CHINA SMARTER ENERGY GROUP HOLDINGS LIMITED
中國智慧能源集團控股有限公司*
(Formerly known as Rising Development Holdings Limited 麗盛集團控股有限公司)*
(Incorporated in Bermuda with limited liability)
(Stock Code: 1004)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015

The Board of Directors (the "Board") of China Smarter Energy Group Holdings Limited (the "Company") announces as follows the audited consolidated results of the Company and its subsidiaries (together hereinafter referred to as the "Group") for the year ended 31 March 2015 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 HK$'000	2014 HK$'000 (Restated)
TURNOVER	4&5	**202,410**	12,273
Cost of sales		**(6,135)**	(5,435)
Gross profit		**196,275**	6,838
Other income	5	**3,532**	230
Other gains/(losses), net	5	**(8,039)**	649
Gain on bargain purchase of subsidiaries	20	**292,080**	–
Impairment loss on exploration and evaluation assets	13	**(665,334)**	(134,081)
Goodwill written off		**–**	(19)
Selling and distribution expenses		**(4,585)**	(4,330)
Operating and administrative expenses		**(61,025)**	(23,206)
LOSS FROM OPERATIONS		**(247,096)**	(153,919)
Finance costs	6	**(43,336)**	(15,651)
LOSS BEFORE TAX	7	**(290,432)**	(169,570)
INCOME TAX CREDIT	8	**161,509**	31,570
LOSS FOR THE YEAR		**(128,923)**	(138,000)

* *For identification purpose only*

	Note	**2015**	2014
		HK$'000	*HK$'000*
			(Restated)
ATTRIBUTABLE TO:			
Equity shareholders of the Company		**(28,778)**	(118,084)
Non-controlling interests		**(100,145)**	(19,916)
LOSS FOR THE YEAR		**(128,923)**	(138,000)
LOSS PER SHARE	*10*		
Basic		**HK(0.47) cents**	HK(2.11) cents
Diluted		**HK(0.47) cents**	HK(2.11) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
LOSS FOR THE YEAR	**(128,923)**	(138,000)
OTHER COMPREHENSIVE INCOME		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**1,832**	357
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**1,832**	357
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(127,091)**	(137,643)
ATTRIBUTABLE TO:		
Equity shareholders of the Company	**(26,782)**	(119,507)
Non-controlling interests	**(100,309)**	(18,136)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(127,091)**	(137,643)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015

	Note	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**856,102**	961
Available-for-sale financial assets	12	**7,800**	7,800
Exploration and evaluation assets	13	**300,985**	967,405
Intangible assets		**876,272**	–
		2,041,159	976,166
CURRENT ASSETS			
Inventories		**3,241**	3,733
Accounts receivable	14	**25,096**	2,257
Prepayments, deposits and other receivables		**241,419**	7,478
Financial assets at fair value through profit or loss	15	**217,671**	54,238
Tax recoverable		**–**	2,831
Time deposit and cash and bank balances		**138,008**	20,465
		625,435	91,002
CURRENT LIABILITIES			
Accounts payable	16	**2**	530
Other payables and accruals		**29,162**	4,937
Customers' deposits		**802**	1,682
Margin loan payable	17	**–**	10,326
Other loans	17	**7,497**	27,501
Current portion of long term bank loans	18	**4,996**	–
Tax payable		**–**	590
		42,459	45,566
NET CURRENT ASSETS		**582,976**	45,436
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,624,135**	1,021,602
NON-CURRENT LIABILITIES			
Long term bank loans	18	**736,851**	–
Convertible bonds		**663,246**	–
Deferred tax liabilities		**272,707**	240,995
		1,672,804	240,995
NET ASSETS		**951,331**	780,607

	Note	2015 HK$'000	2014 HK$'000
CAPITAL AND RESERVES			
Share capital	*19*	**17,471**	14,862
Reserves		**889,136**	620,712
Equity attributable to equity shareholders of the Company		**906,607**	635,574
Non-controlling interests		**44,724**	145,033
TOTAL EQUITY		**951,331**	780,607

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities which have been measured at fair value as specified in the significant accounting policies.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Hong Kong Companies Ordinance (Cap. 32) for this financial year and the comparative year.

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2015. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealized gains and losses resulting from inter-company transactions and inter-company balances within the Group are eliminated on consolidation in full.

2. APPLICATION OF NEW AND REVISED HKFRSs

The following amendments to standards and new interpretation are mandatory for accounting periods beginning on or after 1 April 2014:

HKAS 32 (amendment)	Offsetting financial assets and financial liabilities
HKAS 36 (amendment)	Recoverable amount disclosures for non-financial assets
HKAS 39 (amendment)	Novation of derivatives and continuation of hedge accounting
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (amendment)	Investment entities
HK(IFRIC)– Int 21	Levies

The directors of the Company consider that none of these developments are relevant to the Group's results and financial position.

3. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2015

Certain new and revised HKFRSs and amendments to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 April 2015 or later periods, which the Group has not early adopted, are as follows:

HKAS 1 (amendment)	Presentation of financial statements – disclosure initiative[2]
HKAS 16 (amendment) and HKAS 38 (amendment)	Clarification of acceptable methods of depreciation and amortisation[2]
HKAS 16 (amendment) and HKAS 41 (amendment)	Agriculture: bearer plants[2]
HKAS 19 (amendment)	Defined benefit plans: employee contribution[1]
HKAS 27 (2011) (amendment)	Equity method in separate financial statements[2]
HKFRS 9	Financial instruments[4]
HKFRS 10 (amendment) and HKAS 28 (2011) (amendment)	Sale or contribution of assets between an investor and its associate or joint venture[2]
HKFRS 10 (amendment), HKFRS 12 (amendment) and HKAS 28 (2011) (amendment)	Investment entities: applying the consolidation exception[2]
HKFRS 11 (amendment)	Accounting for acquisitions of interests in joint operations[2]
HKFRS 14	Regulatory deferral accounts[2]
HKFRS 15	Revenue from contracts with customers[3]
Annual improvements 2012	Annual improvements 2010-2012 cycle[1]
Annual improvements 2013	Annual improvements 2011-2013 cycle[1]
Annual improvements 2014	Annual improvements 2012-2014 cycle[2]

[1] Effective for annual periods beginning on or after 1 July 2014
[2] Effective for annual periods beginning on or after 1 January 2016
[3] Effective for annual periods beginning on or after 1 January 2017
[4] Effective for annual periods beginning on or after 1 January 2018

The Group is in the process of making an assessment of the impact of these amendments and new and revised standards in the period of initial application. The directors of the Company anticipate that the application of these amendments and new and revised HKFRSs are not likely to have a significant impact on the Group's financial statements and are not analysed in detail.

4. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Chief Executive Officer of the Group (the "CEO") that makes strategic decisions. The CEO organizes the business units based on their products and services, and has reportable operating segments as follows:

a) Trading in securities comprise net gains/(losses) from trading of listed securities and dividend income from listed equity securities.

b) Investments comprise dividend income from unlisted share investment.

c) Trading of fur garment.

d) Trading of fur skins.

e) Mine

f) Clean energy

g) Others comprise the provision of management services to the companies of the Group.

The CEO monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that finance costs as well as corporate expenses are excluded from such measurement.

Segment assets consist of property, plant and equipment, available-for-sale financial assets, exploration and evaluation assets, inventories, trade and other receivables, deposits and financial assets at fair value through profit or loss. Unallocated assets comprise tax recoverable and time deposit and cash and bank balances.

Segment liabilities consist of trade and other payables and accruals, customers' deposits and bank and other borrowings. Unallocated liabilities comprise convertible bonds and tax payable.

