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中科光電

CHINA TECHNOLOGY SOLAR POWER HOLDINGS LIMITED

中科光電控股有限公司*

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

Interim Report 2019

* For identification purpose only

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*This report, for which the directors ("**Directors**") of China Technology Solar Power Holdings Limited ("**Company**" together with its subsidiaries, the "**Group**"), 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.*

INTERIM RESULTS HIGHLIGHTS

The loss attributable to owners of the Company for the six months ended 30 September 2019 was approximately RMB9.6 million (loss attributable to owners of the Company for the six months ended 30 September 2018 ("**2018-1H**"): approximately RMB17.1 million (restated)).

The revenue of the Group for the six months ended 30 September 2019 was approximately RMB52.7 million, representing an increase of approximately 97.1 per cent. as compared with approximately RMB26.7 million (restated) recorded for 2018-1H.

Gross profit margin of the Group was approximately 13.9 per cent. for the six months ended 30 September 2019, as compared to approximately 22.9 per cent. for 2018-1H.

Basic loss per share for the six months ended 30 September 2019 was approximately RMB0.52 cents (2018-1H: basic loss per share of approximately RMB1.14 cents (restated)).

The Directors do not recommend the payment of a dividend for the six months ended 30 September 2019 (2018-1H: Nil).

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of China Technology Solar Power Holdings Limited

Introduction

We have reviewed the condensed consolidated financial statements of China Technology Solar Power Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 4 to 37, which comprises the condensed consolidated statement of financial position as of 30 September 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion 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.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("HKSRE 2410") issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Other Matter

The comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 September 2018 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with HKSRE 2410 issued by the HKICPA.

The condensed consolidated statement of profit or loss and other comprehensive income for each of the three-month period ended 30 September 2019 and 2018 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with HKSRE 2410 issued by the HKICPA.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
12 November 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Six Months Ended 30 September 2019

	Notes	Three months ended 30 September		Six months ended 30 September	
		2019	2018	**2019**	2018
		RMB'000	RMB'000	**RMB'000**	RMB'000
		(Unaudited)	(Restated and unaudited)	**(Unaudited)**	(Restated and unaudited)
Revenue	3	**26,906**	25,801	**52,664**	26,722
Cost of sales		**(23,558)**	(19,996)	**(45,351)**	(20,601)
Gross profit		**3,348**	5,805	**7,313**	6,121
Other revenue – bank interest income		**–**	3	**3**	13
Other gains and losses	5	**(1,058)**	(4,889)	**(3,746)**	(6,255)
Selling expenses		**(763)**	(708)	**(1,354)**	(1,399)
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")		**(395)**	(79)	**(675)**	(1,035)
Change in fair value of financial derivative liabilities		**(32)**	749	**79**	704
Administrative expenses		**(2,474)**	(2,588)	**(6,721)**	(6,394)
Impairment losses recognised	15	**(819)**	(1,142)	**(855)**	(556)
Finance costs	6	**(1,071)**	(1,268)	**(2,132)**	(2,653)
Loss before tax	7	**(3,264)**	(4,117)	**(8,088)**	(11,454)
Income tax expense	8	**(388)**	(861)	**(729)**	(3,689)
Loss for the period		**(3,652)**	(4,978)	**(8,817)**	(15,143)
Total comprehensive expenses for the period		**(3,652)**	(4,978)	**(8,817)**	(15,143)
(Loss) profit for the period attributable to:					
Owners of the Company		**(3,120)**	(6,881)	**(9,614)**	(17,133)
Non-controlling interests		**(532)**	1,903	**797**	1,990
		(3,652)	(4,978)	**(8,817)**	(15,143)
Total comprehensive (expenses) income for the period attributable to:					
Owners of the Company		**(3,120)**	(6,881)	**(9,614)**	(17,133)
Non-controlling interests		**(532)**	1,903	**797**	1,990
		(3,652)	(4,978)	**(8,817)**	(15,143)
Loss per share	10				
Basic (RMB cents)		**(0.17)**	(0.44)	**(0.52)**	(1.14)
Diluted (RMB cents)		**(0.17)**	(0.44)	**(0.52)**	(1.14)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

	Notes	30 September 2019 RMB'000 (Unaudited)	31 March 2019 RMB'000 (Audited)
Non-current assets			
Equipment		**7**	21
Rental deposit		**–**	343
		7	364
Current assets			
Accounts and bills receivable	11	**93,392**	76,605
Debt instruments at fair value through other comprehensive income ("FVTOCI")	12	**–**	700
Other receivables, deposits and prepayments	13	**61,304**	55,768
Contract assets	14	**23,231**	24,661
Financial assets at fair value through profit or loss		**277**	952
Tax recoverable		**90**	–
Bank balances and cash		**1,770**	2,641
		180,064	161,327
Current liabilities			
Accounts payable	16	**44,604**	62,578
Other payables and accruals	17	**67,701**	25,984
Other loans	18	**4,634**	2,573
Taxation payable		**–**	2,034
		116,939	93,169
Net current assets		**63,125**	68,158
Total assets less current liabilities		**63,132**	68,522
Non-current liabilities			
Convertible bonds	19	**31,988**	28,561
Net assets		**31,144**	39,961
Capital and reserves			
Share capital	20	**153,135**	153,135
Reserves		**(135,422)**	(125,808)
Equity attribute to owners of the Company		**17,713**	27,327
Non-controlling interests		**13,431**	12,634
Total equity		**31,144**	39,961

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Six Months Ended 30 September 2019

