



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)

2015

**THIRD QUARTERLY
REPORT**

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

QUARTERLY RESULTS HIGHLIGHTS

The loss attributable to owners of the Company for the nine months ended 31 December 2015 was approximately HK\$7.4 million (the loss attributable to owners of the Company for the nine months ended 31 December 2014 was approximately HK\$6.6 million).

The revenue of the Group for the nine months ended 31 December 2015 was approximately HK\$39.2 million, representing an increase of approximately 235.7 per cent. as compared to the nine months ended 31 December 2014.

Gross profit margin of the Group was approximately 30.1 per cent. in the nine months ended 31 December 2015, as compared to approximately 55.0 per cent. in the nine months ended 31 December 2014.

Basic loss per share for the nine months ended 31 December 2015 was approximately HK0.58 cents (basic loss per share for the nine months ended 31 December 2014 was approximately HK0.60 cents).

The Directors do not recommend the payment of a quarterly dividend for the nine months ended 31 December 2015 (nine months ended 31 December 2014: Nil).

The board of Directors announces the unaudited consolidated results of the Group for the nine months ended 31 December 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group was principally engaged in (i) sales of solar related products; (ii) power system integration business; (iii) sales of self-service automatic teller machine ("ATM") systems and printing systems, and (iv) provision of hardware and software technical support services in the People's Republic of China ("PRC" or "China") during the nine months ended 31 December 2015.

The Group's revenue amounted to approximately HK\$39.2 million for the nine months ended 31 December 2015, representing an increase of approximately 235.7 per cent., as compared with approximately HK\$11.7 million recorded for the nine months ended 31 December 2014, mainly as a result of the recognition of revenue derived from the sales of solar related products of approximately HK\$35.4 million (nine months ended 31 December 2014: Nil), which was partly offset by the decrease in revenue generated from the sales of self-service ATM systems and printing systems (including the provision of hardware and software technical support services) by approximately HK\$8.9 million during the nine months ended 31 December 2015.

The Group's gross profit margin was approximately 30.1 per cent. for the nine months ended 31 December 2015, as compared to approximately 55.0 per cent. for the nine months ended 31 December 2014, mainly because of the lower gross profit margin attributable to the sales of solar related products during the period under review. Actual gross profit for the nine months ended 31 December 2015 increased by approximately 83.9 per cent., as compared with the same period last year.

Selling expenses incurred by the Group for the nine months ended 31 December 2015 amounted to approximately HK\$2.3 million (nine months ended 31 December 2014: approximately HK\$2.3 million).

Administrative expenses incurred by the Group for the nine months ended 31 December 2015 amounted to approximately HK\$22.5 million (nine months ended 31 December 2014: approximately HK\$8.5 million), representing an increase of approximately 164.8 per cent., mainly attributable to the amortization of intangible assets of approximately HK\$11.4 million during the period under review (nine months ended 31 December 2014: approximately HK\$0.9 million). The intangible assets represent power system integration services contracts and sales contracts signed by the subsidiaries acquired or being acquired and valued by an independent professional valuer.

The Group recorded a loss attributable to owners of the Company amounting to approximately HK\$7.4 million for the nine months ended 31 December 2015 (nine months ended 31 December 2014: approximately HK\$6.6 million).

Basic loss per share was approximately HK0.58 cents for the nine months ended 31 December 2015, as compared with the basic loss per share of approximately HK0.60 cents for the nine months ended 31 December 2014.

SALES OF SOLAR RELATED PRODUCTS

Following the completion of the acquisition of Million Keen Limited (“**Million Keen**”), which is principally engaged in the research and development, sales and provision of other relevant technology consultation services of photovoltaic mounting brackets, solar trackers, the guardrail of the solar power stations and solar related products on 22 May 2015, the Group has started the new business of sales of solar related products.

The revenue generated from the sales of solar related products was approximately HK\$35.4 million for the nine months ended 31 December 2015 (nine months ended 31 December 2014: Nil), accounted for approximately 90.3 per cent. (nine months ended 31 December 2014: Nil) of the Group’s revenue.

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 sources equipment and products from different vendors based on the scale and capacity of the respective power stations and subsequently carries 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 nine months ended 31 December 2015 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 two agreements during the nine months ended 31 December 2015 (nine months ended 31 December 2014: 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 had not commenced to provide these services.

