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中科光電

CHINA TECHNOLOGY SOLAR POWER HOLDINGS LIMITED
中科光電控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(stock code: 8111)

RESULTS ANNOUNCEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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 loss attributable to owners of the Company for the year ended 31 March 2017 was approximately HK$333.1 million (2016: profit attributable to owners of the Company of approximately HK$46.5 million).

The revenue of the Group for the year ended 31 March 2017 was approximately HK$12.2 million, representing a decrease of approximately 93.6 per cent. as compared with the revenue of approximately HK$192.4 million for the year ended 31 March 2016.

Gross profit margin of the Group was approximately 28.9 per cent. for the year ended 31 March 2017, as compared to approximately 38.6 per cent. for the year ended 31 March 2016.

Basic loss per share for the year ended 31 March 2017 was approximately HK23.30 cents (2016: basic earnings per share of approximately HK3.59 cents).

The Directors do not recommend the payment of a dividend for the year ended 31 March 2017 (2016: Nil).

RESULTS

The board of directors ("**Directors**" or the "**Board**") of China Technology Solar Power Holdings Limited ("**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 2017, together with the comparative figures for the corresponding year ended 31 March 2016 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 2017

	Note	2017 HK$'000	2016 HK$'000
Revenue	4	**12,248**	192,417
Cost of sales		**(8,705)**	(118,056)
Gross profit		**3,543**	74,361
Other revenue	4	**430**	19,998
Selling expenses		**(3,091)**	(3,770)
Change in fair value of financial assets at fair value through profit or loss		**(233)**	(1,231)
Administrative expenses		**(14,177)**	(27,501)
Impairment loss on goodwill		**(266,079)**	–
Impairment loss on accounts and bills receivables		**(37,102)**	(4,345)
Finance costs	5	**(5,865)**	(6,298)
(Loss) profit before taxation	6	**(322,574)**	51,214
Income tax	7	**(10,139)**	921
(Loss) profit for the year		**(332,713)**	52,135
Other comprehensive (expenses) income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of financial statements of foreign operations		**(7,490)**	(6,586)
Total comprehensive (expenses) income for the year		**(340,203)**	45,549
(Loss) profit for the year attributable to:			
Owners of the Company		**(333,148)**	46,490
Non-controlling interests		**435**	5,645
		(332,713)	52,135
Total comprehensive (expenses) income for the year attributable to:			
Owners of the Company		**(340,087)**	40,152
Non-controlling interests		**(116)**	5,397
		(340,203)	45,549
(Loss) earnings per share			
– Basic (HK cents)	9	**(23.30)**	3.59
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**677**	1,196
Available-for-sale financial assets		**–**	–
Intangible assets		**–**	–
Goodwill	*10*	**45,476**	311,555
		46,153	312,751
Current assets			
Inventories	*11*	**706**	752
Accounts and bills receivables	*12*	**79,958**	229,256
Other receivables, deposits and prepayments	*13*	**23,846**	36,076
Held-for-trading financial assets	*14*	**22,412**	–
Financial assets at fair value through profit or loss	*15*	**1,284**	1,517
Bank balances and cash		**13,180**	7,604
		141,386	275,205
Current liabilities			
Accounts payables	*16*	**25,838**	106,533
Other payables and accruals	*17*	**26,323**	15,286
Other loan	*18*	**21,340**	24,016
Taxation		**10,434**	149
Receipt in advance		**46**	862
		83,981	146,846
Net current assets		**57,405**	128,359
Total assets less current liabilities		**103,558**	441,110
Non-current liabilities			
Convertible bonds	*19*	**35,831**	32,347
Deferred tax liabilities		**3,267**	4,100
		39,098	36,447
Net assets		**64,460**	404,663
Capital and reserves			
Share capital		**143,001**	143,001
Reserves		**(86,308)**	253,779
Equity attributable to owners of the Company		**56,693**	396,780
Non-controlling interests		**7,767**	7,883
Total equity		**64,460**	404,663

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	Note	**2017**	2016
		HK$'000	*HK$'000*
OPERATING ACTIVITIES			
(Loss) profit before taxation		**(322,574)**	51,214
Adjustment for:			
Amortization of intangible assets		**–**	11,379
Bad debts written off		**118**	–
Depreciation		**687**	779
Interest income		**(224)**	(65)
Finance costs		**5,865**	6,298
Change in fair value of financial assets at fair value through profit or loss		**233**	1,231
Gain on change in fair value of contingent consideration payable		**–**	(16,768)
Impairment loss on goodwill		**266,079**	–
Provision for obsolete stocks		**–**	2,979
Provision for doubtful debts		**37,102**	4,345
Written off of other receivables		**–**	435
Operating cash flows before movements in working capital		**(12,714)**	61,827
Decrease in inventories		**–**	6,610
Decrease (increase) in accounts and bills receivables		**113,440**	(112,782)
Increase in other receivables, deposits and prepayments		**(11,190)**	(31,050)
(Decrease) increase in accounts payables		**(80,695)**	43,924
Increase (decrease) in other payables and accruals		**9,857**	(2,166)
(Decrease) increase in receipt in advance		**(816)**	810
Cash from (used in) operations		**17,882**	(32,827)
Interest paid		**–**	(212)
Overseas taxation paid		**(590)**	(1,194)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		**17,292**	(34,233)

	Note	2017 HK$'000	2016 HK$'000
INVESTING ACTIVITIES			
Interest received		**224**	65
Purchase of property, plant and equipment		**(338)**	(635)
Net cash outflow on disposal of a subsidiary	*20(a)*	**(58)**	–
Net cash inflow from acquisition of a subsidiary	*20(b)*	**–**	1,824
NET CASH (USED IN) FROM INVESTING ACTIVITIES		**(172)**	1,254
FINANCING ACTIVITIES			
Transaction costs in issuing of shares		**–**	(395)
Raised of other loan		**1,500**	4,176
Repayment of other loan		**(4,176)**	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(2,676)**	3,781
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**14,444**	(29,198)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**7,604**	43,761
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(8,868)**	(6,959)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**13,180**	7,604
Represented by:			
Bank balances and cash		**13,180**	7,604