Inter-segment transactions are on arm's length basis in a manner similar to transactions with third parties.

a) Operating segment information

For the year ended 31 March 2015

	Trading in securities *HK$'000*	Investments *HK$'000*	Trading of fur garment *HK$'000*	Trading of fur skins *HK'000*	Mine *HK$'000*	Clean energy *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Segment revenue:								
Revenue from external customers	(1,131)	–	8,125	–	–	14,356	–	21,350
Investment income and net gains	179,500	1,560	–	–	–	–	–	181,060
Inter-segment sales	–	–	3,303	–	–	–	–	3,303
Reportable segment revenue	178,369	1,560	11,428	–	–	14,356	–	205,713
Elimination of inter-segment sales								(3,303)
Consolidated revenue								202,410
Segment results	175,837	(3,468)	(7,584)	746	(668,104)	283,451	(4,810)	(223,932)
Reconciliation:								
Interest income								2,230
Change in fair value of derivative component of convertible bonds								(9,817)
Unallocated corporate expenses								(15,577)
Loss from operating activities								(247,096)
Finance costs								(43,336)
Loss before tax								(290,432)
Income tax credit								161,509
Loss for the year								(128,923)
Other segment information:								
Depreciation	–	–	(151)	(67)	(121)	(5,157)	(4)	(5,500)
Amortisation of intangible assets	–	–	–	–	–	(4,613)	–	(4,613)
Impairment loss on exploration and evaluation assets	–	–	–	–	(665,334)	–	–	(665,334)

For the year ended 31 March 2014 (Restated)

	Trading in securities *HK$'000*	Investments *HK$'000*	Trading of fur garment *HK$'000*	Trading of fur skins *HK$'000*	Mine *HK$'000*	Clean energy *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Segment revenue:								
Revenue from external customers	(479)	–	7,322	–	–	–	–	6,843
Investment income and net gains	3,558	1,872	–	–	–	–	–	5,430
Inter-segment sales	–	–	4,727	3	–	–	–	4,730
Reportable segment revenue	3,079	1,872	12,049	3	–	–	–	17,003
Elimination of inter-segment sales								(4,730)
Consolidated revenue								12,273
Segment results	2,569	1,100	(8,807)	(168)	(136,094)	(496)	(1,548)	(143,444)
Reconciliation:								
Interest income								2
Unallocated corporate expenses								(10,477)
Loss from operating activities								(153,919)
Finance costs								(15,651)
Loss before tax								(169,570)
Income tax credit								31,570
Loss for the year								(138,000)
Other segment information:								
Depreciation	–	–	(164)	(67)	(170)	–	(70)	(471)
Goodwill written off	–	–	–	–	–	(19)	–	(19)
Impairment loss on exploration and evaluation assets	–	–	–	–	(134,081)	–	–	(134,081)

b) The segment assets and liabilities at the end of the reporting period are as follows:

At 31 March 2015

	Trading in securities *HK$'000*	Investments *HK$'000*	Trading of fur garment *HK$'000*	Trading of fur skins *HK'000*	Mine *HK$'000*	Clean energy *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Reportable segment assets	**217,671**	**10,417**	**12,626**	**15,732**	**301,680**	**1,889,521**	**196,885**	**2,644,532**
Elimination of inter-segment receivables								**(115,946)**
								2,528,586
Unallocated assets:								
Tax recoverable								**–**
Cash and cash equivalents								**138,008**
Total assets per consolidated statement of financial position								**2,666,594**
Reportable segment liabilities	**–**	**(2,990)**	**(58,440)**	**(25,235)**	**(87,698)**	**(967,101)**	**(26,499)**	**(1,167,963)**
Elimination of inter-segment payables								**115,946**
								(1,052,017)
Unallocated liabilities:								
Convertible bonds								**(663,246)**
Tax payable								**–**
Total liabilities per consolidated statement of financial position								**(1,715,263)**
Other segment information								
Additions to property, plant and equipment during the year	**–**	**–**	**4**	**–**	**8**	**81**	**21**	**114**
Property, plant and equipment and intangible assets arising from acquisition of Rander International Limited	**–**	**–**	**–**	**–**	**–**	**1,727,187**	**–**	**1,727,187**

At 31 March 2014 (Restated)

	Trading in securities *HK$'000*	Investments *HK$'000* (Restated)	Trading of fur garment *HK$'000*	Trading of fur skins *HK$'000*	Mine *HK$'000*	Clean energy *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Reportable segment assets	54,238	9,376	12,899	17,874	968,225	–	82,303	1,144,915
Elimination of inter-segment receivables								(101,043)
								1,043,872
Unallocated assets:								
Tax recoverable								2,831
Cash and cash equivalents								20,465
Total assets per consolidated statement of financial position								1,067,168
Reportable segment liabilities	–	(3,369)	(50,639)	(25,748)	(251,937)	(454)	(54,867)	(387,014)
Elimination of inter-segment payables								101,043
								(285,971)
Unallocated liabilities:								
Convertible bonds								–
Tax payable								(590)
Total liabilities per consolidated statement of financial position								(286,561)
Other segment information								
Additions to property, plant and equipment during the year	–	–	9	–	–	–	–	9

c) **Geographical information:**

i) ***Revenue from external customers***

The Group's activities are conducted predominantly in Hong Kong and Mainland China. Revenue by geographical location is determined on the basis of the locations of operations.

The following table provides an analysis of the Group's revenue by geographical location:

	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**188,054**	12,273
Mainland China	**14,356**	–
Total revenue	**202,410**	12,273

ii) ***Non-current assets***

The non-current assets information is based on the location of assets and excludes financial instruments.

The following table provides an analysis of the Group's non-current assets by geographical location:

	2015	2014
	HK$'000	*HK$'000*
Mainland China	**2,033,128**	968,004
Hong Kong	**231**	362
	2,033,359	968,366

Information about major customers

No individual customer had transactions which contributed 10% or more of the Group's total revenue for the year ended 31 March 2015. For the year ended 31 March 2014, revenue from sales of fur garment with one customer had exceeded 10% of the Group's total revenue. Revenue from this customer amounted to HK$2,201,000 for the year ended 31 March 2014.

5. TURNOVER, OTHER INCOME AND OTHER GAINS/(LOSSES), NET

An analysis of the Group's turnover and other income and other gains/(losses), net is as follows:

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Turnover		
Sales of electricity to a provincial power grid company	**14,356**	–
Sales of fur garment	**8,125**	7,322
Net realised and unrealised gains on trading securities	**178,251**	2,917
Dividend income from unlisted available-for-sale financial assets	**1,560**	1,872
Dividend income from listed financial assets at fair value through profit or loss	**118**	162
	202,410	12,273
Other income		
Bank interest income	**2,230**	2
Other interest income	**4**	–
Compensation on trading of fur skins	**1,187**	–
Others	**111**	228
	3,532	230
Other gains/(losses), net		
Fair value change on derivative component of convertible bonds	**(9,817)**	–
Exchange gain	**1,778**	649
	(8,039)	649

During the year ended 31 March 2015, the directors of the Company decided to regard the net realized and unrealized gains on trading equity securities, dividend income from unlisted and listed equity securities instead of the proceeds from sales of listed financial assets at fair value through profit or loss as the turnover of the Group. This classification consistent with the way in which information is reported internally to the board for the purpose of resource allocation and performance assessment and the trading in listed securities and investments are also the major business lines of the Group.

6. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest expenses on convertible notes	**–**	13,991
Interest expenses on convertible bonds	**35,683**	–
Interest on bank loans not wholly repayable within five years	**5,758**	–
Interest on other borrowings wholly repayable within five years:		
Margin loan payable	**122**	878
Other loans	**1,773**	782
	43,336	15,651

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	2015	2014
	HK$'000	*HK$'000*
Cost of inventories sold	**6,135**	5,435
Depreciation	**5,500**	471
Amortisation of intangible assets	**4,613**	–
Minimum lease payments under operating leases on land and buildings	**4,339**	2,837
Auditors' remuneration		
– audit services	**660**	480
– non-audit services	**750**	100
	1,410	580
Staff salaries, allowances and benefits in kind (excluding directors' remuneration)	**8,481**	6,482
Pension contributions	**459**	302
Provision for obsolete inventories	**1,510**	2,348
Loss on disposal of property, plant and equipment	**–**	365

8. INCOME TAX CREDIT

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the Group did not generate any assessable profits arising in Hong Kong for the years ended 31 March 2015 and 2014. Overseas taxes on assessable profits of the Company or its subsidiaries, if any, are calculated at the rates of tax prevailing in the respective jurisdictions in which they operate, based on the prevailing legislation, interpretations and practices in respect thereof.

	2015	2014
	HK$'000	*HK$'000*
Underprovision of Hong Kong profits tax in prior years	**4,825**	–
Deferred tax	**(166,334)**	(31,570)
Income tax credit	**(161,509)**	(31,570)

9. DIVIDEND

The board of directors does not recommend the payment of any dividend for the year ended 31 March 2015 (2014: Nil).

