



**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)

**2014**  
**FIRST QUARTERLY REPORT**

\* For identification purpose only

## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (“STOCK EXCHANGE”)

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*This report, for which the directors (“Directors”) of China Technology Solar Power Holdings Limited (“Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (“GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*



## QUARTERLY RESULTS HIGHLIGHTS

The loss attributable to equity holders of the Company for the three months ended 30 June 2014 was approximately HK\$5.9 million (the loss attributable to equity holders of the Company for the three months ended 30 June 2013 was approximately HK\$3.7 million).

The revenue of the Group for the three months ended 30 June 2014 was approximately HK\$0.6 million, representing a decrease of approximately 89.0 per cent. as compared with approximately HK\$5.2 million recorded for the three months ended 30 June 2013.

Gross profit margin of the Group was approximately 40.5 per cent. in the three months ended 30 June 2014, as compared to approximately 33.9 per cent. in the three months ended 30 June 2013.

Basic loss per share for the three months ended 30 June 2014 was approximately HK0.55 cents (basic loss per share for the three months ended 30 June 2013 was approximately HK0.40 cents).

The Directors do not recommend the payment of a dividend for the three months ended 30 June 2014 (three months ended 30 June 2013: Nil).

I am pleased to present the unaudited consolidated results of China Technology Solar Power Holdings Limited (“**Company**”, together with its subsidiaries, the “**Group**”), for the three months ended 30 June 2014.

## 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, and (iii) power system integration business in the People’s Republic of China (“**PRC**” or “**China**”) during the three months ended 30 June 2014.

The Group’s revenue amounted to approximately HK\$0.6 million for the three months ended 30 June 2014, representing a decrease of approximately 89.0 per cent. as compared with approximately HK\$5.2 million recorded for the three months ended 30 June 2013 mainly as a result of the fierce competition in the PRC for the implementation of self-service ATM systems and printing systems.

The Group’s gross profit margin was approximately 40.5 per cent. in the three months ended 30 June 2014, as compared to approximately 33.9 per cent. in the three months ended 30 June 2013.

Selling expenses incurred by the Group for the three months ended 30 June 2014 amounted to approximately HK\$0.5 million (three months ended 30 June 2013: approximately HK\$0.6 million), representing a decrease of approximately 18.8 per cent. mainly as a result of the decrease in revenue generated from the sale of ATM systems and printing systems.

Administrative expenses incurred by the Group for the three months ended 30 June 2014 amounted to approximately HK\$2.7 million (three months ended 30 June 2013: approximately HK\$3.4 million), representing a decrease of approximately 21.6 per cent. as a result of the Group’s policy on cost control.

The Group recorded a loss attributable to equity holders of the Company amounting to approximately HK\$5.9 million for the three months ended 30 June 2014 (three months ended 30 June 2013: loss attributable to equity holders of the Company of approximately HK\$3.7 million), mainly as a result of the decrease in gross profit of approximately HK\$1.5 million by reason of the fierce competition in the PRC for the implementation of self-service ATM systems and printing systems and the increase in the loss of approximately HK\$1.7 million arising from the change in fair value of financial assets at fair value through profit or loss during the three months ended 30 June 2014.

Basic loss per share was approximately HK0.55 cents for the three months ended 30 June 2014, as compared with the basic loss per share of approximately HK0.40 cents for the three months ended 30 June 2013.

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

During the three months ended 30 June 2014, implementation of self-service ATM systems and printing systems (including the provision of technical consultancy and support services) accounted for 100.0 per cent. (three months ended 30 June 2013: 100.0 per cent.) of the Group's total revenue from the sales of goods and rendering of services.

The revenue generated from the implementation of self-service ATM systems and printing systems (including the provision of technical consultancy and support services) recorded approximately HK\$0.6 million in the three months ended 30 June 2014, representing a decrease of approximately 89.0 per cent., as compared with the three months ended 30 June 2013 mainly as a result of the fierce competition in the PRC.