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Attributable to owners of the Company								
	Share capital	Share premium	Reserve arising from reorganization	Exchange reserve	Convertible bonds reserve	Retained profits (Deficit)	Total	Non-controlling interest	Total
	HK$'000	*HK$'000*	*HK$'000* *(Note a)*	*HK$'000* *(Note b)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2015	118,365	178,940	(24,317)	11,514	39,097	(17,535)	306,064	–	306,064
Profit for the year	–	–	–	–	–	46,490	46,490	5,645	52,135
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	(6,338)	–	–	(6,338)	(248)	(6,586)
Total comprehensive (expenses) income for the year	–	–	–	(6,338)	–	46,490	40,152	5,397	45,549
Issue of shares in acquisition of a subsidiary	21,636	25,423	–	–	–	–	47,059	–	47,059
Acquisition of interests in a subsidiary	–	–	–	–	–	–	–	2,486	2,486
Issue of shares on exercise of convertible bonds *(Note c)*	3,000	12,000	–	–	(11,100)	–	3,900	–	3,900
Transaction costs on issue of shares	–	(395)	–	–	–	–	(395)	–	(395)
	24,636	37,028	–	–	(11,100)	–	50,564	2,486	53,050
At 31 March 2016 and 1 April 2016	143,001	215,968	(24,317)	5,176	27,997	28,955	396,780	7,883	404,663
Loss for the year	–	–	–	–	–	(333,148)	(333,148)	435	(332,713)
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	(6,939)	–	–	(6,939)	(551)	(7,490)
Total comprehensive expenses for the year	–	–	–	(6,939)	–	(333,148)	(340,087)	(116)	(340,203)
At 31 March 2017	143,001	215,968	(24,317)	(1,763)	27,997	(304,193)	56,693	7,767	64,460

Notes:

(a) 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.

(b) 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.

(c) On 22 March 2016, HK$15,000,000 convertible bonds were exercised and 30,000,000 ordinary shares were issued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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. Functional currency of the Group is Renminbi ("**RMB**"), as the Company is listed in the Stock Exchange, the directors of the Company considered that presentation currency of consolidated financial statements in Hong Kong dollar ("**HK$**") is appropriate.

The Company act as an investment holding company. Its subsidiaries are principally engaged in the business of:

(a) Sales of solar power related products;

(b) New energy power system integration business;

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

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

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2. APPLICATION OF NEW AND REVISED HKFRSs

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

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortization
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

HKFRS 9	Financial Instrument[1]
HKFRS 15	Revenue from Contracts with Customers and the Related Amendments[1]
HKFRS 16	Leases[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[5]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealized Losses[4]
Amendments to HKAS 40	Transfer of Investment Properties[1]

1 Effective for annual periods beginning on or after 1st January 2018.
2 Effective for annual periods beginning on or after 1st January 2019.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1st January 2017.
5 Effective for annual periods beginning on or after 1st January 2017 or 1st January 2018, as appropriate.

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognized financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortized 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 amortized 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 that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("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 recognized 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 recognized.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on the Group's financial instruments and risk management policies as at 31 March 2017, application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as FVTOCI (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortized cost and irrevocable credit commitments.

The directors of the Company anticipate that the application of new hedging requirements may not have a material impact on the Group's current hedge designation and hedge accounting as most hedging instruments are expected to meet hedge designation and hedge effectiveness upon the application of new hedging requirements.

However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Group performs a detailed review.

HKFRS 15 Revenue from Contracts with Customers

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 recognize 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: Recognize 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.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported as the timing of revenue recognition and the allocation of total consideration to respective performance obligations based on relative fair values may be affected, and more disclosures relating to revenue is required. In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows, respectively.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2017, the Group has non-cancellable operating lease commitments of approximately HK$609,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognize a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the Group completes a detailed review.

Amendments to HKAS 7 Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specifically, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

Except as described above, the Directors do not anticipate that the application of these new and amendments to HKFRSs will have a material effect on the amounts recognized in the Group's consolidated financial statements in the future.

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 new energy power system integration business in the 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:

(a) Sales of solar power related products;

(b) New energy power system integration business;

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

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

Segment Revenue and Results

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

Year ended 31 March 2017

	Sales of solar power related products *HK$'000*	New energy power system integration business *HK$'000*	Sales of self-service ATM systems and printing systems *HK$'000*	Provision of hardware and software technical support services *HK$'000*	Total *HK$'000*
Revenue from external customers	11,565	58	–	625	12,248
Segment results	(4,577)	(299,421)	(1,314)	(659)	(305,971)
Other revenue					48
Unallocated cost					(10,553)
Change in fair value of financial assets at fair value through profit or loss					(233)
Loss from operations					(316,709)
Finance costs					(5,865)
Loss before taxation					(322,574)
Income tax					(10,139)
Loss for the year					(332,713)

Year ended 31 March 2016

	Sales of solar power related products *HK$'000*	New energy power system integration business *HK$'000*	Sales of self-service ATM systems and printing systems *HK$'000*	Provision of hardware and software technical support services *HK$'000*	Total *HK$'000*
Revenue from external customers	48,234	139,996	3,282	905	192,417
Segment results	5,110	52,934	(7,627)	(1,670)	48,747
Other revenue					18,445
Unallocated cost					(8,449)
Change in fair value of financial assets at fair value through profit or loss					(1,231)
Profit from operations					57,512
Finance costs					(6,298)
Profit before taxation					51,214
Income tax					921
Profit for the year					52,135

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 2017

	Sales of solar power related products	New energy power system integration business	Sales of self-service ATM systems and printing systems	Provision of hardware and software technical support services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	**59,840**	**87,592**	**14,605**	**485**	**162,522**
Property, plant and equipment (for corporate)					**194**
Other receivables, deposits and prepayments (for corporate)					**333**
Financial assets at fair value through profit or loss (for corporate)					**1,284**
Held-for-trading financial assets					**22,412**
Bank balances and cash (for corporate)					**794**
Total assets					**187,539**
Segment liabilities	**7,054**	**35,627**	**3,742**	**860**	**47,283**
Other payables and accruals (for corporate)					**16,633**
Other loan (for corporate)					**21,340**
Convertible bonds (for corporate)					**35,831**
Deferred tax liabilities (for corporate)					**1,992**
Total liabilities					**123,079**

Year ended 31 March 2016

	Sales of solar power related products HK$'000	New energy power system integration business HK$'000	Sales of self-service ATM systems and printing systems HK$'000	Provision of hardware and software technical support services HK$'000	Total HK$'000
Segment assets	70,076	493,174	18,382	898	582,530
Property, plant and equipment (for corporate)					349
Other receivables, deposits and prepayments (for corporate)					2,928
Financial assets at fair value through profit or loss (for corporate)					1,517
Bank balances and cash (for corporate)					632
Total assets					587,956
Segment liabilities	13,675	98,611	3,306	983	116,575
Other payables and accruals (for corporate)					11,789
Other loan (for corporate)					19,840
Convertible bonds (for corporate)					32,347
Deferred tax liabilities (for corporate)					2,742
Total liabilities					183,293

