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 2015

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 2015 was approximately HK$29.7 million (the profit attributable to equity holders of the Company for the financial year ended 31 March 2014 was approximately HK$10.1 million).

The revenue of the Group for the financial year ended 31 March 2015 was approximately HK$113.3 million, representing an increase of approximately 52.1 per cent., as compared with approximately HK$74.5 million for the financial year ended 31 March 2014.

Gross profit margin of the Group was approximately 39.1 per cent. in the financial year ended 31 March 2015, as compared to approximately 37.2 per cent. in the financial year ended 31 March 2014.

Basic earnings per share for the financial year ended 31 March 2015 was approximately HK2.68 cents (basic earnings per share for the financial year ended 31 March 2014 was approximately HK1.06 cents).

The Directors do not recommend the payment of a dividend for the financial year ended 31 March 2015 (2014: 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 2015, together with the comparative figures for the corresponding financial year ended 31 March 2014 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 2015

	Note	2015 HK$'000	2014 HK$'000
Revenue	4	**113,331**	74,516
Cost of sales		**(69,028)**	(46,808)
Gross profit		**44,303**	27,708
Other revenue	4	**5,414**	228
Selling expenses		**(2,935)**	(2,441)
Change in fair value of financial assets at fair value through profit or loss		**(2,303)**	4,739
Administrative expenses		**(11,361)**	(13,487)
Finance costs	5	**(5,653)**	(5,680)
Profit before taxation	6	**27,465**	11,067
Income tax	7	**2,208**	(1,002)
Profit for the year attributable to owners of the Company		**29,673**	10,065
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**151**	961
Total comprehensive income for the year attributable to owners of the Company		**29,824**	11,026
Dividend		**–**	–
Earnings per share			
– Basic (HK cents)	8	**2.68**	1.06
– Diluted	8	**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**1,366**	1,312
Available-for-sale financial assets		**–**	–
Intangible assets	*9*	**1,237**	–
Goodwill	*10*	**260,079**	235,999
		262,682	237,311
Current assets			
Inventories	*11*	**6,576**	1,573
Accounts receivables	*12*	**119,083**	52,124
Other receivables, deposits and prepayments	*13*	**2,500**	47,360
Held-to-maturity financial assets	*14*	**–**	5,044
Financial assets at fair value through profit or loss	*15*	**2,748**	5,051
Prepaid tax		**181**	–
Bank balances and cash		**43,761**	5,546
		174,849	116,698
Current liabilities			
Accounts payables	*17*	**59,157**	32,280
Other payables and accruals	*18*	**13,248**	15,677
Other loan	*19*	**19,840**	16,140
Receipt in advance		**52**	47
Tax payable		**–**	811
		92,297	64,955
Net current assets		**82,552**	51,743
Total assets less current liabilities		**345,234**	289,054
Non-current liabilities			
Convertible bonds	*20*	**32,542**	29,051
Deferred tax liabilities		**6,628**	9,161
		39,170	38,212
Net assets		**306,064**	250,842
Capital and reserves			
Share capital		**118,365**	100,079
Reserves		**187,699**	150,763
Total equity		**306,064**	250,842

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	Note	**2015**	2014
	Note	***HK$'000***	*HK$'000*
OPERATING ACTIVITIES			
Profit before taxation		**27,465**	11,067
Adjustment for:			
Amortization of intangible assets		**1,237**	–
Depreciation		**423**	331
Interest income		**(64)**	(46)
Finance costs		**5,653**	5,680
Change in fair value of financial assets at fair value through profit or loss		**2,303**	(4,739)
Gain on change in fair value of contingent consideration payable		**(4,389)**	–
Provision for obsolete stocks		**–**	2,166
Written off of other receivables		**–**	500
Operating cash flows before movements in working capital		**32,628**	14,959
(Increase) Decrease in inventories		**(4,996)**	3,537
Increase in accounts receivables		**(59,098)**	(31,307)
Decrease (Increase) in other receivables, deposits and prepayments		**44,873**	(17,492)
Increase in accounts payables		**22,729**	29,447
(Decrease) Increase in other payables and accruals		**(4,970)**	1,890
Increase (Decrease) in receipt in advance		**5**	(354)
Cash from operations		**31,171**	680
Interest paid		**–**	(231)
Overseas taxation paid		**(2,584)**	(224)
NET CASH FROM OPERATING ACTIVITIES		**28,587**	225
INVESTING ACTIVITIES			
Interest received		**64**	46
Purchase of property, plant and equipment		**(477)**	(775)
Net cash inflow on acquisition of a subsidiary	*21*	**1,529**	–
Purchase of held-to-maturity financial assets		**–**	(5,044)
Sales proceeds on disposal of held-to-maturity financial assets		**5,044**	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**6,160**	(5,773)

