



**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)

**2016**  
INTERIM REPORT

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

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

## INTERIM RESULTS HIGHLIGHTS

The loss attributable to owners of the Company for the six months ended 30 September 2016 was approximately HK\$10.0 million (profit attributable to owners of the Company for the six months ended 30 September 2015 (“**2015-1H**”): approximately HK\$0.3 million).

The revenue of the Group for the six months ended 30 September 2016 was approximately HK\$7.3 million, representing a decrease of approximately 58.8 per cent. as compared with approximately HK\$17.8 million recorded for 2015-1H.

Gross profit margin of the Group was approximately 27.1 per cent. for the six months ended 30 September 2016, as compared to approximately 26.1 per cent. for 2015-1H.

Basic loss per share for the six months ended 30 September 2016 was approximately HK0.70 cents (2015-1H: basic earnings per share of approximately HK0.03 cents).

The Directors do not recommend the payment of a dividend for the six months ended 30 September 2016 (2015-1H: Nil).

## INTERIM RESULTS (UNAUDITED)

The board of Directors announces the unaudited consolidated results of the Group for the six months ended 30 September 2016 as follows:

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

	Notes	From 1 July 2016 to 30 September 2016 (unaudited) HK\$'000	From 1 April 2016 to 30 September 2016 (unaudited) HK\$'000	From 1 July 2015 to 30 September 2015 (unaudited) HK\$'000	From 1 April 2015 to 30 September 2015 (unaudited) HK\$'000
Revenue	3	1,380	7,344	16,566	17,808
Cost of sales		(995)	(5,354)	(12,190)	(13,167)
Gross profit		385	1,990	4,376	4,641
Other revenue	3	148	233	51	156
Selling expenses		(1,072)	(1,843)	(575)	(1,559)
Change in fair value of contingent consideration payable		–	–	15,795	15,795
Change in fair value of financial assets at fair value through profit or loss	16	(129)	270	(253)	(136)
Administrative expenses		(3,226)	(7,119)	(7,785)	(13,639)
Finance costs	6	(1,456)	(3,041)	(1,581)	(3,129)
(Loss) Profit before taxation	5	(5,350)	(9,510)	10,028	2,129
Income tax	7	–	(1)	(361)	(439)
<b>(Loss) Profit for the period</b>		<b>(5,350)</b>	<b>(9,511)</b>	<b>9,667</b>	<b>1,690</b>
<b>Other comprehensive (expense) income</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of financial statements of foreign operations		(1,066)	(4,822)	(4,181)	(3,740)
<b>Total comprehensive (expense) income for the period</b>		<b>(6,416)</b>	<b>(14,333)</b>	<b>5,486</b>	<b>(2,050)</b>
<b>(Loss) Profit attributable to:</b>					
– Owners of the Company		(5,368)	(9,963)	8,279	341
– Non-controlling interests		18	452	1,388	1,349
<b>(Loss) Profit for the period</b>		<b>(5,350)</b>	<b>(9,511)</b>	<b>9,667</b>	<b>1,690</b>
<b>Total comprehensive (expense) income for the period attributable to:</b>					
– Owners of the Company		(6,168)	(14,525)	4,080	(3,417)
– Non-controlling interests		(248)	192	1,406	1,367
		<b>(6,416)</b>	<b>(14,333)</b>	<b>5,486</b>	<b>(2,050)</b>
Dividend	26	–	–	–	–
<b>(Loss) Earnings per share</b>					
– Basic (HK cents)	8	(0.38) cents	(0.70) cents	0.64 cents	0.03 cents
– Diluted	8	N/A	N/A	N/A	N/A

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	Notes	As at 30 September 2016 (unaudited) HK\$'000	As at 31 March 2016 (audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	9	865	1,196
Available-for-sale financial assets	10	–	–
Goodwill	11	311,555	311,555
		<b>312,420</b>	<b>312,751</b>
<b>Current assets</b>			
Inventories	12	1,042	752
Held-for-trading financial assets	13	22,412	–
Accounts and bills receivables	14	111,375	229,256
Other receivables, deposits and prepayments	15	29,857	36,076
Financial assets at fair value through profit or loss	16	1,787	1,517
Bank balances and cash	17	47,435	7,604
		<b>213,908</b>	<b>275,205</b>
<b>Current liabilities</b>			
Accounts payables	18	61,186	106,533
Other payables and accruals	19	16,836	15,286
Other loan	20	19,840	24,016
Taxation		–	149
Receipt in advance		48	862
		<b>97,910</b>	<b>146,846</b>
<b>Net current assets</b>		<b>115,998</b>	<b>128,359</b>
<b>Total assets less current liabilities</b>		<b>428,418</b>	<b>441,110</b>
<b>Non-current liabilities</b>			
Convertible bonds	21	34,041	32,347
Deferred tax liabilities		4,047	4,100
		<b>38,088</b>	<b>36,447</b>
<b>Net assets</b>		<b>390,330</b>	<b>404,663</b>
<b>Capital and reserves</b>			
Share capital	22	143,001	143,001
Reserves		239,254	253,779
Equity attributable to owners of the Company		<b>382,255</b>	<b>396,780</b>
Non-controlling interests		8,075	7,883
<b>Total equity</b>		<b>390,330</b>	<b>404,663</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Equity attributable to owners of the Company								
	Share capital	Share premium	Reserve arising from reorganisation	Exchange reserve	Convertible bond reserve	(Deficit) Retained profits	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	(Note (a)) HK\$'000	(Note (b)) HK\$'000	HK\$'000	(Note (c)) HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2015	118,365	178,940	(24,317)	11,514	39,097	(17,535)	306,064	-	306,064
Acquisition of a subsidiary	-	-	-	-	-	-	-	2,486	2,486
Profit for the period	-	-	-	-	-	341	341	1,349	1,690
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	(3,758)	-	-	(3,758)	18	(3,740)
Total comprehensive (expense) income for the period	-	-	-	(3,758)	-	341	(3,417)	1,367	(2,050)
Issue of shares in acquisition of a subsidiary (Note (c))	10,818	21,096	-	-	-	-	31,914	-	31,914
Transaction costs on issue of shares	-	(395)	-	-	-	-	(395)	-	(395)
	10,818	20,701	-	-	-	-	31,519	-	31,519
At 30 September 2015	129,183	199,641	(24,317)	7,756	39,097	(17,194)	334,166	3,853	338,019
At 1 April 2016	143,001	215,968	(24,317)	5,176	27,997	28,955	396,780	7,883	404,663
(Loss) Profit for the period	-	-	-	-	-	(9,963)	(9,963)	452	(9,511)
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	(4,562)	-	-	(4,562)	(260)	(4,822)
Total comprehensive (expense) income for the period	-	-	-	(4,562)	-	(9,963)	(14,525)	192	(14,333)
At 30 September 2016	143,001	215,968	(24,317)	614	27,997	18,992	382,255	8,075	390,330

Notes:

- (a) The reserve arising from reorganisation 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.
- (b) 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.
- (c) On 22 May 2015, 108,181,818 consideration shares were issued by the Company to Creation Moral Limited ("**Creation Moral**") for the initial payment for the acquisition of Million Keen Limited ("**Million Keen**") in accordance with the terms and conditions of the sale and purchase agreement entered into between a wholly-owned subsidiary of the Company and Creation Moral ("**Million Keen SP Agreement**"). On 1 February 2016, 108,181,818 consideration shares were further issued by the Company to Creation Moral for the remaining balance of the consideration pursuant to the Million Keen SP Agreement. Please refer to the announcements of the Company dated 5 May 2015, 22 May 2015 and 1 February 2016 for details of the acquisition.

## CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Notes	Six months ended 30 September	
		2016 HK\$'000	2015 HK\$'000
<b>OPERATING ACTIVITIES</b>			
(Loss) Profit before taxation		(9,510)	2,129
Adjustment for:			
Amortization of intangible assets		–	7,032
Depreciation		311	244
Interest income		(167)	(56)
Finance costs		3,041	3,129
Change in fair value of contingent consideration payable		–	(15,795)
Change in fair value of financial assets at fair value through profit or loss		(270)	136
Operating cash flows before movements in working capital		(6,595)	(3,181)
(Increase) Decrease in inventories		(290)	1,992
Decrease in accounts and bills receivables		117,881	1,050
Decrease (Increase) in other receivables, deposits and prepayments		6,037	(14,332)
Decrease in accounts payable		(45,347)	(19,115)
Increase (Decrease) in other payables and accruals		1,550	(951)
(Decrease) Increase in receipt in advance		(814)	2,196
Cash from (used in) operations		72,422	(32,341)
Interest paid		(1,347)	(1,191)
Overseas taxation paid		(1)	(439)
<b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>		<b>71,074</b>	<b>(33,971)</b>
<b>INVESTING ACTIVITIES</b>			
Net cash inflows on acquisition of a subsidiary	25	–	1,824
Held-for-trading financial assets		(22,412)	–
Interest received		167	56
Purchase of property, plant and equipment		–	(8)
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>		<b>(22,245)</b>	<b>1,872</b>
<b>FINANCING ACTIVITIES</b>			
Repayment of other loan		(4,176)	–
Transaction costs on issue of equity shares for acquisition of subsidiaries		–	(395)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(4,176)</b>	<b>(395)</b>
<b>NET INCREASE (DECREASE) IN CASH AND   CASH EQUIVALENTS</b>		<b>44,653</b>	<b>(32,494)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING   OF THE PERIOD</b>		<b>7,604</b>	<b>43,761</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>		<b>(4,822)</b>	<b>(3,740)</b>
<b>CASH AND CASH EQUIVALENTS AT THE END   OF THE PERIOD</b>		<b>47,435</b>	<b>7,527</b>
Represented by:			
Bank balances and cash		47,435	7,527
		<b>47,435</b>	<b>7,527</b>



## **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION:-**

### **1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES**

The amounts included in the unaudited condensed consolidated interim financial information for the six months ended 30 September 2016 have been computed based on the recognition and measurement requirements in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and accounting principles generally accepted in Hong Kong. The financial information also complies with the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

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

The accounting policies used in the preparation of the unaudited condensed consolidated interim financial information for the six months ended 30 September 2016 are consistent with those adopted in preparing the audited consolidated financial statements of the Group for the year ended 31 March 2016.

The condensed consolidated interim financial information for the six months ended 30 September 2016 were unaudited but have been reviewed by the audit committee of the Company.

### **2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**

The Group has applied all the standards, amendments and interpretations issued by HKICPA, which are effective for the Group’s financial year beginning on 1 April 2016. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies and presentation of the Group’s unaudited consolidated financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

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

Revenue recognised during the periods are as follows:–

	From 1 July 2016 to 30 September 2016 (unaudited) HK\$'000	From 1 April 2016 to 30 September 2016 (unaudited) HK\$'000	From 1 July 2015 to 30 September 2015 (unaudited) HK\$'000	From 1 April 2015 to 30 September 2015 (unaudited) HK\$'000
Revenue				
Sales of solar power related products	1,214	6,980	16,385	16,385
New energy power system integration business	–	–	–	1,027
Sales of self-service ATM systems and printing systems	166	179	8	49
Provision of hardware and software technical support services	–	185	173	347
	1,380	7,344	16,566	17,808
Other revenue				
Bank interest income	137	167	11	56
Gain on trading in financial instrument	–	–	30	44
Others	11	66	10	56
	148	233	51	156
Total revenue	1,528	7,577	16,617	17,964

## 4. SEGMENT INFORMATION

The Group is organised on the basis of the type of goods or services delivered or provided. Information reported to the executive Directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided.

The Group has internal reports about the sales of solar power related products, new energy power system integration business, sales of self-service ATM systems and printing systems and the provision of hardware and software technical support services in the PRC that are regularly reviewed by the executive Directors and accordingly, they are considered as four separate operating segments.

According to HKFRS 8, the Group's operating segments are as follows:

- (a) Sales of solar power related products;
- (b) New energy power system integration business;
- (c) Sales of self-service ATM systems and printing systems; and
- (d) Provision of hardware and software technical support services.

### SEGMENT REVENUE AND RESULTS

The following table presents revenue and results for the Group's business segments:

#### Six months ended 30 September 2016

	Sales of solar power related products (unaudited) HK\$'000	New energy power system integration business (unaudited) HK\$'000	Sales of self-service ATM systems and printing systems (unaudited) HK\$'000	Provision of hardware and software technical support services (unaudited) HK\$'000	Total (unaudited) HK\$'000
Revenue from external customers	6,980	–	179	185	7,344
Segment results	1,130	(1,786)	(739)	(402)	(1,797)
Other revenue					–
Change in fair value of financial assets at fair value through profit or loss					270
Unallocated cost					(4,942)
Loss from operations					(6,469)
Finance costs					(3,041)
Loss before taxation					(9,510)
Income tax expenses					(1)
Loss for the period					(9,511)

Six months ended 30 September 2015

	Sales of solar power related products (unaudited) HK\$'000	New energy power system integration business (unaudited) HK\$'000	Sales of self-service ATM systems and printing systems (unaudited) HK\$'000	Provision of hardware and software technical support services (unaudited) HK\$'000	Total (unaudited) HK\$'000
Revenue from external customers	16,385	1,027	49	347	17,808
Segment results	3,804	(753)	(1,133)	(586)	1,332
Other revenue					77
Change in fair value of contingent consideration payable					15,795
Change in fair value of financial assets at fair value through profit or loss					(136)
Unallocated cost					(11,810)
Profit from operations					5,258
Finance costs					(3,129)
Profit before taxation					2,129
Income tax expenses					(439)
Profit for the period					1,690

