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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)*

**RESULTS ANNOUNCEMENT**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012**

**CHARACTERISTICS OF GEM**

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

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

\* For identification purpose only

## **ANNUAL RESULTS HIGHLIGHTS**

The loss attributable to equity holders of the Company for the financial year ended 31 March 2012 was approximately HK\$49.7 million (the loss attributable to equity holders of the Company for the financial year ended 31 March 2011 was approximately HK\$36.4 million).

The revenue of the Group from continuing operations for the financial year ended 31 March 2012 was approximately HK\$31.9 million, representing a slight increase of approximately 0.2 per cent. as compared to the financial year ended 31 March 2011.

Gross profit margin of the Group was approximately 23.6 per cent. in the financial year ended 31 March 2012, compared to approximately 26.5 per cent. in the financial year ended 31 March 2011.

Basic loss per share from continuing and discontinued operations for the financial year ended 31 March 2012 was approximately HK5.70 cents (basic loss per share from continuing and discontinued operations for the financial year ended 31 March 2011 was approximately HK5.61 cents).

The Directors do not recommend the payment of a dividend for the financial year ended 31 March 2012 (2011: Nil).

## **RESULTS**

The board of directors (the “**Directors**” or the “**Board**”) of China Technology Solar Power Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”, “**our Group**”, “**we**” or “**us**”) for the year ended 31 March 2012, together with the comparative figures for the corresponding financial year ended 31 March 2011 and the relevant explanatory notes as set out below.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Note	2012 HK\$'000	2011 HK\$'000
<b>Continuing operations</b>			
Revenue	4	31,938	31,878
Cost of sales		<u>(24,389)</u>	<u>(23,423)</u>
Gross profit		7,549	8,455
Other revenue	4	741	305
Selling expenses		(3,344)	(6,039)
Provision for obsolete inventories		–	(1,500)
Impairment loss recognized on accounts receivables		–	(1,000)
Change in fair value of financial assets at fair value through profit or loss		(11,983)	(5,879)
Written off on other deposit		–	(7,745)
Administrative expenses		(31,480)	(21,642)
Finance costs	5	<u>(6,802)</u>	<u>(928)</u>
Loss before taxation	6	(45,319)	(35,973)
Income tax expenses	7	<u>219</u>	<u>(379)</u>
Loss for the year from continuing operations		(45,100)	(36,352)
<b>Discontinued operation</b>			
Loss for the year from discontinued operation	8	<u>(4,591)</u>	–
<b>Loss for the year</b>		(49,691)	(36,352)
<b>Other comprehensive income</b>			
Exchange differences on translation of financial statements of overseas subsidiaries		<u>2,326</u>	<u>1,850</u>
<b>Total comprehensive income for the year</b>		<u>(47,365)</u>	<u>(34,502)</u>
<b>Loss for the year attributable to:</b>			
Equity holders of the Company		<u>(49,691)</u>	<u>(36,352)</u>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		<u>(47,365)</u>	<u>(34,502)</u>
Dividend		<u>–</u>	<u>–</u>
<b>Loss per share</b>			
From continuing and discontinued operations			
– Basic	10	<u>(5.70 cents)</u>	<u>(5.61 cents)</u>
– Diluted	10	<u>(7.03 cents)</u>	<u>(6.75 cents)</u>
From continuing operations			
– Basic	10	<u>(5.18 cents)</u>	<u>(5.61 cents)</u>
– Diluted	10	<u>(6.38 cents)</u>	<u>(6.75 cents)</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	<i>Note</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		1,289	1,012
Available-for-sale financial assets		–	–
Goodwill	<i>11</i>	<u>235,999</u>	<u>–</u>
		<u>237,288</u>	<u>1,012</u>
<b>Current assets</b>			
Inventories	<i>12</i>	9,225	11,403
Accounts receivables	<i>13</i>	8,212	9,208
Other receivables, deposits and prepayments		3,076	48,454
Held-to-maturity financial assets	<i>14</i>	11,103	–
Available-for-sale financial assets	<i>15</i>	10,610	–
Financial assets at fair value through profit or loss	<i>16</i>	6,388	18,371
Bank balances and cash		<u>3,849</u>	<u>43,235</u>
		<u>52,463</u>	<u>130,671</u>
Assets classified as held for sale	<i>9</i>	<u>171,843</u>	<u>–</u>
		<u>224,306</u>	<u>130,671</u>
<b>Current liabilities</b>			
Accounts payables	<i>17</i>	3,438	1,991
Other payables and accruals	<i>18</i>	47,282	4,489
Other loan	<i>19</i>	7,168	–
Receipt in advance		322	493
Convertible bonds	<i>20</i>	<u>–</u>	<u>24,540</u>
		<u>58,210</u>	<u>31,513</u>
Liabilities associated with assets held for sale	<i>9</i>	<u>119,408</u>	<u>–</u>
		<u>177,618</u>	<u>31,513</u>
<b>Net current assets</b>		<u>46,688</u>	<u>99,158</u>
<b>Total assets less current liabilities</b>		<u>283,976</u>	<u>100,170</u>
<b>Non-current liabilities</b>			
Convertible bonds	<i>20</i>	44,845	–
Deferred tax liabilities		<u>20,697</u>	<u>1,626</u>
		<u>65,542</u>	<u>1,626</u>
<b>Net assets</b>		<u>218,434</u>	<u>98,544</u>
<b>Capital and reserves</b>			
Share capital	<i>21</i>	92,659	73,719
Reserves		<u>125,775</u>	<u>24,825</u>
<b>Shareholders' funds</b>		<u>218,434</u>	<u>98,544</u>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2012

	Note	2012 HK\$'000	2011 HK\$'000
<b>OPERATING ACTIVITIES</b>			
Loss before taxation			
Continuing operations		(45,319)	(35,973)
Discontinued operation		(4,591)	–
		<u>(49,910)</u>	<u>(35,973)</u>
Adjustment for:			
Depreciation		1,099	541
Interest income		(49)	(55)
Finance costs		7,308	928
Written off on other deposit		–	7,745
Impairment loss recognized on accounts receivables		–	1,000
Provision for obsolete inventories		–	1,500
Change in fair value of financial assets at fair value through profit or loss		11,983	5,879
		<u>(29,569)</u>	<u>(18,435)</u>
Operating cash flows before movements in working capital		(29,569)	(18,435)
Decrease (Increase) in inventories		2,178	(3,664)
Decrease in accounts receivables		1,089	7,183
Decrease (Increase) in other receivables, deposits and prepayments		36,880	(45,287)
Increase (Decrease) in accounts payables		92,968	(87)
Increase in other payables and accruals		45,872	3,199
Decrease in receipt in advance		(171)	(196)
		<u>149,247</u>	<u>(57,287)</u>
Cash from (used in) operations		149,247	(57,287)
Interest paid		(1,064)	(1)
Overseas taxation paid		(11)	(24)
		<u>148,172</u>	<u>(57,312)</u>
<b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>			
<b>INVESTING ACTIVITIES</b>			
Interest received		49	55
Purchase of property, plant and equipment		(1,661)	(1,365)
Purchase of construction in progress		(109,885)	–
Purchase of financial assets at fair value through profit or loss		–	(24,250)
Net cash outflows on acquisition of subsidiaries	22	(61,791)	–
Purchase of available-for-sale financial assets		(10,610)	–
Purchase of held-to-maturity financial assets		(11,103)	–
		<u>(195,001)</u>	<u>(25,560)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>			
<b>FINANCING ACTIVITIES</b>			
Shares issued		3,240	19,340
Proceed from issue of equity shares		6,480	57,715
Transaction cost on issue of equity shares		(762)	(1,670)
Proceed from issue of convertible bonds		–	26,000
Raised of other loan		25,370	–
Redemption of convertible bonds		(26,000)	–
		<u>8,328</u>	<u>101,385</u>
<b>NET CASH FROM FINANCING ACTIVITIES</b>			
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		(38,501)	18,513
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>			
		43,235	22,834
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>			
		1,659	1,888
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>			
		<u>6,393</u>	<u>43,235</u>
Represented by:			
Bank balances and cash		3,849	43,235
Cash and cash equivalents included in assets held for sale		2,544	–
		<u>6,393</u>	<u>43,235</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2012

	Equity attributable to equity holders of the Company								Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Reserve		Exchange reserve HK\$'000	Convertible bonds reserve HK\$'000	Retained profits (Deficit) HK\$'000	Discontinued operation HK\$'000	
			Warrant arising from reserve reorganization HK\$'000	HK\$'000					
At 1 April 2010	54,379	29,555	9,680	(24,317)	6,614	-	(20,637)	-	55,274
Issue of shares	18,700	55,795	-	-	-	-	-	-	74,495
Transaction cost on issue of shares	-	(1,670)	-	-	-	-	-	-	(1,670)
Equity component of convertible bonds	-	-	-	-	-	2,387	-	-	2,387
Shares issued on exercise of options	640	1,920	-	-	-	-	-	-	2,560
Total comprehensive income for the year	-	-	-	-	1,850	-	(36,352)	-	(34,502)
At 31 March 2011 and At 1 April 2011	<b>73,719</b>	<b>85,600</b>	<b>9,680</b>	<b>(24,317)</b>	<b>8,464</b>	<b>2,387</b>	<b>(56,989)</b>	-	<b>98,544</b>
Issue of shares for acquisition of subsidiaries	13,300	41,230	-	-	-	-	-	-	54,530
Issue of shares under placement and subscription agreement	3,240	6,480	-	-	-	-	-	-	9,720
Equity component of convertible bonds	-	-	-	-	-	119,919	-	-	119,919
Redemption of convertible bonds	-	-	-	-	-	(2,387)	2,387	-	-
Deferred tax liabilities arising from the issuance of convertible bonds	-	-	-	-	-	(19,787)	-	-	(19,787)
Issue of shares on exercise of convertible bonds	2,400	9,600	-	-	-	(8,880)	-	-	3,120
Release of deferred tax liabilities on exercise of convertible bonds	-	-	-	-	-	515	-	-	515
Transaction costs on issue of shares	-	(762)	-	-	-	-	-	-	(762)
Transfer to discontinued operation	-	-	-	-	(576)	-	-	576	-
Total comprehensive income for the year	-	-	-	-	2,326	-	(49,691)	-	(47,365)
At 31 March 2012	<b>92,659</b>	<b>142,148</b>	<b>9,680</b>	<b>(24,317)</b>	<b>10,214</b>	<b>91,767</b>	<b>(104,293)</b>	<b>576</b>	<b>218,434</b>