	Note	2015 HK$'000	2014 HK$'000
FINANCING ACTIVITIES			
Transaction costs in issuing of shares		**(385)**	–
Raised of other loan		**3,700**	10,550
Repayment of other loan		**–**	(8,049)
NET CASH FROM FINANCING ACTIVITIES		**3,315**	2,501
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**38,062**	(3,047)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**5,546**	7,615
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**153**	978
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**43,761**	5,546
Represented by:			
Bank balances and cash		**43,761**	5,546

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Equity attributable to equity holders of the Company							
	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$'000 (Note (d))	Convertible bonds reserve HK$'000	Retained profits (Deficit) HK$'000	Total HK$'000
At 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 (c))*	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 and 1 April 2014	100,079	171,828	9,680	(24,317)	11,363	39,097	(56,888)	250,842
Profit for the year	–	–	–	–	–	–	29,673	29,673
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	–	151	–	–	151
Total comprehensive income for the year	–	–	–	–	151	–	29,673	29,824
Issue of shares in acquisition of a subsidiary	18,286	7,497	–	–	–	–	–	25,783
Transaction costs on issue of shares	–	(385)	–	–	–	–	–	(385)
Release of warrant reserve	–	–	(9,680)	–	–	–	9,680	–
	18,286	7,112	(9,680)	–	–	–	9,680	25,398
At 31 March 2015	118,365	178,940	–	(24,317)	11,514	39,097	(17,535)	306,064

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. Warrant was lapsed on 22 December 2014.

(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 25 November 2013, HK$37,100,000 convertible bonds were exercised and 74,200,000 ordinary shares were issued.

(d) 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 2015

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 HKFRSs

For the purpose of preparing and presenting the consolidated financial statements for the year ended 31 March 2015, the Group has adopted all the HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are effective for the Group's financial year beginning on 1 April 2014.

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

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[4]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[4]
Amendments to HKAS 1	Disclosure initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[4]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[3]
Amendments to HKAS 27	Equity method in separate financial statements[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle[5]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle[4]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

4 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

HKFRS 9 "Financial instruments"

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognized 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the analysis of the Group's financial assets and liabilities as at 31 March 2015, the directors of the Company anticipate that the application of HKFRS 9 in the future will not have any material impact on its financial assets and liabilities.

HKFRS 15 "Revenue from contracts with customers"

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognized revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the consolidated financial statements of the Group.

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 power system integration business in the PRC that are regularly reviewed by the Executive Directors of the Company and accordingly, they are considered as three separate operating segments.

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

(a) Sales of self-services automatic teller machine systems and printing systems;

(b) Provision of hardware and software technical support services; and

(c) Power system integration business for construction contract and consulting business

Segment revenue and results

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

Year ended 31 March 2015

	Power system integration business *HK$'000*	Sales of self-services ATM systems and printing systems *HK$'000*	Provision of hardware and software technical support services *HK$'000*	Total *HK$'000*
Revenue from external customers	103,256	8,237	1,838	113,331
Segment results	36,665	2,112	(1,361)	37,416
Other revenue				4,431
Unallocated cost				(6,426)
Change in fair value of financial assets at fair value through profit or loss				(2,303)
Profit from operations				33,118
Finance costs				(5,653)
Profit before taxation				27,465
Income tax				2,208
Profit for the year				29,673

Year ended 31 March 2014

	Power system integration business	Sales of self-services ATM systems and printing systems	Provision of hardware and software technical support services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	63,708	6,207	4,601	74,516
Segment results	23,897	(5,102)	(190)	18,605
Other revenue				48
Unallocated cost				(6,645)
Change in fair value of financial assets at fair value through profit or loss				4,739
Profit from operations				16,747
Finance costs				(5,680)
Profit before taxation				11,067
Income tax expenses				(1,002)
Profit for the year				10,065

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 2015

	Power system integration business	**Sales of self-services ATM systems and printing systems**	**Provision of hardware and software technical support services**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Segment assets	**400,627**	**29,057**	**3,926**	**433,610**
Property, plant and equipment (for corporate)				**553**
Other receivables, deposits and prepayments (for corporate)				**310**
Financial assets at fair value through profit or loss (for corporate)				**2,748**
Bank balances and cash (for corporate)				**310**
Total assets				**437,531**
Segment liabilities	**60,864**	**3,414**	**1,309**	**65,587**
Other payables and accruals (for corporate)				**8,299**
Other loan (for corporate)				**19,840**
Convertible bonds (for corporate)				**32,542**
Deferred tax liabilities (for corporate)				**5,199**
Total liabilities				**131,467**

