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)

ANNUAL REPORT 2012

* For identification purpose only

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED ("STOCK EXCHANGE")

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

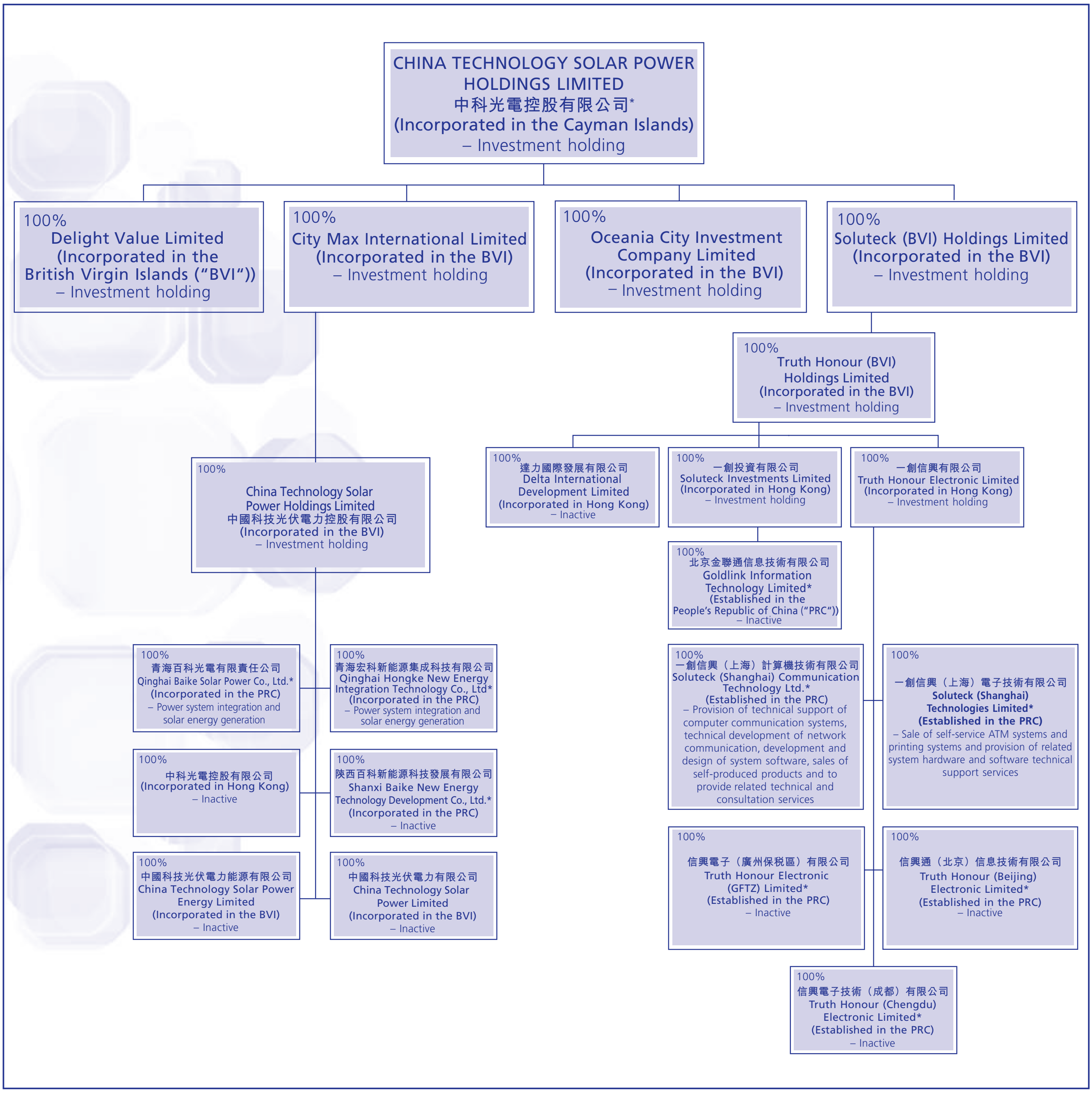
*This report, for which the directors ("**Directors**") of China Technology Solar Power Holdings Limited ("**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange ("**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report 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 report misleading.*

CONTENTS

	Pages
Corporate Structure	2
Corporate Information	3
Letter from the Chairman	4
Management Discussion and Analysis	7
Corporate Governance Report	17
Report of the Directors	24
Five Years Financial Summary	34
Independent Auditors' Report	35
Consolidated Statement of Comprehensive Income	36
Consolidated Statement of Financial Position	37
Consolidated Statement of Changes in Equity	38
Consolidated Statement of Cash Flows	39
Notes to the Consolidated Financial Statements	40

CORPORATE STRUCTURE

The following chart illustrates the corporate structure of the Company and its subsidiaries and their respective principal business activities as at 31 March 2012:



* *For identification purpose only*

CORPORATE INFORMATION

Executive directors
Mr. Chiu Tung Ping *(appointed on 8 June 2011 and elected as the Chairman on 8 June 2011)*
Ms. Yuen Hing Lan *(appointed on 8 June 2011)*
Ms. Wang Daling *(elected as the Chairman on 6 April 2011, ceased to be the Chairman on 8 June 2011 and resigned on 16 March 2012)*
Mr. Hou Hsiao Bing *(ceased to be the Chairman on 6 April 2011)*
Mr. Hou Hsiao Wen *(Chief executive officer)*
Mr. Zeng Xiangyi *(resigned on 9 December 2011)*
Mr. Xu Wei *(resigned on 9 December 2011)*
Mr. Leung King Pak *(appointed on 2 June 2011)*
Ms. Ren Huiye *(appointed on 4 August 2011 and resigned on 16 March 2012)*
Ms. Hu Xin *(appointed on 19 March 2012)*

Independent non-executive directors
Mr. Tam Kam Biu, William
Mr. Lai Chun Hung *(resigned on 5 July 2011)*
Ms. Zhang Dandan *(resigned on 29 July 2011)*
Mr. Tang Renhao *(resigned on 29 July 2011)*
Mr. Zhou Jing *(appointed on 29 July 2011)*
Mr. Yang Guocai *(appointed on 29 July 2011)*

Company secretary
Ms. Chan Mi Ling, Anita, FCCA, CPA, ACA

Authorised representatives
Mr. Hou Hsiao Wen
Ms. Chan Mi Ling, Anita, FCCA, CPA, ACA

Compliance officer
Mr. Hou Hsiao Wen

Members of audit committee
Mr. Tam Kam Biu, William *(Chairman)*
Mr. Lai Chun Hung *(resigned on 5 July 2011)*
Ms. Zhang Dandan *(resigned on 29 July 2011)*
Mr. Tang Renhao *(resigned on 29 July 2011)*
Mr. Zhou Jing *(appointed on 29 July 2011)*
Mr. Yang Guocai *(appointed on 29 July 2011)*

Members of remuneration committee
Mr. Hou Hsiao Bing *(ceased to be Chairman on 28 March 2012)*
Mr. Tam Kam Biu, William *(appointed as Chairman on 28 March 2012)*
Mr. Lai Chun Hung *(resigned on 5 July 2011)*
Ms. Zhang Dandan *(resigned on 29 July 2011)*
Mr. Tang Renhao *(resigned on 29 July 2011)*
Mr. Zhou Jing *(appointed on 29 July 2011)*
Mr. Yang Guocai *(appointed on 29 July 2011)*

Members of nomination committee
Mr. Tam Kam Biu, William *(Chairman)*
Mr. Zhou Jing
Mr. Yang Guocai

GEM Stock Code
8111

Members of corporate governance committee
Mr. Chui Tung Ping *(Chairman)*
Ms. Yuen Hing Lan
Mr. Hou Hsiao Bing
Mr. Hou Hsiao Wen
Mr. Leung King Pak
Ms. Hu Xin

Auditors
W. H. Tang & Partners CPA Limited
Level 7, Parkview Centre
7 Lau Li Street
Causeway Bay, Hong Kong

Registered office
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong
Room 1104, SUP Tower
75 King's Road
Hong Kong

Company website
www.chinatechsolar.com

Principal share registrar and transfer office
Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

Hong Kong branch share registrar and transfer office
Computershare Hong Kong Investor Services Limited
1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Hong Kong branch warrant registrar and transfer office
Tricor Services Limited
Level 28, Three Pacific Place
1 Queen's Road East
Hong Kong
(register kept in Macau)

Hong Kong branch convertible bond registrar and transfer office
Tricor Services Limited
Level 28, Three Pacific Place
1 Queen's Road East
Hong Kong
(register kept in Macau)

LETTER FROM THE CHAIRMAN

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).

I am pleased to present the annual results of China Technology Solar Power Holdings Limited ("**Company**", together with its subsidiaries, the "**Group**").

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 report for details.

LETTER FROM THE CHAIRMAN

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).

LETTER FROM THE CHAIRMAN

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

APPRECIATION

We treasure the harmonious relationship with our staff and would like to take this opportunity to express our gratitude to the management and staff of the Group for their dedicated performance which is instrumental to the future development of the Group. We would also like to take this opportunity to thank our shareholders, suppliers and customers for their continuous support to the Group.

Mr. Chiu Tung Ping
Chairman and Executive Director

Hong Kong, 22 June 2012

MANAGEMENT DISCUSSION AND ANALYSIS

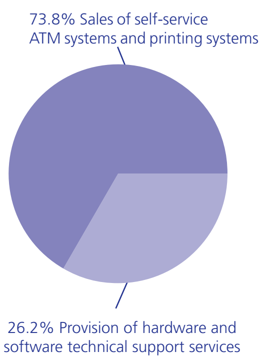
REVENUE

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.

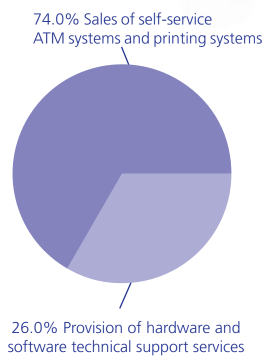
Revenues for continuing operations recognized during the year are as follows:

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

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



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



MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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" in the "Letter from the Chairman" 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).

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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	2011
	HK$'000	HK$'000
Imputed finance costs on convertible bonds	**6,244**	927
Interest on bank overdraft	**–**	1
Interest on other loan	**558**	–
	6,802	928

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".

MANAGEMENT DISCUSSION AND ANALYSIS

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. Particulars of the scheme are set out in the relevant sections of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

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.

CORPORATE GOVERNANCE REPORT

(1) 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 ("Chairman") shall attend the annual general meeting of the Company. Due to other business commitment, Mr. Chiu Tung Ping, the Chairman, 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 at the annual general meeting.

(2) BOARD OF DIRECTORS

The Board is accountable to shareholders for the activities and performance of the Group and for the preparation of financial statements which give a true and fair view. It oversees the Group's overall strategic plans, reviews the financial performance, supervises the management of the business and affairs and approves the strategic plans. The Board delegates corporate matters to the management of the Group under the leadership of the chief executive officer, including preparation of annual, interim and quarterly accounts, execution of business strategies adopted by the Board, implementation of internal controls system and compliance with relevant statutory requirements, rules and regulations. The management is required to present an annual budget and any proposals for major investment, addition of capital assets, and change in business strategies for the Board's approval.