*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.
- (b) The reserve arising from reorganization of approximately HK\$24,317,000 represents the difference between the nominal value of the share capital of subsidiaries acquired and the cost of investments in these subsidiaries incurred by the Company in exchange thereof, and has been debited to the reserve of the Group.
- (c) On November 2011, the Company redeemed the convertible bonds with a principal amount of HK\$26,000,000. Equity component of the convertible bonds of approximately HK\$2,387,000 was released to deficit.
- (d) On 1 June 2011, the Company issued convertible bonds with a principal amount of HK\$163,100,000. Equity component of the convertible bonds of approximately HK\$119,919,000 was recognized in the convertible bonds reserve account.
- (e) The exchange reserve comprises:
  - (i) The foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries and associates whose functional currencies are different from the functional currency of the Company.
  - (ii) The exchange differences on monetary items which form part of the Group's net investment in the foreign subsidiaries.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For The Year Ended 31 March 2012*

### **1. GENERAL**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company’s registered office is located at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681, George Town, Grand Cayman, Cayman Islands, British West Indies and its principal place of business is located at Room 1104, SUP Tower, 75 King’s Road, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as functional currency of the Company.

The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in the sale of electronic banking systems, printing systems and provision of hardware and software technical support services of computer communication systems, technical development of network communication, development and design of system software, solar energy generation and power system integration business.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards (“HKAS”) and Interpretations (“HK(IFRIC)-Int and HK-Int”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The consolidated financial statements include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (“GEM Listing Rules”).

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

### **2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations (“new and revised HKFRSs”) issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 April 2011:

HKFRS (Amendments)	Improvement to HKFRSs issued in 2010
HKAS 24 (Revised 2009)	Related Party Disclosures

The application of the new and revised Standards, Amendments and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.



The Group has not early applied the following new and revised Standards, Amendments and Interpretations that have been issued but are not yet effective.

HKFRS 7 (Amendments)	Disclosures – Transfer of Financial Assets <sup>1</sup>
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities <sup>4</sup>
HKFRS 9	Financial instruments <sup>6</sup>
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS9 and Transition Disclosures <sup>6</sup>
HKFRS 10	Consolidated Financial Statements <sup>4</sup>
HKFRS 11	Joint Arrangements <sup>4</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>4</sup>
HKFRS 13	Fair Value Measurement <sup>4</sup>
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income <sup>3</sup>
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets <sup>2</sup>
HKAS 19 (Revised 2011)	Employee Benefits <sup>4</sup>
HKAS 27 (Revised 2011)	Separate Financial Statements <sup>4</sup>
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures <sup>4</sup>
HKAS 32 (Amendments)	Presentation-Offsetting Financial Assets and Financial Liabilities <sup>5</sup>
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2011.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2012.

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2012.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2013.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2014.

<sup>6</sup> Effective for annual periods beginning on or after 1 January 2015.

#### **Amendments to HKFRS 7 Disclosures – Transfers of Financial Assets**

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The Directors anticipate that the application of the amendments to HKFRS 7 will be applied in the Group’s consolidated financial statements for its financial year ending 31 March 2013. The application will affect the Group’s disclosure regarding transfers of financial assets in the future.

#### **Amendments to HKAS 32 Presentation – Offsetting Financial Assets and Financial liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities**

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirement. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right of set-off” and “simultaneous realization and settlement”.

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for the Group's financial periods beginning on or after 1 April 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until the Group's financial year ending 31 March 2015, with retrospective application required.

The Directors anticipate that the application of the amendments to HKAS 32 and HKFRS 7 may affect the Group's and the Company's disclosure regarding offsetting financial assets and financial liabilities in the future.

### **HKFRS 9 Financial Instruments**

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 included the requirements for classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognized financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39") to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognized in profit or loss.
- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liabilities (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The Directors anticipate that the adoption of HKFRS 9 in the future may not have significant impact in amounts report in respect of the Group's financial assets and financial liabilities.

## **New and revised standards on consolidation, joint arrangements, associates and disclosures**

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

HKFRS 10 replaces the parts of HKAS 27 “Consolidated and Separate Financial Statements” that deal with consolidated financial statements and HK(SIC) – Int 12 “Consolidation – Special Purpose Entities” has been withdrawn upon the issuance of HKFRS 10. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor’s returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The Directors anticipate that these standards will be adopted in the Group’s consolidated financial statements for the Group’s financial year ending 31 March 2014. However, the Directors anticipated that the application of these standards will have no significant impact on amounts reported in the consolidated financial statements.

### **HKFRS 13 Fair Value Measurement**

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that HKFRS 13 will be adopted in the Group’s consolidated financial statements for its financial year ending 31 March 2014. However, the application of the standard is not expected to have significant impact on amounts reported in the consolidated financial statements but may result in more extensive disclosures in the consolidated financial statements.

## **Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income**

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Except as described above, the Directors anticipate that the application of other new and revised HKFRSs issued but not yet effective has had no material impact on the Group's financial performance and the Group's and the Company's financial positions for the future and/or on the disclosures set out in the financial statements of the Group and the Company.

### **3. SEGMENT INFORMATION**

The Group is organized on the basis of the type of goods or services delivered or provided. Information reported to the Executive Directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided.

The Group has internal reports about the sales of self-service automatic teller machine ("ATM") systems and printing systems, and the provision of hardware and software technical support services and solar energy generating and power system integration business in the People's Republic of China 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:

#### **Continuing operations**

- (a) Sales of self-service automatic teller machine systems and printing system;
- (b) Provision of hardware and software technical support services; and
- (c) Power system integration business

#### **Discontinued operation**

- (a) Solar energy generation

#### **Segment Revenue and Results**

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

**Year ended 31 March 2012**

	Continuing operations			Discontinued operation	Total <i>HK\$'000</i>
	Power system integration business <i>HK\$'000</i>	Sales of goods <i>HK\$'000</i>	Rendering of services <i>HK\$'000</i>	Solar energy generation <i>HK\$'000</i>	
Revenue from external customers	<u>–</u>	<u>23,566</u>	<u>8,372</u>	<u>–</u>	<u>31,938</u>
Segment result	–	910	(1,704)	(4,607)	(5,401)
Other revenue					758
Unallocated cost					<u>(38,465)</u>
Loss from operations					(43,108)
Finance costs					<u>(6,802)</u>
Loss before taxation					(49,910)
Income tax expenses					<u>219</u>
Loss for the year					<u><u>(49,691)</u></u>

**Year ended 31 March 2011**

	Continuing operations			Discontinued operation	Total <i>HK\$'000</i>
	Power system integration business <i>HK\$'000</i>	Sales of goods <i>HK\$'000</i>	Rendering of services <i>HK\$'000</i>	Solar energy generation <i>HK\$'000</i>	
Revenue from external customers	<u>–</u>	<u>23,593</u>	<u>8,285</u>	<u>–</u>	<u>31,878</u>
Segment result	–	608	(1,103)	–	(495)
Other revenue					252
Unallocated cost					<u>(34,802)</u>
Loss from operations					(35,045)
Finance costs					<u>(928)</u>
Loss before taxation					(35,973)
Income tax expenses					<u>(379)</u>
Loss for the year					<u><u>(36,352)</u></u>

## Segment Assets and Liabilities

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

**Year ended 31 March 2012**

	Continuing operations			Discontinued	Total
	Power system integration business <i>HK\$'000</i>	Sales of goods <i>HK\$'000</i>	Rendering of services <i>HK\$'000</i>	Solar energy generation <i>HK\$'000</i>	
Segment assets	<u>235,999</u>	<u>35,688</u>	<u>10,705</u>	<u>171,843</u>	<u>454,235</u>
Property, plant and equipment (for corporate)					211
Other receivables, deposits and prepayments (for corporate)					467
Financial assets at fair value through profit or loss (for corporate)					6,388
Bank balances and cash (for corporate)					<u>293</u>
Consolidated assets					<u><u>461,594</u></u>
Segment liabilities	<u>-</u>	<u>3,966</u>	<u>1,588</u>	<u>119,408</u>	<u>124,962</u>
Other payables and accruals (for corporate)					46,913
Other loan (for corporate)					7,168
Convertible bonds (for corporate)					44,845
Deferred tax liabilities (for corporate)					<u>19,272</u>
Consolidated liabilities					<u><u>243,160</u></u>

Year ended 31 March 2011

	Continuing operations			Discontinued operation	Total
	Power system integration business <i>HK\$'000</i>	Sales of goods <i>HK\$'000</i>	Rendering of services <i>HK\$'000</i>	Solar energy generation <i>HK\$'000</i>	<i>HK\$'000</i>
Segment assets	<u>–</u>	<u>34,557</u>	<u>10,213</u>	<u>–</u>	<u>44,770</u>
Property, plant and equipment (for corporate)					265
Other receivables, deposits and prepayments (for corporate)					34,043
Financial assets at fair value through profit or loss (for corporate)					18,371
Bank balances and cash (for corporate)					<u>34,234</u>
Consolidated assets					<u><u>131,683</u></u>
Segment liabilities	<u>–</u>	<u>2,460</u>	<u>1,871</u>	<u>–</u>	<u>4,331</u>
Other payables and accruals (for corporate)					4,268
Convertible bonds (for corporate)					<u>24,540</u>
Consolidated liabilities					<u><u>33,139</u></u>

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

- all assets are allocated to reportable-segments, other than goodwill and corporate assets of the management companies and investment holdings companies and
- all liabilities are allocated to operating segments, other than corporate liabilities of the management companies and investment holdings companies such as other payables and accruals, convertible bonds for corporate.