Year ended 31 March 2014

	Power system integration business *HK$'000*	Sales of self-services ATM systems and printing systems *HK$'000*	Provision of hardware and software technical support services *HK$'000*	Total *HK$'000*
Segment assets	306,829	35,937	4,470	347,236
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)				673
Total assets				354,009
Segment liabilities	33,035	1,891	1,045	35,971
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)				7,734
Total liabilities				103,167

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

– all assets are allocated to reportable-segments, other than 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 2015

	Power system integration business	**Sales of self-services ATM systems and printing systems**	**Provision of hardware and software technical support services**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Additions to property, plant and equipment	**477**	**–**	**–**	**477**
Depreciation of property, plant and equipment	**57**	**64**	**93**	**214**
Amortization of intangible assets	**1,237**	**–**	**–**	**1,237**

Year ended 31 March 2014

	Power system integration business	Sales of self-services ATM systems and printing systems	Provision of hardware and software technical support services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation of property, plant and equipment	3	64	93	160
Provision for obsolete stocks	–	2,166	–	2,166
Written off of other receivables	–	235	265	500

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:

	2015	2014
	HK$'000	*HK$'000*
Customer A – Contract revenue	**98,340**	–
Customer B – Sales of goods	**–**	1,316
Customer B – Rendering of services	**–**	744
Customer C – Rendering of services	**–**	63,708

4. REVENUE AND OTHER REVENUE

	2015 *HK$'000*	2014 *HK$'000*
Revenue		
Sales of goods	**8,237**	6,207
Rendering of services	**6,735**	68,309
Contract revenue	**98,359**	–
	113,331	74,516
Other revenue		
Bank interest income	**64**	46
Change in fair value of contingent consideration payable	**4,389**	–
Government subsidy for business development	**25**	86
Gain on trading in financial instrument	**77**	49
Others	**859**	47
	5,414	228
Total revenue	**118,745**	74,744

5. FINANCE COSTS

	2015 *HK$'000*	2014 *HK$'000*
Imputed finance costs on convertible bonds	**3,491**	4,220
Interest on other loan	**2,162**	1,460
	5,653	5,680

6. PROFIT BEFORE TAXATION

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

	2015	2014
	HK$'000	*HK$'000*
Crediting:		
Net foreign exchange gains	**29**	76
Charging:		
Auditors' remuneration	**441**	380
Cost of inventories	**5,462**	4,847
Depreciation	**423**	331
Amortization of intangible assets	**1,237**	–
Change in fair value of financial assets at fair value through profit or loss	**2,303**	(4,739)
Operating leases for land and building	**934**	1,467
Provision for obsolete stocks	**–**	2,166
Research and development costs	**–**	108
Staff costs (including directors' emoluments and research and development costs)	**6,288**	7,925
Written off of other receivables	**–**	500

7. INCOME TAX

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% (2014: 25%). Pursuant to the relevant laws and regulations in the PRC, the Group's certain subsidiaries are entitled to tax preference from PRC Enterprise Income Tax.

No provision for Hong Kong Profits Tax has been made as there is no assessable profit (2014: Nil) for the subsidiaries operating in Hong Kong during the year ended 31 March 2015.

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

	2015	2014
	HK$'000	*HK$'000*
Current income tax:		
– Hong Kong Profits Tax	**–**	–
– PRC Enterprise Income Tax	**327**	909
Deferred taxation	**(2,535)**	93
Income tax	**(2,208)**	1,002

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

	2015	2014
	HK$'000	*HK$'000*
Profit before taxation	**27,465**	11,067
Calculated at a rate of income tax of 16.5% (2014: 16.5%)	**4,531**	1,826
Effect of difference rate of income tax in other countries	**(65)**	1,562
Tax effect on income not subject to tax	**(7,723)**	(12,077)
Tax effect on expenses not deductible for taxation purposes	**2,195**	6,848
Tax effect of temporary differences	**–**	(93)
Tax effect of tax loss not previously recognized	**2,691**	1,365
Tax effect of utilization of tax loss not previously recognized	**(348)**	1,478
Over provision in prior years	**(954)**	–
Others	**(2,535)**	93
	(2,208)	1,002

8. EARNINGS PER SHARE

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

	2015	2014
	HK$'000	*HK$'000*
Profit		
Profit for the year attributable to the equity holders of the Company	**29,673**	10,065

	2015	2014
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,105,246,083**	952,003,031
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,105,246,083**	952,003,031

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.

Outstanding convertible bonds of the Company is anti-dilutive since their exercise or conversion would result in an increase in basic earnings per share for the year ended 31 March 2015.