BOARD COMPOSITION

The composition of the Board during the year ended 31 March 2012 and as at the date of this report is as follows:

Executive Directors:
Mr. Chiu Tung Ping (appointed on 8 June 2011)
Ms. Yuen Hing Lan (appointed on 8 June 2011)
Mr. Hou Hsiao Bing
Mr. Hou Hsiao Wen
Mr. Zeng Xiangyi (resigned on 9 December 2011)
Ms. Wang Daling (resigned on 16 March 2012)
Mr. Xu Wei (resigned on 9 December 2011)
Mr. Leung King Pak (appointed on 2 June 2011)
Ms. Ren Huiye (appointed on 4 August 2011 and resigned on 16 March 2012)
Ms. Hu Xin (appointed on 19 March 2012)

Independent non-executive Directors:
Mr. Tam Kam Biu, William
Mr. Lai Chun Hung (resigned on 5 July 2011)
Ms. Zhang Dandan (resigned on 29 July 2011)
Mr. Tang Renhao (resigned on 29 July 2011)
Mr. Yang Guocai (appointed on 29 July 2011)
Mr. Zhou Jing (appointed on 29 July 2011)

At every annual general meeting of the Company, one-third of all the Directors including the independent non-executive Directors shall retire from office by rotation. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat.

Mr. Hou Hsiao Bing, an executive Director and the former Chairman, is the brother of Mr. Hou Hsiao Wen, an executive Director and the chief executive officer of the Company.

Mr. Chiu Tung Ping, an executive Director and the Chairman, is the spouse of Ms. Yuen Hing Lan, an executive Director.

BOARD MEETING

The Board meets at least four times a year to review financial and operating performance and discuss the Group's direction and strategy.

Details of the attendance of meetings of the Board held during the year ended 31 March 2012 are as follows:

Name of Director	**Number of board meetings attended during the Director's term of office in the year ended 31 March 2012**	**Attendance rate**
Mr. Chiu Tung Ping (appointed on 8 June 2011)	23/23	100%
Ms. Yuen Hing Lan (appointed on 8 June 2011)	14/23	61%
Mr. Hou Hsiao Bing	30/30	100%
Mr. Hou Hsiao Wen	29/30	97%
Mr. Leung King Pak (appointed on 2 June 2011)	23/24	96%
Mr. Zeng Xiangyi (resigned on 9 December 2011)	9/22	41%
Ms. Ren Huiye (appointed on 4 August 2011 and resigned on 16 March 2012)	6/12	50%
Ms. Wang Daling (resigned on 16 March 2012)	8/25	32%
Mr. Xu Wei (resigned on 9 December 2011)	4/22	18%
Ms. Hu Xin (appointed on 19 March 2012)	1/1	100%
Mr. Tam Kam Biu, William	24/28	86%
Mr. Lai Chun Hung (resigned on 5 July 2011)	1/10	10%
Ms. Zhang Dandan (resigned on 29 July 2011)	6/11	55%
Mr. Tang Renhao (resigned on 29 July 2011)	5/11	45%
Mr. Zhou Jing (appointed on 29 July 2011)	11/17	65%
Mr. Yang Guocai (appointed on 29 July 2011)	9/17	53%

Directors are given notice of regular Board meetings of at least 14 days in advance. The Directors have received details of agenda items for decision in advance of each Board meeting.

All Directors have access to the company secretary of the Company who is responsible for ensuring that Board procedures are complied with and advises the Board on corporate governance and compliance matters.

The non-executive Directors have a well balance of expertise in corporate finance, accounting, and business matters. They bring independent and invaluable advice and judgement on the Group's business expansion and risk management issues. The executive Directors are seasoned practitioners in the information technology field and/or solar power generation and related power system integration business and contribute to the Company with their industry and domain knowledge and management experience.

The Company confirmed that annual confirmations of independence were received from each of the Company's independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules and all independent non-executive Directors are considered to be independent.

(3) CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year ended 31 March 2011, Mr. Hou Hsiao Bing was the Chairman and Mr. Hou Hsiao Wen was the chief executive officer of the Company. Due to re-allocation of work responsibilities among members of the Board, Mr. Hou Hsiao Bing ceased to be the Chairman with effect from 6 April 2011. Ms. Wang Daling, an executive Director, has been elected by the Board as the Chairman with effect from 6 April 2011 in place of Mr. Hou Hsiao Bing. Due to re-allocation of work responsibilities among members of the Board, Ms. Wang Daling ceased to be the Chairman with effect from 8 June 2011. Mr. Chiu Tung Ping, an executive Director, has been elected by the Board as the Chairman with effect from 8 June 2011 in place of Ms. Wang Daling. The roles of Chairman and chief executive officer of the Company are segregated. The Chairman is responsible for the leadership and effective running of the Board, and for ensuring that all key and appropriate issues are discussed by the Board in a timely and constructive manner, while the chief executive officer, supported by other Board members and the senior management, is responsible for the day-to-day management of the Group's business, including the implementation of major strategies and initiatives adopted by the Board.

(4) THE FOUR COMMITTEES OF THE BOARD

The Company implements specific terms of reference for the audit committee, remuneration committee, nomination committee and corporate governance committee, whereby the powers and responsibilities of each committee are clearly defined.

(a) Audit Committee

The Company established an audit committee ("**Audit Committee**") on 13 December 2000 with written terms of reference in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules. During 1 April 2011 up to 5 July 2011, the Audit Committee comprised four members, namely Mr. Tam Kam Biu, William, Mr. Lai Chun Hung, Ms. Zhang Dandan and Mr. Tang Renhao, all of whom were independent non-executive Directors. Mr. Tam Kam Biu, William was the chairman of the Audit Committee. Following the resignation of Mr. Lai Chun Hung on 5 July 2011, the Audit Committee was re-constituted on 5 July 2011. With effect from 5 July 2011, the Audit Committee comprised three independent non-executive Directors, namely (i)

Mr. Tam Kam Biu, William as chairman; (ii) Ms. Zhang Dandan; and (iii) Mr. Tang Renhao. Following the resignation of Ms. Zhang Dandan and Mr. Tang Renhao and the appointment of Mr. Zhou Jing and Mr. Yang Guocai as independent non-executive Directors on 29 July 2011, the Audit Committee comprises three independent non-executive Directors, namely, (i) Mr. Tam Kam Biu, William as chairman; (ii) Mr. Zhou Jing; and (iii) Mr. Yang Guocai. Audit Committee's principal duties are to review and supervise the financial reporting process and internal control procedures of the Group.

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

The Group's unaudited quarterly and interim results and audited annual results during the year ended 31 March 2012 have been reviewed by the Audit Committee, in which the Audit Committee is of the opinion that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

Details of the attendance of members at Audit Committee meetings held during the year ended 31 March 2012 are as follows:

	24 Jun 2011	**9 Aug 2011**	**8 Nov 2011**	**8 Feb 2012**
Mr. Tam Kam Biu, William	✓	✓	✓	✓
Mr. Lai Chun Hung (resigned on 5 July 2011)	✗	n/a	n/a	n/a
Ms. Zhang Dandan (resigned on 29 July 2011)	✓	n/a	n/a	n/a
Mr. Tang Renhao (resigned on 29 July 2011)	✗	n/a	n/a	n/a
Mr. Zhou Jing (appointed on 29 July 2011)	n/a	✓	✓	✓
Mr. Yang Guocai (appointed on 29 July 2011)	n/a	✓	✓	✓

(b) Remuneration Committee

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

The Remuneration Committee was established with specific written terms of reference which deal clearly with its authority and duties. The terms of reference followed the requirement of Code Provision B.1.3. During the period from 1 April 2011 to 5 July 2011, the Remuneration Committee comprised, Mr. Hou Hsiao Bing, an executive Director, as chairman, and four independent non-executive Directors, Mr. Tam Kam Biu, William, Mr. Lai Chun Hung, Ms. Zhang Dandan and Mr. Tang Renhao. Following the resignation of Mr. Lai Chun Hung on 5 July 2011, the Remuneration Committee was re-constituted on 5 July 2011. With effect from 5 July 2011, the Remuneration Committee comprised Mr. Hou Hsiao Bing, an executive

Director, and three independent non-executive Directors, namely (i) Mr. Tam Kam Biu, William; (ii) Ms. Zhang Dandan; and (iii) Mr. Tang Renhao with Mr. Hou Hsiao Bing as the chairman of the Remuneration Committee. Following the resignation of Ms. Zhang Dandan and Mr. Tang Renhao and the appointment of Mr. Zhou Jing and Mr. Yang Guocai as independent non-executive Directors on 29 July 2011, the Remuneration Committee comprised Mr. Hou Hsiao Bing, an executive Director, and three independent non-executive Directors, namely, (i) Mr. Tam Kam Biu, William; (ii) Mr. Zhou Jing; and (iii) Mr. Yang Guocai with Mr. Hou Hsiao Bing as the chairman of the Remuneration Committee. Following the re-constitution of the Remuneration committee on 28 March 2012, the Remuneration Committee comprised three independent non-executive Directors, namely, (i) Mr. Tam Kam Biu, William; (ii) Mr. Zhou Jing and (iii) Mr. Yang Guocai with Mr. Tam Kam Biu as the chairman of the Remuneration Committee.

During the year under review, three meetings of the Remuneration Committee were held on 16 May 2011, 1 June 2011 and 9 June 2011 to discuss the policy and structure of the remuneration of the Directors and senior management. Details of the attendance of members at Remuneration Committee meetings held during the year under review are as follows:

	16 May 2011	**1 June 2011**	**9 June 2011**
Mr. Hou Hsiao Bing	✓	✓	✓
Mr. Tam Kam Biu, William	✓	✓	✗
Mr. Lai Chun Hung (resigned on 5 July 2011)	✗	✗	✗
Ms. Zhang Dandan (resigned on 29 July 2011)	✓	✓	✓
Mr. Tang Renhao (resigned on 29 July 2011)	✓	✓	✓
Mr. Zhou Jing (appointed on 29 July 2011)	n/a	n/a	n/a
Mr. Yang Guocai (appointed on 29 July 2011)	n/a	n/a	n/a

The policies for the remuneration of the Directors are:

- to ensure that none of the Directors should determine their own remuneration;
- the remuneration should be broadly aligned with companies with which the Company competes for human resources;
- the Group should aim to attract and retain executives and to motivate them to pursue appropriate growth strategies while taking into account individual performance; and
- the remuneration should reflect the performance, complexity of duties and responsibility of the individual.

(c) Nomination Committee

A nomination committee of the Board ("**Nomination Committee**") has been established with effect from 28 March 2012.

The Board has appointed Mr. Tam Kam Biu, William, Mr. Zhou Jing and Mr. Yang Guocai as members of the Nomination Committee, all being independent non-executive Directors, and Mr. Tam Kam Biu, William as the chairman of the Nomination Committee.

The Nomination Committee is responsible for considering suitable candidates to serve as Directors and approving and terminating the appointment of Directors. The Nomination Committee selects and nominates candidates based on whether they possess the skills and experience required by the Group's development. The Nomination Committee has not held any meeting during the year ended 31 March 2012.

