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



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

(Incorporated in the Cayman Islands with limited liability)

(stock code: 8111)

2015 INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

CHARACTERISTICS OF GEM

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

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

** For identification purpose only*

INTERIM RESULTS HIGHLIGHTS

The profit attributable to owners of the Company for the six months ended 30 September 2015 was approximately HK\$0.3 million (the loss attributable to owners of the Company for the six months ended 30 September 2014 was approximately HK\$9.8 million).

The revenue of the Group for the six months ended 30 September 2015 was approximately HK\$17.8 million, representing an increase of approximately 808.6 per cent. as compared with approximately HK\$2.0 million recorded for the six months ended 30 September 2014.

Gross profit margin of the Group was approximately 26.1 per cent. for the six months ended 30 September 2015, as compared to approximately 30.4 per cent. for the six months ended 30 September 2014.

Basic earnings per share for the six months ended 30 September 2015 was approximately HK0.03 cents (basic loss per share for the six months ended 30 September 2014 was approximately HK0.90 cents).

The Directors do not recommend the payment of a dividend for the six months ended 30 September 2015 (six months ended 30 September 2014: Nil).

INTERIM RESULTS (UNAUDITED)

The board of Directors announces the unaudited consolidated results of the Group for the six months ended 30 September 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

		From 1 July 2015 to 30 September 2015 HK\$'000	From 1 April 2015 to 30 September 2015 HK\$'000	From 1 July 2014 to 30 September 2014 HK\$'000	From 1 April 2014 to 30 September 2014 HK\$'000
	Notes				
Revenue	3	16,566	17,808	1,387	1,960
Cost of sales		(12,190)	(13,167)	(1,024)	(1,365)
Gross profit		4,376	4,641	363	595
Other revenue	3	51	156	356	422
Selling expenses		(575)	(1,559)	(901)	(1,428)
Change in fair value of contingent consideration payable	19	15,795	15,795	914	914
Change in fair value of financial assets at fair value through profit or loss	16	(253)	(136)	(247)	(1,928)
Administrative expenses		(7,785)	(13,639)	(2,995)	(5,670)
Finance costs	6	(1,581)	(3,129)	(1,384)	(2,717)
Profit (Loss) before taxation	5	10,028	2,129	(3,894)	(9,812)
Income tax expenses	7	(361)	(439)	–	–
Profit (Loss) for the period		9,667	1,690	(3,894)	(9,812)
Profit (Loss) attributable to:					
– Owners of the Company		8,279	341	(3,894)	(9,812)
– Non-controlling interests		1,388	1,349	–	–
Profit (Loss) for the period		9,667	1,690	(3,894)	(9,812)
Other comprehensive (expense) income					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of financial statements of foreign operations		(4,181)	(3,740)	132	60
Total comprehensive income (expense) for the period		5,486	(2,050)	(3,762)	(9,752)
Attributable to:					
– Owners of the Company		4,080	(3,417)	(3,762)	(9,752)
– Non-controlling interests		1,406	1,367	–	–
Total comprehensive income (expense) for the period		5,486	(2,050)	(3,762)	(9,752)
Dividend		–	–	–	–
Earnings (Loss) per share attributable to owners of the Company during the period					
– Basic	8	0.64 cents	0.03 cents	(0.36 cents)	(0.90 cents)
– Diluted	8	N/A	N/A	(0.67 cents)	(1.63 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

		As at 30 September 2015 (unaudited) HK\$'000	As at 31 March 2015 (audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	9	1,221	1,366
Available-for-sale financial assets	10	–	–
Intangible assets	11	4,347	1,237
Goodwill	12	311,555	260,079
		<u>317,123</u>	<u>262,682</u>
Current assets			
Inventories	13	8,547	6,576
Accounts receivables	14	119,612	119,083
Other receivables, deposits and prepayments	15	19,783	2,500
Financial assets at fair value through profit or loss	16	2,612	2,748
Prepaid tax		–	181
Bank balances and cash	17	7,527	43,761
		<u>158,081</u>	<u>174,849</u>
Current liabilities			
Accounts payables	18	43,610	59,157
Contingent consideration payable	19	16,119	–
Other payables and accruals	20	14,120	13,248
Other loan	21	19,840	19,840
Receipt in advance		2,248	52
Tax payable		201	–
		<u>96,138</u>	<u>92,297</u>
Net current assets		<u>61,943</u>	<u>82,552</u>
Total assets less current liabilities		<u>379,066</u>	<u>345,234</u>
Non-current liabilities			
Convertible bonds	22	34,480	32,542
Deferred tax liabilities		6,567	6,628
		<u>41,047</u>	<u>39,170</u>
Net assets		<u>338,019</u>	<u>306,064</u>
Capital and reserves			
Share capital	23	129,183	118,365
Reserves		204,983	187,699
		<u>334,166</u>	<u>306,064</u>
Equity attributable to owners of the Company		3,853	–
Non-controlling interests		<u>338,019</u>	<u>306,064</u>
Total equity		<u>338,019</u>	<u>306,064</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Equity attributable to owners of the Company									
	Share capital	Share premium	Warrant reserve <i>(Note (a))</i> HK\$'000	Reserve arising from reorganization <i>(Note (b))</i> HK\$'000	Exchange reserve <i>(Note (c))</i> HK\$'000	Convertible bonds reserve HK\$'000	(Deficit) Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 2014	100,079	171,828	9,680	(24,317)	11,363	39,097	(56,888)	250,842	–	250,842
Loss for the period	–	–	–	–	–	–	(9,812)	(9,812)	–	(9,812)
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	–	60	–	–	60	–	60
Total comprehensive income (expense) for the period	–	–	–	–	60	–	(9,812)	(9,752)	–	(9,752)
Issue of shares in acquisition of a subsidiary <i>(Note (d))</i>	9,143	5,943	–	–	–	–	–	15,086	–	15,086
Transaction costs on issue of shares	–	(385)	–	–	–	–	–	(385)	–	(385)
	9,143	5,558	–	–	–	–	–	14,701	–	14,701
At 30 September 2014	109,222	177,386	9,680	(24,317)	11,423	39,097	(66,700)	255,791	–	255,791
At 1 April 2015	118,365	178,940	–	(24,317)	11,514	39,097	(17,535)	306,064	–	306,064
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	2,486	2,486
Profit for the period	–	–	–	–	–	–	341	341	1,349	1,690
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	–	(3,758)	–	–	(3,758)	18	(3,740)
Total comprehensive (expense) income for the period	–	–	–	–	(3,758)	–	341	(3,417)	1,367	(2,050)
Issue of shares in acquisition of a subsidiary <i>(Note (e))</i>	10,818	21,096	–	–	–	–	–	31,914	–	31,914
Transaction costs on issue of shares	–	(395)	–	–	–	–	–	(395)	–	(395)
	10,818	20,701	–	–	–	–	–	31,519	–	31,519
At 30 September 2015	129,183	199,641	–	(24,317)	7,756	39,097	(17,194)	334,166	3,853	338,019

