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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.*

CTSP
中科光電

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

(Incorporated in the Cayman Islands with limited liability)

(stock code: 8111)

RESULTS ANNOUNCEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

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 profit attributable to equity holders of the Company for the financial year ended 31 March 2013 was approximately HK$0.6 million (the loss attributable to equity holders of the Company for the financial year ended 31 March 2012 was approximately HK$49.7 million).

The revenue of the Group from continuing operations for the financial year ended 31 March 2013 was approximately HK$52.3 million, representing an increase of approximately 63.9 per cent. as compared with approximately HK$31.9 million for the financial year ended 31 March 2012.

Gross profit margin of the Group was approximately 34.4 per cent. in the financial year ended 31 March 2013, as compared to approximately 23.6 per cent. in the financial year ended 31 March 2012.

Basic earnings per share from continuing and discontinued operations for the financial year ended 31 March 2013 was approximately HK0.06 cents (basic loss per share from continuing and discontinued operations for the financial year ended 31 March 2012 was approximately HK5.70 cents).

The Directors do not recommend the payment of a dividend for the financial year ended 31 March 2013 (2012: 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 2013, together with the comparative figures for the corresponding financial year ended 31 March 2012 and the relevant explanatory notes as set out below.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	Note	**2013** **HK$'000**	2012 HK$'000
Continuing operations			
Revenue	4	**52,349**	31,938
Cost of sales		**(34,330)**	(24,389)
Gross profit		**18,019**	7,549
Other revenue	4	**16,431**	741
Selling expenses		**(3,219)**	(3,344)
Change in fair value of financial assets at fair value through profit or loss		**(6,076)**	(11,983)
Administrative expenses		**(13,927)**	(31,480)
Finance costs	5	**(7,596)**	(6,802)
Profit (Loss) before taxation	6	**3,632**	(45,319)
Income tax expenses	7	**(46)**	219
Profit (Loss) for the year from continuing operations		**3,586**	(45,100)
Discontinued operation			
Loss for the year from discontinued operation	8	**(3,008)**	(4,591)
Profit (Loss) for the year		**578**	(49,691)
Other comprehensive income			
Exchange differences on translation of financial statements of overseas subsidiaries		**232**	2,326
Total comprehensive income (expenses) for the year		**810**	(47,365)
Profit (Loss) for the year attributable to:			
Equity holders of the Company		**578**	(49,691)
Total comprehensive income (expenses) attributable to:			
Equity holders of the Company		**810**	(47,365)
Dividend		**–**	–
Earnings (Loss) per share			
From continuing and discontinued operations			
– Basic	9	**0.06 cents**	(5.70 cents)
– Diluted	9	**N/A**	(7.03 cents)
From continuing operations			
– Basic	9	**0.39 cents**	(5.18 cents)
– Diluted	9	**N/A**	(6.38 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**855**	1,289
Available-for-sale financial assets		**–**	–
Goodwill	*10*	**235,999**	235,999
		236,854	237,288
Current assets			
Inventories	*11*	**7,276**	9,225
Accounts receivables	*12*	**20,817**	8,212
Other receivables, deposits and prepayments		**30,368**	3,076
Held-to-maturity financial assets	*13*	**–**	11,103
Available-for-sale financial assets		**–**	10,610
Financial assets at fair value through profit or loss	*14*	**312**	6,388
Bank balances and cash		**7,615**	3,849
		66,388	52,463
Assets classified as held for sale		**–**	171,843
		66,388	224,306
Current liabilities			
Accounts payables	*15*	**2,833**	3,438
Other payables and accruals	*16*	**12,557**	47,282
Other loan	*17*	**13,624**	7,168
Receipt in advance		**401**	322
Tax payable		**126**	–
		29,541	58,210
Liabilities associated with assets held for sale		**–**	119,408
		29,541	177,618
Net current assets		**36,847**	46,688
Total assets less current liabilities		**273,701**	283,976
Non-current liabilities			
Convertible bonds	*18*	**34,477**	44,845
Deferred tax liabilities		**14,534**	20,697
		49,011	65,542
Net assets		**224,690**	218,434
Capital and reserves			
Share capital		**92,659**	92,659
Reserves		**132,031**	125,775
Shareholders' funds		**224,690**	218,434

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
OPERATING ACTIVITIES			
Profit (Loss) before taxation			
Continuing operations		**3,632**	(45,319)
Discontinued operation		**(1,839)**	(4,591)
		1,793	(49,910)
Adjustment for:			
Depreciation		**4,460**	1,099
Interest income		**(45)**	(49)
Finance costs		**11,337**	7,308
Bad debts written off		**(607)**	–
Gain on cancellation of convertible bonds		**(15,844)**	–
Change in fair value of financial assets at fair value through profit or loss		**6,076**	11,983
Loss on disposal of subsidiaries		**4,407**	–
Operating cash flows before movements in working capital		**11,577**	(29,569)
Decrease in inventories		**1,949**	2,178
(Increase) Decrease in accounts receivables		**(32,941)**	1,089
(Increase) Decrease in other receivables, deposits and prepayments		**(52,518)**	36,880
Increase in accounts payables		**2,882**	92,968
(Decrease) Increase in other payables and accruals		**(6,867)**	45,872
Increase (Decrease) in receipt in advance		**78**	(171)
Cash (used in) from operations		**(75,840)**	149,247
Interest paid		**(2,723)**	(1,064)
Overseas taxation paid		**(1,189)**	(11)
NET CASH (USED IN) FROM OPERATING ACTIVITIES		**(79,752)**	148,172
INVESTING ACTIVITIES			
Interest received		**45**	49
Purchase of property, plant and equipment		**(38)**	(1,661)
Purchase of construction in progress		**–**	(109,885)
Net cash outflows on acquisition of subsidiaries		**–**	(61,791)
Net cash inflow on disposal of subsidiaries	*19*	**43,640**	–
Purchase of available-for-sale financial assets		**–**	(10,610)
Purchase of held-to-maturity financial assets		**–**	(11,103)
Sales proceeds of disposal of available-for-sale financial assets		**10,610**	–
Sales proceeds of disposal of held-to-maturity financial assets		**11,103**	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**65,360**	(195,001)
FINANCING ACTIVITIES			
Shares issued		**–**	3,240
Proceed from issue of equity shares		**–**	6,480
Transaction cost on issue of equity shares		**–**	(762)
Raised of other loan		**15,171**	25,370
Redemption of convertible bonds		**–**	(26,000)
NET CASH FROM FINANCING ACTIVITIES		**15,171**	8,328
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**779**	(38,501)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**6,393**	43,235
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**443**	1,659
CASH AND CASH EQUIVALENTS AT END OF YEAR		**7,615**	6,393
Represented by:			
Bank balances and cash		**7,615**	3,849
Cash and cash equivalents included in assets held for sale		**–**	2,544
		7,615	6,393