(d) Corporate Governance Committee

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

The Board has appointed Mr. Chiu Tung Ping, Ms. Yuen Hing Lan, Mr. Leung King Pak, Mr. Hou Hsiao Bing, Mr. Hou Hsiao Wen and Ms. Hu Xin as members of the Corporate Governance Committee, all being executive Directors, and Mr. Chiu Tung Ping as the chairman of the Corporate Governance Committee. The primary duties of the Corporate Governance Committee are, among other things, to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements. The Corporate Governance Committee has not held any meeting during the year ended 31 March 2012.

(5) NON-EXECUTIVE DIRECTORS

Code provision A.4.1 provides that a non-executive Director should be appointed for a specific term and subject to re-election. The Company's non-executive Directors are appointed for a term of one year and are subject to retirement by rotation and re-election in accordance with the Company's articles of association.

(6) COMPLIANCE OF CODE FOR DIRECTORS' SECURITIES TRANSACTION

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the twelve months ended 31 March 2012.

(7) AUDITORS' REMUNERATION

The Audit Committee is responsible for considering the appointment of the independent auditor. During the year under review, the Group has incurred an aggregate of HK$350,000 to the independent auditor for its services of auditing and taxation.

The fees paid/payable to the Company's independent auditors in respect of audit and non-audit services for the year ended 31 March 2012 are as follows:

Nature of Services	Amount (HK$)
Audit services	350,000
Non-audit services	–

(8) INTERNAL CONTROLS

The Board recognizes that a sound and effective internal control system will contribute to the effectiveness and efficiency of operations, the reliability of financial reporting and the Group's compliance with applicable laws and regulations.

The management of the Group has established the Group's internal control policies and guidance for monitoring the internal control system of the Group.

The Board has delegated to the management the implementation of such systems of internal controls as well as the review of relevant financial, operational and compliance controls and risk management procedures. Qualified personnel and individual department heads throughout the Group maintain and monitor the compliance to these controls on an ongoing basis and report variance to senior management.

Based on the assessment and review made by the Board and senior management on the effectiveness of the internal control system, the Audit Committee is satisfied that:

- the internal controls and accounting systems of the Group are designed to provide reasonable assurance that material assets are protected, business risks attributable to the Group are identified and monitored, material transactions are executed in accordance with management's authorisation and the accounts are reliable for publication; and

- there is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group.

(9) DIRECTORS' AND AUDITORS' ACKNOWLEDGEMENT

All Directors acknowledge their responsibility for preparing the accounts for the year ended 31 March 2012. The independent auditors of the Company acknowledge their reporting responsibilities in the auditors' report on the consolidated financial statements for the year ended 31 March 2012.

(10) DIRECTORS' AND OFFICERS' LIABILITIES INSURANCE

The Company has arranged appropriate insurance cover for directors' and officers' liabilities in respect of legal actions against directors, officers and senior management arising out of corporate activities.

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 41 to the financial statements.

An analysis of the Group's performance for the financial year by business segments is set out in note 7 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the financial year ended 31 March 2012 are set out in the Consolidated Statement of Comprehensive Income on page 36.

No interim dividend have been paid or declared by the Company during the financial year. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2012 (2011: Nil).

DISTRIBUTABLE RESERVES

As at 31 March 2012, the Group did not have any reserves available for distribution to shareholders.

RESERVES

Movements in the reserves of the Group and the Company during the financial year are set out on page 38 and page 101 respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 19 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital are set out in note 33 to the financial statements.

DIRECTORS

The Directors during the financial year and up to the date of this report were:

Mr. Chiu Tung Ping (appointed on 8 June 2011 and elected as the Chairman on 8 June 2011)
Ms. Yuen Hing Lan (appointed on 8 June 2011)
Ms. Wang Daling (elected as the Chairman on 6 April 2011,
  ceased to be the Chairman on 8 June 2011 and resigned on 16 March 2012)
Mr. Hou Hsiao Bing (ceased to be the Chairman on 6 April 2011)
Mr. Hou Hsiao Wen (Chief executive officer)
Mr. Zeng Xiangyi (resigned on 9 December 2011)
Mr. Xu Wei (resigned on 9 December 2011)
Mr. Leung King Pak (appointed on 2 June 2011)
Ms. Hu Xin (appointed on 19 March 2012)
Ms. Ren Huiye (appointed on 4 August 2011 and resigned on 16 March 2012)
Mr. Tam Kam Biu, William*
Mr. Lai Chun Hung* (resigned on 5 July 2011)
Ms. Zhang Dandan* (resigned on 29 July 2011)
Mr. Tang Renhao* (resigned on 29 July 2011)
Mr. Zhou Jing* (appointed on 29 July 2011)
Mr. Yang Guocai* (appointed on 29 July 2011)

* *Independent non-executive Directors*

Detailed information of the Directors standing for re-election will be set out in the circular in relation to the forthcoming annual general meeting of the Company to be despatched to the shareholders.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT OF THE GROUP

EXECUTIVE DIRECTORS

Mr. Chiu Tung Ping, aged 60, has been elected by the Board as the Chairman with effect from 8 June 2011. Mr. Chiu is the general manager of 青海百科光電有限責任公司 (unofficial English translation being Qinghai Baike Solar Power Co., Ltd.). Mr. Chiu is a committee member of the 10th Plenary of the Chinese People's Political Consultative Conference Gansu Committee (中國人民政治協商會議甘肅省第十屆委員會). Mr. Chiu is also the vice-chairperson of 甘肅省工商業聯合會 (unofficial English translation being Gansu Province Industrial and Commercial Industry Association). Mr. Chiu is the honourary president of the Hong Kong General Association of International Investment (香港國際投資總商會). Mr. Chiu is the spouse of Ms. Yuen Hing Lan, an executive Director. Mr. Chiu was appointed as an executive Director on 8 June 2011.

Ms. Yuen Hing Lan, aged 56, is a director of 青海百科光電有限責任公司 (unofficial English translation being Qinghai Baike Solar Power Co., Ltd.). Ms. Yuen obtained the Bachelor of Public Health from Shanxi Medical School (山西醫學院) in 1979. Ms. Yuen is experienced in corporate management. Ms. Yuen was appointed as an executive Director on 8 June 2011. Ms. Yuen is the spouse of Mr. Chiu Tung Ping, an executive Director.

Mr. Hou Hsiao Bing, aged 57, the elder brother of Mr. Hou Hsiao Wen, has been the Chairman during the period from 5 August 2002 to 6 April 2011. He is in charge of the Group's strategic business development and executive management. Prior to joining the Group in April 2000, Mr. Hou was the managing director of a private company focusing on selling satellite TV products network in the PRC. He has more than 31 years' experience in China business. Mr. Hou graduated from the Hong Kong Polytechnic University with a Diploma in Marketing.

Mr. Hou Hsiao Wen, aged 52, is the chief executive officer of the Company, the compliance officer and one of the authorized representatives of the Company. He is in charge of the Group's business development, business management and monitoring of the Group's day-to-day operation. Mr. Hou has over 25 years' experience in the information technology industry in the PRC. Mr. Hou holds a Bachelor of Science degree in Information System from the Ohio State University in the United States ("**US**"). Prior to joining the Group in January 2000, he was the managing director of a private company principally engaged in providing satellite TV network solutions in the PRC. Mr. Hou is the younger brother of Mr. Hou Hsiao Bing.

Mr. Leung King Pak, aged 65, holds a Master of Business Administration from the International Management Centre of Buckingham, the United Kingdom and a Diploma in Management Studies from the University of Hong Kong. Mr. Leung has over 31 years experience in financial management and business development. Mr. Leung has been the chief financial officer, senior vice-president or vice-president of several listed companies and/or their subsidiaries. Mr. Leung was appointed as an executive Director on 2 June 2011.

Ms. Hu Xin, aged 29, obtained her Bachelor of Management in Accounting from 重慶工學院 (unofficial English translation being Chongqing Institute of Technology, presently known as Chongqing University of Technology (重慶科技大學)). Ms. Hu has been the general accountant (總帳會計) of ST Electronics (Software Services) Ltd. (新銁信息系统（深圳）有限公司) and involved in financial management. Ms. Hu has extensive experience in new energy power system data estimates. Ms. Hu joined the Group on 19 March 2012.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tam Kam Biu, William, aged 56, is an associate member of the Hong Kong Institute of Certified Public Accountants since 1987 and an associate member of the Association of Chartered Certified Accountants since 1988. He graduated from the York University of Canada and holds a Master Degree of Business Administration major in finance and a Bachelor Degree of Business Administration major in Accounting. He has got more than 17 years' experience taking the positions as chief financial officer in a number of large listed companies and is currently an executive director and the company secretary of China Bio Cassava Holdings Limited (Stock Code: 8129), a company incorporated in the Cayman Islands whose securities are listed on GEM and a non-executive director of ViaGOLD Capital Limited, a company incorporated in Bermuda whose securities are listed on The Australian Stock Exchange Limited. Mr. Tam was an independent non-executive director of China Solar Energy Holdings Limited (Stock Code: 155), a company incorporated in Bermuda whose securities are listed on the Main Board of the Stock Exchange until 5 May 2011.

Mr. Zhou Jing, Mr. Zhou, aged 61, completed the study in boiler professional (鍋爐專業) in power machinery faculty (動力機械系) in Xi'an Jiaotong University, the PRC. Mr. Zhou is a senior economist (高級經濟師) and a professional supervision engineer (專業監理工程師). Mr. Zhou worked in Northwest Power Construction Group Corporation from 1996 to 2009. Mr. Zhou is experienced in providing management and electronic system management training. Mr. Zhou was appointed as an independent non-executive Director on 29 July 2011.

Mr. Yang Guocai, aged 58, holds a Bachelor degree in Glassland from Gansu Agricultural University, the PRC. Mr. Yang is a certified senior project manager (IPMA Level B) accredited by the International Project Management Association. Mr. Yang was secretariat (秘書長) of the Gansu Provincial Branch of the China Council for the Promotion of International during the period from March 2002 to January 2010. Mr. Yang is experienced in project management. Mr. Yang was appointed as an independent non-executive Director on 29 July 2011.

SENIOR MANAGEMENT

Ms. Chan Mi Ling, Anita, is the chief financial officer, the qualified accountant, company secretary and one of the authorised representatives of the Group. She is in charge of the Group's financial and accounting management. Ms. Chan holds a Master degree in Business Administration from the University of Western Sydney in Australia and a Master degree in Professional Accounting from Jinan University in the PRC. Ms. Chan is also a certified public accountant registered with the Hong Kong Institute of Certified Public Accountants, a member of the Institute of Chartered Accountants in England and Wales and a fellow member of Association of Chartered Certified Accountants. Ms. Chan has over 20 years' experience in the fields of auditing, accounting and finance and have been engaged in international certified public accountants firms, Hong Kong listed companies and multinational company listed overseas. Ms. Chan joined the Group in July 2000.

REPORT OF THE DIRECTORS

Mr. Wang Jian Tong, is the general manager of a subsidiary of the Group mainly responsible for the projects approval, management and corporate operational management. He has 8 years of experience in new energy, who was a key person fully in charge of the construction and implementation of various new energy projects. Mr. Wang joined the Group in June 2011.

Mr. Cao Ming Zhe, is the chief technical engineer of a subsidiary of the Group responsible for the implementation and maintenance of Qinghai solar energy projects. He holds a bachelor degree in Computer Science and Technology of the University of Qinghai with the professional qualification of information system supervisor. He has about 8 years of experience in the photovoltaic industry, and had been the technical chief engineer responsible for the implementation and maintenance of Qinghai solar energy project jointly financed by the PRC and Germany, as well as, various photovoltaic power stations projects. He also participated in the research and compilation of articles on the subjects of various photovoltaic industry projects. He is familiar with solar energy industry requirements and standards, and thus is able to design a photovoltaic power station independently in accordance with the requirements. Mr. Cao joined the Group in June 2011.

