

# 2013

INTERIM REPORT



**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)

\* For identification purpose only

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*This report, for which the directors (“**Directors**”) of China Technology Solar Power Holdings Limited (“**Company**” together with its subsidiaries, the “**Group**”), collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (“**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.*

## INTERIM RESULTS HIGHLIGHTS

The loss attributable to equity holders of the Company for the six months ended 30 September 2013 was approximately HK\$7.9 million (the loss attributable to equity holders of the Company for the six months ended 30 September 2012 was approximately HK\$4.8 million).

The revenue of the Group from continuing operations for the six months ended 30 September 2013 was approximately HK\$9.3 million, representing a decrease of approximately 60.7 per cent. as compared with approximately HK\$23.8 million recorded for the six months ended 30 September 2012.

Gross profit margin of the Group was approximately 31.8 per cent. in the six months ended 30 September 2013, as compared to approximately 22.7 per cent. in the six months ended 30 September 2012.

Basic loss per share from continuing and discontinued operations for the six months ended 30 September 2013 was approximately HK0.85 cents (basic loss per share from continuing and discontinued operations for the six months ended 30 September 2012 was approximately HK0.52 cents).

The Directors do not recommend the payment of a dividend for the six months ended 30 September 2013 (six months ended 30 September 2012: Nil).

## INTERIM RESULTS (UNAUDITED)

The board of Directors announces the unaudited consolidated results of the Group for the six months ended 30 September 2013 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

	Notes	From 1 July 2013 to 30 September 2013 HK\$'000	From 1 April 2013 to 30 September 2013 HK\$'000	From 1 July 2012 to 30 September 2012 HK\$'000	From 1 April 2012 to 30 September 2012 HK\$'000
<b>Continuing operations</b>					
Revenue	3	4,146	9,343	10,428	23,785
Cost of sales		(2,935)	(6,372)	(8,299)	(18,388)
Gross profit		1,211	2,971	2,129	5,397
Other revenue	3	75	80	304	509
Selling expenses		(527)	(1,176)	(1,333)	(2,059)
Change in fair value of financial assets at fair value through profit or loss	5	464	447	(422)	(2,595)
Administrative expenses		(3,892)	(7,304)	(4,163)	(7,563)
Finance costs	6	(1,500)	(2,887)	(2,099)	(4,139)
Loss before taxation	5	(4,169)	(7,869)	(5,584)	(10,450)
Income tax expenses	7	–	–	–	–
Loss for the period from continuing operations		(4,169)	(7,869)	(5,584)	(10,450)
<b>Discontinued operation</b>					
Gain for the period from discontinued operation	8	–	–	2,299	5,668
<b>Loss for the period</b>		<b>(4,169)</b>	<b>(7,869)</b>	<b>(3,285)</b>	<b>(4,782)</b>
<b>Loss for the period attributable to:</b>					
Equity holders of the Company		(4,169)	(7,869)	(3,285)	(4,782)
Dividend		–	–	–	–
		HK cent	HK cent	HK cent	HK cent
<b>Loss per share for loss attributable to equity holders of the Company</b>					
From continuing and discontinued operations					
– Basic	9	(0.45 cents)	(0.85 cents)	(0.35 cents)	(0.52 cents)
– Diluted	9	(2.17 cents)	(6.31 cents)	(0.79 cents)	(1.18 cents)
From continuing operations					
– Basic	9	(0.45 cents)	(0.85 cents)	(0.60 cents)	(1.13 cents)
– Diluted	9	(2.17 cents)	(6.31 cents)	(1.34 cents)	(2.59 cents)

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

	From 1 July 2013 to 30 September 2013 HK\$'000	From 1 April 2013 to 30 September 2013 HK\$'000	From 1 July 2012 to 30 September 2012 HK\$'000	From 1 April 2012 to 30 September 2012 HK\$'000
<b>Loss for the period</b>	(4,169)	(7,869)	(3,285)	(4,782)
<b>Other comprehensive income (expenses)</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of financial statements of overseas subsidiaries	281	1,018	(306)	(994)
<b>Total comprehensive expenses for the period</b>	(3,888)	(6,851)	(3,591)	(5,776)
<b>Total comprehensive expenses attributable to:</b>				
Equity holders of the Company	(3,888)	(6,851)	(3,591)	(5,776)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	Notes	As at 30 September 2013 (unaudited) HK\$'000	As at 31 March 2013 (audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	10	1,495	855
Available-for-sale financial assets	11	–	–
Goodwill	12	235,999	235,999
		<b>237,494</b>	<b>236,854</b>
<b>Current assets</b>			
Inventories	13	4,358	7,276
Accounts receivables	14	11,002	20,817
Other receivables, deposits and prepayments		33,164	30,368
Financial assets at fair value through profit or loss	15	759	312
Bank balances and cash	16	14,736	7,615
		<b>64,019</b>	<b>66,388</b>
<b>Current liabilities</b>			
Accounts payables	17	1,203	2,833
Other payables and accruals	18	15,009	12,557
Other loan	19	16,024	13,624
Receipt in advance		77	401
Tax payable		–	126
		<b>32,313</b>	<b>29,541</b>
<b>Net current assets</b>		<b>31,706</b>	<b>36,847</b>
<b>Total assets less current liabilities</b>		<b>269,200</b>	<b>273,701</b>
<b>Non-current liabilities</b>			
Convertible bonds	20	36,827	34,477
Deferred tax liabilities		14,534	14,534
		<b>51,361</b>	<b>49,011</b>
<b>Net assets</b>		<b>217,839</b>	<b>224,690</b>
<b>Capital and reserves</b>			
Share capital	21	92,659	92,659
Reserves		125,180	132,031
<b>Shareholders' funds</b>		<b>217,839</b>	<b>224,690</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Equity attributable to equity holders of the Company								Total
	Share capital	Share premium	Warrant reserve	Reserve arising from reorganization	Exchange reserve	Convertible bonds reserve	Discontinued operation		
							Deficit	operation	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2012	92,659	142,148	9,680	(24,317)	10,214	91,767	(104,293)	576	218,434
Transferred to discontinued operation	-	-	-	-	249	-	-	(249)	-
Loss for the period	-	-	-	-	-	-	(4,782)	-	(4,782)
Other comprehensive expenses:									
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	-	-	(994)	-	-	-	(994)
At 30 September 2012	92,659	142,148	9,680	(24,317)	9,469	91,767	(109,075)	327	212,658
At 1 April 2013	92,659	142,148	9,680	(24,317)	10,402	61,071	(66,953)	-	224,690
Loss for the period	-	-	-	-	-	-	(7,869)	-	(7,869)
Other comprehensive income:									
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	-	-	1,018	-	-	-	1,018
At 30 September 2013	92,659	142,148	9,680	(24,317)	11,420	61,071	(74,822)	-	217,839