10. LOSS PER SHARE

a) Basic loss per share

Basic loss per share for the years ended 31 March 2015 and 2014 is calculated by dividing the loss for the year attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue during the years ended 31 March 2015 and 31 March 2014 respectively. Calculation is as follows:

	2015	2014 (Restated)
Loss for the year attributable to equity shareholders of the Company *(HK$'000)*	**(28,778)**	(118,084)
Weighted average number of ordinary shares in issue *(thousands) (note)*	**6,067,844**	5,594,224
Basic loss per share *(HK cents per share)*	**(0.47) cents**	(2.11) cents

	2015	2014
	'000	*'000*
		(Restated)
Note Weighted average number of ordinary shares:		
Issued ordinary shares at 1 April	**5,944,914**	5,544,912
Effect of conversion of convertible notes	**–**	49,312
Effect of issue of shares for acquisition of Rander International Limited	**122,930**	–
Weighted average number of ordinary shares at 31 March	**6,067,844**	5,594,224

The weighted average number of ordinary shares for the purposes of basic and diluted loss per share for the years ended 31 March 2015 and 2014 have been adjusted to reflect the impact of the share subdivision effected during the year ended 31 March 2015.

b) Diluted loss per share

Diluted loss per share for the years ended 31 March 2015 and 2014 is the same as the basic loss per share, as the Company's outstanding convertible bonds and convertible notes had an anti-dilutive effect on the basic loss per share for the years ended 31 March 2015 and 2014 respectively.

The weighted average number of ordinary shares for the purposes of basic and diluted loss per share for the years ended 31 March 2015 and 2014 have been adjusted to reflect the impact of the share subdivision effected during the year ended 31 March 2015.

11. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 March 2015, the Group acquired items of property, plant and equipment with cost of HK$853,611,000 (year ended 31 March 2014: HK$9,000) and disposed items of property, plant and equipment of HK$Nil (year ended 31 March 2014: HK$936,000)

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015	2014
	HK$'000	*HK$'000*
Unlisted equity securities outside Hong Kong, at cost	**7,800**	7,800

At the end of the reporting period, the above unlisted equity securities are not stated at fair value but at cost less any impairment loss because they do not have a quoted market price in an active market and the fair value cannot be reliably measured.

13. EXPLORATION AND EVALUATION ASSETS

	Exploration rights *HK$'000*	Evaluation expenditure *HK$'000*	Total *HK$'000*
Balance at 1 April 2013	1,089,128	11,213	1,100,341
Exchange adjustment	1,133	12	1,145
Impairment loss	(131,281)	(2,800)	(134,081)
Balance at 31 March 2014 and 1 April 2014	958,980	8,425	967,405
Exchange adjustment	(1,074)	(12)	(1,086)
Impairment loss	(656,921)	(8,413)	(665,334)
Balance at 31 March 2015	**300,985**	**–**	**300,985**

The exploration rights represent the carrying amount of the mining rights for mining, exploration and exploitation in a Vanadium mine located in Shaanxi, PRC. The exploitation licence of Vanadium mine has been renewed in 2014 for 3 years till September 2017 and is renewable on an ongoing basis.

a) Impairment testing of mining rights in respect of the Vanadium mine:

At 31 March 2015, the directors have engaged an independent professional valuer, BMI Appraisals Limited (the "Appraiser"), to carry out a valuation on the exploration rights for the purposes of an impairment review on the exploration rights.

Based on the valuation report prepared by the Appraiser, the directors consider that the exploration and evaluation assets should be impaired as the carrying amount of exploration and evaluation assets exceeds its estimated recoverable amount at 31 March 2015. Accordingly, an impairment loss of HK$665,334,000 (2014: HK$134,081,000) was recognised in profit or loss for the year ended 31 March 2015.

The recoverable amount of the mining rights is determined by the income approach adopted by the Appraiser in its valuation report, which adopted the following key assumptions for the valuation of the mining rights:

1. Under the income approach, the Excess Earnings Method was adopted. The Excess Earnings Method is predicated on the basis that the value of an intangible asset is the present value of the earnings it generates, net of a reasonable return on other assets which also contribute to that stream of earnings.

   For the purpose of the valuation, the after-tax required rates of return on the net fixed assets, the net working capital and the workforce assembled of 9.07%, 4.01% and 13.26% (2014: 9.56%, 4.50% and 14.18%) respectively were adopted.

2. The fair value of the mining rights was also determined by reference to the listed companies that are considered to be comparable to the mine business.

3. The discount rate of the mining rights was calculated as 13.26% (2014: 14.18%).

b) In connection with the acquisition of the Vanadium mining assets by the Group in 2008 and in its audited consolidated financial statements for the year ended 31 March 2008, the Company had made reference to a valuation report that adopted "market approach" for the valuation as there was then a PRC Vanadium mine sale that could be used as a market comparable. In preparing the Group's interim consolidated statements of financial position as at 30 September 2008 and 30 September 2009 and the Group's consolidated statements of financial position as at 31 March 2009 and 31 March 2010, reference was made to valuations of the Vanadium mining asset (classified in the financial statements as "exploration and evaluation assets" (the "Mining Asset"), by the discounted cash flow method under the income approach ("DCF"). This valuation method was adopted in accordance with Hong Kong Financial Reporting Standard 6 and paragraph 75 of Hong Kong Accounting Standard 38.

In view of the delay of the mining production schedule (originally scheduled to commence production in early 2009), the directors of the Company considered that it was more appropriate to disclose the value of the Vanadium mining rights specifically instead of the Mining Asset in the consolidated financial statements. In order to value the mining exploration and exploitation rights specifically, the Appraiser adopted the Excess Earnings method under the income approach ("ER"), instead of using DCF. The ER method has been adopted for the valuation of the mining exploration and exploitation rights for the purpose of the Group's consolidated financial statements for the six months period ended 30 September 2010 and thereafter. The Appraiser has confirmed to the Company that since the Vanadium mine has not been exploited, the difference in value of the Mining Asset using DCF and the value of the mining exploration and exploitation rights under ER should be immaterial.

An additional impairment loss of HK$665,334,000 (2014: HK$134,081,000) was recognised in the consolidated financial statements for the year ended 31 March 2015 mainly due to the market price of Vanadium Pentoxide that is used in refining of steel was about RMB69,000/MT at 31 March 2014 but dropped to approximate RMB55,000/MT by end of March 2015.

In view of the depressed market price of Vanadium, the directors of the Company decided to defer the first stage of production to 2017, but subject to revision, based on management's analysis of the market price of V_2O_5 and the risks of investment in and the development of the mine.

14. ACCOUNTS RECEIVABLE

	2015	2014
	HK$'000	*HK$'000*
Trade receivables from provincial power grid company	**23,357**	–
Trade receivables from other customers	**1,739**	2,257
	25,096	2,257

The Group's trading terms with its customers other than sales of electricity are mainly on credit. The Group allows a credit period of 30 days for its customers. The provincial power grid company usually settled the payment of electricity consumed within one month.

An ageing analysis of trade receivables at the end of the reporting period based on the invoice date is as follows:

	2015	2014
	HK$'000	*HK$'000*
Current to 30 days	**13,702**	1
31 days to 60 days	**10,320**	1
Over 60 days	**1,074**	2,255
	25,096	2,257

At 31 March 2015 and 2014, there were no impairment losses in respect of trade receivables.

The ageing analysis of the trade receivables that are not considered to be impaired is as follows:

	2015	2014
	HK$'000	*HK$'000*
Neither past due nor impaired	**13,702**	26
Less than 1 month past due	**7,681**	176
1 to 3 months past due	**3,690**	771
Over 3 months past due	**23**	1,284
	11,394	2,231
	25,096	2,257

Receivables that were neither past due nor impaired relate to certain customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the management is of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015	2014
	HK$'000	*HK$'000*
Equity securities listed in Hong Kong at fair value	**217,671**	54,238

At 31 March 2014, the total carrying amounts of certain financial assets at fair value through profit or loss amounted to HK$53,786,000, which had been pledged as security for the margin loan payable of HK$10,326,000, the details of which are set out in note 17(a).

