

2013

THIRD QUARTERLY REPORT



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)

* For identification purpose only

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, 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 report.

*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 equity holders of the Company for the nine months ended 31 December 2013 was approximately HK\$9.3 million (the loss attributable to equity holders of the Company for the nine months ended 31 December 2012 was approximately HK\$2.8 million).

The revenue of the Group from continuing operations for the nine months ended 31 December 2013 was approximately HK\$10.5 million, representing a decrease of approximately 73.5 per cent. as compared to the nine months ended 31 December 2012.

Gross profit margin of the Group was approximately 29.0 per cent. in the nine months ended 31 December 2013, as compared to approximately 23.2 per cent. in the nine months ended 31 December 2012.

Basic loss per share from continuing and discontinued operations for the nine months ended 31 December 2013 was approximately HK1.00 cents (basic loss per share from continuing and discontinued operations for the nine months ended 31 December 2012 was approximately HK0.30 cents).

The Directors do not recommend the payment of a quarterly dividend for the nine months ended 31 December 2013 (nine months ended 31 December 2012: Nil).

The Board announces the unaudited consolidated results of the Group for the nine months ended 31 December 2013.

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 nine months ended 31 December 2013.

The Group’s revenue from continuing operations amounted to approximately HK\$10.5 million for the nine months ended 31 December 2013, representing a decrease of approximately 73.5 per cent., as compared with approximately HK\$39.6 million recorded for the nine months ended 31 December 2012 mainly as a result of the fierce competition in the PRC market for the implementation of self-service ATM systems and printing systems.

The Group’s gross profit margin was approximately 29.0 per cent. in the nine months ended 31 December 2013, compared to approximately 23.2 per cent. in the nine months ended 31 December 2012. Actual gross profit during the nine months ended 31 December 2013 decreased by approximately 66.8 per cent., as compared with the same period last year, mainly as a result of the fierce competition in the PRC market.

Selling expenses from continuing operations incurred by the Group for the nine months ended 31 December 2013 amounted to approximately HK\$1.7 million (nine months ended 31 December 2012: approximately HK\$2.5 million), representing a decrease of approximately 32.8 per cent. which was in line with the decrease in revenue from continuing operations.

Administrative expenses from continuing operations incurred by the Group for the nine months ended 31 December 2013 amounted to approximately HK\$10.1 million (nine months ended 31 December 2012: HK\$15.0 million), representing a decrease of approximately 32.4 per cent. as a result of the Group’s policy on cost control.

The Group recorded a loss attributable to equity holders of the Company amounting to approximately HK\$9.3 million for the nine months ended 31 December 2013 (nine months ended 31 December 2012: loss attributable to equity holders of the Company of approximately HK\$2.8 million). The increase in loss was mainly because the revenue for the nine months ended 31 December 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 HK1.00 cents for the nine months ended 31 December 2013, as compared with the basic loss per share from continuing and discontinued operations of approximately HK0.30 cents for the nine months ended 31 December 2012.

IMPLEMENTATION OF SELF-SERVICE ATM SYSTEMS AND PRINTING SYSTEMS

During the nine months ended 31 December 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. (nine months ended 31 December 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) recorded approximately HK\$10.5 million in the nine months ended 31 December 2013, representing a decrease of approximately 73.5 per cent., as compared with the nine months ended 31 December 2012.

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 40.1 per cent. (nine months ended 31 December 2012: approximately 15.6 per cent.) of the total revenue from the sales of goods and rendering of services from continuing operations for the nine months ended 31 December 2013. Income derived from the provision of technical consultancy and support services during the nine months ended 31 December 2013 decreased by approximately 32.0 per cent., as compared with the same period last year, mainly as a result of the fierce competition in the PRC market.

As an authorised value-added reseller of self-service ATM systems of NCR (Beijing) Financial Equipment System Co., Ltd ("NCR") and marketing agent of Fuji Xerox for its printing systems 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 Taiyuan, Shanghai, Wenzhou, Changshu, Yingkou, Datong, Xuzhou, Huzhou and Lvliang, the Group has ATM service centers covering a total of 9 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 nine months ended 31 December 2013, the Group did not have income generated from solar energy generation business (nine months ended 31 December 2012: HK\$13.7 million).