## Other Segments Information

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

### Year ended 31 March 2012

	Continuing operations			Discontinued operation	Total HK\$'000
	Power system integration business HK\$'000	Sales of goods HK\$'000	Rendering of services HK\$'000	Solar energy generation HK\$'000	
Additions to property, plant and equipment					
– arising from acquisition of subsidiaries	–	–	–	586	586
– other additions	–	325	837	499	1,661
Depreciation of property, plant and equipment	–	379	444	196	1,019

### Year ended 31 March 2011

	Continuing operations			Discontinued operation	Total HK\$'000
	Power system integration business HK\$'000	Sales of goods HK\$'000	Rendering of services HK\$'000	Solar energy generation HK\$'000	
Additions to property, plant and equipment	–	5	1,091	–	1,096
Depreciation of property, plant and equipment	–	7	523	–	530
Impairment loss recognized on accounts receivables	–	500	500	–	1,000
Provision for obsolete inventories	–	500	1,000	–	1,500

## Geographical Information

No geographical analysis is provided as less than 10% of the consolidated revenue and less than 10% of the operating results of the Group are attributable to markets outside the PRC. Therefore, no geographical information is presented.



### Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Customer A – Sales of goods	<b>619</b>	1,045
Customer A – Rendering of services	<b>3,535</b>	3,138
Customer B – Sales of goods	<b>5,906</b>	3,898

#### 4. REVENUE AND OTHER REVENUE

	Continuing operations		Discontinued operation		Consolidated	
	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Revenue						
Sales of goods	<b>23,566</b>	23,593	–	–	<b>23,566</b>	23,593
Rendering of services	<b>8,372</b>	8,285	–	–	<b>8,372</b>	8,285
	<b>31,938</b>	31,878	–	–	<b>31,938</b>	31,878
Other revenue						
Bank interest income	<b>36</b>	55	<b>13</b>	–	<b>49</b>	55
Government subsidy for business development	<b>144</b>	154	–	–	<b>144</b>	154
Gain on trading in financial instrument	<b>478</b>	–	–	–	<b>478</b>	–
Others	<b>83</b>	96	<b>4</b>	–	<b>87</b>	96
	<b>741</b>	305	<b>17</b>	–	<b>758</b>	305
Total revenue	<b>32,679</b>	32,183	<b>17</b>	–	<b>32,696</b>	32,183

#### 5. FINANCE COSTS

	Continuing operations		Discontinued operation		Consolidated	
	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Imputed finance costs on convertible bonds	<b>6,244</b>	927	–	–	<b>6,244</b>	927
Interest on bank overdraft	–	1	–	–	–	1
Interest on other loan	<b>558</b>	–	<b>506</b>	–	<b>1,064</b>	–
	<b>6,802</b>	928	<b>506</b>	–	<b>7,308</b>	928

## 6. LOSS BEFORE TAXATION

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

	Continuing operations		Discontinued operation		Consolidated	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Crediting:						
Net foreign exchange gains (losses)	164	193	(74)	–	90	193
Charging:						
Auditors' remuneration						
– current year	355	284	–	–	355	284
– underprovision in last year	–	9	–	–	–	9
Cost of inventories	19,221	18,403	–	–	19,221	18,403
Depreciation	903	541	196	–	1,099	541
Change in fair value of financial assets at fair value through profit or loss	11,983	5,879	–	–	11,983	5,879
Operating leases for land and building	2,043	2,324	397	–	2,440	2,324
Bad debts written off	6	–	–	–	6	–
Provision for obsolete inventories	–	1,500	–	–	–	1,500
Impairment loss recognized on accounts receivables	–	1,000	–	–	–	1,000
Written off on other deposit	–	7,745	–	–	–	7,745
Research and development costs	94	178	–	–	94	178
Provision for long service payment	–	570	–	–	–	570
Staff costs (including directors' emoluments and research and development costs)	10,991	13,002	1,067	–	12,058	13,002

## 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 is incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, is exempted from payment of the British Virgin Islands income taxes.

The Company's subsidiaries established in the PRC are subject to enterprise income tax ("EIT") rate of 24% – 25% (2011: 22% – 25%).

No provision for Hong Kong profits tax has been made as there is no assessable profit (2011: Nil) for the subsidiaries operating in Hong Kong during the year ended 31 March 2012.

The amount of taxation charged to the consolidated statement of comprehensive income represents:

	Continuing operations		Discontinued operation		Consolidated	
	2012	2011	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current income tax:						
– Hong Kong Profits Tax	-	-	-	-	-	-
– Overseas taxation	-	4	-	-	-	4
Underprovision in prior years	11	20	-	-	11	20
Deferred taxation	(230)	355	-	-	(230)	355
	<u>(219)</u>	<u>379</u>	<u>-</u>	<u>-</u>	<u>(219)</u>	<u>379</u>
Income tax expenses	<u>(219)</u>	<u>379</u>	<u>-</u>	<u>-</u>	<u>(219)</u>	<u>379</u>

The income tax expenses can be reconciled to the loss before taxation as per the consolidated statement of comprehensive income as follows:

	2012	2011
	HK\$'000	HK\$'000
Loss before taxation		
Continuing Operations	45,319	35,973
Discontinued Operation	4,591	-
	<u>49,910</u>	<u>35,973</u>
Calculated at a rate of income tax of 16.5% (2011: 16.5%)	(8,235)	(5,935)
Effect of difference rate of income tax in other countries	(120)	(137)
Tax effect on expenses not deductible for taxation purposes	7,970	5,525
Tax effect on tax losses not recognized	396	1,353
Tax effect of utilization of tax loss not previously recognized	-	(782)
Others	(230)	355
	<u>(219)</u>	<u>379</u>

## 8. DISCONTINUED OPERATION

On the circular of the Company dated 22 February 2012, the Board of the Directors of the Company announced that the Group is considering to dispose of solar energy generation business and concentrate its resources for the power system integration business. In addition, the Company has in negotiation with an independent third party on a possible sale of solar energy generation business. In this regard, assets and liabilities of solar energy generation business was reclassified as held for sale at the end of the reporting period.

The results and cash flows of the discontinued operation (solar energy generation) included in the consolidated statement of comprehensive income and the consolidated statement of cash flows are set out below:

	<b>From 1 June 2011 to 31 March 2012 HK\$'000</b>	2011 HK\$'000
<b>Loss for the period from discontinued operation</b>		
Revenue and other revenue	17	–
Expenses	<u>(4,608)</u>	<u>–</u>
Loss before taxation	(4,591)	–
Income tax expenses	<u>–</u>	<u>–</u>
Loss for the period from discontinued operation	<u>(4,591)</u>	<u>–</u>
<b>Cash flows from discontinued operation</b>		
Net cash inflows from operation activities	81,047	–
Net cash outflows from investing activities	(110,379)	–
Net cash inflows from financing activities	<u>31,370</u>	<u>–</u>
<b>Net cash inflows</b>	<u><u>2,038</u></u>	<u><u>–</u></u>

## 9. NON-CURRENT ASSETS HELD FOR SALE

	<b>2012 HK\$'000</b>
Assets related to the solar energy generation	171,843
Liabilities of the solar energy generation associated with assets classified as held for sale	<u>119,408</u>
Net assets of the solar energy generation business classified as held for sale	52,435
Reserve of the solar energy generation business classified as held for sale	<u><u>576</u></u>

*Note:* The major classes of assets and liabilities comprising the operations classified as held for sale at the date of reporting period are as follows:

	<b>2012</b> <i>HK\$'000</i>
Property, plant and equipment	906
Construction in progress	133,884
Goodwill	24,000
Prepayments, deposits and other receivable	10,509
Bank balances and cash	<u>2,544</u>
Assets related to the solar energy generation classified as held for sale	<u>171,843</u>
Accounts payables	95,282
Accrued liabilities and other payable	3,524
Other loan ( <i>Note</i> )	<u>20,602</u>
Liabilities of the solar energy generation business associated with assets classified as held for sale	<u>119,408</u>
Net assets of the solar energy generation business classified as held for sale	<u><u>52,435</u></u>
Exchange reserve	<u>576</u>
Reserve of the solar energy generation classified as held for sale	<u><u>576</u></u>

*Note:* Other loan of amounting to HK\$7,402,000 is interest bearing on 1% per annum, unsecured and repayable on demand.

