	**164,423**	215,800
Financial assets at FVTPL	**–**	164
	164,423	215,964
Financial liabilities		
Financial liabilities at amortised cost	**75,878**	116,566

Financial risk management objectives and policies

The Group's major financial assets and financial liabilities include rental deposit, accounts and bills receivables, other receivables, deposits and prepayments, financial assets at FVTPL, bank balances and cash, accounts payables, other payables, 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.

29. 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:

	2022 **RMB'000**	2021 RMB'000
Monetary assets		
Hong Kong dollar (HK$)	**387**	523
United States dollars (US$)	**–**	164
	387	687
Monetary liabilities		
HK$	**48,568**	54,326

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% (2021: 5%) increase and decrease in the functional currencies of the relevant group entities against the relevant foreign currencies. 5% (2021: 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% (2021: 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 a decrease in post-tax loss (2021: an increase in post-tax profit) where respective functional currency strengthen 5% (2021: 5%) against the relevant foreign currency. For a 5% (2021: 5%) weakening of respective functional currency against the relevant foreign currency, there would be an equal and opposite impact on the post-tax loss (post-tax profit) and the balances below would be negative.

29. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Sensitivity analysis (Continued)

	Effect on profit or loss	
	2022	2021
	RMB'000	RMB'000
HK$	**1,807**	2,018
US$	**–**	(6)

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 22 and 23 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 20 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 2022 and 2021.

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 2022 and 2021.

29. 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 23.

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 2022 and 2021.

For the year ended 31 March 2022

29. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies (Continued)

Credit risk

As at 31 March 2022 and 2021, 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, deposits and prepayments, 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 82.7% (2021: 88.3%) and 100% (2021: 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% (2021: 100%) of the total accounts receivables as at 31 March 2022.

Accounts receivables and contracts 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 an individual basis for customers, estimated 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.

Bills receivables, rental deposit, other receivables, deposits and prepayments

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, deposits and prepayments are assessed on 12m ECL basis. During the year ended 31 March 2022, ECL on bills receivables, rental deposit, other receivables, deposits and prepayments amounting to RMB239,000, nil and RMB4,036,000 (2021: reversal of expected credit losses of nil, nil and RMB543,000), 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.

29. 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 credit rating information is supplied by independent rating agencies where available and, if not available, 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.

For the year ended 31 March 2022

29. 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 receivables	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

29. 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 2022	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)	129,597	(16,666)	112,931
Bills receivables	18	Low risk	12-month ECL	43,000	(239)	42,761
Other receivables, deposits and prepayments	18	Low risk	12-month ECL	9,404	(4,965)	4,439
Rental deposit		Low risk	12-month ECL	255	–	255
Bank balances	20	N/A	12-month ECL	4,037	–	4,037
					(21,870)	

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, deposits and prepayments	18	Low risk	12-month ECL	18,824	(929)	17,895
Rental deposit		Low risk	12-month ECL	255	-	255
Bank balances	20	N/A	12-month ECL	1,909	–	1,909
					(17,259)	

29. 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 an individual basis for customers, estimated 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. Note 18 includes 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 based on individually assessment as follows:

As at 31 March 2022	**Weighted average expected loss rate**	**Gross carrying amount**	**Impairment loss allowance**
	%	RMB'000	RMB'000
Accounts receivables			
Lifetime ECL (not credit-impaired)	**4.54%**	**99,470**	**4,516**
Lifetime ECL (credit-impaired)	**40.33%**	**30,127**	**12,150**
		129,597	**16,666**

As at 31 March 2021	Weighted average expected loss rate	Gross carrying amount	Impairment loss allowance
	%	RMB'000	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

29. 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)	Lifetime ECL (credit-impaired)	Total
	RMB'000	RMB'000	RMB'000
As at 1 April 2020	3,009	14,525	17,534
ECL recognised (reversed)	5,436	(6,640)	(1,204)
As at 31 March 2021 and 1 April 2021	8,445	7,885	16,330
ECL recognised	107	229	336
As at 31 March 2022	8,552	8,114	16,666

Contract assets	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	RMB'000	RMB'000	RMB'000
As at 1 April 2020	12	–	12
ECL (reversed)	(12)	–	(12)
As at 31 March 2021, 1 April 2021 and 31 March 2022	–	–	–

The Group writes off an accounts receivables or contract assets 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.