## SEGMENT ASSETS AND LIABILITIES

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

As at 30 September 2016

	Sales of solar power related products (unaudited) HK\$'000	New energy power system integration business (unaudited) HK\$'000	Sales of self-service ATM systems and printing systems (unaudited) HK\$'000	Provision of hardware and software technical support services (unaudited) HK\$'000	Total (unaudited) HK\$'000
Segment assets	66,111	440,090	17,109	464	523,774
Property, plant and equipment (for corporate)					310
Other receivables, deposits and prepayments (for corporate)					235
Financial assets at fair value through profit or loss (for corporate)					1,787
Bank balances and cash (for corporate)					222
Total assets					526,328
Segment liabilities	15,831	52,327	3,211	983	72,352
Other payables and accruals (for corporate)					7,023
Other loan (for corporate)					19,840
Convertible bonds (for corporate)					34,041
Deferred tax liabilities (for corporate)					2,742
Total liabilities					135,998

As at 31 March 2016

	Sales of solar power related products (audited) HK\$'000	New energy power system integration business (audited) HK\$'000	Sales of self-service ATM systems and printing systems (audited) HK\$'000	Provision of hardware and software technical support services (audited) HK\$'000	Total (audited) HK\$'000
Segment assets	70,076	493,174	18,382	898	582,530
Property, plant and equipment (for corporate)					349
Other receivables, deposits and prepayments (for corporate)					2,928
Financial assets at fair value through profit or loss (for corporate)					1,517
Bank balances and cash (for corporate)					632
<b>Total assets</b>					<b>587,956</b>
Segment liabilities	13,675	98,611	3,306	983	116,575
Other payables and accruals (for corporate)					11,789
Other loan (for corporate)					19,840
Convertible bonds (for corporate)					32,347
Deferred tax liabilities (for corporate)					2,742
<b>Total liabilities</b>					<b>183,293</b>

For the purpose of monitoring segment performances and allocating resources among segments:

- all assets are allocated to reportable segments, other than corporate assets of the management companies and investment holding companies; and
- all liabilities are allocated to operating segments, other than corporate liabilities of the management companies and investment holding companies such as other payables and accruals, convertible bonds for corporate.

## OTHER SEGMENTS INFORMATION

Amounts included in the measurement of segment profit or loss or segment assets:

### Six months ended 30 September 2016

	Sales of solar power related products (unaudited) HK\$'000	New energy power system integration business (unaudited) HK\$'000	Sales of self-service ATM systems and printing systems (unaudited) HK\$'000	Provision of hardware and software technical support services (unaudited) HK\$'000	Total (unaudited) HK\$'000
Additions to property, plant and equipment	–	–	–	–	–
Depreciation of property, plant and equipment	1	54	174	43	272

### Six months ended 30 September 2015

	Sales of solar power related products (unaudited) HK\$'000	New energy power system integration business (unaudited) HK\$'000	Sales of self-service ATM systems and printing systems (unaudited) HK\$'000	Provision of hardware and software technical support services (unaudited) HK\$'000	Total (unaudited) HK\$'000
Additions to property, plant and equipment	123	8	–	–	131
Depreciation of property, plant and equipment	15	52	28	47	142

## GEOGRAPHICAL INFORMATION

No geographical analysis is provided as less than 10% of the consolidated revenue and less than 10% of the operating results of the Group are attributable to markets outside the PRC. Therefore, no geographical information is presented.

### Information about major customers

Revenue from customers of the corresponding periods contributing over 10% of the total revenue of the Group are as follows:

	<b>From 1 April 2016 to 30 September 2016 (unaudited) HK\$'000</b>	From 1 April 2015 to 30 September 2015 (unaudited) HK\$'000
Customer A – Sales of solar power related products	4,005	–
Customer B – Sales of solar power related products	2,346	–
Customer C – Sales of solar power related products	–	2,974
Customer D – Sales of solar power related products	–	8,911
Customer E – Sales of solar power related products	–	2,783

## 5. (LOSS) PROFIT BEFORE TAXATION

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

	<b>From 1 July 2016 to 30 September 2016 (unaudited) HK\$'000</b>	<b>From 1 April 2016 to 30 September 2016 (unaudited) HK\$'000</b>	From 1 July 2015 to 30 September 2015 (unaudited) HK\$'000	From 1 April 2015 to 30 September 2015 (unaudited) HK\$'000
Amortization of intangible assets	–	–	4,346	7,032
Cost of inventories sold	995	5,354	11,234	12,211
Depreciation	137	311	237	244
Change in fair value of financial assets at fair value through profit or loss	129	(270)	253	136



## 6. FINANCE COSTS

	From 1 July 2016 to 30 September 2016 (unaudited) HK\$'000	From 1 April 2016 to 30 September 2016 (unaudited) HK\$'000	From 1 July 2015 to 30 September 2015 (unaudited) HK\$'000	From 1 April 2015 to 30 September 2015 (unaudited) HK\$'000
Imputed finance costs on convertible bonds	861	1,694	985	1,938
Interests on other loans	595	1,190	596	1,191
Interest in discounted bills	–	157	–	–
	1,456	3,041	1,581	3,129

## 7. INCOME TAX

The Company was incorporated in the Cayman Islands and is exempted from taxation in the Cayman Islands until 2021. The Company's subsidiaries established in the British Virgin Islands are exempted from payment of the British Virgin Islands income tax.

The Company's subsidiaries established in the PRC are subject to Enterprise Income Tax rate of 25% (2015-1H: 25%). Pursuant to the relevant laws and regulations in the PRC, the Group's certain subsidiaries are entitled to tax preference from PRC Enterprise Income Tax.

There was no provision for Hong Kong Profits Tax as the Group had no assessable profit for the six months ended 30 September 2016 (2015-1H: Nil).

	From 1 July 2016 to 30 September 2016 (unaudited) HK\$'000	From 1 April 2016 to 30 September 2016 (unaudited) HK\$'000	From 1 July 2015 to 30 September 2015 (unaudited) HK\$'000	From 1 April 2015 to 30 September 2015 (unaudited) HK\$'000
Current income tax:				
– Hong Kong Profits Tax	–	–	–	–
– PRC Enterprise Income Tax	–	1	361	439
Income Tax	–	1	361	439

## 8. (LOSS) EARNINGS PER SHARE

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

	From 1 July 2016 to 30 September 2016 (unaudited) HK\$'000	From 1 April 2016 to 30 September 2016 (unaudited) HK\$'000	From 1 July 2015 to 30 September 2015 (unaudited) HK\$'000	From 1 April 2015 to 30 September 2015 (unaudited) HK\$'000
<b>(Loss) Profit</b>				
(Loss) Profit for the purpose of basic and diluted (loss) earnings per share	(5,368)	(9,963)	8,279	341
	From 1 July 2016 to 30 September 2016	From 1 April 2016 to 30 September 2016	From 1 July 2015 to 30 September 2015	From 1 April 2015 to 30 September 2015
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	1,430,012,850	1,430,012,850	1,291,831,032	1,261,682,001
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	1,430,012,850	1,430,012,850	1,291,831,032	1,261,682,001

Outstanding convertible bonds of the Company were anti-dilutive since their exercise or conversion would result in a decrease in basic loss per share for the six months ended 30 September 2016.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the period under review, the Group had not acquired any property, plant and equipment (2015-1H: HK\$8,000).

