CHINASOLAR
ENERGY

CHINA SOLAR ENERGY HOLDINGS LIMITED

華基光電能源控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 155)

(Warrant code : 932)

ANNUAL RESULT ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2011

(Expressed in Hong Kong dollars)

FINANCIAL RESULTS

The board of directors (the "Board") of China Solar Energy Holdings Limited (the "Company") hereby announces the audited results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2011 together with the audited comparative figures for the corresponding period in 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2011

	NOTES	2011 HK$'000	2010 HK$'000
Continuing operations			
Revenue	3	174,418	460,117
Costs of long-term service contracts of photovoltaic business		(169,296)	(431,360)
Other income, gain and loss	5	14	75
(Loss) gain on financial instruments	6	(859)	6,283
Staff costs	7	(20,685)	(9,655)
Consultancy expenses		(159,836)	(9,297)
Depreciation of property, plant and equipment		(207)	(259)
Amortisation of intangible assets		(14,058)	(14,058)
Reversal of allowance for an amount due from the majority shareholder of an associate		-	4,089
Allowance for bad and doubtful debts - trade and other receivables		-	(7,750)
Allowance for obsolete inventories		-	(66,728)
Gain on disposal of subsidiaries		15,552	-
Other expenses		(17,184)	(17,063)
Share of result of associates		(265)	-
Finance costs	8	-	(289)
Loss before taxation		(192,406)	(85,895)
Taxation	9	-	-
Loss for the year from continuing operations	11	(192,406)	(85,895)
Discontinued operations			
Loss for the year from discontinued operations	10	(6,414)	(10,180)
Loss for the year		(198,820)	(96,075)

Other comprehensive income (expense)			
Exchange differences arising on translation of foreign operations		50	(6)
Total comprehensive expense for the year		(198,770)	(96,081)
Loss for the year attributable to:			
Owners of the Company			
- Loss for the year from continuing operations		(190,690)	(82,002)
- Loss for the year from discontinued operations		(6,414)	(10,180)
Loss for the year attributable to owners of the Company		(197,104)	(92,182)
Non-controlling interests			
Loss for the year from continuing operations attributable to non-controlling interests		(1,716)	(3,893)
		(198,820)	(96,075)
Total comprehensive expense attributable to:			
Owners of the Company		(197,054)	(92,188)
Non-controlling interests		(1,716)	(3,893)
		(198,770)	(96,081)
Loss per share	13	HK cents	HK cents
From continuing and discontinued operations			
Basic		(2.73)	(1.46)
From continuing operations			
Basic		(2.64)	(1.30)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2011

	NOTES	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment		224	330
Intangible assets	14	67,943	82,001
Goodwill	15	36,592	36,592
Interests in associates	16	3,850	-
Available-for-sale investments	17	15,038	11,625
Loan receivable	18	5,000	-
		128,647	130,548
Current assets			
Trade receivables	19	-	-
Amount due from a customer for contract work	20	218,305	43,887
Inventories	21	-	-
Deposits, prepayments and other receivables	22	26,524	8,222
Held-for-trading investments	23	17,817	16,962
Tax recoverable		-	44
Bank balances and cash		93,224	265,168
		355,870	334,283
Current liabilities			
Trade and other payables	24	16,246	25,248
Amount due to a shareholder		-	4,199
Tax payable		-	118
		16,246	29,565
Net current assets		339,624	304,718
Total assets less current liabilities		468,271	435,266
EQUITY			
Share capital		78,806	71,580
Reserves		389,577	362,082
Equity attributable to owners of the Company		468,383	433,662
Non-controlling interests		(112)	1,604
Total equity		468,271	435,266

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA that are relevant to its operations and are effective for the financial year beginning on 1 April 2010.

HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (as revised in 2008)	Business combinations
HKAS 27 (as revised in 2008)	Consolidated and separate financial statements
HKAS 32 (Amendment)	Classification of rights issues
HKAS 39 (Amendments)	Eligible hedged items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) - INT 17	Distributions of non-cash assets to owners
HK - INT 5	Presentation of financial statements - Classification by the borrower of a term loan that contains a repayment on demand clause

Except as described below, the application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in the consolidated financial statements and disclosures set out in these consolidated financial statements.

New and revised Standards and Interpretations applied in the current year

Amendments to HKFRS 5 Non-current assets held for sale and discontinued operations (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKFRS 5 clarify that the disclosure requirements in HKFRSs other than HKFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those HKFRSs require (i) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or (ii) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of HKFRS 5 and the disclosures are not already provided in the consolidated financial statements.

Disclosures in these consolidated financial statements have been modified to reflect the above clarification.

HKFRS 3 (as revised in 2008) Business combinations

The Group applies HKFRS 3 (as revised in 2008) "Business combinations" prospectively to business combinations for which the acquisition date is on or after 1 April 2010.

As there was no transaction during the current year in which HKFRS 3 (as revised in 2008) is applicable, the application of HKFRS 3 (as revised in 2008) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting years.

Results of the Group in future periods may be affected by the future transactions for which HKFRS 3 (revised) and the consequential amendments to the other HKFRSs are applicable.

