



**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)



**INTERIM REPORT 2012**

\* For identification purpose only

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## INTERIM RESULTS HIGHLIGHTS

The loss attributable to equity holders of the Company for the six months ended 30 September 2012 was approximately HK\$4.8 million (the loss attributable to equity holders of the Company for the six months ended 30 September 2011 was approximately HK\$33.5 million).

The revenue of the Group from continuing operations for the six months ended 30 September 2012 was approximately HK\$23.8 million, representing an increase of approximately 23.9 per cent. as compared to the six months ended 30 September 2011.

Gross profit margin of the Group was approximately 22.7 per cent. in the six months ended 30 September 2012, as compared to approximately 25.9 per cent. in the six months ended 30 September 2011.

Basic loss per share from continuing and discontinued operations for the six months ended 30 September 2012 was approximately HK0.52 cents (basic loss per share from continuing and discontinued operations for the six months ended 30 September 2011 was approximately HK4.04 cents).

The Directors do not recommend the payment of a dividend for the six months ended 30 September 2012 (six months ended 30 September 2011: Nil).

## INTERIM RESULTS (UNAUDITED)

The board of Directors announces the unaudited consolidated results of the Group for the six months ended 30 September 2012 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Notes	From 1 July 2012 to 30 September 2012 HK\$'000	From 1 April 2012 to 30 September 2012 HK\$'000	From 1 July 2011 to 30 September 2011 (Restated) HK\$'000	From 1 April 2011 to 30 September 2011 (Restated) HK\$'000
Revenue	2	10,428	23,785	10,824	19,193
Cost of sales		(8,299)	(18,388)	(7,906)	(14,218)
Gross profit		2,129	5,397	2,918	4,975
Other revenue	2	304	509	697	849
Selling expenses		(1,333)	(2,059)	(1,087)	(2,479)
Change in fair value of financial assets at fair value through profit or loss	4	(422)	(2,595)	(7,182)	(10,410)
Administrative expenses		(4,163)	(7,563)	(4,104)	(22,298)
Finance costs	5	(2,099)	(4,139)	(2,081)	(3,143)
Loss before taxation	4	(5,584)	(10,450)	(10,839)	(32,506)
Income tax expenses	6	-	-	-	(11)
Loss for the period from continuing operations		(5,584)	(10,450)	(10,839)	(32,517)
<b>Discontinued operation</b>					
Gain/(Loss) for the period from discontinued operation	7	2,299	5,668	(822)	(973)
<b>Loss for the period</b>		<b>(3,285)</b>	<b>(4,782)</b>	<b>(11,661)</b>	<b>(33,490)</b>
<b>Other comprehensive income</b>					
Exchange differences on translation of financial statements of overseas subsidiaries		(306)	(994)	1,313	1,944
<b>Total comprehensive income for the period</b>		<b>(3,591)</b>	<b>(5,776)</b>	<b>(10,348)</b>	<b>(31,546)</b>
<b>Loss for the period attributable to:</b>					
Equity holders of the Company		(3,285)	(4,782)	(11,661)	(33,490)
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		(3,591)	(5,776)	(10,348)	(31,546)
Dividend		-	-	-	-
		HK cent	HK cent	HK cent	HK cent
<b>Loss per share</b>					
From continuing and discontinued operations					
- Basic	8	(0.35 cents)	(0.52 cents)	(1.33 cents)	(4.04 cents)
- Diluted	8	(0.79 cents)	(1.18 cents)	(1.48 cents)	(4.69 cents)
From continuing operations					
- Basic	8	(0.60 cents)	(1.13 cents)	(1.24 cents)	(3.92 cents)
- Diluted	8	(1.34 cents)	(2.59 cents)	(1.38 cents)	(4.55 cents)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	Notes	As at 30 September 2012 (unaudited) HK\$'000	As at 31 March 2012 (audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	9	923	1,289
Available-for-sale financial assets		–	–
Goodwill	10	235,999	235,999
		<b>236,922</b>	<b>237,288</b>
<b>Current assets</b>			
Inventories	11	7,732	9,225
Accounts receivables	12	12,405	8,212
Other receivables, deposits and prepayments		4,521	3,076
Held-to-maturity financial assets		–	11,103
Available-for-sale financial assets		–	10,610
Financial assets at fair value through profit or loss	14	3,793	6,388
Bank balances and cash	13	23,353	3,849
		<b>51,804</b>	<b>52,463</b>
Assets classified as assets held for sale	15	182,246	171,843
		<b>234,050</b>	<b>224,306</b>
<b>Current liabilities</b>			
Accounts payables	16	1,201	3,438
Other payables and accruals	17	51,420	47,282
Other loan	18	13,077	7,168
Receipt in advance		283	322
		<b>65,981</b>	<b>58,210</b>
Liabilities associated with assets held for sale	15	123,715	119,408
		<b>189,696</b>	<b>177,618</b>
<b>Net current assets</b>		<b>44,354</b>	<b>46,688</b>
<b>Total assets less current liabilities</b>		<b>281,276</b>	<b>283,976</b>
<b>Non-current liabilities</b>			
Convertible bonds	19	47,921	44,845
Deferred tax liabilities		20,697	20,697
		<b>68,618</b>	<b>65,542</b>
<b>Net assets</b>		<b>212,658</b>	<b>218,434</b>
<b>Capital and reserves</b>			
Share capital	20	92,659	92,659
Reserves		119,999	125,775
<b>Shareholders' funds</b>		<b>212,658</b>	<b>218,434</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Equity attributable to equity holders of the Company								
	Share capital	Share premium	Warrant reserve	Reserve arising from reorganization	Exchange reserve	Convertible bonds reserve	Discontinued operation	Deficit	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2011	73,719	85,600	9,680	(24,317)	8,464	2,387	(56,989)	-	98,544
Issue of consideration shares	13,300	41,230	-	-	-	-	-	-	54,530
Equity component of convertible bonds	-	-	-	-	-	119,919	-	-	119,919
Deferred tax liabilities arising from the convertible bonds	-	-	-	-	-	(19,272)	-	-	(19,272)
Shares issued on exercise of the conversion rights attached to Tranche I convertible bonds	2,400	9,600	-	-	-	(8,880)	-	-	3,120
Transferred to discontinued operation	-	-	-	-	(436)	-	-	436	-
Total comprehensive income for the period	-	-	-	-	1,944	-	(33,490)	-	(31,546)
At 30 September 2011 (Restated)	89,419	136,430	9,680	(24,317)	9,972	94,154	(90,479)	436	225,295
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)	-
Total comprehensive income for the period	-	-	-	-	(994)	-	(4,782)	-	(5,776)
At 30 September 2012	92,659	142,148	9,680	(24,317)	9,469	91,767	(109,075)	327	212,658

