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This announcement, 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 (“GEM Listing Rules”) Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of the Stock Exchange 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 announcement 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 document misleading.



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)

RESULTS ANNOUNCEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

* For identification purpose only

ANNUAL RESULTS HIGHLIGHTS

The profit attributable to equity holders of the Company for the financial year ended 31 March 2014 was approximately HK\$10.1 million (the profit attributable to equity holders of the Company for the financial year ended 31 March 2013 was approximately HK\$0.6 million).

The revenue of the Group from continuing operations for the financial year ended 31 March 2014 was approximately HK\$74.5 million, representing an increase of approximately 42.3 per cent., as compared with approximately HK\$52.3 million for the financial year ended 31 March 2013.

Gross profit margin of the Group was approximately 37.2 per cent. in the financial year ended 31 March 2014, as compared to approximately 34.4 per cent. in the financial year ended 31 March 2013.

Basic earnings per share from continuing and discontinued operations for the financial year ended 31 March 2014 was approximately HK1.06 cents (basic earnings per share from continuing and discontinued operations for the financial year ended 31 March 2013 was approximately HK0.06 cents).

The Directors do not recommend the payment of a dividend for the financial year ended 31 March 2014 (2013: Nil).

RESULTS

The board of directors (the “**Directors**” or the “**Board**”) of China Technology Solar Power Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”, “**our Group**”, “**we**” or “**us**”) for the year ended 31 March 2014, together with the comparative figures for the corresponding financial year ended 31 March 2013 and the relevant explanatory notes as set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	<i>Note</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Continuing operations			
Revenue	4	74,516	52,349
Cost of sales		<u>(46,808)</u>	<u>(34,330)</u>
Gross profit		27,708	18,019
Other revenue	4	228	16,431
Selling expenses		(2,441)	(3,219)
Change in fair value of financial assets at fair value through profit or loss		4,739	(6,076)
Administrative expenses		(13,487)	(13,927)
Finance costs	5	<u>(5,680)</u>	<u>(7,596)</u>
Profit before taxation	6	11,067	3,632
Income tax expenses	7	<u>(1,002)</u>	<u>(46)</u>
Profit for the year from continuing operations		10,065	3,586
Discontinued operations			
Loss for the year from discontinued operations		<u>–</u>	<u>(3,008)</u>
Profit for the year		10,065	578
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		<u>961</u>	<u>232</u>
Total comprehensive income for the year		<u>11,026</u>	<u>810</u>
Profit for the year attributable to:			
Equity holders of the Company		<u>10,065</u>	<u>578</u>
Total comprehensive income attributable to:			
Equity holders of the Company		<u>11,026</u>	<u>810</u>
Dividend		<u>–</u>	<u>–</u>

	<i>Note</i>	2014 <i>HK cent</i>	2013 <i>HK cent</i>
Earnings per share			
From continuing and discontinued operations			
– Basic	8	<u><u>1.06</u></u>	<u><u>0.06</u></u>
– Diluted	8	<u><u>N/A</u></u>	<u><u>N/A</u></u>
From continuing operations			
– Basic	8	<u><u>1.06</u></u>	<u><u>0.39</u></u>
– Diluted	8	<u><u>N/A</u></u>	<u><u>N/A</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	<i>Note</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		1,312	855
Available-for-sale financial assets		–	–
Goodwill	9	235,999	235,999
		<hr/> 237,311	<hr/> 236,854
Current assets			
Inventories	10	1,573	7,276
Accounts receivables	11	52,124	20,817
Other receivables, deposits and prepayments	12	47,360	30,368
Held-to-maturity financial assets	13	5,044	–
Financial assets at fair value through profit or loss	14	5,051	312
Bank balances and cash		5,546	7,615
		<hr/> 116,698	<hr/> 66,388
Current liabilities			
Accounts payables	15	32,280	2,833
Other payables and accruals	16	15,677	12,557
Other loan	17	16,140	13,624
Receipt in advance		47	401
Tax payable		811	126
		<hr/> 64,955	<hr/> 29,541
Net current assets		<hr/> 51,743	<hr/> 36,847
Total assets less current liabilities		<hr/> 289,054	<hr/> 273,701
Non-current liabilities			
Convertible bonds	18	29,051	34,477
Deferred tax liabilities		9,161	14,534
		<hr/> 38,212	<hr/> 49,011
Net assets		<hr/> 250,842	<hr/> 224,690
Capital and reserves			
Share capital		100,079	92,659
Reserves		150,763	132,031
		<hr/> 250,842	<hr/> 224,690

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
OPERATING ACTIVITIES		
Profit (Loss) before taxation		
Continuing operations	11,067	3,632
Discontinued operation	–	(1,839)
	<u>11,067</u>	<u>1,793</u>
Adjustment for:		
Depreciation	331	4,460
Interest income	(46)	(45)
Finance costs	5,680	11,337
Bad debts written off	–	(607)
Gain on cancellation of convertible bonds	–	(15,844)
Change in fair value of financial assets at fair value through profit or loss	(4,739)	6,076
Loss on disposal of subsidiaries	–	4,407
Provision for obsolete stocks	2,166	–
Written off of other receivables	500	–
	<u>14,959</u>	<u>11,577</u>
Operating cash flows before movements in working capital	14,959	11,577
Decrease in inventories	3,537	1,949
Increase in accounts receivables	(31,307)	(32,941)
Increase in other receivables, deposits and prepayments	(17,492)	(52,518)
Increase in accounts payables	29,447	2,882
Increase (Decrease) in other payables and accruals	1,890	(6,867)
(Decrease) Increase in receipt in advance	(354)	78
	<u>680</u>	<u>(75,840)</u>
Cash from (used in) operations	680	(75,840)
Interest paid	(231)	(2,723)
Overseas taxation paid	(224)	(1,189)
	<u>225</u>	<u>(79,752)</u>
NET CASH FROM (USED IN) OPERATING ACTIVITIES	<u>225</u>	<u>(79,752)</u>

