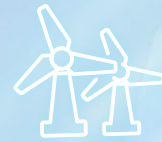




中国科技产业集团有限公司
CHINA TECHNOLOGY INDUSTRY GROUP LIMITED

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



Annual
Report
2024



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.*



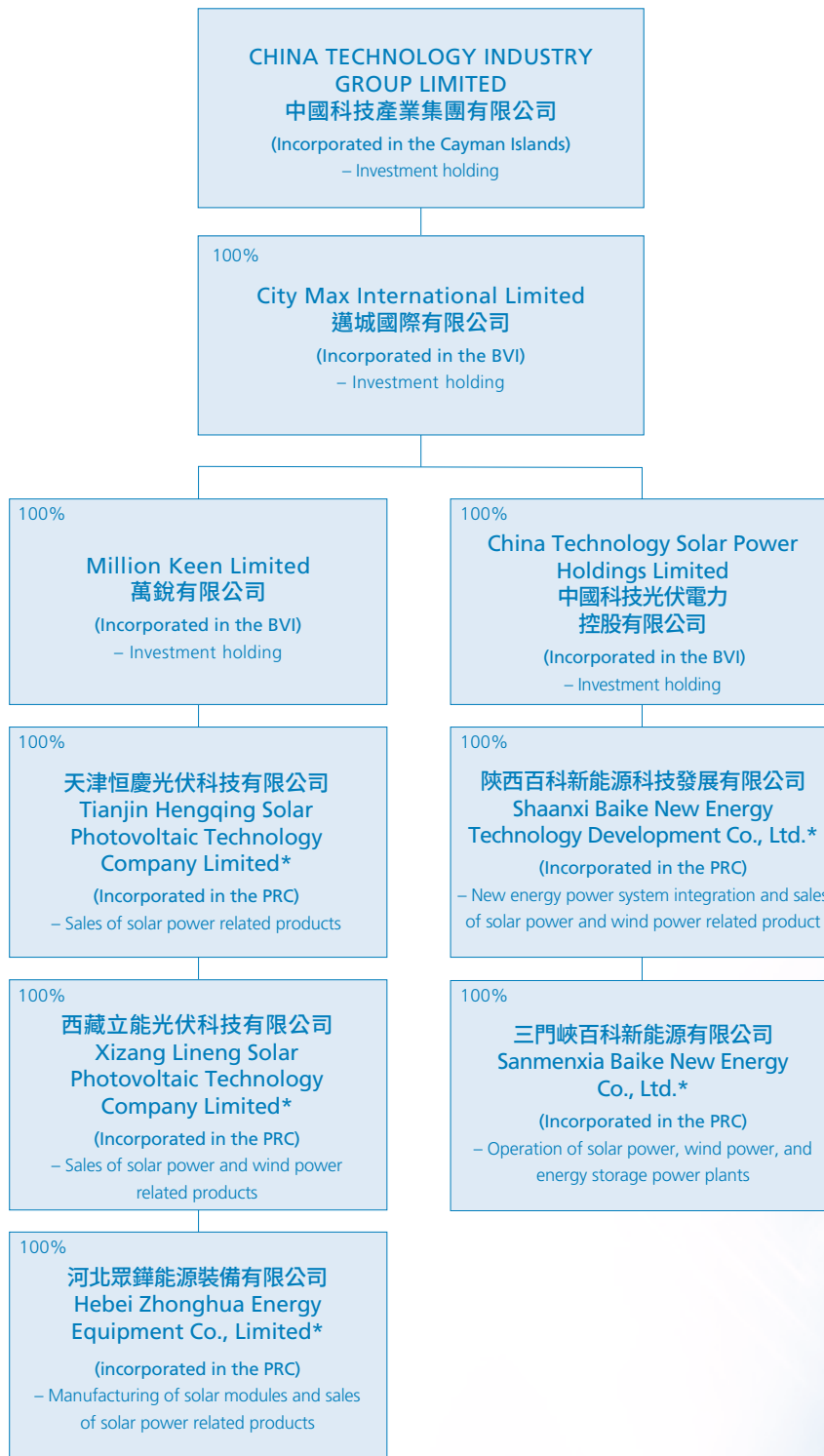
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Corporate Structure

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



* For identification purpose only.

Corporate Information

Executive Directors

Mr. Huang Bo (*Chairman and Chief Executive Officer*)
(appointed on 12 December 2023)
Mr. Huang Yuanming (appointed on 12 December 2023)
Ms. Zhang Jinhua (appointed on 8 February 2024)
Mr. Tse Man Kit, Keith
Ms. Hu Xin
Mr. Chiu Tung Ping
(*Chairman and Chief Executive Officer*)
(resigned on 12 December 2023)
Ms. Yuen Hing Lan (resigned on 12 December 2023)

Independent non-executive Directors

Mr. Cheung Ting Kin (appointed on 12 December 2023)
Ms. Ma Xingqin
Mr. Qiao Wencai (appointed on 12 December 2023)
Ms. Shan Jinlan (resigned on 12 December 2023)
Mr. Wang Zhuchen (resigned on 12 December 2023)

Company secretary

Ms. Chu Hoi Ying (appointed on 15 March 2024)
Ms. Chan Mi Ling, Anita, FCCA, CPA, FCA
(resigned on 15 March 2024)

Authorised representatives

Mr. Tse Man Kit, Keith (appointed on 12 December 2023)
Ms. Chu Hoi Ying (appointed on 15 March 2024)
Ms. Hu Xin (ceased on 12 December 2023)
Ms. Chan Mi Ling, Anita, FCCA, CPA, FCA
(resigned on 15 March 2024)

Compliance officer

Ms. Hu Xin

Members of audit committee

Mr. Cheung Ting Kin (*Chairman*)
(appointed on 12 December 2023)
Ms. Ma Xingqin (*Chairman*)
(ceased to be Chairman on 12 December 2023)
Mr. Qiao Wencai (appointed on 12 December 2023)
Ms. Shan Jinlan (resigned on 12 December 2023)
Mr. Wang Zhuchen (resigned on 12 December 2023)

Members of remuneration committee

Mr. Qiao Wencai (*Chairman*)
(appointed on 12 December 2023)
Mr. Cheung Ting Kin (appointed on 12 December 2023)
Ms. Ma Xingqin (*Chairman*)
(ceased to be Chairman on 12 December 2023)
Ms. Shan Jinlan (resigned on 12 December 2023)
Mr. Wang Zhuchen (resigned on 12 December 2023)

Members of nomination committee

Ms. Ma Xingqin (*Chairman*)
Mr. Cheung Ting Kin (appointed on 12 December 2023)
Mr. Qiao Wencai (appointed on 12 December 2023)
Ms. Shan Jinlan (resigned on 12 December 2023)
Mr. Wang Zhuchen (resigned on 12 December 2023)

Members of corporate governance committee

Mr. Tse Man Kit Keith (*Chairman*)
Mr. Huang Bo (appointed on 12 December 2023)
Mr. Huang Yuanming (appointed on 12 December 2023)
Ms. Zhang Jinhua (appointed on 8 February 2024)
Ms. Hu Xin
Mr. Chiu Tung Ping (resigned on 12 December 2023)
Ms. Yuen Hing Lan (resigned on 12 December 2023)

Auditors

Yongtuo Fuson CPA Limited
Certified Public Accountants
Unit 1020, 10/F,
Tower B, New Mandarin Plaza,
14 Science Museum Road,
Tsim Sha Tsui East,
Kowloon,
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

During the Review Period, the global economic situation remained volatile. Ongoing geopolitical conflicts and the tightening monetary policies adopted by central banks in many countries have continued to bring uncertainties to the economic recovery. Despite facing various challenges, governments and businesses around the world still regard carbon reduction and addressing climate change as key agendas.

The UAE Consensus reached at the COP28 climate conference held in 2023 has injected new momentum into the global development of renewable energy. The consensus calls on governments and enterprises to increase investment in clean technologies such as renewable energy, hydrogen energy, and carbon capture, and to accelerate the pace of energy transition.

China continues to steadfastly advance the goals of carbon peaking and carbon neutrality, promoting the transformation of the energy structure. In 2023, the total installed capacity of renewable energy has historically surpassed that of thermal power for the first time. At the same time, the top-level design for the development of the energy storage industry is continuously improving, with the Chinese government striving to promote the deep integration of photovoltaic and wind energy projects with energy storage. On 29 May 2024, the State Council issued the Action Plan for Energy Conservation and Carbon Reduction for 2024-2025 (《2024-2025年節能降碳行動方案》), proposing the active development of new energy storage, with an installed capacity exceeding 40 million kilowatts (40GW) by 2025, to enhance the consumption capacity of renewable energy and improve the peak-valley difference in electricity load.

The Company has continued to seek new business opportunities within mainland China. On 22 September 2023, Sanmenxia Baike New Energy Co., Ltd. (三門峽百科新能源有限公司) (“**Sanmenxia Baike**”), an indirect wholly-owned subsidiary of the Company entered into a cooperation agreement (“**Cooperation Agreement**”) with its project partner (the “**Project Partner**”) in relation to, among other things, the supply of electricity from Power Plants (as defined in the announcement of the Company dated 22 September 2023) to the Project Partner for an electricity fee payable by the Project Partner. The electricity fees will be recognized as revenue of the Group. In 2024, the necessary approvals from relevant Chinese authorities were obtained for the construction of a 30MW/180MWh energy storage power plant (“**Henan Energy Storage Power Plant**”), and a 5.8MW distributed photovoltaic power plant, both of which are part of the Power Plants, located in the industrial agglomeration area of Sanmenxia City, Henan Province, China. The Group will continue to supply electricity generated from Power Plants to the Project Partner in the coming years to generate revenue. Due to the high daily electricity consumption of the main business of the Project Partner, the Company expects that the Power Plants (including the Henan Energy Storage Power Plant) will generate long-term stable revenue. Additionally, the Project Partner is a strategic client of the Company, as its parent company (through subsidiaries such as the Project Partner) owns many mines and smelters in the PRC, all of which have substantial energy needs. Therefore, they may become a source of revenue for the Group in the future. We believe that with the continued implementation of the Cooperation Agreement, the Group can further expand its presence in the new energy sector, broaden its business scope, and bring a long-term stable source of income.

Chairman's Statement

Additionally, we intend to search for new opportunities beyond mainland China, being the market we primarily operate in, and also explore renewable energy projects in Hong Kong and contribute to building a green and low-carbon city. We intend to leverage the Scheme of Control Agreement implemented by the Hong Kong SAR Government to accelerate the development of the distributed photovoltaic market in Hong Kong. At present, we are in discussions regarding two rooftop projects located in the west and east of the New Territories. We hope that, these efforts open up new sources of revenue for the Group, and help to contribute to Hong Kong's energy transition.

Looking ahead, we will continue to closely follow the national new energy development strategy. We will continue to explore new sources of revenue, and strive to bring greater value for our shareholders.

Finally, on behalf of the Board, I would like to express our heartfelt gratitude to our shareholders, customers, and partners for their unwavering support. Let's work together to promote the energy transition and embrace a bright future with clean energy!

Mr. Huang Bo

Chairman and executive Director

Hong Kong, 28 June 2024

Management Discussion and Analysis

BUSINESS REVIEW

During the Reporting Period, the Group sought to continue exploring new opportunities under the sales of renewable energy products business and new energy power system integration business lines. The Group recorded a loss attributable to the owners of approximately RMB47.2 million for the year ended 31 March 2024 (2023: loss attributable to the owners of the Company RMB25.1 million).

Sales of renewable energy products

The business of sales of renewable energy products business mainly involves 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).

There was no revenue generated from the sales of renewable energy products for the year ended 31 March 2024 (2023: approximately RMB42.5 million). The Group has completed a sales and installation of solar module agreement and recorded a revenue of RMB42.5 million for the year ended 31 March 2023.

Rendering of New Energy Power System Integration Services

The business of rendering of new energy power system integration services 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.

On 22 September 2023, the Group through its indirectly wholly owned subsidiary, Sanmenxia Baike, entered into a Corporation Agreement with its Project Partner in relation to, among other things, the supply of electricity from Power Plants to the Project Partner for an electricity fee payable by the Project Partner. The electricity fees will be recognized as revenue of the Group. On 21 June 2024, the Group entered into the EPC Contract (as defined under the announcement of the Company dated 21 June 2024), pursuant to which the Henan Energy Storage Power Plant, being one of the Power Plants, will be constructed.

There was no revenue generated from the rendering of new energy power system integration services during the year ended 31 March 2024 (2023: Nil).

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue and gross profit

During the year ended 31 March 2024, there was no revenue generated from (i) the sales of renewable energy products and (ii) rendering of new energy power system integration services. The analysis of the Group's revenue are as follows:

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Revenue		
Sales of renewable energy products	–	42,510
Rendering of new energy power system integration services	–	–
	–	42,510

The Group recorded no revenue for the year ended 31 March 2024, representing a decrease of 100.0% as compared with approximately RMB42.5 million recorded for the year ended 31 March 2023. The Group did not recognize any revenue for the year ended 31 March 2024 because the Company experienced a delay in completing negotiations of new projects.

The Group recorded no gross profit for the year ended 31 March 2024, as compared to the gross profit margin of approximately 5.2% for the year ended 31 March 2023.

Administrative expenses

Administrative expenses increased by approximately RMB5.6 million, or 40.8% from approximately RMB13.7 million for the year ended 31 March 2023 to approximately RMB19.3 million for the year ended 31 March 2024 which was mainly due to cope with the business recovery and the strategic plan of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2024, the Group primarily sourced its funding from cash generated from operating activities and other borrowings. As at 31 March 2024, the Group had bank balances and cash amounting to a total of approximately RMB0.5 million (2023: approximately RMB3.4 million) and had no outstanding bank overdraft as at 31 March 2024 (31 March 2023: Nil).