In September 2013, the Group entered into a memorandum of understanding with an investment company (“**Investment Company**”) for projects relating to construction of large-scale grid-connected solar photovoltaic power station and distributed power generation on rooftop, which were 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 (“**Xi’an Energy Company**”), and together with the Xi’an 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 was 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.

In July 2014, the Group entered into a co-operation agreement with the Xi’an Energy Company, and together with the Xi’an Energy Company, jointly contracted with a wholly-owned subsidiary of the Investment Company in Ningxia Hui Autonomous Region for the construction of phase 2, 3 and 4 of the 300MW Project the expected completion date of which, as orally agreed by the parties to the said co-operation agreement, has been extended from the end of 30 August 2015 to 31 March 2016. The Group has completed the construction work of the phase 3 of the 300MW Project which included a solar photovoltaic power station with an expected capacity of 50MW (“**50MW Ningxia Power Station**”) and obtained the system testing and satisfaction report from the Investment Company during the year ended 31 March 2015.

In March 2015, the Group entered into a memorandum of understanding with another investment company for projects relating to construction of large-scale grid-connected solar photovoltaic power station, which was expected to have an aggregate designed capacity of 500MW by the end of 2020. As at the date of this report, the Group had not commenced to provide these services.

During the nine months ended 31 December 2015, the revenue generated from the power system integration operation amounted to approximately HK\$1.0 million (nine months ended 31 December 2014: Nil).

SALES OF SELF-SERVICE ATM SYSTEMS AND PRINTING SYSTEMS

During the nine months ended 31 December 2015, sales of self-service ATM systems and printing systems (including the provision of hardware and software technical support services) accounted for 7.1 per cent. (nine months ended 31 December 2014: 100.0 per cent.) of the Group’s revenue.

The revenue generated from the sales of self-service ATM systems and printing systems (including the provision of hardware and software technical support services) was approximately HK\$2.8 million for the nine months ended 31 December 2015, representing a decrease of approximately 76.1 per cent., as compared with the nine months ended 31 December 2014 mainly as a result of the fierce competition in the PRC.

As an authorized 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, Changshu, Beijing, Shenyang, and Yingkou, the Group has ATM service centers covering a total of 5 strategic cities and locations currently.

PROVISION OF HARDWARE AND SOFTWARE TECHNICAL SUPPORT SERVICES

The provision of hardware and software technical support services accounted for approximately 1.6 per cent. (nine months ended 31 December 2014: approximately 60.0 per cent.) of the Group's revenue for the nine months ended 31 December 2015. Income derived from the provision of hardware and software technical support services during the nine months ended 31 December 2015 decreased by approximately 91.0 per cent., as compared with the same period last year mainly as a result of the fierce competition in the PRC.

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

ACQUISITION OF MILLION KEEN LIMITED

On 5 May 2015, City Max International Limited ("**City Max**"), a wholly-owned subsidiary of the Company, as the purchaser and Creation Moral Limited ("**Creation Moral**") as the vendor entered into the sale and purchase agreement ("**Million Keen SP Agreement**") pursuant to which City Max conditionally agreed to acquire and Creation Moral conditionally agreed to dispose of the entire issued share capital of Million Keen Limited ("**Million Keen**"), a company incorporated in the British Virgin Islands with limited liability, at the consideration of not less than HK\$23,800,000 and not more than HK\$47,600,000, the final amount of which would be determined based on the consolidated audited net profit after tax attributable to owners of Million Keen for the year ending 31 December 2015 multiplied by a price-earnings ratio of 6.8. The total consideration ("**Million Keen Consideration**") would in any event not exceed HK\$47,600,000.

Pursuant to the Million Keen SP Agreement, the Million Keen Consideration should be satisfied by the issue of consideration shares ("**Million Keen Consideration Shares**") at the issue price of HK\$0.22 per share to Creation Moral.

As all the conditions precedent under the Million Keen SP Agreement were fulfilled on 15 May 2015, the completion of the acquisition of Million Keen took place on 22 May 2015 and 108,181,818 Million Keen Consideration Shares for the initial payment were allotted and issued to Creation Moral by the Company at the issue price of HK\$0.22 per share under the general mandate granted to the Directors to allot and issue up to 218,444,128 new shares by the shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 21 August 2014 ("**General Mandate**").

