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



SOLUTECK HOLDINGS LIMITED

— 創科技集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(stock code: 8111)

**RESULTS ANNOUNCEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010**

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

* *for identification only*

LETTER FROM THE CHAIRMAN

ANNUAL RESULTS HIGHLIGHTS

The loss attributable to equity holders of the Group for the financial year ended 31 March 2010 was approximately HK\$28.6 million (the loss attributable to equity holders of the Group for the financial year ended 31 March 2009 was approximately HK\$3.2 million).

The revenue of the Group for the financial year ended 31 March 2010 was approximately HK\$28.0 million, representing a decrease of approximately 35.9 per cent. as compared to the financial year ended 31 March 2009.

Gross profit margin of the Group was approximately 27.5 per cent. in the financial year ended 31 March 2010, compared to approximately 38.7 per cent. in the financial year ended 31 March 2009.

Basic loss per share for the financial year ended 31 March 2010 was approximately HK5.49 cents (basic loss per share for the financial year ended 31 March 2009 was approximately HK0.70 cents).

The Directors do not recommend the payment of a dividend for the financial year ended 31 March 2010 (dividend per Share for the financial year ended 31 March 2009: Nil).

I am pleased to present the annual results of Soluteck Holdings Limited (the “Company”, together with its subsidiaries, the “Group”).

BUSINESS REVIEW

The Group continued to specialize in the provision of implementation and upgrading of self-service automatic teller machine (“ATM”) systems, banking and other related equipment, application hardware and software, technical support and consultancy services to commercial banks and Postal Bureaus in the People’s Republic of China (the “PRC” or “China”) during the year ended 31 March 2010.

The Group’s revenue amounted to approximately HK\$28.0 million for the year ended 31 March 2010, representing a drop of approximately 35.9 per cent., compared with approximately HK\$43.6 million recorded for the financial year ended 31 March 2009. The decrease in revenue was mainly attributed to the continued slow down in the PRC economy as a result of the global financial crisis as well as the fierce competition among suppliers of ATM systems in China.

As a result, the Group’s gross profit margin was approximately 27.5 per cent. in the financial year ended 31 March 2010 (2009: approximately 38.7 per cent.).

The Group recorded a loss attributable to equity holders amounting to approximately HK\$28.6 million for the year ended 31 March 2010 (2009: loss attributable to equity holders of approximately HK\$3.2 million), mainly as a result of the recognition of the one-off expenses arising from the possible acquisition of the entire issued share capital of China-Rus Energy Investment Limited and impairment loss on the initial deposit paid in such possible acquisition. The Company decided to terminate such possible acquisition and rescinded the acquisition agreement with effect from 28 May 2010. Please refer to the Management Discussion and Analysis section for details.

Basic loss per share was approximately HK5.49 cents for the year ended 31 March 2010, compared with the basic loss per share of approximately HK0.70 cents for the year ended 31 March 2009.

In respect of marketing and sales of self-service ATM systems, banking and other equipment as well as the provision of system maintenance and enhancement services to financial institutions, the Group maintained its position with new contracts clinched with Bank of Wenzhou, Postal Savings Bank of China, the Commercial Bank, Shanghai Pudong Development Bank, Bank of Communications, Bank of Jiangsu, Bank of Yingkou, Rural Commercial Banks, Rural Credit Cooperatives of China and several branches of the China State Postal Bureau during the year under review.

During the year ended 31 March 2010, the Company has successfully raised approximately HK\$39.0 million and HK\$10.0 million from the market through placement of new shares and unlisted warrants of the Company respectively. The funds raised have enhanced the capital base of the Company and provided strong resource for the Group to expand its core businesses and to explore new business opportunities in the future.

BUSINESS PROSPECTS

The Group is recognized as a prestigious and experienced professional ATM software, hardware and services company in the ATM sector, and is an authorized value-added reseller of self-service ATM systems of NCR (Beijing) Financial Equipment System Co., Ltd and related applications software for commercial banks in China.

The Group will fully commit itself to being one of the leading ATM Total Solution Providers in the banking sector in the PRC and offering a full range of banking and financial system solutions for the banking and financial sectors, and persist to put efforts on enhancing closer customer relationships, broadening business relationship and exploring new business opportunities in corporate outsourcing technical service sector.

Leveraging on our prudent and experienced management and our strong and determined workforce, the Group, by keeping on boosting its marketing effort in the PRC to bring in new customers, will strive to maintain and expand its operations further, thus expanding our market share while at the same time bringing greater return to our shareholders.

DIVIDEND

The board of directors of the Company does not recommend the payment of a dividend for the financial year ended 31 March 2010 (2009: Nil).

APPRECIATION

We treasure the harmonious relationship with our staff and would like to take this opportunity to express our gratitude to the management and staff of the Group for their dedicated performance which is instrumental to the future development of the Group. We would also like to take this opportunity to thank our shareholders, suppliers and customers for their continuous support to the Group.

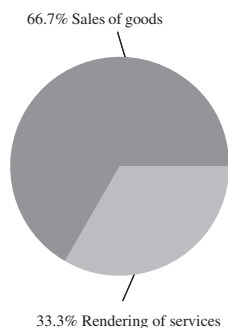
MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

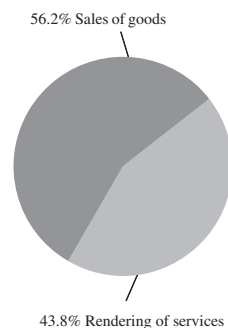
The Group is principally engaged in the sale of self-service ATM systems, banking and other related equipment as well as the provision of hardware and software technical support services. Revenues recognized during the financial year are as follows:

	Financial year ended 31 March	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Revenue		
Sales of goods	18,648	24,523
Rendering of services	9,318	19,122
	<u>27,966</u>	<u>43,645</u>
Other revenue		
Government subsidies for business development	111	444
Interest income	11	40
Others	95	–
	<u>217</u>	<u>484</u>
Total revenue	<u><u>28,183</u></u>	<u><u>44,129</u></u>

Analysis of business segments
for the financial year ended 31 March 2010



Analysis of business segments
for the financial year ended 31 March 2009



IMPLEMENTATION OF SELF-SERVICE ATM SYSTEMS

During the financial year ended 31 March 2010, implementation of self-service ATM systems, banking and other related equipment (including the provision of technical consultancy and support services) remained the Group's core business and accounted for approximately 100.0 per cent. (2009: approximately 100.0 per cent.) of the Group's total revenue.

The revenue generated from the implementation of self-service ATM systems, banking and other related equipment (including the provision of technical consultancy and support services) amounted to approximately HK\$28.0 million, representing a decrease of approximately 35.9 per cent. compared with the previous financial year. Such decrease was mainly attributed to the continued slow down in the PRC economy as a result of the global financial crisis and keen competition among different suppliers of ATM systems in the PRC during the year under review.

PROVISION OF TECHNICAL CONSULTANCY AND SUPPORT SERVICES

The provision of technical consultancy and support services, which were already included in the implementation of self-service ATM systems, contributed to a stable and recurrent source of income for the Group and accounted for approximately 33.3 per cent. (2009: approximately 43.8 per cent.) of the total revenue of the Group for the financial year ended 31 March 2010. Income derived from the provision of technical consultancy and support services during the financial year ended 31 March 2010 decreased by approximately 51.3 per cent., as compared with that of the previous financial year.

REVIEW OF OPERATION

As an authorised value-added reseller of self-service ATM systems of NCR (Beijing) Financial Equipment System Co., Ltd ("NCR") and related applications software for commercial banks in China, the Group has fully committed itself as a reliable and reputable vendor and a Total Solution Provider for self-service ATM systems. With China's entry into the World Trade Organisation, more banks and postal bureaus in the PRC will need to offer additional services and expand their branch networks to compete with international facilities in order to operate in the market. They have to gear up to improve their information technology infrastructure and operating efficiency, so as to consolidate and strengthen their respective market standing. The Group believes that demand for the implementation of self-service ATM systems will continue to grow in China, especially with China's steady economic growth.