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 2017

	Sales of solar power related products *HK$'000*	**New energy power system integration business** *HK$'000*	**Sales of self-service ATM systems and printing systems** *HK$'000*	**Provision of hardware and software technical support services** *HK$'000*	**Total** *HK$'000*
Additions to property, plant and equipment	**–**	**–**	**–**	**203**	**203**
Depreciation of property, plant and equipment	**1**	**96**	**361**	**62**	**520**
Amortization of intangible assets	**–**	**–**	**–**	**–**	**–**
Bad debts written off	**–**	**118**	**–**	**–**	**118**
Impairment loss on goodwill	**6,000**	**260,079**	**–**	**–**	**266,079**
Provision for obsolete stocks	**–**	**–**	**–**	**–**	**–**
Provision for doubtful debts	**–**	**37,102**	**–**	**–**	**37,102**
Written off of other receivables	**–**	**–**	**–**	**–**	**–**

Year ended 31 March 2016

	Sales of solar power related products *HK$'000*	New energy power system integration business *HK$'000*	Sales of self-service ATM systems and printing systems *HK$'000*	Provision of hardware and software technical support services *HK$'000*	Total *HK$'000*
Additions to property, plant and equipment	–	12	623	–	635
Depreciation of property, plant and equipment	1	102	382	91	576
Amortization of intangible assets	10,142	1,237	–	–	11,379
Bad debts written off	–	–	–	–	–
Impairment loss on goodwill	–	–	–	–	–
Provision for obsolete stocks	–	–	2,979	–	2,979
Provision for doubtful debts	–	–	3,425	920	4,345
Written off of other receivables	–	–	–	435	435

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:

	2017	2016
	HK$'000	*HK$'000*
Customer A – Contract revenue	**–**	132,512
Customer B – Sales of solar power related products	**6,233**	–
Customer C – Sales of solar power related products	**4,771**	–

4. REVENUE AND OTHER REVENUE

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**11,565**	51,516
Rendering of services	**683**	905
Contract revenue	**–**	139,996
	12,248	192,417
Other revenue		
Bank interest income	**224**	65
Change in fair value of contingent consideration payable	**–**	16,768
Government subsidy for business development	**–**	876
Gain on trading in financial instrument	**–**	51
Others	**206**	2,238
	430	19,998
Total revenue	**12,678**	212,415

5. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Imputed finance costs on convertible bonds	**3,484**	3,705
Interest on other loan	**2,381**	2,447
Interest on discounted bills	**–**	146
	5,865	6,298

6. (LOSS) PROFIT BEFORE TAXATION

(Loss) profit before taxation is stated after crediting and charging the following:

	2017	2016
	HK$'000	*HK$'000*
Crediting:		
Net foreign exchange gains	**–**	3
Charging:		
Auditors' remuneration	**511**	423
Bad debts written off	**118**	–
Cost of inventories	**8,705**	35,195
Depreciation	**687**	779
Amortization of intangible assets	**–**	11,379
Change in fair value of financial assets at fair value through profit or loss	**233**	1,231
Impairment loss on goodwill	**266,079**	–
Operating leases for land and building	**1,126**	1,283
Net foreign exchange losses	**11**	–
Provision for doubtful debts	**37,102**	4,345
Provision for obsolete stocks	**–**	2,979
Staff costs (including directors' emoluments)	**9,032**	6,862
Written off of other receivables	**–**	435

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% (2016: 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 (2016: Nil) for the subsidiaries operating in Hong Kong during the year ended 31 March 2017.

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

	2017	2016
	HK$'000	*HK$'000*
Current income tax:		
– Hong Kong Profits Tax	**–**	–
– PRC Enterprise Income Tax	**10,875**	1,522
Deferred taxation	**(736)**	(2,443)
Income tax	**10,139**	(921)

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

	2017	2016
	HK$'000	*HK$'000*
(Loss) Profit before taxation	**(322,574)**	51,214
Calculated at a rate of income tax of 16.5% (2016: 16.5%)	**(53,225)**	8,450
Effect of difference rate of income tax in other countries	**169**	1,324
Tax effect on income not subject to tax	**(3)**	(9,115)
Tax effect on expenses not deductible for taxation purposes	**59,540**	3,911
Tax effect of temporary differences	**512**	(240)
Tax effect of tax loss not previously recognized	**109**	1,573
Tax effect of utilization of tax loss not previously recognized	**(6,092)**	(1,733)
Tax concession	**(669)**	(2,648)
Underprovision in prior years *(Note i)*	**10,534**	–
Deferred taxation	**(736)**	(2,443)
	10,139	(921)

Note i: According to tax decision by Hami City State Taxation Bureau Inspection Bureau in May 2017, a wholly owned subsidiary of the Company was required to pay approximately HK$10,400,000 for the shortfall in the PRC Enterprise Income Tax for previous years.

8. DIVIDEND

No dividend was paid or proposed during the two years ended 31 March 2017 and 2016 nor has any dividend been proposed since the end of reporting date.

9. (LOSS) EARNINGS PER SHARE

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

	2017	2016
	HK$'000	*HK$'000*
(Loss) Profit		
(Loss) profit for the year attributable to the owners of the Company	**(333,148)**	46,490

	2017	2016
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**1,430,012,850**	1,295,024,058
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**1,430,012,850**	1,295,024,058

Outstanding convertible bonds of the Company are anti-dilutive since their exercise or conversion would result in a decrease/increase in basic (loss) earnings per share for the year ended 31 March 2017 and 31 March 2016.

10. GOODWILL

	New energy power system integration business	Sales of solar power related products	Total
	HK$'000	*HK$'000*	*HK$'000*
Cost			
At 1 April 2015	260,079	–	260,079
Acquisition of a subsidiary *(Note 20(b))*	–	51,476	51,476
At 31 March 2016, 1 April 2016 and 31 March 2017	260,079	51,476	311,555
Impairment			
At 1 April 2015	–	–	–
Impairment loss recognized for the year	–	–	–
At 31 March 2016 and at 1 April 2016	–	–	–
Impairment loss recognized for the year	260,079	6,000	266,079
At 31 March 2017	**260,079**	**6,000**	**266,079**
Carrying values			
At 31 March 2017	**–**	**45,476**	**45,476**
At 31 March 2016	260,079	51,476	311,555

The goodwill is allocated to the cash generating unit ("**CGU**"), namely new energy power system integration business and sales of solar power related products. 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.

As at 31 March 2017, the goodwill is approximately HK$45,476,000 (2016: approximately HK$311,555,000).

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 2017, the Group recognized impairment loss of approximately HK$266,079,000 (2016: Nil) in relation to goodwill arising on new energy power system integration business and sales of solar power related product.

The key assumption used for cash flow projections for the new energy power system integration business and sales of solar power related products are as follows:

New energy 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

Management has due and careful to consider the impairment loss on goodwill arising from new energy power system integration business. Although the Group signed memorandum of undertaking with the customers, it still has uncertainty for execution in the near future. Therefore, impairment loss of approximately HK$260,079,000 was recognized.

