



CHINA TECHNOLOGY SOLAR POWER HOLDINGS LIMITED

中科光電控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8111)

2014
THIRD QUARTERLY REPORT

* For identification purpose only

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QUARTERLY RESULTS HIGHLIGHTS

The loss attributable to equity holders of the Company for the nine months ended 31 December 2014 was approximately HK\$6.6 million (the loss attributable to equity holders of the Company for the nine months ended 31 December 2013 was approximately HK\$9.3 million).

The revenue of the Group for the nine months ended 31 December 2014 was approximately HK\$11.7 million, representing an increase of approximately 11.0 per cent. as compared to the nine months ended 31 December 2013.

Gross profit margin of the Group was approximately 55.0 per cent. in the nine months ended 31 December 2014, as compared to approximately 29.0 per cent. in the nine months ended 31 December 2013.

Basic loss per share for the nine months ended 31 December 2014 was approximately HK0.60 cents (basic loss per share for the nine months ended 31 December 2013 was approximately HK1.00 cents).

The Directors do not recommend the payment of a quarterly dividend for the nine months ended 31 December 2014 (nine months ended 31 December 2013: Nil).

The Board announces the unaudited consolidated results of the Group for the nine months ended 31 December 2014.

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 nine months ended 31 December 2014.

The Group’s revenue amounted to approximately HK\$11.7 million for the nine months ended 31 December 2014, representing an increase of approximately 11.0 per cent., as compared with approximately HK\$10.5 million recorded for the nine months ended 31 December 2013, mainly due to the increase in the revenue derived from the power system integration business of approximately HK\$5.9 million which was partly offset by the decrease in the revenue derived from the sales of self-service ATM systems and printing systems together with the provision of hardware and software technical support services of approximately HK\$4.7 million during the nine months ended 31 December 2014.

The Group’s gross profit margin was approximately 55.0 per cent. in the nine months ended 31 December 2014, compared to approximately 29.0 per cent. in the nine months ended 31 December 2013. The improvement in the gross profit margin was mainly a result of the increase in gross profit attributable to the power system integration business with higher gross profit margin of approximately 82.7 per cent. during the nine months ended 31 December 2014.

Selling expenses incurred by the Group for the nine months ended 31 December 2014 amounted to approximately HK\$2.3 million (nine months ended 31 December 2013: approximately HK\$1.7 million), representing an increase of approximately 36.5 per cent. mainly because the Group had allocated extra resources to explore new business opportunities during the period under review.

Administrative expenses incurred by the Group for the nine months ended 31 December 2014 amounted to approximately HK\$8.5 million (nine months ended 31 December 2013: HK\$10.1 million), representing a decrease of approximately 15.9 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\$6.6 million for the nine months ended 31 December 2014 (nine months ended 31 December 2013: loss attributable to equity holders of the Company of approximately HK\$9.3 million). The decrease in loss was mainly attributable to the increase in the gross profit of approximately HK\$3.3 million and the change in fair value of contingent consideration payable in relation to the acquisition of China Western Energy Holdings Limited of approximately HK\$3.5 million, which was partly offset by the change in fair value of financial assets at fair value through profit or loss of approximately HK\$2.2 million during the nine months ended 31 December 2014.

Basic loss per share was approximately HK0.60 cents for the nine months ended 31 December 2014, as compared with the basic loss per share of approximately HK1.00 cents for the nine months ended 31 December 2013.

POWER SYSTEM INTEGRATION OPERATION

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

As mentioned in the circular of the Company dated 16 May 2011, the Group has secured and signed two agreements for the provision of one-off service on system integration services for biomass energy, thermal power and solar energy generation companies and projects. As the contracting parties in the two agreements were in the process of obtaining the necessary licenses from the respective government authorities during the nine months ended 31 December 2014 and as at the date of this report, the Group had not commenced such system integration services and did not have income generated from the two agreements during the nine months ended 31 December 2014 (nine months ended 31 December 2013: Nil) and as at the date of this report.

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

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 which shall be completed by the end of 30 August 2015. The Group has commenced construction of the phase 3 of the 300MW Project which include a solar photovoltaic power station with an expected capacity of 50MW as at the date of this report and shall be completed by the end of 31 March 2015.

During the nine months ended 31 December 2014, power system integration business accounted for approximately 50.2 per cent. (nine months ended 31 December 2013: Nil) of the Group's total revenue from the sales of goods and rendering of services.