DIRECTORS' SERVICE CONTRACTS AND VARIATIONS TO REMUNERATIONS

On 15 June 2010, each of Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen, both being executive Directors, has entered into a new service contract with the Company for an initial term of three years commencing from 15 June 2010 (which will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other). Pursuant to such service contracts, the monthly salary of each of Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen is HK$76,667 and HK$83,333 respectively. With effect from 1 April 2011, the monthly salary of Mr. Hou Hsiao Bing has been increased from HK$76,667 to HK$125,000 and the monthly salary of Mr. Hou Hsiao Wen has been increased from HK$83,333 to HK$125,000.

Certain of the Directors had waived their emoluments during the year ended 31 March 2012, details of which are set out in note 18(B) to the financial statements.

Save as disclosed herein, there are no existing or proposed service contracts with the Company which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

CONNECTED TRANSACTIONS

The related party transactions undertaken by the Group as set out in note 38 to the financial statements constituted continuing connected transactions. However, such transaction are exempted from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

DIRECTORS' INTEREST IN CONTRACTS

Save as disclosed in this report, no contracts of significance in relation to the Group's business to which the Company and its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year.

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

As at 31 March 2012, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

(A) DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE SHARES OF THE COMPANY

Name of Directors	**Capacity**	**Number and class of securities** (Note 1)	**Percentage shareholding in the same class of securities** (Note 2)
Mr. Chiu Tung Ping *(Executive Director)*	Interests of controlled corporation (Note 3)	317,766,038 ordinary shares (L)	34.29%
Ms. Yuen Hing Lan *(Executive Director)*	Interests of spouse (Note 3)	317,766,038 ordinary shares (L)	34.29%
Mr. Hou Hsiao Bing *(Executive Director)*	Beneficial owner	131,150,000 ordinary shares (L)	14.15%
Mr. Hou Hsiao Wen *(Executive Director)*	Beneficial owner	25,370,000 ordinary shares (L)	2.74%

Notes:

1. The letter "L" represents the Directors' long positions in the interests in the shares and underlying shares of the Company.

2. As at 31 March 2012, the entire issued share capital of the Company is 926,592,072 shares of HK$0.1 each.

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

(B) DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS/SHORT POSITIONS IN THE SHARE CAPITAL OF THE COMPANY'S ASSOCIATED CORPORATIONS

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

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

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

As at 31 March 2012, the following persons or entities, other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholders	Number of ordinary shares interested (Note 1)	Capacity	Approximate percentage of the Company's issued share capital as at 31 March 2012 (Note 2)
Mr. Qin Yun	530,875,000 (L)	Interest of controlled corporation (Note 3)	57.29%
Ms. Hu Jianming	530,875,000 (L)	Interests of spouse (Notes 3 and 4)	57.29%
Max Success Group Ltd	451,243,750 (L)	Beneficial owner (Note 3)	48.70%
Good Million Investments Limited	317,766,038 (L)	Beneficial owner (Note 5)	34.29%
Mr. Qin Zhongde	88,000,000 (L)	Beneficial owner (Note 6)	9.50%
Rus Energy Investment Group Limited	79,631,250 (L)	Beneficial owner (Note 3)	8.59%
China Technology Development Group Corporation	57,313,962 (L)	Beneficial owner (Note 7)	6.19%

Notes:

1. The letter "L" represents the long position in the shares and underlying shares of the Company.

2. As at 31 March 2012, the entire issued share capital of the Company is 926,592,072 shares of HK$0.1 each.

3. The 451,243,750 shares and 79,631,250 shares in the Company represented the consideration shares that would have been issued to Max Success Group Ltd ("**Max Success**") and Rus Energy Investment Group Limited ("Rus Energy"), respectively, by the Company as part payment of consideration pursuant to a sale and purchase agreement in respect of the entire issued share capital of China-Rus Energy Investment Limited dated 18 January 2010 among Max Success and Rus Energy as vendors, Mr. Qin Yun as guarantor and Oceania, a wholly-owned subsidiary of the Company, as purchaser upon and if the said sale and purchase agreement was completed. Since Mr. Qin Yun held 100% and 60%, respectively, interest in the entire issued shares in Max Success and Rus Energy, he is deemed to be interested in all the shares of the Company in which Max Success and Rus Energy would be interested pursuant to the SFO. Oceania subsequently decided to terminate the acquisition and rescind the said sale and purchase agreement with effect from 28 May 2010. Notwithstanding that, none of Max Success, Rus Energy and Mr. Qin Yun has notified the Company of the cessation or any change of their interest in the above shares of the Company.

4. Ms. Hu Jianming is the spouse of Mr. Qin Yun. Accordingly, Ms. Hu Jianming is deemed, by virtue of SFO, to be interested in all the shares in which Mr. Qin Yun is interested.

5. Mr. Chiu Tung Ping and Ms. Yuen Hing Lan, both being executive Directors, held 70% and 30% interest in the entire issued share capital of Good Million Investments Limited.

6. Ms. Huang Xiulan is the spouse of Mr. Qin Zhongde. Accordingly, Ms. Huang Xiulan is deemed, by virtue of SFO, to be interested in all the shares in which Mr. Qin Zhongde is interested.

7. BHL Solar Technology Company Limited is wholly-owned by China Technology Development Group Corporation.

Save as disclosed above, as at 31 March 2012, no person or entity other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEMES

NEW SHARE OPTION SCHEME ADOPTED AS AT 30 JULY 2004

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.

The principal terms of the New Scheme is set out as follows:

The purpose of the New Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

Participants under the Scheme include directors and employees of the Group or any entity ("**Invested Entity**") in which the Group holds an equity interest; any suppliers, customers, advisers or consultants of the Group or any Invested Entity; any persons or entities that provide research development or other technological support to the Group or any Invested Entity; any holders of securities issued by any member of the Group or any Invested Entity; and any other groups or classes of participants whom the Board considers have contributed or will contribute to the Group.

The maximum number of shares to be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

The total number of shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the New Scheme and any other share option schemes of the Group) to be granted under the New Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue as at the date of passing of the relevant resolution adopting the New Scheme ("**General Scheme Limit**"). On the basis that there were a total of 452,612,072 shares in issue as at the date of passing of the relevant resolution of the New Scheme on 30 July 2004, the Directors were allowed to grant options carrying rights to subscribe for a maximum of 45,261,207 shares under the General Scheme Limit.

Up to the date of this report, no options were granted or exercised under the New Scheme. The total number of securities available was 45,261,207 shares, representing approximately 4.88% of the Company's shares in issue as at 31 March 2012.

The maximum number of shares issued and to be issued upon exercise of the options granted to each eligible participant (including exercised and outstanding options) in any 12-month period shall not exceed 1% of the issued shares from time to time.

An option may be accepted by a participant within 21 days from the date of the offer for grant of the option.

REPORT OF THE DIRECTORS

Unless otherwise determined by the Directors and stated in the offer for the grant of options to grantees, there is no minimum period required under the New Scheme for the holding of an option before it can be exercised.

A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

The subscription price for shares under the New Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of shares as stated in the Stock Exchange's daily quotations sheet for five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares.

The New Scheme will remain in force for a period of 10 years commencing on the date on which the New Scheme is adopted, i.e. until 29 July 2014.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

PURCHASES

• the largest supplier:	Approximately 62.6 per cent.
• five largest suppliers in aggregate:	Approximately 98.6 per cent.

SALES

• the largest customer:	Approximately 18.5 per cent.
• five largest customers in aggregate:	Approximately 55.4 per cent.

None of the Directors or their respective associates (as defined in the GEM Listing Rules) or shareholders which to the knowledge of the Directors, owns more than 5 per cent. of the Company's issued share capital, had any interest in the major suppliers or customers noted above.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association, although there are no restrictions against such rights under the laws in the Cayman Islands.

REPORT OF THE DIRECTORS

FIVE YEARS FINANCIAL SUMMARY

	2012	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results:					
Revenue	**31,938**	31,878	27,966	43,645	72,100
(Loss)/Profit attributable to shareholders	**(49,691)**	(36,352)	(28,625)	(3,176)	2,291
Assets and liabilities					
Total assets	**461,594**	131,683	60,570	43,302	46,950
Total liabilities	**(243,160)**	(33,139)	(5,296)	(6,541)	(7,802)
Net assets	**218,434**	98,544	55,274	36,761	39,148

DIRECTORS' INTEREST IN COMPETING BUSINESS

Mr. Tam Kam Biu, William, an independent non-executive Director, is an executive director of China Bio Cassava Holdings Limited (Stock Code: 8129). As China Bio Cassava Holdings Limited is also a company which is engaged in business related to research and development of information technology, China Bio Cassava Holdings Limited may be in competition with the Group.

Save as disclosed above, none of the Directors of the Company has an interest in a business which compete or may compete with the business of the Group.

CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out on page 17 to 23 of the annual report.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 March 2012.

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
Mr. Chiu Tung Ping
Chairman and executive Director

Hong Kong, 22 June 2012

INDEPENDENT AUDITORS' REPORT

鄧偉雄會計師事務所有限公司

Level 7, Parkview Centre,
7 Lau Li Street,
Causeway Bay, Hong Kong.

香港銅鑼灣琉璃街七號
栢景中心七樓

Tel :(852) 23426130
Fax :(852) 23426006

W.H. TANG & PARTNERS CPA LIMITED

To the shareholders of China Technology Solar Power Holdings Limited
(Formerly known as Soluteck Holdings Limited)
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Technology Solar Power Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 36 to 105, which comprise the consolidated statement of financial position as at 31 March 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2012 and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

W.H. Tang & Partners CPA Limited
Certified Public Accountants (Practising)
TANG Wai Hung