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
INVESTING ACTIVITIES		
Interest received	46	45
Purchase of property, plant and equipment	(775)	(38)
Net cash inflow on disposal of subsidiaries	–	43,640
Purchase of held-to-maturity financial assets	(5,044)	–
Sales proceeds of disposal of available-for-sale financial assets	–	10,610
Sales proceeds of disposal of held-to-maturity financial assets	–	11,103
	<u>–</u>	<u>11,103</u>
NET CASH (USED IN) FROM INVESTING ACTIVITIES	<u>(5,773)</u>	<u>65,360</u>
FINANCING ACTIVITIES		
Raised of other loan	10,550	15,171
Repayment of other loan	(8,049)	–
	<u>2,501</u>	<u>15,171</u>
NET CASH FROM FINANCING ACTIVITIES	<u>2,501</u>	<u>15,171</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,047)	779
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	7,615	6,393
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	978	443
	<u>7,615</u>	<u>6,393</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>5,546</u>	<u>7,615</u>
Represented by:		
Bank balances and cash	<u>5,546</u>	<u>7,615</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Equity attributable to equity holders of the Company								Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Warrant reserve HK\$'000 (Note (a))	Reserve arising from reorganisation HK\$'000 (Note (b))	Exchange reserve HK\$'000	Convertible bonds reserve HK\$'000	Retained profits (Deficit) HK\$'000	Discontinued operation HK\$'000	
At 1 April 2012	92,659	142,148	9,680	(24,317)	10,214	91,767	(104,293)	576	218,434
Profit for the year	-	-	-	-	-	-	578	-	578
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	232	-	-	-	232
Total comprehensive income for the year	-	-	-	-	232	-	578	-	810
Cancellation of convertible bonds (Note (c))	-	-	-	-	-	(30,696)	30,696	-	-
Release of deferred tax liabilities on cancellation of convertible bonds	-	-	-	-	-	-	6,066	-	6,066
Transfer to discontinued operation	-	-	-	-	(44)	-	-	44	-
Disposal of a subsidiary	-	-	-	-	-	-	-	(620)	(620)
	-	-	-	-	(44)	(30,696)	36,762	(576)	5,446
At 31 March 2013 and 1 April 2013	92,659	142,148	9,680	(24,317)	10,402	61,071	(66,953)	-	224,690
Profit for the year	-	-	-	-	-	-	10,065	-	10,065
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	961	-	-	-	961
Total comprehensive income for the year	-	-	-	-	961	-	10,065	-	11,026
Issue of shares on exercise of convertible bonds (Note (d))	7,420	29,680	-	-	-	(27,454)	-	-	9,646
Release of deferred tax liabilities on exercise of convertible bonds	-	-	-	-	-	5,480	-	-	5,480
	7,420	29,680	-	-	-	(21,974)	-	-	15,126
At 31 March 2014	100,079	171,828	9,680	(24,317)	11,363	39,097	(56,888)	-	250,842

Notes:

- (a) For the year ended 31 March 2010, the Company issued 100,000,000 warrant at HK\$0.10 each for cash. Net proceeds from the issuance of warrant of approximately HK\$9,680,000 was recognized as warrant reserve.
- (b) The reserve arising from reorganization of approximately HK\$24,317,000 represents the difference between the nominal value of the share capital of subsidiaries acquired and the cost of investments in these subsidiaries incurred by the Company in exchange thereof, and has been debited to the reserve of the Group.
- (c) On 6 November 2012, there is a cancellation of convertible bonds with a principal amount of HK\$50,000,000. Equity component of the convertible bonds of approximately HK\$30,696,000 was released to deficit.
- (d) On 25 November 2013, HK\$37,100,000 convertible bonds were exercised and 74,200,000 ordinary shares were issued.
- (e) The exchange reserve comprises:
 - (i) The foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the functional currency of the Company.
 - (ii) The exchange differences on monetary items which form part of the Group's net investment in the foreign subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 31 March 2014

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company’s registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is located at Room 1801, 18/F., Kai Tak Commercial Building, 317 & 319 Des Voeux Road Central, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in the sale of electronic banking systems, printing systems and provision of hardware and software technical support services of computer communication systems, technical development of network communication, development and design of system software and power system integration business.

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

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA:

HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the other new or revised HKFRSs in the current year has had no material effect on the amounts reported and/or disclosures set out in these consolidated financial statements.

New and revised standards on consolidation, joint arrangement, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 “Consolidated Financial Statements”, HKFRS 11 “Joint Arrangements”, HKFRS 12 “Disclosure of Interests in Other Entities”, HKAS 27 (as revised in 2011) “Separate Financial Statements” and HKAS 28 (as revised in 2011) “Investments in Associates and Joint Ventures”, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 “Consolidated and Separate Financial Statements” that deal with consolidated financial statements and HK(SIC) – Int 12 “Consolidation – Special Purpose Entities”. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. The directors of the Company made an assessment as at the date of initial application of HKFRS 10 (i.e. April 2013) and concluded that the adoption of HKFRS 10 does not change any of the control conclusions reached by the Group in respect of its involvement with the investees as at 1 April 2013.

Impact of the application of HKFRS 11 and HKFRS 12

The directors of the Company reviewed and assessed the impact of application of HKFRS 11 and HKFRS 12 and conclude that the application of these new standards had no impact on the Group’s results of operations or financial position.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for “fair value” and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements. In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively and the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to HKAS1 retain the option to present profit or loss and other comprehensive income in either

a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories:

- (a) items that will not be reclassified subsequently to profit or loss; and
- (b) items that may be reclassified subsequently to profit or loss when specific conditions are met.

Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁶
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁶
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ²
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ¹
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets ¹
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle ²
HKFRS 9	Financial Instruments ³
HKFRS 14	Regulatory Deferral Accounts ⁵
HK(IFRIC) - Int 21	Levies ¹

¹ Effective for annual periods beginning on or after 1 January 2014

² Effective for annual periods beginning on or after 1 July 2014

³ Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

⁴ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

⁵ Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

⁶ Effective for annual periods beginning on or after 1 January 2016

The directors of the Company anticipate that, except as described below, the application of the above new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 “*Financial Instruments: Recognition and Measurement*” are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have an impact on the amount reported in respect of the Group’s financial instruments. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

3. SEGMENT INFORMATION

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

The Group has internal reports about the sales of self-service automatic teller machine (“ATM”) systems and printing systems, and the provision of hardware and software technical support services and solar energy generation and power system integration business in the People’s Republic of China (“PRC”) that are regularly reviewed by the executive Directors of the Company and accordingly, they are considered as four separate operating segments.

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

Continuing operations

- (a) Sales of self-service automatic teller machine systems and printing system;
- (b) Provision of hardware and software technical support services; and
- (c) Power system integration business

Discontinued operation

(a) Solar energy generation

Segment revenue and results

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

Year ended 31 March 2014

	Continuing operations			Discontinued operation		Consolidated HK\$'000
	Power system integration business HK\$'000	Sales of goods HK\$'000	Rendering of services HK\$'000	Total HK\$'000	Solar energy generation HK\$'000	
Revenue from external customers	<u>63,708</u>	<u>6,207</u>	<u>4,601</u>	<u>74,516</u>	<u>-</u>	<u>74,516</u>
Segment result	23,897	(5,102)	(190)	18,605	-	18,605
Other revenue						48
Unallocated cost						(6,645)
Change in fair values of financial assets at fair value through profit or loss						<u>4,739</u>
Profit from operations						16,747
Finance costs						<u>(5,680)</u>
Profit before taxation						11,067
Income tax expenses						<u>(1,002)</u>
Profit for the year						<u><u>10,065</u></u>