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Reserve arising from reorganisation RMB'000 (note)	Exchange reserve RMB'000	Share options reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 April 2018 (audited)	117,718	123,342	(20,484)	156	–	(178,863)	41,869	10,380	52,249
(Loss) profit for the period	–	–	–	–	–	(17,133)	(17,133)	1,990	(15,143)
Total comprehensive (expense) income for the period	–	–	–	–	–	(17,133)	(17,133)	1,990	(15,143)
Recognition of equity-settled share-based payments (note 21)	–	–	–	–	2,070	–	2,070	–	2,070
Issue of shares upon conversion of convertible bonds (note 19)	856	2,190	–	–	–	–	3,046	–	3,046
Issue of shares pursuant to a placing agreement (note 20)	24,933	(690)	–	–	–	–	24,243	–	24,243
At 30 September 2018 (restated and unaudited)	143,507	124,842	(20,484)	156	2,070	(195,996)	54,095	12,370	66,465
At 1 April 2019 (audited)	**153,135**	**126,912**	**(20,484)**	**156**	**–**	**(232,392)**	**27,327**	**12,634**	**39,961**
(Loss) profit for the period	**–**	**–**	**–**	**–**	**–**	**(9,614)**	**(9,614)**	**797**	**(8,817)**
Total comprehensive (expense) income for the period	**–**	**–**	**–**	**–**	**–**	**(9,614)**	**(9,614)**	**797**	**(8,817)**
At 30 September 2019 (unaudited)	**153,135**	**126,912**	**(20,484)**	**156**	**–**	**(242,006)**	**17,713**	**13,431**	**31,144**

Note:

Reserve arising from reorganisation

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For The Six Months Ended 30 September 2019

	Six months ended 30 September	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Restated and unaudited)
NET CASH USED IN OPERATING ACTIVITIES	**(41,592)**	(11,672)
INVESTING ACTIVITIES		
Interest received	**3**	13
Net cash inflow on disposal of investments in subsidiaries	**–**	2
Proceeds from disposal of equipment	**–**	56
Advances to independent third parties	**–**	(29,287)
Repayments from independent third parties	**–**	29,006
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**3**	(210)
FINANCING ACTIVITIES		
Raise of other loans	**2,018**	–
Repayment of other loans	**–**	(13,288)
Interest paid	**–**	(8,444)
Advances from the owner of the solar power plant project	**6,250**	–
Repayments to the owner of the solar power plant project	**(4,500)**	–
Advances from a related party	**37,000**	–
Repayments to a related party	**(50)**	–
Proceeds from issue of shares upon placing agreement	**–**	24,933
Payments for transaction costs on issue of share upon placing agreement	**–**	(690)
NET CASH FROM FINANCING ACTIVITIES	**40,718**	2,511
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(871)**	(9,371)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**2,641**	23,817
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**1,770**	14,446
Represented by:		
Bank balances and cash	**1,770**	14,446

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("**HKAS 34**") *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Rules**").

PRIOR PERIOD ADJUSTMENTS

During the year ended 31 March 2019, the directors of the Company identified certain errors in the consolidated financial statements in prior years. The effect of the prior period adjustments are set out below:

CHANGE IN PRESENTATION CURRENCY

As the Group's major transactions are denominated and settled in RMB, since preparing the Group's annual financial statements for the year ended 31 March 2019, the Group had changed the currency in which it presents its consolidated financial statements from Hong Kong Dollar ("**HK$**") to Renminbi ("**RMB**"), in order to better reflect the underlying performance of the Group. A change in presentation currency was a change in accounting policy which was accounted for retrospectively. The consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2018 previously reported in HK$ had been restated into RMB.

1. BASIS OF PREPARATION *(continued)*

CHANGE IN PRESENTATION CURRENCY (continued)

The effect of the change in presentation currency and the prior period adjustments are set out below:

	Notes	Six months ended 30 September 2018 HK$'000 (Unaudited and previously reported)	Change into new presentation currency RMB'000	Prior period adjustment RMB'000	Six months ended 30 September 2018 RMB'000 (Restated and unaudited)
Revenue		31,519	26,722	–	26,722
Cost of sales		(24,300)	(20,601)	–	(20,601)
Gross profit		7,219	6,121	–	6,121
Other revenue	a, c	82	70	(57)	13
Other gains and losses	a, c	–	–	(6,255)	(6,255)
Selling expenses		(1,650)	(1,399)	–	(1,399)
Change in fair value of financial assets at FVTPL	c	(1,404)	(1,190)	155	(1,035)
Change in fair value of financial derivative liabilities	b	–	–	704	704
Administrative expenses	c	(7,982)	(6,768)	374	(6,394)
Impairment losses recognised	e	–	–	(556)	(556)
Finance costs	d	(3,109)	(2,636)	(17)	(2,653)
Loss before tax		(6,844)	(5,802)	(5,652)	(11,454)
Income tax expense		(4,351)	(3,689)	–	(3,689)
Loss for the period		(11,195)	(9,491)	(5,652)	(15,143)
Other comprehensive (expenses) income					
Item that may be reclassified subsequently to profit or loss					
Exchange differences arising on translation of financial statements of foreign operations	c	(8,969)	(7,604)	7,604	–
Total comprehensive (expenses) income for the period		(20,164)	(17,095)	1,952	(15,143)
Loss for the period attributable to:					
Owners of the Company		(13,473)	(11,422)	(5,711)	(17,133)
Non-controlling interests		2,278	1,931	59	1,990
		(11,195)	(9,491)	(5,652)	(15,143)

1. BASIS OF PREPARATION *(continued)*

CHANGE IN PRESENTATION CURRENCY (continued)

	Six months ended 30 September 2018 HK$'000 (Unaudited and previously reported)	Change into new presentation currency RMB'000	Prior period adjustment RMB'000	Six months ended 30 September 2018 RMB'000 (Restated and unaudited)
Total comprehensive (expenses) income for the period attributable to:				
Owners of the Company	(21,710)	(19,026)	1,893	(17,133)
Non-controlling interests	1,546	1,931	59	1,990
	(20,164)	(17,095)	1,952	(15,143)
	HK cents	RMB cents	RMB cents	RMB cents
Loss per share				
– Basic	(0.9)	(0.8)	(0.34)	(1.14)
– Diluted	(0.9)	(0.8)	(0.34)	(1.14)

Notes:

a. Being reclassification adjustments to conform with the current period's presentation

The reclassification adjustment represents reclassification from other revenue to other gains and losses.

b. Change in accounting treatment following the change in functional currency

During the year ended 31 March 2019, the directors of the Company identified an error in determining the functional currency of the Company. In prior years, the Group operated in both Hong Kong and the People's Republic of China (the "**PRC**") and had determined HK$ as functional currency of the Company. Starting from the year ended 31 March 2011, whereby at that time the Company was principally engaged as an investment holding company primarily holding subsidiaries with primary economic environment in the PRC, as such, the functional currency of the Company for the year ended 31 March 2011 should be RMB instead of HK$.