By having ATM service centers established in major cities in China including Ningbo, Hainan, Taiyuan, Jinan, Shanghai, Beijing, Qingdao, Wenzhou, Nanjing, Xian, Yiwu, Chongqing, Wuxi, Tianjin, Yantai, Suzhou, Jinhua, Yingkou, Yancheng, Taizhou, Datong, Jiangdu, Xuzhou and Huaian, the Group has ATM service centres covering a total of 24 strategic cities and locations currently.

Leveraging on its sales network and existing clientele, the Group aims to secure higher renewal rates upon the expiry of the existing contracts. In addition to the retention of existing clients, the Group will also strive to extend its provision of goods and services to potential clients using other brands such as Fuji Xerox printers and photo-copiers, etc. However, the market is not expected to be fully recovered in 2010 and adjustments in various social security schemes and the implementation of the new labour law in the PRC have incurred higher costs for corporations. Thus, the Group may face further downward pressure on the sales price and service fees of both ATMs and other equipment. The Group acknowledges that further challenges are ahead, but remains cautiously optimistic towards its business outlook for the coming year.

SELLING EXPENSES

Selling expenses incurred by the Group for the year ended 31 March 2010 amounted to approximately HK\$2.8 million (2009: approximately HK\$3.4 million), representing a decrease of approximately 17.3 per cent.. This should be a result of the Group's policy on cost control.

ADMINISTRATIVE EXPENSES

Administrative expenses incurred by the Group for the financial year ended 31 March 2010 amounted to approximately HK\$33.5 million (2009: approximately HK\$15.9 million), representing an increase of approximately 110.9 per cent.. The main reason for such increase was that the Group had incurred one-off expenses and impairment loss on the initial deposit paid in relation to the possible acquisition which was subsequently terminated on 28 May 2010. Please refer to the paragraph headed "Possible acquisition and its termination" below for details.

Legal and professional fees of approximately HK\$5.4 million were incurred for the possible acquisition which was subsequently terminated on 28 May 2010 (2009: HK\$Nil).

Impairment loss of approximately HK\$7.7 million was recognised on the initial deposit paid for the possible acquisition which was subsequently terminated on 28 May 2010 (2009: HK\$Nil).

Staff costs (including Directors' emoluments and research and development costs) which were included in both selling expenses and administrative expenses decreased by approximately 3.4 per cent. to approximately HK\$10.8 million (2009: approximately HK\$11.2 million). As at 31 March 2010, the Group employed 11 and 107 staff in Hong Kong and the PRC respectively (2009: 11 in Hong Kong and 140 in the PRC).

Operating leases for land and building increased by approximately 22.2 per cent. to approximately HK\$2.1 million (2009: approximately HK\$1.7 million) due to the increase of rental upon renewal of certain leases.

Bad debts of approximately HK\$1.2 million was written off in the year ended 31 March 2010 (2009: approximately HK\$1.2 million).

Impairment loss on receivable of approximately HK\$2.0 million was provided in the year ended 31 March 2010 (2009: HK\$Nil).

Obsolete inventories of approximately HK\$1.3 million was written off in the year ended 31 March 2010 (2009: HK\$Nil).

Depreciation expenses decreased by approximately 44.3 per cent. to approximately HK\$73,000 (2009: approximately HK\$131,000) as compared to that of last financial year mainly because certain fixed assets became fully depreciated in previous years.

FINANCE COSTS

The Group has no finance costs for the financial year ended 31 March 2010 (2009: approximately HK\$117,000).

INCOME TAX EXPENSES

The Group's income tax expenses for the financial year ended 31 March 2010 decreased to approximately HK\$158,000 (2009: approximately HK\$1,091,000) primarily due to a decrease in taxable profit during the financial year ended 31 March 2010.

LIQUIDITY, FINANCIAL RESOURCES AND TREASURY POLICIES

As at 31 March 2010, the Group had cash and bank balances amounting to a total of approximately HK\$22.8 million (2009: approximately HK\$5.6 million). The Group has no outstanding bank overdraft as at 31 March 2010 (31 March 2009: HK\$Nil). The bank overdraft was at Hong Kong Dollar prime rate (2009: Hong Kong Dollar prime rate).

The Group financed its operations by internally generated cash flow, proceeds from placing of new shares and unlisted warrants during the year ended 31 March 2010.

Particulars of the placing of new shares and unlisted warrants are set out in the relevant sections of this report.

CURRENT RATIO

As at 31 March 2010, the Group's current ratio, represented by a ratio of current assets to current liabilities, was approximately 14.9 (2009: approximately 8.5).

GEARING RATIO

As at 31 March 2010, the gearing ratio of the Group, based on total liabilities over total assets was approximately 8.7 per cent. (2009: approximately 15.1 per cent.).

DIRECTORS' OPINION ON SUFFICIENCY OF WORKING CAPITAL

In view of the Group's financial and liquidity positions and in the absence of unforeseen circumstances, the Directors are of the opinion that the Group has sufficient working capital for its present requirements.

BANKING FACILITIES

As at 31 March 2010, the Group did not have any banking facilities (2009: approximately HK\$23.5 million which were supported by corporate guarantees granted by the Company and several subsidiaries of the Group of approximately HK\$26.1 million) and leasehold properties held by a related party.

CHARGES ON ASSETS

As at 31 March 2010, there is no banking facilities available to the Company and its subsidiaries (2009: approximately HK\$23.5 million), of which approximately HK\$Nil (2009: approximately HK\$Nil) had been utilized. As of 31 March 2010, the Company and its subsidiaries pledged no asset to banks as security for bank loans and overdraft (2009: HK\$Nil).

CONTINGENT LIABILITIES

As at 31 March 2010, the Group did not have any significant contingent liabilities.

EXPOSURE TO FOREIGN EXCHANGE RISK

The Group mainly operates in the PRC with transactions settled in Renminbi principally and did not have any significant exposure to foreign exchange risk during the year.

EMPLOYEES

As at 31 March 2010, the Group employed 11 and 107 staff in Hong Kong and the PRC respectively (2009: 11 in Hong Kong and 140 in the PRC). 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.

Share options may be granted to Directors and employees of the Group to subscribe for shares in the Company. Particulars of the scheme are set out in the relevant sections of this report.

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Save as set out in the paragraph headed “Possible acquisition and its termination” below, there were no significant acquisitions and disposals of investments by the Group during the year under review.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the financial year ended 31 March 2010. Neither the Company nor any of its subsidiaries purchased or sold any of the shares during the financial year ended 31 March 2010.

POSSIBLE ACQUISITION AND ITS TERMINATION

Memorandum of Understanding

After trading hours on 22 June, 2009, the Company entered into a non-legally binding memorandum of understanding (the “MOU”) with (i) Max Success Group Limited, a company incorporated in the British Virgin Islands, (ii) Rus Energy Investment Group Ltd., a company incorporated in Hong Kong, and (iii) Mr. Yun Qin, a PRC national (together, the “Vendors”) in relation to the possible acquisition by the Company of China-Rus Energy Investment Limited (the “Target Company”, together with its subsidiaries, the “Target Group”), which is principally engaged in the exploration of natural gas business in Russia (the “Possible Acquisition”).

Pursuant to the MOU, the Company shall pay to the Vendors a refundable deposit of US\$2,000,000 (the “Deposit”) subject to the condition that the Company shall have successfully raised financing, through a placement of shares, of an amount exceeding US\$2,000,000. The Deposit shall be applied towards the final consideration, if the Possible Acquisition materializes.

Advance to Entity – Payment of Deposit

As at 10 July 2009 the Company paid the Deposit to the Vendors. The Deposit exceeded 8% under the assets ratio (as defined under Rule 19.07(1) of the GEM Listing Rules). The Company has made disclosure pursuant to Rule 17.15 of the GEM Listing Rules. The Deposit continued to exceed 8% of the assets ratio (as defined under Rule 19.07(1) of the GEM Listing Rules).

Termination of the Very Substantial Acquisition

On 18 January 2010, (i) Max Success Group Ltd, a company incorporated in the British Virgin Islands, (ii) Rus Energy Investment Group Limited, a company incorporated in Hong Kong (together with Max Success Group Ltd, the “Sellers”), and (iii) Mr. Yun Qin, a PRC national, as the guarantor (the “Guarantor”), and (iv) Oceania City Investment Company Limited, a wholly-owned subsidiary of the Company (the “Purchaser”), entered into the sale and purchase agreement (the “Agreement”) regarding the sale and purchase of the entire issued capital of the Target Company.