The revenue generated from the power system integration business recorded approximately HK\$5.9 million in the nine months ended 31 December 2014, representing an increase of approximately 100.0 per cent., as compared with the nine months ended 31 December 2013.

IMPLEMENTATION OF SELF-SERVICE ATM SYSTEMS AND PRINTING SYSTEMS

During the nine months ended 31 December 2014, implementation of self-service ATM systems and printing systems (including the provision of technical consultancy and support services) accounted for approximately 49.8 per cent. (nine months ended 31 December 2013: 100.0 per cent.) of the Group's total revenue from the sales of goods and rendering of services.

The revenue generated from the implementation of self-service ATM systems and printing systems (including the provision of technical consultancy and support services) recorded approximately HK\$5.8 million in the nine months ended 31 December 2014, representing a decrease of approximately 44.7 per cent., as compared with the nine months ended 31 December 2013.

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 9.8 per cent. (nine months ended 31 December 2013: approximately 40.1 per cent.) of the total revenue from the sales of goods and rendering of services for the nine months ended 31 December 2014. Actual income derived from the provision of technical consultancy and support services during the nine months ended 31 December 2014 decreased by approximately 72.8 per cent., as compared with the same period last year mainly as a result of the fierce competition in the PRC.

As an authorised value-added reseller of self-service ATM systems of NCR (Beijing) Financial Equipment System Co., Ltd ("**NCR**") and marketing agent of printing systems of Fuji Xerox in China, the Group has committed itself as a reliable and reputable vendor and a total solution provider for self-service ATM systems and printing systems.

By having ATM service centers established in major cities in China including Shanghai, Changshu, Yingkou and Huzhou, the Group has ATM service centers covering a total of 4 strategic cities and locations currently.

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

ACQUISITION OF CHINA WESTERN ENERGY HOLDINGS LIMITED

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

The Target Group is principally engaged in renewable energy engineering, research and development and consulting services.

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

As all the conditions precedent under the Sale and Purchase Agreement were fulfilled on 8 April 2014, completion took place on 10 April 2014 and 91,428,571 Consideration Shares for the initial payment have been allotted and issued in accordance with the terms and conditions of the Sale and Purchase Agreement at the issue price of HK\$0.175 per Consideration Share by the Company to Soar Ocean.

Based on the audited accounts of the Target Group for the year ended 31 December 2014 issued by the auditors appointed by the Company, the audited net profit after tax of the Target Group for the year ended 31 December 2014 is HK\$7,048,830. Accordingly, the final Consideration is fixed at HK\$32,000,000 pursuant to the Sale and Purchase Agreement.

In accordance with the terms and conditions of the Sale and Purchase Agreement, on 29 January 2015, 91,428,571 Consideration Shares for the remaining balance of the Consideration (being the final Consideration less the initial payment) have been allotted and issued at the issue price of HK\$0.175 per Consideration Share by the Company to Soar Ocean.

Please refer to the announcements dated 1 April 2014, 10 April 2014 and 29 January 2015 for details of the acquisition.

LIQUIDITY, FINANCIAL RESOURCES AND TREASURY POLICIES

As at 31 December 2014, the Group had cash and balances amounting to a total of approximately HK\$35.1 million (31 March 2014: approximately HK\$5.5 million). The Group has no outstanding bank overdraft as at 31 December 2014 (31 March 2014: HK\$Nil).

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

QUARTERLY DIVIDEND

The Directors do not recommend the payment of a quarterly dividend for the period under review (nine months ended 31 December 2013: 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.

The Group will continue to look for other solar energy generation projects and system integration services and technology services projects. The acquisition of China Western Energy could also provide an opportunity for the Group to create synergy with the Target Group's business as well as to expand the Group's business in the solar energy industry to the Gansu Province.