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Equity attributable to equity holders of the Company								
	Share capital	Share premium	Warrant reserve *(Note (a))*	Reserve arising from reorganization *(Note (b))*	Exchange reserve	Convertible bonds reserve	Retained profits (Deficit)	Discontinued operation	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2011	73,719	85,600	9,680	(24,317)	8,464	2,387	(56,989)	–	98,544
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 *(Note (d))*	–	–	–	–	–	119,919	–	–	119,919
Redemption of convertible bonds *(Note (c))*	–	–	–	–	–	(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 (expenses) for the year	–	–	–	–	2,326	–	(49,691)	–	(47,365)
At 31 March 2012 and at 1 April 2012	92,659	142,148	9,680	(24,317)	10,214	91,767	(104,293)	576	218,434
Cancellation of convertible bonds *(Note (e))*	-	-	-	-	-	(30,696)	30,696	-	-
Release of deferred tax liabilities on cancellation of convertible bonds	-	-	-	-	-	-	6,066	-	6,066
Transfer to discontinued operation	-	-	-	-	(44)	-	-	44	-
Disposal of a subsidiary	-	-	-	-	-	-	-	(620)	(620)
Total comprehensive income for the year	-	-	-	-	232	-	578	-	810
At 31 March 2013	92,659	142,148	9,680	(24,317)	10,402	61,071	(66,953)	-	224,690

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) In 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) On 6 November 2012, there is a cancellation of convertible bonds with a principal amount of HK$50,000,000. Equity component of the convertible bonds of approximately HK$30,696,000 was released to deficit.

(f) 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 2013

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 1801, 18/F., Kai Tak Commercial Building, 317 & 319 Des Voeux Road Central, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars, 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 amendments to HKFRSs issued by the HKICPA:

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets

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

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

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2009 – 2011 cycle[2]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
Amendment to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[3]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]
HK(IFRIC) – Int 21	Levies[3]

1 Effective for annual periods beginning on or after 1 July 2012.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2014.
4 Effective for annual periods beginning on or after 1 January 2015.

Amendments to HKFRS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income" introduce new terminology for the statement of comprehensive income. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and 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 items of other comprehensive income to be 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 do not change the option to present items of other comprehensive income either before tax or net of tax.

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 future accounting periods.

The Directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

Amendments to HKAS 32 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 offset of financial assets and financial liabilities requirements. 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 for financial for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for the Group for annual period beginning on or after 1 January 2013 and interim periods within those annual periods. However, the amendments to HKAS 32 are not effective for the Group until annual period beginning on or after 1 January 2014, with retrospective application required.

The Directors of the Company anticipate that the application of theses amendments does not have material impact to the amounts reported in the consolidated financial statements but results in more extensive disclosures in the consolidated financial statements.

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).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. HK(SIC) – Int 12 Consolidation – Special Purpose Entities will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, 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.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The Directors of the Company anticipate that the application of HKFRS 10, HKFRS 11 and HKFRS 12 will have no effect on the Group as there are no jointly controlled entities in the Group and the Company have control over all group companies under the existing standards.

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 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Under HKFRS 9, all recognized financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at either amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and entity investments are measured at their fair values at the end of subsequent accounting periods. In addition, an entity may make an irrevocable election to present changes in fair value of equity investments in other comprehensive income, with only dividend income recognized in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted. The application of HKFRS 9 might affect the measurement of the Group's financial assets. The management is still in the process of assessing the impact of the adoption of HKFRS 9.

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, 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 specific circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those required in the current standards.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The management anticipates that the applications of the new Standard does not have material impact to the amounts reported in the consolidated financial statements but results in more extensive disclosures in the consolidated financial statements.

Other than as disclosed above, the Directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. SEGMENT INFORMATION

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

The Group has internal reports about the sales of self-service automatic teller machine ("**ATM**") systems and printing systems, and the provision of hardware and software technical support services and solar energy generation and power system integration business in the People's Republic of China ("**PRC**") that are regularly reviewed by the executive Directors of the Company and accordingly, they are considered as four separate operating segments.

According to HKFRS 8, the Group's operating segments are as follows:

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 2013

	Continuing operations				Discontinued operation	
	Power system integration business *HK$'000*	Sales of goods *HK$'000*	Rendering of services *HK$'000*	Total *HK$'000*	Solar energy generation *HK$'000*	Consolidated *HK$'000*
Revenue from external customers	9,488	35,026	7,835	52,349	13,699	66,048
Segment result	6,738	406	1,175	8,319	6,326	14,645
Other revenue						16,714
Unallocated cost						(13,522)
Loss on disposal of a subsidiary					(4,707)	(4,707)
Profit from operations						13,130
Finance costs						(11,337)
Profit before taxation						1,793
Income tax expenses						(1,215)
Profit for the year						578

Year ended 31 March 2012

	Continuing operations				Discontinued operation	
	Power system integration business	Sales of goods	Rendering of services	Total	Solar energy generation	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	–	23,566	8,372	31,938	–	31,938
Segment result	–	910	(1,704)	(794)	(4,101)	(4,895)
Other revenue						758
Unallocated cost						(38,465)
Loss from operations						(42,602)
Finance costs						(7,308)
Loss before taxation						(49,910)
Income tax expenses						219
Loss for the year						(49,691)