Following the prior period adjustment in rectifying the functional currency from HK$ to RMB for the year ended 31 March 2011, the initial accounting treatment for the 2011 convertible bonds (note 19) which is denominated in HK$ is different to that applied in the financial statements for the previous years as the conversion option that will be settled by the exchange of fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments and therefore accounted for as an equity instrument was no longer applied. The 2011 convertible bonds is now regarded as carrying a conversion option that will be settled other than by the exchange of fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivatives.

c. Impact on change in functional currency

The amounts represent the exchange impact for the correction of functional currency as detailed in note b.

d. Correction of error in allocation between liability and equity component upon conversion of convertible bonds

In prior years, only the initial carrying amount other than the then carrying amount of the debt component of convertible bonds was derecognised upon conversion, which give rise to an error in allocation between liability and equity component and corresponding impact on finance costs.

1. BASIS OF PREPARATION *(continued)*

CHANGE IN PRESENTATION CURRENCY (continued)

Notes: *(continued)*

e. Impact under expected credit losses ("ECL") model upon application of HKFRS 9 Financial Instruments

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all accounts receivable and contract assets. Except for those which had been determined as credit impaired under HKAS 39, all accounts receivable and contract assets have been assessed individually with significant outstanding balances and the remaining balances are grouped based on shared credit risk characteristics. The contract assets related to unbilled work in progress and have substantially the same risk characteristics as the accounts receivable for the same types of contracts. The Group has therefore estimated the expected loss rates for the accounts receivable and the contract assets on the same basis.

Except for those which had been determined as credit impaired under HKAS 39, ECL for other financial assets at amortised cost, including other receivables and deposits and bank balances, are assessed on 12m ECL basis as there had been no significant increase in credit risk since initial recognition.

The amount represented the impact under ECL model upon application of HKFRS 9.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than the changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") as explained in 2.1 below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2019 are the same as those presented in the Group's annual financial statements for the year ended 31 March 2019.

APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

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

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

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases

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

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

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

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

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.

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

Short-term leases

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

Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets 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.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 *(continued)*

As a lessee *(continued)*

Right-of-use assets *(continued)*

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

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

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

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

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/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 *(continued)*

As a lessee *(continued)*

Lease modifications

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

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

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

Taxation

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 right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

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

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

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 *(continued)*

As a lessee

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

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

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

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

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

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition.

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

	At 1 April 2019 RMB'000
Operating lease commitments disclosed as at 31 March 2019	4,153
Lease liabilities discounted at relevant incremental borrowing rates	3,519
Less: Recognition exemption – short-term leases	(667)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 April 2019	2,852
Analysed as	
Current	868
Non-current	1,984
	2,852

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 *(continued)*

As a lessee *(continued)*

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

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

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

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

3. REVENUE

Disaggregation of revenue

	Three months ended 30 September		Six months ended 30 September	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Restated and unaudited)	**(Unaudited)**	(Restated and unaudited)
Types of goods or services				
Sales of solar power related products	**–**	25,801	**25,758**	26,722
Rendering of new energy power system integration services	**26,906**	–	**26,906**	–
Total	**26,906**	25,801	**52,664**	26,722
Timing of revenue recognition				
A point in time	**–**	25,801	**25,758**	26,722
Over time	**26,906**	–	**26,906**	–
Total	**26,906**	25,801	**52,664**	26,722

4. OPERATING SEGMENTS

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

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

(a) Sales of solar power related products;

(b) New energy power system integration business;

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

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

4. OPERATING SEGMENTS *(continued)*

SEGMENT REVENUE AND RESULTS

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

Six months ended 30 September 2019

	Sales of solar power related products RMB'000 (Unaudited)	New energy power system integration business RMB'000 (Unaudited)	Sales of self-service ATM systems and printing systems RMB'000 (Unaudited)	Provision of hardware and software technical support services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue from external customers	25,758	26,906	–	–	52,664
Segment results	3,236	983	(191)	(137)	3,891
Unallocated other gains and losses					(3,746)
Unallocated cost					(5,505)
Change in fair value of financial assets at FVTPL					(675)
Change in fair value of financial derivative liabilities					79
Finance costs					(2,132)
Loss before tax					(8,088)
Income tax expense					(729)
Loss for the period					(8,817)

Six months ended 30 September 2018

	Sales of solar power related products RMB'000 (Restated and unaudited)	New energy power system integration business RMB'000 (Restated and unaudited)	Sales of self-service ATM systems and printing systems RMB'000 (Restated and unaudited)	Provision of hardware and software technical support services RMB'000 (Restated and unaudited)	Total RMB'000 (Restated and unaudited)
Revenue from external customers	26,722	–	–	–	26,722
Segment results	5,139	(1,093)	(117)	(179)	3,750
Unallocated other gains and losses					(6,292)
Unallocated cost					(5,928)
Change in fair value of financial assets at FVTPL					(1,035)
Change in fair value of financial derivative liabilities					704
Finance costs					(2,653)
Loss before tax					(11,454)
Income tax expense					(3,689)
Loss for the period					(15,143)

4. OPERATING SEGMENTS *(continued)*

SEGMENT ASSETS AND LIABILITIES

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

As at 30 September 2019

	Sales of solar power related products RMB'000 (Unaudited)	New energy power system integration business RMB'000 (Unaudited)	Sales of self-service ATM systems and printing systems RMB'000 (Unaudited)	Provision of hardware and software technical support services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment assets	59,284	115,441	4,654	15	179,394
Other receivables, deposits and prepayments (for corporate)					146
Financial assets at fair value through profit or loss (for corporate)					277
Bank balances and cash (for corporate)					254
Total assets					180,071
Segment liabilities	22,707	73,962	2,764	101	99,534
Other payables and accruals (for corporate)					12,771
Other loans (for corporate)					4,634
Convertible bonds (for corporate)					31,988
Total liabilities					148,927

4. OPERATING SEGMENTS *(continued)*

SEGMENT ASSETS AND LIABILITIES (continued)