## 10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are comprised of:

	As at 30 September 2016 (unaudited) HK\$'000	As at 31 March 2016 (audited) HK\$'000
Unlisted investment, at cost (Note)	190	190
Less: Impairment loss	(190)	(190)
At the end of the period	–	–
Analysed for:		
Non-current assets	–	–
Current assets	–	–
	–	–

Note: This is investment in an unlisted private entity incorporated in the PRC. Its fair value information is not disclosed because the related fair value cannot be measured reliably.

## 11. GOODWILL

	New energy power system integration business HK\$'000	Sales of solar power related products HK\$'000	Total HK\$'000
<b>COST</b>			
At 1 April 2015	260,079	–	260,079
Acquisition of a subsidiary (Note 25)	–	51,476	51,476
At 31 March 2016 and 30 September 2016	260,079	51,476	311,555
<b>IMPAIRMENT</b>			
At 1 April 2015	–	–	–
Impairment loss recognised for the period	–	–	–
At 31 March 2016 and 1 April 2016	–	–	–
Impairment loss recognised for the period	–	–	–
At 30 September 2016	–	–	–
<b>CARRYING VALUES</b>			
At 30 September 2016	260,079	51,476	311,555
At 31 March 2016	260,079	51,476	311,555

The goodwill is allocated to the cash generating units, namely sales of solar power related products and new energy power system integration business.

The Group tests goodwill annually for impairment in the financial year in which the acquisition takes place, or more frequently if there are indications that goodwill might be impaired.

During the six months ended 30 September 2016, the Group did not recognise any impairment loss (2015-1H: Nil) in relation to goodwill arising from acquisition of subsidiaries.

## 12. INVENTORIES

	As at 30 September 2016 (unaudited) HK\$'000	As at 31 March 2016 (audited) HK\$'000
Merchandise for re-sale	7,205	7,069
Spare parts	1,882	1,995
	9,087	9,064
Less: Provision for slow moving and obsolete inventories	(8,312)	(8,645)
Exchange adjustment	267	333
	1,042	752

## 13. HELD-FOR-TRADING FINANCIAL ASSETS

On 19 August 2016, 陝西百科新能源科技發展有限公司 (unofficial English translation being Shaanxi Baike New Energy Technology Development Co., Ltd.) (“**Shaanxi Baike**”), an indirect wholly-owned subsidiary of the Company, and 喀什天慶光電科技有限公司 (unofficial English translation being Kashii Tianqing New Energy Co., Ltd) (“**Kashii Tianqing**”) entered into a cooperation agreement (“**Cooperation Agreement**”) pursuant to which, among other matters, Shaanxi Baike and Kashii Tianqing have agreed to cooperate in the construction of a large-scale grid-connected solar photovoltaic power station (“**Tibet Solar Power Station**”) with an expected capacity of 20MW on the land (“**Tibet Land**”) located in the Lazi County of the Tibet Autonomous Region of the PRC and Shaanxi Baike has agreed to transfer 100% interest in 拉孜百科新能源科技有限公司 (unofficial English translation being Lazi Baike New Energy Technology Limited) (“**Lazi Baike**”), an indirect wholly-owned subsidiary of the Company which had obtained the land use right of the Tibet Land from the Lazi County people’s government, to Kashii Tianqing after completion of the construction of the Tibet Solar Power Station and the power integration.

Upon signing of the Cooperation Agreement, Lazi Baike was derecognised from a wholly-owned subsidiary of the Company to held-for-trading financial assets of the Company.

Upon completion of the construction of the Tibet Solar Power Station and the transfer of the legal title of Lazi Baike from the Company to Kashii Tianqing, the Company will record in its books a disposal of held-for-trading financial assets. A gain on disposal of held-for-trading financial assets will be recognised in the statement of profit and loss and other comprehensive income of the Company.

## 14. ACCOUNTS AND BILLS RECEIVABLES

	As at 30 September 2016 (unaudited) HK\$'000	As at 31 March 2016 (audited) HK\$'000
Accounts receivables	119,895	217,060
Bills receivables	–	20,999
Less: Allowance for doubtful debts	(8,520)	(8,803)
	<b>111,375</b>	<b>229,256</b>

The majority of the Group's sales is on open account in accordance with terms specified in the contracts governing relevant transactions. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

At 30 September 2016, the ageing analysis of the Group's accounts and bills receivables is as follows:

	As at 30 September 2016 (unaudited) HK\$'000	As at 31 March 2016 (audited) HK\$'000
Current to 60 days	1,318	133,799
61 – 90 days	12,479	29,913
Over 90 days	106,098	74,347
	<b>119,895</b>	<b>238,059</b>
Less: Allowance for doubtful debts	(8,520)	(8,803)
	<b>111,375</b>	<b>229,256</b>

## AGEING OF OVERDUE ACCOUNTS RECEIVABLES BUT NOT IMPAIRED

The Group has credit policies in place to review the credit worthiness of all existing and potential customers. Credit terms range between 30 and 90 days. As at 30 September 2016, accounts receivables of approximately HK\$97,578,000 (31 March 2016: approximately HK\$64,826,000) were overdue but not impaired. Management assessed the credit quality of this HK\$97,578,000 by reference to the repayment history and current financial position of the customers. Management believes that no provision for impairment is necessary and these balances are expected to be fully recovered. The Group does not hold any collateral over these balances. The ageing analysis of these overdue but not impaired accounts receivables is as follows:

	As at 30 September 2016 (unaudited) HK\$'000	As at 31 March 2016 (audited) HK\$'000
91 to 120 days	1,645	18,878
121 – 150 days	–	49
Over 150 days	95,933	45,899
	<b>97,578</b>	<b>64,826</b>

Movement in the allowance for doubtful debts:

	As at 30 September 2016 (unaudited) HK\$'000	As at 31 March 2016 (audited) HK\$'000
Balance at the beginning of the period/year	8,803	4,782
Allowance for doubtful debts	–	4,345
Exchange adjustment	(283)	(324)
Balance at the end of the period/year	<b>8,520</b>	<b>8,803</b>

## 15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Other receivables, deposits and prepayments included the following:

- (a) deposit of approximately HK\$11,614,000 (31 March 2016: HK\$12,880,000) for purchase of trading goods;
- (b) prepayment of approximately HK\$10,220,000 (31 March 2016: HK\$18,616,000) for new energy power system integration business for construction contract; and
- (c) deposit for acquisition of land use right in the PRC of HK\$Nil (31 March 2016: HK\$2,400,000).

## 16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2016 (unaudited) HK\$'000	As at 31 March 2016 (audited) HK\$'000
Listed securities held for trading:		
Market value of equity securities listed in New York		
Cost	24,250	24,250
Change in fair value	(22,463)	(22,733)
	<b>1,787</b>	1,517

The fair value of the above listed securities was determined based on the quoted market bid prices of the listed securities available on the relevant stock exchanges.

## 17. BANK BALANCES AND CASH

	As at 30 September 2016 (unaudited) HK\$'000	As at 31 March 2016 (audited) HK\$'000
Cash at bank and on hand	47,435	7,604
Bank balances and cash in the consolidated statement of financial position and in the consolidated statement of cash flows	47,435	7,604
Cash and bank deposits denominated in:		
Hong Kong dollars	367	455
Chinese Renminbi	47,043	6,854
United States dollars	25	295
	<b>47,435</b>	7,604

Included in the balances were bank deposits of approximately HK\$47,043,000 (31 March 2016: HK\$6,132,000) denominated in Renminbi placed with banks in the PRC by the Group. The remittance of these funds out of the PRC is subject to the exchange control restrictions imposed by the PRC government.