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 2013

	Continuing operations				Discontinued operation	
	Power system integration business *HK$'000*	**Sales of goods** *HK$'000*	**Rendering of services** *HK$'000*	**Total** *HK$'000*	**Solar energy generation** *HK$'000*	**Consolidated** *HK$'000*
Segment assets	**247,575**	**47,346**	**6,670**	**301,591**	**–**	**301,591**
Property, plant and equipment (for corporate)						**157**
Other receivables, deposits and prepayments (for corporate)						**392**
Financial assets at fair value through profit or loss (for corporate)						**312**
Bank balances and cash (for corporate)						**790**
Consolidated assets						**303,242**
Segment liabilities	**2,427**	**10,074**	**1,363**	**13,864**	**–**	**13,864**
Other payables and accruals (for corporate)						**11,429**
Other loan (for corporate)						**5,576**
Convertible bonds (for corporate)						**34,477**
Deferred tax liabilities (for corporate)						**13,206**
Consolidated liabilities						**78,552**

Year ended 31 March 2012

	Continuing operations				Discontinued operation	
	Power system integration business	Sales of goods	Rendering of services	Total	Solar energy generation	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	235,999	35,688	10,705	282,392	171,843	454,235
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)						293
Consolidated assets						461,594
Segment liabilities	–	3,966	1,588	5,554	119,408	124,962
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)						19,272
Consolidated liabilities						243,160

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 2013

	Continuing operations				Discontinued operation	
	Power system integration business *HK$'000*	**Sales of goods** *HK$'000*	**Rendering of services** *HK$'000*	**Total** *HK$'000*	**Solar energy generation** *HK$'000*	**Consolidated** *HK$'000*
Additions to property, plant and equipment	**16**	**–**	**5**	**21**	**17**	**38**
Depreciation of property, plant and equipment	**–**	**67**	**335**	**402**	**4,003**	**4,405**
Bad debts written off	**–**	**197**	**391**	**588**	**19**	**607**

Year ended 31 March 2012

	Continuing operations				Discontinued operation	
	Power system integration business *HK$'000*	Sales of goods of *HK$'000*	Rendering services *HK$'000*	Total *HK$'000*	Solar energy generation *HK$'000*	Consolidated *HK$'000*
Additions to property, plant and equipment						
– arising from acquisition of subsidiaries	–	–	–	–	586	586
– other additions	–	325	837	1,162	499	1,661
Depreciation of property, plant and equipment	–	379	444	823	196	1,019

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:

	2013	2012
	HK$'000	*HK$'000*
Customer A – Sales of goods	**223**	619
Customer A – Rendering of services	**2,983**	3,535
Customer B – Sales of goods	**2,487**	5,906
Customer C – Rendering of services	**9,488**	–
Customer D – Sales of goods	**8,728**	276
Customer D – Rendering of services	**600**	1,153

4. REVENUE AND OTHER REVENUE

	Continuing operations		**Discontinued operation**		**Consolidated**	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue						
Sales of goods	**35,026**	23,566	**–**	–	**35,026**	23,566
Rendering of services	**17,323**	8,372	**13,699**	–	**31,022**	8,372
	52,349	31,938	**13,699**	–	**66,048**	31,938
Other revenue						
Bank interest income	**43**	36	**2**	13	**45**	49
Government subsidy for business development	**77**	144	**–**	–	**77**	144
Gain on trading in financial instrument	**121**	478	**–**	–	**121**	478
Gain on disposal of a subsidiary *(Note 19(a))*	**300**	–	**–**	–	**300**	–
Gain on cancellation of convertible bonds	**15,844**	–	**–**	–	**15,844**	–
Others	**46**	83	**281**	4	**327**	87
	16,431	741	**283**	17	**16,714**	758
Total revenue	**68,780**	32,679	**13,982**	17	**82,762**	32,696

5. FINANCE COSTS

	Continuing operations		Discontinued operation		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Imputed finance costs on convertible bonds	**5,475**	6,244	**–**	–	**5,475**	6,244
Interest on other loan	**2,121**	558	**3,741**	506	**5,862**	1,064
	7,596	6,802	**3,741**	506	**11,337**	7,308

6. PROFIT (LOSS) BEFORE TAXATION

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

	Continuing operations		Discontinued operation		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Crediting:						
Net foreign exchange gains (losses)	**18**	164	**(6)**	(74)	**12**	90
Charging:						
Auditors' remuneration	**400**	355	**–**	–	**400**	355
Bad debts written off	**588**	6	**19**	–	**607**	6
Cost of inventories	**27,289**	19,221	**–**	–	**27,289**	19,221
Depreciation	**457**	903	**4,003**	196	**4,460**	1,099
Change in fair value of financial assets at fair value through profit or loss	**6,076**	11,983	**–**	–	**6,076**	11,983
(Gain) Loss on disposal of subsidiaries	**(300)**	–	**4,707**	–	**4,407**	–
Operating leases for land and building	**1,240**	2,043	**83**	397	**1,323**	2,440
Research and development costs	**106**	94	**–**	–	**106**	94
Staff costs (including directors' emoluments and research and development costs)	**8,765**	10,991	**669**	1,067	**9,434**	12,058

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 rate of 25% (2012: 24% – 25%).

No provision for Hong Kong Profits Tax has been made as there is no assessable profit (2012: Nil) for the subsidiaries operating in Hong Kong during the year ended 31 March 2013.

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

	Continuing operations		**Discontinued operation**		**Consolidated**	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Current income tax:						
– Hong Kong Profits Tax	**–**	–	**–**	–	**–**	–
– PRC Enterprise Income Tax	**146**	–	**1,169**	–	**1,315**	–
Underprovision in prior years	**–**	11	**–**	–	**–**	11
Deferred taxation	**(100)**	(230)	**–**	–	**(100)**	(230)
Income tax expenses	**46**	(219)	**1,169**	–	**1,215**	(219)

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

	2013	2012
	HK$'000	*HK$'000*
Profit (Loss) before taxation		
Continuing operations	**3,632**	(45,319)
Discontinued operation	**(1,839)**	(4,591)
	1,793	(49,910)
Calculated at a rate of income tax of 16.5% (2012: 16.5%)	**296**	(8,235)
Effect of difference rate of income tax in other countries	**2,112**	(120)
Tax effect on income not subject to tax	**(16,744)**	–
Tax effect on expenses not deductible for taxation purposes	**16,006**	7,970
Tax effect on tax losses not recognized	**–**	396
Tax effect of utilization of tax loss not previously recognized	**(355)**	–
Others	**(100)**	(230)
	1,215	(219)

8. DISCONTINUED OPERATION

For the year ended 31 March 2013, the Group disposed 100% equity interest in Qinghai Baike Solar Power Co., Limited ("**Qinghai Baike**"). Qinghai Baike is engaged in the business of solar energy generation. Details of assets and liabilities of Qinghai Baike disposed are disclosed in Note 19(a). The disposal was completed on 20 November 2012.