### 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) 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	
		2012 HK\$'000	2011 HK\$'000
<b>OPERATING ACTIVITIES</b>			
(Loss) Profit before taxation			
Continuing operations		(10,450)	(32,506)
Discontinued operation	7	5,668	(973)
		(4,782)	(33,479)
Adjustment for:			
Depreciation	4	3,179	601
Interest income	2	(9)	(706)
Finance costs	5	5,422	3,143
Change in fair value of financial assets at fair value through profit or loss	4	2,595	10,410
Operating cash flows before movements in working capital		6,405	(20,031)
Decrease in inventories		1,493	4,149
Increase in accounts receivable		(15,616)	(8,087)
Increase in bills receivable		(244)	–
(Increase) Decrease in other receivables, deposits and prepayments		(6,739)	45,912
Increase in accounts payable		475	9
Increase in other payables and accruals		3,847	17,248
(Decrease) Increase in receipt in advance		(39)	583
Cash (used in) from operations		(10,418)	39,783
Interest paid		(920)	–
Overseas taxation paid		–	(11)
<b>NET CASH (USED IN) FROM OPERATING ACTIVITIES</b>		<b>(11,338)</b>	39,772
<b>INVESTING ACTIVITIES</b>			
Interest received	2	9	706
Purchase of property, plant and equipment	9	(18)	(1,270)
Construction-in-progress		–	(3,253)
Purchase of a subsidiary, net of cash acquired		–	(61,789)
Disposal of a subsidiary, net of cash sold	23	300	–
Proceeds from disposal of held-to-maturity financial assets		11,103	–
Proceeds from disposal of available-for-sale financial assets		10,610	–
<b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>		<b>22,004</b>	(65,606)
<b>FINANCING ACTIVITIES</b>			
Net raising of other loans		7,795	4,981
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>7,795</b>	4,981
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>18,461</b>	(20,853)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>6,393</b>	43,235
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>		<b>(994)</b>	1,944
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>23,860</b>	24,326
Represented by:			
Bank balances and cash		23,353	20,182
Cash and cash equivalents included in assets held for sale		507	4,144
		<b>23,860</b>	24,326

## NOTES TO THE UNAUDITED CONSOLIDATED RESULTS:–

### 1. BASIS OF PREPARATION

The unaudited consolidated results have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) and Hong Kong Accounting Standards (“**HKAS**”) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the GEM Listing Rules.

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

The accounting policies used in preparing the unaudited consolidated results are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2012, except for adoption of new and revised HKFRSs and HKAS issued by the Hong Kong Institute of Certified Public Accountants which are effective to the Group for accounting periods beginning on or after 1 January 2012. The adoption of the new HKFRSs and HKAS has no material impact on the Group’s results and financial position for the current or prior periods.

The consolidated results of the Group for the six months ended 30 September 2012 are unaudited but have been reviewed by the audit committee of the Company (“**Audit Committee**”).

### 2. 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 2012 to 30 September 2012 (unaudited) HK\$’000	From 1 April 2012 to 30 September 2012 (unaudited) HK\$’000	From 1 July 2011 to 30 September 2011 (unaudited) HK\$’000	From 1 April 2011 to 30 September 2011 (unaudited) HK\$’000
Revenue				
Sales of goods	8,673	20,216	7,350	14,230
Rendering of services	1,755	3,569	3,474	4,963
	10,428	23,785	10,824	19,193
Other revenue				
Government subsidies for business development	–	79	1	143
Bank interest income	4	9	696	706
Gain on trading in financial instrument	–	121	–	–
Gain on disposal of interest in a subsidiary (note 23)	300	300	–	–
	304	509	697	849
Total revenue	10,732	24,294	11,521	20,042



## DISCONTINUED OPERATION

	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 2011 to 30 September 2011 (unaudited) HK\$'000	From 1 April 2011 to 30 September 2011 (unaudited) HK\$'000
Revenue				
Solar energy generation	5,464	11,677	-	-

### 3. SEGMENT INFORMATION

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

The Group has internal reports about the sales of self-service 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

- (a) Sales of self-service ATM systems and printing system;
- (b) Rendering of services – provision of hardware and software technical support services; and
- (c) Power system integration business.