Sales of solar power related products

Discount rate	17%
Operating margin*	27%
Growth rate	Reference to the co-operation agreement

* 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

	2017	2016
	HK$'000	*HK$'000*
Merchandize for re-sale	**6,635**	7,069
Spare parts	**1,873**	1,995
	8,508	9,064
Less: Provision for slow moving and obsolete inventories	**(8,114)**	(8,645)
Exchange adjustment	**312**	333
	706	752

12. ACCOUNTS AND BILLS RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Accounts receivables	**113,461**	217,060
Bills receivables	**11,039**	20,999
Less: Allowance for doubtful debts	**(44,542)**	(8,803)
	79,958	229,256

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 2017, the aging analysis of the Group's accounts and bills receivables based on transaction date was as follows:

	2017	2016
	HK$'000	*HK$'000*
Current to 60 days	**5,100**	133,799
61 to 90 days	**–**	29,913
Over 90 days	**119,400**	74,347
	124,500	238,059
Less: Allowance for doubtful debts	**(44,542)**	(8,803)
	79,958	229,256

As at 31 March 2017, the top five customers accounted for 10.05% (2016: 80.86%) 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 2017, accounts receivables of approximately HK$74,859,000 (2016: approximately HK$64,826,000) were overdue but not impaired. Management assessed the credit quality 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 based on due date is as follows:

	2017	2016
	HK$'000	*HK$'000*
91 to 120 days	**–**	18,878
121 to 150 days	**–**	49
Over 150 days	**74,858**	45,899
	74,858	64,826

Movement in the allowance for doubtful debts:

	2017	2016
	HK$'000	*HK$'000*
Balance at the beginning of the year	**8,803**	4,782
Allowance for doubtful debts	**37,102**	4,345
Exchange adjustment	**(1,363)**	(324)
Balance at the end of the year	**44,542**	8,803

Included in accounts receivables, there are retention money receivable of approximately HK$23,871,000 (2016: HK$23,871,000) 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 approximately HK$11,264,000 (2016: approximately HK$12,880,000) for purchase of trading goods.

(b) Deposit of Nil (2016: approximately HK$2,400,000) for acquisition of land use right in the PRC.

(c) Prepayment of approximately HK$8,785,000 (2016: approximately HK$18,616,000) for new energy power system integration business for construction contract.

14. HELD-FOR-TRADING FINANCIAL ASSETS

	2017	2016
	HK$'000	*HK$'000*
The movement in held-for-trading financial assets summarized as follows:		
At the beginning of the year	**–**	–
Additions	**22,412**	–
At the end of the year	**22,412**	–

On 19 August 2016, 陝西百科新能源科技發展有限公司 (unofficial English translation being Shaanxi Baike New Energy Technology Development Co., Ltd.) ("**Shaanxi Baike**"), an indirect wholly-owned subsidiary of the Company, and 喀什天慶光電科技有限公司 (unofficial English translation being Kashii Tianqing New Energy Co., Ltd) ("**Kashii Tianqing**") entered into a cooperation agreement ("**Cooperation Agreement**") pursuant to which, among other matters, Shaanxi Baike and Kashii Tianqing have agreed to cooperate in the construction of a large-scale grid-connected solar photovoltaic power station ("**Tibet Solar Power Station**") with an expected capacity of 20MW on the land ("**Tibet Land**") located in the Lazi County of the Tibet Autonomous Region of the PRC and Shaanxi Baike has agreed to transfer 100% interest in 拉孜百科新能源科技有限公司 (unofficial English translation being Lazi Baike New Energy Technology Limited) ("**Lazi Baike**"), an indirect wholly-owned subsidiary of the Company which had obtained the land use right of the Tibet Land from the Lazi County people's government, to Kashii Tianqing after completion of the construction of the Tibet Solar Power Station and the power integration.

Upon signing of the Cooperation Agreement, Laizi Baike was derecognised from a wholly-owned subsidiary of the Company to held-for-trading financial assets of the Company.

Upon completion of the construction of the Tibet Solar Power Station and the transfer of the legal title of Lazi Baike from the Company to Kashii Tianqing, the Company will record in its books a disposal of held-for-trading financial assets. A gain on disposal of held-for-trading financial assets will be recognised in the statement of profit and loss and other comprehensive income of the Company.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	2016
	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	**(22,966)**	(22,733)
31 March	**1,284**	1,517

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. ACCOUNTS PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Accounts payables	**25,838**	106,533

At 31 March 2017, the aging analysis of the Group's accounts payables based on transaction date was as follows:

	2017	2016
	HK$'000	*HK$'000*
Current to 60 days	**601**	79,706
61 to 90 days	**–**	–
Over 90 days	**25,237**	26,827
	25,838	106,533

17. OTHER PAYABLES AND ACCRUALS

Included in other payables and accruals, there are amounts due to executive directors, Mr. Hou Hsiao Bing, Ms. Yuen Hing Lan and Mr. Chiu Tung Ping, the amounts are approximately HK$1,772,000 (2016: approximately HK$592,000), HK$590,000 (2016: HK$470,000) and approximately HK$1,059,000 (2016: approximately HK$677,000) respectively.

There is amount due to Dynatek Limited amounting to HK$1,020,000 (2016: HK$660,000). 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.

18. OTHER LOAN

	2017	2016
	HK$'000	*HK$'000*
Other loan *(note (a))*	**19,840**	19,840
Other loan *(note (b))*	**–**	4,176
Other loan *(note (c))*	**1,500**	–
	21,340	24,016

(a) Other loan amounting to HK$19,840,000 (2016: HK$19,840,000) is interest bearing on 12% per annum, unsecured and repayable on demand.

(b) Other loan amounting to Nil (2016: approximately HK$4,176,000) is interest bearing on 1.5% to 1.65% per annum, secured by bills receivables and has fixed repayment term.

(c) Other loan amounting to HK$1,500,000 (2016: Nil) is due to an executive director, Chiu Tung Ping, the loan is non-interest bearing, unsecured and has no fixed repayment term.

Borrowings are repayable as follows:

	2017	2016
	HK$'000	*HK$'000*
On demand or within one year	**21,340**	24,016
Less: Amount shown under non-current liabilities	**–**	–
Amount shown under current liabilities	**21,340**	24,016

19. 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 China Technology Solar Power Holdings Limited, a company incorporated in the British Virgins Islands with limited liability, and its subsidiaries ("**Target Group**"). The convertible bonds are denominated in Hong Kong dollars. The bonds entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the bonds and their settlement date on 1 June 2021 ("**Maturity Date**") at a conversion price of HK$0.5 per share. If the bonds have not been converted, they will be redeemed on Maturity Date at par.