Based on the audited accounts of Million Keen for the year ended 31 December 2015 issued by the auditors appointed by the Company, the consolidated audited net profit after tax attributable to owners of Million Keen for the year ended 31 December 2015 was approximately HK\$9,851,000. Accordingly, the final Million Keen Consideration was fixed at HK\$47,600,000 pursuant to the Million Keen SP Agreement.

In accordance with the terms and conditions of the Million Keen SP Agreement, on 1 February 2016, 108,181,818 Million Keen Consideration Shares for the remaining balance of the Million Keen Consideration (being the final Million Keen Consideration less the initial payment) have been allotted and issued at the issue price of HK\$0.22 per share by the Company to Creation Moral under the General Mandate.

Please refer to the announcements of the Company dated 5 May 2015, 22 May 2015 and 1 February 2016 for details of the acquisition.

LIQUIDITY, FINANCIAL RESOURCES AND TREASURY POLICIES

As at 31 December 2015, the Group had cash and bank balances amounting to a total of approximately HK\$14.6 million (31 March 2015: approximately HK\$43.8 million). The Group had no outstanding bank overdraft as at 31 December 2015 (31 March 2015: Nil).

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

QUARTERLY DIVIDEND

The Directors do not recommend the payment of a quarterly dividend for the period under review (nine months ended 31 December 2014: Nil).

BUSINESS PROSPECTS

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

The Group has been identifying and exploring other business opportunities so as to diversify the Group's solar energy industry into the downstream of solar business with growth potential and to broaden its sources of income that can bring return to the Company and the shareholders. The Group has completed the construction work of the 50MW Gansu Power Station and 50MW Ningxia Power Station in the year ended 31 March 2014 and 2015 respectively.

Following the acquisition of Million Keen, which is principally engaged in the research and development, sales and provision of other relevant technology consultation services of photovoltaic mounting brackets, solar trackers, the guardrail of the solar power stations and solar related products, the Group is going to tap into the sales of solar related products, which will enhance the competitive advantages of the Group as well as to seize the market opportunities in the solar energy industry.

The Group is also 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.

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.

QUARTERLY RESULTS (UNAUDITED)

The board of Directors announces the unaudited consolidated results of the Group for the three months and nine months ended 31 December 2015 together with the comparative unaudited consolidated results of the Group for the corresponding periods in 2014 as follows:

