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*This announcement, for which the directors ("**Directors**") of China Technology Solar Power Holdings Limited ("**Company**", together with its subsidiaries, the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

CTSP 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 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board 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 2018 was approximately HK$17.6 million (2017: loss attributable to owners of the Company of approximately HK$333.1 million).

The revenue of the Group for the year ended 31 March 2018 was approximately HK$94.0 million, representing an increase of approximately 667.6 per cent. as compared with the revenue of approximately HK$12.2 million for the year ended 31 March 2017.

Gross profit margin of the Group was approximately 18.1 per cent. for the year ended 31 March 2018, as compared to approximately 28.9 per cent. for the year ended 31 March 2017.

Basic loss per share for the year ended 31 March 2018 was approximately HK1.23 cents (2017: basic loss per share of approximately HK23.30 cents).

The Directors do not recommend the payment of a dividend for the year ended 31 March 2018 (2017: 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 2018, together with the comparative figures for the corresponding year ended 31 March 2017 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 2018

	Note	2018 *HK$'000*	2017 *HK$'000*
Revenue	*4*	**94,011**	12,248
Cost of sales		**(76,974)**	(8,705)
Gross profit		**17,037**	3,543
Other revenue	*4*	**2,529**	430
Selling expenses		**(3,518)**	(3,091)
Change in fair value of financial assets at fair value through profit or loss		**1,260**	(233)
Administrative expenses		**(15,468)**	(14,177)
Impairment loss on goodwill		**(4,800)**	(266,079)
Impairment loss on accounts and bills receivables		**(493)**	(37,102)
Finance costs	*5*	**(6,358)**	(5,865)
Loss before taxation	*6*	**(9,811)**	(322,574)
Income tax	*7*	**(3,176)**	(10,139)
Loss for the year		**(12,987)**	(332,713)
Other comprehensive income (expenses)			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of financial statements of foreign operations		**9,183**	(7,490)
Total comprehensive expenses for the year		**(3,804)**	(340,203)
(Loss) Profit for the year attributable to:			
Owners of the Company		**(17,579)**	(333,148)
Non-controlling interests		**4,592**	435
		(12,987)	(332,713)
Total comprehensive (expenses) income for the year attributable to:			
Owners of the Company		**(8,992)**	(340,087)
Non-controlling interests		**5,188**	(116)
		(3,804)	(340,203)
Loss per share			
– Basic (HK cents)	*9*	**(1.23)**	(23.30)
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	**2018** **HK$'000**	2017 HK$'000
Non-current assets			
Property, plant and equipment		**177**	677
Available-for-sale financial assets		**–**	–
Intangible assets		**–**	–
Goodwill	*10*	**40,676**	45,476
		40,853	46,153
Current assets			
Inventories	*11*	**–**	706
Accounts and bills receivables	*12*	**82,077**	79,958
Other receivables, deposits and prepayments	*13*	**16,069**	23,846
Held-for-trading financial assets	*14*	**–**	22,412
Financial assets at fair value through profit or loss	*15*	**2,544**	1,284
Bank balances and cash		**29,723**	13,180
		130,413	141,386
Current liabilities			
Accounts payables	*16*	**19,103**	25,838
Other payables and accruals	*17*	**20,507**	26,323
Other loans	*18*	**26,840**	21,340
Taxation		**1,545**	10,434
Receipt in advance		**47**	46
		68,042	83,981
Net current assets		**62,371**	57,405
Total assets less current liabilities		**103,224**	103,558
Non-current liabilities			
Convertible bonds	*19*	**39,808**	35,831
Deferred tax liabilities		**2,760**	3,267
		42,568	39,098
Net assets		**60,656**	64,460
Capital and reserves			
Share capital		**143,001**	143,001
Reserves		**(95,300)**	(86,308)
Equity attributable to owners of the Company		**47,701**	56,693
Non-controlling interests		**12,955**	7,767
Total equity		**60,656**	64,460

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES			
Loss before taxation		**(9,811)**	(322,574)
Adjustment for:			
Bad debts written off		**214**	118
Bad debts recovery		**(131)**	–
Depreciation		**537**	687
Interest income		**(50)**	(224)
Finance costs		**6,358**	5,865
Change in fair value of financial assets at fair value through profit or loss		**(1,260)**	233
Impairment loss on goodwill		**4,800**	266,079
Provision for obsolete stocks		**742**	–
Provision for doubtful debts		**493**	37,102
Reversal of provision for doubtful debts		**(1,215)**	–
Gain on disposal of held-for-trade financial assets		**(450)**	–
Gain on disposal of property, plant and equipment		**(95)**	–
Operating cash flows before movements in working capital		**132**	(12,714)
Changes in accounts and bills receivables		**(1,479)**	113,440
Changes in other receivables, deposits and prepayments		**7,776**	(11,190)
Changes in accounts payables		**(6,735)**	(80,695)
Changes in other payables and accruals		**(8,197)**	9,857
Changes in receipt in advance		**–**	(816)
Cash (used in) from operations		**(8,503)**	17,882
Overseas taxation paid		**(12,721)**	(590)
NET CASH (USED IN) FROM OPERATING ACTIVITIES		**(21,224)**	17,292