## PROVISION OF TECHNICAL CONSULTANCY AND SUPPORT SERVICES

The provision of technical consultancy and support services, which were already included in the implementation of self-service ATM systems and printing systems, accounted for approximately 5.4 per cent. (three months ended 30 June 2013: approximately 29.5 per cent.) of the total revenue from the sales of goods and rendering of services for the three months ended 30 June 2014. Actual income derived from the provision of technical consultancy and support services during the three months ended 30 June 2014 decreased by approximately 98.0 per cent., as compared with the same period last year mainly as a result of the fierce competition in the PRC.

As an authorised value-added reseller of self-service ATM systems of NCR (Beijing) Financial Equipment System Co., Ltd ("NCR") and marketing agent of printing systems of Fuji Xerox in China, the Group has 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 Shanghai, Yangquan, Changshu, Yingkou, Datong, Xuzhou, Huzhou and Lvliang, the Group has ATM service centers covering a total of 8 strategic cities and locations currently.

## POWER SYSTEM INTEGRATION OPERATION

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

As mentioned in the circular of the Company dated 16 May 2011, the Group has secured and signed two agreements for the provision of one-off service on system integration services for biomass energy, thermal power and solar energy generation companies and projects. As the contracting parties in the two agreements were in the process of obtaining the necessary licenses from the respective government authorities during the three months ended 30 June 2014 and as at the date of this report, the Group had not commenced such system integration services and did not have income generated from the power system integration business during the three months ended 30 June 2014 (three months ended 30 June 2013: Nil) and as at the date of this report.



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

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

### ACQUISITION OF CHINA WESTERN ENERGY HOLDINGS LIMITED

On 1 April 2014 (after trading hours), City Max International Limited, a wholly-owned subsidiary of the Company, ("**City Max**") as the purchaser and Soar Ocean Holdings Limited ("**Soar Ocean**") as the vendor entered into the sale and purchase agreement ("**Sale and Purchase Agreement**") pursuant to which City Max has conditionally agreed to acquire and Soar Ocean has conditionally agreed to dispose of the entire issued share capital of China Western Energy Holdings Limited ("**China Western Energy**"), a company incorporated in the British Virgin Islands with limited liability, at the consideration of not less than HK\$16,000,000 and not more than HK\$32,000,000, the final amount of which will be determined based on the audited net profit after tax of China Western Energy and its subsidiary for the year ending 31 December 2014 multiplied by a price-earnings ratio of 5.33. The total consideration ("**Consideration**") will in any event not exceed HK\$32,000,000.

Pursuant to the Sale and Purchase Agreement, the Consideration shall be satisfied by the issue of new shares of the Company ("**Consideration Shares**") at the issue price of HK\$0.175 per Consideration Share to Soar Ocean. The Consideration Shares will be allotted and issued under the general mandate granted to the Directors to allot and issue up to 185,318,414 new shares by the shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 23 September 2013.

As all the conditions precedent under the Sale and Purchase Agreement were fulfilled on 8 April 2014, completion took place on 10 April 2014 and 91,428,571 Consideration Shares for the initial payment have been allotted and issued in accordance with the terms and conditions of the Sale and Purchase Agreement at the issue price of HK\$0.175 per Consideration Share by the Company to Soar Ocean. Subject to audit and further adjustment to the amount of the Consideration pursuant to the terms of the Sale and Purchase Agreement, the Group has recorded a goodwill of approximately HK\$25.9 million and an intangible assets of approximately HK\$2.5 million arising from the acquisition of China Western Energy upon completion on 10 April 2014. Such recognition of goodwill and intangible assets has no effect on the Group's unaudited consolidated results for the three months ended 30 June 2014.

Please refer to the announcements dated 1 April 2014 and 10 April 2014 for details of the acquisition.

## LIQUIDITY, FINANCIAL RESOURCES AND TREASURY POLICIES

As at 30 June 2014, the Group had cash and bank balances amounting to a total of approximately HK\$6.0 million (31 March 2014: approximately HK\$5.5 million). The Group has no outstanding bank overdraft as at 30 June 2014 (31 March 2014: HK\$Nil).

The Group financed its operations by internally generated cash flow and borrowings.

## BUSINESS PROSPECTS

The Group is recognized as a professional ATM software, hardware and service company in the ATM sector, and is an authorized value-added reseller of self-service ATM systems of NCR and a marketing agent for Fuji Xerox for its printing systems in China.