#### DISCONTINUED OPERATION

- (a) 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 Baiké.

## SEGMENT REVENUE AND RESULTS

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

### Six months ended 30 September 2012

	Continuing operations			Discontinued operation	Total
	Power system integration business	Sales of goods	Rendering of services	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
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	–	20,216	3,569	11,677	35,462
Segment result	–	2,570	(2,822)	5,668	5,416
Other revenue					421
Unallocated cost					(6,480)
Loss from operations					(643)
Finance costs					(4,139)
Loss before taxation					(4,782)
Income tax expenses					–
Loss for the period					(4,782)

Six months ended 30 September 2011

	Continuing operations			Discontinued operation	Total
	Power system integration business	Sales of goods	Rendering of services	Solar energy generation	
	From 1 April 2011 to 30 September 2011	From 1 April 2011 to 30 September 2011	From 1 April 2011 to 30 September 2011	From 1 April 2011 to 30 September 2011	From 1 April 2011 to 30 September 2011
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	-	14,230	4,963	-	19,193
Segment result	-	922	(1,271)	(973)	(1,322)
Other revenue					849
Unallocated cost					(33,006)
Loss from operations					(33,479)
Finance costs					-
Loss before taxation					(33,479)
Income tax expenses					(11)
Loss for the period					(33,490)

## 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 2012**

	Continuing operations			Discontinued operation	Total
	Power system integration business	Sales of goods	Rendering of services	Solar energy generation	
As at	As at	As at	As at	As at	As at
30 September 2012	30 September 2012	30 September 2012	30 September 2012	30 September 2012	30 September 2012
(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	235,999	39,516	7,491	182,246	465,252
Property, plant and equipment (for corporate)					183
Other receivables, deposits and prepayments (for corporate)					1,356
Financial assets at fair value through profit or loss (for corporate)					3,793
Bank balances and cash (for corporate)					388
Consolidated assets					470,972
Segment liabilities	–	3,573	1,555	123,715	128,843
Other payables and accruals (for corporate)					51,518
Other loan (for corporate)					10,760
Convertible bonds (for corporate)					47,921
Deferred tax liabilities (for corporate)					19,272
Consolidated liabilities					258,314

As at 30 September 2011

	Continuing operations			Discontinued operation	Total
	Power system integration business	Sales of goods	Rendering of services	Solar energy generation	
As at	As at	As at	As at	As at	As at
30 September 2011	30 September 2011	30 September 2011	30 September 2011	30 September 2011	30 September 2011
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	235,999	38,078	9,403	57,701	341,181
Property, plant and equipment (for corporate)					790
Other receivables and prepayments (for corporate)					188
Financial assets at fair value through profit or loss (for corporate)					7,961
Bank balances and cash (for corporate)					220
<b>Consolidated assets</b>					<b>350,340</b>
Segment liabilities	-	3,144	2,000	14,207	19,351
Other payables and accruals (for corporate)					37,973
Convertible bonds (for corporate)					67,721
<b>Consolidated liabilities</b>					<b>125,045</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 2012

	Continuing operations			Discontinued operation	Total
	Power system integration business	Sales of goods	Rendering of services	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
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	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	2,795	3,125

### Six months ended 30 September 2011

	Continuing operations			Discontinued operation	Total
	Power system integration business	Sales of goods	Rendering of services	Solar energy generation	
	From 1 April 2011 to 30 September 2011	From 1 April 2011 to 30 September 2011	From 1 April 2011 to 30 September 2011	From 1 April 2011 to 30 September 2011	From 1 April 2011 to 30 September 2011
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Additions to property, plant and equipment	-	305	355	5	665
Depreciation of property, plant and equipment	-	17	507	26	550

## 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 2012 to 30 September 2012 (unaudited) HK\$'000</b>	From 1 April 2011 to 30 September 2011 (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	366
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	698
Customer F – Rendering of service	225	22
Customer G – Sales of goods	–	4,608
Customer H – Sales of goods	–	2,922
Customer I – Sales of goods	–	700
Customer I – Rendering of services	–	1,604

## 4. LOSS BEFORE TAXATION

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

### Six months ended 30 September 2012

	Continuing operations		Discontinued operation		Consolidated	
	From	From	From	From	From	From
	1 July 2012 to 30 September 2012 (unaudited) HK\$'000	1 April 2012 to 30 September 2012 (unaudited) HK\$'000	1 July 2012 to 30 September 2012 (unaudited) HK\$'000	1 April 2012 to 30 September 2012 (unaudited) HK\$'000	1 July 2012 to 30 September 2012 (unaudited) HK\$'000	1 April 2012 to 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

### Six months ended 30 September 2011

	Continuing operations		Discontinued operation		Consolidated	
	From	From	From	From	From	From
	1 July 2011 to 30 September 2011 (unaudited) HK\$'000	1 April 2011 to 30 September 2011 (unaudited) HK\$'000	1 July 2011 to 30 September 2011 (unaudited) HK\$'000	1 April 2011 to 30 September 2011 (unaudited) HK\$'000	1 July 2011 to 30 September 2011 (unaudited) HK\$'000	1 April 2011 to 30 September 2011 (unaudited) HK\$'000
Cost of inventories sold	6,389	11,579	–	–	6,389	11,579
Depreciation	407	578	23	23	430	601
Change in fair value of financial assets at fair value through profit or loss	7,182	10,410	–	–	7,182	10,410