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:

	From 1 April 2012 to 20 November 2012	From 1 June 2011 to 31 March 2012
	HK$'000	*HK$'000*
Loss for the period from discontinued operation		
Revenue and other revenue	**13,982**	17
Expenses	**(11,114)**	(4,608)
Loss on disposal of a subsidiary	**(4,707)**	–
Loss before taxation	**(1,839)**	(4,591)
Income tax expenses	**(1,169)**	–
Loss for the period from discontinued operation	**(3,008)**	(4,591)
Cash flows from discontinued operation		
Net cash (outflows) inflows from operating activities	**(5,966)**	81,047
Net cash inflows (outflows) from investing activities	**44,725**	(110,379)
Net cash inflows from financing activities	**2,546**	31,370
Net cash inflows	**41,305**	2,038

9. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

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

	2013	2012
	HK$'000	*HK$'000*
Profit (Loss)		
Profit (Loss) for the year attributable to the equity holders of the Company	**578**	(49,691)

	2013	2012
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**926,592,072**	871,247,963
Effect of dilutive potential ordinary shares:		
Warrants issued by the Company	**(565,188,470)**	(163,929,619)
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**361,403,602**	707,318,344

Outstanding warrants and convertible bonds of the Company are anti-dilutive since their exercise or conversion would result in an increase in basic earnings per share for the year ended 31 March 2013.

From continuing operations

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

	2013	2012
	HK$'000	*HK$'000*
Profit (Loss) for the year attributable to the equity holders of the Company	**578**	(49,691)
Less: Loss for the year attributable to the equity holder of the Company from discontinued operation	**(3,008)**	(4,591)
Profit (Loss) for the purpose of basic earnings (loss) per share from continuing operations	**3,586**	(45,100)

Outstanding warrants and convertible bonds of the Company are anti-dilutive since their exercise or conversion would result in an increase in basic earnings per share from continuing operations for the year ended 31 March 2013.

From discontinued operation

Basic loss per share from discontinued operation is HK0.32 cents per share (2012: HK0.53 cents), based on the loss for the year from the discontinued operation of approximately HK$3,008,000 (2012: approximately HK$4,591,000) and the denominators detailed above for basic loss per share.

Diluted loss per share from discontinued operation is HK0.83 cents per share (2012: HK0.65 cents), based on the loss for the year from discontinued operation of approximately HK$3,008,000 (2012: approximately HK$4,591,000) and weighted average number of ordinary shares for the purpose of diluted loss per share.

10. GOODWILL

	Solar energy generation *HK$'000*	Power system integration business *HK$'000*	Total *HK$'000*
COST			
At 1 April 2011	–	–	–
Acquisition of subsidiaries	24,000	235,999	259,999
Reclassified as held for sale	(24,000)	–	(24,000)
At 31 March 2012, 1 April 2012 and At 31 March 2013	–	235,999	235,999
IMPAIRMENT			
At 1 April 2011	–	–	–
Impairment loss recognized for the year	–	–	–
At 31 March 2012 and 1 April 2012			
Impairment loss recognized for the year	–	–	–
At 31 March 2013	–	–	–
CARRYING VALUES			
At 31 March 2013	–	235,999	235,999
At 31 March 2012	–	235,999	235,999

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.

For the year ended 31 March 2013, the goodwill is approximately HK$235,999,000 (2012: 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 2013, the Group did not recognized any impairment loss (2012: Nil) in relation to goodwill arising on acquisition of subsidiaries.

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

Power system integration business

			Year		
	2014	**2015**	**2016**	**2017**	**2018**
Growth rate	100%	262%	(49%)	(38%)	(48%)
Discount rate	9.43%	9.43%	9.43%	9.43%	9.43%

The management estimated the growth rate by reference to the project being under negotiation and the estimated project revenue.

11. INVENTORIES

	2013	2012
	HK$'000	*HK$'000*
Merchandize for re-sale	**8,335**	10,049
Spare parts	**2,441**	2,676
	10,776	12,725
Less: Provision for slow moving and obsolete inventories	**(3,500)**	(3,500)
	7,276	9,225

12. ACCOUNTS RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Accounts receivables	**25,591**	12,986
Less: Allowance for doubtful debts	**(4,774)**	(4,774)
	20,817	8,212

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 2013 the ageing analysis of the Group's accounts receivables was as follows:

	2013	2012
	HK$'000	*HK$'000*
Current to 60 days	**11,209**	3,516
61 – 90 days	**1,340**	1,284
Over 90 days	**13,042**	8,186
	25,591	12,986
Less: Allowance for doubtful debts	**(4,774)**	(4,774)
	20,817	8,212

As at 31 March 2013, the top five customers accounted for 50.5% (2012: 41.44%) of the Group's accounts receivables.

Aging of overdue trade receivables but not impaired

The Group has credit policies in place to review the credit worthiness of all existing and potential customers. Credit terms range between 30 and 90 days. As at 31 March 2013, trade receivables of approximately HK$8,268,000 (2012: approximately HK$3,412,000) were overdue but not impaired. Management assessed the credit quality of this HK$8,268,000 by reference to the repayment history and current financial position of the customers. Management believes that no provision for impairment is necessary and these balances are expected to be fully recovered. The Group does not hold any collateral over these balances. The aging of these overdue trade receivables but not impaired is as follows:

	2013	2012
	HK$'000	*HK$'000*
91 to 120 days	**1,947**	2,373
121 – 150 days	**395**	965
Over 150 days	**5,926**	74
	8,268	3,412

Movement in the allowance for doubtful debts:

	2013	2012
	HK$'000	*HK$'000*
Balance at the beginning of the year	**4,774**	4,771
Exchange adjustment	**–**	3
Balance at end of the year	**4,774**	4,774

13. HELD-TO-MATURITY FINANCIAL ASSETS

	2013	2012
	HK$'000	*HK$'000*
The movement in held-to-maturity investments is summarized as follow:		
At the beginning of the year	**11,103**	–
Additions	**–**	11,103
Disposed during the year	**(11,103)**	–
At the end of the year	**–**	11,103

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013	2012
	HK$'000	*HK$'000*
Listed securities held for trading:		
Market value of equity securities listed in New York		
Cost	**24,250**	24,250
Change in fair value	**(23,938)**	(17,862)
31 March	**312**	6,388

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.