The 2011 CB was divided into Tranche I Convertible bonds ("**Tranche I CB**") and Tranche II Convertible bonds ("**Tranche II CB**") of HK$113,100,000 and HK$50,000,000 respectively. For Tranche I CB, the CB holders are not subject to any restriction for exercising the conversion of Tranche I CB into share. For Tranche II CB, the amount should be subject to change in relation 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 the 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 sale and purchase 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.

There was no conversion of convertible bonds for the year ended 31 March 2017.

For the year ended 31 March 2016, Tranche 1 CB with a nominal value of HK$15,000,000 were converted by the bondholders into 30,000,000 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 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.

2017

	Tranche I
	HK$'000
Equity component of convertible bonds at the beginning of the year	**27,997**
Conversion of convertible bonds	**–**
Equity component at 31 March	**27,997**
Liability component of convertible bonds at the beginning of the year	**32,347**
Conversion of convertible bonds	**–**
Imputed finance costs *(Note 5)*	**3,484**
Liability component at 31 March	**35,831**

2016

	Tranche I
	HK$'000
Equity component of convertible bonds at the beginning of the year	39,097
Conversion of convertible bonds	(11,100)
Equity component at 31 March	27,997
Liability component of convertible bonds at the beginning of the year	32,542
Conversion of convertible bonds	(3,900)
Imputed finance costs *(Note 5)*	3,705
Liability component at 31 March	32,347

20. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Disposal of a Subsidiary

On 19 August 2016, Shaanxi Baike New Energy Technology Development Co., Ltd. ("**Shaanxi Baike**"), an indirect wholly-owned subsidiary of the Company, and Kashii Tianqing New Energy Co., Ltd. ("**Kashii Tianqing**") entered into a cooperation agreement ("**Cooperation Agreement**") pursuant to which, among other matters, Shaanxi Baike and Kashii Tianqing have agreed to cooperate in the construction of a large-scale grid-connected solar photovoltaic power station ("**Tibet Solar Power Station**") with an expected capacity of 20MW on the land ("**Tibet Land**") located in the Lazi County of the Tibet Autonomous Region of the PRC and Shaanxi Baike has agreed to transfer 100% interest in Lazi Baike New Energy Technology Limited ("**Lazi Baike**"), an indirect wholly-owned subsidiary of the Company which had obtained the land use right of the Tibet Land from the Lazi County people's government, to Kashii Tianqing after completion of the construction of the Tibet Solar Power Station and the power integration.

Upon signing of the Cooperation Agreement, Laizi Baike was derecognized from a wholly-owned subsidiary of the Company to held-for-trading financial assets of the Company.

Details of the disposal were summarized as follows:

	HK$
Property, plant and equipment	132
Construction in progress	1,097
Prepayments and other receivables	22,326
Bank balances and cash	58
Other payables	(1,201)
Net assets	22,412
Recognized as held-for-trading financial assets	(22,412)
	–
Net cash outflows arising on disposal:	
Bank balances and cash	58

(b) Acquisition of a Subsidiary

For the year ended 31 March 2016, a wholly owned subsidiary of the Company acquired the entire share capital of Million Keen Limited at a consideration of approximately HK$63,827,000. The acquisition was completed on 22 May 2015. Details of the acquisition were summarized as follows:

		Fair value adjustment	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment	123	–	123
Intangible assets *(Note i)*	–	10,142	10,142
Inventories	3,765	–	3,765
Accounts receivables	1,412	–	1,412
Other receivables	2,962	–	2,962
Bank balances and cash	1,824	–	1,824
Accounts payables	(3,568)	–	(3,568)
Other payables and accruals	(1,823)	–	(1,823)
Non-controlling interests	(2,486)	–	(2,486)
	2,209	10,142	12,351
Goodwill arising on consolidation *(Note 10)*			51,476
Total consideration			63,827
Satisfied by:			
Share consideration – 216,363,636 ordinary shares of the Company *(Note ii)*			63,827
Net cash inflows arising on acquisition:			
Bank balances and cash			1,824

Note i: Intangible assets represent sales of solar power related products contracts signed by a non-wholly owned subsidiary of Million Keen Limited being valued by an independent professional valuer.

Note ii: First lot of 108,181,818 ordinary shares of the Company was issued on 22 May 2015. Second lot of 108,181,818 ordinary shares of the Company was issued on 1 February 2016.

BUSINESS REVIEW

The Group was principally engaged in (i) sales of solar power related products; (ii) new energy power system integration business; (iii) sales of self-service automatic teller machine ("**ATM**") systems and printing systems; and (iv) provision of hardware and software technical support services in the People's Republic of China ("**PRC**" or "**China**") during the year ended 31 March 2017.

The Group's revenue amounted to approximately HK$12.2 million for the year ended 31 March 2017, representing a decrease of approximately 93.6 per cent. as compared with the revenue of approximately HK$192.4 million recorded for the year ended 31 March 2016. The revenue dropped significantly mainly because (a) the delivery of some solar power related products was further delayed which caused the revenue from the sales of solar power related products to drop to approximately HK$11.6 million for the year ended 31 March 2017 (2016: approximately HK$48.2 million); (b) there was further delay in the commencement of large-scale new projects for the new energy power system integration business and only small-scale new project with revenue amounting to approximately HK$58,000 was commenced and completed in the year ended 31 March 2017 (2016: approximately HK$140.0 million); and (c) the revenue from the sales of self-service ATM systems and printing systems and provision of hardware and software technical support had dropped significantly to approximately HK$0.6 million for the year ended 31 March 2017 (2016: approximately HK$4.2 million) as a result of fierce competition in the PRC market.

The Group's gross profit margin was approximately 28.9 per cent. for the year ended 31 March 2017, as compared to approximately 38.6 per cent. for the year ended 31 March 2016. The decrease in the gross profit margin was mainly as a result of the significant drop in revenue generated form the new energy power system integration business. The new energy power system integration business has generated a higher gross profit margin of 100.0 per cent. during the year ended 31 March 2017 (2016: approximately 88.0 per cent.).

The Group recorded a loss attributable to owners of the Company amounting to approximately HK$333.1 million for the year ended 31 March 2017 (2016: profit attributable to owners of the Company of approximately HK$46.5 million), mainly as a result of (i) the significant drop of revenue for the year ended 31 March 2017 as discussed above; (ii) the significant impairment loss of approximately HK$266.1 million recorded during the year ended 31 March 2017 in relation to goodwill arising from acquisition of subsidiaries engaging in new energy power system integration business and sales of solar power related products (2016: Nil); (iii) the significant impairment loss recorded during the year ended 31 March 2017 on accounts and bills receivables of approximately HK$37.1 million (2016: approximately HK$4.3 million) and; (iv) the absence of recognition of a gain on change in fair value of contingent consideration payable during the year under review (2016: gain on change in fair value of contingent consideration payable of approximately HK$16.8 million).