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 2014 together with the comparative unaudited consolidated results of the Group for the corresponding periods in 2013 as follows:

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

	Notes	From 1 October 2014 to 31 December 2014 HK\$'000	From 1 April 2014 to 31 December 2014 HK\$'000	From 1 October 2013 to 31 December 2013 HK\$'000	From 1 April 2013 to 31 December 2013 HK\$'000
Revenue	2	9,717	11,677	1,178	10,521
Cost of sales		(3,895)	(5,260)	(1,094)	(7,466)
Gross profit		5,822	6,417	84	3,055
Other revenue	2	513	935	74	154
Selling expenses		(911)	(2,339)	(537)	(1,713)
Change in fair value of contingent consideration payable	3	2,560	3,474	–	–
Change in fair value of financial assets at fair value through profit or loss	4	(223)	(2,151)	3,287	3,734
Administrative expenses		(2,840)	(8,510)	(2,812)	(10,116)
Finance costs	5	(1,443)	(4,160)	(1,546)	(4,433)
Profit (Loss) before taxation	4	3,478	(6,334)	(1,450)	(9,319)
Income tax expenses	6	(249)	(249)	–	–
Profit (Loss) for the period		3,229	(6,583)	(1,450)	(9,319)
Other comprehensive income <i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of financial statements of foreign operations		341	401	407	1,425
Total comprehensive income (expenses) for the period		3,570	(6,182)	(1,043)	(7,894)
Profit (Loss) for the period attributable to:					
Equity holders of the Company		3,229	(6,583)	(1,450)	(9,319)
Total comprehensive income (expenses) attributable to:					
Equity holders of the Company		3,570	(6,182)	(1,043)	(7,894)
Dividend		–	–	–	–
		HK cent	HK cent	HK cent	HK cent
Earnings (Loss) per share					
– Basic	7	0.30 cents	(0.60 cents)	(0.15 cents)	(1.00 cents)
– Diluted	7	N/A	N/A	(0.66 cents)	(5.93 cents)

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	Retained profits (Deficit) HK\$'000	
At 1 April 2013	92,659	142,148	9,680	(24,317)	10,402	61,071	(66,953)	224,690
Loss for the period	-	-	-	-	-	-	(9,319)	(9,319)
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	1,425	-	-	1,425
Total comprehensive income (expenses) for the period	-	-	-	-	1,425	-	(9,319)	(7,894)
Issue of shares on exercise of convertible bonds	7,420	29,680	-	-	-	(27,454)	-	9,646
Release of deferred tax liabilities on exercise of convertible bonds	-	-	-	-	-	1,592	-	1,592
	7,420	29,680	-	-	-	(25,862)	-	11,238
At 31 December 2013	100,079	171,828	9,680	(24,317)	11,827	35,209	(76,272)	228,034
At 1 April 2014	100,079	171,828	9,680	(24,317)	11,363	39,097	(56,888)	250,842
Loss for the period	-	-	-	-	-	-	(6,583)	(6,583)
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	401	-	-	401
Total comprehensive income (expenses) for the period	-	-	-	-	401	-	(6,583)	(6,182)
Issue of shares for acquisition of subsidiaries (Note (d))	9,143	5,943	-	-	-	-	-	15,086
Transaction costs on issue of shares	-	(385)	-	-	-	-	-	(385)
Transfer to retained profits (deficit) upon expiry of unlisted warrants (Note (a))	-	-	(9,680)	-	-	-	9,680	-
	9,143	5,558	(9,680)	-	-	-	9,680	14,701
At 31 December 2014	109,222	177,386	-	(24,317)	11,764	39,097	(53,791)	259,361

Notes:

- (a) During the year ended 31 March 2010, the Company issued 100,000,000 warrants at HK\$0.10 each for cash and net proceeds from the issuance of warrants of approximately HK\$9,680,000 was recognized as warrant reserve.

The warrants entitle the holders to subscribe for 100,000,000 new ordinary shares of the Company at an initial subscription price of HK\$0.90 per share during the period from the date of issue of the warrants until 4:00 p.m. (Hong Kong Time) on the day falling on the day immediately preceding the fifth anniversary of the date of issue ("Subscription Period"). The Subscription Period expired on 22 December 2014 and no subscription right attached to the warrants has been exercised. Upon the expiry of the unlisted warrants, the warrant reserve was transferred to retained profits (deficit).

- (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 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 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 by the Company to Soar Ocean Holdings Limited in accordance with the terms and conditions of the Sale and Purchase Agreement.

NOTES TO THE UNAUDITED CONSOLIDATED RESULTS:–

1. BASIS OF PREPARATION

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

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

The accounting policies used in preparing the unaudited consolidated results are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2014, except for adoption of new and revised HKFRSs and HKAS issued by the Hong Kong Institute of Certified Public Accountants which are effective to the Group for accounting periods beginning on or after 1 April 2014. The adoption of the new HKFRSs and HKAS has no material impact on the Group’s results and financial position for the current or prior periods.