On 6 September 2012, China Technology Solar Power Holdings Limited (“**CTSP (BVI)**”), a company incorporated in the British Virgin Islands with limited liability 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 the 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 nine months ended 31 December 2013 and as at the date of this report, the Group had not commenced such system integration services and did not have income generated from the power system integration business during the nine months ended 31 December 2013 (nine months ended 31 December 2012: Nil) and as at the date of this report.

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

In September 2013, the Group entered into a memorandum of understanding with an investment company ("**Investment Company**") for projects relating to construction of large-scale grid-connected solar photovoltaic power station and distributed power generation on rooftop, which are expected to have an aggregate designed capacity of 300MW ("**300MW Project**"), by the end of 2016. In October 2013, the Group entered into a co-operation agreement with an energy company in Xi'an, and together with such energy company, jointly contracted with a wholly-owned subsidiary of the Investment Company in Jinchang City in Gansu province for the construction of a solar photovoltaic power station with an expected capacity of 50MW ("**50MW Gansu Power Station**") which is phase 1 of the 300MW Project. As at 31 December 2013, the Group has completed the construction work of the 50MW Gansu Power Station and is awaiting for the system testing and satisfaction report from the Investment Company, which is expected to be obtained by the end of the financial year ending 31 March 2014. As such, the Group did not have income generated from the power system integration business during the nine months ended 31 December 2013.

LIQUIDITY, FINANCIAL RESOURCES AND TREASURY POLICIES

As at 31 December 2013, the Group had cash and bank balances amounting to a total of approximately HK\$21.3 million (31 March 2013: approximately HK\$7.6 million). The Group has no outstanding bank overdraft as at 31 December 2013 (31 March 2013: 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.

QUARTERLY DIVIDEND

The Directors do not recommend the payment of a quarterly dividend for the period under review (nine months ended 31 December 2012: Nil).

BUSINESS PROSPECTS

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

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

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 biomass energy, thermal power and solar energy generation companies and projects in the PRC. In September 2013, the Group entered into a memorandum of understanding with the 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, by the end of 2016. In October 2013, the Group entered into a co-operation agreement with an energy company in Xi'an, and together with such energy company, jointly contracted with a wholly-owned subsidiary of the Investment Company in Jinchang City in Gansu province for the construction of 50MW Gansu Power Station which is phase 1 of the 300MW Project. As at 31 December 2013, the Group has completed the construction work of the 50MW Gansu Power Station and is awaiting for the system testing and satisfaction report from the Investment Company.

In respect of the solar energy generation operation, the Group is looking for other solar energy generation projects.

Leveraging on our prudent and experienced management and our strong and determined workforce, the Group will strive to maintain and expand its operations further, thus bringing greater return to our 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 2013 together with the comparative unaudited consolidated results of the Group for the corresponding periods in 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

	Notes	From 1 October 2013 to 31 December 2013 HK\$'000	From 1 April 2013 to 31 December 2013 HK\$'000	From 1 October 2012 to 31 December 2012 HK\$'000	From 1 April 2012 to 31 December 2012 HK\$'000
Continuing operations					
Revenue	2	1,178	10,521	15,859	39,644
Cost of sales		(1,094)	(7,466)	(12,051)	(30,439)
Gross profit		84	3,055	3,808	9,205
Other revenue	2	74	154	17,189	17,698
Selling expenses		(537)	(1,713)	(489)	(2,548)
Change in fair value of financial assets at fair value through profit or loss	3	3,287	3,734	(359)	(2,954)
Administrative expenses		(2,812)	(10,116)	(7,407)	(14,970)
Finance costs	4	(1,546)	(4,433)	(2,006)	(6,145)
(Loss) Profit before taxation	3	(1,450)	(9,319)	10,736	286
Income tax expenses	5	-	-	-	-
(Loss) Profit for the period from continuing operations		(1,450)	(9,319)	10,736	286
Discontinued operation					
Loss for the period from discontinued operation	6	-	-	(8,732)	(3,064)
(Loss) Profit for the period		(1,450)	(9,319)	2,004	(2,778)
(Loss) Profit for the period attributable to:					
Equity holders of the Company		(1,450)	(9,319)	2,004	(2,778)
Dividend		-	-	-	-
		HK cent	HK cent	HK cent	HK cent
(Loss) Earnings per share					
From continuing and discontinued operations					
- Basic	7	(0.15 cents)	(1.00 cents)	0.22 cents	(0.30 cents)
- Diluted	7	(0.66 cents)	(5.93 cents)	N/A	(0.74 cents)
From continuing operations					
- Basic	7	(0.15 cents)	(1.00 cents)	1.16 cents	0.03 cents
- Diluted	7	(0.66 cents)	(5.93 cents)	N/A	N/A