Notes:

- (a) During the year ended 31 March 2010, the Company issued 100,000,000 warrant at HK\$0.10 each for cash. Net proceeds from the issuance of warrant of approximately HK\$9,680,000 was recognized as warrant reserve. Warrant was lapsed on 22 December 2014.
- (b) The reserve arising from reorganization of approximately HK\$24,317,000 represents the difference between the nominal value of the share capital of subsidiaries acquired and the cost of investments in these subsidiaries incurred by the Company in exchange thereof, and has been debited to the reserve of the Group.
- (c) 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.
- (d) On 10 April 2014, 91,428,571 consideration shares for the initial payment for the acquisition of China Western Energy Holdings Limited were allotted and issued in accordance with the terms and conditions of the sale and purchase agreement dated 1 April 2014.
- (e) On 22 May 2015, 108,181,818 consideration shares for the initial payment for the acquisition of Million Keen Limited were allotted and issued in accordance with the terms and conditions of the sale and purchase agreement dated 5 May 2015.

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Six months ended 30 September	
	2015	2014
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
OPERATING ACTIVITIES		
Profit (loss) before taxation	2,129	(9,812)
Adjustment for:		
Amortization of intangible assets	7,032	–
Depreciation	244	193
Interest income	(56)	(10)
Finance costs	3,129	2,717
Change in fair value of contingent consideration payable	(15,795)	(914)
Change in fair value of financial assets at fair value through profit or loss	136	1,928
	<hr/>	<hr/>
Operating cash flows before movements in working capital	(3,181)	(5,898)
Decrease (Increase) in inventories	1,992	(6,283)
Decrease in accounts receivable	1,050	2,214
(Increase) Decrease in other receivables, deposits and prepayments	(14,332)	9,852
Decrease in accounts payable	(19,115)	(4,251)
Decrease in other payables and accruals	(951)	(3,584)
Increase in receipt in advance	2,196	5
	<hr/>	<hr/>
Cash used in operations	(32,341)	(7,945)
Interest paid	(1,191)	(1,020)
Overseas taxation paid	(439)	–
	<hr/>	<hr/>
NET CASH USED IN OPERATING ACTIVITIES	(33,971)	(8,965)

		Six months ended	
		30 September	
		2015	2014
	<i>Notes</i>	HK\$'000	HK\$'000
INVESTING ACTIVITIES			
Net cash inflows on acquisition of a subsidiary	26	1,824	1,529
Interest received		56	10
Purchase of property, plant and equipment		(8)	(380)
Sales proceeds of disposal of held-to-maturity financial assets		<u>—</u>	<u>5,044</u>
NET CASH FROM INVESTING ACTIVITIES		<u>1,872</u>	<u>6,203</u>
FINANCING ACTIVITIES			
Net raising of other loan		—	1,750
Transaction costs on issue of equity shares for acquisition of subsidiaries		<u>(395)</u>	<u>(385)</u>
NET CASH (USED IN) FROM FINANCING ACTIVITIES		<u>(395)</u>	<u>1,365</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(32,494)	(1,397)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		43,761	5,546
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		<u>(3,740)</u>	<u>60</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		<u><u>7,527</u></u>	<u><u>4,209</u></u>
Represented by:			
Bank balances and cash		<u>7,527</u>	<u>4,209</u>
		<u><u>7,527</u></u>	<u><u>4,209</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION:–

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The amounts included in the unaudited condensed consolidated interim financial information for the six months ended 30 September 2015 have been computed based on the recognition and measurement requirements in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and accounting principles generally accepted in Hong Kong. The financial information also complies with the applicable disclosure provisions of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The unaudited condensed consolidated interim financial information have been prepared under the historical cost convention except for certain financial instruments, which are measured at fair values.

The accounting policies used in the preparation of the unaudited condensed consolidated interim financial information for the six months ended 30 September 2015 are consistent with those adopted in preparing the audited financial statements of the Group for the year ended 31 March 2015.

The condensed consolidated interim financial information for the six months ended 30 September 2015 were unaudited but have been reviewed by the audit committee of the Company (“**Audit Committee**”).

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has applied all the standards, amendments and interpretations issued by HKICPA, which are effective for the Group’s financial year beginning 1 April 2015. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies and presentation of the Group’s unaudited consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in (i) sales of solar related products; (ii) 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**”).

Revenues recognized during the period are as follows: –

	From 1 July 2015 to 30 September 2015 (unaudited) HK\$'000	From 1 April 2015 to 30 September 2015 (unaudited) HK\$'000	From 1 July 2014 to 30 September 2014 (unaudited) HK\$'000	From 1 April 2014 to 30 September 2014 (unaudited) HK\$'000
Revenue				
Sales of solar related products	16,385	16,385	–	–
Power system integration services	–	1,027	–	–
Sales of self-service ATM systems and printing systems	8	49	1,343	1,885
Provision of hardware and software technical support services	173	347	44	75
	<u>16,566</u>	<u>17,808</u>	<u>1,387</u>	<u>1,960</u>
Other revenue				
Government subsidies for business development	–	–	24	24
Bank interest income	11	56	7	10
Gain on trading in financial instrument	30	44	5	58
Others	10	56	320	330
	<u>51</u>	<u>156</u>	<u>356</u>	<u>422</u>
Total revenue	<u><u>16,617</u></u>	<u><u>17,964</u></u>	<u><u>1,743</u></u>	<u><u>2,382</u></u>

4. 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 solar related products, power system integration business, sales of self-service ATM systems and printing systems, and the provision of hardware and software technical support services 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 related products;
- (b) Power system integration services;
- (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:

Six months ended 30 September 2015

	Sales of solar related products From 1 April 2015 to 30 September 2015 (unaudited) HK\$'000	Power system integration business From 1 April 2015 to 30 September 2015 (unaudited) HK\$'000	Sales of self-service ATM systems and printing systems From 1 April 2015 to 30 September 2015 (unaudited) HK\$'000	Provision of hardware and software technical support services From 1 April 2015 to 30 September 2015 (unaudited) HK\$'000	Total From 1 April 2015 to 30 September 2015 (unaudited) HK\$'000
Revenue from external customers	16,385	1,027	49	347	17,808
Segment result	3,804	(753)	(1,133)	(586)	1,332
Other revenue					77
Change in fair value of contingent consideration payable					15,795
Change in fair value of financial assets at fair value through profit or loss					(136)
Unallocated cost					(11,810)
Profit from operations					5,258
Finance costs					(3,129)
Profit before taxation					2,129
Income tax expenses					(439)
Profit for the period					1,690