## 5. FINANCE COSTS

### 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

### Six months ended 30 September 2011

	Continuing operations		Discontinued operation		Consolidated	
	From 1 July 2011 to 30 September 2011 (unaudited) HK\$'000	From 1 April 2011 to 30 September 2011 (unaudited) HK\$'000	From 1 July 2011 to 30 September 2011 (unaudited) HK\$'000	From 1 April 2011 to 30 September 2011 (unaudited) HK\$'000	From 1 July 2011 to 30 September 2011 (unaudited) HK\$'000	From 1 April 2011 to 30 September 2011 (unaudited) HK\$'000
Imputed finance costs on convertible bonds	2,058	3,120	–	–	2,058	3,120
Interests on other loans	23	23	–	–	23	23
	2,081	3,143	–	–	2,081	3,143

## 6. 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 2012 (six months ended 30 September 2011: 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 2012, no profits taxes have been provided as these subsidiaries have not generated any assessable profits in the PRC (six months ended 30 September 2011: HK\$11,000).



## 7. DISCONTINUED OPERATION

On 6 September 2012, China Technology Solar Power Holdings Limited (“**CTSP (BVI)**”), a company incorporated in the British Virgin Islands with limited liability, 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 Solar Power Co., Ltd\* (青海百科光電有限責任公司) (“**Qinghai Baike**”), a company established in the PRC with limited liability and a wholly-owned subsidiary of CTSP (BVI), at a total consideration of RMB46,800,000 (equivalent to approximately HK\$57,255,000) (subject to deduction). Upon completion, Qinghai Baike will cease to be a subsidiary of the Company. Accordingly, the solar energy generation business in relation to the 10MW Geermu Power Station and 20MW Delingha Project (which has not yet been commenced) in Qinghai Baike is classified as a discontinued operation during the six months ended 30 September 2012. For the purpose of presenting this discontinued operation, the comparative unaudited consolidated results and the related notes have been re-presented as if the solar energy generation business in relation to the 10MW Geermu Power Station and 20MW Delingha Project in Qinghai Baike had been discontinued in the same period last year.

In this regard, the results of the discontinued operation (solar energy generation in relation to the 10MW Geermu Power Station and 20MW Delingha Project in Qinghai Baike) included in the unaudited consolidated results are set out below:

	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 2011 to 30 September 2011 (unaudited) (Restated) HK\$'000	From 1 April 2011 to 30 September 2011 (unaudited) (Restated) HK\$'000
<b>Profit/(loss) 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)	(822)	(973)
Profit/(loss) before taxation	2,299	5,668	(822)	(973)
Income tax expenses	-	-	-	-
Profit/(loss) for the period from discontinued operation	2,299	5,668	(822)	(973)

## CASH FLOWS FROM DISCONTINUED OPERATION

	Six months ended 30 September	
	2012 (unaudited) HK\$'000	2011 (unaudited) HK\$'000
Net cash (outflows)/inflows from operating activities	(4,013)	1,390
Net cash outflows from investing activities	(16)	(3,258)
Net cash inflows from financing activities	2,313	4,981
Net cash (outflows)/inflows	(1,716)	3,113

### 8. 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 2012 to 30 September 2012 (unaudited) HK\$'000	From 1 April 2012 to 30 September 2012 (unaudited) HK\$'000	From 1 July 2011 to 30 September 2011 (unaudited) HK\$'000	From 1 April 2011 to 30 September 2011 (unaudited) HK\$'000
<b>Loss</b>				
Loss for the purpose of basic and diluted loss per share	(3,285)	(4,782)	(11,661)	(33,490)

	From 1 July 2012 to 30 September 2012	From 1 April 2012 to 30 September 2012	From 1 July 2011 to 30 September 2011	From 1 April 2011 to 30 September 2011
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	926,592,072	926,592,072	877,496,420	829,530,870
Effect of dilutive potential ordinary shares: Warrants issued by the Company	(508,930,988)	(522,406,639)	(89,473,684)	(114,899,713)
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	417,661,084	404,185,433	788,022,736	714,631,157

## 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 2012 to 30 September 2012 (unaudited) HK\$'000	From 1 April 2012 to 30 September 2012 (unaudited) HK\$'000	From 1 July 2011 to 30 September 2011 (unaudited) HK\$'000	From 1 April 2011 to 30 September 2011 (unaudited) HK\$'000
Loss for the period attributable to the equity holders of the Company	(3,285)	(4,782)	(11,661)	(33,490)
Less: Profit/(loss) for the period attributable to the equity holder of the Company from discontinued operation	2,299	5,668	(822)	(973)
Loss for the purpose of basic loss per share from continuing operations	(5,584)	(10,450)	(10,839)	(32,517)

## FROM DISCONTINUED OPERATION

Basic earnings per share from discontinued operation is HK0.61 cents per share, based on the profit for the six months ended 30 September 2012 from the discontinued operation of approximately HK\$5,668,000 (six months ended 30 September 2011: Basic loss per share is HK0.12 cents based on the loss for the six months ended 30 September 2011 from the discontinued operation of approximately HK\$973,000) and the denominators detailed above for basic earnings/(loss) per share.

There was no diluted earnings per share from discontinued operation for the six months ended 30 September 2012 as the exercise of the outstanding warrants of the Company will have an anti-dilutive effect (six months ended 30 September 2011: Diluted loss per share is HK0.14 cents, based on the loss for the six months ended 30 September 2011 of approximately HK\$973,000 and weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share).