Other loan of amounting to HK\$9,006,000 is interest bearing on 6.56% per annum, unsecured and repayable on demand.

Other loan of amounting to HK\$4,194,000 is interest free, unsecured and repayable on demand.

## 10. LOSS PER SHARE

### From continuing and discontinued operations

The calculation of the basic and diluted loss per share from continuing and discontinued operations attributable to the ordinary equity holders of the Company is based on the following data:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Loss</b>		
Loss for the purpose of basic and diluted loss per share	<u>49,691</u>	<u>36,352</u>
	2012	2011
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	871,247,963	647,712,072
Effect of dilutive potential ordinary shares: Warrants issued by the Company	<u>(163,929,619)</u>	<u>(108,962,155)</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u>707,318,344</u>	<u>538,749,917</u>

### From continuing operations

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Loss for the year attributable to the equity holders of the Company	49,691	36,352
Less: Loss for the year attributable to the equity holder of the Company from discontinued operation	<u>4,591</u>	<u>—</u>
Loss for the purpose of basic loss per share from continuing operations	<u>45,100</u>	<u>36,352</u>

### From discontinued operation

Basic loss per share from discontinued operation is HK0.53 cents per share (2011: N/A), based on the loss for the year from the discontinued operation of approximately HK\$4,591,000 (2011: N/A) and the denominators detailed above for basic loss per share.

Diluted loss per share from discontinued operation is HK0.65 cents per share (2011: N/A), based on the loss for the year from discontinued operation of approximately HK\$4,591,000 (2011: N/A) and weighted average number of ordinary shares for the purpose of diluted loss per share.

## 11. GOODWILL

	<b>Solar energy generation</b> <i>HK\$'000</i>	<b>Power system integration business</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>COST</b>			
At 1 April 2011	–	–	–
Acquisition of subsidiaries	24,000	235,999	259,999
Reclassified as held for sale	(24,000)	–	(24,000)
	<hr/>	<hr/>	<hr/>
At 31 March 2012	–	235,999	235,999
	<hr/>	<hr/>	<hr/>
<b>IMPAIRMENT</b>			
At 1 April 2011	–	–	–
Impairment loss recognized for the year	–	–	–
	<hr/>	<hr/>	<hr/>
At 31 March 2012	–	–	–
	<hr/>	<hr/>	<hr/>
<b>CARRYING VALUES</b>			
At 31 March 2012	–	235,999	235,999
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

During the year, the goodwill arising from acquisition of subsidiaries, China Technology Solar Power Holdings Limited, a company incorporated in the British Virgin Islands and its subsidiaries is approximately HK\$259,999,000.

The recoverable amounts of cash generating units (“CGUs”) are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

During the year ended 31 March 2012, the Group did not recognized any impairment loss (2011: Nil) in relation to goodwill arising on acquisition of subsidiaries.

The key assumption used for cash flow projections for the solar energy generation business and power system integration business are as follows:

**(a) Solar energy generation**

	<b>Year</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Growth rate	100%	–	–	–	–
Discount rate	9.01%	9.01%	9.01%	9.01%	9.01%

For solar energy generation business, the management considered that growth rate is restricted by the total power generated from the system, so that upon the reach of maximum power generated capacity of the system, the estimated growth rate will be remain unchanged.

**(b) Power system integration business**

	<b>Year</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Growth rate	100%	560%	(280%)	(38%)	(48%)
Discount rate	9.43%	9.43%	9.43%	9.43%	9.43%

For power system integration business, the management estimated the growth rate by reference to the project being under negotiation and the estimated project revenue.

**12. INVENTORIES**

	<b>2012</b>	2011
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Merchandise for re-sale	<b>10,049</b>	11,066
Spare parts	<b>2,676</b>	3,837
	<b>12,725</b>	14,903
Less: Provision for slow moving and obsolete inventories	<b>(3,500)</b>	(3,500)
	<b><u>9,225</u></b>	<u>11,403</u>



### 13. ACCOUNTS RECEIVABLES

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Accounts receivables	<b>12,986</b>	13,979
Less: Allowance for doubtful debts	<u>(4,774)</u>	<u>(4,771)</u>
	<b><u>8,212</u></b>	<b><u>9,208</u></b>

The majority of the Group's sales are on open account in accordance with terms specified in the contracts governing relevant transactions. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

At 31 March 2012 the ageing analysis of the Group's accounts receivables was as follows:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Current to 60 days	<b>3,516</b>	3,265
61 – 90 days	<b>1,284</b>	3,399
Over 90 days	<u><b>8,186</b></u>	<u>7,315</u>
	<b>12,986</b>	13,979
Less: Allowance for doubtful debts	<u>(4,774)</u>	<u>(4,771)</u>
	<b><u>8,212</u></b>	<b><u>9,208</u></b>

As at 31 March 2012, the top five customers accounted for 41.44% (2011: 51.39%) of the Group's accounts receivables. The overdue but not impaired balances are approximately HK\$3,412,000 (2011: HK\$2,544,000).

Movement in the allowance for doubtful debts:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Balance at the beginning of the year	<b>4,771</b>	3,768
Impairment loss recognized on accounts receivables	–	1,000
Exchange adjustment	<u>3</u>	<u>3</u>
	<b><u>4,774</u></b>	<b><u>4,771</u></b>

At 31 March 2012 and 2011, the analysis of accounts receivables that were past due but not impaired are as follows:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Over 90 days	<u><b>3,412</b></u>	<u>2,544</u>

Accounts receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Accounts 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, management believes that no impairment allowance 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 over these balances.

#### 14. HELD-TO-MATURITY FINANCIAL ASSETS

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
The movement in held-to-maturity investments is summarized as follow:		
At the beginning of the year	–	–
Additions	<u><b>11,103</b></u>	<u>–</u>
At the end of the year	<u><b>11,103</b></u>	<u>–</u>

#### 15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are comprised of:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Unlisted investment, at cost	<b>190</b>	190
Unlisted investment fund, at cost	<u><b>10,610</b></u>	<u>–</u>
	<b>10,800</b>	190
Less: Impairment loss	<u><b>(190)</b></u>	<u>(190)</u>
At 31 March	<u><b>10,610</b></u>	<u>–</u>
Analysed for:		
Non-current assets	–	–
Current assets	<u><b>10,610</b></u>	<u>–</u>
	<u><b>10,610</b></u>	<u>–</u>

## 16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Listed securities held for trading:		
Market value of equity securities listed in New York		
Cost	24,250	24,250
Change in fair value	<u>(17,862)</u>	<u>(5,879)</u>
31 March	<u><b>6,388</b></u>	<u><b>18,371</b></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. ACCOUNTS PAYABLES

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Accounts payables	<u><b>3,438</b></u>	<u><b>1,991</b></u>

At 31 March 2012, the ageing analysis of the Group's accounts payables was as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Current to 60 days	3,425	1,967
61 – 90 days	–	–
Over 90 days	<u>13</u>	<u>24</u>
	<u><b>3,438</b></u>	<u><b>1,991</b></u>

## 18. OTHER PAYABLES AND ACCRUALS

Included in other payables and accruals, there are amounts due to executive directors, Mr. Hou Hsiao Wen, Mr. Hou Hsiao Bing and Mr. Chiu Tung Ping, the amounts are HK\$700,000 (2011: HK\$700,000), HK\$1,903,000 (2011: Nil) and HK\$29,000,000 (2011: Nil) respectively. The amounts are unsecured, interest free and have no fixed repayment terms.

There are amount due to Dynatek Limited and Good Million Investments Limited amounting to HK\$300,000 (2011: Nil) and HK\$8,200,000 (2011: Nil) respectively. The amounts are unsecured, interest free and have no fixed repayment terms.

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

Mr. Chiu Tung Ping and Ms. Yuen Hing Lan held interest in Good Million Investments Limited.

## 19. OTHER LOAN

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Other loan ( <i>note a</i> )	<u>7,168</u>	<u>–</u>

- (a) Other loan amounting to HK\$6,168,000 is interest bearing at a range of 24%-30% per annum, unsecured and repayable on demand.

Other loan amounting to HK\$1,000,000 is interest bearing on 1% per annum, unsecured and repayable on demand.

Borrowings are repayable as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
On demand or within one year	7,168	–
Less: Amount shown under non-current liabilities	<u>–</u>	<u>–</u>
Amount shown under current liabilities	<u>7,168</u>	<u>–</u>

## 20. CONVERTIBLE BONDS

### (a) Zero-Coupon Bonds due 2011

On 5 November 2010, the Company issued the Bonds due on 5 November 2011 with a principal amount of HK\$26,000,000, which is interest free, as a general working capital for the Company's business expansion. The Bonds are convertible into fully paid ordinary shares with a conversion price of HK\$0.5 per conversion share.

Upon full conversion of the Bonds at the conversion price of HK\$0.5 per ordinary share of the Company, a total of 52,000,000 new ordinary shares, as at 31 March 2010 and 2011, would be issued by the Company upon the exercise of the conversion rights attached to the Bonds. The Company shall redeem any convertible bonds which remain outstanding on the maturity date at its principal amount.

During the year, the Company redeemed the Bonds totaling HK\$26,000,000 (the "Redemption").

The convertible bonds contain liability and equity components. The effective interest rate of the liability component is 9.8652% per annum. The equity component is presented under the equity heading of "convertible bonds reserve".

The fair value of the liability component of the convertible bonds at the issue date was valued by an independent 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.

