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*This announcement, 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 (“GEM”) 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 announcement 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 announcement misleading.*



**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)*

**FIRST QUARTERLY RESULT ANNOUNCEMENT 2013**  
**FOR THE THREE MONTHS ENDED 30 JUNE 2013**

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

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

\* *For identification purpose only*

## QUARTERLY RESULTS HIGHLIGHTS

The loss attributable to equity holders of the Company for the three months ended 30 June 2013 was approximately HK\$3.7 million (the loss attributable to equity holders of the Company for the three months ended 30 June 2012 was approximately HK\$1.5 million).

The revenue of the Group from continuing operations for the three months ended 30 June 2013 was approximately HK\$5.2 million, representing a decrease of approximately 61.1 per cent. as compared with approximately HK\$13.4 million recorded for the three months ended 30 June 2012.

Gross profit margin of the Group was approximately 33.9 per cent. in the three months ended 30 June 2013, as compared to approximately 24.5 per cent. in the three months ended 30 June 2012.

Basic loss per share from continuing and discontinued operations for the three months ended 30 June 2013 was approximately HK0.40 cents (basic loss per share from continuing and discontinued operations for the three months ended 30 June 2012 was approximately HK0.16 cents).

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

The board (“**Board**”) of directors (“**Directors**”) of China Technology Solar Power Holdings Limited (“**Company**”) announces 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 2013 as set out below.

## BUSINESS REVIEW

The Group is principally engaged in (i) sales of self-service automatic teller machine (“**ATM**”) systems and printing systems, (ii) provision of hardware and software technical support services, (iii) solar energy generation, and (iv) power system integration business in the People’s Republic of China (“**PRC**” or “**China**”) during the three months ended 30 June 2013.

The Group’s revenue from continuing operations amounted to approximately HK\$5.2 million for the three months ended 30 June 2013, representing a decrease of approximately 61.1 per cent. as compared with approximately HK\$13.4 million recorded for the three months ended 30 June 2012 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 33.9 per cent. in the three months ended 30 June 2013, as compared to approximately 24.5 per cent. in the three months ended 30 June 2012.

Selling expenses from continuing operations incurred by the Group for the three months ended 30 June 2013 amounted to approximately HK\$0.6 million (three months ended 30 June 2012: approximately HK\$0.7 million), representing a decrease of approximately 10.6 per cent. as a result of the Group’s policy on cost control.

Administrative expenses from continuing operations incurred by the Group for the three months ended 30 June 2013 amounted to approximately HK\$3.4 million (three months ended 30 June 2012: HK\$3.4 million), representing a slight increase of approximately 0.4 per cent..

The Group recorded a loss attributable to equity holders of the Company amounting to approximately HK\$3.7 million for the three months ended 30 June 2013 (three months ended 30 June 2012: loss attributable to equity holders of the Company of approximately HK\$1.5 million). The increase in loss was mainly because (i) Qinghai Baike Solar Power Co., Ltd.\* (青海百科光電有限責任公司) (“**Qinghai Baike**”) had contributed profit of approximately HK\$3,369,000 to the Group for the three months ended 30 June 2012 but the Group has disposed of Qinghai Baike in November 2012 and Qinghai Baike ceased to contribute profit to the Group; and (ii) the revenue for the three months ended 30 June 2013 has decreased by reason of the fierce competition in the PRC for the implementation of self-service ATM systems and printing systems.

Basic loss per share from continuing and discontinued operations was approximately HK0.40 cents for the three months ended 30 June 2013, as compared with the basic loss per share from continuing and discontinued operations of approximately HK0.16 cents for the three months ended 30 June 2012.

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

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

The revenue generated from the implementation of self-service ATM systems and printing systems (including the provision of technical consultancy and support services) remained steady and recorded approximately HK\$5.2 million in the three months ended 30 June 2013, representing a decrease of approximately 61.1 per cent. as compared with the three months ended 30 June 2012 mainly as a result of the fierce competition in the PRC.

#### **PROVISION OF TECHNICAL CONSULTANCY AND SUPPORT SERVICES**

The provision of technical consultancy and support services, which were already included in the implementation of self-service ATM systems and printing systems, contributed to a stable and recurrent source of income for the Group and accounted for approximately 29.5 per cent. (three months ended 30 June 2012: approximately 13.6 per cent.) of the total revenue from the sales of goods and rendering of services from continuing operations for the three months ended 30 June 2013. Actual income derived from the provision of technical consultancy and support services during the three months ended 30 June 2013 decreased by approximately 15.5 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 fully committed itself as a reliable and reputable vendor and a total solution provider for self-service ATM systems and printing systems.