HKAS 27 (as revised in 2008) Consolidated and separate financial statements

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries of the Group.

Specifically, the revised Standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, when appropriate. In prior years, for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (as revised in 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference between the proceeds, if any, and these adjustments is recognised as a gain or loss in profit or loss.

These changes have been applied prospectively from 1 April 2010 in accordance with the relevant transitional provisions.

The revised Standard has been applied to account for the Group's disposal of part of its interests in D & M Finance Limited ("D & M") and Terra Solar Global Taiwan Holdings Limited ("Taiwan Terra Solar"). The change in accounting policy has resulted in the difference of HK$4,115,000 between the fair value of the retained interest of Taiwan Terra Solar at the date control is lost of HK$4,115,000 and the derecognised assets, liabilities and non-controlling interests of Taiwan Terra Solar with nil carrying amounts being recognised directly in profit or loss. Therefore, the change in accounting policy has resulted in a decrease in the loss for the year of HK$4,115,000, an increase in interests in associates of HK$4,115,000 and a decrease in the loss per share from continuing and discontinued operations of HK$0.06 cent for the year. In the opinion of the directors, the carrying amounts of the retained interest of D & M approximate to the fair value, and no material effect is noted on the disposal of D & M.

Results of the Group in future periods may be affected by future transactions for which HKAS 27 (as revised in 2008) and the consequential amendments to the other HKFRSs are applicable.

In addition, under HKAS 27 (as revised in 2008), the definition of non-controlling interest has been changed. Specifically, under the revised Standard, non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to a parent. Previously, such share options reserve was presented separately in the consolidated statement of financial position and consolidated statement of changes in equity.

The application of the revised Standard has affected the allocation of the Group's total comprehensive expense of a subsidiary attributable to the owners of the Company and to the non-controlling interests in the current year. Prior to 1 April 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses. Since

1 April 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests were recognised directly in the non-controlling interests.

The change in policy has resulted in an additional recognition of total comprehensive expense to the non-controlling interests of approximately HK$1,089,000 and a corresponding decrease in the total comprehensive expense attributable to the owners of the Company. A decrease in the loss per share from continuing and discontinued operations of HK$0.02 cent for the year has been resulted from this change in policy.

New and revised HKFRSs issued but not yet effective

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures - Transfers of financial assets[2]
HKFRS 9	Financial instruments[3]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[4]
HKAS 24 (as revised in 2009)	Related party disclosures[5]
HK(IFRIC) - INT 14 (Amendments)	Prepayments of a minimum funding requirement[5]
HK(IFRIC) - INT 19	Extinguishing financial liabilities with equity instruments[6]

1 Amendments that all effective for accounting periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
2 Effective for accounting periods beginning on or after 1 July 2011.
3 Effective for accounting periods beginning on or after 1 January 2013.
4 Effective for accounting periods beginning on or after 1 January 2012.
5 Effective for accounting periods beginning on or after 1 January 2011.
6 Effective for accounting periods beginning on or after 1 July 2010.

HKFRS 9 "Financial instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9: "Financial instruments" (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for accounting periods beginning on or after 1 April 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 March 2014. Based on the Group's financial assets and financial liabilities as at 31 March 2011, the application of this new Standard will mainly affect the classification and measurement of the Group's available-for-sale investments. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

The directors of the Company anticipate that the application of the other new and revised HKFRSs issued but not yet effective, listed above, will have no material impact on the consolidated financial statements.

In addition to the above the HKICPA issued the following new and revised standards on 24 June 2011.

HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures

These new or revised standards are mandatorily effective for annual periods beginning on or after 1 January 2013. Early application is permitted. However, excluding HKFRS 13, if an entity chooses to apply any of the other five new or revised standards early, it must apply all five at the same time. The directors anticipate these standards will be adopted in the Group’s consolidated financial statements for the period beginning 1 April 2013. The directors have not yet had an opportunity to consider the potential impact of the adoption of these standards.

3. REVENUE

	2011 HK$'000	2010 HK$'000
Continuing operations		
Long-term service contract of photovoltaic business	174,418	460,117

4. SEGMENT INFORMATION

The directors of the Company, being the chief operating decision maker ("CODM"), make the decision of resource allocation and assessment of segment performance focuses on the Group's profit for the year based on the following reportable segments:

Photovoltaic business - Development and manufacturing of solar cells, modules and panels for generating solar electric power

Strategic investments - Participation in primary and secondary securities market

Further, the CODM does not review segment assets and liabilities. Accordingly, no segment analysis is presented other than entity-wide disclosures.

Operations regarding the financing segment and capital market activities (previously part of the strategic investments segment) were discontinued in the current year. The segment information reported below does not include any amounts for this discontinued operation, which are described in more detail in note 10. Accordingly, the segment revenue and results for the year ended 31 March 2010 as set out below have been restated to exclude the amounts for the discontinued operations.