15. ACCOUNTS PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Accounts payables	**2,833**	3,438

At 31 March 2013, the ageing analysis of the Group's accounts payables was as follows:

	2013	2012
	HK$'000	*HK$'000*
Current to 60 days	**2,820**	3,425
61 – 90 days	**–**	–
Over 90 days	**13**	13
	2,833	3,438

16. 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$3,275,000 (2012: HK$700,000), approximately HK$1,737,000 (2012: approximately HK$1,903,000) and Nil (2012: HK$29,000,000) 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$360,000 (2012: HK$300,000) and Nil (2012: HK$8,200,000) 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.

17. OTHER LOAN

	2013	2012
	HK$'000	*HK$'000*
Other loan *(note a)*	**13,624**	7,168

(a) Other loan amounting to Nil (2012: approximately HK$6,168,000) is interest bearing at a range of 24%-30% per annum, unsecured and repayable on demand.

Other loan amounting to Nil (2012: HK$1,000,000) is interest bearing on 1% per annum, unsecured and repayable on demand.

Other loan amounting to approximately HK$8,048,000 (2012: Nil) is interest bearing on 9% per annum, unsecured and repayable on demand.

Other loan amounting to approximately HK$5,576,000 (2012: Nil) is interest bearing on 12% per annum, unsecured and repayable on demand.

Borrowings are repayable as follows:

	2013	2012
	HK$'000	*HK$'000*
On demand or within one year	**13,624**	7,168
Less: Amount shown under non-current liabilities	**–**	–
Amount shown under current liabilities	**13,624**	7,168

18. 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, 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 ended 31 March 2012, 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:

	2013	2012
	HK$'000	*HK$'000*
Balance at the beginning of the year	**–**	24,540
Nominal value of convertible bonds issued	**–**	–
Equity component	**–**	–
Liability component at the beginning of the year	**–**	24,540
Imputed finance costs *(Note 5)*	**–**	1,460
Convertible bonds redemption	**–**	(26,000)
Carrying amount at the end of the year	**–**	–

(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$0 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.

On 2 September 2012, City Max International Limited, the Company, Good Million Investments Limited, Mr. Chiu Tung Ping and Ms. Yuen Hing Lan entered into the second supplemental agreement ("**Second Supplemental Agreement**") to amend certain terms of the Agreement (as supplemented and amended by the Supplemental Agreement). Under the Second Supplemental Agreement, it was proposed that the Target Profit Period would be deferred to cover the period of 12 months ending on 31 March 2013. The Second Supplemental Agreement was terminated by the parties by a termination agreement dated 24 September 2012, details of which were set out in the announcement of the Company dated 24 September 2012.

Based on the audited consolidated financial statements of CTSP (BVI) and its subsidiaries ("**Target Group**") for the 12 months ended 30 September 2012, the Target Group recorded a loss of HK$77,094. On such basis, the amended target profit of HK$40,000,000 under the Agreement (as supplemented by the Supplemental Agreement) was not achieved and the principal amount of the Tranche II CB in the principal amount of HK$50,000,000 was adjusted to HK$0.

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.

2013

	Tranche I	Tranche II	Total
	HK$'000	*HK$'000*	*HK$'000*
Equity component of convertible bonds at the beginning of the year	**61,071**	**30,696**	**91,767**
Release of convertible bonds reserve due to the cancellation of convertible bonds	**–**	**(30,696)**	**(30,696)**
Equity component	**61,071**	**–**	**61,071**
Liability component at the beginning of the year	**30,141**	**14,704**	**44,845**
Imputed finance costs *(Note 5)*	**4,336**	**1,139**	**5,475**
Release of convertible bonds liability due to the cancellation of convertible bonds	**–**	**(15,843)**	**(15,843)**
Liability component at 31 March	**34,477**	**–**	**34,477**

2012

	Tranche I	Tranche II	Total
	HK$'000	*HK$'000*	*HK$'000*
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
Equity component	61,071	30,696	91,767
Liability component at the issuance date	29,943	13,238	43,181
Imputed finance costs *(Note 5)*	3,318	1,466	4,784
Release on conversion to ordinary shares	(3,120)	–	(3,120)
Liability component at 31 March	30,141	14,704	44,845

19. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Disposal of interest in subsidiaries

For the year ended 31 March 2013, the Company disposed investments in subsidiaries, Qinghai Baike Solar Power Co., Limited ("**Qinghai Baike**") and Oceania City Investment Company Limited ("**Oceania**"). Details of the disposal was summarized as follows:

	Qinghai Baike	**Oceania**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
NET ASSETS DISPOSED			
Property, plant and equipment	124,568	–	124,568
Construction in progress	2,904	–	2,904
Goodwill	24,000	–	24,000
Trade and bills receivable	20,335	–	20,335
Prepayment, deposits and other receivable	36,343	–	36,343
Bank balances and cash	1,403	–	1,403
Trade payables	(98,769)	–	(98,769)
Accrued liabilities and other payable	(31,398)	–	(31,398)
Other loan	(29,316)	–	(29,316)
Net assets	50,070	–	50,070
Less: Release of translation reserve	(620)	–	(620)
(Loss) Gain on disposal	(4,707)	300	(4,407)
Total consideration	44,743	300	45,043
Net cash inflow arising on disposal:			
Total consideration	44,743	300	45,043
Bank balances and cash	(1,403)	–	(1,403)
	43,340	300	43,640

(b) 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:

Acquisition of subsidiaries

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

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

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

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

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)

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

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 2013.

The Group's revenue from continuing operations amounted to approximately HK$52.3 million for the year ended 31 March 2013, representing an increase of approximately 63.9 per cent. as compared with approximately HK$31.9 million recorded for the financial year ended 31 March 2012, mainly due to the increase in the revenue derived from the ATM and printing systems operation of approximately HK$10.9 million and the power system integration business of approximately HK$9.5 million.