Six months ended 30 September 2014

	Sales of solar related products From 1 April 2014 to 30 September 2014 (unaudited) HK\$'000	Power system integration business From 1 April 2014 to 30 September 2014 (unaudited) HK\$'000	Sales of self-service ATM systems and printing systems From 1 April 2014 to 30 September 2014 (unaudited) HK\$'000	Provision of hardware and software technical support services From 1 April 2014 to 30 September 2014 (unaudited) HK\$'000	Total From 1 April 2014 to 30 September 2014 (unaudited) HK\$'000
Revenue from external customers	—	—	1,885	75	1,960
Segment result	—	—	(423)	(1,073)	(1,496)
Other revenue					332
Change in fair value of contingent consideration payable					914
Change in fair value of financial assets at fair value through profit or loss					(1,928)
Unallocated cost					(4,917)
Loss from operations					(7,095)
Finance costs					(2,717)
Loss before taxation					(9,812)
Income tax expenses					—
Loss for the period					(9,812)

Segment Assets and Liabilities

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

As at 30 September 2015

	Sales of solar related products As at 30 September 2015 (unaudited) HK\$'000	Power system integration business As at 30 September 2015 (unaudited) HK\$'000	Sales of self-service ATM systems and printing systems As at 30 September 2015 (unaudited) HK\$'000	Provision of hardware and software technical support services As at 30 September 2015 (unaudited) HK\$'000	Total As at 30 September 2015 (unaudited) HK\$'000
Segment assets	<u>73,899</u>	<u>368,758</u>	<u>26,397</u>	<u>2,122</u>	<u>471,176</u>
Property, plant and equipment (for corporate)					448
Other receivables, deposits and prepayments (for corporate)					198
Financial assets at fair value through profit or loss (for corporate)					2,612
Bank balances and cash (for corporate)					<u>770</u>
Consolidated assets					<u><u>475,204</u></u>
Segment liabilities	<u>11,561</u>	<u>36,627</u>	<u>3,249</u>	<u>1,254</u>	<u>52,691</u>
Other payables and accruals (for corporate)					7,488
Contingent consideration payable (for corporate)					16,119
Other loan (for corporate)					19,840
Convertible bonds (for corporate)					34,479
Deferred tax liabilities (for corporate)					<u>6,568</u>
Consolidated liabilities					<u><u>137,185</u></u>

As at 31 March 2015

	Sales of solar related products As at 31 March 2015 (audited) HK\$'000	Power system integration business As at 31 March 2015 (audited) HK\$'000	Sales of self-service ATM systems and printing systems As at 31 March 2015 (audited) HK\$'000	Provision of hardware and software technical support services As at 31 March 2015 (audited) HK\$'000	Total As at 31 March 2015 (audited) HK\$'000
Segment assets	–	400,627	29,057	3,926	433,610
Property, plant and equipment (for corporate)					553
Other receivables, deposits and prepayments (for corporate)					310
Financial assets at fair value through profit or loss (for corporate)					2,748
Bank balances and cash (for corporate)					310
Consolidated assets					<u>437,531</u>
Segment liabilities	–	60,864	3,414	1,309	65,587
Other payables and accruals (for corporate)					8,299
Other loan (for corporate)					19,840
Convertible bonds (for corporate)					32,542
Deferred tax liabilities (for corporate)					5,199
Consolidated liabilities					<u>131,467</u>

For the purpose of monitoring segment performances and allocating 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:

Six months ended 30 September 2015

	Sales of solar related products From 1 April 2015 to 30 September 2015 (unaudited) HK\$'000	Power system integration business From 1 April 2015 to 30 September 2015 (unaudited) HK\$'000	Sales of self-service ATM systems and printing systems From 1 April 2015 to 30 September 2015 (unaudited) HK\$'000	Provision of hardware and software technical support services From 1 April 2015 to 30 September 2015 (unaudited) HK\$'000	Total From 1 April 2015 to 30 September 2015 (unaudited) HK\$'000
Additions to property, plant and equipment	123	8	–	–	131
Depreciation of property, plant and equipment	15	52	28	47	142

Six months ended 30 September 2014

	Sales of solar related products From 1 April 2014 to 30 September 2014 (unaudited) HK\$'000	Power system integration business From 1 April 2014 to 30 September 2014 (unaudited) HK\$'000	Sales of self-service ATM systems and printing systems From 1 April 2014 to 30 September 2014 (unaudited) HK\$'000	Provision of hardware and software technical support services From 1 April 2014 to 30 September 2014 (unaudited) HK\$'000	Total From 1 April 2014 to 30 September 2014 (unaudited) HK\$'000
Additions to property, plant and equipment	–	380	–	–	380
Depreciation of property, plant and equipment	–	10	32	47	89

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 periods contributing over 10% of the total revenue of the Group are as follows:

	From 1 April 2015 to 30 September 2015 (unaudited) HK\$'000	From 1 April 2014 to 30 September 2014 (unaudited) HK\$'000
Customer A – Sales of self-services ATM systems and printing systems	–	1,350
Customer B – Sales of self-services ATM systems and printing systems	–	366
Customer C – Sales of solar related products	2,974	–
Customer C – Sales of solar related products	8,911	–
Customer D – Sales of solar related products	2,783	–

5. PROFIT (LOSS) BEFORE TAXATION

The Group's profit (loss) before taxation is arrived at after charging:–

	From 1 July 2015 to 30 September 2015 (unaudited) HK\$'000	From 1 April 2015 to 30 September 2015 (unaudited) HK\$'000	From 1 July 2014 to 30 September 2014 (unaudited) HK\$'000	From 1 April 2014 to 30 September 2014 (unaudited) HK\$'000
Amortization of intangible assets	4,346	7,032	–	–
Cost of inventories sold	11,234	12,211	1,024	1,365
Depreciation	237	244	99	193
Change in fair value of financial assets at fair value through profit or loss	253	136	247	1,928

6. FINANCE COSTS

	From 1 July 2015 to 30 September 2015 (unaudited) HK\$'000	From 1 April 2015 to 30 September 2015 (unaudited) HK\$'000	From 1 July 2014 to 30 September 2014 (unaudited) HK\$'000	From 1 April 2014 to 30 September 2014 (unaudited) HK\$'000
Imputed finance costs on convertible bonds	985	1,938	862	1,697
Interests on other loans	596	1,191	522	1,020
	<u>1,581</u>	<u>3,129</u>	<u>1,384</u>	<u>2,717</u>

7. INCOME TAX EXPENSES

The Company is incorporated in the Cayman Islands and is exempted from taxation in the Cayman Islands until 2021. The Company's subsidiaries established in the British Virgin Islands are exempted from payment of the British Virgin Islands income tax.

The Company's subsidiaries established in the PRC are subject to Enterprise Income Tax rate of 25% (six months ended 30 September 2014: 25%). Pursuant to the relevant laws and regulations in the PRC, the Group's certain subsidiaries are entitled to tax preference from PRC Enterprise Income tax.

There was no provision for Hong Kong profits tax as the Group had no assessable profit for the six months ended 30 September 2015 (six months ended 30 September 2014: Nil).

