

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (“Stock Exchange”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2015
FOR THE THREE MONTHS ENDED 30 JUNE 2015

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 owners of the Company for the three months ended 30 June 2015 was approximately HK\$7.9 million (the loss attributable to owners of the Company for the three months ended 30 June 2014 was approximately HK\$5.9 million).

The revenue of the Group for the three months ended 30 June 2015 was approximately HK\$1.2 million, representing an increase of approximately 116.8 per cent. as compared with approximately HK\$0.6 million recorded for the three months ended 30 June 2014.

Gross profit margin of the Group was approximately 21.3 per cent. for the three months ended 30 June 2015, as compared to approximately 40.5 per cent. for the three months ended 30 June 2014.

Basic loss per share for the three months ended 30 June 2015 was approximately HK0.64 cents (basic loss per share for the three months ended 30 June 2014 was approximately HK0.55 cents).

The Directors do not recommend the payment of a dividend for the three months ended 30 June 2015 (three months ended 30 June 2014: 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 2015.

BUSINESS REVIEW

The Group is principally engaged in (i) power system integration business, (ii) sales of self-service automatic teller machine (“**ATM**”) systems and printing systems, and (iii) provision of hardware and software technical support services in the People’s Republic of China (“**PRC**” or “**China**”) during the three months ended 30 June 2015.

The Group’s revenue amounted to approximately HK\$1.2 million for the three months ended 30 June 2015, representing an increase of approximately 116.8 per cent. as compared with approximately HK\$0.6 million recorded for the three months ended 30 June 2014.

The Group’s gross profit margin was approximately 21.3 per cent. for the three months ended 30 June 2015, as compared to approximately 40.5 per cent. for the three months ended 30 June 2014. Actual gross profit during the three months ended 30 June 2015 increased by 14.2 per cent., as compared with the same period last year.

Selling expenses incurred by the Group for the three months ended 30 June 2015 amounted to approximately HK\$1.0 million (three months ended 30 June 2014: approximately HK\$0.5 million), representing an increase of approximately 86.7 per cent. mainly because the Group had allocated extra resources to explore new business opportunities during the three months ended 30 June 2015.

Administrative expenses incurred by the Group for the three months ended 30 June 2015 amounted to approximately HK\$5.9 million (three months ended 30 June 2014: approximately HK\$2.7 million), representing an increase of approximately 118.8 per cent. mainly attributable to the amortization of intangible assets of approximately HK\$2.7 million during the period under review (three months ended 30 June 2014: Nil). The intangible assets represent power system integration services contracts signed by the subsidiaries being acquired and valued by an independent professional valuer.

The Group recorded a loss attributable to owners of the Company amounting to approximately HK\$7.9 million for the three months ended 30 June 2015 (three months ended 30 June 2014: loss attributable to owners of the Company of approximately HK\$5.9 million).

Basic loss per share was approximately HK0.64 cents for the three months ended 30 June 2015, as compared with the basic loss per share of approximately HK0.55 cents for the three months ended 30 June 2014.

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 three months ended 30 June 2015 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 two agreements during the three months ended 30 June 2015 (three months ended 30 June 2014: 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.

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 (“**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 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.

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 include 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 are expected to have an aggregate designed capacity of 500MW, by the end of 2020. As at the date of this announcement, the Group has not commenced to provide these services.

During the three months ended 30 June 2015, the revenue generated from the power system integration operation amounted to approximately HK\$1.0 million (three months ended 30 June 2014: Nil).

IMPLEMENTATION OF SELF-SERVICE ATM SYSTEMS AND PRINTING SYSTEMS

During the three months ended 30 June 2015, implementation of self-service ATM systems and printing systems (including the provision of technical consultancy and support services) accounted for approximately 16.1 per cent. (three months ended 30 June 2014: 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\$0.2 million in the three months ended 30 June 2015, representing a decrease of approximately 65.1 per cent., as compared with the three months ended 30 June 2014 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 12.8 per cent. (three months ended 30 June 2014: approximately 5.4 per cent.) of the total revenue from the sales of goods and rendering of services for the three months ended 30 June 2015. Actual income derived from the provision of technical consultancy and support services during the three months ended 30 June 2015 increased by approximately HK\$128,000, as compared with the same period last year.

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, Changshu and Yingkou, the Group has ATM service centers covering a total of 3 strategic cities and locations currently.

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 has conditionally agreed to acquire and Creation Moral has 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 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. The Million Keen Consideration Shares will be allotted and issued 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.

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 at completion.