## 9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group had acquired property, plant and equipment amounting to approximately HK\$18,000 (six months ended 30 September 2011: HK\$1,270,000).

## 10. GOODWILL

	Solar energy generation HK\$'000	Power system integration business HK\$'000	Total HK\$'000
<b>COST</b>			
At 1 April 2012 and 30 September 2012	–	235,999	235,999
<b>IMPAIRMENT</b>			
At 1 April 2012 and 30 September 2012	–	–	–
<b>CARRYING VALUES</b>			
At 30 September 2012	–	235,999	235,999
At 31 March 2012	–	235,999	235,999

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

During the six months ended 30 September 2012, the Group did not recognize any impairment loss (31 March 2012: Nil) in relation to goodwill arising from the acquisition of subsidiaries.

## 11. INVENTORIES

	As at 30 September 2012 (unaudited) HK\$'000	As at 31 March 2012 (audited) HK\$'000
Merchandise for re-sale	8,670	10,049
Spare parts	2,562	2,676
	<b>11,232</b>	12,725
Less: Provision for slow moving and obsolete inventories	<b>(3,500)</b>	(3,500)
	<b>7,732</b>	9,225

## 12. ACCOUNTS RECEIVABLE

	As at 30 September 2012 (unaudited) HK\$'000	As at 31 March 2012 (audited) HK\$'000
Accounts receivable	17,179	12,986
Less: Allowance for doubtful debts	<b>(4,774)</b>	(4,774)
	<b>12,405</b>	8,212

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

At 30 September 2012, the ageing analysis of the accounts receivable was as follows:

	As at 30 September 2012 (unaudited) HK\$'000	As at 31 March 2012 (audited) HK\$'000
Current to 60 days	11,962	3,516
61 – 90 days	1,566	1,284
Over 90 days	3,651	8,186
	<b>17,179</b>	12,986
Less: Allowance for doubtful debts	<b>(4,774)</b>	(4,774)
	<b>12,405</b>	8,212

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

### 13. BANK BALANCES AND CASH

	As at 30 September 2012 (unaudited) HK\$'000	As at 31 March 2012 (audited) HK\$'000
Cash at bank and on hand	23,353	3,849
Bank balances and cash in the consolidated statement of financial position	23,353	3,849
Cash and bank deposits denominated in:		
Hong Kong dollar	275	292
Chinese Renminbi	23,047	3,525
United States dollar	31	32
	23,353	3,849

Included in the balance was approximately HK\$23,047,000 (31 March 2012: HK\$3,518,000), representing Renminbi deposits 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.

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

	As at 30 September 2012 (unaudited) HK\$'000	As at 31 March 2012 (audited) HK\$'000
Listed securities held for trading:		
Market value of equity securities listed in New York		
Cost	24,250	24,250
Impairment loss	(20,457)	(17,862)
	3,793	6,388

## 15. NON-CURRENT ASSETS HELD FOR SALE

	As at 30 September 2012 (unaudited) HK\$'000	As at 31 March 2012 (audited) HK\$'000
Assets related to the solar energy generation	182,246	171,843
Liabilities of the solar energy generation associated with assets classified as held for sale	123,715	119,408
Net assets of the solar energy generation business classified as held for sale	58,531	52,435
Reserve of the solar energy generation business classified as held for sale	327	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:

	As at 30 September 2012 (unaudited) HK\$'000	As at 31 March 2012 (audited) HK\$'000
Property, plant and equipment	124,780	906
Construction in progress	2,869	133,884
Goodwill	24,000	24,000
Prepayments, deposits and other receivable	18,423	10,509
Accounts receivables	11,423	–
Bills receivable	244	–
Bank balances and cash	507	2,544
Assets related to the solar energy generation classified as held for sale	182,246	171,843
Accounts payables	97,994	95,282
Accrued liabilities and other payable	3,233	3,524
Other loan (Note)	22,488	20,602
Liabilities of the solar energy generation business associated with assets classified as held for sale	123,715	119,408
Net assets of the solar energy generation business classified as held for sale	58,531	52,435
Exchange reserve	327	576
Reserve of the solar energy generation classified as held for sale	327	576

Note: Other loan of amounting to HK\$7,333,000 (31 March 2012: HK\$7,402,000) is interest bearing on 1% per annum, unsecured and repayable on demand.

Other loan of amounting to HK\$8,922,000 (31 March 2012: HK\$9,006,000) is interest bearing on 6.56% per annum, unsecured and repayable on demand.

Other loan of amounting to HK\$6,233,000 (31 March 2012: HK\$4,194,000) is interest free, unsecured and repayable on demand.

## 16. ACCOUNTS PAYABLE

	As at 30 September 2012 (unaudited) HK\$'000	As at 31 March 2012 (audited) HK\$'000
Accounts payable	1,201	3,438

As at 30 September 2012, the ageing analysis of the accounts payable was as follows:–

	As at 30 September 2012 (unaudited) HK\$'000	As at 31 March 2012 (audited) HK\$'000
Current to 60 days	1,188	3,425
61 – 90 days	–	–
Over 90 days	13	13
	1,201	3,438

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

## 17. 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 (31 March 2012: HK\$700,000), HK\$1,903,000 (31 March 2012: HK\$1,903,000) and HK\$29,000,000 (31 March 2012: HK\$29,000,000) respectively. The amounts are unsecured, interest free and have no fixed repayment terms.