## 18. ACCOUNTS PAYABLES

	As at 30 September 2016 (unaudited) HK\$'000	As at 31 March 2016 (audited) HK\$'000
Accounts payables	61,186	106,533

As at 30 September 2016, the ageing analysis of the accounts payables is as follows:–

	As at 30 September 2016 (unaudited) HK\$'000	As at 31 March 2016 (audited) HK\$'000
Current to 60 days	7,139	79,706
61 – 90 days	215	–
Over 90 days	53,832	26,827
	61,186	106,533

The Directors consider that the carrying amount of the Group's accounts payable approximates their fair value.

## 19. OTHER PAYABLES AND ACCRUALS

There were included in other payables and accruals amounts due to the executive Directors, namely Mr. Hou Hsiao Bing, Ms. Yuen Hing Lan and Mr. Chiu Tung Ping, the amounts were approximately HK\$1,324,000 (31 March 2016: HK\$592,000), approximately HK\$530,000 (31 March 2016: HK\$470,000) and approximately HK\$799,000 (31 March 2016: approximately HK\$677,000) respectively. In addition, there was an amount due to Mr. Hou Hsiao Wen (a former executive director of the Company who resigned on 19 June 2015) of HK\$1,057,000 (31 March 2016: Nil). The amounts are unsecured, interest free and have no fixed repayment terms.

There was also an amount due to Dynatek Limited amounting to HK\$840,000 (31 March 2016: HK\$660,000). The amount is unsecured, interest free and has no fixed repayment term.

Mr. Hou Hsiao Bing is the common director of the Company and Dynatek Limited.

## 20. OTHER LOAN

	As at 30 September 2016 (unaudited) HK\$'000	As at 31 March 2016 (audited) HK\$'000
Other loan (note (a))	19,840	19,840
Other loan (note (b))	–	4,176
	<b>19,840</b>	<b>24,016</b>

(a) Other loan amounting to HK\$19,840,000 (31 March 2016: HK\$19,840,000) is interest bearing at 12% per annum, unsecured and repayable on demand.

(b) Other loan amounting to HK\$4,176,000 as at 31 March 2016 was interest bearing at 1.5% to 1.65% per annum, secured by bills receivable with fixed repayment term. Such other loan was repaid by the Company during the six months ended 30 September 2016.

Borrowings are repayable as follows:

	As at 30 September 2016 (unaudited) HK\$'000	As at 31 March 2016 (audited) HK\$'000
On demand or within one year	19,840	24,016
Less: Amount shown under non-current liabilities	–	–
Amount shown under current liabilities	<b>19,840</b>	<b>24,016</b>

## 21. CONVERTIBLE BONDS

### *2011 CONVERTIBLE BONDS (“2011 CB”)*

On 1 June 2011 (“**Issue Date**”), the Company issued the ten-year zero coupon convertible bonds at par with a nominal value of HK\$163,100,000 to the vendor in acquiring of the entire issued share capital of CTSP (BVI) China Technology Solar Power Holdings Limited (“**CTSP (BVI)**”) and its subsidiaries (“**Target Group**”). The convertible bonds are denominated in Hong Kong dollars. The bonds entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the bonds and their settlement date on 1 June 2021 (“**Maturity Date**”) at a conversion price of HK\$0.5 per share. If the bonds have not been converted, they will be redeemed on Maturity Date at par.

The 2011 CB was divided into Tranche I Convertible bonds (“**Tranche I CB**”) and Tranche II Convertible bonds (“**Tranche II CB**”) of HK\$113,100,000 and HK\$50,000,000 respectively. For Tranche I CB, the CB holders are not subject to any restriction for exercising the conversion of Tranche I CB into share. For Tranche II CB, the amount should be subject to change in relation to a profit guarantee made by the vendor to the Company. Referring to the supplementary agreement made between the vendor and the Company on 30 January 2012, the amount of profit guarantee was increased to HK\$40,000,000 and the guarantee period was extended to 30 September 2012. In the event that the profit guarantee could not be achieved, the principal amount of the Tranche II CB will be adjusted to HK\$0 if the profit guarantee is equivalent to or less than HK\$15,000,000 or a loss.

Based on the audited consolidated financial statements of the 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 sale and purchase agreement (as supplemented by the supplemental agreement mentioned above) was not achieved and the principal amount of the Tranche II CB of HK\$50,000,000 was adjusted to HK\$0.

During the six months ended 30 September 2016, there was no conversion of the Tranche I CB into shares of the Company (2015-1H: Nil).

As at 30 September 2016, the aggregate outstanding principal amount of the 2011 CB was HK\$49,000,000 (31 March 2016: HK\$49,000,000), which may be converted into 98,000,000 ordinary shares of HK\$0.1 each in the share capital of the Company at a conversion price of HK\$0.5 per share.

The 2011 CB contains liability and equity components. The effective interest rate of the liability component is 13.39% per annum. The equity component is presented under the equity heading of “convertible bond reserve”.

**For the six months ended 30 September 2016**

	Tranche I HK\$'000
Equity component of convertible bonds as at 31 March 2016, 1 April 2016 and 30 September 2016	27,997
Liability component as at 31 March 2016 Imputed finance costs (Note 6)	32,347 1,694
Liability component at 30 September 2016	34,041

**For the six months ended 30 September 2015**

	Tranche I HK\$'000
Equity component of convertible bonds as at 31 March 2015, 1 April 2015 and 30 September 2015	39,097
Liability component as at 31 March 2015 and 1 April 2015 Imputed finance costs (Note 6)	32,542 1,938
Liability component at 30 September 2015	34,480

## 22. SHARE CAPITAL

	<b>Authorised</b>	
	<b>Ordinary shares of HK\$0.1 each</b>	
	Number of shares	HK\$'000
At 31 March 2016, 1 April 2016 and 30 September 2016	2,500,000,000	250,000
	<b>Issued and fully paid</b>	
	<b>Ordinary shares of HK\$0.1 each</b>	
	Number of shares	HK\$'000
At 31 March 2016, 1 April 2016 and 30 September 2016	1,430,012,850	143,001

## 23. COMMITMENTS UNDER OPERATING LEASES – LAND AND BUILDINGS

As at 30 September 2016, the Group had future aggregate minimum lease payments under operating leases as follows:

	As at 30 September 2016 (unaudited) HK\$'000	As at 31 March 2016 (audited) HK\$'000
Not later than one year	940	573
Later than one year and not later than five years	1,546	459
	<b>2,486</b>	1,032

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases and rentals are negotiated and fixed for an average term of two years.