Basic loss per share was approximately HK23.30 cents for the year ended 31 March 2017, as compared with the basic earnings per share of approximately HK3.59 cents for the year ended 31 March 2016.

SALES OF SOLAR POWER RELATED PRODUCTS

The revenue generated from the sales of solar power related products was approximately HK$11.6 million for the year ended 31 March 2017 (2016: approximately HK$48.2 million), accounted for approximately 94.4 per cent. of the Group's total revenue (2016: approximately 25.1 per cent.). The delivery of some solar power related products was further delayed which caused the revenue from the sales of solar power related products to drop in the year ended 31 March 2017.

NEW ENERGY POWER SYSTEM INTEGRATION BUSINESS

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

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**"). As part of the 300MW Project, the Group has entered into cooperation agreements with an energy company in Xi'an, and together with such energy company, jointly contracted with the wholly-owned subsidiaries of the Investment Company for the construction of solar photovoltaic power stations in Gansu province and Ningxia Hui Autonomous Region. Phases 1, 2 and 3 of the 300MW Project have been completed and the Group has obtained the system testing and satisfaction report from the Investment Company in respect of the 50MW power station in Gansu and the 50MW and 30MW power stations in Ningxia. However, phase 4 of the 300MW Project has been cancelled and the remaining parts of such project may not be able to commence.

The revenue generated from the new energy power system integration business was approximately HK$58,000 during the year ended 31 March 2017 (2016: approximately HK$140.0 million). The segment's revenue dropped significantly because there was further delay in the commencement of large-scale new projects and only small-scale new project was commenced and completed in the year ended 31 March 2017.

SALES OF SELF-SERVICE ATM SYSTEMS AND PRINTING SYSTEMS

The Group remains recognised as a professional ATM software, hardware and service company in the ATM sector and a marketing agent for Fuji Xerox for its printing systems in China.

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

DIVIDEND

The board of Directors ("**Board**") does not recommend the payment of a dividend for the year ended 31 March 2017 (2016: Nil).

APPRECIATION

We treasure the harmonious relationship with our staff and would like to take this opportunity to express our gratitude to the management and staff of the Group for their dedicated performance which is instrumental to the future development of the Group. We would also like to take this opportunity to thank our shareholders, suppliers and customers for their continuous support to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

During the year ended 31 March 2017, the Group was principally engaged in (i) sales of solar power related products; (ii) new energy power system integration business; (iii) sales of self-service ATM systems and printing systems; and (iv) provision of hardware and software technical support services in the PRC.

Revenues recognised during the year under review are as follows:

	Year ended 31 March	
	2017	2016
	HK$'000	*HK$'000*
Revenue		
Sales of solar power related products	**11,565**	48,234
New energy power system integration service income	**58**	–
New energy power system integration contract revenue	**–**	139,996
Sales of self-service ATM systems and printing systems	**–**	3,282
Provision of hardware and software technical support services	**625**	905
	12,248	192,417
Other revenue		
Bank interest income	**224**	65
Change in fair value of contingent consideration payable	**–**	16,768
Government subsidy for business development	**–**	876
Gain on trading in financial instrument	**–**	51
Others	**206**	2,238
	430	19,998
Total revenue	**12,678**	212,415

SALES OF SOLAR POWER RELATED PRODUCTS

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

The revenue generated from the sales of solar power related products was approximately HK$11.6 million for the year ended 31 March 2017 (2016: approximately HK$48.2 million), accounted for approximately 94.4 per cent. of the Group's total revenue (2016: approximately 25.1 per cent.). The delivery of some solar power related products was further delayed which caused the revenue from the sales of solar power related products to drop by approximately HK$36.7 million for the year ended 31 March 2017.

NEW ENERGY POWER SYSTEM INTEGRATION BUSINESS

The revenue generated from the new energy power system integration business was approximately HK$58,000 during the year ended 31 March 2017 (2016: approximately HK$140.0 million). The segment's revenue dropped significantly because there was further delay in the commencement of large-scale new projects and only small-scale new project was commenced and completed in the year ended 31 March 2017.

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

The Group aimed to expand its new energy power system integration services and technology consultancy services through securing more contracts for provision of such services to 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 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**"). As part of the 300MW Project, the Group has entered into cooperation agreements with an energy company in Xi'an ("**Xi'an Energy Company**"), and together with such energy company, jointly contracted with the wholly-owned subsidiaries of the Investment Company for the construction of solar photovoltaic power stations in Gansu province and Ningxia Hui Autonomous Region. Phases 1, 2 and 3 of the 300MW Project have been completed and the Group has obtained the system testing and satisfaction report from the Investment Company in respect of the 50MW power station in Gansu and the 50MW and 30MW power stations in Ningxia. However, phase 4 of the 300MW Project has been cancelled and the remaining parts of such project may not be able to commence.

SALES OF SELF-SERVICE ATM SYSTEMS AND PRINTING SYSTEMS

There was no revenue generated from the sales of self-service ATM systems and printing systems during the year ended 31 March 2017 (2016: approximately HK$3.3 million) mainly as a result of the fierce competition in the PRC market.

PROVISION OF HARDWARE AND SOFTWARE TECHNICAL SUPPORT SERVICES

The provision of hardware and software technical support services accounted for approximately 5.1 per cent. of the Group's total revenue for the year ended 31 March 2017 (2016: approximately 0.5 per cent.). Revenue derived from the provision of hardware and software technical support services during the year ended 31 March 2017 decreased by approximately 30.9 per cent. as compared with that of the previous financial year, mainly as a result of the fierce competition in the PRC market.

SELLING EXPENSES

Selling expenses incurred by the Group for the year ended 31 March 2017 amounted to approximately HK$3.1 million (2016: approximately HK$3.8 million), representing a decrease of approximately 18.0 per cent. as a result of the Group's policy on cost control and was in line with the decrease in revenue during the year under review.

ADMINISTRATIVE EXPENSES

Administrative expenses incurred by the Group for the year ended 31 March 2017 amounted approximately HK$14.2 million (2016: approximately HK$27.5 million), mainly attributable to the absence of (i) an amortisation of intangible assets in the year under review (2016: approximately HK$11.4 million); and (ii) general provision for obsolete stocks in the year under review (2016: approximately HK$3.0 million).

The intangible assets represent new energy power system integration service contracts and sales of solar power related products contracts signed by the subsidiaries acquired or being acquired by the Company, and are valued by an independent professional valuer.