	From 1 July 2015 to 30 September 2015 (unaudited) HK\$'000	From 1 April 2015 to 30 September 2015 (unaudited) HK\$'000	From 1 July 2014 to 30 September 2014 (unaudited) HK\$'000	From 1 April 2014 to 30 September 2014 (unaudited) HK\$'000
Current income tax:				
– Hong Kong Profits tax	–	–	–	–
– PRC Enterprise Income Tax	361	439	–	–
Income Tax	<u>361</u>	<u>439</u>	<u>–</u>	<u>–</u>

8. EARNINGS (LOSS) PER SHARE

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

	From 1 July 2015 to 30 September 2015 (unaudited) HK\$'000	From 1 April 2015 to 30 September 2015 (unaudited) HK\$'000	From 1 July 2014 to 30 September 2014 (unaudited) HK\$'000	From 1 April 2014 to 30 September 2014 (unaudited) HK\$'000
Profit (Loss)				
Profit (loss) for the purpose of basic and diluted earnings (loss) per share	<u>8,279</u>	<u>341</u>	<u>(3,894)</u>	<u>(9,812)</u>
	From 1 July 2015 to 30 September 2015	From 1 April 2015 to 30 September 2015	From 1 July 2014 to 30 September 2014	From 1 April 2014 to 30 September 2014
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	1,291,831,032	1,261,682,001	1,092,220,643	1,087,224,546
Effect of dilutive potential ordinary shares:				
Warrants issued by the Company	<u>–</u>	<u>–</u>	<u>(509,343,263)</u>	<u>(486,319,218)</u>
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	<u>1,291,831,032</u>	<u>1,261,682,001</u>	<u>582,877,380</u>	<u>600,905,328</u>

Outstanding convertible bonds of the Company were anti-dilutive since their exercise or conversion would result in an increase in basic earnings per share for the six months ended 30 September 2015.

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group had acquired property, plant and equipment amounting to approximately HK\$8,000 (six months ended 30 September 2014: HK\$380,000).

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are comprised of:

	As at 30 September 2015 (unaudited) HK\$'000	As at 31 March 2015 (audited) HK\$'000
Unlisted investment, at cost (<i>Note</i>)	190	190
Less: Impairment loss	<u>(190)</u>	<u>(190)</u>
At the end of the period	<u><u>-</u></u>	<u><u>-</u></u>
Analysed for:		
Non-current assets	-	-
Current assets	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

Note: This is investment in an unlisted private entity incorporated in the PRC. Its fair value information is not disclosed because the related fair value cannot be measured reliably.

11. INTANGIBLE ASSETS

	HK\$'000
COST	
At 1 April 2015	2,474
Acquisition of a subsidiary (<i>Note 26</i>)	<u>10,142</u>
At 30 September 2015	<u>12,616</u>
IMPAIRMENT	
At 1 April 2015	1,237
Impairment loss recognized for the period	<u>7,032</u>
At 30 September 2015	<u>8,269</u>
CARRYING VALUES	
At 30 September 2015	<u><u>4,347</u></u>
At 31 March 2015	<u><u>1,237</u></u>

Note: Intangible assets represent power system integration services contracts and sales contracts signed by the subsidiaries acquired or being acquired and valued by an independent professional valuer.

12. GOODWILL

	Sales of solar related products <i>HK\$'000</i>	Power system integration business <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST			
At 1 April 2015	–	260,079	260,079
Acquisition of a subsidiary (<i>Note 26</i>)	51,476	–	51,476
	<hr/>	<hr/>	<hr/>
At 30 September 2015	51,476	260,079	311,555
	<hr/>	<hr/>	<hr/>
IMPAIRMENT			
At 1 April 2015	–	–	–
Impairment loss recognized for the period	–	–	–
	<hr/>	<hr/>	<hr/>
At 30 September 2015	–	–	–
	<hr/>	<hr/>	<hr/>
CARRYING VALUES			
At 30 September 2015	51,476	260,079	311,555
	<hr/>	<hr/>	<hr/>
At 31 March 2015	–	260,079	260,079
	<hr/>	<hr/>	<hr/>

The goodwill is allocated to the cash generating units, namely sales of solar related products and power system integration business.

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

During the six months ended 30 September 2015, the Group did not recognize any impairment loss (six months ended 30 September 2014: Nil) in relation to goodwill arising from acquisition of subsidiaries.

13. INVENTORIES

	As at 30 September 2015 (unaudited) <i>HK\$'000</i>	As at 31 March 2015 (audited) <i>HK\$'000</i>
Merchandise for re-sale	11,490	9,625
Spare parts	2,532	2,624
	<hr/>	<hr/>
	14,022	12,249
Less: Provision for slow moving and obsolete inventories	(5,673)	(5,666)
Exchange adjustment	198	(7)
	<hr/>	<hr/>
	8,547	6,576
	<hr/>	<hr/>

14. ACCOUNTS RECEIVABLES

	As at 30 September 2015 (unaudited) HK\$'000	As at 31 March 2015 (audited) HK\$'000
Accounts receivables	124,227	123,865
Less: Allowance for doubtful debts	<u>(4,615)</u>	<u>(4,782)</u>
	<u>119,612</u>	<u>119,083</u>

The majority of the Group's sales is 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 30 September 2015, the ageing analysis of the Group's accounts receivables is as follows:

	As at 30 September 2015 (unaudited) HK\$'000	As at 31 March 2015 (audited) HK\$'000
Current to 60 days	9,231	110,494
61 – 90 days	12	73
Over 90 days	<u>114,984</u>	<u>13,298</u>
	124,227	123,865
Less: Allowance for doubtful debts	<u>(4,615)</u>	<u>(4,782)</u>
	<u>119,612</u>	<u>119,083</u>

Ageing 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 30 September 2015, accounts receivables of approximately HK\$110,369,000 (31 March 2015: approximately HK\$3,201,000) were overdue but not impaired. Management assessed the credit quality of this HK\$110,369,000 by reference to the repayment history and current financial position of the customers. Management believes that no provision for impairment is necessary and these balances are expected to be fully recovered. The Group does not hold any collateral over these balances. The ageing analysis of these overdue but not impaired accounts receivables is as follows:

	As at 30 September 2015 (unaudited) HK\$'000	As at 31 March 2015 (audited) HK\$'000
91 to 120 days	–	1,096
121 – 150 days	87,235	83
Over 150 days	23,134	2,022
	<u>110,369</u>	<u>3,201</u>

Movement in the allowance for doubtful debts:

	As at 30 September 2015 (unaudited) HK\$'000	As at 31 March 2015 (audited) HK\$'000
Balance at the beginning of the period	4,782	4,776
Exchange adjustment	(167)	6
	<u>4,615</u>	<u>4,782</u>