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

	Notes	From 1 October 2015 to 31 December 2015 HK\$'000	From 1 April 2015 to 31 December 2015 HK\$'000	From 1 October 2014 to 31 December 2014 HK\$'000	From 1 April 2014 to 31 December 2014 HK\$'000
Revenue	2	21,396	39,204	9,717	11,677
Cost of sales		(14,235)	(27,402)	(3,895)	(5,260)
Gross profit		7,161	11,802	5,822	6,417
Other revenue	2	1,377	1,533	513	935
Selling expenses		(777)	(2,336)	(911)	(2,339)
Change in fair value of contingent consideration payable	3	(650)	15,145	2,560	3,474
Change in fair value of financial assets at fair value through profit or loss	4	(716)	(852)	(223)	(2,151)
Administrative expenses		(8,894)	(22,533)	(2,840)	(8,510)
Finance costs	5	(1,615)	(4,744)	(1,443)	(4,160)
(Loss) Profit before taxation	4	(4,114)	(1,985)	3,478	(6,334)
Income tax expenses	6	(688)	(1,127)	(249)	(249)
(Loss) Profit for the period		(4,802)	(3,112)	3,229	(6,583)
(Loss) Profit attributable to:					
Owners of the Company		(7,722)	(7,381)	3,229	(6,583)
Non-controlling interests		2,920	4,269	–	–
(Loss) Profit for the period		(4,802)	(3,112)	3,229	(6,583)
Other comprehensive (expenses) income					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of financial statements of foreign operations		(2,223)	(5,963)	341	401
Total comprehensive (expenses) income for the period		(7,025)	(9,075)	3,570	(6,182)
Attributable to:					
Owners of the Company		(9,635)	(13,052)	3,570	(6,182)
Non-controlling interests		2,610	3,977	–	–
Total comprehensive (expenses) income for the period		(7,025)	(9,075)	3,570	(6,182)
Dividend		–	–	–	–
		HK cents	HK cents	HK cent	HK cent
(Loss) Earnings per share attributable to owners of the Company during the period					
– Basic	7	(0.60 cents)	(0.58 cents)	0.30 cents	(0.60 cents)
– Diluted	7	N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Equity attributable to owners of the Company									
	Share capital	Share premium	Warrant reserve	Reserve arising from reorganization	Exchange reserve	Convertible bonds reserve	(Deficit) Retained profits	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	(Note (a)) HK\$'000	(Note (b)) HK\$'000	(Note (c)) HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2014	100,079	171,828	9,680	(24,317)	11,363	39,097	(56,888)	250,842	-	250,842
Loss for the period	-	-	-	-	-	-	(6,583)	(6,583)	-	(6,583)
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	401	-	-	401	-	401
Total comprehensive income (expenses) for the period	-	-	-	-	401	-	(6,583)	(6,182)	-	(6,182)
Issue of shares in acquisition of a subsidiary (Note (d))	9,143	5,943	-	-	-	-	-	15,086	-	15,086
Transaction costs on issue of shares	-	(385)	-	-	-	-	-	(385)	-	(385)
Transfer to retained profits (deficit) upon expiry of unlisted warrants (Note (a))	-	-	(9,680)	-	-	-	9,680	-	-	-
	9,143	5,558	(9,680)	-	-	-	9,680	14,701	-	14,701
At 31 December 2014	109,222	177,386	-	(24,317)	11,764	39,097	(53,791)	259,361	-	259,361
At 1 April 2015	118,365	178,940	-	(24,317)	11,514	39,097	(17,535)	306,064	-	306,064
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	2,486	2,486
Loss for the period	-	-	-	-	-	-	(7,381)	(7,381)	4,269	(3,112)
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	(5,671)	-	-	(5,671)	(292)	(5,963)
Total comprehensive (expenses) income for the period	-	-	-	-	(5,671)	-	(7,381)	(13,052)	3,977	(9,075)
Issue of shares in acquisition of a subsidiary (Note (e))	10,818	21,096	-	-	-	-	-	31,914	-	31,914
Transaction costs on issue of shares	-	(395)	-	-	-	-	-	(395)	-	(395)
	10,818	20,701	-	-	-	-	-	31,519	-	31,519
At 31 December 2015	129,183	199,641	-	(24,317)	5,843	39,097	(24,916)	324,531	6,463	330,994

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. Warrant was lapsed on 22 December 2014.
- (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 payment for the acquisition of China Western Energy Holdings Limited were allotted and issued in accordance with the terms and conditions of the sale and purchase agreement dated 1 April 2014.
- (e) On 22 May 2015, 108,181,818 consideration shares for the initial payment for the acquisition of Million Keen Limited were allotted and issued in accordance with the terms and conditions of the sale and purchase agreement dated 5 May 2015.

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**”) 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 2015, 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 2015. 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 nine months ended 31 December 2015 are unaudited but have been reviewed by the audit committee of the Company (“**Audit Committee**”).

2. REVENUE

The Group is principally engaged in (i) sales of solar related products; (ii) power system integration business; (iii) sales of self-service automatic teller machine (“**ATM**”) systems and printing systems; and (iv) provision of hardware and software technical support services in the People’s Republic of China (“**PRC**” or “**China**”).

Revenues recognized during the period are as follows: –

	From 1 October 2015 to 31 December 2015 (unaudited) HK\$'000	From 1 April 2015 to 31 December 2015 (unaudited) HK\$'000	From 1 October 2014 to 31 December 2014 (unaudited) HK\$'000	From 1 April 2014 to 31 December 2014 (unaudited) HK\$'000
Revenue				
Sales of solar related products	18,999	35,384	–	–
Power system integration services	–	1,027	–	–
Sales of self-service ATM systems and printing systems	2,114	2,163	2,785	4,670
Provision of hardware and software technical support services	283	630	6,932	7,007
	21,396	39,204	9,717	11,677
Other revenue				
Government subsidies for business development	–	–	1	25
Bank interest income	4	60	5	15
Gain on trading in financial instrument	8	52	–	58
Written off of other payable	1,335	1,335	–	315
Others	30	86	507	522
	1,377	1,533	513	935
Total revenue	22,773	40,737	10,230	12,612

3. CHANGE IN FAIR VALUE OF CONTINGENT CONSIDERATION PAYABLE

	From 1 October 2015 to 31 December 2015 (unaudited) HK\$'000	From 1 April 2015 to 31 December 2015 (unaudited) HK\$'000	From 1 October 2014 to 31 December 2014 (unaudited) HK\$'000	From 1 April 2014 to 31 December 2014 (unaudited) HK\$'000
Change in fair value of contingent consideration payable	(650)	15,145	2,560	3,474