The Group's gross profit margin was approximately 34.4 per cent. in the financial year ended 31 March 2013, as compared to approximately 23.6 per cent. in the financial year ended 31 March 2012. The increase in the gross profit margin was mainly as a result of the approximately 23.9 per cent. and approximately 81.8 per cent. gross profit margin attributable to the ATM and printing systems operation and power system integration business respectively during the year ended 31 March 2013, while there was only approximately 23.6 per cent. and approximately 0 per cent. gross profit margin derived from the ATM and printing systems operation and the power system integration business respectively in last year.

The Group recorded a profit attributable to equity holders of the Company amounting to approximately HK$0.6 million for the year ended 31 March 2013 (2012: loss attributable to equity holders of the Company of approximately HK$49.7 million), mainly as a result of the gross profit attributable to the power system integration business of approximately HK$7.8 million, the gain on cancellation of convertible bonds of approximately HK$15.8 million, and the Group's policy on cost control. Please refer to the Management Discussion and Analysis section of this announcement for details.

Basic earnings per share from continuing and discontinued operations was approximately HK0.06 cents for the year ended 31 March 2013, as compared with the basic loss per share from continuing and discontinued operations of approximately HK5.70 cents for the year ended 31 March 2012.

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 Shanghai, Bank of Wenzhou, Bank of Yingkou, Rural Commercial Banks, the Rural Credit Cooperatives of China, several branches of the China State Postal Bureau, the Ministry of Public Security of the PRC, Hankou Bank and Huarong Xiangjiang Bank 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 China Technology Solar Power Holdings Limited ("**CTSP (BVI)**"), a company incorporated in the British Virgin Islands with limited liability, 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

During the year ended 31 March 2013, income generated from solar energy generation amounted to approximately HK$13.7 million (2012: Nil).

On 28 December 2011, Qinghai Baike Solar Power Co., Ltd* (青海百科光電有限責任公司) ("**Qinghai Baike**"), a company established in the PRC with limited liability and a wholly-owned subsidiary of CTSP (BVI), has completed the construction of a 10MW solar photovoltaic power station 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) ("**10MW Geermu Power Station**") 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 10MW Geermu Power Station 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 10MW Geermu Power Station, the unit selling price of electricity shall be set at RMB1.15/kWh (inclusive of tax). Up to 20 November 2012, the total grid electricity generation volume of the 10MW Geermu Power Station has reached 11,354,669 kWh.

On 6 September 2012, CTSP (BVI) and 青海省綠色發電集團有限公司 (unofficial English translation being Qinghai Green Power Generation Group Ltd.) ("**Purchaser**") entered into the disposal agreement ("**Disposal Agreement**") pursuant to which CTSP (BVI) has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the entire equity interest in Qinghai Baike at a total consideration of RMB46,800,000 (subject to deduction as provided for in the Disposal Agreement) ("**Disposal**"). All conditions set out in the Disposal Agreement have been fulfilled (or, where applicable, waived) and the completion took place on 20 November 2012. Upon completion, the Company ceased to hold any interest in Qinghai Baike and Qinghai Baike ceased to be a subsidiary of the Company.

Therefore, the results of operation of the solar energy generation business of Qinghai Baike in relation to the 10MW Geermu Power Station and the project to construct solar photovoltaic power station with the capacity of 20MW in Delingha ("**20MW Delingha Project**") (which has not yet been commenced) in Qinghai Baike are presented as a discontinued operation in the audited consolidated results of the Group for the year ended 31 March 2013.

However, the Group will continue its investment in solar energy generation projects of smaller capacity and less capital expenditure requirement.

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 (as mentioned in the circular of the Company dated 16 May 2011) 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.

Nevertheless, the revenue generated from the provision of one-off technology consultation and design services to the 20MW Delingha project during the financial year ended 31 March 2013 amounted to approximately HK$9.5 million (2012: Nil) pursuant a technology consultation service agreement ("**Consultation Service Agreement**") entered into between CTSP (BVI) and the Purchaser on the date of the Disposal Agreement.

DIVIDEND

The board of Directors ("**Board**") does not recommend the payment of a dividend for the financial year ended 31 March 2013 (2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

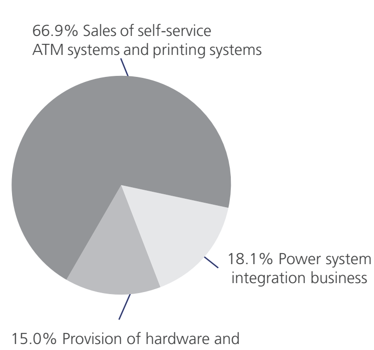
REVENUE

During the year ended 31 March 2013, 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.

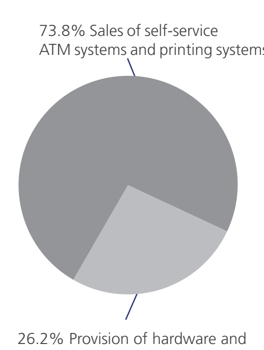
Revenues for continuing operations recognized during the year are as follows:

	Financial year ended 31 March	
	2013	2012
	HK$'000	*HK$'000*
Revenue		
Sales of self-service ATM systems and printing systems	**35,026**	23,566
Provision of hardware and software technical support services	**7,835**	8,372
Power system integration business	**9,488**	–
	52,349	31,938
Other revenue		
Bank interest income	**43**	36
Government subsidy for business development	**77**	144
Gain on trading in financial instrument	**121**	478
Gain on disposal of a subsidiary	**300**	–
Gain on cancellation of convertible bonds (Note)	**15,844**	–
Others	**46**	83
	16,431	741
Total revenue	**68,780**	32,679

Analysis of business segments for the financial year ended 31 March 2013



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



Note:

Pursuant to the agreement entered into between (i) City Max International Limited, (ii) the Company, (iii) Good Million Investments Limited ("**Good Million**"), (iv) Mr. Chiu Tung Ping, and (v) Ms. Yuen Hing Lan (as supplemented by the supplemental agreement dated 30 January 2012 ("**Supplemental Agreement**")) in relation to the sale and purchase of the entire issued share capital of CTSP (BVI) ("**Agreement**"), the Company issued convertible bonds in the aggregate principal amount of HK$163,100,000 ("**2011 CB**") to Good Million on 1 June 2011. 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 right to convert Tranche I CB into share. For Tranche II CB, the amount should be subject to change with reference to a profit guarantee made by Good Million to the Company. Details of the acquisition is contained in the circular of the Company dated 16 May 2011 and the circular of the Company dated 22 February 2012.