As at 31 March 2019

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

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

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

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

5. OTHER GAINS AND LOSSES

	Three months ended 30 September		Six months ended 30 September	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Restated and unaudited)	**(Unaudited)**	(Restated and unaudited)
Gain on disposal of equipment	**–**	37	**–**	37
Gain on disposal of investment in subsidiaries	**–**	–	**–**	20
Foreign exchange loss	**(973)**	(4,926)	**(3,661)**	(6,312)
Gain on disposal of right-of-use assets and lease liabilities (note)	**313**	–	**313**	–
Loss on termination of a lease contract	**(398)**	–	**(398)**	–
	(1,058)	(4,889)	**(3,746)**	(6,255)

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

6. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Restated and unaudited)	**(Unaudited)**	(Restated and unaudited)
Effective interest on convertible bonds	**1,033**	**896**	**2,007**	**1,792**
Interest on other loans	**38**	**372**	**43**	**861**
Interest on lease liabilities	**–**	**–**	**82**	**–**
	1,071	**1,268**	**2,132**	**2,653**

7. LOSS BEFORE TAX

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

	Three months ended 30 September		Six months ended 30 September	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Restated and unaudited)	**(Unaudited)**	(Restated and unaudited)
Cost of inventories recognised as expenses	**–**	19,996	**21,793**	20,602
Depreciation of equipment	**6**	18	**13**	72
Depreciation of right-of-use assets	**–**	–	**231**	–
Auditor's remuneration	**500**	–	**1,000**	500
Minimum operating lease payments in respect of rented premises	**–**	159	**–**	317
Short-term lease payments	**443**	–	**886**	–
Foreign exchange loss	**973**	4,926	**3,661**	6,312
Staff costs (including directors' emoluments)				
– Salaries and other benefits	**1,735**	1,559	**3,026**	3,034
– Retirement benefit scheme contributions	**16**	10	**26**	21
– Share-based payment expense	**–**	–	**–**	2,070

8. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Restated and unaudited)	**(Unaudited)**	(Restated and unaudited)
Current tax				
– PRC Enterprise Income Tax	**388**	861	**729**	886
Under provision in prior years	**–**	–	**–**	2,803
	388	861	**729**	3,689

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 six months ended 30 September 2019 and 2018.

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

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 the six months ended 30 September 2019 and 2018, except for certain subsidiaries of the Group in the PRC are under the Western China Development Plan, and were approved to enjoy the preferential tax rate of 15% in accordance with the EIT Law and relevant regulations until 2020.

9. DIVIDENDS

No dividends were paid, declared or proposed during the interim period (six months ended 30 September 2018: nil).

10. 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:

	Three months ended 30 September		Six months ended 30 September	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Restated and unaudited)	**(Unaudited)**	(Restated and unaudited)
Loss				
Loss for the period attributable to the owners of the Company	**(3,120)**	(6,881)	**(9,614)**	(17,133)

	Three months ended 30 September		Six months ended 30 September	
	2019	2018	**2019**	2018
	RMB cents	RMB cents	**RMB cents**	RMB cents
	(Unaudited)	(Restated and unaudited)	**(Unaudited)**	(Restated and unaudited)
Basic loss per share	**(0.17)**	(0.44)	**(0.52)**	(1.14)
Diluted loss per share	**(0.17)**	(0.44)	**(0.52)**	(1.14)

	Three months ended 30 September		Six months ended 30 September	
	2019	2018	**2019**	2018
	'000	'000	**'000**	'000
	(Unaudited)	(Restated and unaudited)	**(Unaudited)**	(Restated and unaudited)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,835,233**	1,579,578	**1,835,233**	1,505,204
Weighted average number of ordinary shares for the purpose of diluted loss per share	**1,835,233**	1,579,578	**1,835,233**	1,505,204

Outstanding convertible bonds of the Company are anti-dilutive since their exercise or conversion would result in a decrease in basic loss per share for the six months ended 30 September 2019.

Share options before exercise under the Scheme defined in note 31 are anti-dilutive since their exercise would result in a decrease in basic loss per share for the six months ended 30 September 2019.

11. ACCOUNTS AND BILLS RECEIVABLE

	As at 30 September 2019 RMB'000 (Unaudited)	As at 31 March 2019 RMB'000 (Audited)
Accounts receivable	**98,086**	68,131
Bills receivable	**–**	12,180
Less: Allowance for credit losses	**(4,694)**	(3,706)
	93,392	76,605

As at 30 September 2019, accounts receivable from contracts with customers amounted to RMB93,392,000 (31 March 2019: RMB64,705,000).

The Group normally allows credit period of 180 days (31 March 2019: 180 days).

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

	As at 30 September 2019 RMB'000 (Unaudited)	As at 31 March 2019 RMB'000 (Audited)
0 to 90 days	**29,382**	56,270
91 - 180 days	**16,684**	–
Over 180 days	**47,326**	20,335
	93,392	76,605

As at 30 September 2019, included in the Group's accounts receivable balance are debtors with aggregate carrying amount of RMB46,259,000 (31 March 2019: RMB14,626,000) which are past due as at the reporting date. Out of the past due balances, RMB42,409,000 (31 March 2019: RMB11,746,000) has been past due 90 days or more and is not considered as in default as the management considers that the major customer is a state-owned company with strong financial position. The management of the Group considers default occurred when the debtors get into financial difficulty or the debtors do not repay any accounts receivable though the Group has pursued for several times, which indicate the Group may not collect these accounts receivable. The Group does not hold any collateral over these balances.

12. DEBT INSTRUMENTS AT FVTOCI

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

	As at 30 September 2019 RMB'000 (Unaudited)	As at 31 March 2019 RMB'000 (Audited)
Over 3 months but within 6 months	**–**	700

The balance represents bills receivable held by the Group and is measured at FVTOCI upon initial application of HKFRS 9 on 1 April 2018, since the bills receivable are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 September 2019 RMB'000 (Unaudited)	As at 31 March 2019 RMB'000 (Audited)
Prepayments to suppliers	**45,876**	38,746
Deposits	**5,189**	5,146
Value-added tax recoverable	**996**	278
Other receivables	**10,617**	13,035
Less: Allowance for credit losses/doubtful debts	**(1,374)**	(1,437)
	61,304	55,768

14. CONTRACT ASSETS

	As at 30 September 2019 RMB'000 (Unaudited)	As at 31 March 2019 RMB'000 (Audited)
Current assets – new energy power system integration business	**23,332**	24,832
Less: allowance for credit losses	**(101)**	(171)
Current assets – new energy power system integration business	**23,231**	24,661

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

15. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO EXPECTED CREDIT LOSS ("ECL") MODEL

	Three months ended 30 September		Six months ended 30 September	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Restated and unaudited)	**2019 RMB'000 (Unaudited)**	2018 RMB'000 (Restated and unaudited)
Impairment loss recognised (reversed) in respect of:				
– Accounts receivable	**1,108**	938	**988**	814
– Other receivables and deposits	**(228)**	204	**(63)**	(258)
– Contract assets	**(61)**	–	**(70)**	–
	819	1,142	**855**	556

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 September 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2019.