9. INTANGIBLE ASSETS

	Service contracts *HK$'000*
Cost	
At 1 April 2013, 31 March 2014 and at 1 April 2014	–
Acquisition of a subsidiary *(Note 21)*	2,474
At 31 March 2015	**2,474**
Amortization	
At 1 April 2013, 31 March 2014 and at 1 April 2014	–
Provided for the year	1,237
At 31 March 2015	**1,237**
Carrying values	
At 31 March 2015	**1,237**
At 31 March 2014	–

Intangible assets represent power system integration services contracts signed by the subsidiary being acquired and valued by an independent professional valuer.

10. GOODWILL

	Power system integration business
	HK$'000
Cost	
At 1 April 2013, 31 March 2014, 1 April 2014	235,999
Acquisition of a subsidiary *(Note 21)*	24,080
At 31 March 2015	**260,079**
Impairment	
At 1 April 2013	–
Impairment loss recognized for the year	–
At 31 March 2014 and 1 April 2014	–
Impairment loss recognized for the year	–
At 31 March 2015	**–**
Carrying values	
At 31 March 2015	**260,079**
At 31 March 2014	235,999

The goodwill is solely allocated to the cash generating unit ("CGU"), namely power system integration business. 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 2015, the goodwill is approximately HK$260,079,000 (2014: approximately HK$235,999,000).

The recoverable amounts of cash generating units ("CGUs") are determined from value in use calculations based on cash flow projections covering a five-year period. 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 2015, the Group did not recognized any impairment loss (2014: 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

Discount rate	9.43%
Operating margin*	25%
Growth rate	Reference to the project being under negotiation and the estimated project revenue

* *Defined as profit before income tax expenses divided by revenue*

The discount rate used is pre-tax and reflect specific risks relating to the relevant CGU. The operating margin and growth rate within the five-year period have been based on management expectation.

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.

11. INVENTORIES

	2015	2014
	HK$'000	*HK$'000*
Merchandize for re-sale	**9,625**	5,126
Spare parts	**2,624**	2,113
	12,249	7,239
Less: Provision for slow moving and obsolete inventories	**(5,666)**	(5,666)
Exchange adjustment	**(7)**	–
	6,576	1,573

12. ACCOUNTS RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Accounts receivables	**123,865**	56,900
Less: Allowance for doubtful debts	**(4,782)**	(4,776)
	119,083	52,124

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 2015 the aging analysis of the Group's accounts receivables was as follows:

	2015	2014
	HK$'000	*HK$'000*
Current to 60 days	**110,494**	48,759
61 to 90 days	**73**	40
Over 90 days	**13,298**	8,101
	123,865	56,900
Less: Allowance for doubtful debts	**(4,782)**	(4,776)
	119,083	52,124

As at 31 March 2015, the top five customers accounted for 95.82% (2014: 87.34%) of the Group's accounts receivables.

Aging of overdue accounts 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 2015, accounts receivables of approximately HK$3,201,000 (2014: approximately HK$3,325,000) were overdue but not impaired. Management assessed the credit quality of this HK$3,201,000 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 accounts receivables but not impaired is as follows:

	2015	2014
	HK$'000	*HK$'000*
91 to 120 days	**1,096**	612
121 to 150 days	**83**	298
Over 150 days	**2,022**	2,415
	3,201	3,325

Movement in the allowance for doubtful debts:

	2015	2014
	HK$'000	*HK$'000*
Balance at the beginning of the year	**4,776**	4,774
Exchange adjustment	**6**	2
Balance at the end of the year	**4,782**	4,776

Included in accounts receivables, there are retention money receivable of approximately HK$10,721,000 (2014: Nil) due from customers and due within one year.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Other receivables, deposits and prepayments included the following:

(a) Deposit of Nil (2014: approximately HK$26,470,000) for purchase of trading goods.

(b) Loan receivable of Nil (2014: approximately HK$17,843,000). The loan is unsecured, interest free and repayable within one year.

14. HELD-TO-MATURITY FINANCIAL ASSETS

	2015	2014
	HK$'000	*HK$'000*
The movement in held-to-maturity financial assets summarized as follows:		
At the beginning of the year	**5,044**	–
Additions	**–**	5,044
Disposal	**(5,044)**	–
At the end of the year	**–**	5,044

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015	2014
	HK$'000	*HK$'000*
Listed securities held for trading:		
Market value of equity securities listed in New York		
Cost	**24,250**	24,250
Change in fair value	**(21,502)**	(19,199)
31 March	**2,748**	5,051

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.

16. AMOUNTS DUE FROM CUSTOMERS UNDER CONTRACT WORKS

	2015	2014
	HK$'000	*HK$'000*
Cost incurred	**64,170**	–
Recognised profits	**35,241**	–
	99,411	–
Progressive billing	**(99,411)**	–
Due from customers	**–**	–

Retention money receivable due within one year of approximately HK$10,721,000 is included in accounts receivable.