The Redemption resulted in a decrease of HK\$2,387,000 in the convertible bonds reserve.

The movement of the liability component of the convertible bonds for the year is set out below:

	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Balance at the beginning of the year	<b>24,540</b>	–
Nominal value of convertible bonds issued	–	26,000
Equity component	–	(2,387)
	<hr/>	<hr/>
Liability component at the issuance date	<b>24,540</b>	23,613
Imputed finance costs ( <i>note 5</i> )	<b>1,460</b>	927
Convertible bonds redemption	<b>(26,000)</b>	–
	<hr/>	<hr/>
Carrying amount at the end of the year	<b>–</b>	<b>24,540</b>
	<hr/> <hr/>	<hr/> <hr/>

**(b) 2011 Convertible bonds (“2011 CB”)**

On 1 June 2011 (“Issue Date”), the Company issued the ten-year zero coupon convertible bonds at par with a nominal value of HK\$163,100,000 to the vendor, in acquiring of the entire issued share capital of CTSP (BVI) and its subsidiaries. The convertible bonds are denominated in Hong Kong dollars. The bonds entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the bonds and their settlement date on 1 June 2021 (“Maturity Date”) at a conversion price of HK\$0.5 per share. If the bonds have not been converted, they will be redeemed on Maturity Date at par.

The 2011 CB was divided into Tranche I Convertible bonds (“Tranche I CB”) and Tranche II Convertible bonds (“Tranche II CB”) of HK\$113,000,000 and HK\$50,000,000 respectively. For Tranche I CB, the CB holders are not subject to any restriction for exercising the conversion of Tranche I CB into share. For Tranche II CB, the amount should be subject to change in restrict to a profit guarantee made by the vendor to the Company. Refer to a supplementary agreement made between the vendor and the Company on 30 January 2012, the amount of profit guarantee was increased to HK\$40,000,000 and the guarantee period was extended to 30 September 2012. In the event that the profit guarantee could not be achieved, the principal amount of the Tranche II CB will be adjusted to HK\$Nil if the profit guarantee is equivalent to or less than HK\$15,000,000 or a loss.

The Tranche II CB shall be held under escrow pursuant to an escrow agent agreement to be executed by the Company and the vendor for the purpose of effectuating the downward adjustment of consideration in the event that the target profit could not be achieved.

During the year ended 31 March 2012, Tranche I CB with a nominal value of HK\$12,000,000 were converted by the bondholders into 24,000,000 ordinary shares at a conversion price of HK\$0.5 per ordinary share.

The 2011 CB contain liability and equity components. The effective interest rate of the liability component is 11.844% per annum. The equity component is presented under the equity heading of “convertible bonds reserve”.

The fair value of the liability component of the convertible bonds at the issue date was valued by an independent 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.

	<b>Tranche I</b> <i>HK\$'000</i>	<b>Tranche II</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Equity component of convertible bonds issued	83,157	36,762	119,919
Deferred tax liabilities arising from the issuance of convertible bonds	(13,721)	(6,066)	(19,787)
Release on conversion to ordinary shares	(8,880)	–	(8,880)
Release of deferred tax liabilities on exercise of convertible bonds	515	–	515
	<u>61,071</u>	<u>30,696</u>	<u>91,767</u>
Liability component at the issuance date	29,943	13,238	43,181
Imputed finance costs ( <i>note 5</i> )	3,318	1,466	4,784
Release on conversion to ordinary shares	(3,120)	–	(3,120)
Carrying amount at the end of the year	<u><u>30,141</u></u>	<u><u>14,704</u></u>	<u><u>44,845</u></u>

## 21. SHARE CAPITAL

	<b>Authorized</b>	
	<b>Ordinary shares of HK\$0.1 each</b>	
	<i>No. of shares</i>	<i>HK\$'000</i>
At 1 April 2010, 31 March 2011 and at 1 April 2011	1,000,000,000	100,000
Increase in authorized ordinary shares	<u>1,500,000,000</u>	<u>150,000</u>
At 31 March 2012	<u><u>2,500,000,000</u></u>	<u><u>250,000</u></u>

At an ordinary resolutions passed on 31 May 2011, the authorized share capital of the Company was increased to HK\$250,000,000 by the creation of an additional 1,500,000,000 ordinary shares of HK\$0.1 each.

	<b>Issued and fully paid</b>	
	<b>Ordinary shares of HK\$0.1 each</b>	
	<i>No. of shares</i>	<i>HK\$'000</i>
At 1 April 2010	543,792,072	54,379
Shares issued pursuant to placing and subscription agreement	187,000,000	18,700
Shares issued pursuant to exercise of share options	<u>6,400,000</u>	<u>640</u>
At 31 March 2011 and at 1 April 2011	737,192,072	73,719
Shares issued pursuant to acquisition of subsidiaries	133,000,000	13,300
Shares issued pursuant to placing and subscription agreement	32,400,000	3,240
Shares issued pursuant to exercise of convertible bonds	<u>24,000,000</u>	<u>2,400</u>
At 31 March 2012	<u><u>926,592,072</u></u>	<u><u>92,659</u></u>

During the year, the movements in share capital were as follows:

**(a) Shares issued for acquisition of subsidiaries**

On 1 June 2011, the Company acquired 100% of the equity interest in CTSP (BVI) by the issuance and allotment of 133,000,000 consideration shares of the Company, issuance of the Tranche I & Tranche II convertible bonds with nominal value of HK\$113,100,000 and HK\$50,000,000 respectively and cash amounted to HK\$62,400,000. The fair value of the shares issued at the date of acquisition amounted to HK\$54,530,000. An amount of HK\$41,230,000 representing the excess of the fair value over the nominal value of the shares issued of HK\$13,300,000 has been included in share premium account.

**(b) Issuance of new shares**

On 12 and 14 December 2011, pursuant to the Top-up Placing Agreements and the Subscription Agreement, 32,400,000 placing shares of HK\$0.3 each was issued, for cash. The total proceeds and net proceeds from the placing of shares, after deducting all related expenses, were approximately HK\$9,720,000 and HK\$8,958,000 respectively. The Company has utilized the net proceed for providing general working capital for the Company's business expansion.

**(c) Shares issued on exercise of convertible bonds**

During the year, Tranche I convertible bonds with an aggregate principal amount of HK\$12,000,000 were converted into 24,000,000 ordinary shares of HK\$0.1 each in the Company at the conversion price of HK\$0.5 per share.

All new ordinary shares rank pari passu in all respects with other ordinary shares in issue.

**Issuance of Unlisted Warrants**

On 23 December 2009, 100,000,000 unlisted warrants of HK\$0.1 each for cash had been issued. The total proceeds and net proceeds from the placing of warrants, after deducting all related expenses, were approximately HK\$10,000,000 and HK\$9,680,000. The Company has utilized the net proceed as general working capital. During the year, no warrant was exercised.

**Share Options**

- (a) Under a share option scheme approved and adopted by the shareholders on 13 December 2000 (the "Share Option Scheme"), the directors of the Company may, at their discretion, invite full-time employees including executive directors to take up options to subscribe for shares in the Company representing up to a maximum of 30% of the shares in issue from time to time (excluding shares issued up on the exercise of options granted under the share option scheme).
- (b) On 13 December 2000, Pre-IPO share options (the "Pre-IPO share options") were granted to certain directors of the Company and employees of the Group, respectively under the Share Option Scheme to subscribe for the shares of the Company. The exercise prices of these share options range from HK\$0.2 to HK\$0.4 per share. All options are only exercisable to the extent of an aggregate total of 25 per cent., 50 per cent., 75 per cent. and 100 per cent. of the Pre-IPO Share Options in each of the first to fourth anniversaries of the commencement of the trading of the shares of the Company on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, respectively. These options have a life of 10 years from the date on which the grant was made.

- (c) During the year, no options were exercised under the Share Option Scheme (2011: 6,400,000) and there was no options granted under the Share Option Scheme for the year ended 31 March 2012 and 31 March 2011 respectively. In addition, there was no options were lapsed upon resignation of the relevant employees of the Group (2011: Nil). As at 31 March 2012, no option to subscribe for Nil (2011: Nil) shares of the Company was outstanding.
- (d) The Company has adopted a new share option scheme (“New Scheme”) and terminated the Share Option Scheme by shareholders’ resolutions passed at its Annual General Meeting held on 30 July 2004. The New Scheme became effective on 30 July 2004. Upon the termination of the Share Option Scheme on 30 July 2004, no further options may be offered under the Share Option Scheme but the Share Option Scheme would in all respects remain in force to the extent necessary to give effect to the exercise of the outstanding Pre-IPO Share Options granted under it prior to its termination. The outstanding Pre-IPO Share Options will continue to be valid and exercisable in accordance with the provisions of the Share Option Scheme. No option shares have been granted under the New Scheme to any person since its adoption.

## 22. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

### Acquisition of subsidiaries

On 13 December 2010, the Group entered into the acquisition agreements to acquire the entire issued share capital in the China Technology Solar Power Holdings Limited (“CTSP (BVI)”) and its subsidiaries for consideration of HK\$280,030,000 (“Acquisition”). The acquisition was completed on 1 June 2011.

CTSP (BVI) and its subsidiaries is principally engaged in solar energy generation and related power system integration business in the PRC.

The Acquisition has been accounted for using the purchase method.