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

LIQUIDITY, FINANCIAL RESOURCES AND TREASURY POLICIES

As at 30 June 2015, the Group had cash and bank balances amounting to a total of approximately HK\$17.8 million (31 March 2015: approximately HK\$43.8 million). The Group has no outstanding bank overdraft as at 30 June 2015 (31 March 2015: HK\$Nil).

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

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.

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.

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 2015 together with comparative unaudited consolidated results of the Group for the corresponding period in 2014 as follows:

| | <i>Notes</i> | From 1 April 2015 to 30 June 2015 (unaudited) HK\$'000 | From 1 April 2014 to 30 June 2014 (unaudited) HK\$'000 |
|--|--------------|---|---|
| Revenue | 2 | 1,242 | 573 |
| Cost of sales | | <u>(977)</u> | <u>(341)</u> |
| Gross profit | | 265 | 232 |
| Other revenue | 2 | 105 | 66 |
| Selling expenses | | (984) | (527) |
| Change in fair value of financial assets at fair value through profit or loss | 3 | 117 | (1,681) |
| Administrative expenses | | (5,854) | (2,675) |
| Finance costs | 4 | <u>(1,548)</u> | <u>(1,333)</u> |
| Loss before taxation | 3 | (7,899) | (5,918) |
| Income tax expenses | 5 | <u>(78)</u> | <u>–</u> |
| Loss for the period | | <u>(7,977)</u> | <u>(5,918)</u> |
| Loss attributable to: | | | |
| Owners of the Company | | (7,938) | (5,918) |
| Non-controlling interests | | <u>(39)</u> | <u>–</u> |
| Loss for the period | | <u>(7,977)</u> | <u>(5,918)</u> |
| Other comprehensive income (expense) | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences arising on translation of financial statements of foreign operations | | <u>441</u> | <u>(72)</u> |
| Total comprehensive expense for the period | | <u>(7,536)</u> | <u>(5,990)</u> |
| Attributable to: | | | |
| – Owners of the Company | | (7,497) | (5,990) |
| – Non-controlling interests | | <u>(39)</u> | <u>–</u> |
| Total comprehensive expense for the period | | <u>(7,536)</u> | <u>(5,990)</u> |
| Dividend | | <u>–</u> | <u>–</u> |
| | | HK cent | HK cent |
| Loss per share attributable to owners of the Company during the period | | | |
| – Basic | 6 | <u>(0.64 cents)</u> | <u>(0.55 cents)</u> |
| – Diluted | 6 | <u>N/A</u> | <u>(0.96 cents)</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**”), 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 three months ended 30 June 2015 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 2015, the Group is principally engaged in (i) power system integration business; (ii) sales of self-service ATM systems and printing systems; and (iii) provision of hardware and software technical support services in the PRC.

Revenues recognised during the period are as follows:–

| | From 1 April 2015 to 30 June 2015 <i>HK\$’000</i> | From 1 April 2014 to 30 June 2014 <i>HK\$’000</i> |
|---|--|--|
| Revenue | | |
| Power system integration services | 1,042 | – |
| Sales of goods | 41 | 542 |
| Provision of hardware and software technical support services | 159 | 31 |
| | <u>1,242</u> | <u>573</u> |
| Other revenue | | |
| Bank interest income | 45 | 3 |
| Gain on trading in financial instrument | 14 | 53 |
| Others | 46 | 10 |
| | <u>105</u> | <u>66</u> |
| Total revenue | <u><u>1,347</u></u> | <u><u>639</u></u> |

3. LOSS BEFORE TAXATION

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

| | 1 April 2015 to 30 June 2015 | 1 April 2014 to 30 June 2014 |
|--|---|---------------------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Amortization on intangible assets | 2,686 | – |
| Cost of inventories | 977 | 318 |
| Depreciation | 7 | 94 |
| Change in fair value of financial assets at fair value through profit or loss | (117) | 1,681 |
| | <u> </u> | <u> </u> |

4. FINANCE COSTS

| | 1 April 2015 to 30 June 2015 | 1 April 2014 to 30 June 2014 |
|--|---|---------------------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Imputed finance costs on convertible bonds | 953 | 835 |
| Interest on other loan | 595 | 498 |
| | <u> </u> | <u> </u> |
| | <u> </u> | <u> </u> |

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 were exempted from payment of the British Virgin Islands income taxes.