17. ACCOUNTS PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Accounts payables	**59,157**	32,280

At 31 March 2015, the aging analysis of the Group's accounts payables was as follows:

	2015	2014
	HK$'000	*HK$'000*
Current to 60 days	**11,200**	3,873
61 to 90 days	**1,604**	28,394
Over 90 days	**46,353**	13
	59,157	32,280

18. 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$153,000 (2014: approximately HK$3,365,000), Nil (2014: approximately HK$1,882,000) and approximately HK$676,000 (2014: HK$676,000) respectively. The amounts are unsecured, interest free and have no fixed repayment terms.

There is amount due to Dynatek Limited amounting to HK$420,000 (2014: HK$720,000). 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.

19. OTHER LOAN

	2015	2014
	HK$'000	*HK$'000*
Other loan *(note (a))*	**19,840**	16,140

(a) Other loan amounting to approximately HK$19,840,000 (2014: HK$16,140,000) is interest bearing on 12% per annum, unsecured and repayable on demand.

Borrowings are repayable as follows:

	2015	2014
	HK$'000	*HK$'000*
On demand or within one year	**19,840**	16,140
Less: Amount shown under non-current liabilities	**–**	–
Amount shown under current liabilities	**19,840**	16,140

20. 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.

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 a 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 2014, Tranche 1 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.

For the year ended 31 March 2015, there was no conversion of Tranche I CB to ordinary shares.

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 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.

2015

	Tranche I
	HK$'000
Equity component of convertible bonds at the beginning of the year	39,097
Equity component at 31 March	39,097
Liability component of convertible bonds at the beginning of the year	29,051
Imputed finance costs *(Note 5)*	3,491
Liability component at 31 March	32,542

2014

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

21. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

Acquisition of a subsidiary

For the year ended 31 March 2015, a wholly owned subsidiary of the Company acquired the entire share capital of China Western Energy Holdings Limited at a consideration of approximately HK$30,171,000. The acquisition was completed on 10 April 2014. Details of the acquisition were summarized as follows:

		Fair value adjustment	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Accounts receivable	7,867	–	7,867
Deposits	13	–	13
Bank balances and cash	1,529	–	1,529
Intangible assets *(Note a)*	–	2,474	2,474
Accounts payable	(4,148)	–	(4,148)
Other payable and accruals	(379)	–	(379)
Taxation	(1,265)	–	(1,265)
	3,617	2,474	6,091
Goodwill arising on consolidation			24,080
Total consideration			30,171
Satisfied by:			
Share consideration – 182,857,142 ordinary shares of the Company *(Note b)*			30,171
Net cash inflows arising on acquisition:			
Bank balances and cash acquired			1,529

Note a: Intangible assets represent power system integration services contracts signed by a wholly owned subsidiary of China Western Energy Holdings Limited being valued by an independent professional valuer.

Note b: First lot of 91,428,571 ordinary shares of the Company was issued on 10 April 2014. Second lot of 91,428,571 ordinary shares of the Company was issued on 29 January 2015.

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 2015.

The Group's revenue amounted to approximately HK$113.3 million for the year ended 31 March 2015, representing an increase of approximately 52.1 per cent. as compared with approximately HK$74.5 million recorded for the financial year ended 31 March 2014, mainly due to the increase in the revenue derived from the power system integration business of approximately HK$39.5 million during the year under review.

The Group's gross profit margin was approximately 39.1 per cent. in the year ended 31 March 2015, as compared to approximately 37.2 per cent. in the year ended 31 March 2014. 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 (including contract revenue and service income) of approximately 38.8 per cent. during the year ended 31 March 2015.

The Group recorded a profit attributable to equity holders of the Company amounting to approximately HK$29.7 million for the year ended 31 March 2015 (2014: profit attributable to equity holders of the Company of approximately HK$10.1 million), mainly as a result of the gross profit attributable to the power system integration business of approximately HK$40.1 million (2014: HK$24.4 million). The substantial increase in profit was mainly attributable to the recognition of change in fair value of contingent consideration payable of approximately HK$4.4 million and the recognition of revenue of the power system integration business (including contract revenue and service income) in the fourth quarter of the year ended 31 March 2015. Please refer to the Management Discussion and Analysis section of this announcement for details.

Basic earnings per share was approximately HK2.68 cents for the year ended 31 March 2015, as compared with the basic earnings per share of approximately HK1.06 cents for the year ended 31 March 2014.

POWER SYSTEM INTEGRATION OPERATION (INCLUDING CONTRACT REVENUE AND SERVICE INCOME)

The PRC government continues to support the development of the solar energy industry. The twelve five year plan has set clear targets on the development of different renewable energy technologies including but not limited to solar photovoltaic power and solar thermal power.

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 ("**Xi'an Energy Company**"), and together with the Xi'an 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. 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 during the year ended 31 March 2014.