By having ATM service centers established in major cities in China including Shaoxing, Taicang, Taiyuan, Shanghai, Wenzhou, Yiwu, Wuxi, Changshu, Jinhua, Yingkou, Funing, Jingzhou, Datong, Yangzhou, Xuzhou, Huzhou, Lvliang, Quzhou and Huaian, the Group has ATM service centers covering a total of 19 strategic cities and locations currently.

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

## **SOLAR ENERGY GENERATION AND POWER SYSTEM INTEGRATION OPERATION**

### **Solar energy generation**

During the three months ended 30 June 2013, the Group did not have income generated from solar energy generation business (three months ended 30 June 2012: HK\$6.2 million).

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

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

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

## **Power system integration business**

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

As mentioned in the circular of the Company dated 16 May 2011, the Group has secured and signed two agreements for the provision of one-off service on system integration services for biomass energy, thermal power and solar energy generation companies and projects. As the contracting parties in the two agreements were in the process of obtaining the necessary licenses from the respective government authorities during the three months ended 30 June 2013 and as at the date of this announcement, 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 2013 (three months ended 30 June 2012: Nil) and as at the date of this announcement.

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 announcement, the Group had not entered into formal agreements with the other contracting parties and the Group has not commenced to provide these services.

## **LIQUIDITY, FINANCIAL RESOURCES AND TREASURY POLICIES**

As at 30 June 2013, the Group had cash and bank balances amounting to a total of approximately HK\$15.1 million (31 March 2013: approximately HK\$7.6 million). The Group has no outstanding bank overdraft as at 30 June 2013 (31 March 2013: HK\$Nil).

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

## **BUSINESS PROSPECTS**

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

The Group will fully commit itself to being one of the leading ATM total solution providers in the banking sector in the PRC and offer a full range of banking and financial system solutions for the banking and financial sectors, and persist to put efforts on enhancing closer customer relationships, broadening business relationships and exploring new business opportunities in corporate outsourcing technical service sector.

On the other hand, the Group will continue to expand its system integration services and technology consultancy services through securing more contracts for provision of such services to more solar photovoltaic power generation projects in the PRC. The Group is also looking for solar energy generation projects of smaller capacity and less capital expenditure requirement.

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.

## RESULTS

The Board announces the unaudited consolidated results of the Group for the three months ended 30 June 2013 together with comparative unaudited consolidated results of the Group for the corresponding period in 2012 as follows:

	<i>Notes</i>	<b>From 1 April 2013 to 30 June 2013 (unaudited) HK\$'000</b>	<b>From 1 April 2012 to 30 June 2012 (unaudited) HK\$'000</b>
<b>Continuing operations</b>			
Revenue	2	5,197	13,357
Cost of sales		<u>(3,437)</u>	<u>(10,089)</u>
Gross profit		1,760	3,268
Other revenue	2	5	205
Selling expenses		(649)	(726)
Change in fair value of financial assets at fair value through profit or loss	3	(17)	(2,173)
Administrative expenses		(3,412)	(3,400)
Finance costs	4	<u>(1,387)</u>	<u>(2,040)</u>
Loss before taxation	3	(3,700)	(4,866)
Income tax expenses	5	<u>–</u>	<u>–</u>
Loss for the period from continuing operations		(3,700)	(4,866)
<b>Discontinued operation</b>			
Profit for the period from discontinued operation	6	<u>–</u>	<u>3,369</u>
<b>Loss for the period</b>		(3,700)	(1,497)
<b>Other comprehensive income (expenses)</b>			
Exchange differences on translation of financial statements of overseas subsidiaries		<u>737</u>	<u>(688)</u>
<b>Total comprehensive expenses for the period</b>		<u><b>(2,963)</b></u>	<u><b>(2,185)</b></u>
<b>Loss for the period attributable to:</b>			
Equity holders of the Company		<u><b>(3,700)</b></u>	<u><b>(1,497)</b></u>
<b>Total comprehensive expenses attributable to:</b>			
Equity holders of the Company		<u><b>(2,963)</b></u>	<u><b>(2,185)</b></u>
Dividend		<u>–</u>	<u>–</u>
<b>Loss per share</b>			
From continuing and discontinued operations			
– Basic	7	<u><b>(0.40 cents)</b></u>	<u><b>(0.16 cents)</b></u>
– Diluted	7	<u><b>(8.20 cents)</b></u>	<u><b>(0.38 cents)</b></u>
From continuing operations			
– Basic	7	<u><b>(0.40 cents)</b></u>	<u><b>(0.53 cents)</b></u>
– Diluted	7	<u><b>(8.20 cents)</b></u>	<u><b>(1.25 cents)</b></u>