16. ACCOUNTS PAYABLE

An ageing analysis of trade payables at the end of the reporting period is as follows:

	2015	2014
	HK$'000	*HK$'000*
Current to 30 days	**–**	–
31 days to 60 days	**–**	–
Over 60 days	**2**	530
	2	530

The trade payables are non-interest bearing and normally settled on 30 to 60 days terms.

17. MARGIN LOAN PAYABLE/OTHER LOANS

	2015	2014
	HK$'000	*HK$'000*
Margin loan payable *(note a)*	**–**	10,326
Other loans *(note b)*	**7,497**	27,501
	7,497	37,827

Note

a) At 31 March 2014, the margin loan payable was secured by the equity securities held under the margin account, with a total market value of approximately HK$53,786,000. The effective interest rate of margin loan was 10.25% per annum.

b) Other loans are unsecured and carry interest at the range from 6% to 12% (2014: 6% to 10.25%) per annum. These loans are wholly repayable within one year from the end of the reporting period.

18. BANK LOANS

The bank loans to be repayable as follows:

	2015	2014
	HK$'000	*HK$'000*
Within one year	**4,996**	–
After 1 year but within 2 years	**16,236**	–
After 2 years but within 5 years	**157,361**	–
After 5 years	**563,254**	–
	736,851	–
	741,847	–

All bank loans are unsecured, carry interest at 6.55% (2014: Nil) per annum and to be repayable by the semi-annual instalments with the last instalment due in 2027 and 2028.

The Company has issued a single guarantee of RMB598,000,000 (HK$746,842,200) to the bank to support the aforesaid bank loans granted to the Group.

	2015	2014
	HK$'000	*HK$'000*
Reconciliation to the consolidated statement of financial position		
Current liabilities	**4,996**	–
Non-current liabilities	**736,851**	–
	741,847	–

19. SHARE CAPITAL

	Note	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.0025 each (1 April 2013 and 31 March 2014: HK$0.01 each)			
Authorised share capital:			
At 1 April 2013 and 31 March 2014		30,000,000	300,000
Share subdivision	*(a)*	90,000,000	–
At 31 March 2015		**120,000,000**	**300,000**
Issued and fully paid share capital:			
At 1 April 2013		1,386,228	13,862
Issue of shares upon conversion of convertible notes	*(b)*	100,000	1,000
At 31 March 2014		1,486,228	14,862
Share subdivision	*(a)*	4,458,686	–
Issue of shares for acquisition of Rander International Limited *(note 20)*	*(c)*	1,043,478	2,609
At 31 March 2015		**6,988,392**	**17,471**

Except for the above, during the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

Note

a) Pursuant to special resolution passed on 18 December 2014, each of the Company's authorised and issued shares of par value of HK$0.01 each were subdivided into 4 shares of par value of HK$0.0025 each ("Share Subdivision"). The Share Subdivision is effective on 19 December 2014, the authorised share capital of the Company was divided into 120,000,000,000 shares of HK$0.0025 each and the issued share capital of the Company was divided into 5,944,914,400 of HK$0.0025 each. Details of Share Subdivision are disclosed in the announcement by the Company on 12 November 2014 and 18 December 2014 and the circular of the Company dated 2 December 2014.

b) During the year ended 31 March 2014, additional 100,000,000 ordinary shares of HK$0.01 each were issued at par upon conversion of the convertible notes at a conversion price of HK$1 per share. The ordinary shares issued have the same rights as other shares in issue.

c) On 17 February 2015, the Company issued 1,043,478,260 new ordinary shares of HK$0.0025 each at HK$0.23 per share, as part of the consideration for the acquisition of 100% equity interest in Rander International Limited.

20. BUSINESS COMBINATIONS

On 17 February 2015, the Group completed the acquisition of 100% equity interest in Rander International Limited, which indirectly owns 100% equity interest in Jinchang Jintai Photovoltaic Company Limited（金昌錦泰光伏電力有限公司）("Jinchang Jintai"). Jinchang Jintai is principally engaged in the operation of two solar power stations which are located in Jinchang, Gansu Province, PRC and have an aggregate production capacity of 100MW. Further details of this acquisition are set out in the Company's announcements dated 15 July 2014, 25 September 2014, 31 October 2014, 10 December 2014, 30 December 2014, 16 January 2015 and 17 February 2015 and the circular of the Company dated 31 December 2014.

The following table summarises the purchase consideration paid for the acquisition of Rander International Limited, the fair values of identifiable assets acquired and liabilities assumed at the date of acquisition:

Purchase consideration

	2015	2014
	HK$'000	*HK$'000*
Cash paid	**322,000**	–
Allotment of 1,043,478,260 new ordinary shares of the Company at HK$0.23 per share as consideration *(see note 19)*	**240,000**	–
	562,000	–

The fair values of the identifiable assets and liabilities acquired at the date of acquisition

	2015	2014
	HK$'000	*HK$'000*
Property, plant and equipment	**853,497**	–
Intangible assets	**873,690**	–
Accounts receivable	**8,406**	–
Deposits and prepayments	**73,316**	–
Cash and bank balances	**5,270**	–
Other payables and accruals	**(25,139)**	–
Bank loans	**(738,266)**	–
Deferred tax liabilities	**(196,694)**	–
Total identifiable net assets at fair value	**854,080**	–

Gain on bargain purchase

	2015	2014
	HK$'000	*HK$'000*
Consideration transferred	**562,000**	–
Less: fair value of net assets acquired – shown as above	**854,080**	–
Gain on bargain purchase	**(292,080)**	–

Acquisition-related costs amounting to HK$6,313,139 have been excluded from the consideration transferred and have been recognised as an expense in the current year's profit or loss.

21. BANKING FACILITIES/BORROWINGS

At 31 March 2015 and 2014, the Group did not obtain any banking facilities and borrowings except for margin loan, other loans, bank loans, convertible notes and convertible bonds, details of which are set out in notes 17 and 18.

22. CONTINGENT LIABILITIES

At 31 March 2015 and 2014, the Group did not have any significant contingent liabilities.

At 31 March 2015, the Company has issued a single guarantee of RMB598,000,000 (HK$746,847,200) to a bank in respect of the loans granted by the bank to a wholly-owned subsidiary of the Company.

The Company has not recognised any deferred income in respect of the single guarantee as its fair value cannot be reliably measured using observable market data and its transaction price was HK$ Nil.

23. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation. The reclassifications had no impact on the Group's results for the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial results and business review

During the year under review, the Group recorded a turnover of HK$202,410,000 (2014: HK$12,273,000 (restated)), representing an increase by 1,549% as compared to the same period last year. The increase was mainly due to a record of increase in net realized and unrealized gain in financial assets at fair value through profit or loss. The net loss attributed to equity shareholders of the Company for the current year amounted to HK$28,778,000 as compared to a net loss of HK$118,084,000 last year, result in a basic loss per share this year of HK$0.47 cents (2014: basic loss per share of HK$2.11 cents (restated)), representing a decrease in loss by 75.6%. The loss was mainly due to the impairment loss of mining business that required current market valuation to be made each year on the mining right with respect to the Vanadium Mine. The mining right was valued by an independent valuer at RMB241,000,000 (equivalent to HK$300,985,000) as at 31 March 2015 as compared to its carrying amount of RMB767,000,000 (equivalent to HK$958,980,000) as at 31 March 2014, mainly due to a significant drop in vanadium market price as at 31 March 2015 to about RMB55,000/metric tonne (2014: RMB69,000 metric/tonne), resulting in a loss after tax of HK$399,200,000 for the year attributed to the equity shareholders of the Company.

China economic growth has been continued to slow down in recent years as the country adjusts its economic development structure and approach. China's GDP grew 7.4% in 2014 (the lowest level since 1990) and 7% in the first quarter of 2015, slightly less than the 7.4% of the same period of 2014. In the meantime, China is facing increasingly acute environmental pollution after years of extensive growth. Accordingly, China's policy-makers have put forward the initiative to increase the use of clean energy as part of the solution to tackle environmental pollution over the long haul and facilitate the smooth transformation of Chinese economic development. To this end, the Chinese Government have rolled out multiple subsidy policies to help develop the clean-energy power generation industry such as solar power. By the end of 2014, an aggregate of 28.05 GW of solar power generation capacity was installed, representing an addition of 10.6 GW in capacity for the year 2014. The National Energy Administration plans to add a further 17.8 GW of solar power generation capacity in 2015. In addition, construction for distributed solar power generation projects, and distributed rooftop photovoltaic power generation projects are encouraged, and no cap is set on the capacity of ground-mounted and distributed solar power generation projects for self-use only.