In July 2014, the Group entered into a co-operation agreement with the Xi'an Energy Company, and together with the Xi'an Energy Company, jointly contracted with a wholly-owned subsidiary of the Investment Company in Ningxia Hui Autonomous Region for the construction of phase 2, 3 and 4 of the 300MW Project which shall be completed by the end of 30 August 2015. As at 31 March 2015, the Group has completed the construction work of the phase 3 of the 300MW Project which include a solar photovoltaic power station with an expected capacity of 50MW ("**50MW Ningxia Power Station**") and obtained the system testing and satisfaction report from the Investment Company. As such, the revenue from the 50MW Ningxia Power Station of approximately HK$97.4 million, which altogether with the revenue from other power system integration contracts of approximately HK$5.9 million, contributed to the total revenue generated from the power system integration business (including contract revenue and service income) during the year ended 31 March 2015 of approximately HK$103.3 million (2014: HK$63.7 million).

In March 2015, the Group entered into a memorandum of understanding with another investment company for projects relating to construction of large-scale grid-connected solar photovoltaic power station, which are expected to have an aggregate designed capacity of 500MW, by the end of 2020. As at the date of this announcement , the Group has not commenced to provide these services.

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

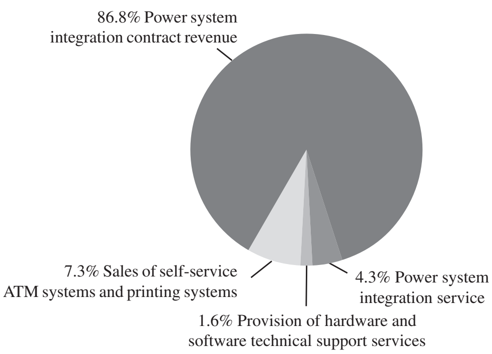
REVENUE

During the year ended 31 March 2015, 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.

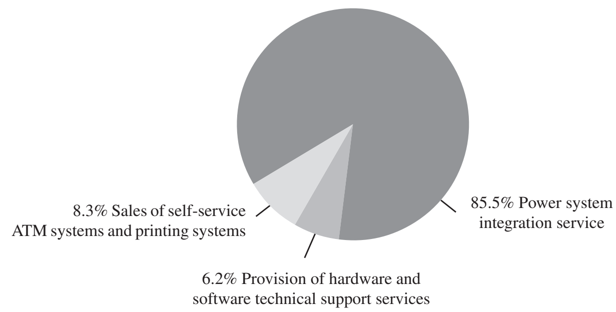
Revenues recognised during the year are as follows:

	Financial year ended 31 March	
	2015	2014
	HK$'000	*HK$'000*
Revenue		
Sales of self-service ATM systems and printing systems	**8,237**	6,207
Provision of hardware and software technical support services	**1,838**	4,601
Power system integration services	**4,897**	63,708
Power system integration contract revenue	**98,359**	–
	113,331	74,516
Other revenue		
Bank interest income	**64**	46
Change in fair value of contingent consideration payable	**4,389**	–
Government subsidy for business development	**25**	86
Gain on trading in financial instrument	**77**	49
Others	**859**	47
	5,414	228
Total revenue	**118,745**	74,744

Analysis of business segments for the financial year ended 31 March 2015



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



POWER SYSTEM INTEGRATION OPERATION (INCLUDING CONTRACT REVENUE AND SERVICE INCOME)

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 2015 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 2015 (2014: 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 had completed the construction work of the 50MW Gansu Power Station and obtained the system testing and satisfaction report from the Investment Company.

In July 2014, the Group entered into a co-operation agreement with the Xi'an Energy Company, and together with the Xi'an Energy Company, jointly contracted with a wholly-owned subsidiary of the Investment Company in Ningxia Hui Autonomous Region for the construction of phase 2, 3 and 4 of the 300MW Project which shall be completed by the end of 30 August 2015. As at 31 March 2015, the Group has completed the construction of the 50MW Ningxia Power Station. As such, the revenue generated from the 50MW Ningxia Power station is approximately HK$97.4 million, which altogether with the revenue from other system integration contracts of approximately HK$5.9 million, contributed to the total revenue generated from the power system integration business (including contract revenue and service income) during the year ended 31 March 2015 of approximately HK$103.3 million (2014: HK$63.7 million).

In March 2015, the Group entered into a memorandum of understanding with another investment company for projects relating to construction of large-scale grid-connected solar photovoltaic power station, which are expected to have an aggregate designed capacity of 500MW, by the end of 2020. As at the date of this announcement, the Group had not commenced to provide these services.