## NOTES TO THE UNAUDITED CONSOLIDATED RESULTS

### 1. BASIS OF PREPARATION

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

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

The accounting policies used in preparing the unaudited consolidated results are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2013, 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 2013. 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 2013 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 2013, 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; (iii) solar energy generation; and (iv) power system integration business in the PRC.

Revenues recognised during the period are as follows:–

	Continuing operations		Discontinued operation		Consolidated	
	From 1 April 2013 to 30 June 2013 HK\$’000	From 1 April 2012 to 30 June 2012 HK\$’000	From 1 April 2013 to 30 June 2013 HK\$’000	From 1 April 2012 to 30 June 2012 HK\$’000	From 1 April 2013 to 30 June 2013 HK\$’000	From 1 April 2012 to 30 June 2012 HK\$’000
Revenue						
Sales of goods	3,664	11,543	–	–	3,664	11,543
Rendering of services	1,533	1,814	–	–	1,533	1,814
Solar energy generation	–	–	–	6,213	–	6,213
	<u>5,197</u>	<u>13,357</u>	<u>–</u>	<u>6,213</u>	<u>5,197</u>	<u>19,570</u>
Other revenue						
Bank interest income	5	5	–	–	5	5
Government subsidy for business development	–	79	–	–	–	79
Gain on trading in financial instrument	–	121	–	–	–	121
	<u>5</u>	<u>205</u>	<u>–</u>	<u>–</u>	<u>5</u>	<u>205</u>
Total revenue	<u><u>5,202</u></u>	<u><u>13,562</u></u>	<u><u>–</u></u>	<u><u>6,213</u></u>	<u><u>5,202</u></u>	<u><u>19,775</u></u>



### 3. LOSS BEFORE TAXATION

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

	Continuing operations		Discontinued operation		Consolidated	
	1 April 2013 to 30 June 2013	1 April 2012 to 30 June 2012	1 April 2013 to 30 June 2013	1 April 2012 to 30 June 2012	1 April 2013 to 30 June 2013	1 April 2012 to 30 June 2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost of inventories	2,532	8,563	-	-	2,532	8,563
Depreciation	46	27	-	731	46	758
Change in fair value of financial assets at fair value through profit or loss	17	2,173	-	-	17	2,173

### 4. FINANCE COSTS

	Continuing operations		Discontinued operation		Consolidated	
	1 April 2013 to 30 June 2013	1 April 2012 to 30 June 2012	1 April 2013 to 30 June 2013	1 April 2012 to 30 June 2012	1 April 2013 to 30 June 2013	1 April 2012 to 30 June 2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Imputed finance costs on convertible bonds	1,156	1,512	-	-	1,156	1,512
Interest on other loan	231	528	-	730	231	1,258
	1,387	2,040	-	730	1,387	2,770

### 5. INCOME TAX EXPENSES

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

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

## 6. DISCONTINUED OPERATION

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

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

	<b>From 1 April 2013 to 30 June 2013 HK\$'000</b>	From 1 April 2012 to 30 June 2012 HK\$'000
<b>Profit for the period from discontinued operation</b>		
Revenue	–	6,213
Cost of sales	–	(720)
Gross profit	–	5,493
Expenses	–	(2,124)
Profit before taxation	–	3,369
Income tax expenses	–	–
Profit for the period from discontinued operation	<u>–</u>	<u>3,369</u>

## 7. LOSS PER SHARE

### From continuing and discontinued operations

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

	<b>From 1 April 2013 to 30 June 2013 HK\$'000</b>	From 1 April 2012 to 30 June 2012 HK\$'000
<b>Loss</b>		
Loss for the period attributable to the equity holders of the Company	<u>(3,700)</u>	<u>(1,497)</u>