### 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 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. On 6 November 2012, there was a cancellation of convertible bonds with a principal amount of HK\$50,000,000. Equity component of the convertible bonds of approximately HK\$30,696,000 was released to deficit. After deducting the deferred tax liabilities in relation to the convertible bonds of approximately HK\$19,272,000 and the release of convertible bonds reserve upon the issue of shares on exercise of convertible bonds of approximately HK\$8,880,000, the remaining balance of convertible bonds reserve was approximately HK\$61,071,000.
- (d) 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 (UNAUDITED)

	Notes	Six months ended 30 September	
		2013 HK\$'000	2012 HK\$'000
<b>OPERATING ACTIVITIES</b>			
Loss (Profit) before taxation			
Continuing operations		(7,869)	(10,450)
Discontinued operation	8	–	5,668
		(7,869)	(4,782)
Adjustment for:			
Depreciation	5	147	3,179
Interest income	3	(17)	(9)
Finance costs	6	2,887	5,422
Change in fair value of financial assets at fair value through profit or loss	5	(447)	2,595
Operating cash flows before movements in working capital		(5,299)	6,405
Decrease in inventories		2,918	1,493
Decrease (Increase) in accounts receivable		9,815	(15,616)
Increase in bills receivable		–	(244)
Increase in other receivables, deposits and prepayments		(2,796)	(6,739)
(Decrease) Increase in accounts payable		(1,630)	475
Increase in other payables and accruals		2,452	3,847
Decrease in receipt in advance		(324)	(39)
Cash from (used in) operations		5,136	(10,418)
Interest paid		(537)	(920)
Overseas taxation paid		(126)	–
<b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>		<b>4,473</b>	<b>(11,338)</b>
<b>INVESTING ACTIVITIES</b>			
Interest received	3	17	9
Purchase of property, plant and equipment	10	(787)	(18)
Disposal of a subsidiary, net of cash sold		–	300
Sales proceeds of disposal of held-to-maturity financial assets		–	11,103
Sales proceeds of disposal of available-for-sale financial assets		–	10,610
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>		<b>(770)</b>	<b>22,004</b>
<b>FINANCING ACTIVITIES</b>			
Net raising of other loan		2,400	7,795
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>2,400</b>	<b>7,795</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>6,103</b>	<b>18,461</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>7,615</b>	<b>6,393</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>		<b>1,018</b>	<b>(994)</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>14,736</b>	<b>23,860</b>
Represented by:			
Bank balances and cash		14,736	23,353
Cash and cash equivalents included in assets held for sale		–	507
		<b>14,736</b>	<b>23,860</b>



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION:–

### 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The amounts included in the unaudited condensed consolidated interim financial information for the six months ended 30 September 2013 have been computed based on the recognition and measurement requirements in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. The financial information also complies with the applicable disclosure provisions of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

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

The accounting policies used in the preparation of the unaudited condensed consolidated interim financial information for the six months ended 30 September 2013 are consistent with those adopted in preparing the audited financial statements of the Group for the year ended 31 March 2013.

The condensed consolidated interim financial information for the six months ended 30 September 2013 were unaudited but have been reviewed by the audit committee of the Company (“**Audit Committee**”).

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

The Group has applied all the standards, amendments and interpretations issued by HKICPA, which are effective for the Group’s financial year beginning 1 April 2013. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies and presentation of the Group’s unaudited consolidated financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in (i) sales of 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**”).

Revenues recognised during the period are as follows: –

#### CONTINUING OPERATIONS

	From 1 July 2013 to 30 September 2013 (unaudited) HK\$'000	From 1 April 2013 to 30 September 2013 (unaudited) HK\$'000	From 1 July 2012 to 30 September 2012 (unaudited) HK\$'000	From 1 April 2012 to 30 September 2012 (unaudited) HK\$'000
Revenue				
Sales of goods	2,642	6,306	8,673	20,216
Rendering of services	1,504	3,037	1,755	3,569
	4,146	9,343	10,428	23,785
Other revenue				
Government subsidies for business development	37	37	–	79
Bank interest income	12	17	4	9
Gain on trading in financial instrument	–	–	–	121
Gain on disposal of interest in a subsidiary	–	–	300	300
Others	26	26	–	–
	75	80	304	509
Total revenue	4,221	9,423	10,732	24,294

## DISCONTINUED OPERATION

	From 1 July 2013 to 30 September 2013 (unaudited) HK\$'000	From 1 April 2013 to 30 September 2013 (unaudited) HK\$'000	From 1 July 2012 to 30 September 2012 (unaudited) HK\$'000	From 1 April 2012 to 30 September 2012 (unaudited) HK\$'000
Revenue				
Solar energy generation	-	-	5,464	11,677

## 4. SEGMENT INFORMATION

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

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

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

### CONTINUING OPERATIONS

- Sales of self-service ATM systems and printing system;
- Provision of hardware and software technical support services; and
- Power system integration business.

### DISCONTINUED OPERATION

- Solar energy generation business in relation to the 10MW Geermu power station ("**10MW Geermu Power Station**") and the project to construct solar photovoltaic power station with the capacity of 20MW in Delingha ("**20MW Delingha Project**") (which has not yet been commenced) in Qinghai Baike Solar Power Co., Limited.