Year ended 31 March 2013

	Continuing operations			Total <i>HK\$'000</i>	Discontinued	Consolidated <i>HK\$'000</i>
	Power system integration business <i>HK\$'000</i>	Sales of goods <i>HK\$'000</i>	Rendering of services <i>HK\$'000</i>		operation Solar energy generation <i>HK\$'000</i>	
Revenue from external customers	<u>9,488</u>	<u>35,026</u>	<u>7,835</u>	<u>52,349</u>	<u>13,699</u>	<u>66,048</u>
Segment result	6,738	406	1,175	8,319	6,326	14,645
Other revenue						16,714
Unallocated cost						(7,446)
Change in fair values of financial assets at fair value through profit or loss						(6,076)
Loss on disposal of a subsidiary					<u>(4,707)</u>	<u>(4,707)</u>
Profit from operations						13,130
Finance costs						<u>(11,337)</u>
Profit before taxation						1,793
Income tax expenses						<u>(1,215)</u>
Profit for the year						<u><u>578</u></u>

Segment assets and liabilities

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

Year ended 31 March 2014

	Continuing operations			Total HK\$'000	Discontinued operation	Consolidated HK\$'000
	Power system integration business HK\$'000	Sales of goods HK\$'000	Rendering of services HK\$'000		Solar energy generation HK\$'000	
Segment assets	<u>306,829</u>	<u>35,937</u>	<u>4,470</u>	<u>347,236</u>	<u>-</u>	<u>347,236</u>
Property, plant and equipment (for corporate)						763
Other receivables, deposits and prepayments (for corporate)						286
Financial assets at fair value through profit or loss (for corporate)						5,051
Bank balances and cash (for corporate)						<u>673</u>
Consolidated assets						<u><u>354,009</u></u>
Segment liabilities	<u>33,035</u>	<u>1,891</u>	<u>1,045</u>	<u>35,971</u>	<u>-</u>	<u>35,971</u>
Other payables and accruals (for corporate)						14,271
Other loan (for corporate)						16,140
Convertible bonds (for corporate)						29,051
Deferred tax liabilities (for corporate)						<u>7,734</u>
Consolidated liabilities						<u><u>103,167</u></u>

Year ended 31 March 2013

	Continuing operations			Total HK\$'000	Discontinued	Consolidated HK\$'000
	Power system integration business HK\$'000	Sales of goods HK\$'000	Rendering of services HK\$'000		operation Solar energy generation HK\$'000	
Segment assets	<u>247,575</u>	<u>47,346</u>	<u>6,670</u>	<u>301,591</u>	<u>-</u>	<u>301,591</u>
Property, plant and equipment (for corporate)						157
Other receivables, deposits and prepayments (for corporate)						392
Financial assets at fair value through profit or loss (for corporate)						312
Bank balances and cash (for corporate)						<u>790</u>
Consolidated assets						<u><u>303,242</u></u>
Segment liabilities	<u>2,427</u>	<u>10,074</u>	<u>1,363</u>	<u>13,864</u>	<u>-</u>	<u>13,864</u>
Other payables and accruals (for corporate)						11,429
Other loan (for corporate)						5,576
Convertible bonds (for corporate)						34,477
Deferred tax liabilities (for corporate)						<u>13,206</u>
Consolidated liabilities						<u><u>78,552</u></u>

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

- all assets are allocated to reportable-segments, other than goodwill and corporate assets of the management companies and investment holdings companies and
- all liabilities are allocated to operating segments, other than corporate liabilities of the management companies and investment holdings companies such as other payables and accruals, convertible bonds for corporate.

Other segments information

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

Year ended 31 March 2014

	Continuing operations			Discontinued operation		Consolidated
	Power system integration business	Sales of goods	Rendering of services	Total	Solar energy generation	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Depreciation of property, plant and equipment	3	64	93	160	-	160
Provision for obsolete stocks	-	634	-	634	-	634
Written off of other receivables	-	235	265	500	-	500
	<u>3</u>	<u>634</u>	<u>265</u>	<u>500</u>	<u>-</u>	<u>500</u>

Year ended 31 March 2013

	Continuing operations			Discontinued operation		Consolidated
	Power system integration business	Sales of goods	Rendering of services	Total	Solar energy generation	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Additions to property, plant and equipment	16	-	5	21	17	38
Depreciation of property, plant and equipment	-	67	335	402	4,003	4,405
Bad debts written off	-	197	391	588	19	607
	<u>16</u>	<u>197</u>	<u>391</u>	<u>588</u>	<u>19</u>	<u>607</u>

Geographical information

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

Information about major customers

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

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A – Rendering of services	-	9,488
Customer B – Sales of goods	1,316	8,728
Customer B – Rendering of services	744	600
Customer C – Rendering of services	63,708	-
	<u>63,708</u>	<u>-</u>

4. REVENUE AND OTHER REVENUE

	Continuing operations		Discontinued operation		Consolidated	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue						
Sales of goods	6,207	35,026	–	–	6,207	35,026
Rendering of services	68,309	17,323	–	13,699	68,309	31,022
	74,516	52,349	–	13,699	74,516	66,048
Other revenue						
Bank interest income	46	43	–	2	46	45
Government subsidy for business development	86	77	–	–	86	77
Gain on trading in financial instrument	49	121	–	–	49	121
Gain on disposal of a subsidiary	–	300	–	–	–	300
Gain on cancellation of convertible bonds	–	15,844	–	–	–	15,844
Others	47	46	–	281	47	327
	228	16,431	–	283	228	16,714
Total revenue	74,744	68,780	–	13,982	74,744	82,762

5. FINANCE COSTS

	Continuing operations		Discontinued operation		Consolidated	
	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Imputed finance costs						
on convertible bonds	4,220	5,475	-	-	4,220	5,475
Interest on other loan	1,460	2,121	-	3,741	1,460	5,862
	<u>5,680</u>	<u>7,596</u>	<u>-</u>	<u>3,741</u>	<u>5,680</u>	<u>11,337</u>

6. PROFIT BEFORE TAXATION

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

	Continuing operations		Discontinued operation		Consolidated	
	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Crediting:						
Net foreign exchange gains (losses)	76	18	-	(6)	76	12
Charging:						
Auditors' remuneration	380	400	-	-	380	400
Bad debts written off	-	588	-	19	-	607
Cost of inventories	4,847	27,289	-	-	4,847	27,289
Depreciation	331	457	-	4,003	331	4,460
Change in fair value of financial assets at fair value through profit or loss	(4,739)	6,076	-	-	(4,739)	6,076
(Gain) Loss on disposal of subsidiaries	-	(300)	-	4,707	-	4,407
Operating leases for land and building	1,467	1,240	-	83	1,467	1,323
Provision for obsolete stocks	2,166	-	-	-	2,166	-
Research and development costs	108	106	-	-	108	106
Staff costs (including directors' emoluments and research and development costs)	7,925	8,765	-	669	7,925	9,434
Written off of other receivables	500	-	-	-	500	-
	<u>7,925</u>	<u>8,765</u>	<u>-</u>	<u>669</u>	<u>7,925</u>	<u>9,434</u>

7. INCOME TAX EXPENSES

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

The Company's subsidiaries established in the PRC are subject to Enterprise Income Tax rate of 25% (2013: 25%).