The following is an analysis of the Group's revenue and results by reportable segments:

2011

Continuing operations

	Photovoltaic business HK$'000	Strategic investments HK$'000	Consolidated HK$'000
REVENUE			
Revenue	174,418	-	174,418
RESULTS			
Segment results	(92,079)	(859)	(92,938)
Other income, gain and loss			14
Share of result of associates			(265)
Unallocated corporate expenses			(114,769)
Gain on disposal of subsidiaries			15,552
Loss before taxation from continuing operations			(192,406)

2010 (restated)

Continuing operations

	Photovoltaic business HK$'000	Strategic investments HK$'000	Consolidated HK$'000
REVENUE			
Revenue	460,117	-	460,117
RESULTS			
Segment results	(90,540)	5,856	(84,684)
Other income, gain and loss			75
Change in fair value of derivative financial instruments			427
Reversal of allowance of an amount due from the majority shareholder of an associate			4,089
Unallocated corporate expenses			(5,513)
Finance costs			(289)
Loss before taxation from continuing operations			(85,895)

Note: The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the profit or loss earned by each segment without allocation of other income, gains and losses, change in fair value of derivative financial instruments, reversal of allowance of an amount due from the majority shareholder of an associate, finance costs and unallocated central administration cost. This is the measure reported to the directors for the purpose of resource allocation and performance assessments.

Other segment information

Amounts included in the measure of segment results or segment assets:

	Photovoltaic business		Strategic investments		Segment total		Unallocated		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Net (loss) gain on financial instruments	-	-	(859)	5,856	(859)	5,856	-	427	(859)	6,283
Depreciation of property, plant and equipment	(33)	(31)	-	-	(33)	(31)	(174)	(228)	(207)	(259)
Amortisation of intangible assets	(14,058)	(14,058)	-	-	(14,058)	(14,058)	-	-	(14,058)	(14,058)
Allowance for bad and doubtful debts - trade and other receivables	-	(7,750)	-	-	-	(7,750)	-	-	-	(7,750)
Allowance for obsolete inventories	-	(66,728)	-	-	-	(66,728)	-	-	-	(66,728)
Additions to property, plant and equipment	446	-	-	-	446	-	91	56	537	56

Revenue from major services

	2011	2010
	HK$'000	HK$'000
Continuing operations		
Manufacturing of production lines for solar panels	174,418	460,117

Information about a major customer

Revenues from manufacturing of production lines for solar panels were solely derived from a PRC customer (also a director of the Group).

The customer is principally engaged in the production of solar panels and the revenue from the customer is included within the business segment of photovoltaic business.

Geographical information

The Group's revenue from continuing operations arises from the PRC.

As at 31 March 2011, non-current assets of HK$160,000 (2010: HK$243,000) and HK$64,000 (2010: HK$87,000) were located in Hong Kong and USA respectively. Goodwill of HK$36,592,000 (2010: HK$36,592,000) arose from the acquisition of a USA incorporated subsidiary and the intangible assets of HK$67,943,000 (2010: HK$82,001,000) represented a photovoltaic technology patent registered in USA which can be applied for projects on worldwide basis.

Note: Non-current assets excluded those relating to discontinued operations and financial instruments.

5. OTHER INCOME, GAIN AND LOSS

	2011	2010
	HK$'000	HK$'000
Continuing operations		
Interest income from bank balances	71	4
Dividend income from listed securities	-	19
Consultancy service income	384	-
Net exchange (loss) gain	(441)	52
	14	75

6. (LOSS) GAIN ON FINANCIAL INSTRUMENTS

	2011 HK$'000	2010 HK$'000
Continuing operations		
Change in fair value of held-for-trading investments	(859)	5,856
Change in fair value of derivative financial instruments	-	427
	(859)	6,283

7. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2011 HK$'000	2010 HK$'000
Continuing operations		
Salaries, allowances and benefits	8,533	9,145
Share based payment expenses	11,846	-
Contributions to retirement benefit schemes	306	510
	20,685	9,655

8. FINANCE COSTS

	2011 HK$'000	2010 HK$'000
Continuing operations		
Interest on borrowings wholly repayable within five years	-	289

9. TAXATION

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax had been made for the year ended 2011 and 2010 as the Group's operations in Hong Kong had no assessable profits.

No provision for taxation in other jurisdictions was made in the consolidated financial statements for both years as the Group's operations outside Hong Kong had no assessable profits.

The tax charge for the year can be reconciled to the loss before taxation from continuing operations per the consolidated statement of comprehensive income as follows:

	2011 HK$'000	2010 HK$'000
Loss before taxation from continuing operations	(192,406)	(85,895)
Taxation at the Hong Kong Profits Tax rate of 16.5% (2010: 16.5%)	(31,747)	(14,172)
Tax effect of share of result of associates	44	-
Tax effect of non-deductible expenses	21,714	1,643
Tax effect of non-taxable income	(2,582)	(1,069)
Tax effect of tax losses not recognised	12,571	1,309
Tax effect of deductible temporary differences not recognised	-	12,289
Tax charge from continuing operations for the year	-	-

At the end of the reporting period, the Group has estimated unused tax losses and deductible temporary differences of approximately HK$236,172,000 (2010: HK$369,376,000) and HK$145,800,000 (2010: HK$145,800,000) respectively available for offset against future profits. The deductible temporary differences were mainly arisen from the allowance for obsolete inventories and allowance for bad and doubtful debts. No deferred taxation asset has been recognised in respect of these tax losses due to unpredictability of future profit streams. The tax losses may carry forward indefinitely.