	<b>From 1 April 2013 to 30 June 2013</b>	From 1 April 2012 to 30 June 2012
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<b>926,592,072</b>	926,592,072
Effect of dilutive potential ordinary shares: Warrants issued by the Company	<b><u>(881,461,287)</u></b>	<u>(536,942,675)</u>
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	<b><u>45,130,785</u></b>	<u>389,649,397</u>

### **From continuing operations**

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

	<b>From 1 April 2013 to 30 June 2013 HK\$'000</b>	From 1 April 2012 to 30 June 2012 HK\$'000
Loss for the period attributable to the equity holders of the Company	<b>(3,700)</b>	(1,497)
Less: Profit for the period attributable to the equity holder of the Company from discontinued operation	<u>—</u>	<u>3,369</u>
Loss for the purpose of basic loss per share from continuing operations	<b><u>(3,700)</u></b>	<u>(4,866)</u>

### **From discontinued operation**

There is no basic loss per share from discontinued operation for the three months ended 30 June 2013 because Qinghai Baike had been disposed of on 20 November 2012 (three months ended 30 June 2012: Basic earnings per share HK0.36 cents based on the profit for the three months ended 30 June 2012 of approximately HK\$3,369,000 and the denominators detailed above for basic earnings per share).

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

## QUARTERLY DIVIDEND

The Board does not recommend the payment of quarterly dividend for the period from 1 April 2013 to 30 June 2013 (three months ended 30 June 2012: Nil).

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of the Company								Total
	Share capital	Share premium	Warrant reserve	Reserve arising from reorganization	Exchange reserve	Convertible bonds reserve	Discontinued operation	Deficit	
	HK\$'000	HK\$'000	(Note (a)) HK\$'000	(Note (b)) HK\$'000	(Note (d)) HK\$'000	(Note (c)) HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2012	92,659	142,148	9,680	(24,317)	10,214	91,767	(104,293)	576	218,434
Transferred to discontinued operation	-	-	-	-	168	-	-	(168)	-
Total comprehensive expenses for the period	-	-	-	-	(688)	-	(1,497)	-	(2,185)
At 30 June 2012	<u>92,659</u>	<u>142,148</u>	<u>9,680</u>	<u>(24,317)</u>	<u>9,694</u>	<u>91,767</u>	<u>(105,790)</u>	<u>408</u>	<u>216,249</u>
At 1 April 2013	92,659	142,148	9,680	(24,317)	10,402	61,071	(66,953)	-	224,690
Total comprehensive income (expenses) for the period	-	-	-	-	737	-	(3,700)	-	(2,963)
At 30 June 2013	<u>92,659</u>	<u>142,148</u>	<u>9,680</u>	<u>(24,317)</u>	<u>11,139</u>	<u>61,071</u>	<u>(70,653)</u>	<u>-</u>	<u>221,727</u>

### Notes:

- (a) During the year ended 31 March 2010, the Company issued 100,000,000 warrant at HK\$0.10 each for cash. Net proceeds from the issuance of warrant of approximately HK\$9,680,000 was recognized as warrant reserve.
- (b) The reserve arising from reorganization of approximately HK\$24,317,000 represents the difference between the nominal value of the share capital of subsidiaries acquired and the cost of investments in these subsidiaries incurred by the Company in exchange thereof, and has been debited to the reserve of the Group.
- (c) On 1 June 2011, the Company issued convertible bonds with a principal amount of HK\$163,100,000. Equity component of the convertible bonds was recognized in the convertible bonds reserve account.
- (d) The exchange reserve comprises:
  - (i) The foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries and associates whose functional currencies are different from the functional currency of the Company.
  - (ii) The exchange differences on monetary items which form part of the Group's net investment in the foreign subsidiaries.