Upon further due diligence review, it was revealed to the Company that the Sellers have committed various, breaches of the Agreement which included but not limited to the making of false and misleading Sellers warranties and representations as to one of the exploration licenses for the Yuzhno-Berezovsky gas field located in the Olyekminsky Region of Sakha (Yakutia) Republic of the Russian Federation owned by the Target Group, which has been terminated by the relevant government authority in Russia on 1 January 2010 which was a date before the entering into the Agreement. As such, the Purchaser decided to terminate the Possible Acquisition and rescinded the Agreement with effect from 28 May 2010.

Under the Agreement, on rescission of the Agreement by the Purchaser, the Sellers shall within seven (7) business days refund the Deposit to the Purchaser. Further announcement will be made by the Company on the receipt of such refund.

To the best knowledge, information and belief of the Directors, the termination of the Possible Acquisition will not have any adverse material impact on the business, operations or financial condition of the Group.

Further, in addition to the breaches of Sellers' warranties, the resources in the two natural gas sites were only prospective resources. According to the amendments to the GEM Listing Rules which became effective on 3 June 2010, mineral companies must establish to the Stock Exchange's satisfaction that it has at least a portfolio of indicated resources or contingent resources. As such, the Company considers that the termination of the Proposed Acquisition was justifiable and in the interest of the Company and the shareholders of the Company as a whole.

Failure to Refund the Deposit

On 28 May 2010, a notice of termination (the "Termination Notice") was served to the Sellers for termination of the Agreement and the Sellers were demanded to repay the Deposit within seven (7) business days from the date of the Termination Notice.

The deadline for repayment of the Deposit fell on 8 June 2010 and the Company received no reply or payment from either the Sellers or the Guarantor.

The Purchaser has demanded the Sellers immediate repayment of the said principal sum of US\$2,000,000 (equivalent to approximately HK\$15,500,000) ("Debt"); unless the said sum is repaid by no later than 30 June 2010, the Company will commence legal proceedings against the Sellers and the Guarantor for recovery of the Debt without further notice.

Please refer to the announcements of the Company dated 23 June 2009, 25 June 2009, 10 July 2009, 25 September 2009, 23 October 2009, 23 November 2009, 4 December 2009, 19 December 2009, 31 May 2010 and 8 June 2010 for further details of the Possible Acquisition and its termination.

FUND RAISING EXERCISES DURING THE YEAR

Placing and Subscription Agreement

On 23 June 2009, the Company, China Merchants Securities (HK) Co., Limited (the “Placing Agent”) and Mr. Hou Hsiao Bing, being the Director and shareholder of the Company (the “Subscriber”) entered into a placing and subscription agreement (the “Placing and Subscription Agreement”). Pursuant to the Placing and Subscription Agreement (as supplemented by a supplemental agreement dated 25 June, 2009), the Subscriber has placed, through the Placing Agent, 90,630,000 shares (“Placing Shares”) to not fewer than six placees who and whose ultimate beneficial owners were third parties independent of and not acting in concert with the Subscriber or his concert parties at a price of HK\$0.43 per Placing Share. Pursuant to the Placing and Subscription Agreement (as supplemented by a supplemental agreement dated 25 June, 2009), the Subscriber has subscribed for an aggregate of 90,630,000 new shares of the Company at a price of HK\$0.43 per subscription share. The subscription price represented a discount of approximately 15.69% to the closing price of HK\$0.51 per share as quoted on the Stock Exchange on 22 June 2009. The aggregate nominal value of the subscription shares is HK\$9,063,000. The net price to the Company of each subscription share is approximately HK\$0.41. Out of the net proceeds of approximately HK\$37.4 million from the subscription, the Hong Kong dollars equivalent of US\$2,000,000 has been used to finance the payment of the Deposit. The balance of the net proceeds was intended to be used to finance either part of the Possible Acquisition or other future business opportunities.

Please refer to the announcement of the Company dated 25 June 2009 for details.

Private placing of unlisted warrants

On 8 December 2009 (after trading hours), the Company and KGI Capital Asia Limited (“KGI Capital”) entered into a placing agreement, pursuant to which the Company has appointed KGI Capital as its agent to place, on a best effort basis, warrants (the “Warrants”) conferring the right to subscribe up to HK\$90,000,000 in aggregate for shares at an issue price of HK\$0.10 per Warrant.

Each Warrant will carry the right to subscribe for one share at an initial subscription price of HK\$0.90 per share, subject to adjustment. The subscription right is exercisable during a period of five years from the date of creation and issue of the Warrants. The initial subscription price of HK\$0.90 per share represents the closing price of HK\$0.90 per share as quoted on the Stock Exchange on 8 December 2009, being the date of the placing agreement.

Completion of the placing took place on 23 December 2009 in accordance with the terms of the placing agreement. 100,000,000 Warrants had been issued to not less than six placees at the issue price of HK\$0.10 per Warrant.

The gross proceeds and the net proceeds derived from the issue of the Warrants are HK\$10 million and approximately HK\$9.7 million respectively. The Company intended to use such net proceeds as general working capital.

The Company will receive additional HK\$90 million gross proceeds upon exercise in full of the subscription rights attached to the Warrants. The Company intended to use such proceeds as general working capital of the Group. The net price of each share to be issued upon the exercise of the Warrants, taking into account of the issue price of HK\$0.10 per Warrant after deducting the expenses and based on the full exercise of the Warrants, will be approximately HK\$0.995.

Movement Of Warrants

The Company has a total of 100,000,000 Warrants outstanding at 31 March 2010 and its movement is as follows:

Date of issue	Outstanding at 1/4/2009	Issued during the year	Exercised/ lapsed during the year	Outstanding at 31/3/2010	Subscription period	Subscription price per share
23 December 2009	-	100,000,000	-	100,000,000	23 December 2009 to 22 December 2014	HK\$0.90

Note:

On 23 December 2009, the Company placed a total of 100,000,000 unlisted Warrants to certain independent third parties at the subscription price of HK\$0.90 each. No Warrants has been exercised during the year ended 31 March 2010.

CORPORATE GOVERNANCE REPORT

(1) Corporate governance practices

The Board and senior management are committed to the principles of corporate governance and have dedicated significant efforts to provide transparency, accountability and independence.

The Company has adopted the Code on Corporate Governance Practice (the “Code”) as set out in Appendix 15 to the GEM Listing Rules.

(2) Board of directors

The Board is accountable to shareholders for the activities and performance of the Group and for the preparation of financial statements which give a true and fair view. It oversees the Group's overall strategic plans, reviews the financial performance, supervises the management of the business and affairs and approves the strategic plans. The Board delegates corporate matters to the management of the Group under the leadership of the Chief Executive Officer, including preparation of annual, interim and quarterly accounts, execution of business strategies adopted by the Board, implementation of internal controls system and compliance with relevant statutory requirements, rules and regulations. The management is required to present an annual budget and any proposals for major investment, addition of capital assets, and change in business strategies for the Board's approval.

Board composition

The composition of the Board during the year ended 31 March 2010 and as at the date of this announcement is as follows:

Executive Directors:

Hou Hsiao Bing

Hou Hsiao Wen

Zeng Xiangyi (appointed on 15 June 2010)

Wang Daling (appointed on 15 June 2010)

Independent Non-Executive Directors:

Lui, Ming Rosita (resigned on 15 June 2010)

Tam Kam Biu, William

Ho Wai Wing, Raymond (resigned on 15 June 2010)

Wong Chung Wai, Eric (appointed on 15 June 2010)

Lai Chun Hung (appointed on 15 June 2010)

At every annual general meeting of the Company, one-third of all the Directors including the Independent Non-Executive Directors shall retire from office by rotation. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat.

Board meeting

The Board meets at least four times a year to review financial and operating performance and discuss the Group's direction and strategy.