In response to the abovementioned national policy, the Group started to participant and invest in the clean-energy power generation industry such as solar power since 2014, which will be the focus of the future business growth of the Group. We have established Tianhe Smarter Energy Company Limited in Shanghai as our domestic headquarters for project management and the platform for investment operations. Furthermore, we have recently completed the acquisition of its first 100 MW solar power plant in Jinchang, Gansu Province, marking our first step into the new business. At the same time, the Group has also been in the progress of development and acquisitions of several solar power generation projects in such places as Inner Mongolia and Shanghai. In the future, the Group will continuously increase its investments in the solar power business. We are confident that the Group will enjoy sustainable investment returns thanks to a favourable policy environment and steady revenue from the projects.

In order to reflect the Group's expanding business focus on the strategic development of the clean energy business which is currently represented by solar power generation and energy internet business, and rebrand its corporate image, the Company has changed its name to "China Smarter Energy Group Holdings Limited" on 12 February 2015 and traded on the Stock Exchange under the new stock short name of "C SMARTERENERGY" since 11 March 2015.

Turnover by Business Segments

Ratio analysis by business segments for the Group's turnover for the year ended 31 March 2015 is as follows:

- Clean Energy Business: approximately HK$14,356,000, 7.10% of turnover (2014: HK$Nil, 0%)
- Trading in securities: approximately HK$178,369,000, 88.10% of turnover (2014: HK$3,079,000, 25%)
- Investments: approximately HK$1,560,000, 0.77% of turnover (2014: HK$1,872,000, 15%)
- Trading of fur skins: approximately HK$Nil, 0% of turnover (2014: HK$Nil, 0%)
- Trading of fur garment: approximately HK$8,125,000, 4.03% of turnover (2014: HK$7,322,000, 60%)
- Mining: approximately HK$Nil, 0% of turnover (2014: HK$Nil, 0%)

Turnover by Geographical Region

Ratio analysis by geographical region for the Group's turnover for the year ended 31 March 2015 is as follows:

- Mainland China and Hong Kong: approximately HK$202,410,000, 100% of turnover (2014: HK$12,273,000, 100%)
- Other regions: approximately HK$0, 0% of turnover (2014: HK$Nil, 0%)

BUSINESS REVIEW

Clean Energy Business

On 27 March 2014, the Group acquired 51% equity interest in Jilin Hareon Electric Development Company Limited ("JHED")（吉林海潤電力技術開發有限公司）from an independent third party for the purpose of investing into a solar energy business at a consideration of RMB510,000 (HK$638,000). JHED was established on 22 November 2013 and is a project company for the development of the 40MW photovoltaic power generation plant in Taonan, Jilin, the PRC.

On 31 October 2014, the Group entered into an agreement with an independent third party ("the Vendor") for the purpose to acquire the entire equity interest in Jinchang Guo Yuan Power Limited(金昌國源電力有限公司)and the relevant shareholder's loans at an aggregate consideration of HK$500,000,000. The consideration will be satisfied as to HK$100,000,000 by the allotment and issue of the Company's shares and as to the balance payable in cash or by issue of loan note to the Vendor. After signing the said agreement, the Company had paid a deposit of HK$100 million to the Vendor, which is refundable if this acquisition cannot be completed. This acquisition is yet to complete. Details of this acquisition are disclosed in the announcement issued by the Company on 4 November 2014, 26 February 2015 and 30 April 2015.

On 17 February 2015 the Group, completed its first acquisition of the solar energy projects in Jinchang, Gansu Province which consists of two solar power stations that have an aggregate production capacity of 100MW. Since completion, the Jinchang Projects have contributed HK$14,356,000 approximately 16,797,000 kilowatt hour(s) ("KWh") sales and a profit of HK$283,451,000 for the year, which was mainly due to gain on bargain purchase of subsidiaries.

The Group established in February 2015 a 95%-owned subsidiary, 包頭超陽光伏電力有限公司 Baotou Chaoyang Photovoltaic Company Limited* ("Baotou Chaoyang") in Baotou, Inner Mongolia. The remaining 5% equity interest in Baotou Chaoyang is held by an independent third party. Baotou Chaoyang has a registered share capital of RMB1 million and seeks to build and operate a 100MW solar power plant project located at Guyang County, Baotou, Inner Mongolia(內蒙自治區包頭市固陽縣). This project has been accepted for filing by Baotou City Development and Reform Commission(包頭市發展和改革委員會), after which the project company may proceed to prepare the feasibility reports for the project and thereafter to apply for the relevant regulatory authorisations and licences necessary for the construction of the plant and in due course secure an appropriate EPC contractor.

On 17 June 2015, the 天合智慧能源有限公司 Tianhe Smarter Energy Company Limited*, ("Tianhe Smarter Energy") (which is wholly-owned by the Company) entered into the acquisition agreement to acquire, from the 上海华星电器有限公司 Shanghai Hua Xing Electronic Company Limited* ("Vendor") 100% equity interest in 上海昕岚电力有限公司 Shanghai Xin Lan Electric Company Limited* ("Shanghai Xin Lan") which holds directly and indirectly (through its wholly-owned subsidiary), three distributed solar power projects for which "filing for record" has been accepted by the relevant local Development and Reform Commission. Shanghai Xin Lan and its subsidiary holds (i) two distributed solar power projects (of 3 MW and 5 MW respectively) in Shanghai which are under construction; (ii) one distributed solar power project in Dezhou, Shandong (of up to 11 MW) for which filing for record has been accepted by the local Development and Reform Commission for its first phase (of 5.5 MW). The total contract sum under contracts for EPC works (and related materials and equipments procurement) that have been signed by Shanghai Xin Lan and/or its subsidiary is approximately RMB157.2 million, subject to further due diligence.

In addition, Tianhe Smarter Energy also entered into a cooperation framework agreement with the Vendor, 上海筑安建设工程有限公司 Shanghai Zhu An Construction Services Company Limited* ("Shanghai Zhu An") in relation to the Vendor, companies that are controlled by the Vendor or the majority shareholder of the Vendor, who is an Independent Third Party ("affiliate") (an affiliate of the Vendor) in relation to the future cooperation between them with respect to future distributed solar power projects that the Vendor may assist Shanghai Xin Lan to source and for which Shanghai Zhu An may be appointed as the main EPC contractor.

On 3 June 2015, Tianhe Smarter Energy and Jinhua 658 Investment Management Company Limited ("658") entered into an agreement to establish a joint venture, 上海天合智慧能源科技有限公司 Shanghai Tianhe Smarter Energy Technology Company Limited*, a 51%-owned subsidiary of the Company established in PRC ("Shanghai Tianhe") in Shanghai, the People's Republic of China (the "PRC"). 658 is a third party independent from the Company and its connected persons.

658's business includes Internet finance, investment in new energy equity and merger and acquisition, private placement, stock investment, etc. Its headquarters is located in Jinhua. 658 also has offices in Shanghai, Beijing, Hangzhou, Hong Kong, Tokyo, etc., and has an established professional team, the members of which are from a range of well-known bodies such as Internet companies, security brokers, regulatory agencies and fund managers. Through its dedicated efforts in online finance, 658 has established a safe, efficient, trustworthy, transparent and comprehensive online financial platform.

Shanghai Tianhe, the registered capital of which is RMB10,000,000, is held as to 51% by Tianhe Smarter Energy through cash contribution of RMB5,100,000, with the remaining 49% interests held by 658 through cash contribution of RMB4,900,000.

As the Company's first step into the smart energy internet sector, Shanghai Tianhe is mainly engaged in "Internet Finance Plus Smart Energy", and aims to develop an internet based financing platform for offline smart energy projects through crowdfunding, asset backed and finance lease financing structures, with a view to diversifying the sources of financing for projects in the smart energy sector. Looking forward, the Company will increase its investment in smarter energy internet sector, focusing on making it one of the core businesses of the Company.

Investment Business

Trading in securities

During the year, turnover from trading of securities was HK$178,369,000, compared with last year HK$3,079,000 (restated), representing a significant increase in sales by 5,693%. Profit of HK$175,837,000 was recorded from this sector during the year as compared to a record of HK$2,569,000 (restated) last year representing an increase by 6,744%. The profit was mainly due to a record of significant increase in unrealized gain on investments in listed financial assets at fair value through profit and loss. We hope we could keep on maintaining good satisfactory return in this part of business in 2015.