10. DISCONTINUED OPERATIONS

During the year ended 31 March 2011, the Group entered into sale agreements to dispose of two subsidiaries, D & M Finance Limited (“D & M”) and REXCAPITAL (Hong Kong) Limited ("REXCAPITAL HK"), which were engaged in financing activities (provision of commercial and personal loans previously shown as financing segment) and capital market activities (provision of capital market advisory services previously included in the strategic investment segment). The disposals were effected in order to generate cash flows for the expansion of the Group's other businesses. The disposals were completed on 30 September 2010 and 3 January 2011 respectively, on which dates control of D & M and REXCAPITAL HK were passed to the acquirers.

	2011	2010
	HK$'000	HK$'000
Loss for the year from discontinued operations		
- Capital market activities	1,635	1,303
- Financing activities	5,614	8,877
(Gain) loss on disposal of operations of		
- Financing activities	(1,660)	-
- Capital market activities	825	-
	6,414	10,180

The results of the capital market and financing activities for the period from 1 April 2010 to their respect dates of disposal, which have been included in the consolidated statement of comprehensive income, were as follows:

	Capital market activities		Financing activities	
	Period ended 03.01.2011	Year ended 31.03.2010	Period ended 30.09.2010	Year ended 31.03.2010
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	240	520	-	1,364
Staff costs	(1,304)	(974)	(1,980)	(1,890)
Consultancy expenses	-	(120)	-	-
Other expenses	(571)	(729)	(3,634)	(8,307)
Loss before taxation	(1,635)	(1,303)	(5,614)	(8,833)
Taxation	-	-	-	(44)
Loss for the year	(1,635)	(1,303)	(5,614)	(8,877)
Loss for the year from discontinued operation includes the follows:				
Bad debt written off			-	149
Operating lease rentals in respect of				
- office premises			1,678	1,678
- other assets			-	169

During the year ended 31 March 2011, D & M paid approximately HK$28,549,000 (2010: contributed approximately HK$28,678,000 to the Group) and REXCAPITAL HK contributed approximately HK$42,000 (2010: paid approximately HK$332,000) in respect of the Group's net operating cash flows.

11. LOSS FOR THE YEAR

	2011 HK$'000	2010 HK$'000
Continuing operations		
Auditor's remuneration		
- fee	2,000	1,900
- other service	-	930
Operating lease rentals in respect of:		
- office premises	2,325	2,371
Bad debts written off	684	465

12. DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 March 2011 (2010: nil) and the Company did not pay any interim dividend during the year (2010: nil).

13. LOSS PER SHARE

For continuing and discontinued operations

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

	2011 HK$'000	2010 HK$'000
Loss for the purpose of basic loss per share	197,104	92,182

	Number of shares 2011 '000	 2010 '000
Number of shares		
Number of shares for the purpose of basic loss per share	7,214,524	6,315,523

From continuing operations

The calculation of the basic loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	2011 HK$'000	2010 HK$'000
Loss for the year attributable to owners of the Company	197,104	92,182
Less: Loss for the year from discontinued operations	(6,414)	(10,180)
Loss for the purpose of basic loss per share from continuing operations	190,690	82,002

The denominators used are the same as those detailed above for basic loss per share from continuing and discontinued operations.

From discontinued operations

The calculation of the basic loss per share from discontinued operations attributable to the owners of the Company is based on the following data:

	2011 HK$'000	2010 HK$'000
Loss for the year from discontinued operations	6,414	10,180
Basic loss per share from discontinued operations	HK0.09 cent	HK0.16 cent

The denominators used are the same as those detailed above for basic loss per share from continuing and discontinued operations.

No diluted loss per share for both continuing and discontinuing operations are presented, as the exercise of the Company's outstanding warrants and share options as well as the subsidiary's share options would result in a decrease in loss per share.

14. INTANGIBLE ASSETS

	Intellectual property rights HK$'000
COST	
At 1 April 2009, 31 March 2010 and 31 March 2011	140,575
ACCUMULATED AMORTISATION	
At 1 April 2009	44,516
Charge for the year	14,058
At 31 March 2010	58,574
Charge for the year	14,058
At 31 March 2011	72,632
CARRYING VALUES	
At 31 March 2011	67,943
At 31 March 2010	82,001

The intangible asset represents certain technologies and intellectual property rights related to the photovoltaic business that were acquired on the acquisition of subsidiaries from independent third parties. They are amortised on a straight-line basis over a period of 10 years.

15. GOODWILL

	HK$'000
COST	
At 1 April 2009	65,103
Arising on acquisition of additional interest in a subsidiary	19,379
At 31 March 2010 and 31 March 2011	84,482
IMPAIRMENT	
At 1 April 2009, 31 March 2010 and 31 March 2011	47,890
CARRYING VALUES	
At 31 March 2010 and 31 March 2011	36,592

16. INTERESTS IN ASSOCIATES

	2011 HK$'000	2010 HK$'000
Cost of unlisted investments, at cost	11,435	7,320
Share of post-acquisition losses	(7,585)	(7,320)
	3,580	-

17. AVAILABLE-FOR-SALE INVESTMENTS

	2011 HK$'000	2010 HK$'000
Unlisted equity securities, at cost	15,038	11,625

The amounts represent investments in unlisted equity securities issued by private entities.