Details of the attendance of meetings of the board of Directors held during the year ended 31 March 2010 are as follows:

	17 Jun 2009	11 Aug 2009	6 Nov 2009	17 Nov 2009	5 Feb 2010
Hou Hsiao Bing	✓	✓	✓	✓	✓
Hou Hsiao Wen	✓	✓	✓	✓	✓
* Lui, Ming Rosita	n/a	n/a	n/a	✓	n/a
* Tam Kam Biu, William	n/a	n/a	n/a	✓	n/a
* Ho Wai Wing, Raymond	n/a	n/a	n/a	✓	n/a

* *Independent Non-Executive Directors who will not attend the Company's regular Board Meetings.*

Directors are given notice of regular Board meetings of at least 14 days in advance. The Directors have received details of agenda items for decision in advance of each Board meeting.

All Directors have access to the Company Secretary of the Company who is responsible for ensuring that Board procedures are complied with and advises the Board on corporate governance and compliance matters.

The Non-Executive Directors has a well balance of expertise in corporate finance, accounting, and business matters. They bring independent and invaluable advice and judgement on the Group's business expansion and risk management issues. The Executive Directors are seasoned practitioners in the information technology field and contribute to the Company with their industry and domain knowledge and management experience.

The Company confirmed that annual confirmations of independence were received from each of the Company's Independent Non-Executive Directors pursuant to Rule 5.09 of the GEM Listing Rules and all Independent Non-Executive Directors are considered to be independent.

(3) Chairman and Chief Executive Officer

During the year ended 31 March 2010, Mr. Hou Hsiao Bing is the Chairman and Mr. Hou Hsiao Wen is the Chief Executive Officer of the Company. The roles of Chairman and Chief Executive Officer are segregated. The Chairman is responsible for the leadership and effective running of the Board, and for ensuring that all key and appropriate issues are discussed by the Board in a timely and constructive manner, while the Chief Executive Officer, supported by other Board members and the senior management, is responsible for the day-to-day management of the Group's business, including the implementation of major strategies and initiatives adopted by the Board.

(4) Audit Committee

The Company established an Audit Committee on 13 December 2000 with written terms of reference in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules. During the year ended 31 March 2010, the Audit Committee comprised three members – Ms. Lui, Ming Rosita, Mr. Tam Kam Biu, William and Mr. Ho Wai Wing, Raymond, all of whom were Independent Non-Executive Directors. Ms. Lui, Ming Rosita was the Chairman of the Audit Committee. The Audit Committee was re-constituted on 15 June 2010. With effect from 15 June 2010, the Audit Committee comprises three Independent Non-executive Directors, namely (i) Mr. Tam Kam Biu, William as chairman; (ii) Mr. Wong Chung Wai, Eric; and (iii) Mr. Lai Chun Hung. Audit Committee's principal duties are to review and supervise the financial reporting process and internal control procedures of the Group.

The Audit Committee meets at least four times a year to review with senior management and at least once 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 listing rules, internal and audit control, and budget and cash flow forecast.

The Group's unaudited quarterly and interim results and audited annual results during the year ended 31 March 2010 have been reviewed by the Audit Committee, who is of the opinion that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

Details of the attendance of members at Audit Committee meetings held during the year ended 31 March 2010 are as follows:

	9 Jun 2009	29 Jul 2009	27 Oct 2009	28 Jan 2010
Lui, Ming Rosita	✓	✓	✓	✓
Tam Kam Biu, William	✓	✓	✓	✓
Ho Wai Wing, Raymond	✓	✓	×	✓

(5) Remuneration Committee

The remuneration committee was established in June 2005.

The Company adopted that a remuneration committee be established with specific written terms of reference which deal clearly with its authority and duties. The terms of reference followed the requirement of Code Provision B.1.3. During the year ended 31 March 2010, the Remuneration Committee comprised the Chairman, Mr. Hou Hsiao Bing, and three Independent Non-Executive Directors, Ms. Lui, Ming Rosita, Mr. Ho Wai Wing, Raymond and Mr. Tam Kam Biu, William with the Chairman as the Chairman of the Committee. The Remuneration Committee was re-constituted on 15 June 2010. With effect from 15 June 2010, the Remuneration Committee comprises the Chairman, Mr. Hou Hsiao Bing, and three Independent Non-executive Directors, namely (i) Mr. Tam Kam Biu, William; (ii) Mr. Wong Chung Wai, Eric; and (iii) Mr. Lai Chun Hung with Mr. Hou Hsiao Bing as the Chairman of the Remuneration Committee.

During the year under review, two meetings of the remuneration committee were held on 9 June 2009 and 15 March 2010 to discuss the policy and structure of the remuneration of the Directors and senior management. Details of the attendance of members at remuneration committee meetings held during the year under review are as follows:

	9 June 2009	15 March 2010
Mr. Hou Hsiao Bing	✓	✓
Ms. Lui, Ming Rosita	✓	✓
Mr. Ho Wai Wing, Raymond	✓	✓
Mr. Tam Kam Biu, William	✓	✓

The policies for the remuneration of Executive Directors are:

- To ensure that none of the Directors should determine their own remuneration;
- The remuneration should be broadly aligned with companies with which the Company competes for human resources;
- The Group should aim to attract and retain executives and to motivate them to pursue appropriate growth strategies whilst taking into account individual performance; and
- The remuneration should reflect the performance, complexity of duties and responsibility of the individual.

(6) Non-Executive Director

Code provision A.4.1 provides that a Non-Executive Director should be appointed for a specific term and subject to re-election. The Company's Non-Executive Directors are subject to retirement by rotation and re-election in accordance with the Company's article of association.

(7) Nomination of directors

The Company has not experienced any casual vacancy for members of the Board during the year under review. In the event that there is such circumstance, the Director appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after his appointment. The Board selects and nominates candidates based on whether they possess the skills and experience required by the Group's development.

The Board is responsible for considering suitable candidates to serve as Directors and approving and terminating the appointment of Directors.

The Chairman is mainly responsible for looking for suitable candidates to join the Board when there are vacancies or when it is necessary to hire additional directors. The Chairman will propose the appointment of the candidates concerned to each member of the Board, each member of the Board will review the qualifications of the candidates concerned and decide whether they are suitable to join the Company based on their caliber, experience and background.

Pursuant to the articles of association of the Company, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

(8) Compliance of code for directors' securities transaction

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors of the Company have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the twelve months ended 31 March 2010.

(9) Auditors' remuneration

The Audit Committee of the Company is responsible for considering the appointment of the independent auditor. During the year under review, the Group has incurred an aggregate of HK\$225,000 to the independent auditor for its services of auditing and taxation.

(10) Internal controls

The Board recognises that a sound and effective internal control system will contribute to the effectiveness and efficiency of operations, the reliability of financial reporting and the Group's compliance with applicable laws and regulations.

The management of the Group has established the Group's Internal Control Policies and Guidance for monitoring the internal control system of the Group.

The Board has delegated to the management the implementation of such systems of internal controls as well as the review of relevant financial, operational and compliance controls and risk management procedures. Qualified personnel and individual department heads throughout the Group maintain and monitor the compliance to these controls on an ongoing basis and report variance to senior management.

Based on the assessment and review made by the Board and senior management on the effectiveness of the internal control system, the Audit Committee is satisfied that:

- The internal controls and accounting systems of the Group are designed to provide reasonable assurance that material assets are protected, business risks attributable to the Group are identified and monitored, material transactions are executed in accordance with management's authorisation and the accounts are reliable for publication; and
- There is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group.

(11) Directors' and Auditors' Acknowledgement

All Directors acknowledge their responsibility for preparing the accounts for the year ended 31 March 2010. The external auditors of the Company acknowledge their reporting responsibilities in the auditors' report on the consolidated financial statements for the year ended 31 March 2010.

REPORT OF THE DIRECTORS

DISTRIBUTABLE RESERVES

As at 31 March 2010, the Group did not have any reserves available for distribution to shareholders.

DIRECTORS

The Directors during the financial year and up to the date of this announcement were:

Mr. Hou Hsiao Bing (*Chairman*)

Mr. Hou Hsiao Wen

Mr. Zeng Xiangyi (appointed on 15 June 2010)

Ms. Wang Daling (appointed on 15 June 2010)

Ms. Lui, Ming Rosita* (resigned on 15 June 2010)

Mr. Ho Wai Wing, Raymond* (resigned on 15 June 2010)

Mr. Tam Kam Biu, William*

Mr. Wong Chung Wai, Eric* (appointed on 15 June 2010)

Mr. Lai Chun Hung* (appointed on 15 June 2010)

* *Independent Non-Executive Directors*

In accordance with Article 108(A) of the Company's Articles of the Association, Mr. Tam Kam Biu, William will retire as Director by rotation and, being eligible, offer himself for re-election as Director at the forthcoming annual general meeting.