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Other receivables, deposits and prepayments included deposit of approximately HK\$12,183,000 (31 March 2015: Nil) for purchase of trading goods.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2015 (unaudited) HK\$'000	As at 31 March 2015 (audited) 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	(21,638)	(21,502)
	<u>2,612</u>	<u>2,748</u>

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

17. BANK BALANCES AND CASH

	As at 30 September 2015 (unaudited) HK\$'000	As at 31 March 2015 (audited) HK\$'000
Cash at bank and on hand	<u>7,527</u>	<u>43,761</u>
Bank balances and cash in the consolidated statement of financial position and in the consolidated statement of cash flows	<u>7,527</u>	<u>43,761</u>
Cash and bank deposits denominated in:		
Hong Kong dollars	755	309
Chinese Renminbi	6,495	43,195
United States dollars	<u>277</u>	<u>257</u>
	<u>7,527</u>	<u>43,761</u>

Included in the balance was approximately HK\$6,654,000 (31 March 2015: HK\$42,467,000), representing bank deposits denominated in Renminbi placed with banks in the PRC by the Group. The remittance of these funds out of the PRC is subject to the exchange control restrictions imposed by the PRC government.

18. ACCOUNTS PAYABLES

	As at 30 September 2015 (unaudited) HK\$'000	As at 31 March 2015 (audited) HK\$'000
Accounts payables	<u>43,610</u>	<u>59,157</u>

As at 30 September 2015, the ageing analysis of the accounts payables is as follows:–

	As at 30 September 2015 (unaudited) HK\$'000	As at 31 March 2015 (audited) HK\$'000
Current to 60 days	1,509	11,200
61 – 90 days	3,723	1,604
Over 90 days	<u>38,378</u>	<u>46,353</u>
	<u>43,610</u>	<u>59,157</u>

The Directors consider that the carrying amount of the Group's accounts payable approximates their fair value.

19. CONTINGENT CONSIDERATION PAYABLE

	As at 30 September 2015 (unaudited) HK\$'000	As at 31 March 2015 (audited) HK\$'000
Contingent consideration payable for acquisition of a subsidiary	31,914	–
Less: Change in fair value of contingent consideration payable	<u>(15,795)</u>	<u>–</u>
Contingent consideration payable	<u><u>16,119</u></u>	<u><u>–</u></u>

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

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

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

The contingent consideration payable was recognized at its fair value as a liability on initial recognition and was subsequently remeasured at fair value with changes in fair value recognized in profit or loss.

20. OTHER PAYABLES AND ACCRUALS

Included in other payables and accruals, there were amounts due to executive Directors, Mr. Hou Hsiao Wen (resigned as an executive Director on 19 June 2015 and remained as a chief executive officer of the Group's ATM business in the PRC), Mr. Hou Hsiao Bing and Mr. Chiu Tung Ping of approximately HK\$128,000 (31 March 2015: HK\$153,000), HK\$247,000 (31 March 2015: Nil) and approximately HK\$799,000 (31 March 2015: HK\$676,000) respectively. The amounts are unsecured, interest free and have no fixed repayment terms.

There was amount due to Dynatek Limited amounting to HK\$480,000 (31 March 2015: HK\$420,000). The amount is unsecured, interest free and have no fixed repayment terms.

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

21. OTHER LOAN

	As at 30 September 2015 (unaudited) HK\$'000	As at 31 March 2015 (audited) HK\$'000
Other loan (<i>note</i>)	<u>19,840</u>	<u>19,840</u>

note: Other loan amounting to approximately HK\$19,840,000 (31 March 2015: HK\$19,840,000) is interest-bearing at 12% per annum, unsecured and repayable on demand.

Borrowings are repayable as follows:

	As at 30 September 2015 (unaudited) HK\$'000	As at 31 March 2015 (audited) HK\$'000
On demand or within one year	19,840	19,840
Less: Amount shown under non-current liabilities	<u>—</u>	<u>—</u>
Amount shown under current liabilities	<u>19,840</u>	<u>19,840</u>

22. CONVERTIBLE BONDS

2011 Convertible Bonds (“2011 CB”)

On 1 June 2011, the Company issued the ten-year zero coupon convertible bonds (“**2011 CB**”) 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 (“**CTSP (BVI)**”), a company incorporated in the British Virgin Islands with limited liability, and its subsidiaries (the “**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 maturity date on 1 June 2021 at a conversion price of HK\$0.5 per share. If the bonds have not been converted, they will be redeemed on maturity date at par.

The 2011 CB was divided into Tranche I Convertible bonds (“**Tranche I CB**”) and Tranche II Convertible bonds (“**Tranche II CB**”) of HK\$113,000,000 and HK\$50,000,000 respectively. For Tranche I CB, the CB holders are not subject to any restriction for exercising the conversion of Tranche I CB into share. For Tranche II CB, the principal amount would be subject to change in relation to a profit guarantee made by the vendor to the Company. Referring 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. The principal amount of the Tranche II CB will be adjusted to HK\$0 if the consolidated net profit after tax of the Target Group 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 Agreement (as supplemented by a supplemental Agreement) was not achieved and the principal amount of the Tranche II CB in the principal amount of HK\$50,000,000 was adjusted to HK\$0.

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

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

The 2011 CB contain liability and equity components. The equity component is presented under the equity heading of “convertible bonds reserve”.

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

For the six months ended 30 September 2015

**Tranche I
HK\$'000**

Equity component of convertible bonds as at 31 March 2015, 1 April 2015 and 30 September 2015	<u><u>39,097</u></u>
Liability component as at 31 March 2015 and 1 April 2015	<u>32,542</u>
Imputed finance costs (<i>Note 6</i>)	<u>1,938</u>
Liability component at 30 September 2015	<u><u>34,480</u></u>

For the six months ended 30 September 2014

**Tranche I
HK\$'000**

Equity component of convertible bonds as at 31 March 2014, 1 April 2014 and 30 September 2014	<u><u>39,097</u></u>
Liability component as at 31 March 2014	29,051
Imputed finance costs (<i>Note 6</i>)	<u>1,697</u>
Liability component at 30 September 2014	<u><u>30,748</u></u>

23. SHARE CAPITAL

**Authorized
Ordinary shares of HK\$0.1 each**
Number of shares *HK\$'000*

At 31 March 2015, 1 April 2015 and 30 September 2015	<u><u>2,500,000,000</u></u>	<u><u>250,000</u></u>
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**Issued and fully paid
Ordinary shares of HK\$0.1 each**
Number of shares *HK\$'000*

At 1 April 2015	1,183,649,214	118,365
Issue of shares for acquisition of a subsidiary	<u>108,181,818</u>	<u>10,818</u>
30 September 2015	<u><u>1,291,831,032</u></u>	<u><u>129,183</u></u>

On 22 May 2015, 108,181,818 Consideration Shares for the initial payments for the acquisition of Million Keen have been allotted and issued to Creation Moral in accordance with the terms and conditions of the Million Keen SP Agreement.

