



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)



2018 | **FIRST
QUARTERLY
REPORT**

* For identification purpose only

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

QUARTERLY RESULTS HIGHLIGHTS

The loss attributable to owners of the Company for the three months ended 30 June 2018 was approximately HK\$11.5 million (2017: profit attributable to owners of the Company of approximately HK\$2.2 million).

The revenue of the Group for the three months ended 30 June 2018 was approximately HK\$1.1 million, representing a decrease of approximately 93.6 per cent. as compared with approximately HK\$17.6 million recorded for the three months ended 30 June 2017.

Gross profit margin of the Group was approximately 34.2 per cent. for the three months ended 30 June 2018, as compared to approximately 48.0 per cent. for the three months ended 30 June 2017.

Basic loss per share for the three months ended 30 June 2018 was approximately HK0.81 cents (2017: Basic earnings per share of approximately HK0.15 cents).

The Directors do not recommend the payment of a dividend for the three months ended 30 June 2018 (2017: Nil).

I am pleased to present the unaudited consolidated results of China Technology Solar Power Holdings Limited ("**Company**", together with its subsidiaries, the "**Group**"), for the three months ended 30 June 2018.

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 three months ended 30 June 2018.

The Group recorded a loss attributable to owners of the Company of approximately HK\$11.5 million for the three months ended 30 June 2018 (2017: profit attributable to owners of the Company of approximately HK\$2.2 million), mainly attributable to the decrease in revenue of the Group.

The Group's revenue amounted to approximately HK\$1.1 million for the three months ended 30 June 2018, representing a decrease of approximately 93.6 per cent. as compared with approximately HK\$17.6 million recorded for the three months ended 30 June 2017. Such decrease was attributable to the decrease in revenue generated from the sales of solar power related products by approximately HK\$10.2 million during the three months ended 30 June 2018, as compared with the same period last year. 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 subsequent period of the three months ended 30 June 2018. In addition, there was no revenue generated from the new energy power system integration business in the three months ended 30 June 2018 as the Company was in the process of negotiating contracts relating to the provision of new energy power system integration services and technical consultation services during the period under review.

The Group's gross profit margin was approximately 34.2 per cent. for the three months ended 30 June 2018, as compared to approximately 48.0 per cent. for the three months ended 30 June 2017. The decrease in the gross profit margin was mainly as a result of the decrease in revenue generated from the new energy power system integration business which a higher gross profit margin of approximately 99.0 per cent. was recorded during the three months ended 30 June 2017.

Selling expenses incurred by the Group for the three months ended 30 June 2018 amounted to approximately HK\$0.8 million (2017: approximately HK\$0.6 million), representing an increase of approximately 37.4 per cent. because the Group had allocated more resources to explore new business opportunities during the period under review, as compared to the same period of last year.

Administrative expenses incurred by the Group for the three months ended 30 June 2018 amounted to approximately HK\$4.6 million (2017: approximately HK\$3.3 million), representing an increase of approximately 39.5 per cent. as a result of the equity-settled share-based payments of approximately HK\$2.4 million attributable to the grant of share options on 10 April 2018.

Basic loss per share was approximately HK0.81 cents for the three months ended 30 June 2018, as compared with the basic earnings per share of approximately HK0.15 cents for the three months ended 30 June 2017.


SALES OF SOLAR POWER 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 power related products.

The revenue generated from the sales of solar power related products was approximately HK\$1.1 million for the three months ended 30 June 2018 (2017: HK\$11.3 million), accounted for approximately 100.0 per cent. (2017: 64.3 per cent.) of the Group's revenue. 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 subsequent period of the three months ended 30 June 2018.

NEW ENERGY POWER SYSTEM INTEGRATION BUSINESS

Considering the PRC government's encouragement on distributed photovoltaic power generation, the Group continue to look for other solar energy generation projects and new energy power system integration services. The Group has been negotiating and securing new contracts for the new energy power system integration business during the period under review. In November 2017, the Group, together with another energy company, entered into a subcontracting contract with a main contractor of a construction project of solar photovoltaic power station to be installed at the rooftop in Henan Province. The Group had commenced to provide these services in the first quarter of 2018. However, the construction project is currently put on hold pending further fundraising by the owner of the project.