18. LOAN RECEIVABLE

The balance is interest-free, unsecured and repayable in December 2012.

19. TRADE RECEIVABLES

	2011 HK$'000	2010 HK$'000
Trade receivables	-	7,750
Less: Allowance for bad and doubtful debts	-	(7,750)
	-	-

The trade receivables as at 31 March 2010 were aged over one year.

In determining the recoverability of the trade receivables, the Group considers any changes in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date.

During the year ended 31 March 2010, provision was made on a trade receivable balance of approximately HK$7,750,000 as the directors of the Company considered that the recovery is not probable. This balance was written off during the year ended 31 March 2011.

Movement in the allowance for bad and doubtful debts

	2011 HK$'000	2010 HK$'000
Balance at beginning of the year	7,750	46,715
Impairment losses recognised on receivables	-	7,750
Amounts written off as uncollectible	(7,750)	(46,715)
Balance at end of the year	-	7,750

20. AMOUNT DUE FROM A CUSTOMER FOR CONTRACT WORK

	2011 HK$'000	2010 HK$'000
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits	634,535	460,117
Less: Progress billings	(416,230)	(416,230)
	218,305	43,887

The amount is expected to recover in the next 12 months from the end of the reporting period.

21. INVENTORIES

	2011 HK$'000	2010 HK$'000
Photovoltaic hardware and equipment		
Cost	66,728	66,728
Less: Allowance for obsolete inventories	(66,728)	(66,728)
	-	-

During the year ended 31 March 2010, the management of the Group held negotiations with a number of potential customers for the sale of the inventories. None of the negotiations were successful. The management of the Group have concluded that it is not probable that the inventories can be sold to other customers in the foreseeable future. As such, an allowance for obsolete inventories of HK$66,728,000 was provided for the year ended 31 March 2010.

22. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2011 HK$'000	2010 HK$'000
Trade deposits (Note i)	23,938	23,938
Consideration receivable (Note ii)	10,075	-
Others	16,449	8,222
Less: Allowance for bad and doubtful debts	(23,938)	(23,938)
	26,524	8,222

Movement in the allowance for bad and doubtful debts

	2011 HK$'000	2010 HK$'000
Balance at beginning of the year	23,938	379,000
Amounts written off as uncollectible	-	(355,062)
Balance at end of the year	23,938	23,938

Notes:

(i) During the year ended 31 March 2009, the Group paid trade deposits of HK$23,938,000 to Taiwan C.S. Energy Corporation ("Taiwan CS"), an associate of the Group.

As Taiwan CS has been loss making since it was incorporated, the directors of the Company considered that the recovery of the deposit paid to Taiwan CS is not probable. As such, the Group recognised a full allowance for trade deposit of HK$23,938,000 in the consolidated statement of comprehensive income in the year ended 31 March 2009.

(ii) Amount represents consideration receivable in relation to the disposal of 71% equity interest in Taiwan Terra Solar from an independent third party (please see note 25 (a) for details). The amount is unsecured, interest-free and is repayable within 180 days from the date at disposal.

23. HELD-FOR-TRADING INVESTMENTS

	2011 HK$'000	2010 HK$'000
Held for trading investments:		
Equity securities listed in Hong Kong, at fair values	14,500	11,238
Equity securities listed outside Hong Kong, at fair values	3,317	5,724
	17,817	16,962

24. TRADE AND OTHER PAYABLES

Details of the trade and other payables including ageing analysis of trade payables, based on invoice date, are as follows:

	2011 HK$'000	2010 HK$'000
Trade payables		
Over 360 days	-	986
Deposits received from a customer	10,850	10,850
Other payables and accrued charges	5,396	13,412
	16,246	25,248

25. DISPOSAL OF SUBSIDIARIES

(a) The Group discontinued its operations regarding financing activities and capital market at the time of disposal of its 85% equity interest in D & M and its entire interest in REXCAPITAL HK to independent third parties in current year. Eight other subsidiaries (the "Other Subsidiaries") were also disposed of with REXCAPITAL HK. The consideration for the disposal of D & M was HK$21,000,000 and the consideration for the disposal of REXCAPITAL HK and Other Subsidiaries was HK$1 with assignment of shareholder's loans of approximately HK$990,723,000 by the Group to the buyer as part of the consideration for the disposal.

On 10 January 2011, the Group entered into another sale and purchase agreement with an independent third party to dispose of its 71% equity interest in Taiwan Terra Solar for a consideration of HK$10,075,000.