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

In September 2013, the Group entered into a memorandum of understanding with an investment company ("**Investment Company**") for projects relating to construction of large-scale grid-connected solar photovoltaic power station and distributed power generation on rooftop, which are expected to have an aggregate designed capacity of 300MW ("**300MW Project**"), by the end of 2016. In October 2013, the Group entered into a co-operation agreement with an energy company in Xi'an, and together with such energy company, jointly contracted with a wholly-owned subsidiary of the Investment Company in Jinchang City in Gansu province for the construction of a solar photovoltaic power station with an expected capacity of 50MW ("**50MW Gansu Power Station**") which is phase 1 of the 300MW Project. The Group has completed the construction work of the 50MW Gansu Power Station and obtained the system testing and satisfaction report from the Investment Company during the year ended 31 March 2014.

The Group will continue to look for other solar energy generation projects and system integration services and technology services projects.

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

**Chiu Tung Ping**

*Chairman and executive Director*

**China Technology Solar Power Holdings Limited**

Hong Kong, 8 August 2014

## RESULTS

The Board announces the unaudited consolidated results of the Group for the three months ended 30 June 2014 together with comparative unaudited consolidated results of the Group for the corresponding period in 2013 as follows:

	Notes	From 1 April 2014 to 30 June 2014 (unaudited) HK\$'000	From 1 April 2013 to 30 June 2013 (unaudited) HK\$'000
Revenue	2	573	5,197
Cost of sales		(341)	(3,437)
Gross profit		232	1,760
Other revenue	2	66	5
Selling expenses		(527)	(649)
Change in fair value of financial assets at fair value through profit or loss	3	(1,681)	(17)
Administrative expenses		(2,675)	(3,412)
Finance costs	4	(1,333)	(1,387)
Loss before taxation	3	(5,918)	(3,700)
Income tax expenses	5	–	–
<b>Loss for the period</b>		<b>(5,918)</b>	<b>(3,700)</b>
<b>Other comprehensive (expenses) income</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		(72)	737
<b>Total comprehensive expenses for the period</b>		<b>(5,990)</b>	<b>(2,963)</b>
<b>Loss for the period attributable to:</b>			
Equity holders of the Company		(5,918)	(3,700)
<b>Total comprehensive expenses attributable to:</b>			
Equity holders of the Company		(5,990)	(2,963)
Dividend		–	–
<b>Loss per share</b>			
– Basic	6	(0.55 cents)	(0.40 cents)
– Diluted	6	(0.96 cents)	(8.20 cents)

## 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**”), Hong Kong Accounting Standards (“**HKAS**”) and Interpretations 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 2014, 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 April 2014. 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 three months ended 30 June 2014 are unaudited but have been reviewed by the audit committee of the Company (“**Audit Committee**”).

### 2. REVENUE AND OTHER REVENUE

During the three months ended 30 June 2014, the Group is principally engaged in (i) sales of self-service ATM systems and printing systems; (ii) provision of hardware and software technical support services; and (iii) power system integration business in the PRC.

Revenues recognised during the period are as follows:–

	<b>From 1 April 2014 to 30 June 2014 HK\$’000</b>	From 1 April 2013 to 30 June 2013 HK\$’000
Revenue		
Sales of goods	<b>542</b>	3,664
Rendering of services	<b>31</b>	1,533
	<b>573</b>	5,197
Other revenue		
Bank interest income	<b>3</b>	5
Gain on trading in financial instrument	<b>53</b>	–
Others	<b>10</b>	–
	<b>66</b>	5
Total revenue	<b>639</b>	5,202

### 3. LOSS BEFORE TAXATION

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

	1 April 2014 to 30 June 2014 HK\$'000	1 April 2013 to 30 June 2013 HK\$'000
Cost of inventories	318	2,532
Depreciation	94	46
Change in fair value of financial assets at fair value through profit or loss	1,681	17

### 4. FINANCE COSTS

	1 April 2014 to 30 June 2014 HK\$'000	1 April 2013 to 30 June 2013 HK\$'000
Imputed finance costs on convertible bonds	835	1,156
Interest on other loan	498	231
	1,333	1,387

### 5. INCOME TAX EXPENSES

The Company is incorporated in the Cayman Islands and is exempted from taxation in the Cayman Islands until 2021. The Company's subsidiaries established in the British Virgin Islands is incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, is exempted from payment of the British Virgin Islands income taxes.