16. ACCOUNTS PAYABLE

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

	As at 30 September 2019 RMB'000 (Unaudited)	As at 31 March 2019 RMB'000 (Audited)
0 to 60 days	**2,497**	34,434
91 to 180 days	**39,352**	22,793
Over 180 days	**2,755**	5,351
	44,604	62,578

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

17. OTHER PAYABLES AND ACCRUALS

	As at 30 September 2019 RMB'000 (Unaudited)	As at 31 March 2019 RMB'000 (Audited)
Payroll payable	**3,352**	2,454
Amounts due to directors/ a former director:		
– Mr. Hou Hsiao Bing (note i)	**2,296**	1,616
– Ms. Yuen Hing Lan (note i)	**803**	712
– Mr. Chiu Tung Ping (note i)	**1,767**	1,526
– Ms. Hu Xin (note i)	**496**	472
– Mr. Tse Man Kit Keith (note i)	**45**	–
Amount due to Dynatek Limited ("**Dynatek**") (note ii)	**651**	464
Amount due to a related party (note iii)	**36,950**	–
Other payables (note iv)	**15,419**	14,213
Other tax payables	**2,649**	2,008
Accrued expenses	**3,273**	2,519
	67,701	25,984

Notes:

(i) The amounts are non-trade in nature, unsecured, interest free and repayable on demand. Mr. Hou Hsiao Bing was retired as an executive director with effect from 26 August 2019.

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

(iii) The amount represented short-term advances of RMB36,950,000 (31 March 2019: nil) from a company controlled by a close family member of a shareholder which is not related to contract from customers. The amount is unsecured, interest free and repayable on demand.

(iv) Other payables included short-term advances of RMB14,250,000 (31 March 2019: RMB12,500,000) from the owner of the solar power plant project which is not related to contract from customers. The amount is unsecured, interest free and repayable on demand.

18. OTHER LOANS

	As at 30 September 2019 RMB'000 (Unaudited)	As at 31 March 2019 RMB'000 (Audited)
Loans from directors (note a)	**3,723**	2,573
Loan from a close family member of a shareholder (note b)	**911**	–
Total – current liabilities	**4,634**	2,573

Notes:

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

	As at 30 September 2019 RMB'000 (Unaudited)	As at 31 March 2019 RMB'000 (Audited)
Mr. Tse Man Kit Keith (note i)	**1,017**	–
Mr. Chiu Tung Ping (note ii)	**2,706**	2,573
	3,723	2,573

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

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

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

19. CONVERTIBLE BONDS

2011 CONVERTIBLE BONDS ("2011 CB")

On 1 June 2011 ("**Issue Date**"), the Company issued a ten-year zero coupon convertible bonds at par with a nominal value of HK$163,100,000 (equivalent to RMB142,592,000) to Good Million Investments Limited (the "**Vendor**"), in acquiring from the Vendor of the entire issued share capital of China Technology Solar Power Holdings Limited, a company incorporated in the British Virgin Islands ("**CTSP (BVI)**"), and its subsidiaries ("**Target Group**"). The convertible bonds are denominated in HK$. The bonds entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the bonds and their settlement date on 1 June 2021 ("**Maturity Date**") at a conversion price of HK$0.5 per share. If the bonds have not been converted, they will be redeemed on Maturity Date at par.

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

19. CONVERTIBLE BONDS *(continued)*

2011 CONVERTIBLE BONDS ("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 six months ended 30 September 2018, Tranche I CB with a nominal value of HK$5,000,000 (equivalent to RMB4,342,600) were converted by the bondholders into 10,000,000 ordinary shares at a conversion price of HK$0.5 per ordinary share. No Tranche I CB was converted during the six months ended 30 September 2019.

The 2011 CB comprises two components:

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

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

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

	Debt component		**Derivative component**		**Total**	
	HK$'000	RMB'000	HK$'000	RMB'000	HK$'000	RMB'000
Carrying amount at 1 April 2018	32,154	25,765	1,170	938	33,324	26,703
Conversion of convertible bonds	(3,397)	(2,950)	(120)	(96)	(3,517)	(3,046)
Interest charge	2,115	1,792	–	–	2,115	1,792
Exchange loss	–	2,560	–	–	–	2,560
Gain arising on changes of fair value	–	–	(892)	(704)	(892)	(704)
As at 30 September 2018	30,872	27,167	158	138	31,030	27,305
As at 1 April 2019	32,985	28,295	310	266	33,295	28,561
Interest charge	2,271	2,007	–	–	2,271	2,007
Exchange loss	–	1,499	–	–	–	1,499
Gain arising on changes of fair value	–	–	(102)	(79)	(102)	(79)
As at 30 September 2019	35,256	31,801	208	187	35,464	31,988

20. SHARE CAPITAL

Ordinary shares of HK$0.1 each	Number of shares '000	Share capital HK$'000
Authorised		
At 1 April 2018, 31 March 2019 and 30 September 2019	2,500,000	250,000
Issued and fully paid		
At 1 April 2018	1,430,013	143,001
Issue of shares upon conversion of convertible bonds (note i)	10,000	1,000
Issue of shares upon exercise of share options (note ii)	109,220	10,922
Issue of shares pursuant to a placing agreement (note iii)	286,000	28,600
At 31 March 2019 and 30 September 2019	1,835,233	183,523

	As at 30 September 2019 RMB'000	As at 31 March 2019 RMB'000
Presented in the condensed consolidated financial statements as	**153,135**	153,135

Notes:

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

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

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

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

21. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company:

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

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

At 30 September 2018, no option had been exercised. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 30% of the shares of the Company in issue from time to time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

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

Details of specific categories of options are as follows:

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

The following table discloses movements of the Company's share options held by employees during the six months ended 30 September 2018:

Option type	Outstanding at 1 April 2018	Granted during the period	Exercised during the period	Outstanding at 30 September 2018
Employees	–	109,220,000	–	109,220,000*

* The outstanding 109,220,000 share options had been fully exercised during the period from 1 October 2018 to 31 March 2019.