	Note	2018 HK$'000	2017 HK$'000
INVESTING ACTIVITIES			
Interest received		**50**	224
Purchase of property, plant and equipment		**(6)**	(338)
Net cash outflow on disposal of a subsidiary	*20*	**–**	(58)
Proceeds from disposal of property, plant and equipment		**95**	–
Proceeds from disposal of held-for-trading financial assets		**22,862**	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**23,001**	(172)
FINANCING ACTIVITIES			
Raised of other loans		**5,500**	1,500
Repayment of other loans		**–**	(4,176)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**5,500**	(2,676)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**7,277**	14,444
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**13,180**	7,604
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**9,266**	(8,868)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**29,723**	13,180
Represented by:			
Bank balances and cash		**29,723**	13,180

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Attributable to owners of the Company								
	Share capital *HK$'000*	Share premium *HK$'000*	Reserve arising from reorganization *HK$'000* *(Note a)*	Exchange reserve *HK$'000* *(Note b)*	Convertible bonds reserve *HK$'000*	Retained profits (Deficit) *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 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 and 1 April 2017	143,001	215,968	(24,317)	(1,763)	27,997	(304,193)	56,693	7,767	64,460
Loss for the year	–	–	–	–	–	(17,579)	(17,579)	4,592	(12,987)
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	8,587	–	–	8,587	596	9,183
Total comprehensive income (expenses) for the year	–	–	–	8,587	–	(17,579)	(8,992)	5,188	(3,804)
At 31 March 2018	143,001	215,968	(24,317)	6,824	27,997	(321,772)	47,701	12,955	60,656

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The 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 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

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

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014-2016 Cycle	Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12

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 applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

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]
HKFRS 9	Financial Instruments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after 1 January 2021
[4] No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below. Of those standards, HKFRS 9 and HKFRS 15 will be applicable for the Group's financial year ending 31 March 2019 and are expected to have certain impact upon adoption. Whilst management has performed an assessment of the estimated impacts of these standards, that assessment is based on the information currently available to the Group. The actual impacts upon adoption could be different to those below, depending on additional reasonable and supportable information being made available to the Group at the time of applying the standards.

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. All other financial assets are measured at their fair value at subsequent accounting periods.

- 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 Financial Instruments: Recognition and Measurement ("**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.

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the directors of the Company anticipate the following potential impact on initial application of HKFRS 9:

Classification and measurement

All financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39. In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortized costs that are subject to impairment provision upon application of HKFRS 9 by the Group. Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognized by the Group as at 1 April 2018 would be increased as compared to the accumulated amount recognized under HKAS 39 mainly attributable to expected credit losses provision on trade receivables. Such further impairment recognized under expected credit loss model would increase the opening accumulated losses at 1 April 2018.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 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 IFRS 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. HKICPA also 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 result in more disclosure, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognized in the respective reporting periods.

HKFRS 16 Leases

HKFRS 16 requires almost all leases of lessees to be recognized on the statement of financial position, as the distinction between operating and finance leases is removed. The accounting for lessors will not significantly change. Under the new standard, the right to use the leased item and the duty to pay rent are recognized as an asset and a financial liability respectively. The only exceptions are short-term and low-value leases. The standard will affect primarily the accounting for operating leases of the Group. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

At 31 March 2018, the Group had operating lease commitments of approximately HK$1,106,000. Upon adoption of HKFRS 16, the majority of operating lease commitments will be recognized in the consolidated statement of financial position as lease liabilities and right-of-use assets. The lease liabilities would subsequently be measured at amortized cost and the right-of-use asset will be depreciated on a straight-line basis during the lease term.

The Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Based on the assessment performed, the Group is in the opinion that the adoption of above new standards and amendments to standards will not result in a significant effect on its consolidated financial statements.