Investments

The Group's turnover in investments was HK$1,560,000 during the year, compared with the last year HK$1,872,000 (restated). Losses of HK$3,468,000 was recorded during the year as compared to a record of profit of HK$1,100,000 last year. The loss was mainly due to the increase in administrative expenses of the Group in this sector.

Fur Business

Trading of Fur Garment

During the year, a turnover of HK$8,125,000 was recorded for the sale of fur garment, representing an increase of 11% as compared to last year's turnover of HK$7,322,000. The company recorded a loss of HK$7,584,000 for the year, as compared to the loss of HK$8,807,000 for the last year, there was a decrease of 13.9%. The decrease in loss was mainly due to increase in turnover. We will continue to improve our marketing network and sales channels in this sector and at the same time implement tighter cost control in our marketing expenses.

Trading of Fur Skins

Even though there was no turnover in the trading of fur skin during the year of 2014, being the same as last year, a profit of HK$746,000 was recorded compared to the loss of HK$168,000 last year. The profit was mainly due to the compensation income from a skin trading customer.

Mining business

As with the last financial year, our mining business of the group has not started contributing revenue during the year. However a loss of HK$668,104,000 was recorded in this sector during the year, compared to a loss of HK$136,094,000 last year, representing an increase of loss by 390.9%. The significant loss was mainly attributable to impairment loss of HK$665,334,000 on the fair value of the mining rights in the Vanadium Mine held on the Group as at 31 March 2015 based on a valuation by an independent valuer BMI Appraisals Limited ("BMI"), described further below. The reduction in valuation of the mining right this year and the last few years was mainly due to the continued steep decline of vanadium price, as follows:

Market price of V_2O_5 as at 31 March 2012	about RMB78,000/metric tonne
Market price of V_2O_5 as at 31 March 2013	about RMB73,000/metric tonne
Market price of V_2O_5 as at 31 March 2014	about RMB69,000/metric tonne
Market price of V_2O_5 as at 31 March 2015	about RMB55,000/metric tonne

The reserves of the Vanadium Mine according to the Chinese Mineral Resource/Reserve Classification as included in the Circular of the Company dated 26 February 2008 was as follows:

Category	**Ore Quantity** *(tonne)*	**Grade** *(% V_2O_5)*	**Contained V_2O_5** *(tonne)*
332	6,545,401	1.15	75,083
333	14,209,599	1.13	160,669
334	5,916,518	1.10	65,009
Total	**26,671,518**	**1.13**	**300,761**

The reserves of the Vanadium Mine as at 31 March 2015 remains unchanged since the acquisition in April 2008 (being 300,761 metric tonnes of V_2O_5), given that no material extraction was done, due to the delay in the development of the mine as a result of decline in V_2O_5 selling price since 2008.

In view of the depressed market price of vanadium, commencement of the first stage of production (envisaged at the time of acquisition of the vanadium Mine to take place in 2009) be deferred to 2017. Actual operation and developments will remain dependent on, and subject to revision, based on management's analysis of the market price of V_2O_5 and its stability, the rate and period of return of the projects and the risks of investment in and development of the mine.

PROSPECTS

Clean Energy Business

Since 2013, China's policy-makers have issued various policies to support the development of clean energy, of which, in particular, encouraging the transferring from concentrated development to distributed development will introduce a new development opportunity for clean energy. As the most established and promising technology for distributed clean energy, solar power will step into a new stage of development. A wave of investment boom in solar power is arising in PRC.

In 2015, China's policy-makers have put forward the "Internet Plus" action plan in an effort to facilitate the transformation and upgrade of traditional industries, which provides development opportunities for the energy internet sector. Preparation of the "National Action Plan for Energy Internet Sector" led by the National Energy Administration has commenced. The Plan is expected to be rolled out in 2015. The Group seizes industrial development opportunities and actively explore and engage in the energy internet sector. The energy internet sector is set to be a growth highlight in the Group's future business development. To explore a diversified Internet financial platform for clean-energy power generation projects, we have recently established with an independent third party a joint venture, Shanghai Tianhe Smarter Energy Technology Company Limited in which we own 51% equity interests. In the future, the Group will selectively expand into business segments related to the energy internet sector such as fuel-efficient and new energy automobile, energy storage, cloud platform and big data. We believe that the business will bring broad development space for the Group.

The 2014/2015 financial year marked a fresh start for the Group's energy internet business and the clean-energy power generation businesses. In the coming financial year, the Group will continue to focus on the developing its energy internet business and the clean-energy power generation businesses such as solar power, and actively look into different investment opportunities, to selectively develop clean energy projects related to wind power, biomass power and small and medium hydro power. We are confident that the Group will achieve its goal of becoming an international innovative clean energy company in the future.

Investment Business

In USA, the Federal Reserve is trying to tighten its quantitative easing policy by increasing the interest rate and in Europe, the economy is still in recovery stage.

In view of the above situation, 2015 is really a challenging year for us in the investment sector and we are looking forward to have conservative investment in 2015.

Fur Business

Trading Fur Garment

Despite encountering tough trading environments in this sector of business for the fiscal year of 2014, we have been able to successfully and progressively establish our marketing channels in the PRC, covering cities in the northern-east, northern-west and southern parts of China, and Hong Kong. We were able to use different modes of operations in the form of consignments, OEM and were able to advance into various well-known department stores and outlets including Lane Crawford, Harvey Nichols, Sogo, New World Department Stores, The Stairs, and seasonal outlets and counters to sell our garment products. After much effort from our marketing team, we have also gradually and successfully promoted our own brand "Lecothia" and will continue to put more resources and effort in this direction. 2015 is expected be another challenging year for this sector of business as tougher government expenditure and low GDP growth will continue to prevail in the present and future of the PRC which is our major market place, but fortunately due to the revival of the equity market in both the PRC and Hong Kong, buying sentiments are expected to improve. This will hopefully in turn allow profits made in the equity market be converted into stronger purchasing power for luxury goods, thus benefiting companies such as ours and allow us to capture this window of opportunity in 2015.

Trading of Fur Skins

International fur skin auction prices have been trading at comparatively low prices, thus reflecting the slow demand in major markets that include China, Europe and Russia. In February 2015, the auction prices rebounded by about 5%, and though it was not a significant increase, it nevertheless indicates that prices may be bottoming out. Therefore, we believe that with due caution and careful hedging against further fluctuation, there is a possibility that we will resume our operations in this sector.

Mining Business

China is confronting a deflation of the property bubble and rapid drop in steel consumption which are reflected in a drop in housing and steel prices. The selling price of Vanadium that is used in refining of steel has inevitably continued to decline, Vanadium Pentoxide was about RMB69,000/MT as at 31 March 2014 and dropped to around RMB55,000/MT in 31 March 2015. As a result, our development works in vanadium mine site which has been limited to minimal preparation works for future production, should vanadium price could rise to a level where production could become profitable for the Group, as we do not anticipate such rebound to take place in the mining business.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally derives cash for operation from internal cash flow from banks in Hong Kong and PRC. As at 31 March 2015, the Group had time deposit and cash and bank balances of approximately HK$138,008,000 (2014: HK$20,465,000). As at 31 March 2015, the Group's interest bearing borrowings (including margin loan payable, other loan, bank loans, convertibles notes and convertible bonds) amounted to approximately HK$1,412,590,000 (2014: HK$37,827,000). Shareholders' funds amounted to approximately HK$951,331,000 (2014: HK$780,607,000). Accordingly, the gearing ratio was 134.0% (2014: 2.2%).

As at 31 March 2015, the Group had net current assets of approximately HK$582,976,000 (2014: HKD45,436,000) and current ratio (being current assets over current liabilities) of 15 (2014: 2).