Staff costs (including Directors' emoluments) which were included in both selling expenses and administrative expenses increased by approximately 31.6 per cent. to approximately HK$9.0 million in aggregate (2016: approximately HK$6.9 million) mainly because Mr. Chiu Tung Ping, one of the Directors, had not waived his Director's remuneration of approximately HK$0.4 million during the year ended 31 March 2017 (2016: Mr. Chiu waived his emoluments of approximately HK$0.4 million) and staff salary annual increment.

IMPAIRMENT LOSS ON GOODWILL

During the year ended 31 March 2017, the Group recognised impairment loss of approximately HK$260.1 million (2016: Nil) and HK$6.0 million (2016: Nil) in relation to goodwill arising from acquisition of subsidiaries engaging in new energy power system integration business and sales of solar power related products respectively, amounting to a total impairment loss on goodwill of approximately HK$266.1 million (2016: Nil).

FINANCE COSTS

For the year ended 31 March 2017, the Group has incurred the following finance costs:

	2017	2016
	HK$'000	*HK$'000*
Imputed finance costs on convertible bonds	**3,484**	3,705
Interest on other loan	**2,381**	2,447
Interest on discounted bills	**–**	146
	5,865	6,298

INCOME TAX

The Group had an income tax expense for the year ended 31 March 2017 of approximately HK$10.1 million (2016: an income tax credit of approximately HK$0.9 million). Such increase was due to a decision on the tax treatment ("**Tax Decision**") relating to 哈密東科新能源科技發展有限公司 (unofficial English translation as Hami Dongke New Energy Technology Development Co., Ltd) (a wholly-owned subsidiary of the Company incorporated in the PRC) ("**Hami Dongke**") dated 3 May 2017 issued by 哈密市國家稅務局稽查局 (Hami City State Taxation Bureau Inspection Bureau) ("**Hami Tax Bureau**").

According to the Tax Decision, after conducting inspection, Hami Tax Bureau ruled that (i) certain tax preferential treatments from the PRC Enterprise Income Tax previously enjoyed by Hami Dongke did not meet the requirements of the relevant tax regulations; (ii) Hami Tax Bureau did not agree to certain cost entry of Hami Dongke in year 2015; and (iii) as a result, Hami Dongke should pay the shortfall in the PRC Enterprise Income Tax for the year 2015 in the amount of RMB9,037,955 and the delinquency interests calculated at the daily rate of 0.05% ("**Tax Shortfall**") within 15 days from the receipt of the Tax Decision. As at the date of this announcement, the Group has settled the Tax Shortfall in an aggregate amount of RMB4,180,000.

LIQUIDITY, FINANCIAL RESOURCES AND TREASURY POLICIES

As at 31 March 2017, the Group had bank balances and cash amounting to a total of approximately HK$13.2 million (2016: approximately HK$7.6 million) and denominated in Hong Kong dollars, Renminbi and United States dollars. The Group had no outstanding bank overdraft as at 31 March 2017 (31 March 2016: Nil).

The increase in bank balances and cash is mainly due to the raising of the other loan of HK$1.5 million during the year ended 31 March 2017 and the cash flows from operating activities of approximately HK$17.3 million, which was partly offset by the repayment of other loan of approximately HK$4.2 million and the effect of foreign exchange rate changes of approximately HK$8.9 million for the year ended 31 March 2017.

As at 31 March 2017, the Group had other loans made in Hong Kong dollars amounting to (i) approximately HK$19.8 million (2016: approximately HK$19.8 million), which was interest bearing at 12% per annum, unsecured and repayable on demand; and (ii) approximately HK$1.5 million, which was unsecured, non-interest bearing and had no fixed term of repayment. The other loan of approximately HK$4.2 million as at 31 March 2016 was settled during the year under review.

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

The Group did not use any financial instrument for hedging purpose during the year ended 31 March 2017, and did not have any outstanding hedging instrument as at 31 March 2017.

BANKING FACILITIES

As at 31 March 2017, the Company did not have any banking facilities.

CHARGES ON ASSETS

As of 31 March 2017, the Group pledged no asset to secure borrowings granted to the Group. As at 31 March 2016, bills receivable of the Company of approximately HK$4.2 million was pledged to secure against the other loan of approximately HK$4.2 million.

CURRENT RATIO

As at 31 March 2017, the Group's current ratio, represented by a ratio of current assets to current liabilities, was approximately 1.7 (31 March 2016: approximately 1.9). The current ratio remained stable as compared to the current ratio as at 31 March 2016.

GEARING RATIO

As at 31 March 2017, the gearing ratio of the Group, represented by the percentage of total liabilities over total assets was approximately 65.6 per cent. (2016: approximately 31.2 per cent.).

	31 March 2017	31 March 2016
	HK$'000	*HK$'000*
Total assets	**187,539**	587,956
Total liabilities	**123,079**	183,293
Gearing ratio	**65.6 per cent.**	31.2 per cent.

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

(i) the substantial decrease in total assets of the Company by approximately HK$400.4 million as a result of the impairment loss on goodwill and accounts and bills receivables of approximately HK$266.1 million and approximately HK$37.1 million respectively, the settlement of the accounts and bills receivables of approximately HK$112.2 million and the decrease in other receivables, deposits and prepayment of approximately HK$12.3 million during the year ended 31 March 2017; and

(ii) the decrease in total liabilities of the Company by approximately HK$60.2 million which was due to the settlement of accounts payables by approximately HK$80.7 million, which was partly offset by the increase in other payables and accruals and taxation of approximately HK$11.0 million and HK$10.3 million respectively during the year ended 31 March 2017.

Since the decrease in total assets was larger than decrease in total liabilities as at 31 March 2017, the gearing ratio increased from approximately 31.2 per cent. as at 31 March 2016 to approximately 65.6 per cent. as at 31 March 2017.

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.

CONTINGENT LIABILITIES

As at 31 March 2017, the Group did not have any significant contingent liabilities.

EXPOSURE TO FOREIGN EXCHANGE RISK

Most of the transactions, income and expenditure of the Group are denominated in Renminbi. The Group may be exposed to foreign currency risks such as the PRC's government control on foreign currency conversion. During the year ended 31 March 2017, the Group did not have a foreign currency hedging policy. However, the management will closely monitor the Group's exposure to foreign exchange risks and will consider hedging significant foreign currency should the need arise.

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Transfer of Land Use Right and Cooperation Agreement

On 19 August 2016, 拉孜百科新能源科技有限公司 (unofficial English translation being Lazi Baike New Energy Technology Limited) ("**Lazi Baike**"), an indirect wholly-owned subsidiary of the Company, and Lazi County People's Government entered into a land use right transfer agreement pursuant to which the Lazi County People's Government agreed to transfer to Lazi Baike the land use right of a parcel of land ("**Tibet Land**") located in the Lazi County of the Tibet Autonomous region of the PRC with an area of approximately 550 mu at the price of RMB22.0 million.