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 ATM 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 2018

	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	**79,754**	**14,235**	**22**	**–**	**94,011**
Segment results	**8,117**	**(3,761)**	**(1,802)**	**513**	**3,067**
Other revenue					**450**
Unallocated cost					**(8,230)**
Change in fair value of financial assets at fair value through profit or loss					**1,260**
Loss from operations					**(3,453)**
Finance costs					**(6,358)**
Loss before taxation					**(9,811)**
Income tax					**(3,176)**
Loss for the year					**(12,987)**

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)

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 2018

	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	**81,531**	**74,480**	**8,878**	**705**	**165,594**
Property, plant and equipment (for corporate)					**39**
Other receivables, deposits and prepayments (for corporate)					**309**
Financial assets at fair value through profit or loss (for corporate)					**2,544**
Bank balances and cash (for corporate)					**2,780**
Total assets					**171,266**
Segment liabilities	**3,588**	**16,100**	**4,156**	**758**	**24,602**
Other payables and accruals (for corporate)					**17,947**
Other loan (for corporate)					**26,840**
Convertible bonds (for corporate)					**39,808**
Deferred tax liabilities (for corporate)					**1,413**
Total liabilities					**110,610**

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*
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

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 Segment Information

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

Year ended 31 March 2018

	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	**–**	**6**	**–**	**–**	**6**
Depreciation of property, plant and equipment	**–**	**95**	**277**	**10**	**382**
Bad debts written off	**–**	**214**	**–**	**–**	**214**
Impairment loss on goodwill	**4,800**	**–**	**–**	**–**	**4,800**
Provision for obsolete stocks	**–**	**–**	**742**	**–**	**742**
Provision for doubtful debts	**–**	**9**	**484**	**–**	**493**

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
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

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:

	2018	2017
	HK$'000	*HK$'000*
Customer A – Sales of solar power related products	**54,518**	6,233
Customer B – Sales of solar power related products	**22,439**	4,771

4. REVENUE AND OTHER REVENUE

	2018	2017
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**79,776**	11,565
Rendering of services	**14,235**	683
	94,011	12,248
Other revenue		
Bank interest income	**50**	224
Others	**82**	206
Bad debts recovery	**131**	–
Reversal of provision for doubtful debt	**1,215**	–
Gain on disposal of held-for-trading financial assets	**450**	–
Gain on disposal of property, plant and equipment	**95**	–
Compensation received from customer	**506**	–
	2,529	430
Total revenue	**96,540**	12,678

5. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Imputed finance costs on convertible bonds	**3,977**	3,484
Interest on other loans	**2,381**	2,381
	6,358	5,865

6. LOSS BEFORE TAXATION

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

	2018	2017
	HK$'000	*HK$'000*
Crediting:		
Change in fair value of financial assets at fair value through profit or loss	**1,260**	–
Gain on disposal of property, plant and equipment	**95**	–
Reversal of provision for doubtful debts	**1,215**	–
Bad debts recovery	**131**	–
Charging:		
Auditors' remuneration	**581**	511
Bad debts written off	**214**	118
Cost of inventories	**65,434**	8,705
Depreciation	**537**	687
Change in fair value of financial assets at fair value through profit or loss	**–**	233
Impairment loss on goodwill	**4,800**	266,079
Operating leases for land and building	**1,224**	1,126
Net foreign exchange losses	**–**	11
Provision for doubtful debts	**493**	37,102
Provision for obsolete stocks	**742**	–
Staff costs (including directors' emoluments)	**9,023**	9,032

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% (2017: 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 (2017: Nil) for the subsidiaries operating in Hong Kong during the year ended 31 March 2018.

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

	2018	2017
	HK$'000	*HK$'000*
Current income tax:		
– Hong Kong Profits Tax	**–**	–
– PRC Enterprise Income Tax	**3,832**	10,875
Deferred taxation	**(656)**	(736)
Income tax	**3,176**	10,139

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

	2018	2017
	HK$'000	*HK$'000*
Loss before taxation	**(9,811)**	(322,574)
Calculated at a rate of income tax of 16.5% (2017: 16.5%)	**(1,619)**	(53,225)
Effect of difference rate of income tax in other countries	**837**	169
Tax effect on income not subject to tax	**(216)**	(3)
Tax effect on expenses not deductible for taxation purposes	**3,013**	59,540
Tax effect of temporary differences	**1,152**	512
Tax effect of tax loss not previously recognized	**793**	109
Tax effect of utilization of tax loss not previously recognized	**(128)**	(6,092)
Tax concession	**–**	(669)
Underprovision in prior years *(Note i)*	**–**	10,534
Deferred taxation	**(656)**	(736)
	3,176	10,139

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 2018 and 2017 nor has any dividend been proposed since the end of reporting date.

9. LOSS PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to the owners of the Company	**(17,579)**	(333,148)

	2018	2017
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,430,012,850**	1,430,012,850
Weighted average number of ordinary shares for the purpose of diluted loss per share	**1,430,012,850**	1,430,012,850

Outstanding convertible bonds of the Company are anti-dilutive since their exercise or conversion would result in a decrease in basic loss per share for the years ended 31 March 2018 and 31 March 2017.