Based on the audited consolidated financial statements of CTSP (BVI) and its subsidiaries ("**Target Group**") for the 12 months ended 30 September 2012, the Target Group recorded a loss of HK$77,094. On such basis, the amended target profit of HK$40,000,000 under the Agreement (as supplemented by the Supplemental Agreement) was not achieved and the principal amount of the Tranche II CB in the principal amount of HK$50,000,000 was adjusted to HK$0.

On 6 November 2012, the aggregate outstanding principal amount of the 2011 CB is HK$101,100,000.

IMPLEMENTATION OF SELF-SERVICE ATM SYSTEMS AND PRINTING SYSTEMS

During the financial year ended 31 March 2013, 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 approximately 81.9 per cent. (2012: 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$42.9 million in the financial year ended 31 March 2013, representing an increase of approximately 34.2 per cent. as 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 15.0 per cent. (2012: approximately 26.2 per cent.) of the total revenue from the sales of goods and rendering of services for the financial year ended 31 March 2013. Income derived from the provision of technical consultancy and support services during the financial year ended 31 March 2013 decreased by approximately 6.4 per cent., as compared with that of the previous financial year, mainly as a result of the fierce competition in the PRC market.

As an authorised value-added reseller of self-service ATM systems of NCR (Beijing) Financial Equipment System Co., Ltd and marketing agent of Fuji Xerox for its printing systems 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.

By having ATM service centers established in major cities in China including Shaoxing, Taicang, Taiyuan, Shanghai, Beijing, Wenzhou, Yiwu, Chongqing, Wuxi, Changshu, Jinhua, Yingkou, Funing, Jingzhou, 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 2013, income generated from solar energy generation amounted to approximately HK$13.7 million (2012: Nil).

On 28 December 2011, Qinghai Baike Solar Power Co., Ltd* (青海百科光電有限責任公司) ("**Qinghai Baike**"), a company established in the PRC with limited liability and a wholly-owned subsidiary of CTSP (BVI), has completed the construction of a 10MW solar photovoltaic power station 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) ("**10MW Geermu Power Station**") 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 10MW Geermu Power Station 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 10MW Geermu Power Station, the unit selling price of electricity shall be set at RMB1.15/kWh (inclusive of tax). Up to 20 November 2012, the total grid electricity generation volume of the 10MW Geermu Power Station has reached 11,354,669 kWh.

On 6 September 2012, CTSP (BVI) and 青海省綠色發電集團有限公司 (unofficial English translation being Qinghai Green Power Generation Group Ltd.) ("**Purchaser**") entered into the disposal agreement ("**Disposal Agreement**") pursuant to which CTSP (BVI) has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the entire equity interest in Qinghai Baike at a total consideration of RMB46,800,000 (subject to deduction as provided for in the Disposal Agreement) ("**Disposal**"). All conditions set out in the Disposal Agreement have been fulfilled (or, where applicable, waived) and the completion took place on 20 November 2012. Upon completion, the Company ceased to hold any interest in Qinghai Baike and Qinghai Baike ceased to be a subsidiary of the Company.

Therefore, the results of operation of the solar energy generation business of Qinghai Baike in relation to the 10MW Geermu Power Station and the project to construct solar photovoltaic power station with the capacity of 20MW in Delingha ("**20MW Delingha Project**") (which has not yet been commenced) in Qinghai Baike are presented as a discontinued operation in the audited consolidated results of the Group for the year ended 31 March 2013.

However, the Group will continue its investment in solar energy generation projects of smaller capacity and less capital expenditure requirement.

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 2013, 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 (2012: Nil).

Nevertheless, the revenue generated from the provision of one-off technology consultation and design services to the 20MW Delingha project during the financial year ended 31 March 2013 amounted to approximately HK$9.5 million with gross profit margin of approximately 81.8 per cent. (2012: Nil) pursuant to the Consultation Service Agreement entered into between CTSP (BVI) and the Purchaser on the date of the Disposal Agreement.

SELLING EXPENSES FROM CONTINUING OPERATIONS

Selling expenses from continuing operations incurred by the Group for the year ended 31 March 2013 amounted to approximately HK$3.2 million (2012: approximately HK$3.3 million), representing a decrease of approximately 3.7 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 year ended 31 March 2013 amounted to approximately HK$13.9 million (2012: approximately HK$31.5 million), representing a decrease of approximately 55.8 per cent. as a result of the non-recurrent one-off professional expenses arising from the acquisition of CTSP (BVI) of approximately HK$4.8 million and the exploration of new business opportunities of approximately HK$9.4 million in last year and the Group's policy on cost control.

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 20.3 per cent. to approximately HK$8.8 million (2012: approximately HK$11.0 million). As at 31 March 2013, the Group employed 8 and 70 staff in Hong Kong and the PRC respectively (2012: 12 in Hong Kong and 94 in the PRC).

Operating leases for land and building from continuing operations decreased by approximately 39.3 per cent. to approximately HK$1.2 million (2012: approximately HK$2.0 million) mainly because of the Group's policy on cost control.

The Group had not further provided for any impairment loss on accounts receivables during the year ended 31 March 2013 (2012: Nil).

The Group had not further provided for obsolete inventories during the year ended 31 March 2013 (2012: Nil).

Depreciation expenses decreased to approximately HK$0.5 million as compared to that of last financial year (2012: approximately HK$0.9 million) because certain property, plant and equipment became fully depreciated in previous years.

FINANCE COSTS FROM CONTINUING OPERATIONS

During the financial year ended 31 March 2013, the Group has incurred the following finance costs from continuing operations:

	2013	2012
	HK$'000	*HK$'000*
Imputed finance costs on convertible bonds	**5,475**	6,244
Interest on other loan	**2,121**	558
	7,596	6,802

INCOME TAX EXPENSES FROM CONTINUING OPERATIONS

The Group has an income tax expenses from continuing operations for the financial year ended 31 March 2013 of approximately HK$46,000 (2012: income tax credit of approximately HK$219,000).