CAPITAL STRUCTURE

On 12 September 2014, the Company issued convertible bonds to Shanghai Electric Hongkong Co. Limited, an independent third party, in the principal amount of HK$700,000,000 which are convertible into 206,489,675 new Shares at the initial conversion price of HK$3.39 (subject to adjustment). The convertible bonds bear interest at 3 months HIBOR plus 5.5% per annum payable quarterly with maturity date on the 716th day after the date of first issue of convertible bonds. As disclosed in the Company's announcement dated 8 October 2014, a put event has occurred pursuant to the terms and conditions of the convertible bonds, and the Company has the right to issue conversion shares in satisfaction of its obligations to repay or redeem at face value all or part of the outstanding convertible bonds during the 90 day period from the first anniversary of the date of the initial issue date of the convertible bonds. The effective interest rate of the liability component is 9.91% per annum.

The share subdivision of every existing issued and unissued share of par value of HK$0.01 each in the share capital of the Company into four subdivided shares of par value of HK$0.0025 each was effective from 19 December 2014.

The conversion price of the bonds was adjusted to HK$0.8475 per share with effect from 19 December 2014 as a result of the share subdivision. The Company may issue 825,958,700 conversion shares to redeem at fair value all of the outstanding convertible bonds during the 90 day period from the first anniversary of the date of the initial issue date of the convertible bonds.

The above convertible bonds were split into liability, derivative and equity components upon initial recognition by recognising the liability components and derivative components at their fair value and attributing to the equity components the residual amount. The liability component is subsequently carried at amortised cost while the derivative component is carried at fair value to be remeasured at the end of each reporting period. The equity component is recognized in the convertible bonds equity reserve. The fair value of the liability component upon the issuance was calculated at the present value of the estimated interest payments and principal amount. The fair values of the convertible bonds were determined as of the date of issue and 31 March 2015 by reference to value performed by an independent firm of professionally qualified valuers, Eidea Professional Services Company Limited.

Time deposit and cash and bank balances include the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2015	2014
	HK$'000	*HK$'000*
Euro	**46**	52
United States dollars	**1,305**	302
Canadian dollars	**37**	–
Danish Krone	**20**	20
Yen	**63**	–

The Group monitors capital using a gearing ratio, which is net debt divided by the total equity of the Group. Net debt includes interest-bearing bank and other borrowings, less time deposit and cash and bank balances, and excludes discontinued operations. Capital includes equity attributable to equity holders of the Company. The gearing ratio of the Group as at the end of the reporting periods was as follows:

	2015	2014
	HK$'000	*HK$'000*
Borrowings		
Margin loan payable	**–**	10,326
Other loans	**7,497**	27,501
Bank loans	**741,847**	–
Convertible bonds	**663,246**	–
Total borrowings	**1,412,590**	37,827
Less: time deposit and cash and bank balances	**(138,008)**	(20,465)
Net debt	**1,274,582**	17,362
Total equity	**951,331**	780,607
Gearing ratio	**134.0%**	2.2%

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

CHARGES ON ASSETS

No assets of the Group and the Company had been pledged to secure the above bank and other borrowings at 31 March 2015. At 31 March 2014, the Group and the Company had pledged certain financial assets at fair value through profit or loss held under the margin account to secure the margin loan payable of HK$10,326,000.

FOREIGN EXCHANGE EXPOSURE

The Group's businesses are mainly conducted in United States dollars and Renminbi, with minimal exposure to fluctuations in foreign exchanges.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS

There was no significant investment held by the Group as at 31 March 2015.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES OR ASSOCIATED COMPANIES

Very Substantial Acquisition in relation to the Acquisition of Rander International Limited

On 28 January 2014, Surplus Basic Limited (the "Purchaser") and Linkage Group Limited (the "Vendor") entered into a non-legally binding memorandum of understanding in relation to the proposed acquisition, directly or indirectly, of the entire equity interest in 金昌錦泰光伏電力有限公司 (Jinchang Jintai Photovoltaic Company Limited)*. On 27 May 2014, the Purchase and the Vendor entered into the acquisition agreement ("SPA") of the acquisition of 100% interest in Rander International Limited and its subsidiaries ("Rander International"). Under the SPA, the total consideration for the acquisition of Rander International and the related shareholder loans is to be HK$620,000,000, of which HK$310,000,000 is to be settled by the issue and allotment of 336,956,522 new shares (the "Consideration Shares") of HK$0.01 each in the share capital of the Company at an issue price of HK$0.92 per Consideration Share and HK$310,000,000 in cash.

On 10 December 2014, the Vendor, the Purchase and Mr. Xu entered into the second supplemental agreement to adjust the aggregate consideration under the SPA to HK$500,000,000 (subject to upward adjustment of not exceeding RMB100 million on a dollar for dollar basis by the amount of which the valuation of the enterprise value of Jinchang Jintai exceeding RMB1,000,000,000). Such consideration is to be paid as to HK$100 million in cash as refundable deposit, as to HK$240 million by the issue and allotment of 260,869,565 shares of the Company at HK$0.92 each, and as to the balance in cash. It was noted that the adjusted consideration is to be HK$562,000,000.

To take into account the effect of the Company's share subdivision of every issued and unissued share of par value of HK$0.01 each in the share capital of the Company into four subdivided shares of par value of HK$0.0025 each which became effective on 19 December 2014. On 30 December 2014, the Vendor, the Purchase and Mr. Xu entered into the supplemental agreement to adjust the issue price per consideration share from HK$0.92 per share to HK$0.23 per share of the Company of par value of HK$0.0025 each, and the number of consideration shares from 260,869,565 shares of HK$0.01 each to 1,043,478,260 shares of HK$0.0025 each.

On 17 February 2015, all the conditions precedent to the acquisition had been fulfilled and the completion which was passed by poll results of Special General Meeting held on 16 January 2015. As a result of the Completion, the Company had allotted and issued 1,043,478,260 consideration shares to the Vendor, representing approximately 14.9% of the issued share capital of the Company as enlarged by the allotment and issue of the consideration shares.

Following completion, the Rander International has become an indirect wholly-owned subsidiary of the Company and the financial results of the Rander International and its subsidiaries will be consolidated into the Group.

Major Transaction in relation to the Acquisition of Incentive Power Limited

On 31 October 2014, the Group entered into an agreement with an independent third party ("the Vendor") for the purpose to acquire the entire equity interest in Jinchang Guo Yuan Power Limited（金昌國源電力有限公司）and the relevant shareholder's loans at an aggregate consideration of HK$500,000,000. The consideration will be satisfied as to HK$100,000,000 by the allotment and issue of the Company's shares and as to the balance payable in cash or by issue of loan note to the Vendor. After signing the said agreement, the Company had paid a deposit of HK$100 million to the Vendor, which is refundable if this acquisition cannot be completed. This acquisition is yet to complete. Details of this acquisition are disclosed in the announcement issued by the Company on 4 November 2014, 26 February 2015 and 30 April 2015.

POST BALANCE SHEET EVENT

- *Distributed solar power projects* – On 17 June 2015, Tianhe Smarter Energy (which is wholly-owned by the Company) entered into the acquisition agreement to acquire, from the Vendor 100% equity interest in Shanghai Xin Lan which holds directly and indirectly (through its wholly-owned subsidiary), holds three distributed solar power projects for which "filing for record" has been accepted by the relevant local Development and Reform Commission. Shanghai Xin Lan and its subsidiary holds (i) two distributed solar power projects (of 3 MW and 5 MW respectively) in Shanghai which are under construction; (ii) one distributed solar power project in Dezhou, Shandong (of up to 11 MW) for which filing for record has been accepted by the local Development and Reform Commission for its first phase (of 5.5 MW). The total contract sum under contracts for EPC works (and related materials and equipments procurement) that have been signed by Shanghai Xin Lan and/or its subsidiary is approximately RMB157.2 million, subject to further due diligence.

  In addition, Tianhe Smarter Energy also entered into a cooperation framework agreement with the Vendor, Shanghai Zhu An (an affiliate of the Vendor), in relation to the future cooperation between them with respect to future distributed solar power projects that the Vendor may assist Shanghai Xin Lan to source and for which Shanghai Zhu An may be appointed as the main EPC contractor.

- *Online financial platform* – On 3 June 2015, Tianhe Smarter Energy and Jinhua 658 Investment Management Company Limited ("658") entered into an agreement to establish a joint venture, Shanghai Tianhe, in Shanghai, the People's Republic of China (the "PRC"). 658 is a third party independent from the Company and its connected persons.