10. GOODWILL

	New energy power system integration business *HK$'000*	**Sales of solar power related products** *HK$'000*	**Total** *HK$'000*
Cost			
At 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018	**260,079**	**51,476**	**311,555**
Impairment			
At 1 April 2016	–	–	–
Impairment loss recognized for the year	260,079	6,000	266,079
At 31 March 2017 and at 1 April 2017	260,079	6,000	266,079
Impairment loss recognized for the year	–	4,800	4,800
At 31 March 2018	**260,079**	**10,800**	**270,879**
Carrying values			
At 31 March 2018	**–**	**40,676**	**40,676**
At 31 March 2017	–	45,476	45,476

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 2018, the goodwill is approximately HK$40,676,000 (2017: approximately HK$45,476,000).

The recoverable amounts of 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. The 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 2018, the Group recognized impairment loss of approximately HK$4,800,000 (2017: HK$266,079,000) in relation to goodwill arising on new energy power system integration business and sales of solar power related products.

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

The management has paid due and careful consideration to 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 of contracts in the near future. Therefore, impairment loss of approximately HK$260,079,000 was recognized for the year ended 31 March 2017.

Sales of solar power related products

Discount rate	17%
Operating margin*	20%
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

	2018	2017
	HK$'000	*HK$'000*
Merchandize for re-sale	**6,635**	6,635
Spare parts	**1,873**	1,873
	8,508	8,508
Less: Provision for slow moving and obsolete inventories	**(8,856)**	(8,114)
Exchange adjustment	**348**	312
	–	706

12. ACCOUNTS AND BILLS RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Accounts receivables	**106,688**	113,461
Bills receivables	**23,087**	11,039
Less: Allowance for doubtful debts	**(47,698)**	(44,542)
	82,077	79,958

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 2018, the aging analysis of the Group's accounts and bills receivables based on transaction date was as follows:

	2018	2017
	HK$'000	*HK$'000*
Current to 60 days	**15,722**	5,100
61 to 90 days	**–**	–
Over 90 days	**114,053**	119,400
	129,775	124,500
Less: Allowance for doubtful debts	**(47,698)**	(44,542)
	82,077	79,958

As at 31 March 2018, the top five customers accounted for 64.87% (2017: 10.05%) 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 2018, accounts receivables of approximately HK$66,355,000 (2017: approximately HK$74,858,000) were overdue but not impaired. The management assessed the credit quality by reference to the repayment history and current financial position of the customers. The 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:

	2018	2017
	HK$'000	*HK$'000*
91 to 120 days	**9,372**	–
121 to 150 days	**8,177**	–
Over 150 days	**48,806**	74,858
	66,355	74,858

Movement in the allowance for doubtful debts:

	2018	2017
	HK$'000	*HK$'000*
Balance at the beginning of the year	**44,542**	8,803
Allowance for doubtful debts	**493**	37,102
Reversal of allowance for doubtful debts	**(1,215)**	–
Exchange adjustment	**3,878**	(1,363)
Balance at the end of the year	**47,698**	44,542

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Other receivables, deposits and prepayments included the following:

(a) Deposit of approximately HK$14,006,000 (2017: approximately HK$11,264,000) for purchase of trading goods.

(b) Prepayment of Nil (2017: approximately HK$8,785,000) for new energy power system integration business for construction contract.

14. HELD-FOR-TRADING FINANCIAL ASSETS

	2018	2017
	HK$'000	*HK$'000*
The movement in held-for-trading financial assets summarized as follows:		
At the beginning of the year	**22,412**	–
Additions	**–**	22,412
Disposal	**(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.

The transaction was completed in May 2017.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
	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	**(21,706)**	(22,966)
31 March	**2,544**	1,284

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

	2018	2017
	HK$'000	*HK$'000*
Accounts payables	**19,103**	25,838

At 31 March 2018, the aging analysis of the Group's accounts payables based on transaction date was as follows:

	2018	2017
	HK$'000	*HK$'000*
Current to 60 days	**2,585**	601
61 to 90 days	**7,678**	–
Over 90 days	**8,840**	25,237
	19,103	25,838

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, Mr. Chiu Tung Ping and Ms. Hu Xin, the amounts are approximately HK$259,000 (2017: approximately HK$1,772,000), HK$710,000 (2017: approximately HK$590,000), approximately HK$1,419,000 (2017: approximately HK$1,059,000) and approximately HK$550,000 (2017: Nil) respectively.

There is amount due to Dynatek Limited amounting to HK$182,000 (2017: HK$1,020,000). 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 LOANS

	2018	2017
	HK$'000	*HK$'000*
Other loan *(note (a))*	**19,840**	19,840
Other loan *(note (b))*	**7,000**	1,500
	26,840	21,340

(a) Other loan amounting to HK$19,840,000 (2017: HK$19,840,000) is interest bearing on 12% per annum, unsecured and repayable on demand.