As at 31 March 2024, the Group had other loans amounting to (i) approximately RMB2.3 million (2023: Nil) that was due to an executive Director, Mr. Tse Man Kit Keith; and approximately RMB22.8 million (2023: approximately RMB20.5 million) that was due to Mr. Huang Yuanming, an executive director and the son of Mr. Huang Bo, which was interest bearing at 12% per annum, unsecured and repayable on or before 31 March 2029; (ii) approximately RMB11.4 million (2023: approximately RMB7.4 million) that was due to a former executive Director, Mr. Chiu Tung Ping, which was unsecured, non-interest bearing and repayable on or before 30 September 2025; and (iii) approximately RMB4.8 million (2023: Nil) that was due to Mr. Huang Bo, an executive Director and a substantial shareholder of the Company, which was unsecured, non-interest bearing and repayable more than twelve months from 31 March 2024.

The Group's current ratio (current assets over current liabilities) increased from 1.5 as at 31 March 2023 to 3.2 as at 31 March 2024. The gearing ratio (total liabilities over total assets) of the Group increased from 58.1% as at 31 March 2023 to 60.9% as at 31 March 2024.

The Group did not use any financial instrument for hedging purpose during the year ended 31 March 2024, and did not have any outstanding hedging instrument as at 31 March 2024.

Management Discussion and Analysis

CHARGES ON ASSETS

As of 31 March 2024, the Group did not pledge any asset to secure borrowings granted to the Group.

CONTINGENT LIABILITIES

As at 31 March 2024, 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 2024, 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 2024.

HUMAN RESOURCES

As at 31 March 2024, the Group employed 8 and 23 staffs in Hong Kong and the PRC respectively (31 March 2023: 7 in Hong Kong and 23 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 OCCURRED DURING THE YEAR UNDER REVIEW

I. THE COOPERATION AGREEMENT

On 22 September 2023 (after trading hours), Sanmenxia Baike, an indirect wholly-owned subsidiary of the Company entered into a Cooperation Agreement with its Project Partner in relation to the construction and operation of different power plants in the PRC. The Cooperation Agreement serves as a term sheet for the strategic cooperation between the Project Partner and Sanmenxia Baike.

Management Discussion and Analysis

Under the Cooperation Agreement, the Group will construct, own and operate on idle land of the Project Partner, the Power Plants.

After the construction of the Power Plants, the Group will supply to the Project Partner electricity generated from the Photovoltaic Power Plant and the Wind Power Plant, at an electricity fee payable by the Project Partner to the Group. The Energy Storage Power Plant will also be used to supply electricity to the Project Partner at an electricity fee – as the price of electricity fluctuates throughout a given day, the Group will purchase electricity from the electrical grid when the price of electricity is relatively low, store it in the Energy Storage Power Plant, and then sell the same electricity to the Project Partner when the price of electricity is relatively high. The Energy Storage Power Plant also has the ability to store unused and unsold electricity generated by the Photovoltaic Power Plant and Wind Power Plant. The electricity fees payable by the Project Partner will be recognised as revenue for the Group, and under the Cooperation Agreement, the Group shall charge the Project Partner for electricity generated under the Power Plants at a rate lower than the market rate.

It is estimated that the Power Plants will continue to generate revenue for the Group in the coming years. Under the Cooperation Agreement, the Group will continue to supply electricity to the Project Partner, and generate revenue, from the Power Plants for years to come. As the Project Partner's principal business operations require a high electricity consumption day-to-day, the Company estimates that the Power Plants will generate a long-term steady stream of revenue. Furthermore, the Project Partner is a strategic customer of the Company, as its parent company (through its subsidiaries such as the Project Partner) holds many mines and smelters across the PRC, all with substantial energy needs and may become sources of revenue for the Group in future.

INFORMATION ON THE PROJECT PARTNER

The Project Partner is principally engaged in gold and copper smelting and gold refining and processing, and is a wholly-owned subsidiary of a company listed on the Shanghai Stock Exchange.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Project Partner and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in GEM Listing Rules).

Please refer to the announcement of the Company dated 22 September 2023 for further details.

Management Discussion and Analysis

II. CHANGE OF EXECUTIVE DIRECTORS, CHANGE OF INDEPENDENT NON-EXECUTIVE DIRECTORS, CHANGE OF COMPOSITION OF BOARD COMMITTEES, AND CHANGE OF AUTHORISED REPRESENTATIVE

On 12 December 2023, each of:

- (i) Mr. Chiu Tung Ping has tendered his resignation as an executive Director, the Chairman, the Chief Executive Officer and a member of the Corporate Governance Committee;
- (ii) Ms. Yuen Hing Lan has tendered her resignation as an executive Director and a member of the Corporate Governance Committee;
- (iii) Ms. Shan Jinlan and Mr. Wang Zhuchen have respectively tendered her and his resignation each as an independent non-executive Director, and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee;
- (iv) Mr. Huang Bo has been appointed as an executive Director, the Chairman, the Chief Executive Officer and a member of the Corporate Governance Committee;
- (v) Mr. Huang Yuanming has been appointed as an executive Director and a member of the Corporate Governance Committee;
- (vi) Mr. Cheung Ting Kin has been appointed as an independent non-executive Director, the chairman of the Audit Committee, and a member of each of the Remuneration Committee and Nomination Committee;
- (vii) Mr. Qiao Wencai has been appointed as an independent non-executive Director, the chairman of the Remuneration Committee, and a member of each of the Audit Committee and Nomination Committee;
- (viii) in addition to the changes of the composition of the Board committees disclosed above, Ms. Ma Xingqin, currently an independent non-executive Director, has ceased to be the chairman of each of the Audit Committee and Remuneration Committee, but remains as an independent non-executive Director and a member of each of the Audit Committee and Remuneration Committee;
- (ix) Ms. Hu Xin, currently an executive Director, has ceased to be the Authorized Representative, but remain as an executive Director; and
- (x) Mr. Tse Man Kit Keith, currently an executive Director, has been appointed as the Authorised Representative, each with effect from 12 December 2023.

Please refer to the announcement of the Company dated 12 December 2023 for further details.

Management Discussion and Analysis

III. CONVERSION OF CONVERTIBLE BONDS

On 20 December 2023, 12,800,000 Shares were issued by the Company as a result of the exercise in full of the conversion rights attached to convertible bonds (as defined in the announcement of the Company dated 30 September 2022) in the principal amount of HK\$32,000,000.

IV. APPOINTMENT OF EXECUTIVE DIRECTORS

On 8 February 2024, Ms. Zhang Jinhua has been appointed as an executive Director, and a member of the Corporate Governance Committee with effect from 8 February 2024.

Please refer to the announcement of the Company dated 8 February 2024 for further details.

V. CHANGE OF COMPANY SECRETARY, AUTHORISED REPRESENTATIVE AND PROCESS AGENT

On 15 March 2024, Ms. Chu Hoi Ying has been appointed as (i) the company secretary of the Company ("**Company Secretary**"), (ii) the authorized representative of the Company under Rule 5.24 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited ("**Authorized Representative**"), and (iii) the authorized representative for accepting the service of process and notices on behalf of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("**Process Agent**"), each with effect from 15 March 2024 to succeed Ms. Chan Mi Ling, Anita ("**Ms. Chan**"). Ms. Chan has resigned as the Company Secretary, Authorized Representative and Process Agent with effect from 15 March 2024, and will remain as the finance manager of the Company.

Please refer to the announcement of the Company dated 15 March 2024 for further details.

VI. CAPITAL REDUCTION OF ISSUED SHARES AND SUB-DIVISION OF UNISSUED SHARES

On 2 January 2024, the Company proposed to implement the Capital Reduction (as defined in the circular of the Company dated 12 January 2024), involving the reduction of the par value of each issued Shares from HK\$0.50 to HK\$0.001 by cancelling the paid up share capital to the extent of HK\$0.499 per issued Ordinary Share, so that following such reduction, each issued Ordinary Share (as defined in the circular of the Company dated 12 January 2024) with a par value of HK\$0.001 in the share capital of the Company shall become one New Ordinary Share (as defined in the circular of the Company dated 12 January 2024). The credit arising from the Capital Reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of credit (if any) will be transferred to the distributable reserve account of the Company which may be utilised by the Directors as a distributable reserve.

Immediately following the Capital Reduction becoming effective, each authorised but unissued Ordinary Share will be sub-divided into 500 authorised but unissued New Ordinary Shares with a par value of HK\$0.001 each.

Management Discussion and Analysis

As at 2 January 2024, 460,976,684 Ordinary Shares have been issued and are fully paid or credited as fully paid. Assuming that the par value of each of the 460,976,684 issued Ordinary Shares will be reduced from HK\$0.50 to HK\$0.001 per issued Ordinary Share by cancelling the paid up share capital to the extent of HK\$0.499 per issued Ordinary Share by way of a reduction of capital, so as to form issued New Ordinary Shares with par value of HK\$0.001 each, the Company's existing issued share capital of HK\$230,488,342 will be reduced by HK\$230,027,365.316 to HK\$460,976.684.

The proposed resolution was duly passed by the Shareholders by way of poll at an extraordinary general meeting held on 2 February 2024.

EFFECTIVE DATE OF THE CAPITAL REDUCTION AND THE SUB-DIVISION AND FREE EXCHANGE OF SHARE CERTIFICATES

On 7 May 2024 (Cayman Islands time), a copy of the order confirming the Capital Reduction and the minute approved by the Court containing the particulars required under the Companies Act with respect to the Capital Reduction were filed and duly registered with the Registrar of Companies in the Cayman Islands. Besides, all the other conditions precedent for the implementation of the Capital Reduction and the Subdivision have been fulfilled. The Capital Reduction and the Sub-division shall become effective before 9:00 a.m. on Wednesday, 8 May 2024 (Hong Kong time) and the dealing in the New Ordinary Shares shall commence at 9:00 a.m. on Wednesday, 8 May 2024 (Hong Kong time). Shareholders should note that upon the Capital Reduction and the Sub-division becoming effective, the colour of share certificates of the Company will be changed from green to brown.

Please refer to (i) the announcements of the Company dated 2 January 2024, 2 February 2024, 26 March 2024 and 8 May 2024 and (ii) the circular of the Company dated 12 January 2024 for further details.

EVENTS OCCURRED AFTER THE YEAR UNDER REVIEW

On 21 June 2024 (after trading hours), Sanmenxia Baike entered into the EPC Contract with Hebei Han Neng in relation to, among other things, the construction of the Energy Storage Power Plant in Sanmenxia in Henan Province in the PRC. Pursuant to the EPC Contract, Hebei Han Neng shall be responsible as the EPC contractor for the Works in relation to (a) the construction of Henan Energy Storage Power Plant, including but not limited to the construction drawing design, materials procurement, construction and testing of the Henan Energy Storage Power Plant; and (b) the completion of various formalities required for the completion of the construction of the Henan Energy Storage Power Plant. The total Contract Price is in the amount of RMB180,000,000 (inclusive of 10% tax).

Please refer to the announcement of the Company dated 21 June 2024 for further details.

Corporate Governance 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 2023 (“**Review Period**”), the Company has applied the principles in the Corporate Governance Code (“**CG Code**”) as contained in Appendix C1 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 provision C.2.1 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.

Mr. Huang Bo, being the chairman of the Board (“**Chairman**”) and the chief executive officer of the Group (“**Chief Executive Officer**”), has in-depth knowledge and considerable experience in the Group’s business, and is responsible for the overall strategic planning and general management of the Group. 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.

Corporate Governance Report

(2) BOARD OF DIRECTORS

The Board is accountable to the 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 Board currently comprises eight Directors, including five executive Directors and three independent non-executive Directors. The Directors who served the Board during the Review Period and changes in Directors up to the date of this annual report are as follows:

Names of Directors	Changes in Directors up to the date of this annual report
Executive Directors:	
Mr. Huang Bo (<i>Chairman and Chief Executive Officer</i>)	Appointed on 12 December 2023
Mr. Huang Yuanming	Appointed on 12 December 2023
Ms. Zhang Jinhua	Appointed on 8 February 2024
Mr. Tse Man Kit, Keith	
Ms. Hu Xin	
Mr. Chiu Tung Ping	Resigned as an Executive Director, the Chairman and Chief Executive Officer on 12 December 2023
Ms. Yuen Hing Lan	Resigned on 12 December 2023
Independent non-executive Directors:	
Mr. Cheung Ting Kin	Appointed on 12 December 2023
Ms. Ma Xingqin	
Mr. Qiao Wencai	Appointed on 12 December 2023
Ms. Shan Jinlan	Resigned on 12 December 2023
Mr. Wang Zhuchen	Resigned on 12 December 2023

Directors' biographical details are set out under the section headed "Biographies Details of the Directors and the Senior Management of the Group" in this annual report on pages 35 to 38.

Corporate Governance Report

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 first annual general meeting of the Company after his appointment 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. Huang Bo, an executive Director, the Chairman and the Chief Executive Officer, is the father of Mr. Huang Yuanming, an executive Director.

Mr. Chiu Tung Ping, a former executive Director, the Chairman and the Chief Executive Officer (resigned on 12 December 2023), is the spouse of Ms. Yuen Hing Lan, a former executive Director (resigned on 12 December 2023).

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. 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.

Details of the attendance of meetings of the Board held during the Review Period set out under the section headed "Attendance Record of Directors and Committee Members" in this annual report on page 20.

Corporate Governance Report

(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. As of 31 March 2024, the Audit Committee comprises three independent non-executive Directors, namely, (i) Mr. Cheung Ting Kin; (ii) Ms. Ma Xingqin; and (iii) Mr. Qiao Wencai, with Mr. Cheung Ting Kin acting as the chairman of the Audit Committee.