No provision for Hong Kong Profits Tax has been made as there is no assessable profit (2013: Nil) for the subsidiaries operating in Hong Kong during the year ended 31 March 2014.

The amount of taxation charged to the consolidated statement of profit or loss and other comprehensive income represents:

	Continuing operations		Discontinued operation		Consolidated	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Current income tax:						
– Hong Kong Profits Tax	-	-	-	-	-	-
– PRC Enterprise Income Tax	909	146	-	1,169	909	1,315
Deferred taxation	93	(100)	-	-	93	(100)
Income tax expenses	<u>1,002</u>	<u>46</u>	<u>-</u>	<u>1,169</u>	<u>1,002</u>	<u>1,215</u>

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

	2014 HK\$'000	2013 HK\$'000
Profit before taxation		
Continuing operations	11,067	3,632
Discontinued operation	-	(1,839)
	<u>11,067</u>	<u>1,793</u>
Calculated at a rate of income tax of 16.5% (2013: 16.5%)	1,826	296
Effect of difference rate of income tax in other countries	1,562	2,112
Tax effect on income not subject to tax	(12,077)	(16,744)
Tax effect on expenses not deductible for taxation purposes	6,848	16,006
Tax effect of temporary differences	(93)	-
Tax effect of tax loss not previously recognized	1,365	-
Tax effect of utilization of tax loss not previously recognized	1,478	(355)
Others	93	(100)
	<u>1,002</u>	<u>1,215</u>

8. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share from continuing and discontinued operations attributable to the ordinary equity holders of the Company is based on the following data:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit		
Profit for the year attributable to the equity holders of the Company	<u>10,065</u>	<u>578</u>
	2014	2013
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>952,003,031</u>	<u>926,592,072</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>952,003,031</u>	<u>926,592,072</u>

Outstanding warrants and convertible bonds of the Company are anti-dilutive since their exercise or conversion would result in an increase in basic earnings per share for the year ended 31 March 2014.

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the ordinary equity holders of the Company is based on the following data:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit for the year attributable to the equity holders of the Company	10,065	578
Less: Loss for the year attributable to the equity holders of the Company from discontinued operation	<u>—</u>	<u>(3,008)</u>
Profit for the purpose of basic earnings per share from continuing operations	<u>10,065</u>	<u>3,586</u>

Outstanding warrants and convertible bonds of the Company are anti-dilutive since their exercise or conversion would result in an increase in basic earnings per share from continuing operations for the year ended 31 March 2014.

From discontinued operation

Basic earnings per share from discontinued operation is Nil HK cent per share (2013: loss per share HK0.32 cents), based on the profit for the year from the discontinued operation of approximately HK\$Nil (2013: loss for the year approximately HK\$3,008,000) and the denominators detailed above for basic earnings per share.

Diluted loss per share from discontinued operation is Nil HK cent per share (2013: HK0.83 cents), based on the profit for the year from discontinued operation of approximately HK\$Nil (2013: loss for the year approximately HK\$3,008,000) and weighted average number of ordinary shares for the purpose of diluted loss per share.

9. GOODWILL

	Power system integration business HK\$'000
COST	
At 1 April 2012, 31 March 2013, 1 April 2013 and At 31 March 2014	<u>235,999</u>
IMPAIRMENT	
At 1 April 2012	–
Impairment loss recognized for the year	<u>–</u>
At 31 March 2013 and 1 April 2013	
Impairment loss recognized for the year	<u>–</u>
At 31 March 2014	<u>–</u>
CARRYING VALUES	
At 31 March 2014	<u><u>235,999</u></u>
At 31 March 2013	<u><u>235,999</u></u>

The Group tests goodwill annually for impairment in the financial year in which the acquisition takes place, or more frequently if there is indications that goodwill might be impaired.

For the year ended 31 March 2014, the goodwill is approximately HK\$235,999,000 (2013: approximately HK\$235,999,000).

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

During the year ended 31 March 2014, the Group did not recognized any impairment loss (2013: Nil) in relation to goodwill arising on acquisition of subsidiaries.

The key assumption used for cash flow projections for the power system integration business are as follows:

Power system integration business

	Year				
	2015	2016	2017	2018	2019
Growth rate	571%	262%	(49%)	(38%)	(48%)
Discount rate	9.43%	9.43%	9.43%	9.43%	9.43%

The management estimated the growth rate by reference to the project being under negotiation and the estimated project revenue.

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

10. INVENTORIES

	2014	2013
	HK\$'000	HK\$'000
Merchandize for re-sale	5,126	8,335
Spare parts	2,113	2,441
	7,239	10,776
Less: Provision for slow moving and obsolete inventories	(5,666)	(3,500)
	1,573	7,276

11. ACCOUNTS RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Accounts receivables	56,900	25,591
Less: Allowance for doubtful debts	(4,776)	(4,774)
	<u>52,124</u>	<u>20,817</u>

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

At 31 March 2014 the ageing analysis of the Group's accounts receivables was as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current to 60 days	48,759	11,209
61 – 90 days	40	1,340
Over 90 days	8,101	13,042
	<u>56,900</u>	<u>25,591</u>
Less: Allowance for doubtful debts	(4,776)	(4,774)
	<u>52,124</u>	<u>20,817</u>

As at 31 March 2014, the top five customers accounted for 87.34% (2013: 50.5%) of the Group's accounts receivables.

Aging of overdue trade receivables but not impaired

The Group has credit policies in place to review the credit worthiness of all existing and potential customers. Credit terms range between 30 and 90 days. As at 31 March 2014, trade receivables of approximately HK\$3,325,000 (2013: approximately HK\$8,268,000) were overdue but not impaired. Management assessed the credit quality of this HK\$3,325,000 by reference to the repayment history and current financial position of the customers. Management believes that no provision for impairment is necessary and these balances are expected to be fully recovered. The Group does not hold any collateral over these balances. The aging of these overdue trade receivables but not impaired is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
91 to 120 days	612	1,947
121 – 150 days	298	395
Over 150 days	<u>2,415</u>	<u>5,926</u>
	<u>3,325</u>	<u>8,268</u>

Movement in the allowance for doubtful debts:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Balance at the beginning of the year	4,774	4,774
Exchange adjustment	<u>2</u>	<u>–</u>
Balance at end of the year	<u>4,776</u>	<u>4,774</u>

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Other receivables, deposits and prepayments included the following:

- (a) Deposit of approximately HK\$26,470,000 (2013: approximately HK\$23,685,000) for purchase of trading goods.
- (b) Loan receivable of approximately HK\$17,843,000 (2013: approximately HK\$862,000). The loan is unsecured, interest free and repayable within one year.
- (c) Loan receivable of approximately HK\$Nil (2013: approximately HK\$477,000), of which approximately HK\$Nil (2013: approximately HK\$248,000) is unsecured, interest bearing on 6% per annum and repayable within one year. Amounting to HK\$Nil (2013: HK\$229,000) is unsecured, interest bearing on 12% per annum and repayable within one year.