The consolidated results of the Group for the nine months ended 31 December 2014 are unaudited but have been reviewed by the audit committee of the Company (“Audit Committee”).

2. REVENUE

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”).

Revenues recognised during the period are as follows: –

	From 1 October 2014 to 31 December 2014 (unaudited) HK\$’000	From 1 April 2014 to 31 December 2014 (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
Revenue				
Sales of goods	2,785	4,670	–	6,306
Rendering of services	6,932	7,007	1,178	4,215
	9,717	11,677	1,178	10,521
Other revenue				
Government subsidies for business development	1	25	50	87
Bank interest income	5	15	14	31
Gain on trading in financial instrument	–	58	–	–
Written off of other payable	–	315	–	–
Others	507	522	10	36
	513	935	74	154
Total revenue	10,230	12,612	1,252	10,675

3. CHANGE IN FAIR VALUE OF CONTINGENT CONSIDERATION PAYABLE

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

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

As all the conditions precedent under the Sale and Purchase Agreement were fulfilled on 8 April 2014, completion took place on 10 April 2014 and 91,428,571 Consideration Shares for the initial payment have been allotted and issued in accordance with the terms and conditions of the Sale and Purchase Agreement at the issue price of HK\$0.175 per Consideration Share by the Company to Soar Ocean.

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

4. PROFIT (LOSS) BEFORE TAXATION

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

	From 1 October 2014 to 31 December 2014 (unaudited) HK\$'000	From 1 April 2014 to 31 December 2014 (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	2,508	3,873	–	4,496
Depreciation	113	306	93	240
Change in fair value of financial assets at fair value through profit or loss	223	2,151	(3,287)	(3,734)
Amortization of intangible assets	928	928	–	–



5. FINANCE COSTS

	From 1 October 2014 to 31 December 2014 (unaudited) HK\$'000	From 1 April 2014 to 31 December 2014 (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	892	2,589	1,081	3,431
Interests on other loans	551	1,571	465	1,002
	1,443	4,160	1,546	4,433

6. 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 2014 (nine months ended 31 December 2013: 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.

7. EARNINGS (LOSS) PER SHARE

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

	From 1 October 2014 to 31 December 2014 (unaudited) HK\$'000	From 1 April 2014 to 31 December 2014 (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
Profit (Loss)				
Profit (Loss) for the purpose of basic and diluted earnings (loss) per share	3,229	(6,583)	(1,450)	(9,319)

	From 1 October 2014 to 31 December 2014	From 1 April 2014 to 31 December 2014	From 1 October 2013 to 31 December 2013	From 1 April 2013 to 31 December 2013
Number of shares				
Weighted average number of ordinary shares for the purpose of basic loss per share	1,092,220,643	1,088,895,968	954,820,333	936,035,708
Effect of dilutive potential ordinary shares:				
Warrants issued by the Company (Note)	–	–	(735,654,596)	(778,906,250)
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	1,092,220,643	1,088,895,968	219,165,737	157,129,458

Note:

The warrants entitle the holder thereof to subscribe for 100,000,000 new ordinary shares of the Company at an initial subscription price of HK\$0.90 per share during the period from the date of issue of the warrants until 4:00 p.m. (Hong Kong Time) on the day falling on the day immediately preceding the fifth anniversary of the date of Issue (“**Subscription Period**”). The Subscription Period expired on 22 December 2014 and no subscription right attached to the warrants has been exercised. Upon the expiry of the warrants and as at the date of this report, the Company does not have any outstanding warrants.

8. EVENTS AFTER THE REPORTING PERIOD

On 29 January 2015, the Company has allotted and issued 91,428,571 shares to Soar Ocean for the remaining balance of the Consideration for the acquisition of China Western Energy.