IMPLEMENTATION OF SELF-SERVICE ATM SYSTEMS AND PRINTING SYSTEMS

During the financial year ended 31 March 2015, implementation of self-service ATM systems and printing systems (including the provision of technical consultancy and support services) accounted for approximately 8.9 per cent. (2014: approximately 14.5 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$10.1 million in the financial year ended 31 March 2015, representing a decrease of approximately 6.8 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 1.6 per cent. (2014: approximately 6.2 per cent.) of the total revenue from the sales of goods and rendering of services for the financial year ended 31 March 2015. Income derived from the provision of technical consultancy and support services during the financial year ended 31 March 2015 decreased by approximately 60.1 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 China including Shanghai, Changshu and Yingkou, the Group has ATM service centers covering a total of 3 strategic cities and locations currently.

SELLING EXPENSES

Selling expenses incurred by the Group for the year ended 31 March 2015 amounted to approximately HK$2.9 million (2014: approximately HK$2.4 million), representing a increase of approximately 20.2 per cent. mainly because the Group had allocated extra resources to explore new business opportunities during the year under review.

ADMINISTRATIVE EXPENSES

Administrative expenses incurred by the Group for the year ended 31 March 2015 amounted to approximately HK$11.4 million (2014: approximately HK$13.5 million), representing a decrease of approximately 15.8 per cent. as a result of the Group's policy on cost control.

Staff costs (including Directors' emoluments and research and development costs) which were included in both selling expenses and administrative expenses decreased by approximately 20.7 per cent. to approximately HK$6.3 million (2014: approximately HK$7.9 million) because of the decrease in the average number of employees from 59 in last financial year ended 31 March 2014 to 39 in the year under review.

Operating leases for land and building decreased by approximately 36.3 per cent. to approximately HK$0.9 million (2014: approximately HK$1.5 million) mainly because of the decrease in the number of service centers from 8 in last financial year ended 31 March 2014 to 3 in the year under review.

The Group had not further provided for obsolete stocks during the year ended 31 March 2015 (2014: approximately HK$2.2 million).

FINANCE COSTS

During the financial year ended 31 March 2015, the Group has incurred the following finance costs:

	2015	2014
	HK$'000	*HK$'000*
Imputed finance costs on convertible bonds	**3,491**	4,220
Interest on other loan	**2,162**	1,460
	5,653	5,680

INCOME TAX

The Group has an income tax credit for the financial year ended 31 March 2015 of approximately HK$2.2 million mainly due to the credit of deferred taxation of approximately HK$2.5 million, which is partly offset by income tax expenses of approximately HK$0.3 million (2014: income tax expenses of approximately HK$1.0 million). Pursuant to the relevant laws and regulations in the PRC, the Group's certain PRC subsidiaries are entitled to tax preferences from PRC Enterprise Income Tax.

LIQUIDITY, FINANCIAL RESOURCES AND TREASURY POLICIES

As at 31 March 2015, the Group had bank balances and cash amounting to a total of approximately HK$43.8 million (2014: approximately HK$5.5 million). The Group had no outstanding bank overdraft as at 31 March 2015 (2014: Nil).

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

CURRENT RATIO

As at 31 March 2015, the Group's current ratio, represented by a ratio of current assets to current liabilities, was approximately 1.9 (2014: approximately 1.8).

GEARING RATIO

As at 31 March 2015, the gearing ratio of the Group, based on total liabilities over total assets was approximately 30.0 per cent. (2014: approximately 29.1 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 2015, the Company did not have any banking facilities.

CHARGES ON ASSETS

As of 31 March 2015, the Company and its subsidiaries pledged no asset to banks as security for bank loans and overdraft (2014: Nil).

CONTINGENT LIABILITIES

As at 31 March 2015, 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.

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

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 ("**China Western SP 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 would be determined based on the audited net profit after tax of China Western Energy and its subsidiary ("**Target Group**") for the year ending 31 December 2014 multiplied by a price-earnings ratio of 5.33. The total consideration ("**China Western Consideration**") would in any event not exceed HK$32,000,000.

The Target Group is principally engaged in renewable energy engineering, research and development and consulting services.

Pursuant to the China Western SP Agreement, the China Western Consideration shall be satisfied by the issue of new shares of the Company ("**China Western Consideration Shares**") at the issue price of HK$0.175 per share to Soar Ocean. The China Western Consideration Shares would 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 of the Company ("**Shareholders**") pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 23 September 2013.

As all the conditions precedent under the China Western SP Agreement were fulfilled on 8 April 2014, completion took place on 10 April 2014 and 91,428,571 China Western Consideration Shares for the initial payment under the China Western SP Agreement have been allotted and issued in accordance with the terms and conditions of the China Western SP Agreement at the issue price of HK$0.175 per share by the Company to Soar Ocean.