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

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

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

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

Corporate Governance Report

(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. As of 31 March 2024, the Remuneration Committee comprises three independent non-executive Directors, namely, (i) Mr. Qiao Wencai; (ii) Mr. Cheung Ting Kin; and (iii) Ms. Ma Xingqin, with Mr. Qiao Wencai 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 to review the proposed terms of appointment and remuneration of the newly-appointed Directors with a recommendation to the Board for approval.

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.

Corporate Governance Report

(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. As of 31 March 2024, the Nomination Committee comprises three independent non-executive Directors, namely, (i) Ms. Ma Xingqin; (ii) Mr. Cheung Ting Kin; and (iii) Mr. Qiao Wencai, 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 to identify individuals suitably qualified to become Board members and made recommendations to the Board on the selection of individuals nominated for directorships and assess the independence of independent non-executive Directors.

Corporate Governance Report

(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.

As of 31 March 2024, the Corporate Governance Committee comprised five executive Directors, namely (i) Tse Man Kit, Keith; (ii) Huang Bo; (iii) Huang Yuanming; (iv) Zhang Jinhua; and (v) Hu Xin, 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:

- 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;
- 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;
- reviewed the terms of reference of the Corporate Governance Committee; 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.

Corporate Governance Report

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

During the Review Period, 17 Board meetings (including a meeting only between the Chairman and the independent non-executive Directors without presence of the executive Directors) were held. The attendance record of each Director and Board committee members at the Board meetings and the general meetings of the Company held during the Review Period is set out in the table below:

Names of Directors	Board meeting	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	Annual General Meeting	Extraordinary General Meeting
Executive Directors:							
Mr. Huang Bo (Chairman and Chief Executive Officer) (1)	5/5	-	-	-	1/1	-	1/1
Mr. Huang Yuanming (2)	5/5	-	-	-	1/1	-	1/1
Ms. Zhang Jinhua (3)	2/2	-	-	-	1/1	-	-
Mr. Tse Man Kit, Keith	16/16	-	-	-	1/1	1/1	1/1
Ms. Hu Xin	12/16	-	-	-	1/1	1/1	1/1
Mr. Chiu Tung Ping (4)	11/11	-	-	-	-	1/1	-
Ms. Yuen Hing Lan (5)	10/11	-	-	-	-	1/1	-
Independent non-executive Directors:							
Mr. Cheung Ting Kin (6)	5/5	1/1	1/1	1/1	-	-	1/1
Ms. Ma Xingqin	16/16	4/4	2/2	2/2	-	1/1	1/1
Mr. Qiao Wencai (7)	5/5	1/1	1/1	1/1	-	-	1/1
Ms. Shan Jinlan (8)	10/11	3/3	1/1	1/1	-	1/1	-
Mr. Wang Zhuchen (8)	7/11	3/3	1/1	1/1	-	1/1	-

Apart from regular Board meetings, the Chairman also held meetings with the independent non-executive Directors without the presence of executive Directors during the Review Period.

Corporate Governance Report

Notes

- (1) Mr. Huang Bo was appointed as an executive Director, the Chairman, the Chief Executive Officer and a member of the Corporate Governance Committee with effect from 12 December 2023.
- (2) Mr. Huang Yuanming was appointed as an executive Director and a member of the Corporate Governance Committee with effect from 12 December 2023.
- (3) Ms. Zhang Jinhua was appointed as an executive Director and a member of the Corporate Governance Committee with effect from 8 February 2024.
- (4) Mr. Chiu Tung Ping resigned as an executive Director, the Chairman, the Chief Executive Officer and a member of the Corporate Governance Committee with effect from 12 December 2023.
- (5) Ms. Yuen Hing Lan resigned as an executive Director and a member of the Corporate Governance Committee with effect from 12 December 2023.
- (6) Mr. Cheung Ting Kin was appointed as an independent non-executive Director, the chairman of the Audit Committee, and a member of each of the Remuneration Committee and Nomination Committee with effect from 12 December 2023.
- (7) Mr. Qiao Wencai was appointed as an independent non-executive Director, the chairman of the Remuneration Committee, and a member of each of the Audit Committee and Nomination Committee with effect from 12 December 2023.
- (8) Ms. Shan Jinlan and Mr. Wang Zhuchen resigned from each as an independent non-executive Director, and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee with effect from 12 December 2023.

Corporate Governance Report

(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.

Mr. Huang Bo, being the Chairman and Chief Executive Officer has in-depth knowledge and considerable experience in the Group's business, and is responsible for the overall strategic planning and general management of the Group. 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 and applicable standards. 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 48 to 52.

(6) TRAINING FOR DIRECTORS

Directors keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.

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.

Corporate Governance Report

During the Review Period, the Directors had participated the trainings through (i) attending training sessions, but not limited to, seminars, conference and forums; (ii) reading journals and announcements; and (iii) viewing training webcasts as follows:

Names of Directors	Topics of trainings
Executive Directors:	
Mr. Huang Bo (appointed on 12 December 2023)	A, B, C, D
Mr. Huang Yuanming (appointed on 12 December 2023)	A, B, C, D
Ms. Zhang Jinhua (appointed on 8 February 2024)	A, B, C, D
Mr. Tse Man Kit, Keith	A, B, C, D
Ms. Hu Xin	A, B, C, D
Mr. Chiu Tung Ping (resigned on 12 December 2023)	A, B, C, D
Ms. Yuen Hing Lan (resigned on 12 December 2023)	A, B, C, D
Independent non-executive Directors:	
Mr. Cheung Ting Kin (appointed on 12 December 2023)	A, B, C, D
Ms. Ma Xingqin	A, B, C, D
Mr. Qiao Wencai (appointed on 12 December 2023)	A, B, C, D
Ms. Shan Jinlan (resigned on 12 December 2023)	A, B, C, D
Mr. Wang Zhuchen (resigned on 12 December 2023)	A, B, C, D
A:	Anti-corruption
B:	Regulatory Announcements issued by HKEX
C:	Listing Rules
D:	Corporate governance

(7) INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company's independent non-executive Directors are appointed for a continuous term unless terminated by not less than one month's notice in writing served by either party on the other and are subject to retirement by rotation and re-election in accordance with the Articles and the GEM Listing Rules.

The independent 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.

According to code provision B.2.3 of the CG Code, if an independent non-executive director has served more than nine years, such director's further appointment should be subject to a separate resolution to be approved by the Shareholders. Ms. Ma Xingqin has been appointed as an independent non-executive Director for 8 years, while two independent non-executive Directors (being Mr. Cheung Ting Kin and Mr. Qiao Wencai) have been appointed as independent non-executive Director for less than 1 year. The Company has received the annual confirmations of independence 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.

Corporate Governance Report

(8) COMPANY SECRETARY

On 15 March 2024, Ms. Chu Hoi Ying was appointed as the Company Secretary to succeed Ms. Chan. All Directors have full and timely access to the Company Secretary for professional advice and services. 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 in compliance with the Rule 5.15 of the GEM Listing Rules during the Review Period. As at 31 March 2024, Ms. Chu Hoi Ying is interested in 1,000,003 shares of the Company, representing approximately 0.22% of the issued share capital of the Company. Biography of the Company Secretary 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.

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

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

(10) AUDITORS' REMUNERATION

The Audit Committee is responsible for considering the appointment of the external auditors. For the Review Period, the remuneration of the external auditor of the Company amounted to HK\$890,000, which was fees for their services rendered for auditing.

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

Nature of Services	Amount (HK\$)
Audit services	890,000

Corporate Governance Report

(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 2023 to 31 March 2024 and is based on the risk assessment. The IC Adviser had reported to the Audit Committee regarding the key findings in respect of the Group's internal control and risk management and discussed findings and actions or measures taken in addressing those findings. No major deficiencies on the Group's risk management and internal control systems have been identified during the Review Period. For other non-major internal control findings, the management has instructed relevant departments to formulate corrective actions and improvement plans for remediation.

Corporate Governance Report

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 ("**Articles**") during the Review Period. A copy of the latest consolidated version of the Articles 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 Stock Exchange website at www.hkexnews.hk 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 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.

(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.

Putting Forward Proposals at General Meetings

Shareholders who wish to propose resolutions at general meetings may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company.

Note: The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Suite 704, 7th Floor,
Ocean Centre,
Harbour City,
Kowloon,
Hong Kong

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice, statement, or enquiry (as the case may be) to the above address, apart from the registered office of the Company, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Corporate Governance Report

(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.

(17) BOARD DIVERSITY

The Board considers that its diversity is a vital asset to the business and has adopted the Board Diversity Policy for better transparency and governance. Board appointments are based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company adopted the Board Diversity Policy as required by the CG Code. The Nomination Committee will discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption, as set forth in the Board Diversity Policy of the Company.

The members of the Board, who come from a variety of different backgrounds, have a diverse range of business, and professional expertise. The table below sets forth an analysis of the Board's current composition based on the measurable objectives:

Measurable objective	Category	Number of Director
Gender	Male	5
	Female	3
Age	20-40	3
	41-60	5
Director's skills and experience	Sales of renewable energy products experience	6
	Rendering of new energy power system integration services experience	6
	International exposure	1
	Financial expertise	5
	Compliance and corporate governance experience	8
	Current executive leadership or directorship in other listed companies	2

Corporate Governance Report

To achieve Board diversity goal, the nomination committee is responsible for assessing the appropriate mix of skill, experience, expertise and gender required on the Board based on current and future business of the Company and oversee Board succession to maintain an appropriate mix of skill, experience, expertise and gender.

Based on the foregoing, the composition and diversity of the Board enable the management to benefit from a diverse and objective external perspective, on issues raised before the Board.

Brief biographical particulars of the Directors, together with information relating to the relationship among them, are set forth on pages 35 to 38 in this annual report.

The Board currently has three female Directors and as such has achieved gender diversity in respect of the Board. The Company targets to maintain the current level of female representation on the Board and strives to ensure the Board is made up of a reasonable and appropriate proportion of female members by reference to stakeholders' expectations and international and local recommended best practices and the pool of qualified candidates.

As of 31 March 2024, among the 31 employees (including senior management) of the Group, the percentages of male employees and female employees are 58.1% and 41.9%, respectively. Considering that the Group is engaged in (i) the sales of renewable energy products business; and (ii) rendering of new energy power system integration services, the Board believes that appropriate balance of gender diversity of workforce is maintained taking into account the business models and operational needs. The Group will consider improving the proportion of female members in talent cultivation and promotion to the management level, and maintain the proportion of female employees in the workforce above 41.9%, so as to achieve sustainable gender diversity.

The Nomination Committee was of the opinion that the Board consisted of members with diversified gender, age, cultural and education background, professional/business experience, skills and knowledge. Further details for the diversity, including the gender diversity, in the workforce during the year ended 31 March 2024 are set forth in the Environmental, Social and Governance Report dated 28 June 2024 of the Company.

The Nomination Committee will monitor the implementation of the Board Diversity Policy and review the same as appropriate.

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 2024.

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) rendering of new energy power system integration services in China during the year ended 31 March 2024.

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 2024 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 53 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 2024 (2023: 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 2024, the Company did not have any distributable reserves (31 March 2023: Nil).

Details of the movements in the reserves of the Group and the Company during the year under review are set out on page 55 and page 136 respectively.

PROPERTY AND EQUIPMENT

Details of the movements in property and equipment of the Group are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

The Company did not issue any shares or debentures during the year under review. Details of the movements in share capital of the Company are set out in note 25 to the consolidated financial statements.

Report of the Directors

BUSINESS REVIEW

Further discussion and analysis of the business of the Group, including a business review for the year ended 31 March 2024, its likely future development and events occurred after the reporting period is set out in the section “Management Discussion and Analysis” of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

(1) Government policy, regulation and approvals

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. Furthermore, many renewable energy projects in the PRC require prior government approvals, which may or may not be granted, and the time frames for obtaining such approvals are difficult to predict. 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 rendering of new energy power system integration services 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 rendering of new energy power system integration services. 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.

Report of the Directors

(3) Funding, interest rate and foreign exchange

The Group's rendering of new energy power system integration services 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. 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.

Report of the Directors

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.

Currently, the Company is in the process of setting up a solar modules production plant in Hebei. It is expected to provide a stable supply of goods for the Group's key projects in Hebei, allowing the Group to better maintain quality control over its components, and bring synergy to its existing business.

- (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 28 to the consolidated financial statements.

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

COMPLIANCE WITH REGULATIONS

There was no material breach of or non-compliance with the applicable laws and regulations such as the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong), the GEM Listing Rules and other applicable laws and regulations in the jurisdictions where the Group carried out operations during the year ended 31 March 2024.

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 2024 and up to the date of this report were:

Executive Directors

Mr. Huang Bo (Chairman) (appointed on 12 December 2023)

Mr. Huang Yuanming (appointed on 12 December 2023)

Ms. Zhang Jinhua (appointed on 8 February 2024)

Mr. Tse Man Kit Keith

Ms. Hu Xin

Mr. Chiu Tung Ping (resigned on 12 December 2023)

Ms. Yuen Hing Lan (resigned on 12 December 2023)

Independent Non-executive Directors

Mr. Cheung Ting Kin (appointed on 12 December 2023)

Ms. Ma Xingqin

Mr. Qiao Wencai (appointed on 12 December 2023)

Ms. Shan Jinlan (resigned on 12 December 2023)

Mr. Wang Zhuchen (resigned on 12 December 2023)

In accordance with Article 108(A) of the Articles, Mr. Huang Bo, Mr. Huang Yuanming, Ms. Zhang Jinhua, Mr. Cheung Ting Kin and Mr. Qiao Wencai 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.

On 12 December 2023, each of Mr. Chiu Tung Ping and Ms. Yuen Hing Lan resigned as executive Directors and each of Ms. Shan Jinlan and Mr. Wang Zhuchen resigned as independent non-executive Director, to spend more time on his/her other business pursuits and commitments.