24. COMMITMENTS UNDER OPERATING LEASES – LAND AND BUILDINGS

As at 30 September 2015, the Group had future aggregate minimum lease payments under operating leases as follows:

	As at 30 September 2015 (unaudited) HK\$'000	As at 31 March 2015 (audited) HK\$'000
Not later than one year	487	351
Later than one year and not later than five years	610	546
	<u>1,097</u>	<u>897</u>

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases and rentals are negotiated and fixed for an average of two years.

25. CAPITAL COMMITMENTS

	As at 30 September 2015 (unaudited) HK\$'000	As at 31 March 2015 (audited) HK\$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of: – capital injection to subsidiaries	<u>3,750</u>	<u>3,750</u>

26. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

Acquisition of a subsidiary

On 5 May 2015, City Max, a wholly-owned subsidiary of the Company, as the purchaser and Creation Moral as the vendor entered into the Million Keen SP Agreement pursuant to which City Max has conditionally agreed to acquire and Creation Moral has conditionally agreed to dispose of the entire issued share capital of Million Keen, a company incorporated in the British Virgin Islands with limited liability, at the consideration of not less than HK\$23,800,000 and not more than HK\$47,600,000, the final amount of which will be determined based on the audited net profit after tax attributable to owners of Million Keen for the year ending 31 December 2015 multiplied by a price-earnings ratio of 6.8. The Million Keen Consideration will in any event not exceed HK\$47,600,000. The acquisition was completed on 22 May 2015.

The abovementioned acquisition has been accounted for using the purchase method.

Details of the acquisition were summarized as follows:

	<i>HK\$'000</i>	Fair value adjustment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Property, plant and equipment	123	—	123
Inventories	3,765	—	3,765
Accounts receivable	1,412	—	1,412
Other receivables	2,962	—	2,962
Bank balances and cash	1,824	—	1,824
Intangible assets (<i>note</i>)	—	10,142	10,142
Accounts payable	(3,568)	—	(3,568)
Other payables and accruals	(1,823)	—	(1,823)
	<hr/>	<hr/>	<hr/>
	4,695	10,142	14,837
Non-controlling interests			(2,486)
Goodwill arising on acquisition (<i>Note 12</i>)			<hr/> 51,476
Total consideration			<hr/> <hr/> 63,827

note: Intangible assets represents sales contracts signed by a subsidiary of Million Keen and valued by an independent professional valuer.

Net cash inflow arising on acquisition of Million Keen

	<i>HK\$'000</i>
Consideration paid in cash	—
Less: Bank balances and cash acquired	<hr/> 1,824
Net cash inflows arising on acquisition	<hr/> <hr/> 1,824

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group was principally engaged in (i) sales of solar related products; (ii) power system integration business; (iii) sales of self-service automatic teller machine (“ATM”) systems and printing systems, and (iv) provision of hardware and software technical support services in the People's Republic of China (“PRC” or “China”) during the six months ended 30 September 2015.

The Group's revenue amounted to approximately HK\$17.8 million for the six months ended 30 September 2015, representing an increase of approximately 808.6 per cent., as compared with approximately HK\$2.0 million recorded for the six months ended 30 September 2014 mainly as a result of the recognition of revenue derived from the sales of solar related products of approximately HK\$16.4 million (six months ended 30 September 2014: Nil).

The Group's gross profit margin was approximately 26.1 per cent. for the six months ended 30 September 2015, as compared to approximately 30.4 per cent. for the six months ended 30 September 2014. Actual gross profit for the six months ended 30 September 2015 increased by approximately 680.0 per cent., as compared with the same period last year.

Selling expenses incurred by the Group for the six months ended 30 September 2015 amounted to approximately HK\$1.6 million (six months ended 30 September 2014: approximately HK\$1.4 million), representing an increase of approximately 9.2 per cent. mainly because the Group had allocated extra resources to explore new business opportunities during the period under review.

Administrative expenses incurred by the Group for the six months ended 30 September 2015 amounted to approximately HK\$13.6 million (six months ended 30 September 2014: approximately HK\$5.7 million), representing an increase of approximately 140.5 per cent. mainly attributable to the amortization of intangible assets of approximately HK\$7.0 million during the period under review (six months ended 30 September 2014: Nil). The intangible assets represent power system integration services contracts and sales contracts signed by the subsidiaries acquired or being acquired and valued by an independent professional valuer.

The Group recorded a profit attributable to owners of the Company amounting to approximately HK\$0.3 million for the six months ended 30 September 2015 (six months ended 30 September 2014: loss attributable to owners of the Company of approximately HK\$9.8 million), mainly as a result of (i) the profit derived from the sales of solar related products of approximately HK\$3.8 million and (ii) the recognition of change in fair value of contingent consideration payable of approximately HK\$15.8 million during the six months ended 30 September 2015, which was partly offset by the amortization of intangible assets of approximately HK\$7.0 million.

Basic earnings per share was approximately HK0.03 cents for the six months ended 30 September 2015, as compared with the basic loss per share of approximately HK0.90 cents for the six months ended 30 September 2014.

SALES OF SOLAR RELATED PRODUCTS

Following the completion of the acquisition of Million Keen Limited (“**Million Keen**”), which is principally engaged in the research and development, sales and provision of other relevant technology consultation services of photovoltaic mounting brackets, solar trackers, the guardrail of the solar power stations and solar related products on 22 May 2015, the Group has started the new business of sales of solar related products.

The revenue generated from the sales of solar related products was approximately HK\$16.4 million for the six months ended 30 September 2015 (six months ended 30 September 2014: Nil), accounted for approximately 92.0 per cent. (six months ended 30 September 2014: Nil) of the Group’s total revenue.

POWER SYSTEM INTEGRATION OPERATION

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

As mentioned in the circular of the Company dated 16 May 2011, the Group has secured and signed two agreements for the provision of one-off service on system integration services for biomass energy, thermal power and solar energy generation companies and projects. As the contracting parties in the two agreements were in the process of obtaining the necessary licenses from the respective government authorities during the six months ended 30 September 2015 and as at the date of this announcement, the Group had not commenced such system integration services and did not have income generated from the two agreements during the six months ended 30 September 2015 (six months ended 30 September 2014: Nil) and as at the date of this announcement.

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

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

In July 2014, the Group entered into a co-operation agreement with the Xi’an Energy Company, and together with the Xi’an Energy Company, jointly contracted with a wholly-owned subsidiary of the Investment Company in Ningxia Hui Autonomous Region for the construction of phase 2, 3 and 4 of the 300MW Project the expected completion date of which, as orally agreed by the parties to the said co-operation agreement, has been extended from the end of 30 August 2015 to 31 March 2016. The Group has completed the construction work of the phase 3 of the 300MW Project which include a solar photovoltaic power station with an expected capacity of 50MW (“**50MW Ningxia Power Station**”) and obtained the system testing and satisfaction report from the Investment Company during the year ended 31 March 2015.