Based on the audited accounts of the Target Group for the year ended 31 December 2014 issued by the auditors appointed by the Company, the audited net profit after tax of the Target Group for the year ended 31 December 2014 is HK$7,048,830. Accordingly, the final China Western Consideration is fixed at HK$32,000,000 pursuant to the China Western SP Agreement.

In accordance with the terms and conditions of the China Western SP Agreement, on 29 January 2015, 91,428,571 China Western Consideration Shares for the remaining balance of the China Western Consideration (being the final China Western Consideration less the initial payment) have been allotted and issued at the issue price of HK$0.175 per share by the Company to Soar Ocean.

Please refer to the announcements dated 1 April 2014, 10 April 2014 and 29 January 2015 for details of the acquisition.

EMPLOYEES

As at 31 March 2015, the Group employed 7 and 31 staff in Hong Kong and the PRC respectively (2014: 8 in Hong Kong and 31 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.

MOVEMENT OF WARRANTS

The Company does not have any outstanding warrants as at 31 March 2015 and its movement is as follows:

Date of issue	Outstanding at 1/4/2014	Issued during the year	Lapsed during the year	Outstanding at 31/3/2015	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:

(a) 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.

(b) The subscription period expired on 22 December 2014 and no subscription right attached to the warrants has been exercised. Upon the expiry of the warrants and as at the date of this announcement, the Company does not have any outstanding warrants.

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 2015 ("**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.2.7 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 ("**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.2.7

Code Provision of A.2.7 of the CG Code requires the chairman of the Board to hold meetings at least annually with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. As Mr. Chiu Tung Ping, the Chairman, is also an executive Director, the Company has deviated from this code provision.

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 21 August 2014 ("**2014 AGM**"). Nevertheless, Mr. Hou Hsiao Bing, an executive Director, presided as the chairman at the 2014 AGM, and answered questions from the Shareholders.

EVENTS AFTER THE REPORTING PERIOD

Acquisition of Million Keen Limited

On 5 May 2015 (after trading hours), City Max as the purchaser and Creation Moral Limited ("**Creation Moral**") as the vendor entered into the sale and purchase agreement ("**Million Keen SP Agreement**") pursuant to which City Max has conditionally agreed to acquire and Creation Moral has conditionally agreed to dispose of the entire issued share capital of Million Keen Limited ("**Million Keen**"), a company incorporated in the British Virgin Islands with limited liability, at the consideration of not less than HK$23,800,000 and not more than HK$47,600,000, the final amount of which will be determined based on the audited net profit after tax attributable to owners of Million Keen for the year ending 31 December 2015 multiplied by a price-earnings ratio of 6.8. The total consideration ("**Million Keen Consideration**") will in any event not exceed HK$47,600,000.

Pursuant to the Sale and Purchase Agreement, the Million Keen Consideration shall be satisfied by the issue of consideration shares ("**Million Keen Consideration Shares**") at the issue price of HK$0.22 per share to Creation Moral. The Million Keen Consideration Shares will be allotted and issued under the general mandate granted to the Directors to allot and issue up to 218,444,128 new shares by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 21 August 2014.

As all the conditions precedent under the Million Keen SP Agreement were fulfilled on 15 May 2015, the completion of the acquisition of Million Keen took place on 22 May 2015 and 108,181,818 Million Keen Consideration Shares for the initial payment have been allotted and issued in accordance with the terms and conditions of the Million Keen SP Agreement at the issue price of HK$0.22 per share by the Company to Creation Moral.

Please refer to the announcements dated 5 May 2015 and 22 May 2015 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 2015. Neither the Company nor any of its subsidiaries purchased or sold any of the shares of the Company during the financial year ended 31 March 2015.

AUDIT COMMITTEE

The audit committee ("**Audit Committee**") comprises three independent non-executive Directors, including Mr. Shi Huizhong as chairman, Mr. Dong Guangwu and Mr. Meng Xianglin. The audited consolidated financial statements of the Company for the year ended 31 March 2015 have been reviewed by the Audit Committee.

AUDITORS

Sky Base Partners CPA Limited was appointed as auditor of the Group with effect from 22 April 2015 to fill the causal vacancy following the resignation of W.H. Tang & Partners CPA Limited.

The audited financial statements of the Company for the year ended 31 March 2015 have been audited by Sky Base Partners CPA Limited, who will retire and being eligible, offer themselves for reappointment as auditor at the forthcoming annual general meeting of the Company.

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

Hong Kong, 23 June 2015

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

Executive Directors:
Chiu Tung Ping (Chairman)
Yuen Hing Lan
Hou Hsiao Bing
Hu Xin

Independent non-executive Directors:
Shi Huizhong
Dong Guangwu
Meng Xianglin

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the Company's website at www.chinatechsolar.com.