Report of the Directors

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

EXECUTIVE DIRECTORS

Mr. Huang Bo, aged 58, was appointed as an executive Director, the Chairman and Chief Executive Officer of the Company on 12 December 2023. Mr. Huang Bo received a Bachelor of Engineering from Southeast University (東南大學) in 1988. He previously worked at various companies that specialise in renewable energy and has accumulated extensive experience in the construction and development of renewable energy-related businesses, including currently serving as the chairman of Wan Jee Co., Ltd* (萬旗股份有限公司) since 2015. Mr. Huang Bo is the father of Mr. Huang Yuanming.

Mr. Huang Yuanming, aged 32, was appointed as an executive Director of the Company on 12 December 2023. Mr. Huang Yuanming received a masters degree in Business Administration from José Rizal University in 2023. He has worked at various companies that specialise in biotechnology, construction and power generation and has accumulated diverse experience in the construction and development of power generation sectors, including currently serving as an executive Director of Shanghai Kunka Biotechnology Limited* (上海坤卡生物科技有限公司) since 2015, an executive Director of Shanghai Kunka Construction Limited* (上海坤卡建築工程有限公司) since 2016, and the chairman of Beisheng Limited* (北盛股份有限公司) (previously known as Hebei Suming Power Limited* (河北蘇明電力銷售有限公司) since 2016) Mr. Huang Yuanming is the son of Mr. Huang Bo.

Ms. Zhang Jinhua, aged 45, was appointed as an executive Director on 8 February 2024. Ms. Zhang received a Bachelor of Science, majoring in civil engineering, from IIC University of Technology in 2020 and a Master of Science, majoring in civil engineering, from IIC University of Technology in 2022. She has worked at companies in various industries such as renewable energy and financial services and has accumulated relevant experience in such industries. Ms. Zhang is currently serving as an executive Director and the chief financial officer of Zhang Bei Neng Huan New Energy Limited* (張北能環新能源有限公司) since 2015, as a joint founder and an executive Director of Bei Sheng Shareholdings Limited* (北盛股份有限公司) since 2015 and the chairperson of Beijing An De Xin Investment Limited* (北京安德信投資有限公司) since 2015.

Report of the Directors

Mr. Tse Man Kit Keith, aged 50, 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 25 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, China Technology Solar Power Holdings Limited (a company incorporated in the British Virgin Island), Soluteck (BVI) Holdings Limited, Soluteck Investments Limited, Truth Honour Electronic Limited, Truth Honour (BVI) Holdings Limited, China Technology Heung To Holdings Limited and China Technology Heung To Limited.

Ms. Hu Xin, aged 41, 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. Ms. Hu ceased to act as the authorised representatives of the Company with effect from 12 December 2023. 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. (新鈞信息系統(深圳)有限公司) and was involved in financial management. Ms. Hu is also the Director of 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

Report of the Directors

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Ting Kin, aged 41, was appointed an independent non-executive Director of the Company on 12 December 2023. Mr. Cheung received a Bachelor of Commerce Accounting and Finance from Curtin University in 2004 and a Master of Finance from the Australian National University in 2005. He is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, an associate of CPA Australia, and a Certified Dealmaker of the China Mergers and Acquisitions Association. He previously worked at various companies that specialise in finance and asset management, including currently serving as a business development Director of Plutus Securities Limited (a licensed corporation under the SFO to engage in Type 1 (Dealing in securities) regulated activity) since 2019. Mr. Cheung has previously served as an independent non-executive Director of B & D Strategic Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Main Board of the Stock Exchange”) (stock code: 1780) from 2019 to 2023, an independent non-executive Director of Sun Cheong Creative Development Holdings Limited (since delisted, previous stock code: 1781) from 2018 to 2020, the chief financial officer (“CFO”) and the company secretary of Richly Field China Development Ltd, a company listed on the Main Board of the Stock Exchange (stock code: 313) from 2015 to 2019, the CFO of Seige Communication Limited from 2012 to 2013, and a senior accountant of EY from 2008 to 2009.

Ms. Ma Xingqin, aged 36, 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 12 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), and the Shanghai Stock Exchange (stock code: SH601600). Ms. Ma was appointed as an independent non-executive Director on 19 July 2016.

Mr. Qiao Wencai, aged 39, was appointed an independent non-executive Director of the Company, received a Bachelor of Financial Management from Central South University (中南大學) in 2005. Mr. Qiao previously served in different financial and accounting related roles at various companies which specialise in renewable energy, including previously served as the CFO and an internal auditor/internal control consultant and the economic management department head of Shunfeng Photovoltaic Investment (China) Co., Ltd. (順風光電投資(中國)有限公司) from 2014 to 2023.

Report of the Directors

SENIOR MANAGEMENT

Ms. Chu Hoi Ying, aged 42, is the deputy chief financial officer, the qualified accountant, Company Secretary and one of the Authorised Representatives of the Company. Ms. Chu received a Bachelor of Business Administration from Lingnan University in 2004. Ms. Chu has been serving as a senior financial manager of the Company since September 2019. Prior to joining the Company, Ms. Chu also served financial management and accounting roles at Shunfeng International Clean Energy Limited (stock code: 1165), and served as an auditor at Grant Thornton and Horwath Hong Kong CPA Limited. She is a member of the Hong Kong Institute of Certified Public Accountants. Ms. Chu joined the Group in September 2019.

DIRECTORS' SERVICE CONTRACTS

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

The emoluments paid or payable to the Directors during the year under review was set out in note 12 to the consolidated financial statements.

Report of the Directors

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 2024.

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 2024.

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 2024, 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 (Note 1)	Capacity	Approximate percentage of the Company's issued share capital as at 31 March 2024 (Note 2)
Mr. Huang Bo (Note 3) (Executive Director)	86,825,934 (L)	Beneficial owner	18.84%
Mr. Huang Yuanming (Note 3) (Executive Director)	35,548,238 (L)	Beneficial owner	7.71%
Ms. Zhang Jinhua (Executive Director)	12,800,000 (L)	Beneficial owner	2.78%
Mr. Tse Man Kit Keith (Executive Director)	12,489,469 (L)	Beneficial owner	2.71%
Mr. Qiao Wencai (Independent Non-Executive Director)	6,000 (L)	Beneficial owner	0.001%

Notes:

1. The letter "L" represents long positions in the shares or underlying shares of the Company.
2. As at 31 March 2024, the issued share capital of the Company was 460,976,684 ordinary shares of HK\$0.5 each.
3. Mr. Huang Yuanming is the son of Mr. Huang Bo, an executive Director and substantial shareholder of the Company.

Report of the Directors

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

As at 31 March 2024, the following persons or entities, other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Number of ordinary shares (Note 1)	Capacity	Approximate percentage of the Company's issued share capital as at 31 March 2024 (Note 2)
Ms. Li Xiaoyan* (李曉豔女士)	59,094,406 (L)	Beneficial owner	12.82%
Mr. Hou Hsiao Bing (Note 3)	26,228,000 (L)	Beneficial owner	5.69%

* 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 2024, the issued share capital of the Company was 460,976,684 ordinary shares of HK\$0.5 each.
3. Mr. Hou Hsiao Bing retired as an executive Director with effect from 26 August 2019.

Report of the Directors

EQUITY-LINKED AGREEMENTS

Set out below are the equity-linked agreements entered into by the Company during the year ended 31 March 2024 or subsisted as at 31 March 2024:

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.

Report of the Directors

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 7.5% 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 total number of ordinary shares which may be issued upon exercise of share options yet to be granted under the Share Option Scheme was 12,676,257 which represented approximately 2.75% of the issued share capital of the Company as at the date of this report.

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 2023, 31 March 2024 and the date of this report, there was no outstanding option under the Share Option Scheme.

Report of the Directors

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.

Report of the Directors

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 ("**2021 Subscription Agreement**") dated 31 May 2021 entered into between the Company and Mr. Qin Zhongde (the "**2021 Subscriber**") who held the 2011 CB with an outstanding principal amount of HK\$32,000,000 as at the date of the 2021 Subscription Agreement, the 2021 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\$2.5 per conversion share (after the share consolidation effective on 19 July 2021). 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 2021 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 2021 Subscriber, who had transferred the convertible bonds to the 2022 Subscriber, Ms. Zhang Jinhua in September 2021.

Pursuant to the 2022 Subscription Agreement dated 30 September 2022 entered into between the Company and the 2022 Subscriber who held the 2021 CB with an outstanding principal amount of HK\$32,000,000 as at the date of the 2022 Subscription Agreement, the 2022 Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to issue the 2022 CB in the principal amount of HK\$32,000,000 at an initial conversion price of HK\$2.5 per conversion share. Details of the subscription are contained in the announcement of the Company dated 30 September 2022.

On 1 October 2022, the 2021 CB with the aggregate outstanding principal amount of HK\$32,000,000 matured and as a result, the conversion right of the 2021 CB ended on 1 October 2022.

On 21 October 2022, all conditions of the 2022 Subscription Agreement have been fulfilled and completion of the subscription took place in accordance with the terms and conditions thereof. The 2022 CB in the principal amount of HK\$32,000,000 were issued to the 2022 Subscriber.

On 20 December 2023, 12,800,000 Shares were issued by the Company as a result of the exercise in full of the conversion rights attached to 2022 CB in the principal amount of HK\$32,000,000.

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 2021 Subscriber that there is a potential dispute between the 2021 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.

Report of the Directors

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

The Company did not have customers or suppliers for the year ended 31 March 2024.

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 2024, 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 2024 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 pages 13 to 29 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.

Report of the Directors

DONATIONS

The Group had made a donation of HK\$10,000 for charitable or other purposes during the year ended 31 March 2024 (2023: 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 2024. 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

Yongtuo Fuson CPA Limited was appointed as auditors of the Company with effect from 22 February 2023 to fill the causal vacancy following the resignation of SHINEWING (HK) CPA Limited.

SHINEWING (HK) CPA Limited was appointed as auditors of the Company with effect from 12 May 2021 to fill the causal vacancy following the resignation of 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 consolidated financial statements of the Company for the year ended 31 March 2023 and 2024 have been audited by Yongtuo Fuson 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. Huang Bo
Chairman and executive Director

Hong Kong, 28 June 2024

Five Years Financial Summary

	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Results:					
Revenue	–	42,510	72,215	276,933	91,086
(Loss) Profit attributable to owners of the Company	(47,153)	(25,140)	(3,732)	69,005	(26,920)
Assets and liabilities					
Total assets	102,606	142,045	165,949	218,914	141,559
Total liabilities	(62,484)	(82,595)	(81,359)	(130,972)	(132,451)
Net assets	40,122	59,450	84,590	87,942	9,108

Independent Auditor's Report



永拓富信會計師事務所有限公司
YONGTUO FUSON CPA LIMITED

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 53 to 141, which comprise the consolidated statement of financial position as at 31 March 2024, 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 material accounting policy information and other explanatory information.

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 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

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

Impairment assessment of account receivables

The key audit matter

As explained in note 19 to the consolidated financial statements, as at 31 March 2024, the Group's carrying amount of account receivables, net of expected credit losses ("ECL") allowance amounting to approximately RMB61,943,000.

Account receivables from customers that with significant outstanding balance or that are credit-impaired are assessed for ECL individually. The ECL 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.

We identified impairment assessment of account receivables as a key audit matter due to the significance of account receivables to the Group's consolidated financial position as a whole and the involvement of subjective judgement and management estimates in evaluating the ECL allowance of the Group's account receivables at the end of the reporting period.

How the matter was addressed in our audit

Our audit procedures in relation to impairment assessment of account receivables included among others, the following:

- Understanding key controls on how the management estimates the ECL allowance for account receivables;
- Challenging management's basis and judgement in determining credit loss allowance on account receivables at the end of the reporting period, including their identification and evaluation of account 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 account receivables at the end of the reporting period 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 account receivables.

Independent Auditor's Report

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.

Independent Auditor's Report

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 HKSA's 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 HKSA's, 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.

Independent Auditor's Report

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. Fok Tat Choi.

Yongtuo Fuson CPA Limited

Certified Public Accountants

Fok Tat Choi

Practising Certificate Number P06895

Hong Kong

28 June 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	6	–	42,510
Cost of sales		–	(40,293)
Gross profit		–	2,217
Other revenue – bank interest income		4	9
Other gains and losses, net	7	315	4,038
Administrative expenses		(19,262)	(13,681)
Impairment losses recognised under expected credit loss model, net of reversal	8	(22,783)	(13,451)
Finance costs	9	(5,611)	(3,809)
Loss before taxation	11	(47,337)	(24,677)
Income tax credit (expense)	10	184	(463)
Loss and total comprehensive expense attributable to owners of the Company for the year		(47,153)	(25,140)
Loss per share:	15	RMB cents	RMB cents
Basic		(10.44)	(5.61)
Diluted		(10.44)	(5.61)

Consolidated Statement of Financial Position

As at 31 March 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property and equipment	16	18,115	1,235
Right-of-use assets	17	17,416	18,378
Goodwill	18	–	–
Rental deposits	19	215	216
		35,746	19,829
Current assets			
Account receivables	19	61,943	112,384
Other receivables, deposits and prepayments	19	4,400	6,411
Bank balances and cash	20	517	3,421
		66,860	122,216
Current liabilities			
Account payables	21	1,203	6,266
Other payables and accruals	21	19,484	23,381
Other loans	22	–	27,887
Convertible bonds	23	–	23,858
Tax payable		–	184
Lease liabilities	17	449	593
		21,136	82,169
Net current assets		45,724	40,047
Total assets less current liabilities		81,470	59,876
Non-current liability			
Other loans	22	41,348	–
Lease liabilities	17	–	426
		41,348	426
Net assets		40,122	59,450
Capital and reserves			
Share capital	25	195,699	189,876
Reserves		(155,577)	(130,426)
Equity attributable to owners of the Company		40,122	59,450

The consolidated financial statements on pages 53 to 141 were approved and authorised for issue by the board of directors on 28 June 2024 and are signed on its behalf by:

Huang Bo
Director

Tse Man Kit Keith
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Attributable to the owners of the Company						Total RMB'000
	Share Capital RMB'000	Share premium RMB'000	Reserve arising from reorganisation RMB'000 (Note (a) below)	Exchange reserve RMB'000	Equity transaction reserve RMB'000 (Note (b) below)	Accumulated losses RMB'000	
At 1 April 2022	189,876	120,291	(20,484)	156	(11,210)	(194,039)	84,590
Loss and total comprehensive expense for the year	-	-	-	-	-	(25,140)	(25,140)
At 31 March 2023	189,876	120,291	(20,484)	156	(11,210)	(219,179)	59,450
At 1 April 2023	189,876	120,291	(20,484)	156	(11,210)	(219,179)	59,450
Loss and total comprehensive expense for the year	-	-	-	-	-	(47,153)	(47,153)
Conversion of 2022 CB (see Note (c) below and Note 25)	5,823	22,002	-	-	-	-	27,825
At 31 March 2024	195,699	142,293	(20,484)	156	(11,210)	(266,332)	40,122

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 in prior years.