On 5 May 2015, City Max International Limited (“**City Max**”), a wholly-owned subsidiary of the Company, as the purchaser and Creation Moral Limited (“**Creation Moral**”) as the vendor entered into the sale and purchase agreement (“**Million Keen SP Agreement**”) pursuant to which City Max conditionally agreed to acquire and Creation Moral conditionally agreed to dispose of the entire issued share capital of Million Keen Limited (“**Million Keen**”), a company incorporated in the British Virgin Islands with limited liability, at the consideration of not less than HK\$23,800,000 and not more than HK\$47,600,000, the final amount of which will be determined based on the consolidated audited net profit after tax attributable to owners of Million Keen for the year ending 31 December 2015 multiplied by a price-earnings ratio of 6.8. The total consideration (“**Million Keen Consideration**”) will in any event not exceed HK\$47,600,000.

Pursuant to the Million Keen SP Agreement, the Million Keen Consideration shall be satisfied by the issue of consideration shares (“**Million Keen Consideration Shares**”) at the issue price of HK\$0.22 per share to Creation Moral.

As all the conditions precedent under the Million Keen SP Agreement were fulfilled on 15 May 2015, the completion of the acquisition of Million Keen took place on 22 May 2015 and 108,181,818 Million Keen Consideration Shares for the initial payment were allotted and issued to Creation Moral by the Company at the issue price of HK\$0.22 per share under the general mandate granted to the Directors to allot and issue up to 218,444,128 new shares by the shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 21 August 2014.

The contingent consideration payable was recognized at its fair value as a liability on initial recognition and was subsequently remeasured at fair value with changes in fair value recognized in profit or loss.

4. (LOSS) PROFIT BEFORE TAXATION

The Group's (loss) profit before taxation is arrived at after charging:-

	From 1 October 2015 to 31 December 2015 (unaudited) HK\$'000	From 1 April 2015 to 31 December 2015 (unaudited) HK\$'000	From 1 October 2014 to 31 December 2014 (unaudited) HK\$'000	From 1 April 2014 to 31 December 2014 (unaudited) HK\$'000
Cost of inventories sold	12,153	24,364	2,508	3,873
Depreciation	109	353	113	306
Change in fair value of financial assets at fair value through profit or loss	716	852	223	2,151
Amortization of intangible assets	4,347	11,379	928	928

5. FINANCE COSTS

	From 1 October 2015 to 31 December 2015 (unaudited) HK\$'000	From 1 April 2015 to 31 December 2015 (unaudited) HK\$'000	From 1 October 2014 to 31 December 2014 (unaudited) HK\$'000	From 1 April 2014 to 31 December 2014 (unaudited) HK\$'000
Imputed finance costs on convertible bonds	1,018	2,956	892	2,589
Interests on other loans	597	1,788	551	1,571
	1,615	4,744	1,443	4,160

6. 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 are exempted from payment of the British Virgin Islands income tax.

The Company's subsidiaries established in the PRC are subject to Enterprise Income Tax rate of 25% (nine months ended 31 December 2014: 25%). Pursuant to the relevant laws and regulations in the PRC, the Group's certain subsidiaries are entitled to tax preference from PRC Enterprise Income tax.

There was no provision for Hong Kong profits tax as the Group had no assessable profit for the nine months ended 31 December 2015 (nine months ended 31 December 2014: Nil).

	From 1 October 2015 to 31 December 2015 (unaudited) HK\$'000	From 1 April 2015 to 31 December 2015 (unaudited) HK\$'000	From 1 October 2014 to 31 December 2014 (unaudited) HK\$'000	From 1 April 2014 to 31 December 2014 (unaudited) HK\$'000
Current income tax:				
– Hong Kong Profits tax	–	–	–	–
– PRC Enterprise Income Tax	688	1,127	249	249
Income Tax	688	1,127	249	249