In accordance with Article 112 of the Company's Articles of the Association, Mr. Zeng Xiangyi, Ms. Wang Daling, Mr. Wong Chung Wai, Eric and Mr. Lai Chun Hung shall hold office only until the forthcoming annual general meeting and each of them, being eligible, offers himself/herself for re-election as Director at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

On 15 June 2010, each of Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen, both being Executive Directors, has entered into a new service contract with the Company for an initial term of three years commencing from 15 June 2010 (which will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other). Pursuant to such service contracts, the monthly salary of each of Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen is HK\$76,667 and HK\$83,333 respectively.

There is no service contract between the Company and each of Mr. Zeng Xiangyi and Ms. Wang Daling, both being Executive Directors. Each of Mr. Zeng Xiangyi and Ms. Wang Daling is not appointed for any specified term and is subject to retirement by rotation and other related provisions as stipulated in the articles of association of the Company.

Mr. Tam Kam Biu, William, an Independent Non-Executive Director, has been reappointed for a further term of 1 year renewable automatically for successive term of 1 year each commencing from the next day after the expiry of the then current term of the aforesaid appointment, unless terminated by not less than three months' notice in writing served by either party on the other during the term of the renewed appointment. There is no service contract between the Company and each of Mr. Wong Chung Wai, Eric and Mr. Lai Chun Hung, both being Independent Non-Executive Directors. Each of Mr. Wong and Mr. Lai is appointed for a term of one year and is also subject to retirement by rotation and other related provisions as stipulated in the articles of association of the Company. Save for Directors' fees, none of the Independent Non-Executive Directors is expected to receive any other remuneration for holding their office as an Independent Non-Executive Director.

Save as disclosed herein, there are no existing or proposed service contracts with the Company which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

CONNECTED TRANSACTIONS

The related party transactions undertaken by the Group as set out in note 22 to the financial statements constituted continuing connected transactions which are exempted from reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Independent Non-Executive Directors have examined and confirmed that:

- (i) these transactions were executed in the ordinary and usual course of business of the Company;
- (ii) these transactions were executed on normal commercial terms or on terms not less favorable than those given to (or obtained from, wherever applicable) independent third parties (if no comparable transaction can be referred to judge whether the transaction was executed on normal commercial terms);
- (iii) these transactions were executed in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interest of the Company's shareholders as a whole; and
- (iv) the Company should continue with these transactions.

DIRECTORS' INTEREST IN CONTRACTS

Save as disclosed in this report, no contracts of significance in relation to the Group's business to which the Company and its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year.

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

As at 31 March 2010, 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) (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 the Directors of the Company 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	Name of company	Capacity	Number and class of securities (Note 1)	Percentage shareholding in the same class of securities
Mr. Hou Hsiao Bing (Executive Director)	The Company	Beneficial owner	131,150,000 ordinary shares (L)	24.12%
	The Company	Beneficial owner	2,000,000 ordinary shares (Note 2)	0.37%
Mr. Hou Hsiao Wen (Executive Director)	The Company	Beneficial owner	25,370,000 ordinary shares (L)	4.67%
	The Company	Beneficial owner	2,000,000 ordinary shares (Note 2)	0.37%

Notes:

- The letter "L" represents the Director's interests in the shares and underlying shares of the Company.
- These shares were the respective number of shares which would be allotted and issued upon exercise in full of the options granted to each of the Company's Executive Directors namely Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen, pursuant to the share option scheme of the Company adopted on 13 December, 2000. The exercise period and the exercise price of these options are set out in the section headed "Share Option Schemes" below.

(b) *Directors' and Chief Executive's Interests/Short Positions in the Share Capital of the Company's Associated Corporations*

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

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

SHARE OPTION SCHEMES

1. Pre-IPO Share Options

On 13 December 2000, the shareholders of the Company approved and adopted a share option scheme (the "Share Option Scheme"). Under the Share Option Scheme, the Directors may, at their discretion, grant to any employees of the Group, including Executive Directors, options to subscribe for the shares.

The subscription price for options granted under the Share Option Scheme after the listing of the shares on the GEM is determined by the Directors and will not be less than the higher of the closing price of the shares on GEM on the date of grant of the options or the average of the closing price of the shares on GEM for the five trading days immediately preceding the date of grant of the options. As regards the options granted before the listing of the shares on the GEM (the "Pre-IPO Share Options"), the subscription price is to be determined by Directors and shall not be less than the nominal value of the shares. The maximum number of shares in which options may be granted under the Share Option Scheme may not exceed 30 per cent. of the ordinary share capital in issue from time to time. The maximum option term is ten years from the respective grant dates. Options may be exercised at any time during a period, generally three years but not later than ten years, to be determined and notified to each grantee.

Pursuant to the Pre-IPO Share Options granted under the above Share Option Scheme, certain Directors have interests in options to subscribe for shares as set forth below. The options have a duration of 10 years from 18 December 2000, which is the date on which the offer of grant was made, and therefore will be exercisable during the period from the aforesaid date to 17 December 2010. Pursuant to the offer letters in respect of the grant of the Pre-IPO Share Options, the grantees can only exercise the options to the extent of an aggregate total of 25 per cent., 50 per cent., 75 per cent. and 100 per cent. of the Pre-IPO Share Options in each of the first to fourth anniversaries of the commencement of the trading of the shares on GEM, respectively.

Pre-IPO Share Options	Outstanding at 1.4.2009	Number of Options			Outstanding at 31.3.2010	Closing price per share immediately before the date of grant (HK\$) (Note)
		Granted during the year	Exercised during the year	Lapsed during the year		
Exercise price at HK\$0.40:						
– Executive Directors						
Hou Hsiao Bing	2,000,000	Nil	Nil	Nil	2,000,000	Nil
Hou Hsiao Wen	2,000,000	Nil	Nil	Nil	2,000,000	Nil
– Other Employees	2,400,000	Nil	Nil	Nil	2,400,000	Nil
	<u>6,400,000</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>6,400,000</u>	

Note:

As the shares of the Company were listed in the GEM of the Stock Exchange not earlier than the date of 3 January 2001, no closing price per share of the Pre-IPO Share Options could be calculated.

2. *New Share Option Scheme adopted as at 30 July 2004*

The Company has adopted a new share option scheme (“New Scheme”) and terminated the Share Option Scheme by shareholders’ resolutions passed at its Annual General Meeting held on 30 July 2004. The New Scheme became effective on 30 July 2004. Upon the termination of the Share Option Scheme on 30 July 2004, no further options may be offered under the Share Option Scheme but the Share Option Scheme would in all respects remain in force to the extent necessary to give effect to the exercise of the outstanding Pre-IPO Share Options granted under it prior to its termination. The outstanding Pre-IPO Share Options will continue to be valid and exercisable in accordance with the provisions of the Share Option Scheme.

The principal terms of the New Scheme is set out as follows:

The purpose of the New Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

Participants under the Scheme include directors and employees of the Group or any entity (“Invested Entity”) in which the Group holds an equity interest; any suppliers, customers, advisers or consultants of the Group or any Invested Entity; any persons or entities that provide research development or other technological support to the Group or any Invested Entity; any holders of securities issued by any member of the Group or any Invested Entity; and any other groups or classes of participants whom the Board considers have contributed or will contribute to the Group.

The maximum number of shares to be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

The total number of shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the New Scheme and any other share option schemes of the Group) to be granted under the New Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue as at the date of passing of the relevant resolution adopting the New Scheme (“General Scheme Limit”). On the basis that there were a total of 452,612,072 shares in issue as at the date of passing of the relevant resolution of the New Scheme on 30 July 2004, the Directors were allowed to grant options carrying rights to subscribe for a maximum of 45,261,207 shares under the General Scheme Limit.

Up to the date of this report, no options were granted or exercised under the New Scheme. The total number of securities available was 45,261,207 shares, representing approximately 8.32% of the Company’s shares in issue as at the date of this report.