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

	From 1 October 2013 to 31 December 2013 HK\$'000	From 1 April 2013 to 31 December 2013 HK\$'000	From 1 October 2012 to 31 December 2012 HK\$'000	From 1 April 2012 to 31 December 2012 HK\$'000
(Loss) Profit for the period	(1,450)	(9,319)	2,004	(2,778)
Other comprehensive income (expenses) <i>Items that may be reclassified subsequently to profit or loss:</i> Exchange differences on translation of financial statements of overseas subsidiaries	407	1,425	706	(288)
Total comprehensive (expenses) income for the period	(1,043)	(7,894)	2,710	(3,066)
Total comprehensive (expenses) income attributable to: Equity holders of the Company	(1,043)	(7,894)	2,710	(3,066)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Equity attributable to equity holders of the Company								Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Warrant reserve HK\$'000 (note a)	Reserve arising from reorganization HK\$'000 (note b)	Exchange reserve HK\$'000 (note c)	Convertible bonds reserve HK\$'000 (note e)	Retained profits/ (Deficit) HK\$'000	Discontinued operation HK\$'000	
At 1 April 2012	92,659	142,148	9,680	(24,317)	10,214	91,767 (30,696)	(104,293) 30,696	576	218,434
Cancellation of convertible bonds	-	-	-	-	-	-	-	-	-
Release of deferred tax liabilities on cancellation of convertible bonds	-	-	-	-	-	-	6,066	-	6,066
Transfer to discontinued operation	-	-	-	-	18	-	-	(18)	-
Disposal of a subsidiary	-	-	-	-	-	-	-	(558)	(558)
Loss for the period	-	-	-	-	-	-	(2,778)	-	(2,778)
Other comprehensive expenses									
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	-	-	(288)	-	-	-	(288)
At 31 December 2012	92,659	142,148	9,680	(24,317)	9,944	61,071	(70,309)	-	220,876
At 1 April 2013	92,659	142,148	9,680	(24,317)	10,402	61,071	(66,953)	-	224,690
Issue of shares on exercise of convertible bonds (note d)	7,420	29,680	-	-	-	(27,454)	-	-	9,646
Release of deferred tax liabilities on exercise of convertible bonds	-	-	-	-	-	1,592	-	-	1,592
Loss for the period	-	-	-	-	-	-	(9,319)	-	(9,319)
Other comprehensive expenses									
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	-	-	1,425	-	-	-	1,425
At 31 December 2013	100,079	171,828	9,680	(24,317)	11,827	35,209	(76,272)	-	228,034

Notes:

- (a) During the year ended 31 March 2010, the Company issued 100,000,000 warrant at HK\$0.10 each for cash. Net proceeds from the issuance of warrant of approximately HK\$9,680,000 was recognized as warrant reserve.
- (b) The reserve arising from reorganization of approximately HK\$24,317,000 represents the difference between the nominal value of the share capital of subsidiaries acquired and the cost of investments in these subsidiaries incurred by the Company in exchange thereof, and has been debited to the reserve of the Group.
- (c) The exchange reserve comprises:
- 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.
 - The exchange differences on monetary items which form part of the Group's net investment in the foreign subsidiaries.
- (d) On 26 November 2013, 74,200,000 shares of the Company were issued by the Company as a result of the exercise of the convertible rights attached to Tranche 1 convertible bonds in the principal amount of HK\$37,100,000.
- (e) On 1 June 2011, the Company issued convertible bonds with a principal amount of HK\$163,100,000. Equity component of the convertible bonds of approximately HK\$119,919,000 was recognized in the convertible bonds reserve account, and out of which the deferred tax liabilities in relation to the convertible bonds of approximately HK\$19,272,000 was deducted and the convertible bonds reserve of approximately HK\$8,880,000 was released upon the issue of shares on exercise of convertible bonds. On 6 November 2012, there was a cancellation of convertible bonds with a principal amount of HK\$50,000,000, and therefore, there was a release of the equity component of the convertible bonds of approximately HK\$30,696,000 to deficit, and the remaining balance of convertible bonds reserve was approximately HK\$61,071,000 as at 31 December 2012.