The net assets of D & M, REXCAPITAL HK, Other Subsidiaries and Taiwan Terra Solar at the dates of disposal were as follows:

	D & M 30 September 2010 HK$'000	REXCAPITAL HK 3 January 2011 HK$'000	Other Subsidiaries 3 January 2011 HK$'000	Taiwan Terra Solar 10 January 2011 HK$'000	Total HK$'000
NET ASSETS (LIABILITIES) DISPOSED OF					
Property, plant and equipment	-	-	-	436	436
Other receivables	22,780	50	-	285	23,115
Bank balances and cash	149	800	12	268	1,229
Tax recoverable	44	-	-	-	44
Trade and other payables	(220)	(25)	(1,256)	(989)	(2,490)
Tax payable	-	-	(118)	-	(118)
Net assets (liabilities)	22,753	825	(1,362)	-	22,216
Interest retained (Note a)	(3,413)	-	-	(4,115)	(7,528)
Cash consideration received	(21,000)	-	-	-	(21,000)
Consideration receivable (Note b)	-	-	-	(10,075)	(10,075)
(Gain) loss on disposal	(1,660)	825	(1,362)	(14,190)	(16,387)
Net cash inflow arising on disposal:					
Cash consideration received					21,000
Bank balances and cash disposed of					(1,229)
					19,771

Notes:

(a) The retained interest of 15% in D & M is accounted for as an available-for-sale investment and the retained interest of 29% in Taiwan Terra Solar is accounted for as interest in an associate.

(b) The consideration is due within 180 days from the disposal date of 71% equity interest in Taiwan Terra Solar and is included as other receivable as disclosed in note 22 as at 31 March 2011.

The impact of D & M and REXCAPITAL HK on the Group’s results and cash flows is disclosed in note 10.

The Other Subsidiaries and Taiwan Terra Solar did not have any significant impact on the results and cash flows of the Group for the year.

(b) During the year ended 31 March 2010, the Group disposed of Golden Chino Limited and Capital View Investments Limited (the "Subsidiaries") for a total consideration of HK$5,200,000. The net assets of the Subsidiaries at the date of disposal were as follows:

	31 August 2009
	HK$'000
NET ASSETS DISPOSED OF	
Held-for-trading investments	7,778
Bank balances and cash	1,680
Other payables	(4,258)
Net assets	5,200
Total consideration	5,200
Net cash inflow arising on disposal:	
Cash consideration	5,200
Bank balances and cash disposed of	(1,680)
	3,520

The subsidiaries did not have any significant impact on the results and cash flows of the Group for the year ended 31 March 2010.

26. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group had commitments for future minimum lease payments in respect of rented premises and other assets which fall due as follows:

	2011	2010
	HK$'000	HK$'000
Within one year	861	778
In the second to fifth year inclusive	222	543
Over five years	-	22
	1,083	1,343

Operating lease payments for the year represent rentals payable by the Group for its office premises and other assets whereas the operating lease payments for last year included the lease of its office premises. The lease is signed an average term of two years (2010: two years), with an option to renew the lease and renegotiate the terms at the expiry date. The lease does not include any contingent rentals.

27. EVENT AFTER THE REPORTING PERIOD

Pursuant to the announcement dated 2 February 2011, the Company entered into an acquisition agreement (the "Acquisition Agreement") with Mr Yeung Ngo (“Mr Yeung”) and two independent third parties in relation to the purchase of the entire issued share capital of Stream Fund and its subsidiaries (the "Target Group"), at a total consideration of HK$350,000,000 (the "Acquisition"). According to the Acquisition Agreement, the consideration will be satisfied as to (i) HK$309,258,000 by way of issuance of shares and (ii) the remaining balance of HK$40,742,000 by way of issuance of convertible notes. The Acquisition was completed on 15 April 2011.

The directors are of the view that the Acquisition represents a valuable opportunity to the Group to extend its business from a total solution provider of thin film production equipment and a supplier of building integrated photovoltaics ("BIPV") systems to production of thin film solar modules as well as design, fabrication and installation of thin-film BIPV system. Moreover, the Acquisition is expected to create synergy between the Target Group's business and the Group's existing business as well as accelerate the Group's intended business developments in the photovoltaic industry.

The Company is in the process of ascertaining the fair value of the net assets of the subsidiaries acquired in the Acquisition that include monetary and non-monetary assets and liabilities and the fair value of the convertible notes issued as part of the consideration for the Acquisition, but is not yet in a position to disclose the finalised consolidated financial information of the Target Group completed on 15 April 2011 as at the date these consolidated financial statements were authorised for issue.

Mr Yeung was appointed as an executive director of the Company on 28 March 2011. As such, the transaction is considered as a connected transaction.

28. RELATED PARTY TRANSACTIONS

During the year, the Group had transactions with related parties as follows:

	2011 HK$'000	2010 HK$'000
Interest expense (Note a)	-	286
Operating lease charges in respect of office premises (Note b)	1,678	1,678
Interest income (Note c)	-	(864)

Notes:

(a) During the year ended 31 March 2010, an interest expense of HK$286,000 was charged by a shareholder of the Company in relation to a shareholder's loan of HK$14,000,000 granted to the Company.

(b) During the year, operating lease payments of HK$1,678,000 (2010: HK$1,678,000) in respect of leases of office premises were charged by companies in which a director of a subsidiary of the Group has a beneficial interest.

(c) Interest income of HK$864,000 was received from a related company, in which a director of a subsidiary of the Company has an equity interest, for a loan advanced to the related company during the year ended 31 March 2010. The loan advanced to the related company has been repaid during the year ended 31 March 2010.