## SEGMENT REVENUE AND RESULTS

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

### Six months ended 30 September 2013

	Continuing operations			Discontinued operation		
	Power system integration business	Sales of goods	Rendering of services	Total	Solar energy generation	Consolidated
	From 1 April 2013 to 30 September 2013	From 1 April 2013 to 30 September 2013	From 1 April 2013 to 30 September 2013	From 1 April 2013 to 30 September 2013	From 1 April 2013 to 30 September 2013	From 1 April 2013 to 30 September 2013
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	-	6,306	3,037	9,343	-	9,343
Segment result	-	(827)	192	(635)	-	(635)
Other revenue						80
Change in fair value of financial assets at fair value through profit or loss						447
Unallocated cost						(4,874)
Loss from operations						(4,982)
Finance costs						(2,887)
Loss before taxation						(7,869)
Income tax expenses						-
Loss for the period						(7,869)

Six months ended 30 September 2012

	Continuing operations				Discontinued operation	Consolidated
	Power system integration business	Sales of goods	Rendering of services	Total	Solar energy generation	
	From 1 April 2012 to 30 September 2012	From 1 April 2012 to 30 September 2012	From 1 April 2012 to 30 September 2012	From 1 April 2012 to 30 September 2012	From 1 April 2012 to 30 September 2012	From 1 April 2012 to 30 September 2012
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	-	20,216	3,569	23,785	11,677	35,462
Segment result	-	2,570	(2,822)	(252)	5,668	5,416
Other revenue						421
Change in fair value of financial assets at fair value through profit or loss						(2,595)
Unallocated cost						(3,885)
Loss from operations						(643)
Finance costs						(4,139)
Loss before taxation						(4,782)
Income tax expenses						-
Loss for the period						(4,782)

## SEGMENT ASSETS AND LIABILITIES

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

**As at 30 September 2013**

	Continuing operations			Discontinued operation		Consolidated As at 30 September 2013 (unaudited) HK\$'000
	Power system integration business As at 30 September 2013 (unaudited) HK\$'000	Sales of goods As at 30 September 2013 (unaudited) HK\$'000	Rendering of services As at 30 September 2013 (unaudited) HK\$'000	Total As at 30 September 2013 (unaudited) HK\$'000	Solar energy generation As at 30 September 2013 (unaudited) HK\$'000	
Segment assets	252,726	40,344	6,070	299,140	-	299,140
Property, plant and equipment (for corporate)						867
Other receivables, deposits and prepayments (for corporate)						227
Financial assets at fair value through profit or loss (for corporate)						759
Bank balances and cash (for corporate)						520
Consolidated assets						301,513
Segment liabilities	7,769	3,170	539	11,478	-	11,478
Other payables and accruals (for corporate)						14,337
Other loan (for corporate)						7,826
Convertible bonds (for corporate)						36,827
Deferred tax liabilities (for corporate)						13,206
Consolidated liabilities						83,674

As at 31 March 2013

	Continuing operations			Discontinued operation		Consolidated As at 31 March 2013 (audited) HK\$'000		
	Power system integration business As at 31 March 2013 (audited) HK\$'000	Sales of goods As at 31 March 2013 (audited) HK\$'000	Rendering of services As at 31 March 2013 (audited) HK\$'000	Total As at 31 March 2013 (audited) HK\$'000	Solar energy generation As at 31 March 2013 (audited) HK\$'000			
	Segment assets	247,575	47,346	6,670	301,591		-	301,591
	Property, plant and equipment (for corporate)							157
Other receivables, deposits and prepayments (for corporate)						392		
Financial assets at fair value through profit or loss (for corporate)						312		
Bank balances and cash (for corporate)						790		
<b>Consolidated assets</b>						<b>303,242</b>		
Segment liabilities	2,427	10,074	1,363	13,864	-	13,864		
Other payables and accruals (for corporate)						11,429		
Other loan (for corporate)						5,576		
Convertible bonds (for corporate)						34,477		
Deferred tax liabilities (for corporate)						13,206		
<b>Consolidated liabilities</b>						<b>78,552</b>		

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

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

## OTHER SEGMENTS INFORMATION

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

### Six months ended 30 September 2013

	Continuing operations			Discontinued operation		
	Power system integration business	Sales of goods	Rendering of services	Total	Solar energy generation	Consolidated
	From 1 April 2013 to 30 September 2013	From 1 April 2013 to 30 September 2013	From 1 April 2013 to 30 September 2013	From 1 April 2013 to 30 September 2013	From 1 April 2013 to 30 September 2013	From 1 April 2013 to 30 September 2013
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Additions to property, plant and equipment	-	-	-	-	-	-
Depreciation of property, plant and equipment	2	32	47	81	-	81

### Six months ended 30 September 2012

	Continuing operations			Discontinued operation		
	Power system integration business	Sales of goods	Rendering of services	Total	Solar energy generation	Consolidated
	From 1 April 2012 to 30 September 2012	From 1 April 2012 to 30 September 2012	From 1 April 2012 to 30 September 2012	From 1 April 2012 to 30 September 2012	From 1 April 2012 to 30 September 2012	From 1 April 2012 to 30 September 2012
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Additions to property, plant and equipment	-	-	-	-	18	18
Depreciation of property, plant and equipment	-	42	288	330	2,795	3,125

## GEOGRAPHICAL INFORMATION

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



### Information about major customers

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

	<b>From 1 April 2013 to 30 September 2013 (unaudited) HK\$'000</b>	From 1 April 2012 to 30 September 2012 (unaudited) HK\$'000
Customer A – Solar energy generation	–	11,677
Customer B – Sales of goods	–	3,699
Customer B – Rendering of services	–	122
Customer C – Sales of goods	–	2,843
Customer D – Sales of goods	–	2,630
Customer E – Sales of goods	–	2,322
Customer E – Rendering of service	–	166
Customer F – Sales of goods	–	2,227
Customer F – Rendering of service	–	225
Customer G – Sales of goods	<b>1,503</b>	–
Customer G – Rendering of service	<b>293</b>	–
Customer H – Sales of goods	<b>1,357</b>	–

## 5. LOSS BEFORE TAXATION

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

### Six months ended 30 September 2013

	Continuing operations		Discontinued operation		Consolidated	
	From 1 July 2013 to 30 September 2013 (unaudited) HK\$'000	From 1 April 2013 to 30 September 2013 (unaudited) HK\$'000	From 1 July 2013 to 30 September 2013 (unaudited) HK\$'000	From 1 April 2013 to 30 September 2013 (unaudited) HK\$'000	From 1 July 2013 to 30 September 2013 (unaudited) HK\$'000	From 1 April 2013 to 30 September 2013 (unaudited) HK\$'000
Cost of inventories sold	1,964	4,496	–	–	1,964	4,496
Depreciation	101	147	–	–	101	147
Change in fair value of financial assets at fair value through profit or loss	(464)	(447)	–	–	(464)	(447)