(c) Conversion of 2022 CB

As explained in note 25 to the consolidated financial statements, on 20 December 2023, the 2022 CB bondholder exercised the conversion rights and converted the 2022 CB with a nominal value of HK\$32,000,000 (equivalent to RMB27,825,000) into 12,800,000 ordinary shares of the Company at a conversion price of HK\$2.5 per ordinary share.

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES		
Loss before taxation	(47,337)	(24,677)
Adjustments for:		
Depreciation of property and equipment	15	224
Depreciation of right-of-use assets	1,001	1,090
Bank interest income	(4)	(9)
Finance costs	5,611	3,809
Gain on 2021 Convertible Bonds Redemption	–	(5,823)
Impairment losses recognised under expected credit loss model, net of reversal	22,783	13,451
Foreign exchange gain	1,495	1,926
Operating cash flows before movements in working capital	(16,436)	(10,009)
Decrease in account receivables	26,040	28,100
Decrease in other receivables, deposits and prepayments	3,630	583
Decrease in account payables	(5,063)	(150)
(Decrease) increase in other payables and accruals	(1,446)	2,408
Cash generated from operations	6,725	20,932
Income taxes paid	–	(1,715)
NET CASH FROM OPERATING ACTIVITIES	6,725	19,217

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	2024 RMB'000	2023 RMB'000
INVESTING ACTIVITIES		
Bank interest received	4	9
Purchase of property and equipment	(16,895)	(1,206)
Acquisition of land use rights	–	(17,680)
NET CASH USED IN INVESTING ACTIVITIES	(16,891)	(18,877)
FINANCING ACTIVITIES		
New other loans raised	7,946	7,057
Repayments of related parties	–	(7,295)
Repayments of lease liabilities	(684)	(731)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	7,262	(969)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,904)	(629)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	3,421	4,037
Effects of foreign exchange rate changes	–	13
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	517	3,421

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

1. GENERAL INFORMATION

China Technology Industry Group Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal places of business of the Company are disclosed in the *Corporation Information* section to the annual report.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 31.

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”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on 1 April 2023 for the preparation of the financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

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

New and amendments to HKFRSs issued but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or 1 January 2025.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PRESENTATION AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. 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. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if participants would take those characteristics into account when pricing the asset or liability market at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PRESENTATION AND PREPATATON OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 *Basis of presentation*

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

In preparing the consolidated financial statements of the Group, the directors have given consideration to the future liquidity of the Group in light of the Group incurred a net loss attributable to the shareholders of the Company of approximately RMB47,153,000 for the year ended 31 March 2024 and as of that date, the Group's accumulated losses was of approximately RMB266,332,000 and the Group's contracted but not provided for capital commitments were of approximately RMB26,625,000 (2023: RMB4,859,000), while its bank balances and cash amounted to approximately RMB517,000 (2023: RMB3,421,000) only.

The directors have reviewed the current performance and cash flows forecast prepared by the management as part of their assessment of the Group's ability to continue as a going concern, and after carefully considering the matters described below, the directors have a reasonable expectation that the Group is able to continue as a going concern for at least the next twelve months from the end of the reporting period and to meet its obligations, as and when they fall due, having regard to the following:

- (a) Pursuant to the Company's announcements dated 22 September 2022 and 21 June 2024, on 22 September 2023, Sanmenxia Baike New Energy Co., Ltd. (三門峽百科新能源有限公司) ("Sanmenxia Baike"), an indirect wholly-owned subsidiary of the Company entered into a cooperation agreement (the "Cooperation Agreement") with its project partner in relation to the construction and operation of different power plants in The People's Republic of China (the "PRC") (including an Energy Storage Power Plant). On 21 June 2024, Sanmenxia Baike entered into the EPC Contract with 河北漢能售電有限公司 ("Hebei Han Neng") in relation to, among other things, the construction of the Energy Storage Power Plant in Sanmenxia in Henan Province in the PRC. The total Contract Price is in the amount of RMB180,000,000 (inclusive of 10% tax and 2% safety production fee). The directors believe that the Henan Energy Storage Power Plant will generate revenue and cash flows to the Group in the coming years.

Other than the Henan Energy Storage Power Plant project, the Group is still considering to identify and explore other new business opportunities to broaden the Group sources of income to bring return and cash flows to the Group in the near future;

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PRESENTATION AND PREPATATON OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 *Basis of presentation (Continued)*

- (b) As described in note 22, as at 31 March 2024, certain directors of the Company and a former director of the Company agreed to provide loans with an aggregate amount of approximately RMB41,348,000 which are due repayable more than twelve months from 31 March 2024.

Further, on 28 June 2024, the Group obtained a letter of undertaking for provision of financial support to the Company from two shareholders of the Company, they agreed to provide financial support to the Group so that the Group will be able to meet all financial obligations as and when they fall due in the coming twelve months from the date of the consolidated financial statements;

- (c) As at 31 March 2024, the Group had net current assets of approximately RMB45,724,000; and
- (d) The Group has been continuously implementing measures to improve profitability by control operating costs and reduce capital expenditures. These measures include (a) continuously remapping its marketing strategies; and (b) continuing its measures to control capital and operating expenditures.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PRESENTATION AND PREPATATON OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.3 Material accounting policy information

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.

Specially, income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PRESENTATION AND PREPATATON OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Basis of consolidation (Continued)

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;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Inventories* at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PRESENTATION AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Business Combinations (Continued)

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

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

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

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PRESENTATION AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PRESENTATION AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(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.

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

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

The Group's rendering new energy power system integration services is recognised over time under output method. Output method is used when determining progress towards complete satisfaction of the performance obligation of the courses and programs, which is to recognise revenue on the basis of direct measurements of the value of services transferred to the customers to date relative to the remaining services promised under the contract, that best depict the Group's performance in transferring control of services

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PRESENTATION AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(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.

Leases

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.

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

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

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

Short-term leases and leases of low-value assets

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PRESENTATION AND PREPATATON OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets

The cost of right-of-use asset includes:

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

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

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

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

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

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PRESENTATION AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leases (Continued)

The Group as a lessee (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.

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PRESENTATION AND PREPATATON OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

Lease modifications

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

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

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

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.

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).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PRESENTATION AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PRESENTATION AND PREPATATON OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Taxation (Continued)

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

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

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

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

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

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

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

Current and deferred tax are recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PRESENTATION AND PREPATATON OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Property and equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). 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.

Construction in progress is carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress 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 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PRESENTATION AND PREPATATON OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(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.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include: (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PRESENTATION AND PREPATATON OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 Revenue from Contracts with Customers. 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.

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

Interest income which are derived from the Group's ordinary course of business is included in the "other revenue – bank interest income" line item.

Financial assets

Classification and subsequent measurement of financial assets

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

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

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PRESENTATION AND PREPATATON OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

(i) Amortised cost and effective interest method

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

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

(iii) Financial assets at FVTPL

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PRESENTATION AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments (Continued)

Financial assets (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 account 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.

(i) Significant increase in credit risk

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PRESENTATION AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PRESENTATION AND PREPATATON OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

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

(ii) 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.

(iii) 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PRESENTATION AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

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

(iv) 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.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PRESENTATION AND PREPATATON OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PRESENTATION AND PREPATATON OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PRESENTATION AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PRESENTATION AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Related parties

- (i) A person, or a close member of that person's family, is related to the group if that person:
 - (1) has control or joint control over the group;
 - (2) has significant influence over the group;
 - (3) is a member of the key management personnel of the group or the group's parent.

- (ii) An entity is related to the group if any of the following conditions applies:
 - (1) The entity and the group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (3) Both entities are joint ventures of the same third party.
 - (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (5) The entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group.
 - (6) The entity is controlled or jointly controlled by a person identified in (i) above.
 - (7) A person identified in (i)(1) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (8) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3.3, 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.

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 account receivables

Account receivables that with significant outstanding balances are assessed for ECL individually. The loss allowance amount of the credit-impaired account 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 account receivables are determined after considering internal credit ratings of trade debtors, repayment history and/or past due status of respective account receivables.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

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

Key sources of estimation uncertainty (Continued)

Provision of ECL for account receivables (Continued)

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 for account receivables is sensitive to changes in estimates.

The information about the ECL for account receivables and the Group's account receivables are disclosed in notes 28 and 19, respectively.

Deferred tax asset

As at 31 March 2023 and 31 March 2024, no deferred tax asset has been recognised on the tax losses 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.

The details of the Group's deferred tax assets are set out in note 24.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

5. SEGMENT INFORMATION

Operating Segments

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

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

- 1) Sales of renewable energy products; and
- 2) New energy power system integration business

(i) Segment revenues and results

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

For the year ended 31 March 2024

	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	–	–	–	–
Segment loss	(23,091)	(10,258)	14,087	(19,262)
Unallocated income				4
Unallocated other gains and losses, net				315
Unallocated expenses				(22,783)
Finance costs				(5,611)
Loss before taxation				(47,337)
Income tax expense				184
Loss for the year				(47,153)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

5. SEGMENT INFORMATION *(Continued)*

(i) Segment revenues and results (Continued)

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

For the year ended 31 March 2023

	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	42,510	–	–	42,510
Segment loss	(1,907)	–	(9,557)	(11,464)
Unallocated income				9
Unallocated other gains and losses, net				4,038
Unallocated expenses				(13,451)
Finance costs				(3,809)
Loss before taxation				(24,677)
Income tax expense				(463)
Loss for the year				(25,140)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3.3. 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, net, changes in fair value of financial assets at FYTPL, changes 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

5. SEGMENT INFORMATION *(Continued)*

(ii) 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 2024

	Sales of renewable energy products RMB'000	New energy power system integration business RMB'000	Unallocated RMB'000	Total RMB'000
Segment assets	48,187	53,331	15	101,553
Property and equipment (for corporate)				14
Right-of-use assets (for corporate)				443
Rental deposit (for corporate)				215
Other receivables, deposits and prepayments (for corporate)				118
Bank balances and cash (for corporate)				283
Total assets				102,606
Segment liabilities	1,243	1,331	136	2,710
Other payables and accruals (for corporate)				17,977
Other loans (for corporate)				41,348
Lease liabilities (for corporate)				449
Total liabilities				62,484

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

5. SEGMENT INFORMATION *(Continued)*

(ii) Segment assets and liabilities

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

As at 31 March 2023

	Sales of renewable energy products RMB'000	New energy power system integration business RMB'000	Unallocated RMB'000	Total RMB'000
Segment assets	90,183	49,951	92	140,226
Property and equipment (for corporate)				29
Right-of-use assets (for corporate)				1,051
Rental deposit (for corporate)				216
Other receivables, deposits and prepayments (for corporate)				196
Bank balances and cash (for corporate)				327
Total assets				142,045
Segment liabilities	5,392	1,175	1,494	8,061
Other payables and accruals (for corporate)				21,770
Other loans (for corporate)				27,887
Lease liabilities (for corporate)				1,019
Convertible bonds (for corporate)				23,858
Total liabilities				82,595

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 and bank balances and cash for corporate; 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

5. SEGMENT INFORMATION *(Continued)*

(iii) Other segment information

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

For the year ended 31 March 2024

	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	–	–	(15)	(15)
Depreciation of right-of-use assets	(354)	–	(647)	(1,001)
Impairment losses recognised under expected credit loss model, net	(21,670)	(2,513)	1,400	(22,783)
Additions to non-current assets	(16,895)	–	–	(16,895)

For the year ended 31 March 2023

	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	–	–	(224)	(224)
Depreciation of right-of-use assets	(353)	–	(737)	(1,090)
Impairment losses recognised under expected credit loss model, net	(10,513)	(2,904)	(34)	(13,451)
Additions to non-current assets	(20,173)	–	–	(20,173)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

5. SEGMENT INFORMATION *(Continued)*

(iii) Other segment information (Continued)

Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:

For the year ended 31 March 2024

	Sales of renewable energy products RMB'000	New energy power system integration business RMB'000	Unallocated RMB'000	Total RMB'000
Interest income	3	1	–	4

For the year ended 31 March 2023

	Sales of renewable energy products RMB'000	New energy power system integration business RMB'000	Unallocated RMB'000	Total RMB'000
Interest income	9	–	–	9

(iv) Geographical information

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

(v) Information about major customers

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

	2024 RMB'000	2023 RMB'000
Customer A – sales of renewable energy products	–	42,510

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue

The Group is mainly engaged in: (a) sales of renewable energy products; and (b) rendering of new energy power system integration services.