  658's business includes Internet finance, investment in new energy equity and merger and acquisition, private placement, stock investment, etc. Its headquarters is located in Jinhua. 658 also has offices in Shanghai, Beijing, Hangzhou, Hong Kong, Tokyo, etc., and has an established professional team, the members of which are from a range of well-known bodies such as Internet companies, security brokers, regulatory agencies and fund managers. Through its dedicated efforts in online finance, 658 has established a safe, efficient, trustworthy, transparent and comprehensive online financial platform.

  Shanghai Tianhe, the registered capital of which is RMB10,000,000, is held as to 51% by Tianhe Smarter Energy through cash contribution of RMB5,100,000, with the remaining 49% interests held by 658 through cash contribution of RMB4,900,000.

EMPLOYEES

As at 31 March 2015, the Group employed around 66 employees in Hong Kong, Macau and Mainland China (31 March 2014: 50). The Group's remuneration policies are based primarily on the prevailing market rate and the performance of individual employees. Fringe benefits, including Mandatory Provident Fund, medical benefits and training are provided. The Group has also established a discretionary bonus scheme for its management and staff with awards determined annually based upon the performance of the Group and individual employees.

CONTINGENT LIABILITIES

At 31 March 2015 and 2014, the Group did not have any significant contingent liabilities.

At 31 March 2015, the Company has issued a single guarantee of RMB598,000,000 (HK$746,847,200) to a bank in respect of the loans granted by the bank to a wholly-owned subsidiary of the Company.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2015 (2014: Nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders of the Company entitled to attend and vote at the annual general meeting of the Company to be held on Monday, 10 August 2015 ("2015 AGM"), the register of members of the Company will be closed from Friday, 7 August 2015 to Monday, 10 August 2015, both days inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 6 August 2015.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of all the applicable code provisions of the Code on Corporate Governance Practices (the "Code on CGP") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") as its own code on corporate governance practices. During the year ended 31 March 2015, the Company was in compliance with all code provisions set out in the Code on CGP except for the deviations from code provisions A.2.1, A.4.1, A.4.2 and E.1.2 of the Code on CGP, which are explained below.

1. Code provision A.2.1 of the Code on CGP requires the roles of the Chairman of the Board and Chief Executive Officer should be separate and should not be performed by the same individual.

   Mr. Lai Leong was appointed as an Executive Director and was elected Chairman of the Board on 6 August 2013. On 11 March 2015, Mr. Lai Leong was resigned as the Chairman of the Board and Mr. Wang Hao was appointed as an Executive Director and was elected Chairman of the Board.

Upon their appointment as the Chairman of the Board, they also takes up the role of the Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman of the Board and Chief Executive Officer in the same person provides the Company with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as the execution of long-term business strategies. The Board considers that such an arrangement will not impair the balance of power and authority between the Board and the management of the Company.

2. Code provision A.4.1 of the Code on CGP requires the non-executive directors should be appointed for a specific term and subject to re-election. During the year ended 31 March 2015, the terms of appointment of the three independent non-executive Directors expired and thereafter they are not appointed for a specific term, but they are subject to the retirement by rotation and re-election at the Company's annual general meeting at least once every three years in accordance with the Company's bye-laws (the "Bye-Laws").

3. Code provision A.4.2 of the Code on CGP requires every director, including those appointed for a specific term, to be subject to retirement by rotation at least once every three years. Pursuant to the Bye-Laws, all directors, excluding the Chairman of the Board, shall retire from office by rotation at least once every three years. The Board considers that, though there is a deviation from the code provision A.4.2 of the Code on CGP, the aforementioned provision in the Bye-Laws is appropriate to the Company since the continuous leadership by the Chairman of the Board allows for effective and efficient planning and implementation of business decisions and strategies which is significant for stability and growth of the Group.

4. The Code Provision E.1.2 of the Code on CGP requires the Chairman of a listed issuer should attend the issuer's annual general meeting. Mr. Lai Leong, the Chairman of the Board, was unable to attend the Company's 2014 AGM as he had another important business engagement. Despite his absence, he had arranged for Mr. Lam Kwan Sing, the Company's executive director who is well versed in all the business activities and operations of the Group, to attend and chair the meeting and communicate with the shareholders. All the other members also attended the 2014 AGM to give shareholders an opportunity of having a direct dialogue with the Board members.

Save as those mentioned above and in the opinion of the Directors, the Company has met the code provisions set out in the Code on CGP during the year ended 31 March 2015.

Further information on the Company's corporate governance practices will be detailed in the corporate governance report contained in the annual report of the Company for the year ended 31 March 2015, which shall be sent to the Company's shareholders in due course.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transaction by the Directors. Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year ended 31 March 2015.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines"), governing securities transactions by employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by relevant employees was noted by the Company.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and relevant employees in advance.

CHANGE IN INFORMATION OF DIRECTORS

During the year ended 31 March 2015, pursuant to Rule 13.51B(1) of the Listing Rule, the changes in information of the Directors are set out below:

On 23 September 2014, Mr. Zhou Chengrong ("Mr. Zhou") was appointed as an Executive Director of the Company.

Mr. Zhou has no service contract between the Company with no fixed terms of employment and he is entitled to receive a monthly director's remuneration in the sum of HK$60,000 which is determined with reference to his duties and responsibilities, the prevailing market conditions and the recommendation from the remuneration committee. Mr. Zhou is not appointed for a specific terms but, in accordance with the articles of association of the Company, he shall hold office of Executive Director subject to retirement by rotation and re-election at the annual general meeting of the Company.

On 11 March 2015, Mr. Wang Hao ("Mr. Wang") was appointed as an Executive Director, the Chairman of the Board and Chief Executive Officer of the Company, a member and the chairman of the Nomination Committee of the Company.

Mr. Wang has entered a formal letter of appointment with the Company on 11 March 2015 with no fixed terms of employment and he is entitled to receive a monthly director's remuneration in the sum of HK$200,000 which is determined with reference to his duties and responsibilities, the prevailing market conditions and the recommendation from the remuneration committee. Mr. Wang is not appointed for a specific term but, in accordance with the articles of association of the Company, he shall hold office of Executive Director subject to retirement by rotation and re-election at the annual general meeting of the Company.

On 11 March 2015, Mr. Lai Leong resigned as the Chairman of the Board and Chief Executive Officer of the Company, a member and the chairman of the Nomination Committee of the Company. He will remain unchanged as an Executive Director and the terms of the existing employment.

On 11 March 2015, Mr. Kong Shan, David resigned as the Executive Director of the Company. He will remains as a director of certain subsidiaries of the Company.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial statements and review of the relationship with the auditors of the Company. The Audit Committee comprises all three independent non-executive directors of the Company.

The Audit Committee has reviewed with the Group's senior management and external auditors the accounting principles and practices adopted by the Group and reviewed the Company's consolidated financial statements for the year ended 31 March 2015.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY

This results announcement is published on the website of the Stock Exchange of Hong Kong Limited at http://www.hkexnews.hk under "Latest Information" and the Company's website at http://www.cse1004.com.

The printed copy of the Annual Report will be sent to shareholders of the Company and the soft copy of the Annual Report will be published on websites of both the Stock Exchange of Hong Kong Limited and the Company in due course.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held on 10 August 2015. Details of the AGM are set out in the notice of the AGM which constitutes part of the circular to be sent to the Company's shareholders together with the Annual Report. Notice of the AGM and the proxy form will also be available on websites of both the Stock Exchange of Hong Kong Limited and the Company.

ACKNOWLEDGEMENT

The management is taking all their efforts to turn the Group back to profit situation as its main task. I would like to express my sincere thanks to all our shareholders, investors, bankers, business associates and customers for their supports to the Group, and my cordial respect to those who have contributed to, and showed determination in leading, the historical development and transformation of the Group. I would also like to express my sincere thanks to all our directors, senior management and staff for the contributions. In 2015, I hope all of you will work together with our Group to achieve new development and create a brilliant future.

DIRECTOR OF THE COMPANY

Mr. Wang Hao, Mr. Lai Leong, Mr. Lam Kwan Sing, Mr. Wong Nga Leung, Mr. Hon Ming Sang and Mr. Zhou Chengrong are the executive directors of the Company; and Mr. Fok Ho Yin, Thomas, Mr. Tsui Ching Hung and Ms. Cheung Oi Man, Amelia are the independent non-executive directors of the Company.

By order of the Board
China Smarter Energy Group Holdings Limited
Mr. Wang Hao
Chairman

Hong Kong, 19 June 2015