**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 2013, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors 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**

<b>Name of Directors</b>	<b>Capacity</b>	<b>Number and class of securities</b> <i>(Note 1)</i>	<b>Percentage shareholding in the same class of securities</b> <i>(Note 2)</i>
Mr. Chiu Tung Ping <i>(Executive Director)</i>	Interests of controlled corporation <i>(Note 3)</i>	217,766,038 ordinary shares (L) <i>(Note 4)</i>	23.5%
Ms. Yuen Hing Lan <i>(Executive Director)</i>	Interests of spouse <i>(Note 3)</i>	217,766,038 ordinary shares (L) <i>(Note 4)</i>	23.5%
Mr. Hou Hsiao Bing <i>(Executive Director)</i>	Beneficial owner	131,150,000 ordinary shares (L)	14.15%
Mr. Hou Hsiao Wen <i>(Executive Director)</i>	Beneficial owner	25,370,000 ordinary shares (L)	2.74%

*Notes:*

1. The letter “L” represents the Directors’ long positions in the interests in the shares and underlying shares of the Company.
2. As at 30 June 2013, the entire issued share capital of the Company is 926,592,072 shares of HK\$0.1 each.
3. Mr. Chiu Tung Ping and Ms. Yuen Hing Lan held 70% and 30% interest in the entire issued share capital of Good Million Investments Limited. Ms. Yuen Hing Lan is the spouse of Mr. Chiu Tung Ping, and hence both Mr. Chiu Tung Ping and Ms. Yuen Hing Lan were deemed to be interested in the shares of the Company held by Good Million Investments Limited.
4. Included in these shares are 103,566,038 shares of the Company held by Good Million Investments Limited and 114,200,000 shares of the Company to be issued to Good Million Investments Limited upon exercise of convertible bonds issued by the Company.

**(B) Directors’ and Chief Executive’s Interests/Short Positions in the Share Capital of the Company’s Associated Corporations**

<b>Name of Director</b>	<b>Name of associated corporations</b>	<b>Number of shares interested</b>	<b>Nature of interest</b>	<b>Approximate percentage holding of the non-voting deferred shares</b>
Mr. Hou Hsiao Bing <i>(Executive Director)</i>	Truth Honour Electronic Limited	3,000,000 non-voting deferred shares	Beneficial owner	100% of the non-voting deferred shares
Mr. Hou Hsiao Bing <i>(Executive Director)</i>	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 2013, the following persons or entities, other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholders	Number of ordinary shares or underlying shares interested <i>(Note 1)</i>	Capacity	Approximate percentage of the Company's issued share capital as at 30 June 2013 <i>(Note 2)</i>
Good Million Investments Limited	217,766,038 (L) <i>(Note 6)</i>	Beneficial owner <i>(Note 3)</i>	23.5%
Mr. Qin Zhongde	88,000,000 (L)	Beneficial owner <i>(Note 4)</i>	9.50%
China Technology Development Group Corporation	57,313,962 (L)	Beneficial owner <i>(Note 5)</i>	6.19%

### Notes:

1. The letter "L" represents the long position in the shares and underlying shares of the Company.
2. As at 30 June 2013, the entire issued share capital of the Company is 926,592,072 shares of HK\$0.1 each.
3. Mr. Chiu Tung Ping and Ms. Yuen Hing Lan, both being executive Directors, held 70% and 30% interest in the entire issued share capital of Good Million Investments Limited.
4. Ms. Huang Xiulan is the spouse of Mr. Qin Zhongde. Accordingly, Ms. Huang Xiulan is deemed, by virtue of SFO, to be interested in all the shares in which Mr. Qin Zhongde is interested.
5. BHL Solar Technology Company Limited is wholly-owned by China Technology Development Group Corporation.
6. Included in these shares are 103,566,038 shares of the Company held by Good Million Investments Limited and 114,200,000 shares of the Company to be issued to Good Million Investments Limited upon exercise of convertible bonds issued by the Company.

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



## **AUDIT COMMITTEE**

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

The Audit Committee 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 2013 have been reviewed and approved by the Audit Committee.

## **DIRECTORS’ INTEREST IN COMPETING BUSINESS**

Mr. Tam Kam Biu, William, an independent non-executive Director, is an executive director of China Bio Cassava Holdings Limited (Stock Code: 8129), a company incorporated in the Cayman Islands whose securities are listed on GEM. As China Bio Cassava Holdings Limited is also a company which is engaged in business related to research and development of information technology, China Bio Cassava Holdings Limited may be in competition with the Group.

Save as disclosed above, none of the Directors has an interest in a business which competes or may compete with the business of the Group.

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

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

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of 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 2013

*As at the date of this announcement, 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*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication.*