During the nine months ended 31 December 2013, the convertible bonds reserve of approximately HK\$27,454,000 was deducted upon the issue of shares on exercise of convertible bonds, and together with the release of the deferred tax liabilities in relation to such conversion of approximately HK\$1,592,000, the remaining balance of convertible bonds reserve was approximately HK\$35,209,000 as at 31 December 2013.

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 nine months ended 31 December 2013 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 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**”).

Revenues recognised during the period are as follows: –

CONTINUING OPERATIONS

	From 1 October 2013 to 31 December 2013 (unaudited) HK\$’000	From 1 April 2013 to 31 December 2013 (unaudited) HK\$’000	From 1 October 2012 to 31 December 2012 (unaudited) HK\$’000	From 1 April 2012 to 31 December 2012 (unaudited) HK\$’000
Revenue				
Sales of goods	–	6,306	13,229	33,445
Rendering of services	1,178	4,215	2,630	6,199
	1,178	10,521	15,859	39,644
Other revenue				
Gain on adjustment of convertible bonds (note)	–	–	17,168	17,168
Government subsidies for business development	50	87	–	79
Bank interest income	14	31	21	30
Gain on trading in financial instrument	–	–	–	121
Gain on disposal of interest in a subsidiary	–	–	–	300
Others	10	36	–	–
	74	154	17,189	17,698
Total revenue	1,252	10,675	33,048	57,342

Note:

Pursuant to the conditional sale and purchase agreement dated 13 December 2010 (“**Agreement**”) entered into between (i) City Max International Limited; (ii) the Company; (iii) Good Million Investments Limited; (iv) Mr. Chiu Tung Ping; and (v) Ms. Yuen Hing Lan (as supplemented by the supplemental agreement dated 30 January 2012 (“**Supplemental Agreement**”)) in relation to the sale and purchase of the entire issued share capital of CTSP (BVI), the Company has issued convertible bonds in the aggregate principal amount of HK\$163,100,000 to Good Million Investments Limited on 1 June 2011. Details of the acquisition is contained in the circular of the Company dated 16 May 2011 and the circular of the Company dated 22 February 2012 (“**Circular**”).

Based on the audited consolidated financial statements of CTSP (BVI) and its subsidiaries (“**Target Group**”) for the 12 months ended 30 September 2012, the Target Group recorded a loss of HK\$77,094. On such basis, the amended target profit of HK\$40,000,000 under the Agreement (as supplemented by the Supplemental Agreement) was not achieved and the principal amount of the Tranche II Convertible Bonds in the principal amount of HK\$50,000,000 was adjusted to HK\$0.

DISCONTINUED OPERATION

	From 1 October 2013 to 31 December 2013 (unaudited) HK\$'000	From 1 April 2013 to 31 December 2013 (unaudited) HK\$'000	From 1 October 2012 to 31 December 2012 (unaudited) HK\$'000	From 1 April 2012 to 31 December 2012 (unaudited) HK\$'000
Revenue				
Solar energy generation	–	–	2,022	13,699

3. (LOSS) PROFIT BEFORE TAXATION

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

Nine months ended 31 December 2013

	Continuing operations		Discontinued operation		Consolidated	
	From 1 October 2013 to 31 December 2013 (unaudited) HK\$'000	From 1 April 2013 to 31 December 2013 (unaudited) HK\$'000	From 1 October 2013 to 31 December 2013 (unaudited) HK\$'000	From 1 April 2013 to 31 December 2013 (unaudited) HK\$'000	From 1 October 2013 to 31 December 2013 (unaudited) HK\$'000	From 1 April 2013 to 31 December 2013 (unaudited) HK\$'000
Cost of inventories sold	-	4,496	-	-	-	4,496
Depreciation	93	240	-	-	93	240
Change in fair value of financial assets at fair value through profit or loss	(3,287)	(3,734)	-	-	(3,287)	(3,734)

Nine months ended 31 December 2012

	Continuing operations		Discontinued operation		Consolidated	
	From 1 October 2012 to 31 December 2012 (unaudited) HK\$'000	From 1 April 2012 to 31 December 2012 (unaudited) HK\$'000	From 1 October 2012 to 31 December 2012 (unaudited) HK\$'000	From 1 April 2012 to 31 December 2012 (unaudited) HK\$'000	From 1 October 2012 to 31 December 2012 (unaudited) HK\$'000	From 1 April 2012 to 31 December 2012 (unaudited) HK\$'000
Cost of inventories sold	10,733	25,872	-	-	10,733	25,872
Depreciation	10	394	1,210	4,005	1,220	4,399
Change in fair value of financial assets at fair value through profit or loss	359	2,954	-	-	359	2,954