Practising Certificate Number: P03525
Hong Kong, 22 June 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
Continuing operations			
Revenue	8	**31,938**	31,878
Cost of sales		**(24,389)**	(23,423)
Gross profit		**7,549**	8,455
Other revenue	8	**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	9	**(6,802)**	(928)
Loss before taxation	10	**(45,319)**	(35,973)
Income tax expenses	11	**219**	(379)
Loss for the year from continuing operations		**(45,100)**	(36,352)
Discontinued operation			
Loss for the year from discontinued operation	12	**(4,591)**	–
Loss for the year		**(49,691)**	(36,352)
Other comprehensive income			
Exchange differences on translation of financial statements of overseas subsidiaries		**2,326**	1,850
Total comprehensive income for the year		**(47,365)**	(34,502)
Loss for the year attributable to:			
Equity holders of the Company		**(49,691)**	(36,352)
Total comprehensive income attributable to:			
Equity holders of the Company		**(47,365)**	(34,502)
Dividend	14	**–**	–
Loss per share			
From continuing and discontinued operations			
– Basic	16	**(5.70 cents)**	(5.61 cents)
– Diluted	16	**(7.03 cents)**	(6.75 cents)
From continuing operations			
– Basic	16	**(5.18 cents)**	(5.61 cents)
– Diluted	16	**(6.38 cents)**	(6.75 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment	19	**1,289**	1,012
Available-for-sale financial assets	20	**–**	–
Goodwill	21	**235,999**	–
		237,288	1,012
Current assets			
Inventories	22	**9,225**	11,403
Accounts receivables	23	**8,212**	9,208
Other receivables, deposits and prepayments	24	**3,076**	48,454
Held-to-maturity financial assets	25	**11,103**	–
Available-for-sale financial assets	20	**10,610**	–
Financial assets at fair value through profit or loss	26	**6,388**	18,371
Bank balances and cash	27	**3,849**	43,235
		52,463	130,671
Assets classified as held for sale	13	**171,843**	–
		224,306	130,671
Current liabilities			
Accounts payables	28	**3,438**	1,991
Other payables and accruals	29	**47,282**	4,489
Other loan	30	**7,168**	–
Receipt in advance		**322**	493
Convertible bonds	31	**–**	24,540
		58,210	31,513
Liabilities associated with assets held for sale	13	**119,408**	–
		177,618	31,513
Net current assets		**46,688**	99,158
Total assets less current liabilities		**283,976**	100,170
Non-current liabilities			
Convertible bonds	31	**44,845**	–
Deferred tax liabilities	32	**20,697**	1,626
		65,542	1,626
Net assets		**218,434**	98,544
Capital and reserves			
Share capital	33	**92,659**	73,719
Reserves		**125,775**	24,825
Shareholders' funds		**218,434**	98,544

The consolidated financial statements on pages 36 to 105 were approved and authorized for issue by the board of directors on 22 June 2012 and are signed on its behalf by:

Chiu Tung Ping
Director

Hou Hsiao Bing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2012

	Equity attributable to equity holders of the Company								
	Share capital HK$'000	Share premium HK$'000	Warrant reserve HK$'000	Reserve arising from reorganization HK$'000	Exchange reserve HK$'000	Convertible bonds reserve HK$'000	Retained profits (Deficit) HK$'000	Discontinued operation HK$'000	Total 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	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	–	–	–	–	–	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	92,659	142,148	9,680	(24,317)	10,214	91,767	(104,293)	576	218,434

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.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
OPERATING ACTIVITIES			
Loss before taxation			
Continuing operations		**(45,319)**	(35,973)
Discontinued operation		**(4,591)**	–
		(49,910)	(35,973)
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
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)
Cash from (used in) operations		**149,247**	(57,287)
Interest paid		**(1,064)**	(1)
Overseas taxation paid		**(11)**	(24)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		**148,172**	(57,312)
INVESTING ACTIVITIES			
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	37	**(61,791)**	–
Purchase of available-for-sale financial assets		**(10,610)**	–
Purchase of held-to-maturity financial assets		**(11,103)**	–
NET CASH USED IN INVESTING ACTIVITIES		**(195,001)**	(25,560)
FINANCING ACTIVITIES			
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)**	–
NET CASH FROM FINANCING ACTIVITIES		**8,328**	101,385
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(38,501)**	18,513
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**43,235**	22,834
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**1,659**	1,888
CASH AND CASH EQUIVALENTS AT END OF YEAR		**6,393**	43,235
Represented by:			
Bank balances and cash		**3,849**	43,235
Cash and cash equivalents included in assets held for sale		**2,544**	–
		6,393	43,235

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 on pages 36 to 105 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

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.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

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

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2012.
3 Effective for annual periods beginning on or after 1 July 2012.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 January 2014.
6 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.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

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 irrecoverable 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.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HKFRS 9 FINANCIAL INSTRUMENTS (Continued)

- 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.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

NEW AND REVISED STANDARDS ON CONSOLIDATION, JOINT ARRANGEMENTS, ASSOCIATES AND DISCLOSURES (Continued)

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.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

AMENDMENTS TO HKAS 1 PRESENTATION OF ITEMS OF OTHER COMPREHENSIVE INCOME (Continued)

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. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below. The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values as explained in the accounting policies set out below.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

BASIS OF CONSOLIDATION (Continued)

Business combinations (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits*, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or sharebased payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

GOODWILL

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

GOODWILL (Continued)

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

NON-CURRENT ASSETS HELD FOR SALE

(a) Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the reclassification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets and explained below), or disposal groups, are recognized at the lower of their carrying amount and fair value less costs to sell. the principal exceptions to this measurement policy so far as the financial statements of the Group and the Company concerned are deferred tax assets and financial assets (other than investments in subsidiaries). These assets, even if held for sale would continue to be measured in accordance with the policies set out elsewhere in note 3.

Non-current assets (and disposal group) classified as held for sale are measured at the lower of their previous carry amount and fair value less costs to sell.

(b) *Discontinued operations*

A discontinued operations is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or a part of single coordinated plan to dispose of a separate major line of business or geographical area of operation, or is a subsidiary acquired exclusively with a view to resale.

Classification as discontinued operations occurs upon disposal or when the operations meet the criteria to be classified as held for sale (as referred to in (a) above), if earlier. It also occurs when the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face on the consolidated statement of comprehensive income, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognized on the measurement of fair value less costs to sell, or on the disposal of the assets or disposal group(s) constituting the discontinued operations.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognized when goods are delivered and titled has passed, at which time all the following conditions are satisfied:

– the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

– the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

– the amount of revenue can be measured reliably;

– it is probable that the economic benefits associated with the transaction will flow to the Group; and

– the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the provision of technical support services is recognized when the services are rendered. The unrecognized portion is recorded as receipt in advance when deposits and instalment payments are received.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life on the financial asset to that asset's net carrying amount on initial recognition.

GOVERNMENT GRANTS

Government grants are recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the related asset by equal annual instalments.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprising leasehold improvements, office equipment, furniture and fixtures and motor vehicles are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The principal annual rates are as follows:

Leasehold improvements	20% – 50%
Office equipment, furniture and fixtures	20%
Motor vehicles	20%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors who make strategic decisions.

INVENTORIES

Inventories, comprising merchandise and spare parts, are stated at the lower of cost and net realizable value. Cost, calculated on the first-in, first-out basis, comprises cost of purchases. Net realizable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

EMPLOYMENT BENEFITS

Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognized when they accrue to employees.

A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of reporting date.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

Pension obligations

The Company and subsidiaries incorporated/operated in Hong Kong operate a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") set up pursuant to the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the Pension Scheme.

Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries up to a maximum of HK$1,000 and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of the employee's monthly salaries up to a maximum of HK$1,000 (the "mandatory contributions"). The employees are entitled to 100% of the employer's mandatory contribution upon their retirement at the age of 65 years old, death or total incapacity.

The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The employer's contributions vest fully with the employees when they are contributed to the MPF Scheme, except for the portion of voluntary contributions made by the employer, which will be refunded to the Group when the employees cease employment prior to vesting fully in the contributions, in accordance with the rules of the MPF Scheme.

The subsidiaries operating in the People's Republic of China (the "PRC") are required to participate in defined contribution retirement schemes, organized by the relevant local government authorities. The subsidiaries are required to make contributions to the retirement schemes, at a rate of 11.0 per cent. to 22.5 per cent. of the basic salary of their employees and there will be no other future obligations of the Group towards the employees' retirement benefits.

LEASING

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognized as a reduction of rental expense over the lease term on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognized as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. Contingent assets are not recognized but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognized.

TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the ended of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

TAXATION *(Continued)*

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognized in profit or loss, except when it related to items that are recognized in other comprehensive income or directly in equity, in which case the deferred tax is also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

BORROWING COSTS

Borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

FOREIGN CURRENCIES

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FOREIGN CURRENCIES (Continued)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognized in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognized in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (the translation reserve). Such exchange differences are recognized in profit or loss in the period in which the foreign operating is disposed of.

DIVIDENDS

Dividends proposed or declared after the end of reporting date is not recognized as a liability at the end of the reporting period.

IMPAIRMENT LOSS ON TANGIBLE AND INTANGIBLE ASSETS OTHER THAN GOODWILL

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS (Continued)

Financial assets

The financial assets of the Group are mainly financial assets at fair value through profit or loss, held-to-maturity, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognized on an effective interest basis for debt instruments.

Financial assets at FVTPL comprise financial assets held-for-trading.

A financial asset is classified as held-for-trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognized directly in profit or loss in the period in which they arise. The net gain or loss recognized in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including accounts receivables, other receivables, deposits and prepayments, bank balances and cash) are carried at amortized cost using the effective interest method, less any identified impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS (Continued)

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity, other than:

- those that the Group upon initial recognition designated as at fair value through profit or loss; or
- those that the Group designates as available-for-sale; and
- those that meet the definition of loans and receivables

Held-to-maturity investments are subsequently measured at amortised cost using effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the income statements when the investments are derecognized or impaired, as well as through amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

At the end of each reporting period, subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognized in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of each reporting period subsequent to initial recognition.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS (Continued)

Impairment of financial assets (Continued)

For all other financial asset, objective evidence of impairment could include:

– significant financial difficulty of the issuer or counterparty; or

– default or delinquency in interest or principal payments; or

– it becoming probable that the borrowing will enter bankruptcy or financial re-organization; or

– the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as accounts receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment of a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

For financial assets carried at amortized cost, an impairment loss is recognized in profit and loss when there is objective evidence that the asset is impaired, and is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When an accounts receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortized costs, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognized, the previously recognized impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS (Continued)

Impairment of financial assets (Continued)

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognized directly in other comprehensive income and accumulated in investment revaluation reserve.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognized on an effective interest basis for debt instruments.

Financial liabilities

Financial liabilities including accounts payables, other payables and accruals, receipt in advance and other loan are subsequently measured at amortized cost, using the effective interest method.

Convertible bonds issued by the Company

Convertible bonds issued by the Company contain both the liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instruments. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds into equity, is included in equity (convertible bonds reserve).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Convertible bonds issued by the Company *(Continued)*

In subsequent period, the liability component of the convertible bonds is carried at amortized cost using the effective interest method. The equity component, representing the option to convert the liability component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds reserve until the embedded option is exercised (in which case the balance stated in convertible bond equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible bonds reserve will be released to the accumulated losses. No gain or loss is recognized in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortized over the period of the convertible bonds using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the assets' carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit and loss.

Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit and loss.

RESEARCH AND DEVELOPMENT EXPENDITURE

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development expenditure is recognized only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity.

The resultant asset is amortized on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortization and any accumulated impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

RESEARCH AND DEVELOPMENT EXPENDITURE (Continued)

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

RELATED PARTIES

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- has control or joint control over the Group;
- has significant influence over the Group; or
- is a member of the key management personnel of the Group or a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- the entity and the Group are members of the same group;
- one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- the entity and the Group are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- the entity is controlled or jointly controlled by a person identified in (a); and
- a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are disclosed in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

USEFUL LIVES AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account of their estimated residual value. The determination of the useful lives and residual values involve management's estimation. The Group assesses annually the residual value and the useful life of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

ALLOWANCE FOR INVENTORIES

The management of the Group reviews an ageing analysis at the end of each reporting date, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for sales. The management estimates the net realizable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at the end of each reporting date and makes allowance for obsolete and slow moving items.

ALLOWANCE FOR DOUBTFUL DEBTS

The policy for allowance of bad and doubtful debts of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realizable of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in impairment of their ability to make payments, addition allowance may be required.