In respect of the share options exercised, the weighted average share price at the dates of exercise was HK$0.12 (six months ended 30 September 2018: nil).

21. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

Equity-settled share option scheme of the Company: (continued)

During the six months ended 30 September 2018, options were granted on 10 April 2018. The estimated fair values of the options granted were RMB2,070,000. No options were granted during the six months ended 30 September 2019.

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

	Six months ended 30 September 2018
Weighted average share price	HK$0.088
Exercise price	HK$0.10
Expected volatility	52.062%
Expected life	2 years
Risk-free rate	1.337%
Expected dividend yield	0.0%
Exercise multiple	2.20

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

The Group recognised the total expense of RMB2,070,000 for the six months ended 30 September 2018 in relation to share options granted by the Company.

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

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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).

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(continued)*

Financial assets/ financial liabilities	Classified as	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
		30 September 2019 RMB'000 (Unaudited)	31 March 2019 RMB'000 (Audited)				
Held for trading – listed equity securities	Financial assets at FVTPL	**277**	952	Level 1	Quoted bid price in an active market	N/A	N/A
Debt instruments at FVTOCI	Financial assets at FVTOCI	**–**	700	Level 2	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the cash flows to be derived from the receivables	N/A	N/A
Derivative component in relation to the convertible bonds issued by the Group	Financial liabilities at FVTPL	**187**	266	Level 3	Binomial option pricing model Expected volatility: 69.15% (31 March 2019: 58.27%)		
					Dividend yield: nil Risk-free rate: 1.61% (31 March 2019: 1.40%) Share price: HK$0.086 (31 March 2019: HK$0.1) Exercise price: HK$0.5 (31 March 2019: HK$0.5)	Expected volatility of 69.15%, taking into account the actual historical share price of the Company over the same time period as the convertible bond's remaining time to maturity	The higher the expected volatility, the higher the fair value

There were no transfers between Level 1 and 2 during the six months ended 30 September 2019 and the year ended 31 March 2019.

Details of changes in Level 3 derivative component of convertible bond during the six months ended 30 September 2019 and 30 September 2018 are set out in note 19.

The total gains or losses during the six months ended 30 September 2019 included an unrealised gain of RMB79,000 relating to derivative component in relation to the convertible bonds issued by the Group that are measured at fair value at the end of each reporting period (six months ended 30 September 2018: a gain of RMB704,000). Such fair value gains or losses are included in "changes in fair value of financial derivative liabilities".

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)

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(continued)*

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

	As at 30 September 2019		As at 31 March 2019	
	Carrying amount RMB'000 (Unaudited)	**Fair value RMB'000**	Carrying amount RMB'000 (Audited)	Fair value RMB'000
Debt component of convertible bond	**31,801**	**30,077**	28,295	28,066

23. RELATED PARTY DISCLOSURES

(A) TRANSATION WITH RELATED PARTIES

During the six months ended 30 September 2019, the Group had transactions with the following related parties:

	Six months ended 30 September 2019 RMB'000 (Unaudited)	Six months ended 30 September 2018 RMB'000 (Unaudited)
Rental expenses in respect of office premises rented from:		
– Dynatek (note i)	**159**	153
– Hou Hsiao Wen (note ii)	**–**	46
	159	199
Finance costs to:		
– Mr. Tse Man Kit Keith	**34**	–
– Mr. Huang Yuan Ming	**9**	–
	43	–

Notes:

(i) Dynatek is owned by Mr. Hou Hsiao Bing, the executive director of the Company, who was retired as an executive director with effect from 26 August 2019.

(ii) Mr. Hou Hsiao Wen is the younger brother of Mr. Hou Hsiao Bing.

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

23. RELATED PARTY DISCLOSURES *(continued)*

(B) BALANCES WITH RELATED PARTIES

Details of the Group's balances with related parties are disclosed in note 17 and 18.

(C) COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

	Six months ended 30 September 2019 RMB'000 (Unaudited)	Six months ended 30 September 2018 RMB'000 (Unaudited)
Salaries and other benefits	**2,041**	1,988
Retirement benefit scheme contributions	**26**	21
	2,067	2,009

24. EVENTS AFTER THE END OF THE REPORTING PERIOD

PROPOSED CHANGE OF COMPANY NAME

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

The proposed Change of Company Name will be subject to the following conditions:

(1) the passing of a special resolution by the shareholders of the Company ("**Shareholders**") at an extraordinary general meeting of the Company ("**EGM**") to approve the Change of Company Name; and

(2) the Registrar of Companies in the Cayman Islands approving the Change of Company Name.

Subject to the satisfaction of the conditions set out above, the Change of Company Name will take effect from the date of issue of the certificate of incorporation on change of name by the Registrar of Companies in the Cayman Islands. The Company will then carry out the necessary filing procedures with the Companies Registry in Hong Kong.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group was principally engaged in (i) sales of solar power related products; (ii) new energy power system integration business; (iii) sales of self-service automatic teller machine ("**ATM**") systems and printing systems; and (iv) provision of hardware and software technical support services in the People's Republic of China ("**PRC**" or "**China**") during the six months ended 30 September 2019.

The Group recorded a loss attributable to owners of the Company of approximately RMB9.6 million for the six months ended 30 September 2019 (2018-1H: loss attributable to owners of the Company of approximately RMB17.1 million (restated)).

The Group's revenue amounted to approximately RMB52.7 million for the six months ended 30 September 2019, representing an increase of approximately 97.1 per cent. as compared with approximately RMB26.7 million (restated) recorded in 2018-1H.

The Group's gross profit margin was approximately 13.9 per cent. for the six months ended 30 September 2019, as compared to approximately 22.9 per cent. for 2018-1H. The gross profit margin for the six months ended 30 September 2019 was lower than that of the same period last year because the solar power related products sold by the Group in the six months ended 30 September 2019 with gross profit margin of approximately 13.8 per cent. were ready-made products which have a lower gross profit margin than the customised products sold by the Group in 2018-1H with gross profit margin of approximately 22.9 per cent..