There was no provision for Hong Kong profits tax as the Group has no assessable profit for the three months ended 30 June 2014 (three months ended 30 June 2013: Nil).

The Company's subsidiaries established in the PRC are subject to Enterprise Income Tax rate of 25% (three months ended 30 June 2013: 25%). During the three months ended 30 June 2014, no profits taxes have been provided as these subsidiaries have not generated any assessable profits in the PRC (three months ended 30 June 2013: Nil).

## 6. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	<b>From 1 April 2014 to 30 June 2014 HK\$'000</b>	From 1 April 2013 to 30 June 2013 HK\$'000
<b>Loss</b>		
Loss for the period attributable to the equity holders of the Company	<b>(5,918)</b>	(3,700)

	<b>From 1 April 2014 to 30 June 2014</b>	From 1 April 2013 to 30 June 2013
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>1,082,173,547</b>	926,592,072
Effect of dilutive potential ordinary shares: Warrants issued by the Company	<b>(464,971,751)</b>	(881,461,287)
Weighted average number of ordinary shares for the purpose of diluted loss per share	<b>617,201,796</b>	45,130,785



## QUARTERLY DIVIDEND

The Board does not recommend the payment of quarterly dividend for the period from 1 April 2014 to 30 June 2014 (three months ended 30 June 2013: Nil).

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of the Company							
	Share capital	Share premium	Warrant reserve	Reserve arising from reorganization	Exchange reserve	Convertible bonds reserve	Deficit	Total
	HK\$'000	HK\$'000	(Note (a)) HK\$'000	(Note (b)) HK\$'000	(Note (c)) HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2013	92,659	142,148	9,680	(24,317)	10,402	61,071	(66,953)	224,690
Loss for the period	-	-	-	-	-	-	(3,700)	(3,700)
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	737	-	-	737
Total comprehensive income (expenses) for the period	-	-	-	-	737	-	(3,700)	(2,963)
At 30 June 2013	92,659	142,148	9,680	(24,317)	11,139	61,071	(70,653)	221,727
At 1 April 2014	100,079	171,828	9,680	(24,317)	11,363	39,097	(56,888)	250,842
Loss for the period	-	-	-	-	-	-	(5,918)	(5,918)
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	(72)	-	-	(72)
Total comprehensive expenses for the period	-	-	-	-	(72)	-	(5,918)	(5,990)
Issue of shares for acquisition of subsidiaries (Note (d))	9,143	5,943	-	-	-	-	-	15,086
Transaction costs on issue of shares	-	(385)	-	-	-	-	-	(385)
	9,143	5,558	-	-	-	-	-	14,701
At 30 June 2014	109,222	177,386	9,680	(24,317)	11,291	39,097	(62,806)	259,553

### 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 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.
- (d) On 10 April 2014, 91,428,571 Consideration Shares for the initial payments for the acquisition of China Western Energy Holdings Limited have been allotted and issued in accordance with the terms and conditions of the Sales and Purchase Agreement by the Company to Soar Ocean.

## 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 June 2014, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

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

Name of Directors	Capacity	Number and class of securities (Note 1)	Percentage shareholding in the same class of securities (Note 2)
Mr. Chiu Tung Ping (Executive Director)	Interests of controlled corporation (Note 3)	217,766,038 ordinary shares (L) (Note 4)	19.94%
Ms. Yuen Hing Lan (Executive Director)	Interests of spouse (Note 3)	217,766,038 ordinary shares (L) (Note 4)	19.94%
Mr. Hou Hsiao Bing (Executive Director)	Beneficial owner	131,150,000 ordinary shares (L)	12.01%
Mr. Hou Hsiao Wen (Executive Director)	Beneficial owner	25,370,000 ordinary shares (L)	2.32%

Notes:

- The letter "L" represents the Directors' long positions in the interests in the shares and underlying shares of the Company.
- As at 30 June 2014, the entire issued share capital of the Company is 1,092,220,643 shares of HK\$0.1 each.
- 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.
- Included in these shares are 177,766,038 shares of the Company held by Good Million Investments Limited and 40,000,000 shares of the Company to be issued to Good Million Investments Limited upon exercise of convertible bonds issued by the Company.