There are amount due to Dynatek Limited and Good Million Investments Limited amounting to HK\$480,000 (31 March 2012: HK\$300,000) and HK\$8,200,000 (31 March 2012: HK\$8,200,000) respectively. The amounts are unsecured, interest free and have no fixed repayment terms.

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

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



## 18. OTHER LOAN

	As at 30 September 2012 HK\$'000	As at 31 March 2012 HK\$'000
Other loan (note)	13,077	7,168

note:

- (a) Other loan amounting to approximately HK\$6,168,000 (31 March 2012: HK\$6,168,000) is interest bearing at a range of 24%-30% per annum, unsecured and repayable on demand.
- (b) Other loan amounting to approximately HK\$1,833,000 (31 March 2012: Nil) is interest bearing at 9% per annum, unsecured and repayable on demand.
- (c) Other loan amounting to approximately HK\$5,076,000 (31 March 2012: HK\$1,000,000) is interest bearing on 12% per annum, unsecured and repayable on demand.

Borrowings are repayable as follows:

	As at 30 September 2012 HK\$'000	As at 31 March 2012 HK\$'000
On demand or within one year	13,077	7,168
Less: Amount shown under non-current liabilities	–	–
Amount shown under current liabilities	13,077	7,168

## 19. 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 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 with reference 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 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.

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.

	Tranche I HK\$'000	Tranche II HK\$'000	Total HK\$'000
Equity component of convertible bonds			
as at 31 March 2012 and 30 September 2012	61,071	30,696	91,767
Liability component as at 31 March 2012	30,141	14,704	44,845
Imputed finance costs (note 5)	2,058	1,018	3,076
Carrying amount as at 30 September 2012	32,199	15,722	47,921

## 20. SHARE CAPITAL

	Authorized Ordinary shares of HK\$0.1 each	
	No. of shares	HK\$'000
At 31 March 2012 and 30 September 2012	2,500,000,000	250,000

	Issued and fully paid Ordinary shares of HK\$0.1 each (unaudited)	
	No. of shares	HK\$'000
At 1 April 2012 and 30 September 2012	926,592,072	92,659

The shares issued during the six months ended 30 September 2012 rank pari passu in all respects with other shares in issue.

## 21. COMMITMENTS UNDER OPERATING LEASES – LAND AND BUILDING

At 30 September 2012, the Group had future aggregate minimum lease payments under operating leases as follows:

	As at 30 September 2012 (unaudited) HK\$'000	As at 31 March 2012 (audited) HK\$'000
Not later than one year	414	1,076
Later than one year and not later than five years	30	–
	<b>444</b>	<b>1,076</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 one year.

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

The Company did not have significant lease commitment as at 30 September 2012.

## 22. CAPITAL COMMITMENTS

	As at 30 September 2012 (unaudited) HK\$'000	As at 31 March 2012 (audited) HK\$'000
<b>CONTINUING OPERATIONS</b>		
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– acquisition of property, plant and equipment	–	–

	As at 30 September 2012 (unaudited) HK\$'000	As at 31 March 2012 (audited) HK\$'000
<b>DISCONTINUED OPERATION</b>		
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of construction in progress	1,963	25,154

The Company did not have significant capital commitment as at 30 September 2012.

## 23. DISPOSAL OF A SUBSIDIARY

On 1 August 2012, the Company and Mr. Xue Bao Kang (“**Mr. Xue**”) (an independent third party) entered into a disposal agreement pursuant to which the Company has agreed to sell, and Mr. Xue has agreed to acquire, the entire equity interests in Oceania City Investment Company Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company, at a total consideration of HK\$300,000. The disposal was completed on 1 August 2012.

Assets and liabilities at the date of disposal are as follows:

	HK\$'000
<b>Non-current assets</b>	–
<b>Current assets</b>	–
<b>Current liabilities</b>	–
<b>Net asset value</b>	–
	HK\$'000
<b>Disposal of a subsidiary, net of cash sold</b>	300
<b>Gain on disposal of interest in a subsidiary</b>	300

## 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 2012.

The Group's revenue from continuing operations amounted to approximately HK\$23.8 million for the six months ended 30 September 2012, representing an increase of approximately 23.9 per cent., as compared with approximately HK\$19.2 million recorded for the six months ended 30 September 2011.

The Group's gross profit margin was approximately 22.7 per cent. in the six months ended 30 September 2012, compared to approximately 25.9 per cent. in the six months ended 30 September 2011. The decrease in the gross profit margin was 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 2012 amounted to approximately HK\$2.1 million (six months ended 30 September 2011: approximately HK\$2.5 million), representing a decrease of approximately 16.9 per cent. as a result of the Group's policy on cost control.

Administrative expenses from continuing operations incurred by the Group for the six months ended 30 September 2012 amounted to approximately HK\$7.6 million (six months ended 30 September 2011: HK\$22.3 million), representing a decrease of approximately 66.1 per cent. as a result of the non-recurrent one-off professional expenses arising from the acquisition of CTSP (BVI) of approximately HK\$4.8 million and the exploration of new business opportunities of approximately HK\$9.4 million in the same period last year and the Group's policy on cost control.

The Group recorded a loss attributable to equity holders of the Company amounting to approximately HK\$4.8 million for the six months ended 30 September 2012 (six months ended 30 September 2011: loss attributable to equity holders of the Company of approximately HK\$33.5 million).