The maximum number of shares issued and to be issued upon exercise of the options granted to each eligible participant (including exercised and outstanding options) in any 12-month period shall not exceed 1% of the issued shares from time to time.

An option may be accepted by a participant within 21 days from the date of the offer for grant of the option.

Unless otherwise determined by the Directors and stated in the offer for the grant of options to grantees, there is no minimum period required under the New Scheme for the holding of an option before it can be exercised.

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

The subscription price for shares under the New Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of shares as stated in the Stock Exchange's daily quotations sheet for five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares.

The New Scheme will remain in force for a period of 10 years commencing on the date on which the New Scheme is adopted, i.e. until 29 July 2014.

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

As at 31 March 2010, the following persons, other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholders	Number of ordinary shares	Capacity	Approximate percentage of interest
Mr. Ren Bao Gen	45,300,000	Beneficial owner	8.33%
UBS AG	30,000,000	Beneficial owner	5.52%
Mr. Yun Qin (<i>Note 1</i>)	530,875,000	Beneficial owner (<i>Note 1</i>)	97.62%
Ms. Hu Jian Ming (<i>Note 1 and 2</i>)	530,875,000	Beneficial owner (<i>Note 1 and 2</i>)	97.62%
Max Success Group Ltd (<i>Note 1</i>)	451,243,750	Beneficial owner (<i>Note 1</i>)	82.98%
Rus Energy Investment Group Ltd (<i>Note 1</i>)	79,631,250	Beneficial owner (<i>Note 1</i>)	14.64%
BHL Solar Technology Company Limited (<i>Note 3</i>)	26,275,000	Beneficial owner (<i>Note 3</i>)	4.83%
	1,050,000	Beneficiary of a trust (<i>Note 3</i>)	0.19%
China Technology Development Group Corporation (<i>Note 3</i>)	27,325,000	Interest of controlled corporation (<i>Note 3</i>)	5.02%

Notes:

- 1 These interests in shares of the Company represented the consideration shares and the convertible bonds that would be issued pursuant to a sale and purchase agreement dated 18 January 2010 in relation to the proposed acquisition of China-Rus Energy Investment Limited. The Company terminated such possible acquisition and rescinded such agreement with effect from 28 May 2010.
- 2 Ms. Hu Jian Ming is the spouse of Mr. Qin Yun. Accordingly, Ms. Hu Jing Ming is deemed, by virtue of SFO, to be interested in all the shares in which Mr. Qin Yun is interested.
3. BHL Solar Technology Company Limited is wholly-owned by China Technology Development Group Corporation.

Save as disclosed above, as at 31 March 2010, 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.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases

- the largest supplier: Approximately 60.6 per cent.
- five largest suppliers in aggregate: Approximately 90.3 per cent.

Sales

- the largest customer: Approximately 33.7 per cent.
- five largest customers in aggregate: Approximately 72.8 per cent.

None of the Directors or their respective associates (as defined in the GEM Listing Rules) or shareholders which to the knowledge of the Directors, owns more than 5 per cent. of the Company's issued share capital, had any interest in the major suppliers or customers noted above.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association, although there are no restrictions against such rights under the laws in the Cayman Islands.

FIVE YEARS FINANCIAL SUMMARY

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Results:					
Revenue	<u>27,966</u>	<u>43,645</u>	<u>72,100</u>	<u>63,808</u>	<u>34,068</u>
(Loss)/Profit attributable to shareholders	<u>(28,625)</u>	<u>(3,176)</u>	<u>2,291</u>	<u>2,078</u>	<u>(2,645)</u>
Assets and liabilities					
Total assets	<u>60,570</u>	<u>43,302</u>	<u>46,950</u>	<u>45,344</u>	<u>41,675</u>
Total liabilities	<u>(5,296)</u>	<u>(6,541)</u>	<u>(7,802)</u>	<u>(12,163)</u>	<u>(11,985)</u>
Net assets	<u>55,274</u>	<u>36,761</u>	<u>39,148</u>	<u>33,181</u>	<u>29,690</u>

AUDIT COMMITTEE

The Company's Audit Committee was formed on 13 December 2000. The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee of the Board provides an important link between the Board and the Company's auditors in matters coming within the scope of the Group audit. It also reviews the effectiveness both of the external and internal audit and of internal controls and risk evaluation. The Audit Committee currently comprises three Independent Non-Executive Directors, namely Mr. Tam Kam Bui, William, Mr. Wong Chung Wai, Eric and Mr. Lai Chun Hung. This report has been reviewed and approved by the Audit Committee of the Board.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Mr. Tam Kam Bui, William, an Independent Non-Executive Director of the Company, is an executive director of China Bio Cassava Holdings Limited (Stock Code: 8129). As China Bio Cassava Holdings Limited is also a company which is engaged in business related to research and development of information technology, China Bio Cassava Holdings Limited may be in competition with the Group.

Save as disclosed above, none of the Directors or management shareholders (as defined in the GEM Listing Rules) of the Company has an interest in a business which compete or may compete with the business of the Group.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 March 2010.

AUDITORS

The audited financial statements of the Company for the year ended 31 March 2010 have been audited by W.H. Tang & Partners CPA Limited, who will retire and being eligible, offer themselves for reappointment as auditor at the forthcoming annual general meeting of the Company. There is no change to the auditors of the Company in the preceding 3 years.

On behalf of the Board

Hou Hsiao Bing

Chairman

Hong Kong, 24 June 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	<i>Note</i>	2010 HK\$'000	2009 <i>HK\$'000</i>
Revenue	3	27,966	43,645
Cost of sales		<u>(20,263)</u>	<u>(26,754)</u>
Gross profit		7,703	16,891
Other revenue	3	217	484
Selling expenses		(2,838)	(3,432)
Administrative expenses		<u>(33,549)</u>	<u>(15,911)</u>
Loss from operations	4	(28,467)	(1,968)
Finance costs	5	<u>–</u>	<u>(117)</u>
Loss before taxation		(28,467)	(2,085)
Income tax expenses	6	<u>(158)</u>	<u>(1,091)</u>
Loss for the year		<u>(28,625)</u>	<u>(3,176)</u>
Other comprehensive income			
Exchange differences on translation of financial statements of overseas subsidiaries		<u>89</u>	<u>789</u>
Total comprehensive income for the year		<u>(28,536)</u>	<u>(2,387)</u>
Loss for the year attributable to: Equity holders of the Company		<u>(28,625)</u>	<u>(3,176)</u>
Total comprehensive income attributed to: Equity holders of the Company		<u>(28,536)</u>	<u>(2,387)</u>
Dividend	7	<u>–</u>	<u>–</u>
Loss per share			
– Basic	8	<u>(5.49 cents)</u>	<u>(0.70 cents)</u>
– Diluted	8	<u>(5.64 cents)</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	<i>Note</i>	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	<i>11</i>	192	242
Available-for-sale financial assets	<i>12</i>	<u>–</u>	<u>–</u>
		192	242
Current assets			
Inventories	<i>13</i>	9,238	12,652
Accounts receivables	<i>14</i>	17,394	21,524
Other receivables, deposits and prepayments	<i>15</i>	10,912	3,242
Bank balances and cash	<i>16</i>	22,834	5,642
		60,378	43,060
Current liabilities			
Accounts payables	<i>17</i>	2,078	844
Other payables and accruals		1,290	3,182
Receipt in advance		689	1,028
		4,057	5,054
Net current assets		56,321	38,006
Total assets less current liabilities		56,513	38,248
Non-current liabilities			
Deferred tax liabilities		1,239	1,487
Net assets		55,274	36,761
Capital and reserves			
Share capital	<i>18</i>	54,379	45,316
Reserves	<i>19</i>	895	(8,555)
Shareholders' funds		55,274	36,761