13. HELD-TO-MATURITY FINANCIAL ASSETS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
The movement in held-to-maturity investments is summarized as follow:		
At the beginning of the year	–	11,103
Additions	5,044	–
Disposed during the year	<u>–</u>	<u>(11,103)</u>
At the end of the year	<u>5,044</u>	<u>–</u>

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Listed securities held for trading:		
Market value of equity securities listed in New York		
Cost	24,250	24,250
Change in fair value	<u>(19,199)</u>	<u>(23,938)</u>
31 March	<u>5,051</u>	<u>312</u>

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

15. ACCOUNTS PAYABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Accounts payables	<u>32,280</u>	<u>2,833</u>

At 31 March 2014, the ageing analysis of the Group's accounts payables was as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current to 60 days	3,873	2,820
61 – 90 days	28,394	–
Over 90 days	<u>13</u>	<u>13</u>
	<u>32,280</u>	<u>2,833</u>

16. OTHER PAYABLES AND ACCRUALS

Included in other payables and accruals, there are amounts due to executive directors, Mr. Hou Hsiao Wen, Mr. Hou Hsiao Bing and Mr. Chiu Tung Ping, the amounts are approximately HK\$3,365,000 (2013: approximately HK\$3,275,000), approximately HK\$1,882,000 (2013: approximately HK\$1,737,000) and approximately HK\$676,000 (2013: HK\$Nil) respectively. The amounts are unsecured, interest free and have no fixed repayment terms.

There is amount due to Dynatek Limited amounting to HK\$720,000 (2013: HK\$360,000). The amount is unsecured, interest free and has no fixed repayment term.

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

17. OTHER LOAN

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Other loan (<i>note a</i>)	<u>16,140</u>	<u>13,624</u>

- (a) Other loan amounting to approximately HK\$Nil (2013: HK\$8,048,000) is interest bearing on 9% per annum, unsecured and repayable on demand.

Other loan amounting to approximately HK\$16,140,000 (2013: HK\$5,576,000) is interest bearing on 12% per annum, unsecured and repayable on demand.

Borrowings are repayable as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
On demand or within one year	16,140	13,624
Less: Amount shown under non-current liabilities	<u>—</u>	<u>—</u>
Amount shown under current liabilities	<u>16,140</u>	<u>13,624</u>

18. CONVERTIBLE BONDS

2011 Convertible bonds (“2011 CB”)

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

The 2011 CB was divided into Tranche I Convertible bonds (“Tranche I CB”) and Tranche II Convertible bonds (“Tranche II CB”) of HK\$113,000,000 and HK\$50,000,000 respectively. For Tranche I CB, the CB holders are not subject to any restriction for exercising the conversion of Tranche I CB into share. For Tranche II CB, the amount should be subject to change in restrict to a profit guarantee made by the vendor to the Company. Refer to a supplementary agreement made between the vendor and the Company on 30 January 2012, the amount of profit guarantee was increased to HK\$40,000,000 and the guarantee period was extended to 30 September 2012. In the event that the profit guarantee could not be achieved, the principal amount of the Tranche II CB will be adjusted to HK\$0 if the profit guarantee is equivalent to or less than HK\$15,000,000 or a loss.

The Tranche II CB shall be held under escrow pursuant to an escrow agent agreement to be executed by the Company and the vendor for the purpose of effectuating the downward adjustment of consideration in the event that the target profit could not be achieved.

On 2 September 2012, City Max International Limited, the Company, Good Million Investments Limited, Mr. Chiu Tung Ping and Ms. Yuen Hing Lan entered into the second supplemental agreement (“Second Supplemental Agreement”) to amend certain terms of the Agreement (as supplemented and amended by the Supplemental Agreement). Under the Second Supplemental Agreement, it was proposed that the Target Profit Period would be deferred to cover the period of 12 months ending on 31 March 2013. The Second Supplemental Agreement was terminated by the parties by a termination agreement dated 24 September 2012, details of which were set out in the announcement of the Company dated 24 September 2012.

Based on the audited consolidated financial statements of CTSP (BVI) and its subsidiaries (“Target Group”) for the 12 months ended 30 September 2012, the Target Group recorded a loss of HK\$77,094. On such basis, the amended target profit of HK\$40,000,000 under the Agreement (as supplemented by the Supplemental Agreement) was not achieved and the principal amount of the Tranche II CB in the principal amount of HK\$50,000,000 was adjusted to HK\$0.

For the year ended 31 March 2012, Tranche I CB with a nominal value of HK\$12,000,000 were converted by the bondholders into 24,000,000 ordinary shares at a conversion price of HK\$0.5 per ordinary share.

For the year ended 31 March 2014, Tranche I CB with a nominal value of HK\$37,100,000 were converted by the bondholders into 74,200,000 ordinary shares at a conversion price of HK\$0.5 per ordinary share.

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

The fair value of the liability component of the convertible bonds at the issue date was valued by an independent 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.

2014

	Tranche I <i>HK\$'000</i>	Tranche II <i>HK\$'000</i>	Total <i>HK\$'000</i>
Equity component of convertible bonds at the beginning of the year	61,071	–	61,071
Release on conversion to ordinary shares	(27,454)	–	(27,454)
Release of deferred tax liabilities on conversion of convertible bonds	5,480	–	5,480
Equity component at 31 March	<u>39,097</u>	<u>–</u>	<u>39,097</u>
Liability component at the beginning of the year	34,477	–	34,477
Imputed finance costs (<i>Note 5</i>)	4,220	–	4,220
Release on conversion of convertible bonds	(9,646)	–	(9,646)
Liability component at 31 March	<u>29,051</u>	<u>–</u>	<u>29,051</u>

2013

	Tranche I <i>HK\$'000</i>	Tranche II <i>HK\$'000</i>	Total <i>HK\$'000</i>
Equity component of convertible bonds at the beginning of the year	61,071	30,696	91,767
Release of convertible bonds reserve due to the cancellation of convertible bonds	–	(30,696)	(30,696)
Equity component at 31 March	<u>61,071</u>	<u>–</u>	<u>61,071</u>
Liability component at the beginning of the year	30,141	14,704	44,845
Imputed finance costs (<i>Note 5</i>)	4,336	1,139	5,475
Release of convertible bonds liability due to the cancellation of convertible bonds	–	(15,843)	(15,843)
Liability component at 31 March	<u>34,477</u>	<u>–</u>	<u>34,477</u>

BUSINESS REVIEW

The Group is principally engaged in (i) power system integration business, (ii) sales of self-service automatic teller machine (“**ATM**”) systems and printing systems, and (iii) provision of hardware and software technical support services in the People’s Republic of China (“**PRC**” or “**China**”) during the year ended 31 March 2014.