4. FINANCE COSTS

Nine months ended 31 December 2013

	Continuing operations		Discontinued operation		Consolidated	
	From 1 October 2013 to 31 December 2013 (unaudited) HK\$'000	From 1 April 2013 to 31 December 2013 (unaudited) HK\$'000	From 1 October 2013 to 31 December 2013 (unaudited) HK\$'000	From 1 April 2013 to 31 December 2013 (unaudited) HK\$'000	From 1 October 2013 to 31 December 2013 (unaudited) HK\$'000	From 1 April 2013 to 31 December 2013 (unaudited) HK\$'000
Imputed finance costs on convertible bonds	1,081	3,431	–	–	1,081	3,431
Interests on other loans	465	1,002	–	–	465	1,002
	1,546	4,433	–	–	1,546	4,433

Nine months ended 31 December 2012

	Continuing operations		Discontinued operation		Consolidated	
	From 1 October 2012 to 31 December 2012 (unaudited) HK\$'000	From 1 April 2012 to 31 December 2012 (unaudited) HK\$'000	From 1 October 2012 to 31 December 2012 (unaudited) HK\$'000	From 1 April 2012 to 31 December 2012 (unaudited) HK\$'000	From 1 October 2012 to 31 December 2012 (unaudited) HK\$'000	From 1 April 2012 to 31 December 2012 (unaudited) HK\$'000
Imputed finance costs on convertible bonds	1,294	4,370	–	–	1,294	4,370
Interests on other loans	712	1,775	2,453	3,736	3,165	5,511
	2,006	6,145	2,453	3,736	4,459	9,881

5. INCOME TAX EXPENSES

There was no provision for Hong Kong profits tax as the Group has no assessable profit for the nine months ended 31 December 2013 (nine months ended 31 December 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 nine months ended 31 December 2013, no profits taxes have been provided as these subsidiaries have not generated any assessable profits in the PRC (nine months ended 31 December 2012: Nil).

6. DISCONTINUED OPERATION

On 6 September 2012, CTSP (BVI) and the Purchaser entered into the 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). 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 in Qinghai Baike is classified as a discontinued operation in the same period last year.

In this regard, the results of the discontinued operation (solar energy generation in relation to the 10MW Geermu Power Station and 20MW Delingha Project in Qinghai Baike) included in the unaudited consolidated results are set out below:

	From 1 October 2013 to 31 December 2013 (unaudited) HK\$'000	From 1 April 2013 to 31 December 2013 (unaudited) HK\$'000	From 1 October 2012 to 31 December 2012 (unaudited) HK\$'000	From 1 April 2012 to 31 December 2012 (unaudited) HK\$'000
Loss for the period from discontinued operation				
Revenue	-	-	2,022	13,699
Cost of sales	-	-	(727)	(3,678)
Gross profit	-	-	1,295	10,021
Other revenue	-	-	-	283
Loss on disposal of interest in Qinghai Baike	-	-	(6,966)	(6,966)
Expenses	-	-	(3,061)	(6,402)
Loss before taxation	-	-	(8,732)	(3,064)
Income tax expenses	-	-	-	-
Loss for the period from discontinued operation	-	-	(8,732)	(3,064)

7. (LOSS) EARNINGS PER SHARE

FROM CONTINUING AND DISCONTINUED OPERATIONS

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

	From 1 October 2013 to 31 December 2013 (unaudited) HK\$'000	From 1 April 2013 to 31 December 2013 (unaudited) HK\$'000	From 1 October 2012 to 31 December 2012 (unaudited) HK\$'000	From 1 April 2012 to 31 December 2012 (unaudited) HK\$'000
(Loss) Profit				
(Loss) Profit for the purpose of basic and diluted (loss) earnings per share	(1,450)	(9,319)	2,004	(2,778)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	954,820,333	936,035,708	926,592,072	926,592,072
Effect of dilutive potential ordinary shares: Warrants issued by the Company	(735,654,596)	(778,906,250)	(620,000,000)	(551,701,665)
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	219,165,737	157,129,458	306,592,072	374,890,407