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

During the six months ended 30 September 2015, the revenue generated from the power system integration operation amounted to approximately HK\$1.0 million (six months ended 30 September 2014: Nil).

SALES OF SELF-SERVICE ATM SYSTEMS AND PRINTING SYSTEMS

During the six months ended 30 September 2015, sales of self-service ATM systems and printing systems (including the provision of hardware and software technical support services) accounted for 2.2 per cent. (six months ended 30 September 2014: 100.0 per cent.) of the Group’s total revenue.

The revenue generated from the sales of self-service ATM systems and printing systems (including the provision of hardware and software technical support services) was approximately HK\$0.4 million for the six months ended 30 September 2015, representing a decrease of approximately 79.8 per cent., as compared with the six months ended 30 September 2014 mainly as a result of the fierce competition in the PRC.

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

By having ATM service centers established in major cities in China including Shanghai, Changshu, Beijing, Shenyang, and Yingkou, the Group has ATM service centers covering a total of 5 strategic cities and locations currently.

PROVISION OF HARDWARE AND SOFTWARE TECHNICAL SUPPORT SERVICES

The provision of hardware and software technical support services accounted for approximately 1.9 per cent. (six months ended 30 September 2014: approximately 3.8 per cent.) of the total revenue for the six months ended 30 September 2015. Income derived from the provision of hardware and software technical support services during the six months ended 30 September 2015 increased by approximately 362.7 per cent., as compared with the same period last year.

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Acquisition of Million Keen Limited

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

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

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

Please refer to the announcements of the Company dated 5 May 2015 and 22 May 2015 for details of the acquisition.

FINANCIAL REVIEW

Liquidity, financial resources and treasury policies

As at 30 September 2015, the Group had cash and bank balances amounting to a total of approximately HK\$7.5 million (31 March 2015: approximately HK\$43.8 million). The Group had no outstanding bank overdraft as at 30 September 2015 (31 March 2015: Nil).

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

For the period under review, the Group did not use any financial instrument for hedging purpose and did not have any outstanding hedging instrument as at 30 September 2015.

Banking facilities

As at 30 September 2015, the Group did not have any banking facilities.

Other loan

As at 30 September 2015, the Company had a loan amounting to approximately HK\$19.8 million (31 March 2015: HK\$19.8 million) which was interest-bearing at 12% per annum, unsecured and repayable on demand.

Listed securities held for trading

As at 30 September 2015, the fair value of equity securities listed in New York held by the Company was approximately HK\$2.6 million (31 March 2015: approximately HK\$2.7 million).

Current ratio

As at 30 September 2015, the Group's current ratio, represented by a ratio of current assets to current liabilities, was approximately 1.6 (31 March 2015: 1.9).

Gearing ratio

As at 30 September 2015, the gearing ratio of the Group, based on total liabilities over total assets was approximately 28.9 per cent. (31 March 2015: approximately 30.0 per cent.).

Charges on assets

As at 30 September 2015, the Company and its subsidiaries pledged no assets to banks as security for bank loans and overdrafts.

Contingent liabilities

As at 30 September 2015, the Group did not have any significant contingent liabilities.

Exposure to foreign exchange risk

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

Employees

As at 30 September 2015, the Group employed 39 and 7 staff in the PRC and Hong Kong respectively. The Group has developed its human resources policies and procedures based on performance and merit. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system. Staff cost, including directors' emoluments, was approximately HK\$4.1 million for the six months ended 30 September 2015 (six months ended 30 September 2014: approximately HK\$4.2 million).

Share options may be granted to Directors and employees of the Group to subscribe for shares in the Company. During the six months ended 30 September 2015, no share option has been granted, exercised, cancelled or lapsed under the share option scheme adopted by the Company. As at 1 April 2015 and 30 September 2015, no share option was outstanding.

BUSINESS PROSPECTS

The Group will look for other solar energy generation projects and system integration services and technology services projects.

The Group has been identifying and exploring other business opportunities so as to diversify the Group's solar energy industry into the downstream of solar business with growth potential and to broaden its sources of income that can bring return to the Company and the shareholders. The Group has completed the construction work of the 50MW Gansu Power Station and 50MW Ningxia Power Station in the year ended 31 March 2014 and 2015 respectively.

Following the acquisition of Million Keen, which is principally engaged in the research and development, sales and provision of other relevant technology consultation services of photovoltaic mounting brackets, solar trackers, the guardrail of the solar power stations and solar related products, the Group is going to tap into the sales of solar related products, which will enhance the competitive advantages of the Group as well as to seize the market opportunities in the solar energy industry.

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

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

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 the shareholders.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the period under review (six months ended 30 September 2014: Nil).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

(A) Directors' and Chief Executive's Interests in the Shares of the Company

Name of Directors/ Chief executive	Capacity	Number and class of securities (Note 1)	Percentage shareholding in the same class of securities (Note 2)
Mr. Chiu Tung Ping (Executive Director)	Interests of controlled corporation (Note 3)	217,766,038 ordinary shares (L) (Note 4)	16.86%
Ms. Yuen Hing Lan (Executive Director)	Interests of spouse (Note 3)	217,766,038 ordinary shares (L) (Note 4)	16.86%
Mr. Hou Hsiao Bing (Executive Director)	Beneficial owner	131,150,000 ordinary shares (L)	10.15%
Mr. Hou Hsiao Wen (Note 5)	Beneficial owner	26,870,000 ordinary shares (L)	2.08%

Notes:

1. The letter "L" represents the Directors' long positions in the interests in the shares or underlying shares of the Company.
2. As at 30 September 2015, the issued share capital of the Company was 1,291,831,032 shares of HK\$0.1 each.
3. Mr. Chiu Tung Ping and Ms. Yuen Hing Lan held 70% and 30% interest in the entire issued share capital of Good Million Investments Limited. Ms. Yuen Hing Lan is the spouse of Mr. Chiu Tung Ping, and hence both Mr. Chiu Tung Ping and Ms. Yuen Hing Lan were deemed to be interested in the shares of the Company held by Good Million Investments Limited.
4. Included in these shares were 177,766,038 shares of the Company held by Good Million Investments Limited and 40,000,000 shares of the Company to be issued to Good Million Investments Limited upon exercise of convertible bonds issued by the Company.
5. Mr. Hou Hsiao Wen was a former executive Director and resigned as such on 19 June 2015 and remained as a chief executive officer of the Group's ATM business in the PRC.

(B) Directors' and Chief Executive's Interests/Short Positions in the Share Capital of the Company's Associated Corporations

Name of Director	Name of associated corporations	Number of shares interested	Nature of interest	Approximate percentage holding of the non-voting deferred shares
Mr. Hou Hsiao Bing (Executive Director)	Truth Honour Electronic Limited	3,000,000 non-voting deferred shares	Beneficial owner	100% of the non-voting deferred shares
Mr. Hou Hsiao Bing (Executive Director)	Soluteck Investments Limited	500,000 non-voting deferred shares	Beneficial owner	100% of the non-voting deferred shares

Truth Honour Electronic Limited and Soluteck Investments Limited are subsidiaries of the Company and are thus associated corporations of the Company.