7. (LOSS) EARNINGS PER SHARE

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

	From 1 October 2015 to 31 December 2015 (unaudited) HK\$'000	From 1 April 2015 to 31 December 2015 (unaudited) HK\$'000	From 1 October 2014 to 31 December 2014 (unaudited) HK\$'000	From 1 April 2014 to 31 December 2014 (unaudited) HK\$'000
(Loss) Profit				
(Loss) Profit for the purpose of basic and diluted (loss) earnings per share	(7,722)	(7,381)	3,229	(6,583)
	From 1 October 2015 to 31 December 2015	From 1 April 2015 to 31 December 2015	From 1 October 2014 to 31 December 2014	From 1 April 2014 to 31 December 2014
Number of shares				
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	1,291,831,032	1,271,768,222	1,092,220,643	1,088,895,968
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	1,291,831,032	1,271,768,222	1,092,220,643	1,088,895,968

Outstanding convertible bonds of the Company were anti-dilutive since their exercise or conversion would result in an increase (a decrease) in basic earnings (loss) per share for the nine months ended 31 December 2014.

Outstanding convertible bonds of the Company were anti-dilutive since their exercise or conversion would result in a decrease in basic loss per share for the nine months ended 31 December 2015.

8. EVENTS AFTER THE REPORTING PERIOD

On 1 February 2016, 108,181,818 Million Keen Consideration Shares for the remaining balance of the Million Keen Consideration have been allotted and issued by the Company to Creation Moral pursuant to the terms of the Million Keen SP Agreement.

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

As at 31 December 2015, 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

Name of Directors/ Chief executive	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)	16.86%
Ms. Yuen Hing Lan (Executive Director)	Interests of spouse (Note 3)	217,766,038 ordinary shares (L) (Note 4)	16.86%
Mr. Hou Hsiao Bing (Executive Director)	Beneficial owner	131,150,000 ordinary shares (L)	10.15%
Mr. Hou Hsiao Wen (Note 5)	Beneficial owner	26,870,000 ordinary shares (L)	2.08%

Notes:

- The letter "L" represents the Directors' long positions in the interests in the shares or underlying shares of the Company.
- As at 31 December 2015, the issued share capital of the Company was 1,291,831,032 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 were 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.
- Mr. Hou Hsiao Wen was a former executive Director and resigned as such on 19 June 2015 and remained as a chief executive officer of the Group's ATM business in the PRC.

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

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

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

(C) DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE DEBENTURES OF THE COMPANY

Name of Director	Capacity in which the debentures are held	Amount of debentures
Mr. Chiu Tung Ping (Executive Director)	Interest in a controlled corporation (note)	HK\$20,000,000
Ms. Yuen Hing Lan (Executive Director)	Interest of spouse (note)	HK\$20,000,000

Note: 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 debentures of the Company held by Good Million Investments Limited.

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

As at 31 December 2015, 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 or underlying shares interested (Note 1)	Capacity	Approximate percentage of the Company's issued share capital as at 31 December 2015 (Note 2)
Good Million Investments Limited	217,766,038 (L) (Note 5)	Beneficial owner (Note 3)	16.86%
Mr. Qin Zhongde	88,000,000 (L) (Note 6)	Beneficial owner (Note 4)	6.81%
Creation Moral	216,363,636 (L)	Beneficial owner (Note 7)	16.75%
Ms. Sun Aihui	216,363,636 (L)	Interest of controlled corporation (Note 7)	16.75%

Notes:

- The letter "L" represents the long position in the shares or underlying shares of the Company.
- As at 31 December 2015, the issued share capital of the Company was 1,291,831,032 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.
- 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.
- 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.
- Ms. Sun Aihui held 100% interest in the entire issued share capital of Creation Moral. Hence, Ms. Sun Aihui was deemed to be interested in the shares of the Company held by Creation Moral.

Save as disclosed above, as at 31 December 2015, 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 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 31 December 2015, the Audit Committee comprised three independent non-executive Directors, namely Mr. Shi Huizhong, Mr. Meng Xianglin and Mr. Dong Guangwu, with Mr. Shi Huizhong as the Chairman. The unaudited consolidated results of the Group for the nine months ended 31 December 2015 have been reviewed and approved by the Audit Committee.

DIRECTORS’ INTEREST IN COMPETING BUSINESS

Mr. Chiu Tung Ping, the chairman and an executive Director, is also engaged and interested in business related to solar energy generation and power system integration, which may be in competition with the Group.

Saved as disclosed above, none of the Directors or his/her 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 nine months ended 31 December 2015.

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.

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

Hong Kong, 2 February 2016

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

Hu Xin

Independent non-executive Directors:

Shi Huizhong

Meng Xianglin

Dong Guangwu