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2010

	Equity attributable to equity holders of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Warrant reserve HK\$'000	Reserve arising from reorganization HK\$'000	Exchange reserve HK\$'000	Retained profits (Deficit) HK\$'000	
At 1 April 2008	45,316	1,249	-	(24,317)	5,736	11,164	39,148
Total comprehensive income for the year	-	-	-	-	789	(3,176)	(2,387)
At 31 March 2009 and At 1 April 2009	45,316	1,249	-	(24,317)	6,525	7,988	36,761
Issue of shares	9,063	29,908	-	-	-	-	38,971
Transaction cost on issue of shares	-	(1,602)	-	-	-	-	(1,602)
Issue of warrants	-	-	10,000	-	-	-	10,000
Transaction cost on issue of warrants	-	-	(320)	-	-	-	(320)
Total comprehensive income for the year	-	-	-	-	89	(28,625)	(28,536)
At 31 March 2010	54,379	29,555	9,680	(24,317)	6,614	(20,637)	55,274

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2010

	2010 HK\$'000	2009 HK\$'000
OPERATING ACTIVITIES		
Loss before taxation	(28,467)	(2,085)
Adjustment for:		
Depreciation	73	131
Interest income	(11)	(40)
Interest expenses	–	117
impairment loss recognized on other deposit	7,745	–
Impairment loss recognized on accounts receivables	2,000	–
	<u> </u>	<u> </u>
Operating cash flows before movements in working capital	(18,660)	(1,877)
Decrease (Increase) in inventories	3,413	(5,642)
Decrease in accounts receivables	2,129	8,829
(Increase) decrease in other receivables, deposits and prepayments	(15,415)	4,159
Increase (Decrease) in accounts payables	1,235	(40)
(Decrease) Increase in other payables and accruals	(1,892)	844
(Decrease) Increase in receipt in advance	(339)	174
	<u> </u>	<u> </u>
Cash (used in) from operations	(29,529)	6,447
Interest expenses	–	(117)
Overseas taxation paid	(408)	(916)
	<u> </u>	<u> </u>
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(29,937)	5,414
	<u> </u>	<u> </u>
INVESTING ACTIVITIES		
Interest received	11	40
Purchase of property, plant and equipment	(22)	(21)
	<u> </u>	<u> </u>
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(11)	19
	<u> </u>	<u> </u>
FINANCING ACTIVITIES		
Shares issued	9,063	–
Proceed from issue of equity shares	29,908	–
Transaction cost on issue of equity shares	(1,602)	–
Proceed from issue of warrants	10,000	–
Transaction cost on issue of warrants	(320)	–
	<u> </u>	<u> </u>
NET CASH FROM FINANCING ACTIVITIES	47,049	–
	<u> </u>	<u> </u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	17,101	5,433
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,642	(588)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	91	797
	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS AT ENDED OF YEAR, represented by		
Bank balances and cash	<u>22,834</u>	<u>5,642</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2010

1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liabilities and its shares are listed on the Growth Enterprise Market (“GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company’s registered office is located at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681, George Town, Grand Cayman, Cayman Islands, British West Indies and its principal place of business is located at Room 1104, SUP Tower, 75 King’s Road, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as functional currency of the Company.

The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in the sale of electronic banking systems, other related equipment and provision of hardware and software technical support services of computer communication systems, technical development of network communication, development and design of system software.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards (HKFRS”), Hong Kong Accounting Standards (“HKAS”) and Interpretations (“HK(IFRIC)-Int”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The financial statements include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (“Listing Rules”).

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations (“new and revised HKFRSs”) issued by the HKICPA.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendments)	Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 18	Transfers of Assets from Customers

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments nor changes in the basis of measurement of segment profit or loss, but resulted in changes in the basis of measurement of segment assets and segment liabilities (see note 8).

The directors of the Company considered that the application of this revised standard did not have material impact for the current year on the consolidated financial statements.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 24 (Revised)	Related Party Disclosures ⁶
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 32 (Amendments)	Classification of Rights Issues ⁴
HKAS 39 (Amendment)	Eligible hedged items ¹
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopter ³
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ⁵
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ³
HKFRS 3 (Revised)	Business Combinations ¹
HKFRS 9	Financial Instruments ⁷
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement ⁶
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners ¹
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments ⁵
HKFRSs (Amendments)	Improvements to HKFRSs 2010 ⁸

- ¹ Effective for annual periods beginning on or after 1 July 2009.
- ² Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
- ³ Effective for annual periods beginning on or after 1 January 2010.
- ⁴ Effective for annual periods beginning on or after 1 February 2010.
- ⁵ Effective for annual periods beginning on or after 1 July 2010.
- ⁶ Effective for annual periods beginning on or after 1 January 2011.
- ⁷ Effective for annual periods beginning on or after 1 January 2013.
- ⁸ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011 as appropriate.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognized financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortized cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the sales of self-service automatic teller machine ("ATM") systems, banking and other related equipment, and the provision of hardware and software technical support services. Revenue during the year is as follows:

	The Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue		
Sales of goods	18,648	24,523
Rendering of services	9,318	19,122
	<u>27,966</u>	<u>43,645</u>
Other revenue		
Government subsidies for business development	111	444
Interest income	11	40
Others	95	–
	<u>217</u>	<u>484</u>
Total revenue	<u>28,183</u>	<u>44,129</u>

The Group has adopted HKFRS 8 “Operating Segments” with effect from 1 April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e. the board of directors of the Company) in order to allocate resources to the segment and to assess their performance. In contrast, the predecessor standard (HKAS 14 “Segment Reporting”) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity’s system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. The application of HKFRS 8 has not resulted in the redesignation of the Group’s reportable segments determined in accordance with HKAS 14, nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

Unallocated costs represent corporate expenses. Segment assets consist primarily of intangible assets, property, plant and equipment, inventories, receivables and operating cash. Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings. Capital expenditure comprises additions to intangible assets and property, plant and equipment.

Business segments

The Group is organized into two main business segments:

- i. Sales of goods – sales of self-service ATM systems, banking and other related equipment
- ii. Rendering of services – provision of hardware and software technical support services

	Sales of goods	Rendering	The Group
	2010	of services	2010
	HK\$’000	2010	2010
		HK\$’000	HK\$’000
Revenue	<u>18,648</u>	<u>9,318</u>	<u>27,966</u>
Segment results	–	(384)	(384)
Other revenue			206
Unallocated costs			<u>(28,289)</u>
Loss from operations			(28,467)
Finance costs			<u>–</u>
Loss before taxation			(28,467)
Income tax expenses			<u>(158)</u>
Loss for the year			<u><u>(28,625)</u></u>

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

	Sales of goods 2010 HK\$'000	Rendering of services 2010 HK\$'000	The Group 2010 HK\$'000
SEGMENT ASSETS			
Segment assets	<u>15,977</u>	<u>16,638</u>	<u>32,615</u>
Property, plant and equipment (for corporate)			7
Other receivables and prepayments (for corporate)			8,142
Bank balances and cash (for corporate)			<u>19,806</u>
Consolidated assets			<u>60,570</u>
SEGMENT LIABILITIES			
Segment liabilities	<u>2,078</u>	<u>1,156</u>	<u>3,234</u>
Other payables and accruals (for corporate)			<u>2,062</u>
Consolidated liabilities			<u>5,296</u>
	Sales of goods 2009 HK\$'000	Rendering of services 2009 HK\$'000	The Group 2009 HK\$'000
Revenue	<u>24,523</u>	<u>19,122</u>	<u>43,645</u>
Segment results	2,165	6,007	8,172
Other revenue			484
Unallocated costs			<u>(10,624)</u>
Loss from operations			(1,968)
Finance costs			<u>(117)</u>
Loss before taxation			(2,085)
Income tax expenses			<u>(1,091)</u>
Loss for the year			<u>(3,176)</u>

	Sales of goods 2009 HK\$'000	Rendering of services 2009 HK\$'000	The Group 2009 HK\$'000
SEGMENT ASSETS			
Segment assets	<u>17,225</u>	<u>19,678</u>	<u>36,903</u>
Property, plant and equipment (for corporate)			176
Other receivables and prepayments (for corporate)			2,434
Bank balances and cash (for corporate)			<u>3,789</u>
Consolidated assets			<u>43,302</u>
SEGMENT LIABILITIES			
Segment liabilities	<u>843</u>	<u>1,668</u>	<u>2,511</u>
Other payables and accruals (for corporate)			<u>4,030</u>
Consolidated liabilities			<u>6,541</u>

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

- all assets are allocated to reportable-segments, other than corporate assets of the Group
- all liabilities are allocated to reportable segments, other than liabilities not directly related to operation of segments such as other payables and accruals for corporate.