### Six months ended 30 September 2012

	Continuing operations		Discontinued operation		Consolidated	
	From 30 September 2012 (unaudited) HK\$'000	From 30 September 2012 (unaudited) HK\$'000	From 30 September 2012 (unaudited) HK\$'000	From 30 September 2012 (unaudited) HK\$'000	From 30 September 2012 (unaudited) HK\$'000	From 30 September 2012 (unaudited) HK\$'000
Cost of inventories sold	6,576	15,139	–	–	6,576	15,139
Depreciation	357	384	2,064	2,795	2,421	3,179
Change in fair value of financial assets at fair value through profit or loss	422	2,595	–	–	422	2,595

## 6. FINANCE COSTS

### Six months ended 30 September 2013

	Continuing operations		Discontinued operation		Consolidated	
	From 1 July 2013 to 30 September 2013 (unaudited) HK\$'000	From 1 April 2013 to 30 September 2013 (unaudited) HK\$'000	From 1 July 2013 to 30 September 2013 (unaudited) HK\$'000	From 1 April 2013 to 30 September 2013 (unaudited) HK\$'000	From 1 July 2013 to 30 September 2013 (unaudited) HK\$'000	From 1 April 2013 to 30 September 2013 (unaudited) HK\$'000
Imputed finance costs on convertible bonds	1,194	2,350	-	-	1,194	2,350
Interests on other loans	306	537	-	-	306	537
	1,500	2,887	-	-	1,500	2,887

### Six months ended 30 September 2012

	Continuing operations		Discontinued operation		Consolidated	
	From 1 July 2012 to 30 September 2012 (unaudited) HK\$'000	From 1 April 2012 to 30 September 2012 (unaudited) HK\$'000	From 1 July 2012 to 30 September 2012 (unaudited) HK\$'000	From 1 April 2012 to 30 September 2012 (unaudited) HK\$'000	From 1 July 2012 to 30 September 2012 (unaudited) HK\$'000	From 1 April 2012 to 30 September 2012 (unaudited) HK\$'000
Imputed finance costs on convertible bonds	1,564	3,076	-	-	1,564	3,076
Interests on other loans	535	1,063	553	1,283	1,088	2,346
	2,099	4,139	553	1,283	2,652	5,422

## 7. INCOME TAX EXPENSES

There was no provision for Hong Kong profits tax as the Group has no assessable profit for the six months ended 30 September 2013 (six months ended 30 September 2012: Nil).

Income tax expenses on overseas profits has been calculated on the estimated assessable profit at the rates of income tax prevailing in the PRC in which the subsidiaries of the Group operate. During the six months ended 30 September 2013, no profits taxes have been provided as these subsidiaries have not generated any assessable profits in the PRC (six months ended 30 September 2012: Nil).

## 8. DISCONTINUED OPERATION

The Group had disposed 100% equity interest in Qinghai Baike Solar Power Co., Limited (“**Qinghai Baike**”) during the year ended 31 March 2013. Qinghai Baike is engaged in the business of solar energy generation. The disposal was completed on 20 November 2012. Accordingly, the solar energy generation business in relation to the 10MW Geermu Power Station and the 20MW Delingha Project (which has not yet been commenced) in Qinghai Baike are presented as a discontinued operation. For the purpose of presenting this discontinued operation, the comparative unaudited consolidated results and the related notes have been presented as if the solar energy generation business had been discontinued in the same period last year.

In this regards, the results of the discontinued operation included in the unaudited consolidated results are set out below:

	From 1 July 2013 to 30 September 2013 (unaudited) HK\$'000	From 1 April 2013 to 30 September 2013 (unaudited) HK\$'000	From 1 July 2012 to 30 September 2012 (unaudited) HK\$'000	From 1 April 2012 to 30 September 2012 (unaudited) HK\$'000
<b>Profit for the period from discontinued operation</b>				
Revenue	–	–	5,464	11,677
Cost of sales	–	–	(2,231)	(2,951)
Gross profit	–	–	3,233	8,726
Other revenue	–	–	283	283
Expenses	–	–	(1,217)	(3,341)
Profit before taxation	–	–	2,299	5,668
Income tax expenses	–	–	–	–
Profit for the period from discontinued operation	–	–	2,299	5,668

## CASH FLOWS FROM DISCONTINUED OPERATION

	Six months ended 30 September	
	2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000
Net cash outflows from operating activities	–	(4,013)
Net cash outflows from investing activities	–	(16)
Net cash inflows from financing activities	–	2,313
Net cash outflows	–	(1,716)

## 9. 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:

	From 1 July 2013 to 30 September 2013 (unaudited) HK\$'000	From 1 April 2013 to 30 September 2013 (unaudited) HK\$'000	From 1 July 2012 to 30 September 2012 (unaudited) HK\$'000	From 1 April 2012 to 30 September 2012 (unaudited) HK\$'000
<b>Loss</b>				
Loss for the purpose of basic and diluted loss per share	(4,169)	(7,869)	(3,285)	(4,782)

	From 1 July 2013 to 30 September 2013	From 1 April 2013 to 30 September 2013	From 1 July 2012 to 30 September 2012	From 1 April 2012 to 30 September 2012
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic loss per share	926,592,072	926,592,072	926,592,072	926,592,072
Effect of dilutive potential ordinary shares: Warrants issued by the Company	(734,879,406)	(801,803,607)	(508,930,988)	(522,406,639)
Weighted average number of ordinary shares for the purpose of diluted loss per share	191,712,666	124,788,465	417,661,084	404,185,433

## 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:

	From 1 July 2013 to 30 September 2013 (unaudited) HK\$'000	From 1 April 2013 to 30 September 2013 (unaudited) HK\$'000	From 1 July 2012 to 30 September 2012 (unaudited) HK\$'000	From 1 April 2012 to 30 September 2012 (unaudited) HK\$'000
Loss for the period attributable to the equity holders of the Company	(4,169)	(7,869)	(3,285)	(4,782)
Less: Profit for the period attributable to the equity holder of the Company from discontinued operation	–	–	2,299	5,668
Loss for the purpose of basic loss per share from continuing operations	(4,169)	(7,869)	(5,584)	(10,450)

## FROM DISCONTINUED OPERATION

There is no basic loss per share from discontinued operation for the six months ended 30 September 2013 because Qinghai Baike had been disposed of on 20 November 2012 (six months ended 30 September 2012: Basic earnings per share HK0.61 cents based on the profit for the six months ended 30 September 2012 of approximately HK\$5,668,000 and the denominators detailed above for basic earnings per share).