(i) Disaggregation of revenue from contracts with customers

During the year ended 31 March 2023, the Group's revenue from contracts with customers within the scope of HKFRS 15 was the sales of renewable energy products amounted to RMB42,510,000 (2024: nil).

During the year ended 31 March 2023, the Group's revenue was transferred at a point in time.

Information regarding the Group's revenue from the transfer of goods and services by geographical markets is set out in note 5 above.

(ii) Contract balances

	Notes	As at 31 March 2024 RMB'000	As at 31 March 2023 RMB'000	As at 1 April 2022 RMB'000
Account receivables	19	118,456	144,496	129,597
Less: Impairment allowances		(56,513)	(32,112)	(16,905)
		61,943	112,384	112,692
Bill receivables	19	–	–	43,000
Less: Impairment allowances		–	–	–
		–	–	43,000

Information regarding the Group's account receivables and bill receivables are set out in note 19.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

6. REVENUE FROM CONTRACTS WITH CUSTOMERS *(Continued)*

(iii) Performance obligations for contracts with customers

The Group recognised revenue from the following major sources:

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

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities.

The Group recognises revenue when the control of goods and services have been transferred to the customers, and the Group's performance obligations for contracts with customers and revenue and other income recognition policies are as follows:

(1) Sales of renewable energy products

The Group sells renewable energy products (i.e. solar and windpower 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 10% 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 1 to 10 years 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 account receivables and paid to the Group in the absence of warranty claim after the warranty period.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

6. REVENUE FROM CONTRACTS WITH CUSTOMERS *(Continued)*

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

(2) 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.

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 account 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 account receivables when the Group achieved the specific milestones of payments in the corresponding contracts.

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

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

There is no transaction price allocated to the remaining performance obligations for contracts with customers as at 31 March 2023 and 31 March 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

7. OTHER GAINS AND LOSSES, NET

	2024 RMB'000	2023 RMB'000
Foreign exchange gain or loss, net (note below)	(1,495)	(1,926)
Gain on 2021 Convertible Bonds Redemption (as described and defined in notes 23 (a) and (b))	–	5,823
Sundry income	1,810	141
	315	4,038

Note: The foreign exchange was mainly arising from the conversion of effective interest on convertible bonds from Hong Kong dollar to Renminbi.

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

	2024 RMB'000	2023 RMB'000
(Reversal of) impairment losses recognised on:		
– Account receivables	24,401	15,208
– Other receivables and deposits	(1,618)	(1,757)
	22,783	13,451

The details of the Group's impairment assessment are set out in note 28.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

9. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Effective interest on convertible bonds	3,066	2,084
Interest on other loans	2,480	1,684
Interest on lease liabilities	65	41
	5,611	3,809

10. INCOME TAX CREDIT (EXPENSE)

	2024 RMB'000	2023 RMB'000
PRC Enterprise Income Tax		
Current tax	–	–
(Over)/Under provision in prior years	(184)	463
	(184)	463

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

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 years ended 31 March 2023 and 31 March 2024.

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying entities will be taxed at 8.25%, and the profits above HK\$2,000,000 will be taxed at 16.5%. The profits of entities not qualifying for the two-tiered profits tax rates regime will be taxed at 16.5%. 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 2024 (2023: nil).

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

10. INCOME TAX CREDIT (EXPENSE) (Continued)

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

	2024 RMB'000	2023 RMB'000
Loss before taxation	(47,337)	(24,677)
Tax at the domestic income tax rate of 25% (2023: 25%) (note below)	(11,835)	(6,170)
Tax effect of expenses not deductible for tax purpose	8,779	4,907
Tax effect of income not taxable for tax purpose	(208)	(1,776)
Tax effect of tax losses and deductible temporary differences not recognised	547	626
Utilisation of tax losses and deductible temporary differences previously not recognised	–	(33)
Effect of preferential tax rates of subsidiaries	2,717	2,446
(Over) under provision in prior years	(184)	463
Income tax (credit) expense for the year	(184)	463

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.

The details of the Group's deferred taxation are set out in note 24.

11. LOSS BEFORE TAXATION

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

	2024 RMB'000	2023 RMB'000
Staff costs (including Directors' emoluments)		
– Salaries and other benefits	4,426	4,038
– Retirement benefit scheme contributions	390	195
	4,816	4,233
Cost of sales	–	40,293
Depreciation of property and equipment	15	224
Depreciation of right-of-use assets	1,001	1,090
Auditors' remuneration	830	890
Foreign exchange gain and loss, net	(1,495)	(1,926)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

12. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS

Details of emoluments paid or payable to directors and Chief Executive Officer were as follows:

		Fees RMB'000	Salaries, allowances and other benefits RMB'000	Performance bonuses RMB'000	Contributions to retirement benefits scheme RMB'000	Total RMB'000
Year ended 31 March 2024						
<i>Executive Directors</i>						
Mr. Hung Bo	(i)	–	100	–	–	100
Mr. Huang Yuanming	(ii)	–	100	–	–	100
Ms. Hu Xin		–	238	–	–	238
Mr. Tse Man Kit Keith		–	594	–	16	610
Ms. Zhang Jinhua	(iii)	–	49	–	–	49
Mr. Chiu Tung Ping	(iv)	–	230	–	–	230
Ms. Yuen Hing Lan	(v)	–	77	–	–	77
<i>Independent non-executive Directors</i>						
Ms. Ma Xingqin		36	–	–	–	36
Mr. Cheung Ting Kin	(vi)	27	–	–	–	27
Mr. Qiao Wen Cai	(vi)	21	–	–	–	21
Ms. Shan Jinlan	(vii)	147	–	–	–	147
Mr. Wang Zhuchen	(vii)	86	–	–	–	86
		317	1,388	–	16	1,721

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

12. DIRECTOR AND CHIEF EXECUTIVE'S OFFICER'S EMOLUMENTS *(Continued)*

Details of emoluments paid or payable to directors and Chief Executive Officer were as follows: *(Continued)*

		Fees	Salaries, allowances and other benefits	Performance bonuses	Contributions to retirement benefits scheme	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 March 2023						
<i>Executive Directors</i>						
Mr. Chiu Tung Ping	(iv)	–	–	–	–	–
Ms. Hu Xin		–	253	–	–	253
Ms. Yuen Hing Lan	(v)	–	105	–	–	105
Mr. Tse Man Kit Keith		–	572	–	16	588
<i>Independent non-executive Directors</i>						
Ms. Ma Xingqin		36	–	–	–	36
Ms. Shan Jinlan	(vii)	188	–	–	–	188
Mr. Wang Zhuchen	(vii)	111	–	–	–	111
		335	930	–	16	1,281

Notes:

- (i) Mr. Huang Bo has been appointed as an executive director, the Chairman, the Chief Executive Officer of the Company on 12 December 2023.
- (ii) Mr. Huang Yuanming has been appointed as an executive director of the Company on 12 December 2023.
- (iii) Ms. Zhang Jinhua has been appointed as an executive director of the Company on 8 February 2024.
- (iv) Mr. Chiu Tung Ping resigned as an executive director, the Chairman, the Chief Executive Officer of the Company on 12 December 2023.
- (v) Ms. Yuen Hing Lan resigned as an executive director of the Company on 12 December 2023.
- (vi) Mr. Cheung Ting Kin and Mr. Qiao Wencai have been appointed as independent non-executive directors of the Company on 12 December 2023.
- (vii) Ms. Shan Jinlan and Mr. Wang Zhuchen resigned as an independent non-executive director of the Company on 12 December 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

12. DIRECTOR AND CHIEF EXECUTIVE'S OFFICER'S EMOLUMENTS *(Continued)*

During the year ended 31 March 2023, Chiu Tung Ping, the executive director and Chief Executive Officer of the Company, agreed to waive director's remuneration of HK\$360,000 (equivalent to RMB316,656), which were deducted in the remuneration as disclosed above. Other than these arrangements, there was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

During the year ended 31 March 2024, there was no arrangement under which a director or the chief executive officer waived or agreed to waive any remuneration during the year.

The remunerations of directors and the chief executive officer were determined by the remuneration committee having regard to the performance of individuals and market trends.

Fees, salaries and other benefits paid to or for the executive directors are generally emoluments paid or receivable in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

Fees, salaries and other benefits paid to or for the independent non-executive directors are generally emoluments paid or receivable in respect of those persons' other services in connection with the services as directors of the Company.

Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time, during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

13. EMPLOYEES EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2023: three) of them were directors and the chief executive of the Company whose emoluments are included in the disclosures in note 12 above. The emoluments of the remaining four (2023: two) individuals were as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and other benefits	1,827	1,323
Contributions to retirement benefits scheme	107	31
	1,934	1,354

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

	2024 No. of employees	2023 No. of employees
Nil to HK\$1,000,000	5	5

During the year ended 31 March 2024, 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 (2023: nil).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

14. DIVIDENDS

No dividend was paid or proposed during the years ended 31 March 2023 and 31 March 2024, nor has any dividend been proposed since the end of the reporting period.

15. LOSS PER SHARE

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

	2024 RMB'000	2023 RMB'000
Loss for the purpose of diluted loss per share	(47,153)	(25,140)

	Number of shares (in thousand)	
Weighted average number of ordinary shares for the purposes of diluted loss per share	451,754	448,177

The weighted average number of shares for the purpose of basic and diluted loss per share for the year ended 31 March 2024 has been adjusted for the conversion of the 2022 CB into shares of the Company during the year and details of which are set out in note 25.

The outstanding convertible bonds of the Company are anti-dilutive since their exercise or conversion of the convertible bonds would result in decrease in basic loss per share for the years ended 31 March 2023.

No diluted earnings per share for both years were presented for the year ended 31 March 2024 as there were no potential ordinary shares outstanding for the year.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

16. PROPERTY AND EQUIPMENT

	Construction in progress RMB'000	Leasehold improvements RMB'000	Office equipment, furniture and fixtures RMB'000	Motor vehicles RMB'000	Total RMB'000
COST					
1 April 2022	–	2,598	4,460	1,073	8,131
Additions	1,206	–	–	–	1,206
Written off	–	(1,980)	(4,385)	(1,073)	(7,438)
At 31 March 2023	1,206	618	75	–	1,899
Additions	16,895	–	–	–	16,895
At 31 March 2024	18,101	618	75	–	18,794
ACCUMULATED DEPRECIATION					
At 1 April 2022	–	2,390	4,415	1,073	7,878
Provided for the year	–	208	16	–	224
Written off	–	(1,980)	(4,385)	(1,073)	(7,438)
At 31 March 2023 and at 1 April 2023	–	618	46	–	664
Provided for the year	–	–	15	–	15
At 31 March 2024	–	618	61	–	679
CARRYING VALUES					
At 31 March 2024	18,101	–	14	–	18,115
At 31 March 2023	1,206	–	29	–	1,235

The above items of property and equipment, except for construction in progress, 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%

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

	2024 RMB'000	2023 RMB'000
Land use right	16,973	17,327
Leased properties	443	1,051
	17,416	18,378

During the year ended 31 March 2023, the Group has acquired land use right with a term of 50 years at a total consideration of approximately RMB17.68 million (including direct costs of RMB680,000) and recognised a right-of-use asset for the acquired land use right. No lease liability is recognised for the land use right as all the lease payments for the land use rights are paid before the commencement of lease. In addition, the Group has also acquired lease properties of approximately RMB1,287,000 and recognised as right-of-use assets. The Company did not have any addition of right-of-use assets for the year ended 31 March 2024.

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.

	2024 RMB'000	2023 RMB'000
Additions to right-of-use assets	–	18,967

Right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

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

(ii) Lease liabilities

	2024 RMB'000	2023 RMB'000
Non-current	–	426
Current	449	593
	449	1,019

	2024 RMB'000	2023 RMB'000
Amount payables under lease liabilities		
Within one year	449	593
After one year but within two years	–	426
	449	1,019

The weighted average incremental borrowing rates applied to lease liabilities is 9.37% (2023: 4.68% to 9.37%).

As at 31 March 2024 and 31 March 2023, all lease obligations are denominated in Hong Kong dollars, which is a currency other than the functional currencies of the relevant group entities.

(iii) Amounts recognised in profit and loss

	2024 RMB'000	2023 RMB'000
Depreciation expense on right-of-use assets	1,001	1,090
Interest expense on lease liabilities	65	41

(iv) Restrictions or covenants on leases

As at 31 March 2024, no addition of lease liabilities and right-of-use assets recognised during the reporting period (2023: lease liabilities of approximately RMB1,020,000 and related right-of-use assets of approximately RMB1,051,000). 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.

(v) Others

For the year ended 31 March 2024, the total cash outflow for leases amount to approximately RMB684,000 (2023: approximately RMB731,000).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

18. GOODWILL

	2024 RMB'000	2023 RMB'000
Goodwill attributable to the following CGUs:		
– New energy power system integration business	196,752	196,752
– Sales of solar power related products	40,587	40,587
	237,339	237,339
Less: Impairments	(237,339)	(237,339)
	–	–

The goodwill is allocated to the cash generating units, namely new energy power system integration business and sales of solar power related products.

The Group recognised full impairment losses in relation to goodwill arising on new energy power system integration business and sales of solar power related products in prior years.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

19. ACCOUNT RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 RMB'000	2023 RMB'000
Account receivables (note (i) below)		
Account receivables	118,456	144,496
Less: Impairment allowances	(56,513)	(32,112)
	61,943	112,384
Other receivables, deposits and prepayments (note (ii) below)		
Prepayments to suppliers	–	5,356
Rental deposit	221	221
Prepaid rent	77	–
Other deposits	46	2,146
Value-added tax recoverable	2,117	753
Other receivables	3,045	1,359
	5,506	9,835
Less: Impairment allowances	(891)	(3,208)
	4,615	6,627
Other receivables, deposits and prepayments, analyse as:		
– Current	4,400	6,411
– Non-current	215	216
	4,615	6,627

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

19. ACCOUNT RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

Notes:

(a) Account receivables

As at 31 March 2024, account receivables from contracts with customers amounted to RMB61,943,000 (2023: RMB112,384,000). As at 31 March 2024 and 31 March 2023, account receivables included RMB16,923,000 (2023: 42,121,000) due from a related company (net of allowances) controlled by Mr. Huang Yuanming and Ms. Zhang Jinhua, the directors of the Company.