(b) Other loan amounting to HK$7,000,000 (2017: HK$1,500,000) 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:

	2018	2017
	HK$'000	*HK$'000*
On demand or within one year	**26,840**	21,340
Less: Amount shown under non-current liabilities	**–**	–
Amount shown under current liabilities	**26,840**	21,340

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 Virgin Islands ("**CTSP (BVI)**"), and its subsidiaries ("**Target Group**"). The convertible bonds are denominated in Hong Kong dollars. The bonds entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the bonds and their settlement date on 1 June 2021 ("**Maturity Date**") at a conversion price of HK$0.5 per share. If the bonds have not been converted, they will be redeemed on Maturity Date at par.

The 2011 CB was divided into Tranche I Convertible bonds ("**Tranche I CB**") and Tranche II Convertible bonds ("**Tranche II CB**") of HK$113,100,000 and HK$50,000,000 respectively. For Tranche I CB, the CB holders are not subject to any restriction for exercising the conversion of Tranche I CB into share. For Tranche II CB, the 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 2018 (Year ended 31 March 2017: Nil).

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.

2018

	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	**35,831**
Imputed finance costs *(Note 5)*	**3,977**
Liability component at 31 March	**39,808**

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

20. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

Disposal of a Subsidiary

On 19 August 2016, Shaanxi Baike and 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, 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$'000
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

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 2018.

The Group's revenue amounted to approximately HK$94.0 million for the year ended 31 March 2018, representing an increase of approximately 667.6 per cent. as compared with the revenue of approximately HK$12.2 million recorded for the year ended 31 March 2017. Such increase was attributable to the increase in revenue generated from the sales of solar power related products and new energy power system integration business by approximately HK$68.2 million and HK$14.2 million respectively during the year ended 31 March 2018, as compared with last year.

The Group's gross profit margin was approximately 18.1 per cent. for the year ended 31 March 2018, as compared to approximately 28.9 per cent. for the year ended 31 March 2017. The decrease in the gross profit margin was mainly as a result of the fierce competition in the PRC market.

The Group recorded a loss attributable to owners of the Company amounting to approximately HK$17.6 million for the year ended 31 March 2018 (2017: loss attributable to owners of the Company of approximately HK$333.1 million), mainly as a result of (i) the increase in revenue for the year ended 31 March 2018 as discussed above; (ii) the impairment loss in relation to goodwill arising from acquisition of subsidiaries engaging in new energy power system integration business and sales of solar power related products during the year ended 31 March 2018 has reduced significantly to approximately HK$4.8 million (2017: approximately HK$266.1 million); and (iii) the impairment loss on accounts and bills receivables during the year ended 31 March 2018 of approximately HK$0.5 million (2017: approximately HK$37.1 million).

Basic loss per share was approximately HK1.23 cents for the year ended 31 March 2018, as compared with the basic loss per share of approximately HK23.3 cents for the year ended 31 March 2017.

SALES OF SOLAR POWER RELATED PRODUCTS

During the year ended 31 March 2018, the Group was able to secure new contracts with its clients and the Group's sales of solar power related products have increased remarkably as compared to that of the last year. The revenue generated from the sales of solar power related products was approximately HK$79.8 million for the year ended 31 March 2018 (2017: approximately HK$11.6 million), accounted for approximately 84.8 per cent. of the Group's total revenue (2017: approximately 94.4 per cent.).

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.

Considering the PRC government's encouragement on distributed photovoltaic power generation, the Group will continue to look for other solar energy generation projects and new energy power system integration services. The Group has been negotiating and securing new contracts for the new energy power system integration business during the period under review. In November 2017, the Group, together with another energy company, entered into a subcontracting contract with a main contractor of a construction project of solar photovoltaic power station to be installed at the rooftop in Henan Province. The Group had commenced to provide these services in the first quarter of 2018. However, the construction project is currently put on hold pending further fundraising by the owner of the project.

The revenue generated from the new energy power system integration business was approximately HK$14.2 million during the year ended 31 March 2018 (2017: approximately HK$58,000). Such increase was attributable to (i) revenue of approximately HK$7.8 million arising from the provision of new energy power system integration services and technical consultation services during the construction of the Tibet Solar Power Station pursuant to the cooperation agreement as disclosed in the Company's announcements dated 19 August 2016 and 22 May 2017 and the paragraphs headed "Transfer of Land Use Right and Cooperation Agreement" in this announcement; and (ii) revenue of approximately HK$6.4 million arising from other new energy power system integration contracts such as the engineering consultation contracts entered into between the Group and an engineering contractor company in November 2017 for projects relating to provision of engineering consulting services for construction of solar photovoltaic power station, which are expected to have an aggregate capacity of 40MWp and 60MWp in Heilongjiang province and Shanxi province respectively. As at the date of this announcement, the Group had completed the provision of these services.