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

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

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

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

As at 30 June 2014, the following persons or entities, other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO:

<b>Name of shareholders</b>	<b>Number of ordinary shares or underlying shares interested</b> (Note 1)	<b>Capacity</b>	<b>Approximate percentage of the Company's issued share capital as at 30 June 2014</b> (Note 2)
Good Million Investments Limited	217,766,038 (L) (Note 6)	Beneficial owner (Note 3)	19.94%
Mr. Qin Zhongde	88,000,000 (L) (Note 7)	Beneficial owner (Note 4)	8.06%
China Technology Development Group Corporation	57,313,962 (L)	Beneficial owner (Note 5)	5.25%
Soar Ocean Holdings Limited	91,428,571 (L)	Beneficial owner (Note 8)	8.37%
Ye Xin Mei	91,428,571 (L)	Interest of controlled corporation (Note 8)	8.37%

Notes:

1. The letter “L” represents the long position in the shares and underlying shares of the Company.
2. As at 30 June 2014, the entire issued share capital of the Company is 1,092,220,643 shares of HK\$0.1 each.
3. Mr. Chiu Tung Ping and Ms. Yuen Hing Lan, both being executive Directors, held 70% and 30% interest in the entire issued share capital of Good Million Investments Limited.
4. Ms. Huang Xiulan is the spouse of Mr. Qin Zhongde. Accordingly, Ms. Huang Xiulan is deemed, by virtue of SFO, to be interested in all the shares in which Mr. Qin Zhongde is interested.
5. BHL Solar Technology Company Limited is wholly-owned by China Technology Development Group Corporation.
6. Included in these shares are 177,766,038 shares of the Company held by Good Million Investments Limited and 40,000,000 shares of the Company to be issued to Good Million Investments Limited upon exercise of convertible bonds issued by the Company.
7. According to the register of bondholders maintained by the Company, Mr. Qin Zhongde is the holder of the convertible bonds issued by the Company in the principal amount of HK\$32,000,000, convertible into 64,000,000 shares of the Company.
8. Ms. Ye Xin Mei held 100% interest in the entire issued share capital of Soar Ocean Holdings Limited. Hence, Ms. Ye Xin Mei was deemed to be interested in the shares of the Company held by Soar Ocean Holdings Limited.

Save as disclosed above, as at 30 June 2014, no person or entity other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO.

## AUDIT COMMITTEE

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

The Audit Committee provides an important link between the Board and the Company’s auditors in matters coming within the scope of the Group audit. It also reviews the effectiveness both of the external and internal audit and of internal controls and risk evaluation. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Tam Kam Biu, William, Mr. Meng Xianglin and Mr. Dong Guangwu. The unaudited consolidated results of the Group for the three months ended 30 June 2014 have been reviewed and approved by the Audit Committee.

## DIRECTORS’ INTEREST IN COMPETING BUSINESS

After Mr. Tam Kam Biu, William, an independent non-executive Director, resigned on 7 April 2014 as the executive director of China Bio Cassava Holdings Limited (Stock Code: 8129), a company which is engaged in business related to research and development of information technology and may be in competition with the Group, none of the Directors or its close associates has an interest in a business which compete or may compete with the business of the Group. The Company does not have controlling shareholder.

## **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 three months ended 30 June 2014.

## **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 the 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.

On behalf of the Board

**Chiu Tung Ping**

*Chairman and executive Director*

Hong Kong, 8 August 2014

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

*Executive Directors:*

*Chiu Tung Ping (Chairman)*

*Zhang Shenxin (Vice-Chairman)*

*Yuen Hing Lan*

*Hou Hsiao Bing*

*Hou Hsiao Wen*

*Hu Xin*

*Independent non-executive Directors:*

*Tam Kam Biu, William*

*Meng Xianglin*

*Dong Guangwu*