29. 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, deposits and prepayments and bills receivables using the general approach under HKFRS 9, with ECL allowance of RMB4,965,000 (2021: RMB929,000) and RMB239,000 (2021: nil) respectively.

Other receivables, deposits and prepayments	**12 m ECL**	**Lifetime ECL (credit-impaired)**	**Total**
	RMB'000	RMB'000	RMB'000
As at 1 April 2020	1,472	–	1,472
ECL reversed	(543)	–	(543)
As at 31 March 2021 and 1 April 2021	929	–	929
ECL recognised	4,036	–	4,036
As at 31 March 2022	4,965	–	4,965

Bills receivables	**12 m ECL**
	RMB'000
As at 1 April 2021	–
ECL recongised	239
As at 31 March 2022	239

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. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

29. 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 2022				
	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	6,416	–	–	6,416	6,416
Other payables and accruals	26,159	–	–	26,159	26,159
Other loans	19,115	–	–	19,115	17,707
Lease liabilities	580	–	–	580	554
Convertible bonds	26,376	–	–	26,376	25,596
	78,646	–	–	78,646	76,432

	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	34,795	–	–	34,795	34,795
Other loans	9,741	–	–	9,741	9,137
Lease liabilities	871	632	–	1,503	1,409
Convertible bonds	41,198	–	–	41,198	36,333
	122,906	632	–	123,538	117,975

For the year ended 31 March 2022

29. 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 31 March 2022 RMB'000	Fair value as at 31 March 2021 RMB'000	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
1) Financial assets measured at FVTPL – Held for trading – listed equity securities	**nil**	164	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**	nil	Level 3	Based on binomial option pricing model Expected volatility: 64.14% (2021: 66.68%) Dividend yield: nil (2021: nil) Risk-free rate: 0.45% (2021: 0.01%) Share price: HK$0.155 (2021: HK$0.088) Exercise price: HK$2.5 (2021: HK$0.5)	Expected volatility of 64.14% (2021: 66.68%), 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 2022 and 31 March 2021, 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 years ended 31 March 2022 and 2021 are set out in note 23.

29. 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 31/3/2022		As at 31/3/2021		
	Carrying amount RMB'000	**Fair value RMB'000**	Carrying amount RMB'000	Fair value RMB'000	Fair value hierarchy level
Debt component of convertible bonds	**25,596**	**25,456**	36,333	43,720	Level 3

The fair value of the debt component of convertible bonds as at 31 March 2022 and 2021 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.

30. DEREGISTRATION OF SUBSIDIARIES

During the year ended 31 March 2022, the Group deregistered subsidiaries, 高與高(上海)供應鏈股份公司 ("高與高") and 哈密東科新能源科技發展有限公司 ("哈密東科").

The net assets and liabilities of 高與高 and 哈密東科 at the date of deregistration were as follows:

	高與高 RMB'000	哈密東科 RMB'000
Analysis of assets and liabilities over which control was lost:		
Other receivables	104	–
Other payables	(13)	–
Net asset deregistered	91	–
Loss on deregistration of subsidiaries:		
Net asset deregistered	91	–
Non-controlling interests	377	–
	468	–

The deregistered subsidiaries had no significant impact on the results and cash flow of the Group for the year ended 31 March 2022.

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:

	2022 **RMB'000**	2021 RMB'000
Finance costs to: (note (i))		
– Mr. Tse Man Kit Keith	**14**	105
– Mr. Huang Yuan Ming	**849**	544
	863	649
Cash advance/repayment to Zhangbei Zhihui: (note (ii))		
Aggregated cash advance to	**60,706**	–

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

ii) This transaction was carried out at the terms determined and agreed by the Group and relevant party.

(b) Balances with related parties

Details of the Group's balances with related parties are disclosed in notes 18, 21 and 22.

(c) Compensation of directors and key management personnel

The remuneration of the directors and key management personnel during the years ended 31 March 2022 and 2021 are as follows:

	2022 **RMB'000**	2021 RMB'000
Salaries and other benefits	**2,062**	2,162
Retirement benefit scheme contributions	**30**	32
	2,092	2,194

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.