There was no revenue generated from the new energy power system integration business during the three months ended 30 June 2018 (2017: HK\$6.3 million) as the Company was in the process of negotiating contracts relating to the provision of new energy power system integration services and technical consultation services during the period under review.

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.

SALES OF SELF-SERVICE ATM SYSTEMS AND PRINTING SYSTEMS

There was no revenue generated from the sales of self-service ATM systems and printing systems during the three months ended 30 June 2018 (2017: Nil) mainly as a result of the business restructuring during the period under review.

PROVISION OF HARDWARE AND SOFTWARE TECHNICAL SUPPORT SERVICES

There was no revenue generated from the provision of hardware and software technical support services during the three months ended 30 June 2018 (2017: approximately HK\$21,000) mainly as a result of the business restructuring during the period under review.

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

There were no significant investments or material acquisition or disposal of subsidiaries by the Group during the period under review.

LIQUIDITY, FINANCIAL RESOURCES AND TREASURY POLICIES

As at 30 June 2018, the Group had cash and bank balances of approximately HK\$16.7 million (31 March 2018: approximately HK\$29.7 million). The Group had no outstanding bank overdraft as at 30 June 2018 (31 March 2018: Nil).

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

STRATEGIC COOPERATION AGREEMENT

In April 2018, Shaanxi Baike New Energy Technology Development Co., Ltd.* (陝西百科新能源科技發展有限公司) (“**Shaanxi Baike**”), an indirect wholly-owned subsidiary of the Company, has entered into a strategic cooperation agreement (“**Strategic Cooperation Agreement**”) with China Construction New Energy Technology Co., Ltd.* (國建新能科技股份有限公司) (“**China Construction**”) in relation to certain new energy power station projects, so as to establish a long-term strategic partnership in the field of new energy (photovoltaic and wind power) power generation. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquires, China Construction and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

The new energy power station projects include Zhong He Xin Cheng Rooftop Distributed Photovoltaic Power Generation Project in Henan (“**Zhong He Xin Cheng Project**”) and Laiyuan Wind Power Station Project in Hebei (“**Laiyuan Project**”). Among them, Shaanxi Baike has entered into a formal subcontractor agreement with China Construction in relation to the Zhong He Xin Cheng Project at a contract price of RMB74.62 million. The Zhong He Xin Cheng Project has an expected capacity of 14MW. In addition, subject to the terms and conditions of the Strategic Cooperation Agreement, China Construction has agreed to engage Shaanxi Baike for the provision of contractor services for the Laiyuan Project. The expected capacity of the Laiyuan Project is 100MW. Shaanxi Baike and China Construction would then determine the terms and conditions of the formal agreement of the Laiyuan Project based on the initial design. However, both Zhong He Xin Cheng Project and Laiyuan Project are currently put on hold pending further fundraising by the owner of the project.

The Strategic Cooperation Agreement serves as a framework agreement for the strategic cooperation between the parties. Specific terms of the new energy power station projects are subject to further negotiation, determination and signing of formal agreement between China Construction and Shaanxi Baike. The Company will make further announcement under the GEM Listing Rules when necessary.

Please refer to further details as disclosed in the announcement of the Company dated 20 April 2018.

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GRANT OF SHARE OPTIONS

The Company has adopted a share option scheme ("**Share Option Scheme**") which became effective on 26 August 2014.

On 10 April 2018, share options to subscribe for up to 109,220,000 ordinary shares of HK\$0.10 each in the share capital of the Company was granted to nine eligible participants, all being employees of the Group, under the Share Option Scheme. The exercise price of the options granted was HK\$0.10 per share with an exercise period of 2 years from 10 April 2018 to 9 April 2020 (both dates inclusive). The closing price of the shares of the Company on the date of grant of options was HK\$0.088 per share. Further details of the grant of share options and the Share Option Scheme are set out in the "Share Option Scheme" of the report of the directors of the annual report of the Company for the year ended 31 March 2018 and the announcement of the Company dated 10 April 2018.

Save as disclose above, for the three months ended 30 June 2018, no options had been granted, exercised, cancelled or lapsed under the Share Option Scheme.