(d) On 16 February 2011, the Group entered into a supplemental sales agreement with the sole customer of the Group and Mr Yeung for the remaining contract work to be transferred from that sole customer to Mr Yeung. The sole customer is wholly owned by Mr Yeung. As at 31 March 2011, the amount of contract work due from Mr Yeung was HK$218,305,000 (2010: HK$43,887,000).

AUDIT OPINION

The Group's auditor will issue a qualified opinion on the Group's consolidated financial statements for the year ended 31 March 2011. An extract of the independent auditor's report is set out in the section headed “Extract of independent auditor's report” below.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

Basis for Qualified Opinion

As disclosed in note 36 to the consolidated financial statements, during the year ended 31 March 2011, the Group has granted 1,259,000,000 share options to certain consultants, which vested immediately upon their issuance. In the opinion of the directors of the Company, these share options were granted to these consultants for rendering services to the Group, including consultancy services in respect of seeking potential investors to invest in the Company and identification of potential investment opportunities in the solar energy business. The Group has determined the fair value of the share options at the dates of grant of HK$137,759,000 and charged the full amount to profit or loss and included as consultancy expenses in the consolidated statement of comprehensive income. During the year ended 31 March 2011, 305,000,000 share options were subsequently cancelled and the relevant fair value previously charged to profit or loss of HK$38,949,000 were transferred from share option reserve to accumulated losses.

However, since these share options were granted by the Company without entering into formal service agreements with these consultants, we were unable to obtain sufficient information with respect to the nature, scope and the length of the consultancy services to be provided by the consultants and obtain other sufficient appropriate audit evidence and explanations to satisfy ourselves that the recorded consultancy expenses and the transfer of share option reserve to accumulated losses upon cancellation of the share options have been appropriately recorded in accordance with the requirements of Hong Kong Financial Reporting Standard 2 "Share-based Payment" issued by the HKICPA, including whether it is appropriate for the full amount of these share options to be charged to profit or loss in the current year. Any adjustments that would be required may have a consequential significant effect on the total assets less current liabilities as at 31 March 2011 and the total comprehensive expense for the year and the related disclosures in the notes to the consolidated financial statements.

Qualified Opinion

In our opinion, except for the possible effects of the matters as described in the Basis for Qualified Opinion paragraphs, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2011 and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion & Analysis

Business Review and Prospects

Photovoltaic Business

During the year under review, the Group disposed of capital market activities and financing businesses resulting that the Company successfully restructured its business nature mainly in PV industry. As such, the company has recognized turnover and loss from photovoltaic business of HK$174,418,000 (2010: HK$460,117,000) and HK$92,079,000 (2010: HK$90,540,000). The completion progress of the production lines for the year was under expectation due to the restructuring of the group's business along with completing an acquisition transaction. Upon the completion of acquiring 100% of Stream Fund High-Tech Corporation Limited in April 2011, the Company has accelerated its effort and progress in order to complete the remaining part of the production lines by the end of this year.

Financing Business, Strategic Investments and Capital Market Activities

For the year under review, with the disposal of the relevant subsidiaries, the turnover from these segments was HK$nil and the effect of the disposal of these segments were shown on note 25 above.

Overall

The share placement agreement with Guangdong Rising Nonferrous Metals Group Co. was unfortunately terminated. As the process to complete the share placement agreement was very lengthy, hence one of the conditions under the agreement was not fulfilled on or before the Long Stop Date. The Board considered that the termination of the agreement as the most suitable resolution to the Company. We remain amicable for future partnership and co-operation.

However, the Company is very pleased to have acquired 100% of Stream Fund High-Tech Corporation Limited and have appointed its new Chairman, the founder of Stream Fund High-Tech Corporation Limited Mr Yeung Ngo. Under his new leadership, the Company will focus and concentrate on transforming its equipment manufacturing business into a fully vertically-integrated PV module manufacturer and provider of solar energy. Through our vertical integration, the Company will strengthen its business strategies by maximizing profits and reducing costs.

Gaining access to the ever growing PV market in China, Stream Fund High-Tech Corporation Limited holds 100% in both its subsidiaries, Changzhou Stream Fund Solar Energy and Dali Stream Fund Photoelectricity Energy. Both subsidiaries will operate in thin film a-Si PV module manufacturing facilities. Our thin film a-Si PV modules will be supplied to our own power generating projects and applications in Dali, Yunnan, China. The Company's main power generating projects consists of Building Integrated Photovoltaic (BIPV) applications, PV power stations and PV agricultural greenhouses. The Company was granted renewable energy subsidies by the Chinese Government under the "Golden Sun" subsidy program. The subsidies entails the Company to build a 2MW thin film a-Si BIPV demo project in Dali, Yunnan as well as a 6MW PV power station demo project in Dali, Yunnan.

With tremendous growth and opportunities ahead for China Solar Energy, it is our turning point to reap the fruits of our labor.