There is no diluted loss per share from discontinued operation for the six months ended 30 September 2013 because Qinghai Baike had been disposed of on 20 November 2012 (six months ended 30 September 2012: There is no diluted earnings per share from discontinued operation as the exercise of the outstanding warrants of the Company will have an anti-dilutive effect).

## 10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group had acquired property, plant and equipment amounting to approximately HK\$787,000 (six months ended 30 September 2012: HK\$18,000).

## 11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are comprised of:

	As at 30 September 2013 (unaudited) HK\$'000	As at 31 March 2013 (audited) HK\$'000
Unlisted investment, at cost (Note)	190	190
Less: Impairment loss	(190)	(190)
At the end of the period	–	–
Analysed for:		
Non-current assets	–	–
Current assets	–	–
	–	–

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

## 12. GOODWILL

	Solar energy generation HK\$'000	Power system integration business HK\$'000	Total HK\$'000
<b>COST</b>			
At 1 April 2013 and 30 September 2013	–	235,999	235,999
<b>IMPAIRMENT</b>			
At 1 April 2013 and 30 September 2013	–	–	–
<b>CARRYING VALUES</b>			
At 30 September 2013	–	235,999	235,999
At 31 March 2013	–	235,999	235,999

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

During the six months ended 30 September 2013, the Group did not recognize any impairment loss (31 March 2013: Nil) in relation to goodwill arising from the acquisition of subsidiaries.

## 13. INVENTORIES

	As at 30 September 2013 (unaudited) HK\$'000	As at 31 March 2013 (audited) HK\$'000
Merchandise for re-sale	5,128	8,335
Spare parts	2,730	2,441
	<b>7,858</b>	10,776
Less: Provision for slow moving and obsolete inventories	<b>(3,500)</b>	(3,500)
	<b>4,358</b>	7,276

## 14. ACCOUNTS RECEIVABLES

	As at 30 September 2013 (unaudited) HK\$'000	As at 31 March 2013 (audited) HK\$'000
Accounts receivables	15,776	25,591
Less: Allowance for doubtful debts	(4,774)	(4,774)
	<b>11,002</b>	<b>20,817</b>

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

At 30 September 2013, the ageing analysis of the Group's accounts receivables was as follows:

	As at 30 September 2013 (unaudited) HK\$'000	As at 31 March 2013 (audited) HK\$'000
Current to 60 days	4,503	11,209
61 – 90 days	1,385	1,340
Over 90 days	9,888	13,042
	<b>15,776</b>	<b>25,591</b>
Less: Allowance for doubtful debts	(4,774)	(4,774)
	<b>11,002</b>	<b>20,817</b>

### *Ageing of overdue trade receivables but not impaired*

The Group has credit policies in place to review the credit worthiness of all existing and potential customers. Credit terms range between 30 and 90 days. As at 30 September 2013, trade receivables of approximately HK\$5,114,000 (31 March 2013: approximately HK\$8,268,000) were overdue but not impaired. Management assessed the credit quality of this HK\$5,114,000 by reference to the repayment history and current financial position of the customers. Management believes that no provision for impairment is necessary and these balances are expected to be fully recovered. The Group does not hold any collateral over these balances. The ageing of these overdue trade receivables but not impaired is as follows:

	As at 30 September 2013 (unaudited) HK\$'000	As at 31 March 2013 (audited) HK\$'000
91 to 120 days	3,630	1,947
121 – 150 days	676	395
Over 150 days	808	5,926
	<b>5,114</b>	<b>8,268</b>

Movement in the allowance for doubtful debts:

	As at 30 September 2013 (unaudited) HK\$'000	As at 31 March 2013 (audited) HK\$'000
Balance at the beginning of the period	4,774	4,774
Exchange adjustment	-	-
Balance at end of the period	4,774	4,774

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

	As at 30 September 2013 (unaudited) HK\$'000	As at 31 March 2013 (audited) HK\$'000
Listed securities held for trading:		
Market value of equity securities listed in New York		
Cost	24,250	24,250
Impairment loss	(23,491)	(23,938)
	759	312

## 16. BANK BALANCES AND CASH

	As at 30 September 2013 (unaudited) HK\$'000	As at 31 March 2013 (audited) HK\$'000
Cash at bank and on hand	14,736	7,615
Bank balances and cash in the consolidated statement of financial position and in the consolidated statement of cash flows	14,736	7,615
Cash and bank deposits denominated in:		
Hong Kong dollars	520	789
Chinese Renminbi	14,186	6,796
United States dollars	30	30
	14,736	7,615

Included in the balance was approximately HK\$14,043,000 (31 March 2013: HK\$6,773,000), 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.



## 17. ACCOUNTS PAYABLES

	As at 30 September 2013 (unaudited) HK\$'000	As at 31 March 2013 (audited) HK\$'000
Accounts payables	1,203	2,833

As at 30 September 2013, the ageing analysis of the accounts payables was as follows:–

	As at 30 September 2013 (unaudited) HK\$'000	As at 31 March 2013 (audited) HK\$'000
Current to 60 days	1,191	2,820
61 – 90 days	–	–
Over 90 days	12	13
	1,203	2,833

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

## 18. OTHER PAYABLES AND ACCRUALS

Included in other payables and accruals, there are amounts due to executive directors, Mr. Hou Hsiao Wen and Mr. Hou Hsiao Bing, the amounts are approximately HK\$3,275,000 (31 March 2013: HK\$3,275,000), and approximately HK\$1,781,000 (31 March 2013: HK\$1,737,000) respectively. The amounts are unsecured, interest free and have no fixed repayment terms.

There is amount due to Dynatek Limited amounting to HK\$540,000 (31 March 2013: HK\$360,000). The amount is unsecured, interest free and have no fixed repayment terms.