RESUMPTION OF DUTIES OF A SENIOR MANAGEMENT OF THE GROUP

Due to an investigation conducted by the Independent Commission Against Corruption of Hong Kong ("**ICAC**") against Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen, Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen had volunteered and the Board had agreed to suspend the day-to-day management duties of Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen with effect from 19 June 2015 until further notice. Mr. Hou Hsiao Bing has informed the Board that he and Mr. Hou Hsiao Wen have received written notifications from the ICAC dated 27 April 2017 stating that the investigation by the ICAC against them has come to an end and on the basis of the facts now known, no further investigation action in relation thereto will be pursued by the ICAC.

As such, having considered all related circumstances, the Board is satisfied that the ICAC investigation does not affect the integrity and suitability of Mr. Hou Hsiao Wen acting as the chief executive officer of the Group's ATM business. The day-to-day management duties of Mr. Hou Hsiao Wen as the chief executive officer of the Group's ATM business have been resumed with effect from 19 June 2018.

Further details of which are set out in the announcements of the Company dated 19 June 2015, 23 June 2017 and 19 June 2018.

BUSINESS PROSPECTS

In May 2018, the National Development and Reform Commission of the PRC, Ministry of Finance of the PRC and National Energy Administration of the PRC Government issued new notice to regulate the development of photovoltaic power generation construction.

In recent years, China's photovoltaic power generation construction has continued to expand. In order to promote the healthy and sustainable development of the photovoltaic industry, in May 2018, the National Development and Reform Commission of the PRC, Ministry of Finance of the PRC and National Energy Administration of the PRC Government issued new notice to regulate the development of photovoltaic power generation. According to such notice, among other measures, the PRC Government has announced measures to control the location, progress and scale of new photovoltaic power generation construction and to reduce the grid price of new photovoltaic power station.

The Company expects that as a result of these new measures, most photovoltaic companies are therefore on the sidelines, which has caused a temporary drop in the Group's revenue from the sale of solar power related products and the new energy power system integration business.

Notwithstanding this, the Group will continue to negotiate and secure new contracts for the new energy power system integration business and seize other 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.

Chiu Tung Ping

Chairman and executive Director

China Technology Solar Power Holdings Limited

Hong Kong, 9 August 2018

RESULTS

The board of Directors (“Board”) announces the unaudited consolidated results of the Group for the three months ended 30 June 2018 together with comparative unaudited consolidated results of the Group for the corresponding period in 2017 as follows:

	Notes	From 1 April 2018 to 30 June 2018 (unaudited) HK\$'000	From 1 April 2017 to 30 June 2017 (unaudited) HK\$'000
Revenue	2	1,119	17,603
Cost of sales		(736)	(9,146)
Gross profit		383	8,457
Other revenue	2	12	465
Selling expenses		(841)	(612)
Change in fair value of financial assets at fair value through profit or loss	3	(1,264)	243
Administrative expenses		(4,626)	(3,316)
Finance costs	4	(1,681)	(1,546)
(Loss) Profit before taxation	3	(8,017)	3,691
Income tax	5	(3,437)	(820)
(Loss) Profit for the period		(11,454)	2,871
Other comprehensive (expense) income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		(4,852)	1,260
Total comprehensive (expense) income for the period		(16,306)	4,131
(Loss) Profit for the period attributable to:			
Owners of the Company		(11,520)	2,195
Non-controlling interests		66	676
		(11,454)	2,871
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(16,260)	1,759
Non-controlling interests		(46)	2,372
		(16,306)	4,131
Dividend		–	–
		HK cent	HK cent
(Loss) Earnings per share			
– Basic	6	(0.81 cents)	0.15 cents
– Diluted	6	(0.81 cents)	N/A

NOTES TO THE UNAUDITED CONSOLIDATED RESULTS

1. BASIS OF PREPARATION

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

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

The accounting policies used in preparing the unaudited consolidated results are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2018, 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 2018. The adoption of the new HKFRSs and HKAS has no material impact on the Group’s results and financial position for the current or prior periods.

The consolidated results of the Group for the three months ended 30 June 2018 are unaudited but have been reviewed by the audit committee of the Board (“**Audit Committee**”).

2. REVENUE AND OTHER REVENUE

During the three months ended 30 June 2018, 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 ATM systems and printing systems; and (iv) provision of hardware and software technical support services in the PRC.