(C) Directors' and Chief Executive's Interests in the Debentures of the Company

Name of Director	Capacity in which the debentures are held	Amount of debentures
Mr. Chiu Tung Ping (Executive Director)	Interest in a controlled corporation (note)	HK\$20,000,000
Ms. Yuen Hing Lan (Executive Director)	Interest of spouse (note)	HK\$20,000,000

Note: Mr. Chiu Tung Ping and Ms. Yuen Hing Lan held 70% and 30% interest in the entire issued share capital of Good Million Investments Limited. Ms. Yuen Hing Lan is the spouse of Mr. Chiu Tung Ping, and hence both Mr. Chiu Tung Ping and Ms. Yuen Hing Lan were deemed to be interested in the debentures of the Company held by Good Million Investments Limited.

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

As at 30 September 2015, the following persons or entities, other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholders	Number of ordinary shares or underlying shares interested (Note 1)	Capacity	Approximate percentage of the Company's issued share capital as at 30 September 2015 (Note 2)
Good Million Investments Limited	217,766,038 (L) (Note 5)	Beneficial owner (Note 3)	16.86%
Mr. Qin Zhongde	88,000,000 (L) (Note 6)	Beneficial owner (Note 4)	6.81%
Creation Moral	216,363,636 (L)	Beneficial owner (Note 7)	16.75%
Ms. Sun Aihui	216,363,636 (L)	Interest of controlled corporation (Note 7)	16.75%

Notes:

1. The letter "L" represents the long position in the shares or underlying shares of the Company.
2. As at 30 September 2015, the issued share capital of the Company was 1,291,831,032 shares of HK\$0.1 each.
3. Mr. Chiu Tung Ping and Ms. Yuen Hing Lan, both being executive Directors, held 70% and 30% interest in the entire issued share capital of Good Million Investments Limited.
4. Ms. Huang Xiulan is the spouse of Mr. Qin Zhongde. Accordingly, Ms. Huang Xiulan is deemed, by virtue of SFO, to be interested in all the shares in which Mr. Qin Zhongde is interested.
5. Included in these shares are 177,766,038 shares of the Company held by Good Million Investments Limited and 40,000,000 shares of the Company to be issued to Good Million Investments Limited upon exercise of convertible bonds issued by the Company.
6. According to the register of bondholders maintained by the Company, Mr. Qin Zhongde is the holder of the convertible bonds issued by the Company in the principal amount of HK\$32,000,000, convertible into 64,000,000 shares of the Company.

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

Save as disclosed above, as at 30 September 2015, no person or entity other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO.

AUDIT COMMITTEE

The audit committee of the Company (“**Audit Committee**”) was formed on 13 December 2000. The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to “A Guide for The Formation of An Audit Committee” published by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee meets at least four times a year to review with senior management and at least twice a year with the Company’s auditors for the Company’s audit findings, accounting policies and standards, changes of accounting rules (if any), compliance to the GEM Listing Rules, internal and audit control, and budget and cash flow forecast.

As at 30 September 2015, the Audit Committee comprised three independent non-executive Directors, namely Mr. Shi Huizhong, Mr. Meng Xianglin and Mr. Dong Guangwu, with Mr. Shi Huizhong, as the chairman. The unaudited consolidated results of the Group for the six months ended 30 September 2015 have been reviewed and approved by the Audit Committee.

REMUNERATION COMMITTEE

The remuneration committee of the Company (“**Remuneration Committee**”) was established in June 2005.

The Remuneration Committee was established with specific written terms of reference which deals with its authorities and duties. The terms of reference followed the requirement of code provision B.1.2. set out in the Corporate Governance Code (“**CG Code**”) contained in Appendix 15 to the GEM Listing Rules.

As at 30 September 2015, the composition of the Remuneration Committee comprised three independent non-executive Directors, namely Mr. Shi Huizhong, Mr. Meng Xianglin and Mr. Dong Guangwu with Mr. Shi Huizhong, as the chairman.

CORPORATE GOVERNANCE COMMITTEE

A corporate governance committee of the Board (“**Corporate Governance Committee**”) has been established with effect from 28 March 2012.

The Board has appointed Mr. Chiu Tung Ping, Ms. Yuen Hing Lan, Mr. Hou Hsiao Bing and Ms. Hu Xin as members of the Corporate Governance Committee, all being executive Directors, and Mr. Chiu Tung Ping as the chairman of the Corporate Governance Committee. The primary duties of the Corporate Governance Committee are, among other things, to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements.

NOMINATION COMMITTEE

A nomination committee of the Board ("**Nomination Committee**") has been established with effect from 28 March 2012, with written terms of reference following the requirements of Code Provision A.5.2 of the CG Code.

As at 30 September 2015, the Nomination Committee comprised three independent non-executive Directors, namely, (i) Mr. Shi Huizhong; (ii) Mr. Meng Xianglin; and (iii) Mr. Dong Guangwu, with Mr. Shi Huizhong as the chairman of the Nomination Committee.

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

DIRECTORS' INTEREST IN COMPETING BUSINESS

Mr. Chiu Tung Ping, the chairman and an executive Director, is also engaged and interested in business related to solar energy generation and power system integration, which may be in competition with the Group.

Saved as disclosed above, none of the Directors or his/her close associates has an interest in a business which compete or may compete with the business of the Group. The Company does not have controlling shareholder.

PURCHASE, SALE OR REDEMPTION BY THE COMPANY OR ANY OF ITS SUBSIDIARIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2015.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

CORPORATE GOVERNANCE CODE

During the six months ended 30 September 2015, the Company has complied with all the code provisions set out in the CG Code contained in Appendix 15 of the GEM Listing Rules, except for the deviations from code provisions A.2.1 and E.1.2 as explained below.

Code provision A.2.1

Pursuant to code provision A.2.1 of the CG Code as set out in Appendix 15 to the GEM Listing Rules, the roles of the chairman of the Board and chief executive officer should be separate and should not be performed by the same individual.

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

Code provision 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 Mr. Chiu Tung Ping, the Chairman of the Board, Mr. Chiu was unable to attend the annual general meeting of the Company held on 20 August 2015 ("**2015 AGM**"). Nevertheless, Mr. Shi Huizhong, an independent non-executive Director, presided as the chairman at the 2015 AGM, and answered questions from the shareholders of the Company.

On behalf of the Board

Chiu Tung Ping

Chairman and executive Director

Hong Kong, 5 November 2015

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

Executive Directors:

Chiu Tung Ping (Chairman)

Yuen Hing Lan

Hou Hsiao Bing

Hu Xin

Independent non-executive Directors:

Shi Huizhong

Meng Xianglin

Dong Guangwu

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.