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

## 19. OTHER LOAN

	As at 30 September 2013 (unaudited) HK\$'000	As at 31 March 2013 (audited) HK\$'000
Other loan (note)	16,024	13,624

note:

- (a) Other loan amounting to approximately HK\$631,000 (31 March 2013: HK\$8,048,000) is interest-bearing at 9% per annum, unsecured and repayable on demand.
- (b) Other loan amounting to approximately HK\$7,826,000 (31 March 2013: HK\$5,576,000) is interest-bearing at 12% per annum, unsecured and repayable on demand.
- (c) Other loan amounting to approximately HK\$7,567,000 (31 March 2013: HK\$Nil) is interest-free, unsecured and repayable on demand.

Borrowings are repayable as follows:

	As at 30 September 2013 (unaudited) HK\$'000	As at 31 March 2013 (audited) HK\$'000
On demand or within one year	16,024	13,624
Less: Amount shown under non-current liabilities	–	–
Amount shown under current liabilities	16,024	13,624

## 20. CONVERTIBLE BONDS

### 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 (“**CB**”) are denominated in Hong Kong dollars. The bonds entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the bonds and their settlement date on 1 June 2021 (“**Maturity Date**”) at a conversion price of HK\$0.5 per share. If the bonds have not been converted, they will be redeemed on Maturity Date at par.

The 2011 CB was divided into Tranche I Convertible bonds (“**Tranche I CB**”) and Tranche II Convertible bonds (“**Tranche II CB**”) of HK\$113,000,000 and HK\$50,000,000 respectively. For Tranche I CB, the CB holders are not subject to any restriction for exercising the conversion of Tranche I CB into share. For Tranche II CB, the amount should be subject to change in restrict to a profit guarantee made by the vendor to the Company. Refer to a supplementary agreement made between the vendor and the Company on 30 January 2012, the amount of profit guarantee was increased to HK\$40,000,000 and the guarantee period was extended to 30 September 2012. In the event that the profit guarantee could not be achieved, the principal amount of the Tranche II CB will be adjusted to HK\$0 if the actual profit is equivalent to or less than HK\$15,000,000 or a loss.

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

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

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

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

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

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

**2013**

	<b>Tranche I</b> HK\$'000	<b>Tranche II</b> HK\$'000	<b>Total</b> HK\$'000
Equity component of convertible bonds as at 31 March 2013, 1 April 2013 and 30 September 2013	<b>61,071</b>	–	<b>61,071</b>
Liability component as at 31 March 2013 and 1 April 2013	<b>34,477</b>	–	<b>34,477</b>
Imputed finance costs (Note 6)	<b>2,350</b>	–	<b>2,350</b>
Liability component at 30 September 2013	<b>36,827</b>	–	<b>36,827</b>

**2012**

	<b>Tranche I</b> HK\$'000	<b>Tranche II</b> HK\$'000	<b>Total</b> HK\$'000
Equity component of convertible bonds as at 31 March 2012, 1 April 2012 and 30 September 2012	61,071	30,696	91,767
Liability component as at 31 March 2012 and 1 April 2012	30,141	14,704	44,845
Imputed finance costs	2,058	1,018	3,076
Liability component as at 30 September 2012	32,199	15,722	47,921

**21. SHARE CAPITAL**

	<b>Authorized</b> <b>Ordinary shares of HK\$0.1 each</b>	
	No. of shares	HK\$'000
At 31 March 2013, 1 April 2013 and 30 September 2013	2,500,000,000	250,000
	<b>Issued and fully paid</b> <b>Ordinary shares of HK\$0.1 each</b>	
	No. of shares	HK\$'000
At 31 March 2013, 1 April 2013 and 30 September 2013	926,592,072	92,659

## 22. COMMITMENTS UNDER OPERATING LEASES – LAND AND BUILDINGS

At 30 September 2013, the Group had future aggregate minimum lease payments under operating leases as follows:

### CONTINUING OPERATIONS

	As at 30 September 2013 (unaudited) HK\$'000	As at 31 March 2013 (audited) HK\$'000
Not later than one year	722	785
Later than one year and not later than five years	128	302
	<b>850</b>	<b>1,087</b>

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

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

## 23. CAPITAL COMMITMENTS

	As at 30 September 2013 (unaudited) HK\$'000	As at 31 March 2013 (audited) HK\$'000
<b>CONTINUING OPERATIONS</b>		
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of: – capital injection to subsidiaries	<b>13,260</b>	<b>13,260</b>

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### 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 six months ended 30 September 2013.

The Group's revenue from continuing operations amounted to approximately HK\$9.3 million for the six months ended 30 September 2013, representing a decrease of approximately 60.7 per cent., as compared with approximately HK\$23.8 million recorded for the six months ended 30 September 2012 mainly as result of the fierce competition in the PRC market for the implementation of self-service ATM systems and printing systems.

The Group's gross profit margin was approximately 31.8 per cent. in the six months ended 30 September 2013, compared to approximately 22.7 per cent. in the six months ended 30 September 2012. Actual gross profit during the six months ended 30 September 2013 decreased by approximately 45.0 per cent, as compared with the same period last year, mainly as a result of the fierce competition in the PRC market.

Selling expenses from continuing operations incurred by the Group for the six months ended 30 September 2013 amounted to approximately HK\$1.2 million (six months ended 30 September 2012: approximately HK\$2.1 million), representing a decrease of approximately 42.9 per cent. which was in line with the decrease in revenue from continuing operations.

Administrative expenses from continuing operations incurred by the Group for the six months ended 30 September 2013 amounted to approximately HK\$7.3 million (six months ended 30 September 2012: HK\$7.6 million), representing a decrease of approximately 3.4 per cent as a result of the Group's policy on cost control.

The Group recorded a loss attributable to equity holders of the Company amounting to approximately HK\$7.9 million for the six months ended 30 September 2013 (six months ended 30 September 2012: loss attributable to equity holders of the Company of approximately HK\$4.8 million). The increase in loss was mainly because (i) Qinghai Baike Solar Power Co., Ltd.\* (青海百科光電有限責任公司) (“**Qinghai Baike**”) had contributed profit of approximately HK\$5.7 million to the Group for the six months ended 30 September 2012 but the Group has disposed of Qinghai Baike in November 2012 and Qinghai Baike ceased to contribute profit to the Group; and (ii) the revenue for the six months ended 30 September 2013 has decreased by reason of the fierce competition in the PRC for the implementation of self-service ATM systems and printing systems.