Revenues recognised during the period are as follows:–

	From 1 April 2018 to 30 June 2018 HK\$'000	From 1 April 2017 to 30 June 2017 HK\$'000
Revenue		
Sales of solar power related products	1,119	11,325
New energy power system integration business	–	6,257
Sales of self-service ATM systems and printing systems	–	–
Provision of hardware and software technical support services	–	21
	1,119	17,603
Other revenue		
Bank interest income	12	6
Gain on disposal of held-for-trading financial assets	–	459
	12	465
Total revenue	1,131	18,068

3. (LOSS) PROFIT BEFORE TAXATION

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

	1 April 2018 to 30 June 2018 HK\$'000	1 April 2017 to 30 June 2017 HK\$'000
Cost of inventories	736	9,146
Depreciation	66	338
Change in fair value of financial assets at fair value through profit or loss	1,264	(243)
Equity-settled share-based payments	2,382	–

4. FINANCE COSTS

	1 April 2018 to 30 June 2018 HK\$'000	1 April 2017 to 30 June 2017 HK\$'000
Imputed finance costs on convertible bonds	1,086	951
Interest on other loan	595	595
	1,681	1,546

5. INCOME TAX

The Company is incorporated in the Cayman Islands and is exempted from taxation in the Cayman Islands until 2021. The Company's subsidiaries established in the British Virgin Islands are incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, are exempted from payment of the British Virgin Islands income taxes.

The Company's subsidiaries established in the PRC are subject to Enterprise Income Tax rate of 25% (2017: 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.

No provision for Hong Kong Profits Tax has been made as there is no assessable profit for the subsidiaries operating in Hong Kong during the three months ended 30 June 2018 (2017: Nil).

	1 April 2018 to 30 June 2018 HK\$'000	1 April 2017 to 30 June 2017 HK\$'000
Current income tax:		
– Hong Kong Profits tax	–	–
– PRC Enterprise Income Tax	3,437	820
Income Tax	3,437	820

6. (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 April 2018 to 30 June 2018 HK\$'000	From 1 April 2017 to 30 June 2017 HK\$'000
(Loss) Profit		
(Loss) Profit for the period attributable to the owners of the Company	(11,520)	2,195
	From 1 April 2018 to 30 June 2018	From 1 April 2017 to 30 June 2017
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	1,430,012,850	1,430,012,850
Effect of dilution-weighted average number of ordinary shares: Share option scheme	(6,724,798)	–
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	1,423,288,052	1,430,012,850
	HK cents	HK cents
Basic (loss) earnings per share	(0.81 cents)	0.15 cents
Diluted (loss) earnings per share	(0.81 cents)	N/A

Outstanding convertible bonds of the Company are anti-dilutive since their exercise or conversion would result in a decrease/an increase in basic (loss) earnings per share for the three months ended 30 June 2018 and 30 June 2017.

QUARTERLY DIVIDEND

The Board does not recommend the payment of quarterly dividend for the three months ended 30 June 2018 (2017: Nil).

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Share capital	Share premium	Reserve arising from reorganisation (Note (a))	Exchange reserve (Note (b))	Convertible bonds reserve	(Deficit) Retained profits	Share-based payment reserve (Note (c))	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2017	143,001	215,968	(24,317)	(1,763)	27,997	(304,193)	-	56,693	7,767	64,460
Profit for the period	-	-	-	-	-	2,195	-	2,195	676	2,871
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	(436)	-	-	-	(436)	1,696	1,260
Total comprehensive (expense) income for the period	-	-	-	(436)	-	2,195	-	1,759	2,372	4,131
At 30 June 2017	143,001	215,968	(24,317)	(2,199)	27,997	(301,998)	-	58,452	10,139	68,591
At 1 April 2018	143,001	215,968	(24,317)	6,824	27,997	(321,772)	-	47,701	12,955	60,656
(Loss) profit for the period	-	-	-	-	-	(11,520)	-	(11,520)	66	(11,454)
Equity-settled share-based payments of the company	-	-	-	-	-	-	2,382	2,382	-	2,382
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	(4,740)	-	-	-	(4,740)	(112)	(4,852)
Total comprehensive (expense) income for the period	-	-	-	(4,740)	-	(11,520)	2,382	(13,878)	(46)	(13,924)
At 30 June 2018	143,001	215,968	(24,317)	2,084	27,997	(333,292)	2,382	33,823	12,909	46,732