SALES OF SELF-SERVICE ATM SYSTEMS AND PRINTING SYSTEMS

The Group remains recognised as an 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 trys 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 2018 (2017: 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 2018, 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	
	2018	2017
	HK$'000	*HK$'000*
Revenue		
Sales of solar power related products	**79,754**	11,565
New energy power system integration service income	**14,235**	58
Sales of self-service ATM systems and printing systems	**22**	–
Provision of hardware and software technical support services	**–**	625
	94,011	12,248
Other revenue		
Bank interest income	**50**	224
Bad debts recovery	**131**	–
Reversal of provision for doubtful debt	**1,215**	–
Gain on disposal of held-for-trading financial assets	**450**	–
Gain on disposal of property, plant and equipment	**95**	–
Compensation received from customer	**506**	–
Others	**82**	206
	2,529	430
Total revenue	**96,540**	12,678

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

During the year ended 31 March 2018, the Group was able to secure new contracts with its clients and the Group's sales of solar power related products have increased remarkably as compared to that of the last year.

The revenue generated from the sales of solar power related products was approximately HK$79.8 million for the year ended 31 March 2018 (2017: approximately HK$11.6 million), accounted for approximately 84.8 per cent. of the Group's total revenue (2017: approximately 94.4 per cent.).

NEW ENERGY POWER SYSTEM INTEGRATION BUSINESS

Considering the PRC government's encouragement on distributed photovoltaic power generation, the Group will continue to look for other solar energy generation projects and new energy power system integration services. The Group has been negotiating and securing new contracts for the new energy power system integration business during the year under review. In November 2017, the Group, together with another energy company, entered into a subcontracting contract with a main contractor of a construction project of solar photovoltaic power station to be installed at the rooftop in Henan Province. The Group had commenced to provide these services in the first quarter of 2018. However, the construction project is currently put on hold pending further fundraising by the owner of the project.

The revenue generated from the new energy power system integration business was approximately HK$14.2 million during the year ended 31 March 2018 (2017: approximately HK$58,000). Such increase was attributable to (i) the revenue of approximately HK$7.8 million arising from provision of new energy power system integration services and technical consultation services during the construction of the Tibet Solar Power Station pursuant to the cooperation agreement as disclosed in the Company's announcements dated 19 August 2016 and 22 May 2017 and the paragraphs headed "Transfer of Land Use Right and Cooperation Agreement" in this announcement; and (ii) revenue of approximately HK$6.4 million arising from other new energy power system integration contracts such as the engineering consultation contracts entered into between the Group and an engineering contractor company in November 2017 for projects relating to provision of engineering consulting services for construction of solar photovoltaic power station, which are expected to have an aggregate capacity of 40MWp and 60MWp in Heilongjiang province and Shanxi province respectively. As at the date of this announcement, the Group had completed the provision of these services.

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

SALES OF SELF-SERVICE ATM SYSTEMS AND PRINTING SYSTEMS

During the year ended 31 March 2018, the revenue generated from the sales of self-service ATM systems and printing systems was approximately HK$22,000 (2017: Nil), representing approximately 0.02 per cent. (2017: Nil) of the total revenue of the Group. Such increase was attributable to sales of ATM spareparts during the year ended 31 March 2018.

PROVISION OF HARDWARE AND SOFTWARE TECHNICAL SUPPORT SERVICES

There was no revenue generated from the provision of hardware and software technical support services during the year ended 31 March 2018 (2017: approximately HK$625,000), representing a decrease of 100.0% 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 2018 amounted to approximately HK$3.5 million (2017: approximately HK$3.1 million), representing an increase of approximately 13.8 per cent. because the Group had allocated more resources to explore new business opportunities during the year under review as compared to last year.

ADMINISTRATIVE EXPENSES

Administrative expenses incurred by the Group for the year ended 31 March 2018 amounted approximately HK$15.5 million (2017: approximately HK$14.2 million), mainly attributable to the general provision for obsolete stocks and impairment loss on accounts and bills receivables of approximately HK$0.7 million (2017: Nil) and HK$0.5 million (2017: approximately HK$37.1 million) respectively in the year under review.

Staff costs (including Directors' emoluments) which were included in both selling expenses and administrative expenses decreased by approximately 0.1 per cent. to approximately HK$9.0 million in aggregate (2017: approximately HK$9.0 million).

IMPAIRMENT LOSS ON GOODWILL

During the year ended 31 March 2018, (i) no impairment loss in respect of the goodwill arising in new energy power system integration business was recorded (2017: approximately HK$260.1 million); and (ii) an impairment loss of approximately HK$4.8 million (2017: approximately HK$6.0 million) in relation to goodwill arising from the sales of solar power related products was recorded, amounting to a total impairment loss on goodwill of approximately HK$4.8 million (2017: approximately HK$266.1 million).