Selling expenses incurred by the Group for the six months ended 30 September 2019 amounted to approximately RMB1.4 million (2018-1H: approximately RMB1.4 million (restated)), representing a decrease of approximately 3.2 per cent.; the decrease was due to the Group's policy on cost control.

Administrative expenses incurred by the Group for the six months ended 30 September 2019 amounted to approximately RMB6.7 million (2018-1H: approximately RMB6.4 million (restated)), representing an increase of approximately 5.1 per cent.; the increase was due to the Group allocating more resources to explore new business opportunities during the period under review as compared to the same period last year.

Basic loss per share was approximately RMB0.52 cents for the six months ended 30 September 2019, as compared with the basic loss per share of approximately RMB1.14 cents (restated) for 2018-1H.

SALES OF SOLAR POWER RELATED PRODUCTS

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

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

During the six months ended 30 September 2019, the revenue generated from the sales of solar power related products was approximately RMB25.8 million for the six months ended 30 September 2019 (2018-1H: approximately RMB26.7 million (restated)), accounted for approximately 48.9 per cent. (2018-1H: approximately 100.0 per cent.) of the Group's total revenue.

NEW ENERGY POWER SYSTEM INTEGRATION BUSINESS

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

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

In October 2018, Shaanxi Baike New Energy Technology Development Co., Ltd.*（陝西百科新能源科技發展有限公司）("**Shaanxi Baike**"), an indirect wholly-owned subsidiary of the Company, and an engineering company in Sichuan province of the PRC ("**Sichuan Company**") jointly entered into a subcontractor contract ("**Subcontractor Contract**") with PowerChina Hebei Engineering Corporation Limited ("**PowerChina**") for the provision of contractor services for the construction of a photovoltaic power station in Erquanjing Xiang, Zhangbei county of the PRC at a contract price of RMB380 million (value-added tax included) ("**Zhangbei Project**"). The Zhangbei Project has a designed capacity of 500MWp. The Subcontractor Contract is for the construction of 100MWp of the first phase of the Zhangbei Project of 240MWp. Shaanxi Baike and Sichuan Company also entered into an engineering consultancy contract ("**Engineering Consultancy Contract**") pursuant to which Shaanxi Baike agreed to provide engineering consulting services in relation to the first phase of the Zhangbei Project at a contract price of RMB30 million (value-added tax included).

* *For identification purpose only*

The revenue generated from the new energy power system integration business was approximately RMB26.9 million during the six months ended 30 September 2019 (2018-1H: Nil). Such increase was attributable to the revenue of approximately RMB26.9 million arising from the Subcontractor Contract during the six months ended 30 September 2019.

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

SALES OF SELF-SERVICE ATM SYSTEMS AND PRINTING SYSTEMS

There was no revenue generated from the sales of self-service ATM systems and printing systems during the six months ended 30 September 2019 (2018-1H: Nil).

PROVISION OF HARDWARE AND SOFTWARE TECHNICAL SUPPORT SERVICES

There was no revenue generated from the provision of hardware and software technical support services during the six months ended 30 September 2019 (2018-1H: Nil).

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

There was no significant investments or material acquisition or disposal of subsidiaries by the Group during the period under review.

FINANCIAL REVIEW

LIQUIDITY, FINANCIAL RESOURCES AND TREASURY POLICIES

As at 30 September 2019, the Group had cash and bank balances denominated in Hong Kong dollars, Renminbi and United States dollars amounting to a total of approximately RMB1.8 million (31 March 2019: approximately RMB2.6 million). The Group had no outstanding bank overdraft as at 30 September 2019 (31 March 2019: Nil).

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

During the period under review, the Group did not use any financial instrument for hedging purpose and did not have any outstanding hedging instrument as at 30 September 2019.

BANKING FACILITIES

As at 30 September 2019, the Group did not have any banking facilities.

LISTED SECURITIES HELD FOR TRADING

As at 30 September 2019, the fair value of equity securities listed in New York held by the Company was approximately RMB0.3 million (31 March 2019: approximately RMB1.0 million).

CURRENT RATIO

As at 30 September 2019, the Group's current ratio, represented by a ratio of current assets to current liabilities, was approximately 1.5 (31 March 2019: 1.7). The current ratio remained stable during the six months ended 30 September 2019.

GEARING RATIO

As at 30 September 2019, the gearing ratio of the Group, based on total liabilities over total assets was approximately 82.7 per cent. (31 March 2019: approximately 75.3 per cent.).

	As at 30 September 2019 RMB'000	As at 31 March 2019 RMB'000
Total assets	**180,071**	161,691
Total liabilities	**148,927**	121,730
Gearing ratio	**82.7 per cent.**	75.3 per cent.

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

(i) the increase in total assets of the Company by approximately RMB18.4 million as a result of the increase in accounts and bills receivable and other receivables, deposits and prepayments by approximately RMB16.8 million and RMB5.5 million respectively, which was partly offset by the decrease in contract assets and bank balances and cash by approximately RMB1.4 million and RMB0.9 million respectively; and

(ii) the increase in total liabilities of the Company by approximately RMB27.2 million which was due to the increase in other payables and accruals, other loans and convertible bonds by approximately RMB41.7 million, RMB2.1 million and RMB3.4 million respectively, which was partly offset by the decrease in accounts payable and taxation payable by approximately RMB18.0 million and RMB2.0 million respectively during the six months ended 30 September 2019.

CHARGES ON ASSETS

As at 30 September 2019, the Group pledged no asset to secure borrowings granted to the Group (31 March 2019: Nil).

CONTINGENT LIABILITIES

As at 30 September 2019, 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 six months ended 30 September 2019, the Group did not have a foreign currency hedging policy. However, the management will continue to monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEES

As at 30 September 2019, the Group employed 19 and 6 staff in the PRC and Hong Kong respectively. 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. Staff cost, including directors' emoluments, was approximately RMB3.0 million for the six months ended 30 September 2019 (2018-1H: approximately RMB5.1 million (restated)). The decrease in staff cost by approximately RMB2.1 million is mainly due to the share-based payment expense of approximately RMB2.1 million attributable to the grant of share options in the same period last year.