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 of:
- (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 10 April 2018, the Company granted share options to subscribe for up to 109,220,000 ordinary shares of HK\$0.1 each in the share capital of the Company to nine eligible participants, all being employees of the Group, under the Share Option Scheme.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2018, 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 directors as referred to in Rule 5.46 of the GEM Listing Rules are 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)	Approximate percentage of the Company's issued share capital as at 30 June 2018 (Note 2)
Mr. Chiu Tung Ping (Executive Director)	Interest in a controlled corporation (Note 3)	217,766,038 ordinary shares (L) (Note 4)	15.23%
Ms. Yuen Hing Lan (Executive Director)	Interest of spouse (Note 3)	217,766,038 ordinary shares (L) (Note 4)	15.23%
Mr. Hou Hsiao Bing (Executive Director)	Beneficial owner	131,140,000 ordinary shares (L)	9.17%

Notes:

- The letter "L" represents long positions in the shares or underlying shares of the Company.
- As at 30 June 2018, the issued share capital of the Company was 1,430,012,850 ordinary 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 all the shares of the Company held by Good Million Investments Limited.
- 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. On 4 July 2018, Good Million Investments Limited has exercised the rights attached to such convertible bonds issued by the Company and 10,000,000 shares of the Company were issued to Good Million Investments Limited.

(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 corporation	Number and class of securities	Capacity	Approximate percentage of the issued share capital of the associated corporation
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.

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

Name of Director	Capacity in which the debentures are held	Amount of debentures
Mr. Chiu Tung Ping (Executive Director)	Interest in a controlled corporation (Note 1)	HK\$5,000,000 (Note 2)
Ms. Yuen Hing Lan (Executive Director)	Interest of spouse (Note 1)	HK\$5,000,000 (Note 2)

Notes:

- 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.
- Convertible bonds with a principal amount of HK\$5,000,000 held by Good Million Investments Limited were converted into 10,000,000 shares of the Company as a result of the exercise of conversion rights attached to such convertible bonds by Good Million Investments Limited on 4 July 2018.

Save as disclosed above, as at 30 June 2018, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the 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 Directors as referred to in Rule 5.46 of the GEM Listing Rules.

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

As at 30 June 2018, 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 shareholder	Number of ordinary shares (Note 1)	Capacity	Approximate percentage of the Company's issued share capital as at 30 June 2018 (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 in a controlled corporation (Note 7)	15.13%

Notes:

- The letter "L" represents long position in the shares or underlying shares of the Company.
- As at 30 June 2018, the issued share capital of the Company was 1,430,012,850 ordinary 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. On 4 July 2018, Good Million Investments Limited has exercised the rights attached to such convertible bonds issued by the Company and 10,000,000 shares of the Company were issued to Good Million Investments Limited.
- 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, 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. 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.
- 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 Limited.

Save as disclosed above, as at 30 June 2018, 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 was formed on 13 December 2000. The written terms of reference (revised in March 2016) 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 provides an important link between the Board and the Company's auditors in matters coming within the scope of the Group's audit. It also reviews the effectiveness of both the external and internal audit and of the risk management and internal control systems of the Group. As at the date of this report, the Audit Committee comprises of three independent non-executive Directors, namely Ms. Ma Xingqin, Mr. Meng Xianglin and Mr. Dong Guangwu. The unaudited consolidated results of the Group for the three months ended 30 June 2018 have been reviewed and approved by the Audit Committee.

DIRECTORS' COMPETING INTEREST OR BUSINESS

During the three months ended 30 June 2018, none of the Directors or his/her close associates had any interest or business which competes or may compete with the business of the Group.

The Company did not have any controlling shareholder during the three months ended 30 June 2018.

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 three months ended 30 June 2018.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has made specific enquiry of the Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the three months ended 30 June 2018.

On behalf of the Board

China Technology Solar Power Holdings Limited
Chiu Tung Ping

Chairman and executive Director

Hong Kong, 9 August 2018

As at the date of this report, the Board comprises of 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