ALLOCATION OF GOODWILL AND THE ESTIMATED IMPAIRMENT OF GOODWILL

The allocation of goodwill between solar energy generation and power system integration business are based on the judgement of the directors of the Company in reference to the future cash flows forecast. Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than previously estimated, a material impairment loss may arise. As at 31 March 2012, the carrying amount of goodwill from continuing operations is approximately HK$235,999,000 (2011: Nil), The Group did not recognize any impairment loss in relation to goodwill arising from the acquisition of subsidiaries. Details of the recoverable amount calculation are disclosed in note 21.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes convertible bonds as disclosed in Note 31, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debts.

6. FINANCIAL INSTRUMENTS

6A. CATEGORIES OF FINANCIAL INSTRUMENTS

	2012 **HK$'000**	2011 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**15,137**	100,897
Held-to-maturity financial assets	**11,103**	–
Financial assets at fair value through profit or loss	**6,388**	18,371
Available-for-sale financial assets	**10,610**	–

	2012 **HK$'000**	2011 HK$'000
Financial liabilities		
Amortized cost	**103,055**	31,513

6. FINANCIAL INSTRUMENTS *(Continued)*

6B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments to raise finance for the Group's operations comprise convertible bonds.

The Group has various other financial instruments such as accounts receivables, financial assets at fair value through profit or loss, other receivables, deposits and prepayments, bank balances, held-to-maturity financial assets, available-for-sale financial assets, accounts payables, other payables and accruals, other loan, receipt in advance and convertible bonds which arise directly from its operations. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

CREDIT RISK

The Group's credit risk is primarily attributable to its accounts receivables, other receivables and bank balances.

At the end of respective reporting dates, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arising from the carrying amount of the respective recognized financial assets stated in the consolidated statement of financial position.

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The credit risk on liquid funds is limited because the counterparties are authorized banks of good standing.

FOREIGN CURRENCY RISK

The Group's revenue are denominated and settled in Renminbi ("RMB"), in addition, incurred most of the expenditures for operating purposed as well as capital expenditures in RMB. Most of the subsidiaries' monetary assets and liabilities are also denominated in RMB. Future exchange rate of RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also affected by economic developments and political changes domestically and internationally, and supply and demand of RMB. The appreciation or devaluation of RMB against foreign currencies may have positive or negative impact on the result of operations of the Group.

6. FINANCIAL INSTRUMENTS *(Continued)*

6B. *FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)*

FOREIGN CURRENCY RISK (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**193,881**	47,438	**123,869**	4,331
United States dollars ("USD")	**6,658**	18,424	**–**	–
	200,539	65,862	**123,869**	4,331

The Group and the Company currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Sensitivity analysis

The following table details the Group's and Company's sensitivity to a 5% (2011: 5%) increase and decrease in HK$ against RMB 5% (2011: 5%) is the sensitivity rate used that represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the reporting date for a 5% (2011: 5%) change in foreign currency rates. A negative number below indicates an increase in post-tax loss for the year where relevant currencies strengthen 5% (2011: 5%) against the functional currency of the relevant group entities. For a 5% (2011: 5%) weakening of relevant currencies against the functional currency of the relevant group entities, there would be an equal and opposite impact on the result and the balances below would be positive.

6. FINANCIAL INSTRUMENTS *(Continued)*

6B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

FOREIGN CURRENCY RISK (Continued)

Sensitivity analysis *(Continued)*

	Profit or loss	
	2012	2011
	HK$'000	HK$'000
RMB	**3,501**	2,155

No sensitivity analysis has been presented as the directors consider that the Group's exposure to USD is insignificant on the grounds that Hong Kong dollars is pegged to USD.

INTEREST RATE RISK

The Group borrowed loan in fixed interest rate to minimize the exposure on cash flow interest rate risk. The Group has exposed to cash flow interest rate risk in relation to bank deposits that carrying interest at variable rates. The Group does not have an interest rate hedging policy. However, the management monitor interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The directors consider the Group's exposure to cash flow interest rate risk of bank deposit is not significant, hence no sensitivity analysis is presented for the year ended 31 March 2012 and 2011.

LIQUIDITY RISK

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of borrowings and ensures compliance with loan covenants.

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surplus and the raising of loans to cover expected cash demands, subject to approval by the Company's directors when the borrowings exceed certain predetermined levels of authority.

The table below summarizes the maturity profile of the Group's financial liabilities as at the end of reporting date, based on the contracted undiscounted payments. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

6. FINANCIAL INSTRUMENTS *(Continued)*

6B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

LIQUIDITY RISK (Continued)

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period:

2012

	Carrying amounts HK$'000	Total contractual undiscounted cash flows HK$'000	Within 1 year or on demands HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Over 5 years HK$'000
Accounts payables	3,438	3,438	3,438	–	–	–
Other payables and accruals	47,282	47,282	47,282	–	–	–
Other loan	7,168	9,028	9,028	–	–	–
Receipt in advance	322	322	322	–	–	–
Convertible bonds	44,845	151,100	6,345	7,246	28,550	108,959
	103,055	211,170	66,415	7,246	28,550	108,959

2011

	Carrying amounts HK$'000	Total contractual undiscounted cash flows HK$'000	Within 1 year or on demands HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Over 5 years HK$'000
Accounts payables	1,991	1,991	1,991	–	–	–
Other payables and accruals	4,489	4,489	4,489	–	–	–
Receipt in advance	493	493	493	–	–	–
Convertible bonds	24,540	26,000	26,000	–	–	–
	31,513	32,973	32,973	–	–	–

6C. FAIR VALUE

The fair value of financial assets and financial liabilities are determined as follows:

– the fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and

– the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

6. FINANCIAL INSTRUMENTS *(Continued)*

6C. *FAIR VALUE* *(Continued)*

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximated their fair values.

Fair value measurement recognized in the consolidated and Company statement of financial position.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

(a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Asset measured at fair value

	31 March 2012 HK$'000	**Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**
Financial assets at fair value through profit or loss	**6,388**	**6,388**	**–**	**–**
	6,388	**6,388**	**–**	**–**

	31 March 2011 HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Financial assets at fair value through profit or loss	18,371	18,371	–	–
	18,371	18,371	–	–

7. 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	
	Power system integration business HK$'000	Sales of goods HK$'000	Rendering of services HK$'000	Solar energy generation HK$'000	Total HK$'000
Revenue from external customers	–	23,566	8,372	–	31,938
Segment result	–	910	(1,704)	(4,607)	(5,401)
Other revenue					758
Unallocated cost					(38,465)
Loss from operations					(43,108)
Finance costs					(6,802)
Loss before taxation					(49,910)
Income tax expenses					219
Loss for the year					(49,691)

7. SEGMENT INFORMATION *(Continued)*

SEGMENT REVENUE AND RESULTS (Continued)

Year ended 31 March 2011

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

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 operation**	
	Power system integration business HK$'000	**Sales of goods HK$'000**	**Rendering of services HK$'000**	**Solar energy generation HK$'000**	**Total HK$'000**
Segment assets	**235,999**	**35,688**	**10,705**	**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**	**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**

7. SEGMENT INFORMATION *(Continued)*

SEGMENT ASSETS AND LIABILITIES (Continued)

Year ended 31 March 2011

	Continuing operations			Discontinued operation	
	Power system integration business HK$'000	Sales of goods HK$'000	Rendering of services HK$'000	Solar energy generation HK$'000	Total HK$'000
Segment assets	–	34,557	10,213	–	44,770
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)					34,234
Consolidated assets					131,683
Segment liabilities	–	2,460	1,871	–	4,331
Other payables and accruals (for corporate)					4,268
Convertible bonds (for corporate)					24,540
Consolidated liabilities					33,139

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.

7. SEGMENT INFORMATION *(Continued)*

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	
	Power system integration business HK$'000	Sales of goods HK$'000	Rendering of services HK$'000	Solar energy generation HK$'000	Total 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	
	Power system integration business HK$'000	Sales of goods HK$'000	Rendering of services HK$'000	Solar energy generation HK$'000	Total 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

7. SEGMENT INFORMATION *(Continued)*

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:

	2012	2011
	HK$'000	HK$'000
Customer A – Sales of goods	**619**	1,045
Customer A – Rendering of services	**3,535**	3,138
Customer B – Sales of goods	**5,906**	3,898

8. REVENUE AND OTHER REVENUE

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

9. FINANCE COSTS

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

10. LOSS BEFORE TAXATION

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

	Continuing operations		Discontinued operation		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'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

11. 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 (Note 32)	**(230)**	355	**–**	–	**(230)**	355
Income tax expenses	**(219)**	379	**–**	–	**(219)**	379

11. INCOME TAX EXPENSES *(Continued)*

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

	2012 HK$'000	2011 HK$'000
Loss before taxation		
Continuing Operations	45,319	35,973
Discontinued Operation	4,591	–
	49,910	35,973
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
	(219)	379

12. 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:

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

13. NON-CURRENT ASSETS HELD FOR SALE

	2012 HK$'000
Assets related to the solar energy generation	171,843
Liabilities of the solar energy generation associated with assets classified as held for sale	119,408
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	576

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:

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

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.

14. DIVIDEND

No dividend was paid or proposed during the two years ended 31 March 2012 and 2011 nor has any dividend been proposed since the end of reporting date.

15. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders is dealt with in the financial statements of the Company to the extent of a loss of approximately HK$27,128,000 (2011: HK$9,780,000).

16. 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 **HK$'000**	2011 HK$'000
Loss		
Loss for the purpose of basic and diluted loss per share	**49,691**	36,352

	2012	2011
Number of shares		
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	**(163,929,619)**	(108,962,155)
Weighted average number of ordinary shares for the purpose of diluted loss per share	**707,318,344**	538,749,917

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 **HK$'000**	2011 HK$'000
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	**4,591**	–
Loss for the purpose of basic loss per share from continuing operations	**45,100**	36,352

16. LOSS PER SHARE *(Continued)*

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), base 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.

17. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	Continuing operations		Discontinued operation		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Wages and salaries	**10,387**	12,378	**1,067**	–	**11,454**	12,378
Pension costs – defined contribution plans	**604**	624	**–**	–	**604**	624
	10,991	13,002	**1,067**	–	**12,058**	13,002

18. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(A) DIRECTORS' EMOLUMENTS

Emoluments paid or payable to each of the sixteen (2011: seventeen) directors of the Company during the year were as follows:

2012	Fee HK$'000	Salaries and other emoluments HK$'000	Contribution to retirement benefit scheme HK$'000	Performance-based bonus (Note 14) HK$'000	Total HK$'000
Executive directors:					
Chiu Tung Ping (Note 1)	–	293	–	–	293
Hou Hsiao Bing	–	550	12	–	562
Hou Hsiao Wen	–	1,500	12	–	1,512
Hu Xin (Note 2)	–	4	–	–	4
Leung King Pak (Note 3)	–	100	–	–	100
Ren Huiye (Note 4)	–	149	–	–	149
Wang Daling (Note 5)	–	200	–	–	200
Xu Wei (Note 6)	–	20	–	–	20
Yuen Hing Lan (Note 7)	–	98	–	–	98
Zeng Xiangyi (Note 8)	–	170	–	–	170
Independent non-executive directors:					
Lai Chun Hung (Note 9)	–	20	–	–	20
Tam Kam Biu William	–	120	–	–	120
Tang Renhao (Note 10)	–	20	–	–	20
Yang Guocai (Note 11)	–	67	–	–	67
Zhang Dandan (Note 12)	–	20	–	–	20
Zhou Jing (Note 13)	–	67	–	–	67
	–	3,398	24	–	3,422

Note 1: Chiu Tung Ping was appointed as executive director and Chairman of the Board on 8 June 2011.