The Group’s revenue from continuing operations amounted to approximately HK\$74.5 million for the year ended 31 March 2014, representing an increase of approximately 42.3 per cent. as compared with approximately HK\$52.3 million recorded for the financial year ended 31 March 2013, mainly due to the increase in the revenue derived from the power system integration business of approximately HK\$54.2 million which was partly offset by the decrease in the revenue derived from the sales of self-service ATM systems and printing systems together with the provision of hardware and software technical support services of HK\$32.1 million during the year under review.

The Group’s gross profit margin was approximately 37.2 per cent. in the year ended 31 March 2014, as compared to approximately 34.4 per cent. in the year ended 31 March 2013. The increase in the gross profit margin was mainly as a result of the higher gross profit margin attributable to the power system integration business of approximately 38.3 per cent. during the year ended 31 March 2014.

The Group recorded a profit attributable to equity holders of the Company amounting to approximately HK\$10.1 million for the year ended 31 March 2014 (2013: profit attributable to equity holders of the Company of approximately HK\$0.6 million), mainly as a result of the gross profit attributable to the power system integration business of approximately HK\$24.4 million (2013: HK\$7.8 million). The substantial increase in profit was mainly attributable to the recognition of revenue of the power system integration business in the fourth quarter of the year ended 31 March 2014. Please refer to the Management Discussion and Analysis section of this announcement for details.

Basic earnings per share from continuing and discontinued operations was approximately HK1.06 cents for the year ended 31 March 2014, as compared with the basic earnings per share from continuing and discontinued operations of approximately HK0.06 cents for the year ended 31 March 2013.

POWER SYSTEM INTEGRATION OPERATION

In September 2013, the Group entered into a memorandum of understanding with an investment company (“**Investment Company**”) for projects relating to construction of large-scale grid-connected solar photovoltaic power station and distributed power generation on rooftop, which are expected to have an aggregate designed capacity of 300MW (“**300MW Project**”), by the end of 2016. In October 2013, the Group entered into a co-operation agreement with an energy company in Xi’an, and together with such energy company, jointly contracted with a wholly-owned subsidiary of the Investment Company in Jinchang City in Gansu province for the construction of a solar photovoltaic power station with an expected capacity of 50MW (“**50MW Gansu Power Station**”) which is phase 1 of the 300MW Project. As at 31 March 2014, the Group has completed the construction work of the 50MW Gansu Power Station and obtained the system testing and satisfaction report from the Investment Company. As such, the revenue generated from the power system integration business during the year ended 31 March 2014 amounted to approximately HK\$63.7 million (2013: HK\$9.5 million).

ATM SYSTEMS AND PRINTING SYSTEMS OPERATION

The Group is recognized as a professional ATM software, hardware and service company in the ATM sector, and is an authorized value-added reseller of self-service ATM systems of NCR (Beijing) Financial Equipment System Co., Ltd and a marketing agent for Fuji Xerox for its printing systems in China.

The Group will offer a full range of banking and financial system solutions for the banking and financial sectors, and persist to put efforts on enhancing closer customer relationships, broadening business relationships and exploring new business opportunities in corporate outsourcing technical service sector.

MANAGEMENT DISCUSSION AND ANALYSIS

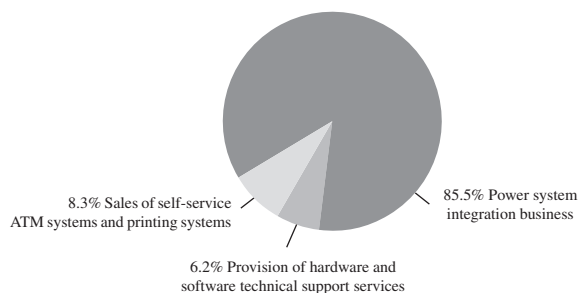
REVENUE

During the year ended 31 March 2014, the Group is principally engaged in (i) power system integration business; (ii) sales of self-service ATM systems and printing systems; and (iii) provision of hardware and software technical support services in the PRC.

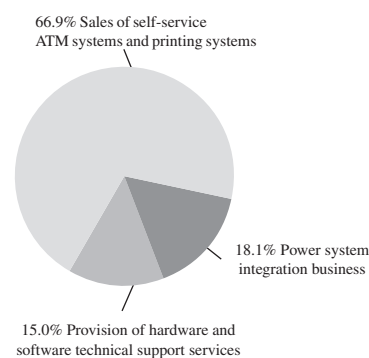
Revenues for continuing operations recognized during the year are as follows:

	Financial year ended	
	31 March	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue		
Power system integration business	63,708	9,488
Sales of self-service ATM systems and printing systems	6,207	35,026
Provision of hardware and software technical support services	4,601	7,835
	<u>74,516</u>	<u>52,349</u>
Other revenue		
Bank interest income	46	43
Government subsidy for business development	86	77
Gain on trading in financial instrument	49	121
Gain on disposal of a subsidiary	–	300
Gain on cancellation of convertible bonds (<i>Note</i>)	–	15,844
Others	47	46
	<u>228</u>	<u>16,431</u>
Total revenue	<u>74,744</u>	<u>68,780</u>

**Analysis of business segments
for the financial year ended 31 March 2014**



**Analysis of business segments
for the financial year ended 31 March 2013**



Note:

Pursuant to the agreement entered into between (i) City Max International Limited, (ii) the Company, (iii) Good Million Investments Limited (“**Good Million**”), (iv) Mr. Chiu Tung Ping, and (v) Ms. Yuen Hing Lan (as supplemented by the supplemental agreement dated 30 January 2012 (“**Supplemental Agreement**”)) in relation to the sale and purchase of the entire issued share capital of China Technology Solar Power Holdings Limited (“**CTSP (BVI)**”), a company incorporated in the British Virgin Islands with limited liability (“**Agreement**”), the Company issued convertible bonds in the aggregate principal amount of HK\$163,100,000 (“**2011 CB**”) to Good Million on 1 June 2011. The 2011 CB was divided into Tranche I Convertible bonds (“**Tranche I CB**”) and Tranche II Convertible bonds (“**Tranche II CB**”) of HK\$113,000,000 and HK\$50,000,000 respectively. For Tranche I CB, the CB holders are not subject to any restriction for exercising the conversion right to convert Tranche I CB into share. For Tranche II CB, the amount should be subject to change with reference to a profit guarantee made by Good Million to the Company. Details of the acquisition is contained in the circular of the Company dated 16 May 2011 and the circular of the Company dated 22 February 2012.