Basic loss per share from continuing and discontinued operations was approximately HK0.52 cents for the six months ended 30 September 2012, as compared with the basic loss per share from continuing and discontinued operations of approximately HK4.04 cents for the six months ended 30 September 2011.

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

During the six months ended 30 September 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 approximately 100.0 per cent. (six months ended 30 September 2011: 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\$23.8 million in the six months ended 30 September 2012, representing an increase of approximately 23.9 per cent., as compared with the six months ended 30 September 2011.

## PROVISION OF TECHNICAL CONSULTANCY AND SUPPORT SERVICES

The provision of technical consultancy and support services, which were already included in the implementation of self-service ATM systems and printing systems, contributed to a stable and recurrent source of income for the Group and accounted for approximately 15.0 per cent. (six months ended 30 September 2011: approximately 25.9 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 2012. Income derived from the provision of technical consultancy and support services during the six months ended 30 September 2012 decreased by approximately 28.1 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 Shaoxing, Taicang, Taiyuan, Shanghai, Beijing, Wenzhou, Yiwu, Chongqing, Wuxi, Changshu, Jinhua, Yingkou, Funing, Jingzhou, Datong, Yangzhou, Xuzhou, Huzhou, Lvliang, Quzhou and Huaian, the Group has ATM service centers covering a total of 21 strategic cities and locations currently.

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

## SOLAR ENERGY GENERATION AND POWER SYSTEM INTEGRATION OPERATION

The Group completed the acquisition of CTSP (BVI) on 1 June 2011. CTSP (BVI) and its subsidiaries (“**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 six months ended 30 September 2012, income generated from solar energy generation amounted to approximately HK\$11.7 million (six months ended 30 September 2011: Nil).

On 28 December 2011, Qinghai Baike has completed the construction of a 10MW solar photovoltaic power station in 青海省格爾木東出口光伏園區 (unofficial English translation being Geermu East Exit Solar Power District, Qinghai province) (“**10MW Geermu Power Station**”) and passed the grid integration inspection tests with the consent of 青海省電力公司 (unofficial English translation being Qinghai Province Electric Company). On 30 December 2011, Qinghai Baike has received the notification from 青海省發展和改革委員會 (unofficial English translation being Qinghai Province Development and Reform Committee) (“**Committee**”) that the 10MW Geermu Power Station has passed the inspection test of the Committee, and has conformed with the normal operation requirements for, and has officially commenced, grid integrated power generation. Pursuant to the relevant regulations of the PRC, from the date of commercial operation of the 10MW Geermu Power Station, the unit selling price of electricity shall be set at RMB1.15/kWh (inclusive of tax). Up to 30 September 2012, the total grid electricity generation volume of the 10MW Geermu Power Station has reached 9,688,073 kWh.

On 6 September 2012, CTSP (BVI) and the Purchaser entered into the Disposal Agreement pursuant to which the 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**"). Upon Completion, Qinghai Baike will cease to be a subsidiary of the Company.

Therefore, the assets and liabilities of solar energy generation business of Qinghai Baike in relation to the 10MW Geermu Power Station and 20MW Delingha Project was reclassified as held for sale at the end of the reporting period and the results and cash flows of the solar energy generation in relation to the 10MW Geermu Power Station and 20MW Delingha Project are presented as discontinued operations in the consolidated statement of comprehensive income and the consolidated statement of cash flows of the Group for the six months ended 30 September 2012.

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

### ***Power system integration business***

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

As mentioned in the circular dated 16 May 2011, the Group has secured and signed two agreements for the provision of one-off service on system integration services for biomass energy, thermal power and solar energy generation companies and projects. As the contracting parties to the two agreements are still in the process of obtaining the necessary licenses from the respective government authorities during the six months ended 30 September 2012, 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 2012 (six months ended 30 September 2011: Nil).

## **FINANCIAL REVIEW**

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

As at 30 September 2012 the Group had cash and bank balances amounting to a total of approximately HK\$23.4 million (31 March 2012: approximately HK\$3.8 million). The Group has no outstanding bank overdraft as at 30 September 2012 (31 March 2012: HK\$Nil).

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

### ***Banking facilities***

As at 30 September 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 (31 March 2012: HK\$Nil) as at 30 September 2012.

As at 30 September 2012, the Company did not have any banking facilities.

### *Current ratio*

As at 30 September 2012, the Group's current ratio, represented by a ratio of current assets to current liabilities, was approximately 1.2 (31 March 2012: 1.3).

### *Gearing ratio*

As at 30 September 2012, the gearing ratio of the Group, based on total liabilities over total assets was approximately 54.8 per cent. (31 March 2012: approximately 52.7 per cent.).

### *Charges on assets*

As at 30 September 2012, there was no significant charges on assets of the Group.

### *Contingent liabilities*

As at 30 September 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 period under review.

### *Employees*

As at 30 September 2012, the Group employed 90 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\$6.3 million for the six months ended 30 September 2012 (six months ended 30 September 2011: approximately HK\$7.6 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 fully commit itself to being one of the leading ATM total solution provider 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.

In respect of the power system integration operation, the Group will expand its system integration services and technology consultancy services through securing more contracts for provision of such services to more solar photovoltaic power generation projects in the PRC. In respect of the solar energy generation business, following the disposal of Qinghai Baike, the Group will continue its investment in solar energy generation projects of smaller capacity and less capital expenditure requirement.