Assets and liabilities recognized at the date of acquisition:

The assets and liabilities of CTSP (BVI) recognized at the date of acquisition, and goodwill arising, are as follows:

	<b>Fair value</b> <i>HK\$'000</i>
<b>Non-current assets</b>	
Property, plant and equipment	586
Construction in progress	23,334
<b>Current assets</b>	
Trade and other receivables	2,106
Cash and cash equivalents	609
<b>Current liabilities</b>	
Trade and other payables	4,205
Other loan	2,399
	<hr/>
	<b>20,031</b>
	<hr/> <hr/>



The fair value of trade and other receivables amounted to HK\$2,106,000, representing the gross contractual amounts at the date of acquisition. The best estimate at acquisition date of the contractual cash flows not expected to be collected is nil.

Acquisition related costs amounting to approximately HK\$4,784,000 in 2012 have been excluded from the consideration transferred and have been recognized as an expenses, within the administrative expenses in the consolidated statement of comprehensive income.

**Goodwill arising on acquisition**

	<i>HK\$'000</i>
Consideration transferred	280,030
Less: Fair value of identifiable net assets acquired	<u>(20,031)</u>
	<u><u>259,999</u></u>

The amount of goodwill arising as a result of the Acquisition was approximately HK\$259,999,000. Goodwill arose on the acquisition of CTSP (BVI) because the cost of combination included a control premium and the assembled workforce of CTSP (BVI). In additions, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development of the solar power energy and system integration. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

**Net cash outflow arising on acquisition of CTSP (BVI)**

	<i>HK\$'000</i>
Consideration paid in cash	62,400
Less: Cash and cash equivalents acquired	<u>(609)</u>
Net cash outflows on acquisition of subsidiaries	<u><u>61,791</u></u>

## **BUSINESS REVIEW**

The Group is principally engaged in (i) sales of self-service automatic teller machine (“**ATM**”) systems and printing systems, (ii) provision of hardware and software technical support services, (iii) solar energy generation, and (iv) power system integration business in the People’s Republic of China (“**PRC**” or “**China**”) during the year ended 31 March 2012.

The Group’s revenue from continuing operations amounted to approximately HK\$31.9 million for the year ended 31 March 2012, representing a slight increase of approximately 0.2 per cent. compared with approximately HK\$31.9 million recorded for the financial year ended 31 March 2011.

The Group’s gross profit margin was approximately 23.6 per cent. in the financial year ended 31 March 2012, compared to approximately 26.5 per cent. in the financial year ended 31 March 2011. The decrease in the gross profit margin was mainly as a result of the fierce competition in the PRC market.

The Group recorded a loss attributable to equity holders of the Company amounting to approximately HK\$49.7 million for the year ended 31 March 2012 (2011: loss attributable to equity holders of the Company of approximately HK\$36.4 million), mainly as a result of the increase in the loss of approximately HK\$6.1 million arising from the change in fair value of financial assets at fair value through profit or loss, the recognition of the one-off professional expenses of approximately HK\$4.8 million arising from the acquisition of China Technology Solar Power Holdings Limited (“**CTSP (BVI)**”), a company incorporated in the British Virgin Islands with limited liability and the increase in the finance costs of approximately HK\$5.9 million. Please refer to the Management Discussion and Analysis section of this announcement for details.

Basic loss per share from continuing and discontinued operations was approximately HK5.70 cents for the year ended 31 March 2012, compared with the basic loss per share from continuing and discontinued operations of approximately HK5.61 cents for the year ended 31 March 2011.

## **ATM SYSTEMS AND PRINTING SYSTEMS OPERATION**

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

In respect of marketing and sales of self-service ATM systems and printing systems, as well as the provision of system maintenance and enhancement services to financial institutions, the Group maintained its position with new contracts clinched with Postal Savings Bank of China, Bank of Communications, Bank of Taizhou, Bank of Wenzhou, Bank of Yingkou, Rural Commercial Banks, Shanghai Pudong Development Bank, the Rural Credit Cooperatives of China, several branches of the China State Postal Bureau, the Ministry of Public Security of the PRC, and Huangshi G&D Wanda Security Card Ltd during the year under review.

The Group will fully commit itself to being one of the leading ATM total solution providers in the banking sector in the PRC and 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 our prudent and experienced management and our strong and determined workforce, the Group, by keeping on boosting its marketing effort in the PRC to bring in new customers, will strive to maintain and expand its operations further, thus expanding our market share while at the same time bringing greater return to our shareholders.

## **SOLAR ENERGY GENERATION AND POWER SYSTEM INTEGRATION OPERATION**

The Group has completed the acquisition of CTSP (BVI) on 1 June 2011. CTSP (BVI) and its subsidiaries (“**Solar Business Sub-Group**”) are principally engaged in (i) solar energy generation and (ii) related power system integration business in the PRC. The acquisition is an opportunity for the Company to diversify its scope of business and to enter into the new energy industry, so as to maximize the shareholders’ value.

### **Solar energy generation**

On 28 December 2011, 青海百科光電有限責任公司 (Qinghai Baike Solar Power Co., Ltd.) (“**Qinghai Baike**”), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Solar Business Sub-Group, has completed the construction of a 10MW solar photovoltaic power plant in 青海省格爾木東出口光伏園區 (unofficial English translation being Geermu East Exit Solar Power District, Qinghai province) (“**Qinghai Geermu Power Plant**”) and passed the grid integration inspection tests with the consent of 青海省電力公司 (unofficial English translation being Qinghai Province Electric Company). On 30 December 2011, Qinghai Baike has received the notification from 青海省發展和改革委員會 (unofficial English translation being Qinghai Province Development and Reform Committee) (“**Committee**”) that the Qinghai Geermu Power Plant has passed the inspection test of the Committee, and has conformed with the normal operation requirements for, and has officially commenced, grid integrated power generation. Pursuant to the relevant regulations of the PRC, from the date of commercial operation of the Qinghai Geermu Power Plant, the unit selling price of electricity shall be set at RMB1.15/KWh (inclusive of tax).

Notwithstanding that the Solar Business Sub-Group has a satisfactory progress in the construction of solar photovoltaic power plant, having taken into account of the capital expenditure required for the future construction and development of solar energy generation business, the Company is considering to concentrate its resources to develop the system integration business as mentioned below. If the opportunity arises, the Company may consider to dispose of the solar energy generation business for a cash consideration, so that the cashflow of the Group could be improved and the Group is able to concentrate its resources for the system integration business.

Nonetheless, the Group may set up solar photovoltaic power stations in the future depending on the actual condition of review, business development and the approvals by government authorities.

### **Power system integration business**

As the new energy industry such as solar photovoltaic power stations and biomass energy power stations are emerging in the PRC, the need for system integration services grows accordingly. As the contracting parties in the 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 are still in the process of obtaining the necessary licenses from the respective government authorities, the Solar Business Sub-Group has not yet commenced such system integration services.

### **FUND RAISING EXERCISE**

During the year ended 31 March 2012, the Company has successfully raised an aggregate of approximately HK\$8.9 million from the market through placement of shares of the Company. The funds raised have enhanced the capital base of the Company and provided strong resource for the Group to expand its core businesses and to explore new business opportunities in the future.

### **DIVIDEND**

The Board does not recommend the payment of a dividend for the financial year ended 31 March 2012 (2011: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

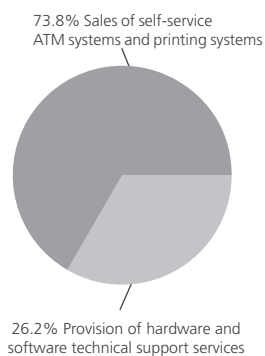
### REVENUE

During the year ended 31 March 2012, the Group is principally engaged in (i) sales of self-service ATM systems and printing systems; (ii) provision of hardware and software technical support services; (iii) solar energy generation; and (iv) power system integration business in the PRC.

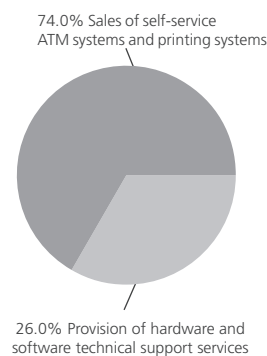
Revenues from continuing operations recognized during the year are as follows:

	<b>Financial year ended</b>	
	<b>31 March</b>	
	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>		
Sales of self-service ATM systems and printing systems	<b>23,566</b>	23,593
Provision of hardware and software technical support services	<b>8,372</b>	8,285
	<u><b>31,938</b></u>	<u>31,878</u>
<b>Other revenue</b>		
Government subsidy for business development	<b>144</b>	154
Bank interest income	<b>36</b>	55
Gain on trading in financial instrument	<b>478</b>	–
Others	<b>83</b>	96
	<u><b>741</b></u>	<u>305</u>
<b>Total revenue</b>	<u><b>32,679</b></u>	<u>32,183</u>

**Analysis of business segments  
for the financial year ended 31 March 2012**



**Analysis of business segments  
for the financial year ended 31 March 2011**



## **IMPLEMENTATION OF SELF-SERVICE ATM SYSTEMS AND PRINTING SYSTEMS**

During the financial year ended 31 March 2012, implementation of self-service ATM systems and printing systems (including the provision of technical consultancy and support services) remained the Group's core business and accounted for 100.0 per cent. (2011: 100.0 per cent.) of the Group's revenue from the sales of goods and rendering of services.

The revenue generated from the implementation of self-service ATM systems and printing systems (including the provision of technical consultancy and support services) remained steady and recorded approximately HK\$31.9 million in the financial year ended 31 March 2012, representing a slight increase of approximately 0.2 per cent. compared with the previous financial year.