Continuing briefing and professional development is provided to the Directors and company secretary of the Company if necessary. Other staff serving in different positions is subject to different classes of training. Other staff would receive trainings that cover internal programs, seminars or other related activities which are mainly related to working knowledge and expertise, and also certain trainings in relation to occupational safety each year.

CHANGE OF AUDITORS

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

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

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

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

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

DISPOSAL OF SHARES BY SUBSTANTIAL SHAREHOLDER AND EXECUTIVE DIRECTORS

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

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

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

APPOINTMENT OF EXECUTIVE DIRECTOR

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

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

RECONSTITUTION OF THE CORPORATE GOVERNANCE COMMITTEE

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

RETIREMENT OF DIRECTOR

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

PROPOSED CHANGE OF COMPANY NAME

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

The proposed Change of Company Name will be subject to the following conditions:

(1) the passing of a special resolution by the Shareholders at an extraordinary general meeting of the Company ("**EGM**") to approve the Change of Company Name; and

(2) the Registrar of Companies in the Cayman Islands approving the Change of Company Name.

Subject to the satisfaction of the conditions set out above, the Change of Company Name will take effect from the date of issue of the certificate of incorporation on change of name by the Registrar of Companies in the Cayman Islands. The Company will then carry out the necessary filing procedures with the Companies Registry in Hong Kong.

The Board considers that the Change of Company Name will better reflect the business nature and strategic direction of future development of the Group. The Board also believes that the new English and Chinese names can provide the Company with a new corporate image and identity which will benefit the Company's business development and is in the best interests of the Company and Shareholders as a whole.

The EGM will be convened to consider and, if thought fit, approve the Change of Company Name. A circular containing, among other things, information in relation to the Change of Company Name and a notice convening the EGM to approve the Change of Company Name will be despatched to the Shareholders in due course.

Further announcement(s) will be made by the Company to inform the Shareholders of the results of the EGM, the effective date of the Change of Company Name and the new stock short name of the Company, both in English and Chinese, for trading of the shares of the Company on the Stock Exchange.

BUSINESS PROSPECTS

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

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

During the year ended 31 March 2019, the PRC government introduced new policy on cutting down the subsidy on solar electricity. Notwithstanding this, the Group can rely on its strength in the new energy power system integration sector and will continue to negotiate and secure new contracts for the new energy power system integration business and seize other market opportunities in the solar energy industry.

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

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

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the period under review (2018-1H: Nil).

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 30 September 2019, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**")), as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

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

As at 30 September 2019, 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 30 September 2019 (Note 2)
Mr. Huang Bo	217,766,038 (L) (Note 3)	Beneficial owner (Note 3)	11.87%
Creation Moral Limited	216,363,636 (L)	Beneficial owner (Note 4)	11.79%
Ms. Sun Aihui	216,363,636 (L)	Interest in a controlled corporation (Note 4)	11.79%
Mr. Hou Hsiao Bing	131,140,000 (L)	Beneficial owner (Note 5)	7.15%

Notes:

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

2. As at 30 September 2019, the issued share capital of the Company was 1,835,232,850 ordinary shares of HK$0.1 each.

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

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

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

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

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

Save as disclosed above, as at 30 September 2019, no person or entity, other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO.

AUDIT COMMITTEE

The Audit Committee was formed 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.

The Audit Committee meets at least four times a year to review with 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 to the GEM Listing Rules, internal and audit control and budget and cash flow forecast.

As at 30 September 2019, the Audit Committee comprised three independent non-executive Directors, namely Ms. Ma Xingqin, Mr. Meng Xianglin and Mr. Dong Guangwu, with Ms. Ma Xingqin acting as the chairman. The unaudited consolidated results of the Group for the six months ended 30 September 2019 have been reviewed and approved by the Audit Committee.

REMUNERATION COMMITTEE

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

The Remuneration Committee was established with specific written terms of reference which deal clearly with its authorities and duties. The terms of reference (revised in March 2012) followed the requirements of code provision B.1.2 set out in the Corporate Governance Code ("**CG Code**") contained in Appendix 15 to the GEM Listing Rules and was posted on the websites of the Company and the Stock Exchange.

As at 30 September 2019, the Remuneration Committee comprised three independent non-executive Directors, namely Ms. Ma Xingqin, Mr. Meng Xianglin and Mr. Dong Guangwu with Ms. Ma Xingqin acting as the chairman.

CORPORATE GOVERNANCE COMMITTEE

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

Following the retirement of Mr. Hou Hsiao Bing by rotation as a Director at the AGM on 26 August 2019, the Corporate Governance Committee comprised four executive Directors, namely, Mr. Chiu Tung Ping, Ms. Yuen Hing Lan, Mr. Tse Man Kit Keith, Ms. Hu Xin, with Mr. Tse Man Kit Keith acting as the chairman. 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.

NOMINATION COMMITTEE

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

As at 30 September 2019, the Nomination Committee comprised three independent non-executive Directors, namely, Ms. Ma Xingqin, Mr. Meng Xianglin and Mr. Dong Guangwu, with Ms. Ma Xingqin acting as the chairman of the Nomination Committee.

The Nomination Committee is responsible for considering suitable candidates to serve as Directors and making recommendations on the appointment and termination of service of Directors. The Nomination Committee selects and nominates candidates based on whether they possess the skills and experience required by the Group's development.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at 30 September 2019, none of the Directors or his/her close associates had an interest in a business which competes or may compete with the business of the Group.

The Company did not have controlling shareholder as at 30 September 2019 and as at the date of this report.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the shares of the Company during the six months ended 30 September 2019.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the period under review.

CORPORATE GOVERNANCE CODE

During the six months ended 30 September 2019, the Company has complied with all the code provisions set out in the CG Code, except for the deviations from code provisions A.2.1 and E.1.2 as explained below.

CODE PROVISION A.2.1

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

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

CODE PROVISION E.1.2

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

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

Hong Kong, 12 November 2019

As at the date of this report, the Board comprises the following Directors:

Executive Directors:
Chiu Tung Ping (Chairman)
Yuen Hing Lan
Hu Xin
Tse Man Kit Keith

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