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 2014, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“**SFO**”) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors 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	Percentage
		class of securities	shareholding in
		(Note 1)	the same class
			of securities
			(Note 2)
Mr. Chiu Tung Ping (Executive Director)	Interests of controlled corporation (Note 3)	217,766,038 ordinary shares (L) (Note 4)	19.94%
Ms. Yuen Hing Lan (Executive Director)	Interests of spouse (Note 3)	217,766,038 ordinary shares (L) (Note 4)	19.94%
Mr. Hou Hsiao Bing (Executive Director)	Beneficial owner	131,150,000 ordinary shares (L)	12.01%
Mr. Hou Hsiao Wen (Executive Director)	Beneficial owner	25,370,000 ordinary shares (L)	2.32%

Notes:

- The letter "L" represents the Directors' long positions in the interests in the shares and underlying shares of the Company.
- As at 31 December 2014, the entire issued share capital of the Company is 1,092,220,643 shares of HK\$0.1 each.
- Mr. Chiu Tung Ping and Ms. Yuen Hing Lan held 70% and 30% interest in the entire issued share capital of Good Million Investments Limited. Ms. Yuen Hing Lan is the spouse of Mr. Chiu Tung Ping, and hence both Mr. Chiu Tung Ping and Ms. Yuen Hing Lan were deemed to be interested in the shares of the Company held by Good Million Investments Limited.
- Included in these shares are 177,766,038 shares of the Company held by Good Million Investments Limited and 40,000,000 shares of the Company to be issued to Good Million Investments Limited upon exercise of convertible bonds issued by the Company.

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

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

Name of shareholders	Number of ordinary shares or underlying shares interested (Note 1)	Capacity	Approximate percentage of the Company's issued share capital as at 31 December 2014 (Note 2)
Good Million Investments Limited	217,766,038 (L) (Note 6)	Beneficial owner (Note 3)	19.94%
Mr. Qin Zhongde	88,000,000 (L) (Note 7)	Beneficial owner (Note 4)	8.06%
China Technology Development Group Corporation	57,313,962 (L)	Beneficial owner (Note 5)	5.25%
Soar Ocean Holdings Limited	91,428,571 (L)	Beneficial owner (Note 8)	8.37%
Ye Xin Mei	91,428,571 (L)	Interest of controlled corporation (Note 8)	8.37%

Notes:

- The letter "L" represents the long position in the shares and underlying shares of the Company.
- As at 31 December 2014, the entire issued share capital of the Company is 1,092,220,643 shares of HK\$0.1 each.
- Mr. Chiu Tung Ping and Ms. Yuen Hing Lan, both being executive Directors, held 70% and 30% interest in the entire issued share capital of Good Million Investments Limited.
- Ms. Huang Xiulan is the spouse of Mr. Qin Zhongde. Accordingly, Ms. Huang Xiulan is deemed, by virtue of SFO, to be interested in all the shares in which Mr. Qin Zhongde is interested.
- BHL Solar Technology Company Limited is wholly-owned by China Technology Development Group Corporation.
- Included in these shares are 177,766,038 shares of the Company held by Good Million Investments Limited and 40,000,000 shares of the Company to be issued to Good Million Investments Limited upon exercise of convertible bonds issued by the Company.
- According to the register of bondholders maintained by the Company, Mr. Qin Zhongde is the holder of the convertible bonds issued by the Company in the principal amount of HK\$32,000,000, convertible into 64,000,000 shares of the Company.
- Ms. Ye Xin Mei held 100% interest in the entire issued share capital of Soar Ocean Holdings Limited. Hence, Ms. Ye Xin Mei was deemed to be interested in the shares of the Company held by Soar Ocean Holdings Limited.

Saved as disclosed above, as at 31 December 2014, no person or entity other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO.

AUDIT COMMITTEE

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

The Audit Committee provides an important link between the Board and the Company’s auditors in matters coming within the scope of the 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 2014, the Audit Committee comprised three independent non-executive Directors, namely Mr. Shi Huizhong, Mr. Meng Xianglin and Mr. Dong Guangwu, with Mr. Shi Huizhong as the Chairman. The unaudited consolidated results of the Group for the nine months ended 31 December 2014 have been reviewed and approved by the Audit Committee.

DIRECTORS’ INTEREST IN COMPETING BUSINESS

Mr. Tam Kam Biu, William (resigned on 11 September 2014 as an independent non-executive Director of the Company) resigned on 7 April 2014 as the executive director of China Bio Cassava Holdings Limited (Stock Code: 8129), a company which is engaged in business related to research and development of information technology and may be in competition with the Group.

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 nine months ended 31 December 2014.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of 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, 9 February 2015

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:

Shi Huizhong

Meng Xianglin

Dong Guangwu