On 19 August 2016, 陝西百科新能源科技發展有限公司 (unofficial English translation being Shaanxi Baike New Energy Technology Development Co., Ltd.) ("**Shaanxi Baike**"), an indirect wholly-owned subsidiary of the Company, and 喀什天慶光電科技有限公司 (unofficial English translation being Kashii Tianqing New Energy Co., Ltd) ("**Kashii Tianqing**") entered into a cooperation agreement ("**Cooperation Agreement**") pursuant to which, among other matters, Shaanxi Baike and Kashii Tianqing have agreed to cooperate in the construction of a large-scale grid-connected solar photovoltaic power station ("**Tibet Solar Power Station**") with an expected capacity of 20MW on the Tibet Land and Shaanxi Baike has agreed to transfer 100% interest in Lazi Baike to Kashii Tianqing after completion of the construction of the Tibet Solar Power Station and the power integration ("**Disposal**").

Laizi Baike was derecognised from a wholly-owned subsidiary of the Company upon signing of the Cooperation Agreement and was recorded as held-for-trading financial assets of the Company with a carrying value of approximately HK$22.4 million as at 31 March 2017.

On 22 May 2017, Kashii Tianqing, Shaanxi Baike and 西藏中核新能源有限公司 (unofficial English translation being Xizang Zhonghe New Energy Co., Ltd.) ("**Xizang Zhonghe**") entered into an assignment agreement pursuant to which Kashii Tianqing agreed to transfer all its rights and obligations under the Cooperation Agreement to Xizang Zhonghe.

The Disposal was completed in May 2017.

Further details of the purchase of the Tibet Land and the Cooperation Agreement are set out in the announcements of the Company dated 19 August 2016 and 22 May 2017.

Save as disclosed, there were no significant investments or material acquisition or disposal of subsidiaries by the Group during the year under review.

EMPLOYEES

As at 31 March 2017, the Group employed 6 and 36 staff in Hong Kong and the PRC respectively (31 March 2016: 7 in Hong Kong and 49 in the PRC). The Group has developed its human resources policies and procedures based on performance and merit. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system. Employee trainings are also provided as and when required.

The remuneration of the Directors was determined by the Board with reference to the prevailing market rates, roles and responsibilities of the Directors. Share options may be granted to Directors and employees of the Group to subscribe for shares of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the shares of the Company during the year ended 31 March 2017.

BUSINESS OUTLOOK

The Group will continue to look for other solar energy generation projects, new energy power system integration services and technology service projects.

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

The business of sales of solar power related products will continue to enhance the competitive strength of the Group as well as to seize the market opportunities in the solar energy industry.

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

PROPOSED TRANSFER OF LISTING

The Company has submitted a formal application ("**Application**") to the Stock Exchange on 29 July 2016 for the proposed transfer of listing of shares of the Company from GEM to Main Board of the Stock Exchange pursuant to Chapter 9A of the Main Board Listing Rules ("**Proposed Transfer of Listing**"). The Application has lapsed on 28 January 2017. After careful consideration by the Board, it was decided that the Company would not proceed with the Application. The Board considers that the lapse of the Application has no material adverse effect on the existing business and financial position of the Group. The Company will make further announcement to keep the shareholders and potential investors informed should the Company decide to make a new application for the Proposed Transfer of Listing in the future.

EVENTS AFTER THE REPORTING PERIOD

On 3 May 2017, the Group has received the Tax Decision on the tax treatment relating to Hami Dongke. Further details of which are set out in the paragraphs headed "Income Tax" above in this section and the announcement of the Company dated 11 May 2017.

In May 2017, the Disposal of Lazi Baike was completed. Further details of which are set out in the paragraphs headed "Significant Investments Held and Material Acquisitions and Disposals of Subsidiaries" above.

Due to an investigation conducted by the Independent Commission Against Corruption of Hong Kong ("**ICAC**") against Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen, Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen had volunteered, and the Board had agreed to suspend the day-to-day management duties of Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen with effect from 19 June 2015 until further notice. Mr. Hou Hsiao Bing has informed the Board that he and Mr. Hou Hsiao Wen have received written notifications from the ICAC dated 27 April 2017 stating that the investigation by the ICAC against them has come to an end and on the basis of the facts now known, no further investigation action in relation thereto will be pursued by the ICAC. As such, the day-to-day management duties of Mr. Hou Hsiao Bing as an executive Director have been resumed with effect from 23 June 2017. Further details of which are set out in the announcements of the Company dated 19 June 2015 and 23 June 2017.

Save as disclosed above, there are no other important events affecting the Company which have taken place after the end of the reporting period up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Board and the senior management of the Company are committed to the principles of good corporate governance and have dedicated significant efforts to provide transparency, accountability and independence of their corporate governance practices. During the year ended 31 March 2017 ("**Review Period**"), the Company has applied the principles in the Corporate Governance Code ("**CG Code**") as contained in Appendix 15 to the GEM Listing Rules to its corporate governance structure and practices in the manner as described in this announcement.

During the Review Period, the Company has complied with all the code provisions set out in the CG Code, except for the deviation from code provisions 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 the chairman of the Board ("**Chairman**") and the chief executive officer of the Group ("**Chief Executive Officer**") since 13 July 2012. However, the Board believes that vesting two roles in the same person provides the Group with strong and consistent leadership in the development and execution of the Group's business strategies and is beneficial to the Group. The Directors will continue to review the effectiveness of the current structure and assess whether separation of the roles of the Chairman and the Chief Executive Officer is necessary.

Code provision A.2.7

Code Provision of A.2.7 of the CG Code requires the Chairman 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, compliance with this code provision is infeasible.

Code provision E.1.2

Under code provision E.1.2 of the CG Code, the Chairman should attend the annual general meeting. Due to other commitments which must be attended by the Chairman, the Chairman was unable to attend the annual general meeting of the Company held on 20 September 2016 ("**2016 AGM**"). Nevertheless, Ms. Hu Xin, an executive Director, presided as the chairman at the 2016 AGM to answer questions from the shareholders of the Company.

AUDIT COMMITTEE

The audit committee ("**Audit Committee**") comprises three independent non-executive Directors, including Ms. Ma Xingqin as chairman, Mr. Dong Guangwu and Mr. Meng Xianglin. The audited consolidated financial statements of the Company for the year ended 31 March 2017 have been reviewed by the Audit Committee.

AUDITORS

Sky Base Partners CPA Limited was appointed as auditors of the Company 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 2017 have been audited by Sky Base Partners CPA Limited, the auditors of the Company, who will retire and being eligible, offer themselves for reappointment at the forthcoming annual general meeting of the Company.

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

Hong Kong, 23 June 2017

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:
Ma Xingqin
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.