FINANCIAL REVIEW

Results

For the year ended 31 March 2011, the Group recorded a total turnover of HK$174,418,000 (2010: HK$460,117,000) from continuing operations and loss attributable to owners from continuing operations of HK$190,690,000 (2010: HK$82,002,000). The increase in loss attributable to owners from continuing operations was mainly due to the valuation of the share option of HK$149,605,000 granted during the year. If the value of the share options was taken out, the loss from continuing operations was, in fact, reduced by HK$40,917,000.

Liquidity, Finance Resources and Funding

At 31 March 2011, the Group had net current asset of HK$339,624,000 (2010: HK$304,718,000) and cash and cash equivalents to HK$93,224,000 (2010: HK$265,168,000). The decrease was mainly due to the payment to the subcontractor of the production lines.

The liquidity ratio of the Group, represented by a ratio between current assets over current liabilities, was 2,190.5% (2010: 1,130.6%) and it reflects adequacy of financial resources.

The indebtedness of the Group as at 31 March 2011 was HK$nil (2010: HK$4,199,000), representing an unsecured amounts due to shareholders of the Group.

Foreign Exchange Exposure

The Group was exposed to a very limited level of exchange risk as the Group is mainly dealing with Hong Kong dollars.

Share Capital Structure

On 17 December 2009, the Company entered into the Placing Agreement with Placing Agent to issue 1,131,600,000 listed warrants ("the Warrants") by way of private placing at the issue price of HK$0.023, each conferring the right to subscribe for one new share at the initial exercise price of HK$0.14 up to an aggregate amount of HK$158,424,000 at any time during the period from 10 February 2010 to 9 February 2012. During the year, 2,000,000 Warrants had been exercised.

On 4 January 2011, the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Subscribers conditionally agreed to subscribe for and the Company conditionally agreed to issue an aggregate of 1,420,000,000 Subscription Shares at a price of HK$0.114 per Subscription Share. On 4 March 2011, completion of the Subscription for 720,000,000 new Shares took Place and the long stop date for the subscription for the remaining 700,000,000 shares was extended to 31 August 2011.

During the year, 1,371,000,000 share options had been granted to employees and consultants, 600,000 share options had been exercised and 305,000,000 had been lapsed.

Apart from the above, there was no change in the share capital structure of the Company during the year under review.

Material Acquisition and Disposal of Subsidiaries

During the year under review, there was no material acquisition or disposal of subsidiaries occurred.

Charges on Group's Assets

As at 31 March 2011 and 2010, there was no charge on the Group's assets.

Human Resources

As at 31 March 2011, the Group had 20 full time employees.

The Group remunerated its employees mainly based on the individual's performance and experience. Apart from the basic remuneration, discretionary bonus and share option may be granted to eligible employees by reference to the Group's performance as well as individual's performance.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

CODE OF BEST PRACTICE

The Company had complied with the Code as set out in Appendix 14 to the Listing Rules throughout the year ended 31 March 2011 except for the following deviations:

Code Provision A.4.1

Under the code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. The current independent non-executive directors of the Company are not appointed for a specific term. However, all directors (including executive and non-executive) of the Company are subject to retirement by rotation at the annual general meeting as specified in the bye-laws of the Company.

Code Provision E.1.2

Under the code provision E.1.2 the chairman of the board should attend the annual general meeting. The Chairman of the Board, Mr Henry J. Behnke III was unable to attend the annual general meeting of the Company held on 6 September 2010 due to personal reasons. However, an Executive Director, present at the annual general meeting who then took the chair of that meeting in accordance with the Bye-Laws of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors. All Directors have confirmed, following specific enquiry by the Company, that they had complied with the required standard set out in the Model Code throughout the year ended 31 March 2011.

AUDIT COMMITTEE

The audit committee of the Company consisted of Mr Yin Tat Man, Mr Choi Shek Chau, Mr Choy Tak Ho and Mr Chong Chi Wah, the four independent non-executive Directors. The primary duties of the audit committee are to review the accounting principles and practices adopted by the Group, and the financial reporting process and internal control system of the Group, including the review of and the approval of the audited consolidated financial statements for the year ended 31 March 2011.

The audited consolidated financial statements has been approved by the audit committee.

REMUNERATION COMMITTEE

The Remuneration Committee of the Company was established, with specific terms of reference in compliance with the Code of Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The Committee is responsible for making recommendations to the board on the Company's policy and structure for all remuneration of directors and senior management and to determine the specific remuneration packages and conditions of employment for the directors.

PUBLICATION OF RESULTS ANNOUNCEMENT

The result announcement is published on the Stock Exchange's website at http://www.hkex.com.hk and the Company's website at http://www.chinasolar-energy.com. The annual report will be despatched to the shareholders of the Company and will be published on the above website in due course.

By order of the Board
China Solar Energy Holdings Limited
Tsang Wai Wa
Company Secretary

Hong Kong, 27 June 2011

As at the date of this announcement, the Board comprises six executive directors namely Mr Yeung Ngo, Mr Yang Yuchun, Ms Jin Yan, Mr Pierre Seligman, Mr Chan Wai Kwong Peter and Mr On Kien Quoc, and four independent non-executive directors namely Mr Yin Tat Man, Mr Choi Shek Chau, Mr Choy Tak Ho and Mr Chong Chi Wah.

** for identification purpose only*