## 24. CAPITAL COMMITMENTS

	As at 30 September 2016 (unaudited) HK\$'000	As at 31 March 2016 (audited) HK\$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– capital injection to subsidiaries	11,364	11,364
– acquisition of land use right	–	24,001

## 25. NOTES TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

### ACQUISITION OF A SUBSIDIARY

During 2015-1H, a wholly-owned subsidiary of the Company acquired the entire issued share capital of Million Keen at a consideration of approximately HK\$63,827,000. The acquisition was completed on 22 May 2015.

Details of the acquisition are summarised as follows:

	HK\$'000	Fair value adjustment HK\$'000	Total HK\$'000
Property, plant and equipment	123	–	123
Inventories	3,765	–	3,765
Accounts receivable	1,412	–	1,412
Other receivables	2,962	–	2,962
Bank balances and cash	1,824	–	1,824
Intangible assets (note)	–	10,142	10,142
Accounts payable	(3,568)	–	(3,568)
Other payables and accruals	(1,823)	–	(1,823)
	4,695	10,142	14,837
Non-controlling interests			(2,486)
Goodwill arising on acquisition (Note 11)			51,476
Total consideration			63,827

note: Intangible assets represents sales of solar power related products contracts signed by a non-wholly owned subsidiary of Million Keen being valued by an independent professional valuer.

### NET CASH INFLOW ARISING ON ACQUISITION OF MILLION KEEN

	HK\$'000
Consideration paid in cash	–
Less: Bank balances and cash acquired	1,824
Net cash inflows arising on acquisition	1,824

## 26. DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 September 2016 (2015-1H: Nil).

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group was principally engaged in (i) sales of solar power related products; (ii) new energy power system integration business; (iii) sales of self-service automatic teller machine (“ATM”) systems and printing systems, and (iv) provision of hardware and software technical support services in the People’s Republic of China (“PRC” or “China”) during the six months ended 30 September 2016.

The Group’s revenue amounted to approximately HK\$7.3 million for the six months ended 30 September 2016, representing a decrease of approximately 58.8 per cent., as compared with approximately HK\$17.8 million recorded for the six months ended 30 September 2015 (“2015-1H”) mainly as a result of the decrease in revenue derived from the sales of solar power related products and new energy power system integration business of approximately HK\$9.4 million and HK\$1.0 million respectively for the six months ended 30 September 2016. The decrease in revenue derived from the sales of solar power related products was mainly because the delivery of some solar power related products was delayed to the latter part of 2016. The decrease in the revenue derived from new energy power system integration business was because the Group could only commence the new energy power system integration projects in November 2016.

The Group’s gross profit margin was approximately 27.1 per cent. for the six months ended 30 September 2016, as compared to approximately 26.1 per cent. for 2015-1H. Actual gross profit for the six months ended 30 September 2016 decreased by approximately 57.1 per cent., as compared with the same period last year.

Selling expenses incurred by the Group for the six months ended 30 September 2016 amounted to approximately HK\$1.8 million (2015-1H: approximately HK\$1.6 million), representing an increase of approximately 18.2 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 six months ended 30 September 2016 amounted to approximately HK\$7.1 million (2015-1H: approximately HK\$13.6 million), representing a decrease of approximately 47.8 per cent. as there was an amortization of intangible assets of approximately HK\$7.0 million in the same period last year. The Group did not record an amortization on such assets during the period under review. The intangible assets represent new energy power system integration services contracts and sales of solar power related products contracts signed by the subsidiaries acquired or being acquired and valued by an independent professional valuer.

The Group recorded a loss attributable to owners of the Company amounting to approximately HK\$10.0 million for the six months ended 30 September 2016 (2015-1H: profit attributable to owners of the Company of approximately HK\$0.3 million), mainly as a result of (i) the decrease in gross profit of approximately HK\$2.6 million for the six months ended 30 September 2016, as compared with the same period last year, (ii) the absence of recognition of change in fair value of contingent consideration payable of approximately HK\$15.8 million as recorded in the same period last year. The Group did not record a change in fair value of contingent consideration during the period under review.

Basic loss per share was approximately HK0.7 cents for the six months ended 30 September 2016, as compared with the basic earnings per share of approximately HK0.03 cents for 2015-1H.

### SALES OF SOLAR RELATED PRODUCTS

The business of sales of solar power related products includes 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 revenue generated from the sales of solar power related products was approximately HK\$7.0 million for the six months ended 30 September 2016 (2015-1H: approximately HK\$16.4 million), accounted for approximately 95.0 per cent. (2015-1H: approximately 92.0 per cent.) of the Group's total revenue. The delivery of some solar power related products was delayed to the latter part of 2016 which caused the revenue from the sales of solar power related products to drop by approximately HK\$9.4 million for six months ended 30 September 2016.

## NEW ENERGY POWER SYSTEM INTEGRATION BUSINESS

There was no revenue generated from the new energy power system integration operation business for the six months ended 30 September 2016 (2015-1H: approximately HK\$1.0 million).

Power system integration refers to the optimisation 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 new energy power stations and subsequently carry out integration of the separated equipment, functions and information into a connected, unified and coordinated system. Power system integration enables the utilisation of resources at their best to enhance optimisation of performance of the entire system and achieve centralised, 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 new energy power stations.

The Group continued to expand its new energy power system integration services and technology consultancy services through securing more contracts for provision of such services to 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 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**"). As part of the 300MW Project, the Group has entered into cooperation agreements with an energy company in Xi'an ("**Xi'an Energy Company**"), and together with such energy company, jointly contracted with the wholly-owned subsidiaries of the Investment Company for the construction of solar photovoltaic power stations in Gansu province and Ningxia Hui Autonomous Region. Phases 1, 2 and 3 of the 300MW Project have been completed as at 30 September 2016 and the Group has obtained the system testing and satisfaction report from the Investment Company in respect of the 50MW power station in Gansu and the 50MW and 30MW power stations in Ningxia. The Group expects the construction of phase 4 of the 300MW Project to commence in November 2016. The Group expects to finance such investment by internal generated cash flows and borrowings.

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 report, the Group had not commenced to provide these services.

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 new energy power 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 six months ended 30 September 2016 and as at the date of this report, the Group had not commenced such new energy power system integration services and did not have income generated from the two agreements during the period under review (2015: 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 new energy power system integration services. As at the date of this report, the Group had not entered into formal agreements with the other contracting parties and the Group had not commenced to provide these services.



## SALES OF SELF-SERVICE ATM SYSTEMS AND PRINTING SYSTEMS

For the six months ended 30 September 2016, sales of self-service ATM systems and printing systems (including the provision of hardware and software technical support services) accounted for approximately 5.0 per cent. (2015-1H: 2.2 per cent.) of the Group's total revenue.

The revenue generated from the sales of self-service ATM systems and printing systems (including the provision of hardware and software technical support services) was approximately HK\$0.4 million for the six months ended 30 September 2016, representing a decrease of approximately 8.1 per cent., as compared with 2015-1H mainly as a result of the fierce competition in the PRC.

By having ATM service centers established in major cities in China including Shanghai, Suzhou, Beijing, Shenyang, and Yingkou, the Group has ATM service centers covering a total of five strategic cities and locations currently.