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 2011: Nil).

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

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

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

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

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

### *The Supplemental Agreements*

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

On 2 September 2012, City Max, the Company, Good Million, Mr. Chiu Tung Ping and Ms. Yuen Hing Lan entered into the second supplemental agreement (“**Second Supplemental Agreement**”) to amend certain terms of the Agreement (as supplemented and amended by the Supplemental Agreement). Under the Second Supplemental Agreement, 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.

## ***Disposal of 100% Equity Interest in Qinghai Baike***

On 6 September 2012, CTSP (BVI) and the Purchaser entered into the Disposal Agreement pursuant to which CTSP (BVI) has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the entire equity interest in Qinghai Baike at a total consideration of RMB46,800,000 (equivalent to approximately HK\$57,255,000) (subject to deduction as provided for the Disposal Agreement). Upon Completion, the Qinghai Baike will cease to be a subsidiary of the Company.

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

The ordinary resolution for the approval of the Disposal 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 21 October 2012.

### **EVENTS AFTER THE REPORTING PERIOD**

- (a) An extraordinary general meeting was held on 21 October 2012, a resolution was passed to approve the Disposal of the entire issued share capital in Qinghai Baike, at the consideration of RMB46,800,000. As at the date of this report, the Disposal had not yet completed.
- (b) In the Agreement (as supplemented by the Supplemental Agreement), Good Million and the Guarantors have guaranteed to City Max and the Company that the audited consolidated net profit after tax of CTSP (BVI) and its subsidiaries recorded in the ordinary course of business for the 12 months ending 30 September 2012 ("**Actual PAT**") shall not be less than HK\$40,000,000 ("**Amended Target Profit**"). In the event that the Amended Target Profit could not be achieved, the consideration of HK\$292,000,000 shall be adjusted downwards by reducing the principal amount of the Tranche II CB of up to HK\$50,000,000 in accordance with the amended consideration adjustment. The principal amount of the Tranche II CB will be adjusted to HK\$0 if the Actual PAT is equivalent to or less than HK\$15,000,000 or a loss.

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 was not achieved and the principal amount of the Tranche II CB in the principal amount of HK\$50,000,000 has been adjusted to HK\$0 in the manner prescribed in the Agreement (as supplemented by the Supplemental Agreement) on 6 November 2012.

Please refer to the announcement of the Company dated 2 November 2012 for further details.

### **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 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 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**

<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)	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' interests in the shares and underlying shares of the Company.
2. As at 30 September 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**

<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 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 30 September 2012 (Note 2)
Good Million Investments Limited	317,766,038 (L)	Beneficial owner (Note 3)	34.29%
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 2012, 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.
- 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.
- BHL Solar Technology Company Limited is wholly-owned by China Technology Development Group Corporation.

Save as disclosed above, as at 30 September 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.

## NOMINATION COMMITTEE

In March 2012, the Board has established the nomination committee of the Company (“**Nomination Committee**”) with written terms of reference. The Nomination Committee comprises Mr. Tam Kam Biu, William, the Chairman and two independent non-executive Directors, namely, Mr. Zhou Jing and Mr. Yang Guocai. The duties of the Nomination Committee has set out in the corporate governance report contained in the 2012 Annual Report of the Company and are available for inspection at the Company’s website.

## 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 provides an important link between the Board and the Company’s auditors in matters coming within the scope of the Audit Committee’s terms of reference. It also reviews the effectiveness of both the external and internal audit and of internal controls and risk evaluation. As at 30 September 2012, the Audit Committee comprised three independent non-executive Directors, namely Mr. Tam Kam Biu, William, Mr. Zhou Jing and Mr. Yang Guocai. The unaudited consolidated results of the Group for the six months ended 30 September 2012 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.1.3. of the Code of Corporate Governance Practice as formerly set out in Appendix 14 to the GEM Listing Rules.

As at 30 September 2012, the composition of the Remuneration Committee comprised three independent non-executive Directors, namely Mr. Tam Kam Biu, William, Mr. Zhou Jing and Mr. Yang Guocai with Mr. Tam Kam Biu, 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, 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.

## **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 2012.

## **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 2012, the Company has complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules, except for the deviation from code provisions A.2.1, A.6.7 and E.1.2 as explained below.

### ***Code provision A.2.1***

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

However, the Board believes that vesting both the roles of chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and efficiently.

### **Code provision A.6.7**

Under code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. The independent non-executive Directors, Mr. Zhou Jing and Mr. Yang Guocai were not in Hong Kong and therefore could not attend the annual general meeting of the Company held on 24 September 2012 (“**2012 AGM**”).

### **Code provision E.1.2**

Under code provision E.1.2, the chairman of the Board (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 2012 AGM. Nevertheless, Mr. Hou Hsiao Bing, an executive Director, presided as the chairman at the 2012 AGM, and Mr. Tam Kam Biu, William, an independent non-executive Director, chairman of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company attended the 2012 AGM, and answered questions from the shareholders of the Company.

On behalf of the Board  
**Chiu Tung Ping**  
*Chairman and executive Director*

Hong Kong, 9 November 2012

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

*Executive Directors:*

*Chiu Tung Ping (Chairman)*

*Yuen Hing Lan*

*Hou Hsiao Bing*

*Hou Hsiao Wen*

*Hu Xin*

*Independent non-executive Directors:*

*Tam Kam Biu, William*

*Zhou Jing*

*Yang Guocai*