## **PROVISION OF TECHNICAL CONSULTANCY AND SUPPORT SERVICES**

The provision of technical consultancy and support services, which were already included in the implementation of self-service ATM systems and printing systems, contributed to a stable and recurrent source of income for the Group and accounted for approximately 26.2 per cent. (2011: approximately 26.0 per cent.) of the total revenue from the sales of goods and rendering of services for the financial year ended 31 March 2012. Income derived from the provision of technical consultancy and support services during the financial year ended 31 March 2012 increased by approximately 1.1 per cent., as compared with that of the previous financial year.

As an authorised 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 fully committed itself as a reliable and reputable vendor and a total solution provider for self-service ATM systems and printing systems. With China's entry into the World Trade Organisation, more banks and postal bureaus in the PRC will need to offer additional services and expand their branch networks to compete with international facilities in order to operate in the market. They have to gear up to improve their information technology infrastructure and operating efficiency, so as to consolidate and strengthen their respective market standing. The Group believes that demand for the implementation of self-service ATM systems and printing systems will continue to grow in China, especially with China's steady economic growth.

By having ATM service centers established in major cities in China including Shaoxing, Taicang, Taiyuan, Shanghai, Beijing, Hefei, Wenzhou, Yiwu, Chongqing, Wuxi, Changshu, Jinhua, Yingkou, Yancheng, Datong, Yangzhou, Xuzhou, Huzhou, Lvliang, Quzhou and Huaian, the Group has ATM service centers covering a total of 21 strategic cities and locations currently.

Leveraging on its sales network and existing clientele, the Group aims to secure higher renewal rates upon the expiry of the existing contracts.

## **SOLAR ENERGY GENERATION AND POWER SYSTEM INTEGRATION OPERATION**

The Group has completed the acquisition of CTSP (BVI) on 1 June 2011. The Solar Business Sub-Group is principally engaged in (i) solar energy generation and (ii) related power system integration business in the PRC. The acquisition is an opportunity for the Company to diversify its scope of business and to enter into the new energy industry, so as to maximize the shareholders' value.

### **Solar energy generation**

During the year ended 31 March 2012, the Group did not have income generated from solar energy generation (2011: Nil).

The progress of the construction of solar photovoltaic power plant by the Solar Business Sub-Group is set out in the section headed "Business review" above.

Notwithstanding that the Solar Business Sub-Group has a satisfactory progress in the construction of solar photovoltaic power plant, having taken into account of the capital expenditure required for the future construction and development of solar energy generation business, the Company is considering to concentrate its resources to develop the system integration business as mentioned below. If the opportunity arises, the Company may consider to dispose of the solar energy generation business for a cash consideration, so that the cashflow of the Group could be improved and the Group is able to concentrate its resources for the system integration business.

As the Company is considering to dispose of the solar energy generation business, assets and liabilities of solar energy generation business was reclassified as held for sale at the end of the reporting period and the results and cash flows of the solar energy generation are presented as discontinued operations in the consolidated statement of comprehensive income and the consolidated statement of cash flows of the Group.

### **Power system integration business**

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

As mentioned in the circular dated 16 May 2011, the Group has secured and signed two agreements for the provision of one-off service on system integration services for biomass energy, thermal power and solar energy generation companies and projects. As the contracting parties in the two agreements were in the process of obtaining the necessary licenses from the respective government authorities during the year ended 31 March 2012, the Group had not commenced such system integration services and did not have income generated from the power system integration business during the year under review (2011: Nil).

## **SELLING EXPENSES FROM CONTINUING OPERATIONS**

Selling expenses from continuing operations incurred by the Group for the year ended 31 March 2012 amounted to approximately HK\$3.3 million (2011: approximately HK\$6.0 million), representing a decrease of approximately 44.6 per cent. as a result of the Group's policy on cost control.

## **ADMINISTRATIVE EXPENSES FROM CONTINUING OPERATIONS**

Administrative expenses from continuing operations incurred by the Group for the financial year ended 31 March 2012 amounted to approximately HK\$31.5 million (2011: approximately HK\$21.6 million), representing an increase of approximately 45.5 per cent, mainly as a result of the recognition of the one-off professional expenses of approximately HK\$4.8 million arising from the acquisition of CTSP (BVI).

Staff costs from continuing operations (including Directors' emoluments and research and development costs) which were included in both selling expenses and administrative expenses decreased by approximately 15.5 per cent. to approximately HK\$11.0 million (2011: approximately HK\$13.0 million). As at 31 March 2012, the Group employed 12 and 94 staff in Hong Kong and the PRC respectively (2011: 14 in Hong Kong and 96 in the PRC).

Operating leases for land and building from continuing operations decreased by approximately 12.1 per cent. to approximately HK\$2.0 million (2011: approximately HK\$2.3 million) mainly because of the decrease in the number of service centers from 25 in last year to 21 in the current year.

The Group had not further provided for any impairment loss on accounts receivables during the year ended 31 March 2012 (2011: HK\$1.0 million).

The Group had not further provided for obsolete inventories during the year ended 31 March 2012 (2011: HK\$1.5 million).

Depreciation expenses increased to approximately HK\$0.9 million as compared to that of last financial year (2011: approximately HK\$0.5 million) due to depreciation of leasehold improvement at certain representative offices during the year under review.



## FINANCE COSTS FROM CONTINUING OPERATIONS

During the financial year ended 31 March 2012, the Group has incurred the following finance costs from continuing operations:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Imputed finance costs on convertible bonds	6,244	927
Interest on bank overdraft	–	1
Interest on other loan	558	–
	<u>6,802</u>	<u>928</u>

## INCOME TAX EXPENSES FROM CONTINUING OPERATIONS

The Group has an income tax credit from continuing operations for the financial year ended 31 March 2012 of approximately HK\$219,000 (2011: income tax expenses of approximately HK\$379,000) primarily due to an overprovision of taxation in last year, which was reversed in the current year.

## GOODWILL

Goodwill arising from the acquisition of a subsidiary, CTSP (BVI), is approximately HK\$259,999,000.

After the completion of the acquisition of CTSP (BVI), CTSP (BVI) has become a cash generating unit (“CGU”) to the Group. The recoverable amounts of CGU are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year.

## LIQUIDITY, FINANCIAL RESOURCES AND TREASURY POLICIES

As at 31 March 2012, the Group had cash and bank balances amounting to a total of approximately HK\$3.8 million (2011: approximately HK\$43.2 million). The Group has no outstanding bank overdraft as at 31 March 2012 (31 March 2011: HK\$Nil).

The Group financed its operations by internally generated cash flow and proceeds from top-up placing of the shares of the Company during the year ended 31 March 2012.

Details of the fund raising activities of the Company are set out in the section headed “Fund Raising Exercises During The Year”.

## **CURRENT RATIO**

As at 31 March 2012, the Group's current ratio, represented by a ratio of current assets to current liabilities, was approximately 1.3 (2011: approximately 4.1).

## **GEARING RATIO**

As at 31 March 2012, the gearing ratio of the Group, based on total liabilities over total assets was approximately 52.7 per cent. (2011: approximately 25.2 per cent.).

## **DIRECTORS' OPINION ON SUFFICIENCY OF WORKING CAPITAL**

In view of the Group's financial and liquidity positions and in the absence of unforeseen circumstances, the Directors are of the opinion that the Group has sufficient working capital for its present requirements.

## **BANKING FACILITIES**

As at 31 March 2012, the Group has general banking facilities of HK\$100,000 which has been secured by personal guarantee executed by the directors of the Company.

The Group did not utilize general banking facilities (2011: HK\$Nil) as at 31 March 2012.

As at 31 March 2012, the Company did not have any banking facilities.

## **CHARGES ON ASSETS**

As of 31 March 2012, the Company and its subsidiaries pledged no asset to banks as security for bank loans and overdraft (2011: HK\$Nil).

## **CONTINGENT LIABILITIES**

As at 31 March 2012, the Group did not have any significant contingent liabilities.

## **EXPOSURE TO FOREIGN EXCHANGE RISK**

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

## **EMPLOYEES**

As at 31 March 2012, the Group employed 12 and 94 staff in Hong Kong and the PRC respectively (2011: 14 in Hong Kong and 96 in the PRC). The Group has developed its human resources policies and procedures based on performance and merit. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system.

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

## **SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES**

### **Acquisition of the Entire Issued Share Capital of China Technology Solar Power Holdings Limited (“CTSP (BVI)”)**

On 13 December 2010, City Max International Limited (“**City Max**”) (a wholly-owned subsidiary of the Company), the Company, Good Million Investments Limited (“**Good Million**”), Mr. Chiu Tung Ping and Ms. Yuen Hing Lan entered into an agreement for the acquisition of 2 ordinary shares of US\$1.00 each in the share capital of CTSP (BVI) by City Max at the consideration of HK\$292,000,000 (subject to adjustment) (“**Agreement**”).

The ordinary resolution for the approval of the Agreement and the transactions contemplated thereunder respectively was duly passed by the independent shareholders by way of poll at the extraordinary general meeting held on 31 May 2011.

On 1 June 2011, the Group has completed the acquisition of CTSP (BVI).