The Group does not hold any collateral over these balances.

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

	2024 RMB'000	2023 RMB'000
Over 180 days	61,943	112,384

Details of impairment assessment of account receivables are set out in note 28.

(b) Other receivables, deposits and prepayments

Details of impairment assessment of deposits and other receivables are set out in note 28.

The directors consider that the fair values of trade and other receivables are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

20. BANK BALANCES AND CASH

Bank balances earn interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB234,000 (2023: RMB3,093,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

The carrying amounts of the cash and cash equivalents and pledged bank deposits are denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
HK\$	283	328
RMB	234	3,093
	517	3,421

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

21. ACCOUNT PAYABLES, OTHER PAYABLES AND ACCRUALS

	Notes	2024 RMB'000	2023 RMB'000
Account payables			
Account payables	(a)	1,203	6,266
Other payables and accruals			
Payroll payable		535	487
Amounts due to former directors:			
– Mr. Hou Hsiao Bing	(b)	790	785
– Ms. Yuen Hing Lan	(b)	1,341	–
– Mr. Chiu Tung Ping	(b) and (c)	72	–
Amounts due to directors:			
– Ms. Hu Xin	(b)	472	472
– Mr. Huang Bo	(b)	101	–
– Mr. Huang Yuanming	(b)	101	–
– Ms. Zhang Jinhua	(b)	49	–
– Ms. Yuen Hing Lan	(b)	–	1,200
– Mr. Chiu Tung Ping	(b) and (c)	–	2,736
Other payables – 2011 CB	(d)	10,131	10,131
Other payables		3,223	3,405
Other tax payables		585	567
Accrued expenses		2,084	3,598
		19,484	23,381

Notes:

(a) Account payables

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

	2024 RMB'000	2023 RMB'000
Over 180 days	1,203	6,266

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

(b) Amounts due to former directors and amounts due to directors

As at 31 March 2023 and 31 March 2024, the amounts were non-trade in nature, unsecured, interest-free and repayable on demand.

(c) Amount due to a former director, Mr. Chiu Tung Ping

Pursuant to a loan agreement entered into between Mr. Chiu Tung Ping and the Company dated 31 March 2024, Mr. Chiu Tung Ping agreed to transfer the outstanding balance amounted to approximately RMB3,035,000 to a loan provided to the Company and details of which are set out in note 22(b).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

21. ACCOUNT PAYABLES, OTHER PAYABLES AND ACCRUALS (Continued)

Notes: (Continued)

(d) Other payables – 2011 CB

As at 31 March 2024 and 31 March 2023, the amount represent outstanding principal amount of approximately RMB10,131,000 (equivalent to HK\$12,000,000) of the convertible bonds are held by Bondholder B (as defined below), in which the transfer of convertible bonds to other payables upon the maturity of 2011 CB and details of which are set out in note 23(a).

22. OTHER LOANS

	Notes	2024 RMB'000	2023 RMB'000
Loans from directors	(a)	29,899	7,412
Loans from a former director	(b)	11,449	–
Loan from a close family member of a shareholder	(c)	–	20,475
		41,348	27,887
Loans are repayable:			
– Within one year		–	27,887
– After one year but within two years		11,449	–
– After two years but within five years		29,899	–
		41,348	27,887
Analysed as:			
Current		–	27,887
Non-current		41,348	–
		41,348	27,887

Notes:

(a) Loans from directors

The loans were advanced from the following executive directors:

	2024 RMB'000	2023 RMB'000
Mr. Tse Man Kit Keith (note (i) below)	2,344	–
Mr. Huang Bo (note (iii) below)	4,800	–
Mr. Chiu Tung Ping (note (ii) below)	–	7,412
Mr. Huang Yuanming (note (i) below)	22,755	–
	29,899	7,412

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

22. OTHER LOANS (Continued)

Notes: (Continued)

- (i) As at 31 March 2024, the amounts are interest bearing at a fixed interest rate of 12% per annum, unsecured and repayable on or before 31 March 2029.
- (ii) As at 31 March 2023, the amounts were non-interest bearing and unsecured. Out of which, an amount of approximately RMB106,000 was repaid to Mr. Chiu Tung Ping and the remaining balance of approximately RMB7,306,000 was transferred as the loan provided to the Company details of which are described in note 22(b) below.
- (iii) As at 31 March 2024, the amounts are unsecured, interest-free and repayable more than twelve months from 31 March 2024.

(b) Loans from a former director

As explained in notes 21(c) and 22(a)(ii), during the year ended 31 March 2024, the amount due to Mr. Chiu Tung Ping amounted to approximately RMB3,035,000 and short-term loan provided by Mr. Chiu Tung Ping amounted to approximately RMB8,414,000, with an aggregate amount of approximately RMB11,449,000 was transferred to a loan provided to the Company. The loan is non-interest bearing, unsecured and repayable on or before 30 September 2025.

(c) Loan from a close family member of a shareholder

As at 31 March 2023, the loan was advanced from Mr. Huang Yuanming, 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. On 12 December 2023, Mr. Huang Yuanming was appointed as an executive director of the Company and the loan was reclassified to loans from directors.

23. CONVERTIBLE BONDS

(a) 2011 Convertible Bonds (the "2011 CB")

On 1 June 2011 (the "Issue Date"), the Company issued a ten-year zero coupon convertible bond 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 (the "CTSP (BVI)"), and its subsidiaries (the "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 (the "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 (the "Tranche I CB") and Tranche II convertible bonds (the "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.

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For the year ended 31 March 2024

23. CONVERTIBLE BONDS *(Continued)*

(a) 2011 Convertible Bonds (the "2011 CB") (Continued)

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.

For the year ended 31 March 2022, the 2011 CB was being redeemed through entering into a new subscription agreement with an individual bondholder (the "Bondholder A") who held the 2011 CB with an outstanding principal amount of HK\$32,000,000 and the directors of the Company considered that the redemption of the 2011 Convertible Bonds and the issue of the 2021 Convertible Bonds allow the Company to restructure the existing debts and to retain its financial resources for a longer period for the development of its business (the "2011 Convertible Bonds Redemption"). 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 (as defined below). The remaining outstanding principal amount of HK\$12,000,000 (the "Disputed Convertible Bonds") are held by another individual bondholder (the "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 amounted to approximately RMB10,131,000 was reclassified from convertible bonds to other payables during the year ended 31 March 2022 and details of which are set out in note 21(d).

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23. CONVERTIBLE BONDS *(Continued)*

(b) 2021 Convertible bonds (the "2021 CB")

On 31 May 2021, the Company and the Bondholder A entered into the subscription agreement regarding the 2011 Convertible Bonds Redemption as described above, 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.

During the year ended 31 March 2022, the Bondholder B transfer the 2021 CB to another individual bondholder (the "Bondholder C")

For the year ended 31 March 2023, the 2021 CB was being redeemed through entering into a new subscription agreement with the Bondholder C who held the 2021 CB with an outstanding principal amount of HK\$32,000,000 and the directors of the Company considered that the redemption of the 2021 Convertible Bonds and the issue of the 2022 Convertible Bonds allow the Company to restructure the existing debts and to retain its financial resources for a longer period for the development of its business (the "2021 Convertible Bonds Redemption"). As the redemption money payable by the Company to the Bondholder C in respect of the 2021 CB in the principal amount of HK\$32,000,000 has been applied towards the payment of and be set off against the subscription money payable by the Bondholder C for the 2022 CB (as defined below) in the principal amount of HK\$32,000,000, the Company did not received any net proceeds from the issue of the 2022 CB.

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For the year ended 31 March 2024

23. CONVERTIBLE BONDS (Continued)

(b) 2021 Convertible Bonds ("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
As at 31 March 2022	31,513	25,596	–	–	31,513	25,596
Interest charge	487	422	–	–	487	422
2021 Convertible Bonds Redemption	(32,000)	(29,171)	–	–	(32,000)	(29,171)
Exchange gain	–	3,153	–	–	–	3,153
As at 31 March 2023	–	–	–	–	–	–

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23. CONVERTIBLE BONDS *(Continued)*

(c) 2022 Convertible Bonds ("2022 CB")

On 30 September 2022, the Company and the Bondholder C entered into the subscription agreement regarding the 2021 Convertible Bonds Redemption as described above, pursuant to which the Bondholder C 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 RMB27,825,000) at the initial conversion price of HK\$2.5 per conversion share and the maturity date of the 2023 CB is on 1 April 2024.

Based on the initial conversion price of HK\$2.5 per conversion share, a total of 12,800,000 conversion shares will be allotted and issued upon exercise of the conversion rights attaching to the 2022 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 21 October 2022 in accordance with the terms and conditions thereof. The 2022 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 21 October 2022.

The 2022 CB comprises two components:

- (a) Debt component was initially measured at fair value amounted to approximately HK\$23,735,000 (equivalent to approximately RMB21,912,000). The effective interest rate of the liability component on initial recognition was 20.67% 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.

As described in note 25, on 20 December 2023, the 2022 CB bondholder exercised the conversion rights and converted the 2022 CB with a nominal value of HK\$32,000,000 (equivalent to RMB27,825,000) into 12,800,000 ordinary shares of the Company at a conversion price of HK\$2.5 per ordinary share.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

23. CONVERTIBLE BONDS (Continued)

(c) 2022 Convertible Bonds ("2022 CB") (Continued)

	Debt component		Derivative component		Total	
	HK\$'000	RMB'000	HK\$'000	RMB'000	HK\$'000	RMB'000
2022 Convertible Bonds issued on 21 October 2022 regarding the 2021 Convertible Bonds						
Redemption	25,371	23,348	-	-	25,371	23,348
Interest charge	1,861	1,662	-	-	1,861	1,662
Exchange loss	-	(1,152)	-	-	-	(1,152)
As at 31 March 2023 and 1 April 2023	27,232	23,858	-	-	27,232	23,858
Interest charge	3,351	3,066	-	-	3,351	3,066
Exchange loss	-	901	-	-	-	901
Exercise of the conversion rights attached to 2022 CB	(30,583)	(27,825)			(30,583)	(27,825)
As at 31 March 2024	-	-	-	-	-	-

24. DEFERRED TAXATION

At the end of the reporting period, the Group has unused tax losses of RMB52,592,000 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 RMB88,020,000. 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 RMB156,735,000 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.

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For the year ended 31 March 2024

25. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.5 each		
Authorised		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	1,000,000	500,000
Issued and fully paid		
At 1 April 2022, 31 March 2023 and 1 April 2023	448,177	224,088
Exercise of the conversion rights attached to 2022 CB	12,800	6,400
At 31 March 2024	460,977	230,488
	2024	2023
	RMB'000	RMB'000
Presented in the consolidated financial statement as	195,699	189,876

On 20 December 2023, the 2022 CB bondholder exercised the conversion rights and converted the 2022 CB with a nominal value of HK\$32,000,000 (equivalent to RMB27,825,000) into 12,800,000 ordinary shares of the Company at a conversion price of HK\$2.5 per ordinary share.

All new share rank pari passu in all aspects with each other in accordance with the memorandum and articles of association of the Company.

Other than the above, there were no movements in the authorised and issued share capital of the Company during the years ended 31 March 2023 and 31 March 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

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. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

28. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2024 RMB'000	2023 RMB'000
Financial assets		
Financial assets at amortised cost	64,880	121,679
Financial liabilities		
Financial liabilities at amortised cost	61,899	79,339

Financial risk management objectives and policies

The Group's major financial assets and financial liabilities include rental deposit, account receivables, other receivables, deposits and prepayments, bank balances and cash, Account 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.

Market risk

Currency risk

The primary economic environment which the principal subsidiaries of the Company operate 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:

	2024 RMB'000	2023 RMB'000
Monetary assets		
Hong Kong dollar (HK\$)	649	618
Monetary liabilities		
HK\$	45,142	57,453

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

28. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in the functional currencies of the relevant group entities against the relevant foreign currencies. 5% (2023: 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% (2023: 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 (2023: a decrease in post-tax loss) where respective functional currency strengthen 5% (2023: 5%) against the relevant foreign currency. For a 5% (2023: 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.

	Effect on profit or loss	
	2024	2023
	RMB'000	RMB'000
HK\$	2,225	2,054

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 2024 and 31 March 2023.

Other price risk

The Group is exposed to equity price risk through its 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 2024 and 31 March 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

28. 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 2024 and 31 March 2023.

Credit risk

As at 31 March 2024 and 31 March 2023, 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, account receivables, other receivables and deposits 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 management team uses other publicly available financial information.

The Group has concentration of credit risk as 54.4% (2023: 44.6%) and 100% (2023: 100.0%) of the total account 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% (2023: 100%) of the total account receivables as at 31 March 2024.