## PROVISION OF HARDWARE AND SOFTWARE TECHNICAL SUPPORT SERVICES

The provision of hardware and software technical support services accounted for approximately 2.5 per cent. (2015-1H: approximately 1.9 per cent.) of the total revenue for the six months ended 30 September 2016. Income derived from the provision of hardware and software technical support services for the six months ended 30 September 2016 decreased by approximately 46.7 per cent., as compared with the same period last year.

## TRANSFER OF LAND USE RIGHT AND COOPERATION AGREEMENT

On 19 August 2016, 拉孜百科新能源科技有限公司 (unofficial English translation being Lazi Baike New Energy Technology Limited) ("**Lazi Baike**"), an indirect wholly-owned subsidiary of the Company, and Lazi County People's Government entered into a land use right transfer agreement pursuant to which the Lazi County People's Government agreed to transfer to Lazi Baike the land use right of a parcel of land ("**Tibet Land**") located in the Lazi County of the Tibet Autonomous region of the PRC with an area of approximately 550 mu at the price of RMB22.0 million.

On 19 August 2016, 陝西百科新能源科技發展有限公司 (unofficial English translation being Shaanxi Baike New Energy Technology Development Co., Ltd.) ("**Shaanxi Baike**"), an indirect wholly-owned subsidiary of the Company, and 喀什天慶光電科技有限公司 (unofficial English translation being Kashii Tianqing New Energy Co., Ltd) ("**Kashii Tianqing**") entered into a cooperation agreement pursuant to which, among other matters, Shaanxi Baike and Kashii Tianqing have agreed to cooperate in the construction of a largescale grid-connected solar photovoltaic power station ("**Tibet Solar Power Station**") with an expected capacity of 20MW on the Tibet Land and Shaanxi Baike has agreed to transfer 100% interest in Lazi Baike to Kashii Tianqing after completion of the construction of the Tibet Solar Power Station and the power integration.

Upon completion of the cooperation agreement, the Company would have disposed of its entire equity interests in Lazi Baike to Kashii Tianqing.

Further details of the purchase of the Tibet Land and the cooperation agreement are set out in the announcement of the Company dated 19 August 2016.

As at the date of this report, approximately 90% of the construction of the Tibet Solar Power Station has been completed.

## FINANCIAL REVIEW

### LIQUIDITY, FINANCIAL RESOURCES AND TREASURY POLICIES

As at 30 September 2016, the Group had cash and bank balances denominated in Hong Kong dollars, Renminbi and United States dollars amounting to a total of approximately HK\$47.4 million (31 March 2016: approximately HK\$7.6 million). The Group had no outstanding bank overdraft as at 30 September 2016 (31 March 2016: Nil).

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

During the period under review, the Group did not use any financial instrument for hedging purpose and did not have any outstanding hedging instrument as at 30 September 2016.

### BANKING FACILITIES

As at 30 September 2016, the Group did not have any banking facilities.

### OTHER LOAN

As at 30 September 2016, the Company had a loan amounting to approximately HK\$19.8 million which was made in Hong Kong dollars, interest-bearing at 12% per annum, unsecured and repayable on demand (31 March 2016: two other loans amounting to a total of approximately HK\$24.0 million).

### LISTED SECURITIES HELD FOR TRADING

As at 30 September 2016, the fair value of equity securities listed in New York held by the Company was approximately HK\$1.8 million (31 March 2016: approximately HK\$1.5 million).

### CURRENT RATIO

As at 30 September 2016, the Group's current ratio, represented by a ratio of current assets to current liabilities, was approximately 2.2 (31 March 2016: 1.9). The current ratio remained stable during the six months ended 30 September 2016.

### GEARING RATIO

As at 30 September 2016, the gearing ratio of the Group, based on total liabilities over total assets was approximately 25.8 per cent. (31 March 2016: approximately 31.2 per cent.).

	<b>As at 30 September 2016 HK\$'000</b>	As at 31 March 2016 HK\$'000
Total assets	<b>526,328</b>	587,956
Total liabilities	<b>135,998</b>	183,293
Gearing ratio	<b>25.8 per cent.</b>	31.2 per cent.

There was an improvement in the gearing ratio during the six months ended 30 September 2016.

### CHARGES ON ASSETS

As at 30 September 2016, the Group pledged no asset to secure borrowings granted to the Group. As at 31 March 2016, bills receivable of approximately HK\$4.2 million was pledged to secure against an other loan of approximately HK\$4.2 million as at 31 March 2016, which was repaid during the six months ended 30 September 2016.

## CONTINGENT LIABILITIES

As at 30 September 2016, the Group did not have any significant contingent liabilities.

## EXPOSURE TO FOREIGN EXCHANGE RISK

Most of the transactions, income and expenditure of the Group are denominated in Renminbi. The Group may be exposed to foreign currency risks such as the PRC's government control on foreign currency conversion. During the six months ended 30 September 2016, the Group did not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

## EMPLOYEES

As at 30 September 2016, the Group employed 40 and 7 staff in the PRC and Hong Kong respectively. The Group has developed its human resources policies and procedures based on performance and merit. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system. Staff cost, including directors' emoluments, was approximately HK\$4.6 million for the six months ended 30 September 2016 (2015-1H: approximately HK\$4.1 million).

Share options may be granted to Directors and employees of the Group to subscribe for shares in the Company. During the six months ended 30 September 2016, no share option has been granted, exercised, cancelled or lapsed under the share option scheme adopted by the Company. As at 1 April 2016 and 30 September 2016, no share option was outstanding.

## BUSINESS PROSPECTS

The Group will continue to look for other solar energy generation projects, new energy power system integration services and technology service projects.

The Group has been identifying and exploring other business opportunities so as to diversify the Group's business into the downstream of solar energy business with growth potential and to broaden its sources of income that can bring return to the Group and its shareholders.

The business of sales of solar power related products will continue to enhance the competitive strength of the Group as well as to seize the market opportunities in the solar energy industry.

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 its shareholders.

## PROPOSED TRANSFER OF LISTING

The Company has submitted a formal application to the Stock Exchange on 29 July 2016 for the proposed transfer of listing of shares of the Company from GEM to the Main Board of the Stock Exchange pursuant to Chapter 9A of the Main Board Listing Rules ("**Proposed Transfer of Listing**"). The Directors believe that the Proposed Transfer of Listing, if materialised, will enhance the profile of the Group, improve the trading liquidity of its shares and recognitions by potential investors and be beneficial to the future growth and business development of the Group. There is no intention of the Board to change the nature of business of the Group following the Proposed Transfer of Listing and the Proposed Transfer of Listing will not involve any issue of new shares by the Company. As at 30 September 2016 and the date of this report, the Proposed Transfer of Listing is still pending approval from the Stock Exchange, further announcement(s) will be made by the Company as and when appropriate.

## INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the period under review (2015-1H: Nil).

## 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 September 2016, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

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

Name of Directors/ Chief executive	Capacity	Number and class of securities (Note 1)	Percentage shareholding in the same class of securities (Note 2)
Mr. Chiu Tung Ping (Executive Director)	Interests of controlled corporation (Note 3)	217,766,038 ordinary shares (L) (Note 4)	15.23%
Ms. Yuen Hing Lan (Executive Director)	Interests of spouse (Note 3)	217,766,038 ordinary shares (L) (Note 4)	15.23%
Mr. Hou Hsiao Bing (Executive Director)	Beneficial owner	131,150,000 ordinary shares (L)	9.17%

Notes:

1. The letter "L" represents the Directors' long positions in the interests in the shares or underlying shares of the Company.
2. As at 30 September 2016, the issued share capital of the Company was 1,430,012,850 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 were 207,766,038 shares of the Company held by Good Million Investments Limited and 10,000,000 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**

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

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

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

<b>Name of Director</b>	<b>Capacity in which the debentures are held</b>	<b>Amount of debentures</b>
Mr. Chiu Tung Ping <i>(Executive Director)</i>	Interest in a controlled corporation (Note)	HK\$5,000,000
Ms. Yuen Hing Lan <i>(Executive Director)</i>	Interest of spouse (Note)	HK\$5,000,000

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 September 2016, 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 of 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 September 2016 (Note 2)
Good Million Investments Limited	217,766,038 (L) (Note 3)	Beneficial owner (Note 4)	15.23%
Mr. Qin Zhongde	88,000,000 (L) (Note 5)	Beneficial owner (Note 6)	6.15%
Creation Moral Limited	216,363,636 (L)	Beneficial owner (Note 7)	15.13%
Ms. Sun Aihui	216,363,636 (L)	Interest of controlled corporation (Note 7)	15.13%

Notes:

- The letter "L" represents the long position in the shares or underlying shares of the Company.
- As at 30 September 2016, the issued share capital of the Company was 1,430,012,850 shares of HK\$0.1 each.
- Included in these shares are 207,766,038 shares of the Company held by Good Million Investments Limited and 10,000,000 shares of the Company to be issued to Good Million Investments Limited upon exercise of convertible bonds issued by the Company.
- 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.
- According to the register of bondholders maintained by the Company, as at 30 September 2016, Mr. Qin Zhongde held 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. Huang Xiulan is the spouse of Mr. Qin Zhongde. Accordingly, Ms. Huang Xiulan was deemed, by virtue of SFO, to be interested in all the shares in which Mr. Qin Zhongde was interested.
- Ms. Sun Aihui held 100% interest in the entire issued share capital of Creation Moral Limited. Hence, Ms. Sun Aihui was deemed to be interested in the shares of the Company held by Creation Moral.

Save as disclosed above, as at 30 September 2016, 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 Board (“**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 Effective Audit Committee” published by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee meets at least four times a year to review with senior management and at least twice a year with the Company’s auditors for the Company’s audit findings, accounting policies and standards, changes of accounting rules (if any), compliance to the GEM Listing Rules, internal and audit control and budget and cash flow forecast.

As at 30 September 2016, the Audit Committee comprised three independent non-executive Directors, namely Ms. Ma Xingqin, Mr. Meng Xianglin and Mr. Dong Guangwu, with Ms. Ma Xingqin acting as the chairman. The unaudited consolidated results of the Group for the six months ended 30 September 2016 have been reviewed and approved by the Audit Committee.

## REMUNERATION COMMITTEE

The remuneration committee of the Board (“**Remuneration Committee**”) was established in June 2005.

The Remuneration Committee was established with specific written terms of reference which deals with its authorities and duties. Such terms of reference followed the requirement of code provision B.1.2 set out in the Corporate Governance Code (“**CG Code**”) contained in Appendix 15 to the GEM Listing Rules.

As at 30 September 2016, the Remuneration Committee comprised three independent non-executive Directors, namely Ms. Ma Xingqin, Mr. Meng Xianglin and Mr. Dong Guangwu with Ms. Ma Xingqin acting as the chairman.

## CORPORATE GOVERNANCE COMMITTEE

A corporate governance committee of the Board (“**Corporate Governance Committee**”) has been established with effect from 28 March 2012 with written terms of reference following code provision D.3.1 of the CG Code.

The Board has appointed Mr. Chiu Tung Ping, Ms. Yuen Hing Lan, Mr. Hou Hsiao Bing and Ms. Hu Xin as members of the Corporate Governance Committee, all of whom being executive Directors, with Mr. Chiu Tung Ping acting as the chairman. The primary duties of the Corporate Governance Committee are, among other things, to develop and review the Company’s policies and practices on corporate governance and make recommendations to the Board and to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements.

## NOMINATION COMMITTEE

A nomination committee of the Board (“**Nomination Committee**”) has been established with effect from 28 March 2012, with written terms of reference following the requirements of code provision A.5.2 of the CG Code.

As at 30 September 2016, the Nomination Committee comprised three independent non-executive Directors, namely, Ms. Ma Xingqin, Mr. Meng Xianglin and Mr. Dong Guangwu, with Ms. Ma Xingqin acting as the chairman of the Nomination Committee.

The Nomination Committee is responsible for considering suitable candidates to serve as Directors and making recommendations on the appointment and termination of service of Directors. The Nomination Committee selects and nominates candidates based on whether they possess the skills and experience required by the Group’s development.

## DIRECTORS' INTEREST IN COMPETING BUSINESS

As at 30 September 2016, none of the Directors or his/her close associates had an interest in a business which competes or may compete with the business of the Group.

The Company did not have controlling shareholder as at 30 September 2016 and as at the date of this report.

## PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the shares of the Company during the six months ended 30 September 2016.

## 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.

## CORPORATE GOVERNANCE CODE

During the six months ended 30 September 2016, the Company has complied with all the code provisions set out in the CG Code, except for the deviations from code provisions A.2.1 and E.1.2 as explained below.

### CODE PROVISION A.2.1

Pursuant to code provision A.2.1 of the CG Code, the roles of the chairman of the Board and chief executive officer should be separate and should not be performed by the same individual.

The Company deviates from this provision because Mr. Chiu Tung Ping has been performing both the roles of chairman of the Board and chief executive officer of the Group starting from 13 July 2012. However, the Board believes that vesting two roles in the same person provides the Group with strong and consistent leadership in the development and execution of the Group's business strategies and is beneficial to the Group. The Directors will continue to review the effectiveness of the current structure and assess whether separation of roles of chairman and chief executive officer is necessary.

### CODE PROVISION E.1.2

Under code provision E.1.2 of the CG Code, the Chairman should attend the annual general meeting. Due to other commitments which must be attended by Mr. Chiu Tung Ping, the chairman of the Board, Mr. Chiu was unable to attend the annual general meeting of the Company held on 20 September 2016 ("**2016 AGM**"). Nevertheless, Ms. Hu Xin, an executive Director, had presided as the chairman at the 2016 AGM and was available to answer questions from the shareholders of the Company.

On behalf of the Board

**Chiu Tung Ping**

*Chairman and executive Director*

Hong Kong, 10 November 2016



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

*Executive Directors:*

*Chiu Tung Ping (Chairman)*

*Yuen Hing Lan*

*Hou Hsiao Bing*

*Hu Xin*

*Independent non-executive Directors:*

*Ma Xingqin*

*Meng Xianglin*

*Dong Guangwu*