Basic loss per share from continuing and discontinued operations was approximately HK0.85 cents for the six months ended 30 September 2013, as compared with the basic loss per share from continuing and discontinued operations of approximately HK0.52 cents for the six months ended 30 September 2012.

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

During the six months ended 30 September 2013, implementation of self-service ATM systems and printing systems (including the provision of technical consultancy and support services) remained the Group's core business and accounted for 100.0 per cent. (six months ended 30 September 2012: 100.0 per cent.) of the Group's total revenue from the sales of goods and rendering of services from continuing operations.

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\$9.3 million in the six months ended 30 September 2013, representing a decrease of approximately 60.7 per cent., as compared with the six months ended 30 September 2012 mainly as a result of the fierce competition in the PRC.

## 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 32.5 per cent. (six months ended 30 September 2012: approximately 15.0 per cent.) of the total revenue from the sales of goods and rendering of services from continuing operations for the six months ended 30 September 2013. Income derived from the provision of technical consultancy and support services during the six months ended 30 September 2013 decreased by approximately 14.9 per cent., as compared with the same period last year, mainly as a result of the fierce competition in the PRC market.

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

By having ATM service centers established in major cities in China including Taicang, Taiyuan, Shanghai, Wenzhou, Yiwu, Changshu, Jinhua, Yingkou, Funing, Jingzhou, Datong, Yangzhou, Xuzhou, Huzhou, Lvliang, Quzhou and Huaian, the Group has ATM service centers covering a total of 17 strategic cities and locations currently.

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

## SOLAR ENERGY GENERATION AND POWER SYSTEM INTEGRATION OPERATION

### *Solar energy generation*

During the six months ended 30 September 2013, the Group did not have income generated from solar energy generation business (six months ended 30 September 2012: HK\$11.7 million).

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

Therefore, the results of operation of the solar energy generation business of Qinghai Baike in relation to the 10MW solar photovoltaic power station in 青海省格爾木東出口光伏園區 (unofficial English translation being Geermu East Exit Solar Power District, Qinghai province) (“**10MW Geermu Power Station**”) and the project to construct solar photovoltaic power station with the capacity of 20MW in Delingha (“**20MW Delingha Project**”) (which has not yet been commenced) in Qinghai Baike are presented as a discontinued operation in the unaudited consolidated results of the Group.

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

### *Power system integration business*

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

As mentioned in the circular of the Company dated 16 May 2011, the Group has secured and signed two agreements for the provision of one-off service on system integration services for biomass energy, thermal power and solar energy generation companies and projects. As the contracting parties in the two agreements were in the process of obtaining the necessary licenses from the respective government authorities during the six months ended 30 September 2013 and as at the date of this report, the Group had not commenced such system integration services and did not have income generated from the power system integration business during the six months ended 30 September 2013 (six months ended 30 September 2012: Nil) and as at the date of this report.

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

In September 2013, the Group entered into a memorandum of understanding with an investment company (“**Investment Company**”) for projects relating to construction of large-scale grid-connected solar photovoltaic power station and distributed power generation on rooftop, which are expected to have an aggregate designed capacity of 300MW (“**300MW Project**”), by the end of 2016. In October 2013, the Group entered into a co-operation agreement with an energy company in Xi’an, and together with such energy company, jointly contracted with a wholly-owned subsidiary of the Investment Company in Jinchang City in Gansu province for the construction of a solar photovoltaic power station with an expected capacity of 50MW which is phase 1 of the 300MW Project and shall be completed by the end of 2013. Such project has commenced construction as at the date of this report.



## FINANCIAL REVIEW

### *Liquidity, financial resources and treasury policies*

As at 30 September 2013, the Group had cash and bank balances amounting to a total of approximately HK\$14.7 million (31 March 2013: approximately HK\$7.6 million). The Group has no outstanding bank overdraft as at 30 September 2013 (31 March 2013: HK\$Nil).

The Group financed its operations by internally generated cash flow, net proceeds from the Disposal of Qinghai Baike, and proceeds from placing of shares of the Company. Please refer to the annual report of the Company for the year ended 31 March 2013 and 31 March 2012 for details of the Disposal of Qinghai Baike and such placing of shares respectively.

### *Banking facilities*

As at 30 September 2013, the Group did not have any banking facilities.

### *Current ratio*

As at 30 September 2013, the Group's current ratio, represented by a ratio of current assets to current liabilities, was approximately 2.0 (31 March 2013: 2.2).

### *Gearing ratio*

As at 30 September 2013, the gearing ratio of the Group, based on total liabilities over total assets was approximately 27.8 per cent. (31 March 2013: approximately 25.9 per cent.).

### *Charges on assets*

As at 30 September 2013, there was no significant charges on assets of the Group.

### *Contingent liabilities*

As at 30 September 2013, the Group did not have any significant contingent liabilities.

### *Exposure to foreign exchange risk*

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

### *Employees*

As at 30 September 2013, the Group employed 57 and 8 staff in the PRC and Hong Kong, respectively. The Group has developed its human resources policies and procedures based on performance and merit. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system. Staff cost, including directors' emoluments, was approximately HK\$5.3 million for the six months ended 30 September 2013 (six months ended 30 September 2012: approximately HK\$6.3 million).

Share options may be granted to Directors and employees of the Group to subscribe for shares in the Company.

## BUSINESS PROSPECTS

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 and a marketing agent for Fuji Xerox for its printing systems in China.

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

On the other hand, the Group will continue to expand its system integration services and technology consultancy services through securing more contracts for provision of such services to more biomass energy, thermal power and solar energy generation companies and projects in the PRC. In September 2013, the Group entered into a memorandum of understanding with the Investment Company for projects relating to construction of large-scale grid-connected solar photovoltaic power station and distributed power generation on rooftop, which are expected to have an aggregate designed capacity of 300MW, by the end of 2016. In October 2013, the Group entered into a co-operation agreement with an energy company in Xi'an, and together with such energy company, jointly contracted with a wholly-owned subsidiary of the Investment Company in Jinchang City in Gansu province for the construction of a solar photovoltaic power station with an expected capacity of 50MW which is phase 1 of the 300MW Project and shall be completed by the end of 2013. Such project has commenced construction as at the date of this report.