Based on the audited consolidated financial statements of CTSP (BVI) and its subsidiaries (“**Target Group**”) for the 12 months ended 30 September 2012, the Target Group recorded a loss of HK\$77,094. On such basis, the amended target profit of HK\$40,000,000 under the Agreement (as supplemented by the Supplemental Agreement) was not achieved and the principal amount of the Tranche II CB in the principal amount of HK\$50,000,000 was adjusted to HK\$0.

POWER SYSTEM INTEGRATION OPERATION

System integration refers to the optimization 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 power stations and subsequently carry out integration of the separated equipment, functions and information into a connected, unified and coordinated system. System integration enables the utilization of resources at their best to enhance optimization of performance of the entire system and achieve centralized, 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 power stations.

As mentioned in the circular of the Company dated 16 May 2011, the Group has secured and signed two agreements for the provision of one-off service on system integration services for biomass energy, thermal power and solar energy generation companies and projects. As the contracting parties in the two agreements were in the process of obtaining the necessary licenses from the respective government authorities during the year ended 31 March 2014 and as at the date of this announcement, the Group had not commenced such system integration services and did not have income generated from the two agreements during the year ended 31 March 2014 (2013: Nil) and as at the date of this announcement.

As also mentioned in the circular of the Company dated 16 May 2011, the Group has also entered into two memorandums of understanding for the provision of system integration services. As at the date of this announcement, the Group had not entered into formal agreements with the other contracting parties and the Group has not commenced to provide these services.

The Group continued to expand its system integration services and technology consultancy services through securing more contracts for provision of such services to more biomass energy, thermal power and solar energy generation companies and projects in the PRC. In September 2013, the Group entered into a memorandum of understanding with the Investment Company for projects relating to construction of large-scale grid-connected solar photovoltaic power station and distributed power generation on rooftop, which are expected to have an aggregate designed capacity of 300MW, by the end of 2016. In October 2013, the Group entered into a co-operation agreement with an energy company in Xi'an, and together with such energy company, jointly contracted with a wholly-owned subsidiary of the Investment Company in Jinchang City in Gansu province for the construction of 50MW Gansu Power Station which is phase 1 of the 300MW Project. As at 31 March 2014, the Group has completed the construction work of the 50MW Gansu Power Station and obtained the system testing and satisfaction report from the Investment Company.

As such, the revenue generated from the power system integration business during the year ended 31 March 2014 amounted to approximately HK\$63.7 million (2013: HK\$9.5 million).

IMPLEMENTATION OF SELF-SERVICE ATM SYSTEMS AND PRINTING SYSTEMS

During the financial year ended 31 March 2014, implementation of self-service ATM systems and printing systems (including the provision of technical consultancy and support services) accounted for approximately 14.5 per cent. (2013: approximately 81.9 per cent.) of the Group's revenue from the sales of goods and rendering of services.

The revenue generated from the implementation of self-service ATM systems and printing systems (including the provision of technical consultancy and support services) recorded approximately HK\$10.8 million in the financial year ended 31 March 2014, representing a decrease of approximately 74.8 per cent. as compared with the previous financial year, mainly as a result of the fierce competition in the PRC market.

PROVISION OF TECHNICAL CONSULTANCY AND SUPPORT SERVICES

The provision of technical consultancy and support services, which were already included in the implementation of self-service ATM systems and printing systems, accounted for approximately 6.2 per cent. (2013: approximately 15.0 per cent.) of the total revenue from the sales of goods and rendering of services for the financial year ended 31 March 2014. Income derived from the provision of technical consultancy and support services during the financial year ended 31 March 2014 decreased by approximately 41.3 per cent., as compared with that of the previous financial year, mainly as a result of the fierce competition in the PRC market.

As an authorised value-added reseller of self-service ATM systems of NCR (Beijing) Financial Equipment System Co., Ltd and marketing agent of Fuji Xerox for its printing systems in China, the Group has fully committed itself as a reliable and reputable vendor and a total solution provider for self-service ATM systems and printing systems.

By having ATM service centers established in major cities in China including Shanghai, Yangquan, Changshu, Yingkou, Datong, Xuzhou, Huzhou and Lvliang, the Group has ATM service centers covering a total of 8 strategic cities and locations currently.

SELLING EXPENSES FROM CONTINUING OPERATIONS

Selling expenses from continuing operations incurred by the Group for the year ended 31 March 2014 amounted to approximately HK\$2.4 million (2013: approximately HK\$3.2 million), representing a decrease of approximately 24.2 per cent. as a result of the Group's policy on cost control.

ADMINISTRATIVE EXPENSES FROM CONTINUING OPERATIONS

Administrative expenses from continuing operations incurred by the Group for the year ended 31 March 2014 amounted to approximately HK\$13.5 million (2013: approximately HK\$13.9 million), representing a decrease of approximately 3.2 per cent. as a result of the Group's policy on cost control.

Staff costs from continuing operations (including Directors' emoluments and research and development costs) which were included in both selling expenses and administrative expenses decreased by approximately 9.6 per cent. to approximately HK\$7.9 million (2013: approximately HK\$8.8 million) because of the decrease in the number of employees from 78 to 39 during the year under review and the fact that Mr. Chiu Tung Ping, an executive Director, had waived his emoluments of approximately HK\$0.4 million during the year ended 31 March 2014.

Operating leases for land and building from continuing operations increased by approximately 18.3 per cent. to approximately HK\$1.5 million (2013: approximately HK\$1.2 million) mainly because of the lease of an additional office in Hong Kong.

Other receivables of approximately HK\$0.5 million was written off during the year ended 31 March 2014 (2013: Nil).

A general provision for obsolete stocks of approximately HK\$2.2 million has been made during the year ended 31 March 2014 (2013: Nil).

Depreciation expenses decreased to approximately HK\$0.3 million as compared to that of last financial year (2013: approximately HK\$0.5 million) because certain property, plant and equipment became fully depreciated in previous years.

FINANCE COSTS FROM CONTINUING OPERATIONS

During the financial year ended 31 March 2014, the Group has incurred the following finance costs from continuing operations:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Imputed finance costs on convertible bonds	4,220	5,475
Interest on other loan	1,460	2,121
	5,680	7,596

INCOME TAX EXPENSES FROM CONTINUING OPERATIONS

The Group has an income tax expenses from continuing operations for the financial year ended 31 March 2014 of approximately HK\$1.0 million (2013: income tax expenses of approximately HK\$46,000).

LIQUIDITY, FINANCIAL RESOURCES AND TREASURY POLICIES

As at 31 March 2014, the Group had bank balances and cash amounting to a total of approximately HK\$5.5 million (2013: approximately HK\$7.6 million). The Group has no outstanding bank overdraft as at 31 March 2014 (2013: Nil).

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

CURRENT RATIO

As at 31 March 2014, the Group's current ratio, represented by a ratio of current assets to current liabilities, was approximately 1.8 (2013: approximately 2.2).