GOODWILL

Goodwill arising from the acquisition of a subsidiary, CTSP (BVI), during the year ended 31 March 2012, is approximately HK$259,999,000, which has been reduced to approximately HK$235,999,000 after the goodwill adjustment of approximately HK$24,000,000 arising from the Disposal of Qinghai Baike on 20 November 2012. Please refer to note 10 and 19 to the consolidated financial statements for details.

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 2013, the Group had cash and bank balances amounting to a total of approximately HK$7.6 million (2012: approximately HK$3.8 million). The Group has no outstanding bank overdraft as at 31 March 2013 (2012: Nil).

The Group financed its operations by internally generated cash flow, net proceeds from the Disposal of Qinghai Baike, and proceeds from placing of shares of the Company. Please refer to the annual report of the Company for the year ended 31 March 2012 for details of such placing of shares.

CURRENT RATIO

As at 31 March 2013, the Group's current ratio, represented by a ratio of current assets to current liabilities, was approximately 2.2 (2012: approximately 1.3).

GEARING RATIO

As at 31 March 2013, the gearing ratio of the Group, based on total liabilities over total assets was approximately 25.9 per cent. (2012: approximately 52.7 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 2013, the Company did not have any banking facilities.

CHARGES ON ASSETS

As of 31 March 2013, the Company and its subsidiaries pledged no asset to banks as security for bank loans and overdraft (2012: Nil).

CONTINGENT LIABILITIES

As at 31 March 2013, 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 2013, the Group employed 8 and 70 staff in Hong Kong and the PRC respectively (2012: 12 in Hong Kong and 94 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 ("**Guarantors**") 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 Agreements

As the contracting parties in the two agreements for the provision of one-off service on system integration 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 ("**Target Profit Period**") and the consideration adjustment mechanism. Since Mr. Chiu Tung Ping and Ms. Yuen Hing Lan are executive Directors, the Supplemental Agreement constituted connected transaction for the Company.

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.

On 2 September 2012, City Max, the Company, Good Million, Mr. Chiu Tung Ping and Ms. Yuen Hing Lan entered into the second supplemental agreement ("**Second Supplemental Agreement**") to amend certain terms of the Agreement (as supplemented and amended by the Supplemental Agreement). Under the Second Supplemental Agreement (which also constituted a connected transaction for the Company), it was proposed that the Target Profit Period would be deferred to cover the period of 12 months ending on 31 March 2013. The Second Supplemental Agreement was terminated by the parties by a termination agreement dated 24 September 2012, details of which were set out in the announcement of the Company dated 24 September 2012.

Based on the audited consolidated financial statements of CTSP (BVI) and its subsidiaries ("**Target Group**") for the 12 months ended 30 September 2012, the Target Group recorded a loss of HK$77,094. On such basis, the amended target profit of HK$40,000,000 under the Agreement (as supplemented by the Supplemental Agreement) was not achieved and the principal amount of the Tranche II CB in the principal amount of HK$50,000,000 was adjusted to HK$0.

Disposal of 100% Equity Interest in Qinghai Baike

On 6 September 2012, CTSP (BVI) and the Purchaser entered into the Disposal Agreement pursuant to which CTSP (BVI) has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the entire equity interest in Qinghai Baike at a total consideration of RMB46,800,000 (subject to deduction as provided for in the Disposal Agreement). All conditions set out in the Disposal Agreement have been fulfilled (or, where applicable, waived) and the completion took place on 20 November 2012. Upon completion, the Company ceased to hold any interest in Qinghai Baike and Qinghai Baike ceased to be a subsidiary of the Company.

Please refer to the circular of the Company dated 5 October 2012 for further details.

MOVEMENT OF WARRANTS

The Company has a total of 100,000,000 warrants outstanding at 31 March 2013 and its movement is as follows:

Date of issue	Outstanding at 1/4/2012	Issued during the year	Exercised/ lapsed during the year	Outstanding at 31/3/2013	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 2013.

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.

During the year ended 31 March 2013 ("**Review Period**"), the Company has complied with all the code provisions set out in the Corporate Governance Code ("**CG Code**") contained in Appendix 15 of the GEM Listing Rules, except for the deviation from code provisions A.2.1, A.5.2 and E.1.2 as explained below.

Code provision A.2.1

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

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

Code provision A.5.2

Code provision A.5.2 stipulates that the nomination committee of the Board ("**Nomination Committee**") is required to make recommendations to the Board on the appointment of Directors.

Mr. Zhou Jing and Mr. Yang Guocai, the former members of the Nomination Committee, resigned with effect from 27 November 2012. A Nomination Committee meeting had not been held by the former committee members regarding the appointment of Mr. Meng Xianglin and Mr. Dong Guangwu as independent non-executive Directors with effect from 27 November 2012. Instead, their appointment was discussed and approved by the Directors at a board meeting of the Company held on 27 November 2012.

Code provision E.1.2

Under code provision E.1.2, the Chairman should attend the annual general meeting. Due to other commitments which must be attended by the Chairman, the Chairman was unable to attend the annual general meeting of the Company held on 24 September 2012 ("**2012 AGM**"). Nevertheless, Mr. Hou Hsiao Bing, an executive Director, presided as the chairman at the 2012 AGM, and Mr. Tam Kam Biu, William, an independent non-executive Director, chairman of the audit committee of the Board ("**Audit Committee**"), the Nomination Committee and the remuneration committee of the Board attended the 2012 AGM, and answered questions from the shareholders of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the financial year ended 31 March 2013. Neither the Company nor any of its subsidiaries purchased or sold any of the shares during the financial year ended 31 March 2013.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, including Mr. Tam Kam Biu, William as chairman, Mr. Dong Guangwu and Mr. Meng Xianglin. The audited consolidated financial statements of the Company for the year ended 31 March 2013 have been reviewed by the Audit Committee.

AUDITORS

The audited financial statements of the Company for the year ended 31 March 2013 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, 24 June 2013

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

Executive Directors:
Chiu Tung Ping (Chairman)
Zhang Shenxin (Vice-Chairman)
Yuen Hing Lan
Hou Hsiao Bing
Hou Hsiao Wen
Hu Xin

Independent non-executive Directors:
Tam Kam Biu, William
Dong Guangwu
Meng Xianglin

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