### **The Supplemental Agreement**

As the contracting parties in the 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 are still in the process of obtaining the necessary licenses from the respective government authorities, the Solar Business Sub-Group has not yet commenced such system integration services. As such, on 30 January 2012, City Max, Mr. Chiu Tung Ping, Ms. Yuen Hing Lan, Good Million and the Company entered into the supplemental agreement (“**Supplemental Agreement**”) to amend the amount of the target profit of CTSP (BVI), the financial period for calculating the target profit and the consideration adjustment mechanism.

Please refer to the circular of the Company dated 22 February 2012 for further details.

The ordinary resolution for the approval of the Supplemental Agreement and the transactions contemplated thereunder respectively was duly passed by the independent shareholders by way of poll at the extraordinary general meeting held on 12 March 2012.

## **POSSIBLE ACQUISITION AND ITS TERMINATION**

### **Memorandum of Understanding**

After trading hours on 22 June 2009, the Company entered into a non-legally binding memorandum of understanding (“**MOU**”) with (i) Max Success Group Limited, a company incorporated in the British Virgin Islands; (ii) Rus Energy Investment Group Ltd., a company incorporated in Hong Kong; and (iii) Mr. Qin Yun, a PRC national (together, the “**Vendors**”) in relation to the possible acquisition by the Company of China-Rus Energy Investment Limited (“**Target Company**”, together with its subsidiaries, the “**Target Group**”), which is principally engaged in the exploration of natural gas business in Russia (“**Possible Acquisition**”).

Pursuant to the MOU, the Company has paid to the Vendors a refundable deposit of US\$2,000,000 (“**Deposit**”) subject to the condition that the Company shall have successfully raised financing, through a placement of shares, of an amount exceeding US\$2,000,000. The Deposit shall be applied towards the final consideration, if the Possible Acquisition materializes.

### **Termination of the Very Substantial Acquisition**

On 18 January 2010, (i) Max Success Group Ltd, a company incorporated in the British Virgin Islands; (ii) Rus Energy Investment Group Limited, a company incorporated in Hong Kong (together with Max Success Group Ltd, the “**Sellers**”); and (iii) Mr. Qin Yun, a PRC national, as the guarantor (“**Guarantor**”); and (iv) Oceania City Investment Company Limited, a wholly-owned subsidiary of the Company (“**Purchaser**”), entered into the sale and purchase agreement (“**Agreement**”) regarding the sale and purchase of the entire issued capital of the Target Company.

Upon further due diligence review, it was revealed to the Company that the Sellers have committed various breaches of the Agreement which included but not limited to the making of false and misleading Sellers’ warranties and representations as to one of the exploration licenses for the Yuzhno-Berezovsky gas field located in the Olyekminsky Region of Sakha (Yakutia) Republic of the Russian Federation owned by the Target Group, which has been terminated by the relevant government authority in Russia on 1 January 2010 which was a date before the entering into the Agreement. As such, the Purchaser decided to terminate the Possible Acquisition and rescinded the Agreement with effect from 28 May 2010.

Under the Agreement, on rescission of the Agreement by the Purchaser, the Sellers shall within seven (7) business days refund the Deposit to the Purchaser.

## **Failure to refund the Deposit**

On 28 May 2010, a notice of termination (“**Termination Notice**”) was served to the Sellers for termination of the Agreement and the Sellers were demanded to repay the Deposit within seven (7) business days from the date of the Termination Notice.

The deadline for repayment of the Deposit fell on 8 June 2010 and the Company received no reply or payment from either the Sellers or the Guarantor.

The Group has commenced legal action under High Court Action No. 1153 of 2010 (“**HCA 1153 of 2010**”) against the Sellers and the Guarantor for, among others, the refund of the Deposit.

On 4 November 2011, the Group obtained summary judgment in HCA 1153 of 2010 against the defendants for the return of the sum of USD2,000,000.

Subsequent to the commencement of HCA 1153 of 2010, a writ of summons (“**Writ**”) dated 24 December 2010 taken out by the Sellers, the Guarantor and the Target Company (together as the “**Counterparties**”) from the Hong Kong High Court under High Court Action No. 1884 of 2010 (“**HCA 1884 of 2010**”) against (i) Hou Hsiao Bing, an executive Director; (ii) Hou Hsiao Wen, an executive Director; (iii) Feng Yu, an executive director of China Merchants Securities (HK) Co. Ltd.; and (iv) the Company has been served to the respective parties. According to the statement of claim enclosed in the Writ, the Counterparties alleged that, among others, there were misrepresentation, fraud and conspiracy during the material time of the Possible Acquisition. The Counterparties claim, among others, damages in the sum of US\$1,000,000 to China-Rus Energy Investment Group Limited and US\$6,000,000 for deceit and/or fraudulent misrepresentations alleged in the Writ.

On 1 March 2012, a consent order was granted by the Court with the consent of the Counterparties and the Company whereby the Counterparties shall discontinue the action under HCA 1884 of 2010 against the Company. The Company is no longer a party to the proceedings under HCA 1884 of 2010.

Please refer to the announcements of the Company dated 23 June 2009, 25 June 2009, 10 July 2009, 25 September 2009, 23 October 2009, 23 November 2009, 4 December 2009, 19 December 2009, 31 May 2010, 8 June 2010, 2 July 2010, 29 December 2010, 7 November 2011 and 6 March 2012 for further details of the Possible Acquisition, its termination, HCA 1153 of 2010 and HCA 1884 of 2010.

## **FUND RAISING EXERCISES DURING THE YEAR**

During the year ended 31 March 2012, the Company has successfully conducted one equity fund raising activity as follows:

### **Placing of existing shares and subscription for new shares under general mandate**

#### *The Top-up Placing Agreement*

Before the trading hours commenced on 6 December 2011, Mr. Hou Hsiao Bing (“**Vendor**”), a substantial shareholder and an executive Director, the Company and Yee On Securities Limited (“**Placing Agent**”) entered into a placing agreement (“**Top-up Placing Agreement**”) pursuant to which the Vendor has agreed to place, and the Placing Agent has agreed to procure not less than six placees, on a best effort basis, for the purchase of up to an aggregate of 89,000,000 placing shares at the placing price of HK\$0.30 per placing share.

#### *The Subscription Agreement*

Before the trading hours commenced on 6 December 2011, the Vendor and the Company entered into a subscription agreement (“**Subscription Agreement**”) pursuant to which the Vendor has agreed to subscribe for such number of subscription shares which is equivalent to the number of the placing shares placed by the Vendor, being a maximum number of 89,000,000 subscription shares, at the subscription price of HK\$0.30 per subscription share.

Completion of the Top-up Placing took place on 12 and 14 December 2011 where a total of 32,400,000 placing shares beneficially owned by the Vendor were placed to not less than six placees at HK\$0.30 per placing share.

All the conditions of the Subscription Agreement had been fulfilled and completion of the subscription took place on 16 December 2011 whereby 32,400,000 subscription shares were allotted and issued to the Vendor, at HK\$0.30 per subscription share. The Company received net proceeds of approximately HK\$8.9 million from the subscription.

Please refer to the announcements of the Company dated 6 December 2011 and 16 December 2011 for details.

## MOVEMENT OF WARRANTS

The Company has a total of 100,000,000 warrants outstanding at 31 March 2012 and its movement is as follows:

Date of issue	Outstanding at 1/4/2011	Issued during the year	Exercised/ lapsed during the year	Outstanding at 31/3/2012	Subscription period	Subscription price per share
23 December 2009	100,000,000	–	–	100,000,000	23 December 2009 to 22 December 2014	HK\$0.90

*Note:*

On 23 December 2009, the Company placed a total of 100,000,000 unlisted warrants to certain independent third parties at the subscription price of HK\$0.90 each. No warrants has been exercised during the year ended 31 March 2012.

## CORPORATE GOVERNANCE PRACTICES

The Board and the senior management of the Company are committed to the principles of corporate governance and have dedicated significant efforts to provide transparency, accountability and independence.

Prior to 28 March 2012, the Company has adopted the Code on Corporate Governance Practices as set out in the then prevailing Appendix 15 to the GEM Listing Rules as its own code of corporate governance. On 28 March 2012, the Company adopted the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules (with amendments to be effective on 1 April 2012) as its new code of corporate governance to replace the previous code.

In the opinion of the Board, the Company has complied with all code provisions as set out in the code of corporate governance during the year ended 31 March 2012 save and except that under Code Provision E.1.2, the chairman of the Board shall attend the annual general meeting of the Company. Due to other business commitment, Mr. Chiu Tung Ping, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 28 September 2011, and Mr. Hou Hsiao Bing, an executive Director, presided as the chairman of the Board at the annual general meeting.

## PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the financial year ended 31 March 2012. Neither the Company nor any of its subsidiaries purchased or sold any of the shares during the financial year ended 31 March 2012.

## AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors, including Mr. Tam Kam Biu, William as chairman, Mr. Zhou Jing and Mr. Yang Guocai. The audited consolidated financial statements of the Company for the year ended 31 March 2012 have been reviewed by the Audit Committee.

## AUDITORS

The audited financial statements of the Company for the year ended 31 March 2012 have been audited by W.H. Tang & Partners CPA Limited, who will retire and being eligible, offer themselves for reappointment as auditor at the forthcoming annual general meeting of the Company. There is no change to the auditors of the Company in the preceding 3 years.

On behalf of the Board

**Chiu Tung Ping**

*Chairman and executive Director*

Hong Kong, 22 June 2012

*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*

*Hou Hsiao Wen*

*Leung King Pak*

*Hu Xin*

*Independent non-executive Directors:*

*Tam Kam Biu, William*

*Zhou Jing*

*Yang Guocai*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication.*