For the year ended 31 March 2022

32. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	Notes	2022 RMB'000	2021 RMB'000
Non-current assets			
Interests in subsidiaries	33	**29,337**	29,337
Amount due from a subsidiary		**19,811**	25,164
Property and equipment		**253**	460
Right-of-use assets		**514**	1,338
Rental deposit		**255**	255
		50,170	56,554
Current assets			
Other receivables, deposits and prepayments		**26**	163
Financial assets at FVTPL		**–**	164
Bank balances		**17**	21
		43	348
Current liabilities			
Other payables and accruals		**18,299**	7,881
Convertible bonds		**25,596**	36,333
Lease liabilities		**554**	832
		44,449	45,046
Net current liabilities		**(44,406)**	(44,698)
Total assets less current liabilities		**5,764**	11,856
Non-current liability			
Lease liabilities		**–**	577
Net assets		**5,764**	11,279
Capital and reserves			
Share capital	25	**189,876**	189,876
Reserves	(a)	**(184,112)**	(178,597)
Total equity		**5,764**	11,279

32. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY
(Continued)

Note (a):

Movements in reserves of the Company

	Share Premium	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000
At 1 April 2020	126,912	(268,907)	(141,995)
Issue of shares pursuant to an equity interest transfer agreement (note 27)	(6,621)	–	(6,621)
Loss and total comprehensive expense for the year	–	(29,981)	(29,981)
At 31 March 2021 and 1 April 2021	120,291	(298,888)	(178,597)
Loss and total comprehensive expense for the year	–	(5,515)	(5,515)
At 31 March 2022	120,291	(304,403)	(184,112)

33. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

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
			2022	2021	
Indirectly held					
陜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
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 2022 and 2021.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries are investment holding and dormant. A summary of these subsidiaries are set out as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		31/3/2022	31/3/2021
Investment holding	Hong Kong	**1**	1
	The PRC	**1**	1
	BVI	**5**	5
Dormant	Hong Kong	**3**	3
	The PRC	**4**	5
	BVI	**2**	2
		16	17

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 2022

	1 April 2021 RMB'000	Financing cash flows RMB'000	Non-cash changes: Reclassified to Other payables (note 23) RMB'000	Non-cash changes: Finance costs incurred (note 8) RMB'000	Non-cash changes: Loss arising on changes of fair value RMB'000	Exchange adjustments RMB'000	31 March 2022 RMB'000
Liabilities							
Other Loans	9,137	7,704	–	1,144	–	(278)	17,707
Advances from related parties	25,171	(17,876)	–	–	–	–	7,295
Convertible bonds	36,333	–	(10,131)	1,455	64	(2,125)	25,596
Lease liabilities	1,409	(910)	–	47	–	8	554
	72,050	(11,082)	(10,131)	2,646	64	(2,395)	51,152

For the year ended 31 March 2021

	1 April 2020 RMB'000	Financing cash flows RMB'000	Non-cash changes: Loan capitalisation (note 25 (i)) RMB'000	Non-cash changes: Finance costs incurred (note 8) RMB'000	Non-cash changes: 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	(15,279)	–	–	–	–	25,171
Convertible bonds	34,695	–	–	4,620	(213)	(2,769)	36,333
Lease liabilities	2,386	(1,176)	–	114	–	85	1,409
	88,292	(8,269)	(9,842)	5,383	(213)	(3,301)	72,050

35. MAJOR NON-CASH TRANSACTIONS

(i) As at 31 May 2021, the Company is unable to contact Bondholder B based on the contact information registered in the register of bondholders of the Company. Further, on 28 May 2021, the Company was notified by Bondholder A that there is a potential dispute between Bondholder A and Bondholder B on the ownership of the Disputed Convertible Bonds. As such, 2011 CB held by Bondholder B was reclassified from convertible bonds to other payables during the year ended 31 March 2022. For details, please refer to the Company's announcement dated 31 May 2021 and note 23.

(ii) During the year ended 31 March 2022, the bills receivables of RMB43,000,000 was used to settle parts of the advance to Hebei Hanneng.

36. EVENT AFTER THE REPORTING PERIOD

As disclosed in the announcement dated 8 April 2022, the Group had previously considered setting up a solar modules production plant in Hebei. On 8 April 2022, Hebei Zhonghua Energy Equipment Co., Ltd ("Hebei Zhonghua"), an indirect wholly-owned subsidiary of the Company, acquired a land use right in Hebei amounted to RMB17,000,000 with an aggregate attributable gross floor area of approximately 37,378.68 square meters.

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 2022.