Account receivables arising from contracts with customers

The Group measure the loss allowance at lifetime ECL for account receivables. The Group determines the ECL on an individual basis for credit-impaired 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. As at 31 March 2024, the ECL of certain account receivables are assessed individually because these account receivables had a change in credit risk. During the year ended 31 March 2024, ECL on account receivables (net of reversal of impairment loss) amounting to RMB24,401,000 (2023: RMB15,208,000) was recognised in the profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

28. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Rental deposit, other receivables and deposits

The Group assessed the impairment individually based on past due information which, in the opinion of the directors, have no significant increase in credit risk since initial recognition. ECL is estimated based on historical observed default rates over the expected life of debtors and is adjusted for forward-looking information that is available without undue cost or effort. Therefore, loss allowances of rental deposit, other receivables and deposits are assessed on 12m ECL basis. During the year ended 31 March 2024, reversal of ECL (net of impairment loss) on other receivables and deposits amounting to RMB1,618,000 (2023: reversal of ECL of other receivables and deposits RMB1,757,000), 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 and thus, no ECL on bank balances was recognised for both years.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

28. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

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.

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

Internal credit rating	Description	Account 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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

28. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

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

31 March 2024	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Account receivables	19	(Note)	lifetime ECL	118,456	(56,513)	61,943
Other receivables, deposits and prepayments	19	Low risk	12-month ECL	5,285	(885)	4,400
Rental deposits	19	Low risk	12-month ECL	221	(6)	215
Bank balances	20	N/A	12-month ECL	517	–	517
					(57,404)	
31 March 2023	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Account receivables	19	(Note)	lifetime ECL	144,496	(32,112)	112,384
Other receivables, deposits and prepayments	19	Low risk	12-month ECL	9,614	(3,203)	6,411
Rental deposits	19	Low risk	12-month ECL	221	(5)	216
Bank balances	20	N/A	12-month ECL	3,421	–	3,421
					(35,320)	

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

28. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Note: For account receivables, the Group measure the loss allowance at lifetime ECL. The Group determines the ECL on an individual basis for credit-impaired 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. As at 31 March 2024, the ECL of certain account receivables are assessed individually because these account receivables had a change in credit risk. Note 19 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 allowance for account receivables are as follows:

As at 31 March 2024	Weighted average expected loss rate	Gross carrying amount RMB'000	Impairment loss allowance RMB'000
Account receivables			
Lifetime ECL (not credit-impaired)	8.82%	18,560	1,637
Lifetime ECL (credit-impaired)	54.93%	99,896	54,876
		118,456	56,513
<hr/>			
As at 31 March 2023	Weighted average expected loss rate	Gross carrying amount RMB'000	Impairment loss allowance RMB'000
Account receivables			
Lifetime ECL (not credit-impaired)	15.92%	44,600	7,099
Lifetime ECL (credit-impaired)	25.04%	99,896	25,013
		144,496	32,112

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

28. 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 account receivables.

Account receivables	Total RMB'000
As at 1 April 2022	16,666
ECL recognised, net of reversal	15,446
As at 31 March 2023	32,112
ECL recognised, net of reversal	24,401
As at 31 March 2024	56,513

The Group writes off account receivables 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 account receivables are over two years past due, whichever occurs earlier.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

28. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The following tables show reconciliation of loss allowances that has been recognised for other receivables and deposits using the general approach under HKFRS 9, with ECL allowance of RMB885,000 (2023: RMB3,203,000).

Other receivables and deposits	RMB'000
As at 1 April 2022	4,965
ECL recognised, net of reversal	(1,762)
As at 31 March 2023 and 1 April 2023	3,203
ECL recognised, net of reversal	(1,618)
Written-off	(700)
As at 31 March 2024	885

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28. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. 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.

The table includes both interest and principal cash flows.

	At 31 March 2024				Carrying amount RMB'000
	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	
Non-derivative financial instruments					
Account payables	1,203	–	–	1,203	1,203
Other payables and accruals	18,899	–	–	18,899	18,899
Other loans	–	11,449	41,800	53,249	41,348
Lease liabilities	461	–	–	461	449
Convertible bonds	–	–	–	–	–
	20,563	11,449	41,800	73,812	61,899

	At 31 March 2023				Carrying amount RMB'000
	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	
Non-derivative financial instruments					
Account payables	6,266	–	–	6,266	6,266
Other payables and accruals	20,309	–	–	20,309	20,309
Other loans	30,344	–	–	30,344	27,887
Lease liabilities	656	438	–	1,094	1,019
Convertible bonds	27,400	–	–	27,400	23,858
	84,975	438	–	85,413	79,339

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For the year ended 31 March 2024

28. 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 liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of key inputs and significant unobservable inputs to fair value
	31 March 2024	31 March 2023				
	RMB'000	RMB'000				
Financial liabilities measured at FVTPL – Derivative component in relation to the convertible bonds issued by the Group	N/A	–*	Level 3	Based on binomial option pricing model Expected volatility: 97.52% (2023: 64.14%) Dividend yield: nil (2023: nil) Risk-free rate: 3.11% (2023: 0.45%) Share price: HK\$0.085 (2023: HK\$0.155) Exercise price: HK\$2.5 (2023: HK\$2.5)	Expected volatility of 97.52% (2023: 64.14%), 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 2023 and 31 March 2024, there were no transfers between Level 1 and level 2 in the fair value hierarchy.

Details of changes and movements in Level 3 derivative component of convertible bonds during the years ended 31 March 2023 and 31 March 2024 are set out in note 23.

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).

* Less than RMB1,000

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

28. 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 31/3/2024		As at 31/3/2023		Fair value hierarchy level
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000	
Debt component of convertible bonds	N/A	N/A	23,858	27,400	Level 3

The fair value of the debt component of convertible bonds as at 31 March 2023 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.

As described in note 25, on 20 December 2023, the 2022 CB bondholder exercised the conversion rights and converted the 2022 CB with a nominal value of HK\$32,000,000 (equivalent to RMB27,825,000) into 12,800,000 ordinary shares of the Company at a conversion price of HK\$2.5 per ordinary share.

The Group had no convertible bonds remained outstanding as at 31 March 2024.

Details of changes and movements in debt component of convertible bonds during the years ended 31 March 2024 and 31 March 2023 are set out in note 23.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

29. 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:

	2024 RMB'000	2023 RMB'000
Finance costs to: (note below)		
– Mr. Tse Man Kit Keith	200	420
– Mr. Huang Yuanming	2,280	1,264
	2,480	1,684
Sales to Hebi Hanneng	–	42,510

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

b) Balances with related parties

Details of the Group's balances with related parties are disclosed in notes 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 2023 and 31 March 2024 are as follows:

	2024 RMB'000	2023 RMB'000
Salaries and other benefits	3,018	2,589
Retirement benefit scheme contributions	50	47
	3,068	2,636

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

30. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Interests in subsidiaries	31	29,337	29,337
Amount due from a subsidiary		5,915	13,104
Property and equipment		14	29
Right-of-use assets		443	1,051
Rental deposit		221	217
		35,930	43,738
Current assets			
Other receivables, deposits and prepayments		77	–
Bank balances		13	16
		90	16
Current liabilities			
Other payables and accruals		16,545	15,525
Convertible bonds		–	23,858
Lease liabilities		449	593
		16,994	39,976
Net current liabilities		(16,904)	(39,960)
Total assets less current liabilities		19,026	3,778
Non-current liability			
Lease liabilities		–	426
Net assets		19,026	3,352
Capital and reserves			
Share capital	25	195,699	189,876
Reserves		(176,673)	(186,524)
Total shareholders' equity		19,026	3,352

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

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

Movements in reserves of the Company

Details of movements in reserves of the Company during the years ended 31 March 2024 and 31 March 2023 are as following:

	Share Premium RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 April 2022	120,291	(304,403)	(184,112)
Loss and total comprehensive expense for the year	–	(2,412)	(2,412)
At 31 March 2023 and 1 April 2024	120,291	(306,815)	(186,524)
Loss and total comprehensive expense for the year	–	(12,151)	(12,151)
Exercise of the conversion rights attached to 2022 CB	22,002	–	22,002
At 31 March 2024	142,293	(318,966)	(176,673)

31. 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
			2024	2023	
Indirectly held					
陝西百科新能源科技發展有限公司 Shaanxi Baike New Energy Technology Development Co., Ltd.*	The PRC	United States Dollars ("US\$") \$1,000,000	100%	100%	Sales of renewable energy products and rendering new energy power system integration services
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.

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For the year ended 31 March 2024

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

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 2024 and 31 March 2023.

At the end of the reporting period, the Company has no subsidiaries that has material non-controlling interests. 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	
		31/3/2024	31/3/2023
Investment holding	Hong Kong	1	1
	The PRC	1	1
	BVI	5	5
Inactive	Hong Kong	3	3
	The PRC	7	4
	BVI	2	2
		19	16

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For the year ended 31 March 2024

32. 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 2024

Liabilities	Notes	Other loans RMB'000	Convertible bonds RMB'000	Lease liabilities RMB'000	Total RMB'000
1 April 2023		27,887	23,858	1,019	52,764
Financing cash flows		7,946	–	(684)	7,262
Finance costs incurred	9	2,480	3,066	65	5,611
Exercise the conversion rights of convertible bonds	33(b)(i)	–	(27,825)	–	(27,825)
Transfer from other payables	33(b)(ii)	3,035	–	–	3,035
Exchange adjustment		–	901	49	950
31 March 2024		41,348	–	449	41,797

For the year ended 31 March 2023

Liabilities	Notes	Other Loans RMB'000	Advance from Related parties RMB'000	Convertible bonds RMB'000	Lease Liabilities RMB'000	Total RMB'000
1 April 2022		17,707	7,295	25,596	554	51,152
Financing cash flows		7,057	(7,295)	–	(731)	(969)
Repayment of other payable on behalf		1,439	–	–	–	1,439
Finance costs incurred	9	1,684	–	2,084	41	3,809
Gain on fair value of issuance of convertible bonds	23	–	–	(5,823)	–	(5,823)
Net lease entered	17	–	–	–	1,230	1,230
Exchange adjustment		–	–	2,001	(75)	1,926
31 March 2023		27,887	–	23,858	1,019	52,764

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For the year ended 31 March 2024

33. MAJOR NON-CASH TRANSACTIONS

(a) For the year ended 31 March 2023

- (i) During the year ended 31 March 2023, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,287,000 and RMB1,230,000 respectively, in respect of lease arrangements of an office premise.
- (ii) During the year ended 31 March 2023, as a result of the 2021 Convertible Bonds Redemption, the redemption money payable by the Company to the Bondholder C in respect of the 2021 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 C for the 2022 CB in the principal amount of HK\$32,000,000, the Company will not receive any net proceeds from the issue of the 2022 CB.
- (iii) During the year ended 31 March 2023, the principal and interest amounts of the loans advanced from an executive Director, Tse Man Kit Keith, of approximately RMB852,000 were fully transferred to the loan from a close family member of a shareholder.

(b) For the year ended 31 March 2024

- (i) As explained in note 25, during the year 31 March 2024, the 2022 CB bondholder exercised the conversion rights and converted the 2022 CB with a nominal value of HK\$32,000,000 (equivalent to RMB27,825,000) into 12,800,000 ordinary shares of the Company at a conversion price of HK\$2.5 per ordinary share.
- (ii) As explained in note 22(b), during the year ended 31 March 2024, the amount due to a former director, Mr. Chiu Tung Ping amounted to approximately RMB3,035,000 and short-term loan provided by Mr. Chiu Tung Ping amounted approximately RMB8,414,000, with an aggregate amount of approximately RMB11,449,000 was transferred to a loan provided to the Company.

34. CAPITAL COMMITMENTS

	2024 RMB'000	2023 RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	26,625	4,859

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

35. EVENTS AFTER THE REPORTING DATE

Save as disclosed elsewhere in the consolidated financial statements, up to the date of the approval for issuance of the consolidated financial statements, the Company had the following significant events identified by the directors of the Company:

(a) Capital Reduction and Sub-division

Pursuant to the circular of the Company dated 12 January 2024, the Company proposed capital reduction of issued shares (the "Capital Reduction") and sub-division of unissued shares (the "Sub-division").

As at 8 January 2024, the authorised share capital of the Company is HK\$500,000,000 divided into 1,000,000,000 Ordinary Shares, of which 460,976,684 Ordinary Shares have been issued and are fully paid or credited as fully paid.

The Board of Directors of the Company proposed the Capital Reduction and the Sub-division to be implemented in the following manner:

- (i) the par value of each of the issued Ordinary Shares be reduced from HK\$0.50 to HK\$0.001 per issued Ordinary Share by cancelling the paid-up share capital to the extent of HK\$0.499 per issued Ordinary Share by way of a reduction of capital, so as to form issued new ordinary shares (the "New Ordinary Shares") with par value of HK\$0.001 each;
- (ii) the credit arising from the Capital Reduction be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of credit (if any) will be transferred to a distributable reserve account of the Company and be applied for such purposes as permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board of Directors of the Company considers appropriate;
- (iii) immediately following the Capital Reduction becoming effective, each of the authorised but unissued Ordinary Shares with par value of HK\$0.50 each be subdivided into 500 authorised but unissued New Ordinary Shares with par value of HK\$0.001 each; and

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

35. EVENTS AFTER THE REPORTING DATE *(Continued)*

- (iv) each of the New Ordinary Shares arising from the Capital Reduction and Sub-division shall rank pari passu in all respects with each other and will have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company.

The proposed special resolution to approve the Capital Reduction and Sub-division was duly passed by the Shareholders of the Company by way of poll at the Extraordinary General Meeting held on 2 February 2024.

Further details of the Capital Reduction and Sub-division are set out in the Company's announcement dated 2 January 2024 and 2 February 2024. The Company's circular dated 8 January 2024.

- (b) EPC Contract with Hebei Han Neng

As disclosed in note 3.2, pursuant to the Company's announcement dated 21 June 2024, Sanmenxia Baike, an indirect wholly-owned subsidiary of the Company, entered into the EPC Contract with Hebei Han Neng in relation to, among other things, the construction of the Energy Storage Power Plant in Sanmenxia in Henan Province in the PRC.

Further details of the above transaction are set out in the Company's announcement dated 21 June 2024.

36. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 June 2024.