Note 2: Hu Xin was appointed as executive director on 19 March 2012.

Note 3: Leung King Pak was appointed as executive director on 2 June 2011.

Note 4: Ren Huiye was appointed as executive director on 4 August 2011 and resigned on 16 March 2012.

Note 5: Wang Daling was resigned as executive director on 16 March 2012.

Note 6: Xu Wei was resigned as executive director on 9 December 2011.

Note 7: Yuen Hing Lan was appointed as executive director on 8 June 2011.

Note 8: Zeng Xiangyi was resigned as executive director on 9 December 2011.

Note 9: Lai Chun Hung was resigned as independent non-executive director on 5 July 2011.

Note 10: Tang Renhao was resigned as independent non-executive director on 29 July 2011.

Note 11: Yang Guocai was appointed as independent non-executive director on 29 July 2011.

Note 12: Zhang Dandan was resigned as independent non-executive director on 29 July 2011.

Note 13: Zhou Jing was appointed as independent non-executive director on 29 July 2011.

Note 14: The performance-based bonus is determined by the performance of each individual director for the relevant year.

18. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(A) DIRECTORS' EMOLUMENTS (Continued)

2011	Fees HK$'000	Salaries and other emoluments HK$'000	Contribution to retirement benefits scheme HK$'000	Performance-based bonus (Note13) HK$'000	Total HK$'000
Executive directors:					
Hou Hsiao Bing	–	897	12	–	909
Hou Hsiao Wen	–	1,000	12	–	1,012
Ho Chi Fai, Thomas (Note 1)	–	18	–	–	18
Law Shu Sang, Joseph (Note 2)	–	109	–	–	109
Wang Daling (Note 3)	–	95	–	–	95
Xu Wei (Note 4)	–	47	–	–	47
Zeng Xiangyi (Note 5)	–	280	–	–	280
Leung King Pak (Note 6)	–	–	–	–	–
Chiu Tung Ping (Note 7)	–	–	–	–	–
Yuen Hing Lan (Note 7)	–	–	–	–	–
Independent non-executive directors:					
Ho Wai Wing, Raymond (Note 8)	–	13	–	–	13
Lui, Ming Rosita (Note 8)	–	13	–	–	13
Tam Kam Biu, William	–	90	–	–	90
Lai Chun Hung (Note 9)	–	77	–	–	77
Tang Renhao (Note 10)	–	12	–	–	12
Zhang Dandan (Note 11)	–	47	–	–	47
Wong Chung Wai, Eric (Note 12)	–	37	–	–	37
	–	2,735	24	–	2,759

Note 1: Ho Chi Fai, Thomas was appointed as executive director on 8 October 2010 and resigned on 10 November 2010.

Note 2: Law Shu Sang, Joseph was appointed as executive director on 6 July 2010 and resigned on 7 October 2010.

Note 3: Wang Daling was appointed as executive director on 15 June 2010.

Note 4: Xu Wei was appointed as executive director on 10 November 2010.

Note 5: Zeng Xiangyi was appointed as executive director on 15 June 2010.

Note 6: Leung King Pak was appointed as executive director on 2 June 2011.

Note 7: Chiu Tung Ping and Yuen Hing Lan were appointed as executive director on 8 June 2011.

Note 8: Ho Wai Wing, Raymond and Lui, Ming Rosita was resigned as independent non-executive director on 15 June 2010.

Note 9: Lai Chun Hung was appointed as independent non-executive director on 15 June 2010.

Note 10: Tang Renhao was appointed as independent non-executive director on 23 February 2011.

Note 11: Zhang Dandan was appointed as independent non-executive director on 10 November 2010.

Note 12: Wong Chung Wai, Eric was appointed as independent non-executive director on 15 June 2010 and resigned on 10 November 2010.

Note 13: The performance-based bonus is determined by the performance of each individual Director for the relevant year.

18. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(B) *FIVE HIGHEST PAID INDIVIDUALS*

The five individuals whose emoluments were the highest in the Group for the year include two (2011: two) directors whose emoluments have been disclosed in the preceding paragraph. The emoluments payable to the remaining three (2011: three) individuals during the year are as follows:

	2012	2011
	HK$'000	HK$'000
Basic salaries, allowances and benefits in kind	**1,062**	2,640
Pension costs-defined contribution plans	**12**	12
	1,074	2,652

The emoluments fell within the following bands:

	Number of Individuals	
	2012	2011
Emoluments bands		
Nil – HK$1,000,000	**2**	2
HK$1,000,001 – HK$1,500,000	**–**	1

During the year ended 31 March 2012, no emoluments have been paid by the Group to the directors and the highest paid individuals other than the directors above as bonus, as inducement to join the Group or as compensation for loss of office (2011: Nil).

During the year, the following directors waived their emoluments and details are as follows:

	2012	2011
	HK$'000	HK$'000
Executive directors		
Hou Hsiao Bing	**950**	–
Xu Wei	**60**	–
Independent non-executive directors		
Lai Chun Hung	**10**	–
Tang Renhao	**20**	–
Zhang Dandan	**20**	–

19. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Office equipment, furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost				
At 1 April 2010	99	4,918	340	5,357
Additions	958	138	269	1,365
Exchange adjustment	4	74	–	78
At 31 March 2011 and At 1 April 2011	1,061	5,130	609	6,800
Additions	476	430	755	1,661
Acquisition of subsidiaries	–	192	394	586
Exchange adjustment	42	80	11	133
Reclassified as held for sale	–	(248)	(854)	(1,102)
At 31 March 2012	**1,579**	**5,584**	**915**	**8,078**
Accumulated depreciation				
At 1 April 2010	99	4,726	340	5,165
Charge for the year	468	69	4	541
Exchange adjustment	15	67	–	82
At 31 March 2011 and At 1 April 2011	582	4,862	344	5,788
Charge for the year	728	127	244	1,099
Exchange adjustment	31	65	2	98
Reclassified as held for sales	–	(45)	(151)	(196)
At 31 March 2012	**1,341**	**5,009**	**439**	**6,789**
Net book values				
At 31 March 2012	**238**	**575**	**476**	**1,289**
At 31 March 2011	479	268	265	1,012

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are comprised of:

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

21. 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	–	235,999	235,999
IMPAIRMENT			
At 1 April 2011	–	–	–
Impairment loss recognized for the year	–	–	–
At 31 March 2012	–	–	–
CARRYING VALUES			
At 31 March 2012	–	235,999	235,999

21. GOODWILL *(Continued)*

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

			Year		
	2013	2014	2015	2016	2017
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

			Year		
	2013	2014	2015	2016	2017
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.

22. INVENTORIES

	2012 HK$'000	2011 HK$'000
Merchandize for re-sale	**10,049**	11,066
Spare parts	**2,676**	3,837
	12,725	14,903
Less: Provision for slow moving and obsolete inventories	**(3,500)**	(3,500)
	9,225	11,403

23. ACCOUNTS RECEIVABLES

	2012 HK$'000	2011 HK$'000
Accounts receivables	**12,986**	13,979
Less: Allowance for doubtful debts	**(4,774)**	(4,771)
	8,212	9,208

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:

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

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).

23. ACCOUNTS RECEIVABLES *(Continued)*

Movement in the allowance for doubtful debts:

	2012 HK$'000	2011 HK$'000
Balance at the beginning of the year	**4,771**	3,768
Impairment loss recognized on accounts receivables	**–**	1,000
Exchange adjustment	**3**	3
Balance at end of the year	**4,774**	4,771

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

	2012 HK$'000	2011 HK$'000
Over 90 days	**3,412**	2,544

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.

24. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Other receivables, deposits and prepayments included the following:

(a) Deposit of HK$Nil (2011: approximately HK$31,200,000) for the acquisition of an investment.

(b) Deposit of HK$Nil (2011: approximately HK$11,635,000) for purchase of trading goods.

(c) Loan receivable of approximately HK$197,000 (2011: approximately HK$190,000). The loan is secured, interest free and repayable within one year.

25. HELD-TO-MATURITY FINANCIAL ASSETS

	2012	2011
	HK$'000	HK$'000
The movement in held-to-maturity investments is summarized as follow:		
At the beginning of the year	**–**	–
Additions	**11,103**	–
At the end of the year	**11,103**	–

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2012	2011
	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	**(17,862)**	(5,879)
31 March	**6,388**	18,371

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.

27. BANK BALANCES AND CASH

	2012	2011
	HK$'000	HK$'000
Cash at bank and on hand	**3,849**	43,235
Bank balances and cash in the consolidated statement of financial position and in the consolidated statement of cash flows	**3,849**	43,235

27. BANK BALANCES AND CASH *(Continued)*

	2012 HK$'000	2011 HK$'000
Cash and bank deposits denominated in:		
Hong Kong dollars	**292**	34,213
Chinese Renminbi	**3,525**	8,969
United States dollars	**32**	53
	3,849	43,235

Included in the balance was approximately HK$3,518,000 (2011: HK$8,964,000), representing bank deposits denominated in Renminbi placed with banks in the PRC by the Group. The remittance of these funds out of the PRC is subject to the exchange control restrictions imposed by the PRC government.

The effective interest rates on bank deposits ranged from 0.36% to 0.5% (2011: from 0.05% to 0.8%) per annum.

28. ACCOUNTS PAYABLES

	2012 HK$'000	2011 HK$'000
Accounts payables	**3,438**	1,991

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

	2012 HK$'000	2011 HK$'000
Current to 60 days	**3,425**	1,967
61 – 90 days	**–**	–
Over 90 days	**13**	24
	3,438	1,991

29. 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.

30. OTHER LOAN

	2012 **HK$'000**	2011 HK$'000
Other loan (note a)	**7,168**	–

(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 **HK$'000**	2011 HK$'000
On demand or within one year	**7,168**	–
Less: Amount shown under non-current liabilities	**–**	–
Amount shown under current liabilities	**7,168**	–

31. 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:

	2012	2011
	HK$'000	HK$'000
Balance at the beginning of the year	**24,540**	–
Nominal value of convertible bonds issued	**–**	26,000
Equity component	**–**	(2,387)
Liability component at the issuance date	**24,540**	23,613
Imputed finance costs (note 9)	**1,460**	927
Convertible bonds redemption	**(26,000)**	–
Carrying amount at the end of the year	**–**	24,540

31. CONVERTIBLE BONDS *(Continued)*

(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.