FROM CONTINUING OPERATIONS

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

	From 1 October 2013 to 31 December 2013 (unaudited) HK\$'000	From 1 April 2013 to 31 December 2013 (unaudited) HK\$'000	From 1 October 2012 to 31 December 2012 (unaudited) HK\$'000	From 1 April 2012 to 31 December 2012 (unaudited) HK\$'000
(Loss) Profit for the period attributable to the equity holders of the Company	(1,450)	(9,319)	2,004	(2,778)
Less: Loss for the period attributable to the equity holder of the Company from discontinued operation	–	–	(8,732)	(3,064)
(Loss) Profit for the purpose of basic and diluted (loss) earnings per share from continuing operations	(1,450)	(9,319)	10,736	286

FROM DISCONTINUED OPERATION

There is no basic loss per share from discontinued operation for the nine months ended 31 December 2013 because Qinghai Baike had been disposed of on 20 November 2012 (nine months ended 31 December 2012: Basic loss per share is HK0.33 cents based on the loss for the nine months ended 31 December 2012 from the discontinued operation of approximately HK\$3,064,000) and the denominators detailed above for basic loss per share.

There is no diluted loss per share from discontinued operation for the nine months ended 31 December 2013 because Qinghai Baike had been disposed of on 20 November 2012 (nine months ended 31 December 2012: Diluted loss per share is HK0.82 cents based on the loss for the nine months ended 31 December 2012 of approximately HK\$3,064,000) and the denominators detailed above for diluted loss per share.

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 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 as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

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

Name of Directors	Capacity	Number and class of securities (Note 1)	Percentage shareholding in the same class of securities (Note 2)
Mr. Chiu Tung Ping (Executive Director)	Interests of controlled corporation (Note 3)	217,766,038 ordinary shares (L) (Note 4)	21.76%
Ms. Yuen Hing Lan (Executive Director)	Interests of spouse (Note 3)	217,766,038 ordinary shares (L) (Note 4)	21.76%
Mr. Hou Hsiao Bing (Executive Director)	Beneficial owner	131,150,000 ordinary shares (L)	13.10%
Mr. Hou Hsiao Wen (Executive Director)	Beneficial owner	25,370,000 ordinary shares (L)	2.53%

Notes:

- The letter "L" represents the Directors' long positions in the interests in the shares and underlying shares of the Company.
- As at 31 December 2013, the entire issued share capital of the Company is 1,000,792,072 shares of HK\$0.1 each.
- Mr. Chiu Tung Ping and Ms. Yuen Hing Lan held 70% and 30% interest in the entire issued share capital of Good Million Investments Limited. Ms. Yuen Hing Lan is the spouse of Mr. Chiu Tung Ping, and hence both Mr. Chiu Tung Ping and Ms. Yuen Hing Lan were deemed to be interested in the shares of the Company held by Good Million Investments Limited.
- Included in these shares are 177,766,038 shares of the Company held by Good Million Investments Limited and 40,000,000 shares of the Company to be issued to Good Million Investments Limited upon exercise of convertible bonds issued by the Company.

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

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.

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

As at 31 December 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 interested (Note 1)	Capacity	Approximate percentage of the Company's issued share capital as at 31 December 2013 (Note 2)
Good Million Investments Limited	217,766,038 (L) (Note 6)	Beneficial owner (Note 3)	21.76%
Mr. Qin Zhongde	88,000,000 (L)	Beneficial owner (Note 4)	8.79%
China Technology Development Group Corporation	57,313,962 (L)	Beneficial owner (Note 5)	5.73%

Notes:

- The letter "L" represents the long position in the shares and underlying shares of the Company.
- As at 31 December 2013, the entire issued share capital of the Company is 1,000,792,072 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 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.

Save as disclosed above, as at 31 December 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 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 2013, the Audit Committee comprised three independent non-executive Directors, namely Mr. Tam Kam Biu, William, Mr. Meng Xianglin and Mr. Dong Guangwu, with Mr. Tam Kam Biu, William as the Chairman. The unaudited consolidated results of the Group for the nine months ended 31 December 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 (as defined in the GEM Listing Rules) has an interest in a business which compete 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 nine months ended 31 December 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 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, 7 February 2014

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

Executive Directors:

Chiu Tung Ping (Chairman)

Zhang Shenxin (Vice-Chairman)

Yuen Hing Lan

Hou Hsiao Bing

Hou Hsiao Wen

Hu Xin

Independent non-executive Directors:

Tam Kam Biu, William

Meng Xianglin

Dong Guangwu