FINANCE COSTS

For the year ended 31 March 2018, the Group has incurred the following finance costs:

	2018	2017
	HK$'000	*HK$'000*
Imputed finance costs on convertible bonds	**3,977**	3,484
Interest on other loan	**2,381**	2,381
	6,358	5,865

INCOME TAX

The Group had an income tax expense for the year ended 31 March 2018 of approximately HK$3.2 million (2017: an income tax expense of approximately HK$10.1 million). Such decrease 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 哈密市國家税務局稽查局 (Hami City State Taxation Bureau Inspection Bureau) ("**Hami Tax Bureau**") during the year ended 31 March 2017.

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, full amount of the Tax Shortfall in an aggregate amount of RMB9,037,955 was settled.

LIQUIDITY, FINANCIAL RESOURCES AND TREASURY POLICIES

As at 31 March 2018, the Group had bank balances and cash amounting to a total of approximately HK$29.7 million (2017: approximately HK$13.2 million) denominated in Hong Kong dollars, Renminbi and United States dollars. The Group had no outstanding bank overdraft as at 31 March 2018 (31 March 2017: Nil).

The increase in bank balances and cash is mainly due to the raising of the other loan of HK$5.5 million (2017: HK$1.5 million) during the year ended 31 March 2018, the cash flows from investing activities of approximately HK$23.0 million (2017: cash flows used in investing activities of approximately HK$0.2 million), and the effect of foreign exchange rate changes of approximately HK$9.3 million (2017: decrease for approximately HK$8.9 million), which was partly offset by the cash used in operations of approximately HK$8.5 million (2017: cash from operations of approximately HK$17.9 million) and overseas taxation paid of approximately HK$12.7 million (2017: approximately HK$0.6 million) for the year ended 31 March 2018.

As at 31 March 2018, the Group had other loans made in Hong Kong dollars amounting to (i) approximately HK$19.8 million (2017: approximately HK$19.8 million), which was interest bearing at 12% per annum, unsecured and repayable on demand; and (ii) approximately HK$7.0 million (2017: approximately HK$1.5 million) that was due to an executive Director, Mr. Chiu Tung Ping, which was unsecured, non-interest bearing and had no fixed term of repayment.

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 2018, and did not have any outstanding hedging instrument as at 31 March 2018.

BANKING FACILITIES

As at 31 March 2018, the Company did not have any banking facilities.

CHARGES ON ASSETS

As of 31 March 2018, the Group did not pledge any asset to secure borrowings granted to the Group.

CURRENT RATIO

As at 31 March 2018, the Group's current ratio, represented by a ratio of current assets to current liabilities, was approximately 1.9 (31 March 2017: approximately 1.7). The current ratio remained stable as compared to that as at 31 March 2017.

GEARING RATIO

As at 31 March 2018, the gearing ratio of the Group, represented by the percentage of total liabilities over total assets was approximately 64.6 per cent. (2017: approximately 65.6 per cent.).

	31 March 2018	31 March 2017
	HK$'000	*HK$'000*
Total assets	**171,266**	187,539
Total liabilities	**110,610**	123,079
Gearing ratio	**64.6 per cent.**	65.6 per cent.

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

(i) the decrease in total assets of the Company by approximately HK$16.3 million as a result of the impairment loss on goodwill of approximately HK$4.8 million, the disposal of the held-for-trading financial assets of approximately HK$22.4 million, and the decrease in other receivables, deposits and prepayments of approximately HK$7.8 million, which was partly offset by the increase in bank balances and cash by approximately HK$16.5 million; and

(ii) the decrease in total liabilities of the Company by approximately HK$12.5 million which was due to the settlement of accounts payables, other payables and accruals and taxation by approximately HK$6.7 million, HK$5.8 million and HK$8.9 million respectively, which was partly offset by the increase in other loans of approximately HK$5.5 million during the year ended 31 March 2018.

The gearing ratio remained stable during the year under review.

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 2018, 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 2018, 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**").

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. The Group recorded other revenue of approximately HK$0.5 million in the year ended 31 March 2018 as a result of the Disposal.

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

EMPLOYEES

As at 31 March 2018, the Group employed 5 and 37 staff in Hong Kong and the PRC respectively (31 March 2017: 6 in Hong Kong and 36 in the PRC). The Group has developed its human resources policies and procedures based on performance and merit. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system. Employee trainings are also provided as and when required. We actively promote on-the-job training at all levels of employees, who are recommended to participate in various training courses, forums and seminars, with an aim to enhance their knowledge and working skills, which in turn they can create competitive advantages together with the Group. We provide external training and updated directors' training webcasts published by the Stock Exchange to our employees.