In respect of the solar energy generation operation, the Group is looking for other solar energy generation projects.

Leveraging on our prudent and experienced management and our strong and determined workforce, the Group will strive to maintain and expand its operations further, thus bringing greater return to our shareholders.

## INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the period under review (six months ended 30 September 2012: Nil).

## CHANGE OF AND UPDATED INFORMATION REGARDING THE DIRECTORS

Starting from 1 July 2013, the remuneration of Ms. Hu Xin, an executive Director, is HK\$15,000 per month which was determined by the remuneration committee of the Board with reference to the prevailing market conditions, her roles and responsibilities.

Save as disclosed above, there is no further information to be disclosed pursuant to the requirements of Rule 17.50(A)(1) of the GEM Listing Rules.

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

As at 30 September 2013, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

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

<b>Name of Directors</b>	<b>Capacity</b>	<b>Number and class of securities</b> (Note 1)	<b>Percentage shareholding in the same class of securities</b> (Note 2)
Mr. Chiu Tung Ping (Executive Director)	Interests of controlled corporation (Note 3)	217,766,038 ordinary shares (L) (Note 4)	23.50%
Ms. Yuen Hing Lan (Executive Director)	Interests of spouse (Note 3)	217,766,038 ordinary shares (L) (Note 4)	23.50%
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 30 September 2013, 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.
4. Included in these shares are 103,566,038 shares of the Company held by Good Million Investments Limited and 114,200,000 shares of the Company to be issued to Good Million Investments Limited upon exercise of convertible bonds issued by the Company.

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

<b>Name of Director</b>	<b>Name of associated corporations</b>	<b>Number of shares interested</b>	<b>Nature of interest</b>	<b>Approximate percentage holding of the non-voting deferred shares</b>
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 30 September 2013, 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:

<b>Name of shareholders</b>	<b>Number of ordinary shares interested</b> (Note 1)	<b>Capacity</b>	<b>Approximate percentage of the Company's issued share capital as at 30 September 2013</b> (Note 2)
Good Million Investments Limited	217,766,038 (L) (Note 6)	Beneficial owner (Note 3)	23.50%
Mr. Qin Zhongde	88,000,000 (L)	Beneficial owner (Note 4)	9.50%
China Technology Development Group Corporation	57,313,962 (L)	Beneficial owner (Note 5)	6.19%

Notes:

- The letter "L" represents the long position in the shares and underlying shares of the Company.
- As at 30 September 2013, the entire issued share capital of the Company is 926,592,072 shares of HK\$0.1 each.
- Mr. Chiu Tung Ping and Ms. Yuen Hing Lan, both being executive Directors, held 70% and 30% interest in the entire issued share capital of Good Million Investments Limited.

4. Ms. Huang Xiulan is the spouse of Mr. Qin Zhongde. Accordingly, Ms. Huang Xiulan is deemed, by virtue of SFO, to be interested in all the shares in which Mr. Qin Zhongde is interested.
5. BHL Solar Technology Company Limited is wholly-owned by China Technology Development Group Corporation.
6. Included in these shares are 103,566,038 shares of the Company held by Good Million Investments Limited and 114,200,000 shares of the Company to be issued to Good Million Investments Limited upon exercise of convertible bonds issued by the Company.

Save as disclosed above, as at 30 September 2013, no person or entity other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO.

## AUDIT COMMITTEE

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

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

As at 30 September 2013, the Audit Committee comprised three independent non-executive Directors, namely Mr. Tam Kam Bui, William, Mr. Meng Xianglin and Mr. Dong Guangwu, with Mr. Tam Kam Bui, William as the chairman. The unaudited consolidated results of the Group for the six months ended 30 September 2013 have been reviewed and approved by the Audit Committee.

## REMUNERATION COMMITTEE

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

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

As at 30 September 2013, the composition of the Remuneration Committee comprised three independent non-executive Directors, namely Mr. Tam Kam Bui, William, Mr. Meng Xianglin and Mr. Dong Guangwu with Mr. Tam Kam Bui, William as the chairman.

## CORPORATE GOVERNANCE COMMITTEE

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

The Board has appointed Mr. Chiu Tung Ping, Mr. Zhang Shenxin, Ms. Yuen Hing Lan, 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.

## NOMINATION COMMITTEE

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

As at 30 September 2013, the Nomination Committee comprised three independent non-executive Directors, namely, (i) Mr. Tam Kam Biu, William; (ii) Mr. Meng Xianglin; and (iii) Mr. Dong Guangwu, with 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.

## 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), a company incorporated in the Cayman Islands whose securities are listed on GEM. 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 (as defined in the GEM Listing Rules) has an interest in a business which compete or may compete with the business of the Group.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2013.

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

## CORPORATE GOVERNANCE CODE

During the six months ended 30 September 2013 (“**Review Period**”), the Company has complied with all the code provisions set out in the Corporate Governance Code (“**CG Code**”) contained in Appendix 15 of the GEM Listing Rules, except for the deviation from code provisions A.2.1 and E.1.2 as explained below.

### *Code provision A.2.1*

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

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

### *Code provision E.1.2*

Under code provision E.1.2 of the CG Code, the Chairman should attend the annual general meeting. Due to other commitments which must be attended by the Chairman, the Chairman was unable to attend the annual general meeting of the Company held on 23 September 2013 (“**2013 AGM**”). Nevertheless, Mr. Tam Kam Bui, William, an independent non-executive Director, chairman of the audit committee, the nomination committee and the remuneration committee of the Board, presided as the chairman at the 2013 AGM, and answered questions from the shareholders of the Company.

On behalf of the Board

**Chiu Tung Ping**

*Chairman and executive Director*

Hong Kong, 8 November 2013

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

*Executive Directors:*

*Chiu Tung Ping (Chairman)*

*Zhang Shenxin (Vice-Chairman)*

*Yuen Hing Lan*

*Hou Hsiao Bing*

*Hou Hsiao Wen*

*Hu Xin*

*Independent non-executive Directors:*

*Tam Kam Bui, William*

*Meng Xianglin*

*Dong Guangwu*