GEARING RATIO

As at 31 March 2014, the gearing ratio of the Group, based on total liabilities over total assets was approximately 29.1 per cent. (2013: approximately 25.9 per cent.).

DIRECTORS' OPINION ON SUFFICIENCY OF WORKING CAPITAL

In view of the Group's financial and liquidity positions and in the absence of unforeseen circumstances, the Directors are of the opinion that the Group has sufficient working capital for its present requirements.

BANKING FACILITIES

As at 31 March 2014, the Company did not have any banking facilities.

CHARGES ON ASSETS

As of 31 March 2014, the Company and its subsidiaries pledged no asset to banks as security for bank loans and overdraft (2013: Nil).

CONTINGENT LIABILITIES

As at 31 March 2014, the Group did not have any significant contingent liabilities.

EXPOSURE TO FOREIGN EXCHANGE RISK

The Group mainly operates in the PRC with transactions settled in Renminbi principally and did not have any significant exposure to foreign exchange risk during the year.

EMPLOYEES

As at 31 March 2014, the Group employed 8 and 31 staff in Hong Kong and the PRC respectively (2013: 8 in Hong Kong and 70 in the PRC). The Group has developed its human resources policies and procedures based on performance and merit. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system.

The remuneration of the Directors was determined by the Board with reference to the prevailing market conditions, roles and responsibilities of the Directors. Share options may be granted to Directors and employees of the Group to subscribe for shares in the Company. Particulars of the scheme are set out in the relevant section of this announcement.

MOVEMENT OF WARRANTS

The Company has a total of 100,000,000 warrants outstanding at 31 March 2014 and its movement is as follows:

Date of issue	Outstanding at 1/4/2013	Issued during the year	Exercised/ lapsed during the year	Outstanding at 31/3/2014	Subscription period	Subscription price per share
23 December 2009	100,000,000	-	-	100,000,000	23 December 2009 to 22 December 2014	HK\$0.90

Note:

On 23 December 2009, the Company placed a total of 100,000,000 unlisted warrants to certain independent third parties at the subscription price of HK\$0.90 each. No warrants has been exercised during the year ended 31 March 2014.

CORPORATE GOVERNANCE PRACTICES

The Board and the senior management of the Company are committed to the principles of corporate governance and have dedicated significant efforts to provide transparency, accountability and independence.

During the year ended 31 March 2014 (“**Review Period**”), the Company has complied with all the code provisions set out in the Corporate Governance Code (“**CG Code**”) contained in Appendix 15 of the GEM Listing Rules, except for the deviation from code provisions A.2.1, A.5.2 and E.1.2 as explained below.

Code provision A.2.1

Pursuant to code provision A.2.1 of the CG Code as set out in Appendix 15 of the GEM Listing Rules, 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 (“**Chairman**”) and chief executive officer of the Group (“**Chief Executive Officer**”) 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 Directors will continue to review the effectiveness of the current structure and assess whether separation of roles of Chairman and Chief Executive Officer is necessary.

Code provision A.5.2

Code provision A.5.2 stipulates that the nomination committee of the Board (“**Nomination Committee**”) is required to make recommendations to the Board on the appointment of Directors.

A Nomination Committee meeting had not been held by the Nomination Committee members regarding the appointment of Mr. Zhang Shenxin as an executive Director and the vice-chairman of the Board with effect from 13 May 2013. Instead, his appointment was discussed and approved by the Directors at a board meeting of the Company held on 13 May 2013.

Code provision E.1.2

Under code provision E.1.2, the Chairman should attend the annual general meeting. Due to other commitments which must be attended by the Chairman, the Chairman was unable to attend the annual general meeting of the Company held on 23 September 2013 (“**2013 AGM**”). Nevertheless, Mr. Tam Kam Biu, William, an independent non-executive Director, chairman of the audit committee of the Board, the Nomination Committee and the remuneration committee of the Board presided as the chairman at the 2013 AGM, and answered questions from the shareholders of the Company.

EVENTS AFTER THE REPORTING PERIOD

Acquisition of China Western Energy Holdings Limited

On 1 April 2014 (after trading hours), City Max International Limited, a wholly-owned subsidiary of the Company, (“**City Max**”) as the purchaser and Soar Ocean Holdings Limited (“**Soar Ocean**”) as the vendor entered into the sale and purchase agreement (“**Sale and Purchase Agreement**”) pursuant to which City Max has conditionally agreed to acquire and Soar Ocean has conditionally agreed to dispose of the entire issued share capital of China Western Energy Holdings Limited (“**China Western Energy**”), a company incorporated in the British Virgin Islands with limited liability, at the consideration of not less than HK\$16,000,000 and not more than HK\$32,000,000, the final amount of which will be determined based on the audited net profit after tax of China Western Energy and its subsidiary for the year ending 31 December 2014 multiplied by a price-earnings ratio of 5.33. The total consideration (“**Consideration**”) will in any event not exceed HK\$32,000,000.

Pursuant to the Sale and Purchase Agreement, the Consideration shall be satisfied by the issue of consideration shares (“**Consideration Shares**”) at the issue price of HK\$0.175 per Consideration Share to Soar Ocean. The Consideration Shares will be allotted and issued under the general mandate granted to the Directors to allot and issue up to 185,318,414 new shares by the shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 23 September 2013.

Completion of the Sale and Purchase Agreement took place on 10 April 2014 and 91,428,571 Consideration Shares for the initial payment have been allotted and issued in accordance with the terms and conditions of the Sale and Purchase Agreement at the issue price of HK\$0.175 per Consideration Share by the Company to Soar Ocean.

Please refer to the announcements dated 1 April 2014 and 10 April 2014 for details of the acquisition.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the financial year ended 31 March 2014. Neither the Company nor any of its subsidiaries purchased or sold any of the shares during the financial year ended 31 March 2014.

AUDIT COMMITTEE

The audit committee (“**Audit Committee**”) comprises three independent non-executive Directors, including Mr. Tam Kam Biu, William as chairman, Mr. Dong Guangwu and Mr. Meng Xianglin. The audited consolidated financial statements of the Company for the year ended 31 March 2014 have been reviewed by the Audit Committee.

AUDITORS

The audited financial statements of the Company for the year ended 31 March 2014 have been audited by W.H. Tang & Partners CPA Limited, who will retire and being eligible, offer themselves for reappointment as auditor at the forthcoming annual general meeting of the Company. There is no change to the auditors of the Company in the preceding 3 years.

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

Hong Kong, 23 June 2014

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

Executive Directors:

Chiu Tung Ping (Chairman)

Zhang Shenxin (Vice-Chairman)

Yuen Hing Lan

Hou Hsiao Bing

Hou Hsiao Wen

Hu Xin

Independent non-executive Directors:

Tam Kam Biu, William

Dong Guangwu

Meng Xianglin

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