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

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 2018.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, Sky Base Partners CPA Limited, to the amounts set out in the Group's draft audited consolidated financial statements for the year. The work performed by Sky Base Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Sky Base Partners CPA Limited on the preliminary announcement.

BUSINESS OUTLOOK

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

The Group has been negotiating and securing new contracts for the new energy power system integration business during the Review Period. In April 2018, Shaanxi Baike has entered into a strategic cooperation agreement ("**Strategic Cooperation Agreement**") with China Construction New Energy Technology Co., Ltd.* (國建新能科技股份有限公司) ("**China Construction**") in relation to certain new energy power station projects, so as to establish a long-term strategic partnership in the field of new energy (photovoltaic and wind power) power generation. To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, China Construction and its ultimate beneficial owners are third parities independent of the Company and its connected persons (as defined in the GEM Listing Rules).

The new energy power station projects include Zhong He Xin Cheng Rooftop Distributed Photovoltaic Power Generation Project in Henan ("**Zhong He Xin Cheng Project**") and Laiyuan Wind Power Station Project in Hebei ("**Laiyuan Project**"). Among them, Shaanxi Baike has entered into a formal subcontractor agreement with China Construction in relation to the Zhong He Xin Cheng Project at a contract price of RMB74.62 million. The Zhong He Xin Cheng Project has an expected capacity of 14MW and is expected to have its grid-connection completed in September 2018. In addition, subject to the terms and conditions of the Strategic Cooperation Agreement, China Construction has agreed to engage Shaanxi Baike for the provision of contractor services for the Laiyuan Project. The expected capacity of the Laiyuan Project is 100MW and the initial design is expected to be completed in May 2018. Shaanxi Baike and China Construction would then determine the terms and conditions of the formal agreement of the Laiyuan Project based on the initial design. It is expected that the grid-connection of the Laiyuan Project will be completed in December 2019.

The Strategic Cooperation Agreement serves as a framework agreement for the strategic cooperation between the parties. Specific terms of the new energy power station projects are subject to further negotiation, determination and signing of formal agreement between China Construction and Shaanxi Baike. The Company will make further announcement under the GEM Listing Rules when necessary.

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 market opportunities in the solar energy industry.

For the sales of self-service ATM systems and printing systems, the Group plans to focus on existing clients, suppliers and manufacturers of the ATM systems and printing systems. For hardware and software technical support services, since the revenue recorded for the provision of these services has been decreasing, the Group did not intend to further invest in this business. Such services will be provided as and when requested by the customers in connection with the sales of self-service ATM systems and printing systems.

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

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

EVENTS AFTER THE REPORTING PERIOD

Strategic Cooperation Agreement

In April 2018, Shaanxi Baike has entered into a strategic cooperation agreement with China Construction in relation to certain new energy power station projects, so as to establish a long-term strategic partnership in the field of new energy (photovoltaic and wind power) power generation.

Further details of which are set out in the paragraphs headed "Business Outlook" above in this section and the announcement of the Company dated 20 April 2018.

Grant of Share Options

The Company has adopted a share option scheme ("**Share Option Scheme**") which became effective on 26 August 2014.

On 10 April 2018, share options to subscribe for up to 109,220,000 ordinary shares of HK$0.10 each in the share capital of the Company was granted to nine eligible participants, all being employees of the Group, under the Share Option Scheme. The exercise price of the options granted was HK$0.10 per share with an exercise period of 2 years from 10 April 2018 to 9 April 2020 (both dates inclusive). The closing price of the shares of the Company on the date of grant of options was HK$0.088 per share. Further details of the grant of share options are set out in the announcement of the Company dated 10 April 2018.

Save as disclose above, up to the date of this announcement, no options had been granted, exercised, cancelled or lapsed under the Share Option Scheme. As at the date of this announcement, the total number of securities available for issue under the Share Option Scheme was 2,064 ordinary shares of HK$0.1 each in the share capital of the Company, representing approximately 0.00014% of the Company's shares in issue.

Resumption of duties of a senior management of the Group

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, having considered all related circumstances, the Board is satisfied that the ICAC investigation does not affect the integrity and suitability of Mr. Hou Hsiao Wen acting as the chief executive officer of the Group's ATM business. The day-to-day management duties of Mr. Hou Hsiao Wen as the chief executive officer of the Group's ATM business have been resumed with effect from 19 June 2018.

Further details of which are set out in the announcements of the Company dated 19 June 2015, 23 June 2017 and 19 June 2018.

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 2018 ("**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 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 25 September 2017 ("**2017 AGM**"). Nevertheless, Ms. Hu Xin, an executive Director, presided as the chairman at the 2017 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 2018 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, 20 June 2018

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.