31. CONVERTIBLE BONDS *(Continued)*

(B) 2011 CONVERTIBLE BONDS ("2011 CB") *(Continued)*

	Tranche I HK$'000	Tranche II HK$'000	Total 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
	61,071	30,696	91,767
Liability component at the issuance date	29,943	13,238	43,181
Imputed finance costs (note 9)	3,318	1,466	4,784
Release on conversion to ordinary shares	(3,120)	–	(3,120)
Carrying amount at the end of the year	30,141	14,704	44,845

32. DEFERRED TAXATION

The movement on the deferred tax liabilities account is as follows:

	2012 **HK$'000**	2011 HK$'000
At 1 April	**1,626**	1,239
Exchange adjustment	**29**	32
Change in tax rate (Note 11)	**–**	57
Deferred taxation charged to convertible bonds reserve	**19,272**	–
Deferred taxation (credited) charged to consolidated statement of comprehensive income (Note 11)	**(230)**	298
At 31 March	**20,697**	1,626

Deferred tax assets are recognized for tax losses carry forwards to the extent that the realization of related tax benefits through the future taxable profits is probable. The Group did not recognize deferred tax assets of approximately HK$6,422,000 (2011: HK$5,993,000) that can be carried forward against future taxable income. Losses amounting to approximately HK$38,920,000 (2011: HK$36,321,000). The tax losses of approximately HK$3,883,000 (2011: HK$1,284,000) that will expire within 2-5 years from the year origination. Other losses may be carried forward indefinitely.

32. DEFERRED TAXATION *(Continued)*

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

DEFERRED TAX LIABILITIES

	Accelerated tax depreciation		Other temporary difference		Total	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
At 1 April	**–**	–	**2,802**	3,160	**2,802**	3,160
Exchange adjustment	**–**	–	**75**	117	**75**	117
Charged to convertible bonds reserve	**–**	–	**19,787**	–	**19,787**	–
Release on exercise of convertible bonds	**–**	–	**(515)**	–	**(515)**	–
Credited to consolidated statement of comprehensive income	**–**	–	**(877)**	(475)	**(877)**	(475)
At 31 March	**–**	–	**21,272**	2,802	**21,272**	2,802

DEFERRED TAX ASSETS

	Provision		Tax losses		Other temporary differences		Total	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000	**2012 HK$'000**	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
At 1 April	**–**	–	**–**	–	**1,176**	1,921	**1,176**	1,921
Exchange adjustment	**–**	–	**–**	–	**46**	85	**46**	85
Charged to consolidated statement of comprehensive income	**–**	–	**–**	–	**(647)**	(830)	**(647)**	(830)
At 31 March	**–**	–	**–**	–	**575**	1,176	**575**	1,176

32. DEFERRED TAXATION *(Continued)*

DEFERRED TAX ASSETS (Continued)

	2012 HK$'000	2011 HK$'000
Deferred tax assets	**575**	1,176
Deferred tax liabilities	**(21,272)**	(2,802)
	(20,697)	(1,626)

Deferred tax liabilities are to be recovered and settled after more than 12 months.

33. SHARE CAPITAL

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

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.

	Issued and fully paid Ordinary shares of HK$0.1 each	
	No. of shares	HK$'000
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	6,400,000	640
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	24,000,000	2,400
At 31 March 2012	926,592,072	92,659

33. SHARE CAPITAL *(Continued)*

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.

33. SHARE CAPITAL *(Continued)*

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.

34. 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.

35. COMMITMENTS UNDER OPERATING LEASES – LAND AND BUILDINGS

At 31 March 2012, the Group had future aggregate minimum lease payments under operating leases as follows:

CONTINUING OPERATIONS

	2012	2011
	HK$'000	HK$'000
Not later than one year	**1,076**	1,421
Later than one year and not later than five years	**–**	914
	1,076	2,335

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

The Group did not have significant lease commitment for discontinued operation.

The Company did not have significant lease commitment as at 31 March 2012.

36. CAPITAL COMMITMENTS

	2012	2011
	HK$'000	HK$'000
CONTINUING OPERATIONS		
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– acquisition of property, plant and equipment	**–**	403

	2012	2011
	HK$'000	HK$'000
DISCONTINUED OPERATION		
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– acquisition of construction in progress	**25,154**	–

The Company did not have significant capital commitment as at 31 March 2012.

37. 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:

	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

37. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

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

38. RELATED PARTY TRANSACTIONS

During the year, the Group undertook the following material transactions with the directors and/or related parties, some of which are also deemed to be connected persons pursuant to the GEM Listing Rules. The transactions during the year are as follows:

(A) TRANSACTION WITH CONNECTED OR RELATED PARTIES

	Notes	**2012** **HK$'000**	2011 HK$'000
Rental paid to directors	(i)	**86**	81
Rental paid to the related parties	(ii)	**506**	499

Note:

(i) The Group leased an office premise from Mr. Hou Hsiao Wen (an executive director) and Ms. Chung Yuk Hung, in Beijing of the PRC for the Group's use.

(ii) The Group leased office premises from Dynatek Limited ("Dynatek") in Hong Kong at an annual rental of HK$360,000 (2011: HK$360,000) for the Group's use for the year ended 31 March 2012. Besides, the Group leased office premises from Ms. Tsou Lo Nien and Ms. Chung Po Chu in Shanghai, the PRC, at an annual rental of HK$146,359 (2011: HK$139,211) for the Group's use. Dynatek is owned by Mr. Hou Hsiao Bing, the executive director of the Group. Mr. Chung Lok Fai was a former director of the Company. Ms. Tsou Lo Nien and Ms. Chung Po Chu are the present and previous shareholders of the Company respectively.

(B) BALANCES WITH RELATED PARTIES

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 also 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.

(C) COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

	2012 **HK$'000**	2011 HK$'000
Short-term benefits	**4,192**	5,379
Post-employment benefits	**36**	36
	4,228	5,415

39. MAJOR NON-CASH TRANSACTIONS

(a) During the year, the Company acquired subsidiaries by issuing 133,000,000 shares and a ten-year zero coupon convertible bonds with a nominal value of HK$163,100,000.

(b) During the year, the Group incurred imputed finance costs on convertible bonds of approximately HK$6,244,000 (2011: HK$927,000).

40. SUMMARIZED STATEMENT OF FINANCIAL INFORMATION OF THE COMPANY

(A) STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2012 HK$'000	2011 HK$'000
Non-current assets		
Interests in subsidiaries	**389,406**	97,215
Current assets		
Other receivables, deposits and prepayments	**418**	33,823
Financial assets at fair value through profit or loss	**6,388**	18,371
Bank balances and cash	**29**	33,885
	6,835	86,079
Current liabilities		
Other payables and accruals	**27,482**	407
Other loan	**6,168**	–
Convertible bonds	**–**	24,540
	33,650	24,947
Net current (liabilities) assets	**(26,815)**	61,132
Total assets less current liabilities	**362,591**	158,347
Non-current liabilities		
Deferred tax liabilities	**19,272**	–
Convertible bonds	**44,845**	–
	64,117	–
Net assets	**298,474**	158,347
Capital and reserves		
Share capital	**92,659**	73,719
Reserves	**205,815**	84,628
Shareholders' funds	**298,474**	158,347

40. SUMMARIZED STATEMENT OF FINANCIAL INFORMATION OF THE COMPANY
(Continued)

(B) RESERVES OF THE COMPANY

	Share premium HK$'000	Warrant reserve HK$'000	Convertible bonds reserve HK$'000	Deficit HK$'000	Total HK$'000
At 1 April 2010	29,555	9,680	–	(3,259)	35,976
Issue of shares	55,795	–	–	–	55,795
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	1,920	–	–	–	1,920
Total comprehensive income for the year	–	–	–	(9,780)	(9,780)
At 31 March 2011 and At 1 April 2011	85,600	9,680	2,387	(13,039)	84,628
Issue of shares for acquisition of subsidiaries	41,230	–	–	–	41,230
Issue of shares under placement and subscription agreement	6,480	–	–	–	6,480
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	9,600	–	(8,880)	–	720
Release of deferred tax liabilities on exercise of convertible bonds	–	–	515	–	515
Transaction costs on issue of shares	(762)	–	–	–	(762)
Total comprehensive income for the year	–	–	–	(27,128)	(27,128)
At 31 March 2012	142,148	9,680	91,767	(37,780)	205,815

41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

The following is a list of subsidiaries as at 31 March 2012:

Name of company	Place of Incorporation/ establishment and type of legal entity	Principal activities and place of operation	Particular of issued shares capital/ Registered capital	Interest held %
Subsidiary held directly:				
Soluteck (BVI) Holdings Limited	British Virgin Islands ("BVI"), limited liability company	Investment holding	1,000 ordinary shares of US$1 each	100
Oceania City Investment Company Limited	BVI, limited liability company	Investment holding	1 ordinary shares of US$1 each	100
Delight Value Limited	BVI, limited liability company	Investment holding	1 ordinary shares of US$1 each	100
City Max International Limited	BVI, limited liability company	Investment holding	1 ordinary shares of US$1 each	100
Subsidiary held indirectly:				
Soluteck Investments Limited	Hong Kong, limited liability company	Investment holding	2 ordinary shares of HK$1 each and 500,000 non-voting deferred shares of HK$1 each	100
Truth Honour Electronic Limited	Hong Kong, limited liability company	Investment holding	2 ordinary shares of HK$1 each and 3,000,000 non-voting deferred shares of HK$1 each	100
Truth Honour Electronic (GFTZ) Limited	PRC, limited liability company	Inactive	Registered capital of US$200,000	100

41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of company	Place of Incorporation/ establishment and type of legal entity	Principal activities and place of operation	Particular of issued shares capital/ Registered capital	Interest held %
Truth Honour (BVI) Holdings Limited	BVI, limited liability company	Investment holding	100 ordinary shares of US$1 each	100
Delta International Development Limited	Hong Kong, limited liability company	Inactive	1 ordinary share of HK$1 each	100
北京金聯通信息技術有限公司	PRC, limited liability company	Inactive	Registered capital of US$150,000	100
信興電子技術(成都)有限公司	PRC, limited liability company	Inactive	Registered capital of US$150,000	100
一創信興(上海)計算機技術有限公司	PRC, limited liability company	Provision of technical support of computer communication systems, technical development of network communication, development and design of system software, sales of self-produced products and provision of related technical and consultation services	Registered capital of US$1,300,000	100

41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of company	Place of Incorporation/ establishment and type of legal entity	Principal activities and place of operation	Particular of issued shares capital/ Registered capital	Interest held %
信興通(北京)信息技術有限公司	PRC, limited liability company	Inactive	Registered capital of US$150,000	100
一創信興(上海)電子技術有限公司	PRC, limited liability company	Sale of self-services ATM systems and printing systems and provision of related hardware and software technical support services	Registered capital of US$1,400,000	100
China Technology Solar Power Holdings Limited	BVI, limited liability company	Investment holding	2 ordinary shares of US$1 each	100
青海百科光電有限責任公司	PRC, limited liability company	Power system integration and solar energy generation	Registered capital of US$4,000,000	100
中科光電控股有限公司	Hong Kong, limited liability company	Inactive	1 ordinary share of HK$1 each	100
青海宏科新能源集成科技有限公司	PRC, limited liability company	Power system integration and solar energy generation	Registered capital of US$1,000,000	100

41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of company	Place of Incorporation/ establishment and type of legal entity	Principal activities and place of operation	Particular of issued shares capital/ Registered capital	Interest held %
陝西百科新能源科技發展有限公司	PRC, limited liability company	Inactive	Registered capital of US$1,000,000	100
China Technology Solar Power Energy Limited	BVI, limited liability company	Inactive	50,000 ordinary shares of US$1 each	100
China Technology Solar Power Limited	BVI, limited liability company	Inactive	50,000 ordinary shares of US$1 each	100

42. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors of the company on 22 June 2012.