The Company's subsidiaries established in the PRC are subject to Enterprise Income Tax rate of 25% (three months ended 30 June 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 has no assessable profit for the three months ended 30 June 2015 (three months ended 30 June 2014: Nil).

| | 1 April 2015 to 30 June 2015 | 1 April 2014 to 30 June 2014 |
|-----------------------------|---|---------------------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Current income tax: | | |
| – Hong Kong Profits tax | – | – |
| – PRC Enterprise Income Tax | 78 | – |
| | <u> </u> | <u> </u> |
| Income Tax | <u> </u> | <u> </u> |

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:

| | From 1 April 2015 to 30 June 2015 <i>HK\$'000</i> | From 1 April 2014 to 30 June 2014 <i>HK\$'000</i> |
|---|--|--|
| Loss | | |
| Loss for the period attributable to the owners of the Company | <u>(7,938)</u> | <u>(5,918)</u> |
| | From 1 April 2015 to 30 June 2015 | From 1 April 2014 to 30 June 2014 |
| Number of shares | | |
| Weighted average number of ordinary shares for the purpose of basic loss per share | 1,231,201,661 | 1,082,173,547 |
| Effect of dilutive potential ordinary shares: Warrants issued by the Company | <u>–</u> | <u>(464,971,751)</u> |
| Weighted average number of ordinary shares for the purpose of diluted loss per share | <u>1,231,201,661</u> | <u>617,201,796</u> |

Outstanding convertible bonds of the Company is anti-dilutive since their exercise or conversion would result in a decrease in basic loss per share for the three months ended 30 June 2015.

QUARTERLY DIVIDEND

The Board does not recommend the payment of quarterly dividend for the period from 1 April 2015 to 30 June 2015 (three months ended 30 June 2014: Nil).

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Equity attributable to equity shareholders of the Company | | | | | | | | | |
|---|---|---------------|------------------------|-------------------------------------|------------------------|---------------------------|----------|----------|---------------------------|----------|
| | Share capital | Share premium | Warrant reserve | Reserve arising from reorganization | Exchange reserve | Convertible bonds reserve | Deficit | 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 | - | - | - | - | - | - | (5,918) | (5,918) | - | (5,918) |
| Exchange differences arising on translation of financial statements of foreign operations | - | - | - | - | (72) | - | - | (72) | - | (72) |
| Total comprehensive expense for the period | - | - | - | - | (72) | - | (5,918) | (5,990) | - | (5,990) |
| 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) |
| | 9,143 | 5,558 | - | - | - | - | - | 14,701 | - | 14,701 |
| At 30 June 2014 | 109,222 | 177,386 | 9,680 | (24,317) | 11,291 | 39,097 | (62,806) | 259,553 | - | 259,553 |
| At 1 April 2015 | 118,365 | 178,940 | - | (24,317) | 11,514 | 39,097 | (17,535) | 306,064 | - | 306,064 |
| Acquisition of a subsidiary | - | - | - | - | - | - | - | - | 2,485 | 2,485 |
| Loss for the period | - | - | - | - | - | - | (7,938) | (7,938) | (39) | (7,977) |
| Exchange differences arising on translation of financial statements of foreign operations | - | - | - | - | 441 | - | - | 441 | - | 441 |
| Total comprehensive income (expense) for the period | - | - | - | - | 441 | - | (7,938) | (7,497) | (39) | (7,536) |
| Issue of shares in acquisition of a subsidiary (Note (e)) | 10,818 | 21,096 | - | - | - | - | - | 31,914 | - | 31,914 |
| Transaction costs on issue of shares | - | (415) | - | - | - | - | - | (415) | - | (415) |
| | 10,818 | 20,681 | - | - | - | - | - | 31,499 | - | 31,499 |
| At 30 June 2015 | 129,183 | 199,621 | - | (24,317) | 11,955 | 39,097 | (25,473) | 330,066 | 2,446 | 332,512 |

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 by the Company to Soar Ocean Holdings Limited.
- (e) On 22 May 2015, 108,181,818 Million Keen Consideration Shares for the initial payment for the acquisition of Million Keen were allotted and issued in accordance with the terms and conditions of the Million Keen SP Agreement by the Company to Creation Moral.

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 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 | 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 | 26,370,000 ordinary shares (L) | 2.04% |

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 2015, the entire issued share capital of the Company is 1,291,831,032 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 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.
5. 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 <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.

(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 30 June 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 30 June 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:

1. The letter “L” represents the long position in the shares and underlying shares of the Company.
2. As at 30 June 2015, the entire issued share capital of the Company is 1,291,831,032 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. 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.
6. 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.
7. 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.

AUDIT COMMITTEE

The 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. Shi Huizhong, Mr. Meng Xianglin and Mr. Dong Guangwu. The unaudited consolidated results of the Group for the three months ended 30 June 2015 have been reviewed and approved by the Audit Committee.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Mr. Chiu Tung Ping, the chairman and 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 three months ended 30 June 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 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, 7 August 2015

As at the date of this announcement, 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

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the Company's website at www.chinatechsolar.com.