Other segment information

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

	Sales of goods 2010 HK\$'000	Rendering of services 2010 HK\$'000	Total 2010 HK\$'000
Additions to property, plant and equipment	15	–	15
Depreciation of property, plant and equipment	–	19	19
Impairment loss recognized on receivable	500	1,500	2,000
Bad debt written off	531	251	782
Written off of obsolete inventories	<u>615</u>	<u>717</u>	<u>1,332</u>

	Sales of goods 2009 HK\$'000	Rendering of services 2009 HK\$'000	Total 2009 HK\$'000
Depreciation of property, plant and equipment	–	41	41
Bad debt written off	911	146	1,057

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.

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2010 HK\$'000	2009 HK\$'000
Customer A – Sales of goods	4,393	9,907
Customer A – rendering of services	5,037	6,921
Customer B – Sales of goods	–	6,745
Customer C – Sales of goods	–	4,440
Customer D – Sales of goods	4,503	–

4. LOSS FROM OPERATIONS

Loss from operations is stated after crediting and charging the following:

	The Group	
	2010 HK\$'000	2009 HK\$'000
Crediting:		
Net foreign exchange gains	12	–
Charging:		
Auditors' remuneration		
– current year	251	238
– underprovision in last year	5	–
Cost of inventories	15,602	20,065
Depreciation	73	131
Operating leases for land and building	2,098	1,717
Bad debts written off	1,182	1,163
Written off of obsolete inventories	1,332	–
Impairment loss recognized on receivable	2,000	–
Impairment loss recognized on other deposit	7,745	–
Research and development costs	133	214
Staff costs (including directors' emoluments and research and development costs)	10,848	11,234
Net foreign exchange losses	–	108

5. FINANCE COSTS

	The Group	
	2010	2009
	HK\$'000	HK\$'000
Interest on bank overdraft	<u>–</u>	<u>117</u>

6. INCOME TAX EXPENSES

The Company is incorporated in the Cayman Islands and is exempted from taxation in the Cayman Islands until 2021. The Company's subsidiaries established in the British Virgin Islands is incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, is 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 20% – 25% (2009: 20% – 25%).

No provision for Hong Kong profits tax has been made as there is no assessable profit (2009: nil) for the subsidiaries operating in Hong Kong during the year ended 31 March 2010.

The amount of taxation charged to the consolidated statement of comprehensive income represents:

	The Group	
	2010	2009
	HK\$'000	HK\$'000
Current income tax:		
– Hong Kong Profits Tax	–	–
– Overseas taxation	408	916
Deferred taxation	<u>(250)</u>	<u>175</u>
Income tax expenses	<u>158</u>	<u>1,091</u>

The income tax expenses can be reconciled to the loss before taxation as per the consolidated statement of comprehensive income as follows:

	The Group	
	2010	2009
	HK\$'000	HK\$'000
Loss before taxation	<u>(28,467)</u>	<u>(2,085)</u>
Calculated at a rate of income tax of 16.5% (2009: 16.5%)	(4,697)	(344)
Effect of difference rate of income tax in other countries	(256)	(44)
Tax effect on income not subject to taxation	–	(337)
Tax effect on expenses not deductible for taxation purposes	4,673	1,585
Tax effect on tax losses not recognized	493	24
Tax effect of changes in tax rate	–	75
Others	<u>(55)</u>	<u>132</u>
	<u>158</u>	<u>1,091</u>

7. DIVIDEND

No dividend was paid or proposed during the two years ended 31 March 2010 and 2009 nor has any dividend been proposed since the end of reporting date.

8. LOSS PER SHARE

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Loss		
Loss for the purpose of basic and diluted earning per share	<u>28,625</u>	<u>3,176</u>

	2010	2009
Number of share		
Weighted average number of ordinary shares for the purpose of basic earnings per share	521,134,572	453,162,072
Effect of dilutive protential ordinary shares: Warrants issued by the Company	<u>(13,377,726)</u>	—
Weighted average number of ordinary shares for the purpose of diluted earning per share	<u>507,756,846</u>	<u>453,162,072</u>

9. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Wages and salaries	10,365	10,363
Pension costs – defined contribution plans	<u>483</u>	<u>871</u>
	<u>10,848</u>	<u>11,234</u>

10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(A) Directors' emoluments

Emoluments paid or payable to each of the five (2009: five) directors of the Company during the year were as follows:

2010	Fees <i>HK\$'000</i>	Salaries and other emoluments <i>HK\$'000</i>	Contribution to retirement benefits scheme <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Executive Directors</i>				
Hou Hsiao Bing (<i>Note 4</i>)	-	810	12	822
Hou Hsiao Wen (<i>Note 4</i>)	-	1,000	12	1,012
<i>Independent Non-Executive Directors</i>				
Ho Wai Wing, Raymond (<i>Note 1</i>)	-	60	-	60
Lui, Ming Rosita (<i>Note 1</i>)	-	60	-	60
Tam Kam Biu, William	-	60	-	60
	<u>-</u>	<u>1,990</u>	<u>24</u>	<u>2,014</u>

Note 1: Mr. Ho Wai Wing, Raymond and Ms. Lui, Ming Rosita was subsequently resigned as an Independent Non-Executive Directors on 15 June 2010.

Note 2: Mr. Wong Chung Wai, Eric and Mr. Lai Chun Hung was subsequently appointed as an independent Non-Executive Director on 15 June 2010.

Note 3: Mr. Zeng Xiangyi and Ms. Wang Daling was subsequently appointed as Executive Directors on 15 June 2010.

Note 4: Each of Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen has entered into a new service agreement on 15 June 2010 with the Company. From 15 June 2010 onwards, the monthly salaries of Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen is HK\$76,667 and HK\$83,333 respectively.

2009	Fees HK\$'000	Salaries and other emoluments HK\$'000	Contribution to retirement benefits scheme HK\$'000	Total HK\$'000
<i>Executive Directors</i>				
Hou Hsiao Bing	–	815	12	827
Hou Hsiao Wen	–	1,284	12	1,296
<i>Independent Non-Executive Directors</i>				
Ho Wai Wing, Raymond	–	60	–	60
Lui, Ming Rosita	–	60	–	60
Tam Kam Biu, William	–	60	–	60
	<u>–</u>	<u>2,279</u>	<u>24</u>	<u>2,303</u>

(B) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2009: two) directors whose emoluments have been disclosed in the preceding paragraph. The emoluments payable to the remaining three (2009: three) individual during the year are as follows:

	2010 HK\$'000	2009 HK\$'000
Basic salaries, allowances and benefits in kind	<u>1,944</u>	<u>1,363</u>

The emoluments fell with the following bands:

	Number of Individuals	
	2010	2009
Emoluments bands		
Nil – HK\$1,000,0000	<u>3</u>	<u>3</u>

During the year ended 31 March 2010, no emoluments have been paid by the Group to the Directors and the highest paid individuals other than the Directors above as bonus, as inducement to join the Group or as compensation for loss of office (2009: HK\$Nil).

11. PROPERTY, PLANT AND EQUIPMENT

	The Group			
	Leasehold Improvements <i>HK\$'000</i>	Office equipment, furniture and fixtures <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost				
At 1 April 2008	97	4,833	340	5,270
Additions	–	21	–	21
Effect of foreign currency exchange difference	2	36	–	38
At 31 March 2009 and At 1 April 2009	99	4,890	340	5,329
Additions	–	22	–	22
Effect of foreign currency exchange difference	–	6	–	6
At 31 March 2010	<u>99</u>	<u>4,918</u>	<u>340</u>	<u>5,357</u>
Accumulated depreciation				
At 1 April 2008	97	4,489	340	4,926
Charge for the year	–	131	–	131
Effect of foreign currency exchange difference	2	28	–	30
At 31 March 2009 and At 1 April 2009	99	4,648	340	5,087
Charge for the year	–	73	–	73
Effect of foreign currency exchange difference	–	5	–	5
At 31 March 2010	<u>99</u>	<u>4,726</u>	<u>340</u>	<u>5,165</u>
Net book values				
At 31 March 2010	<u>–</u>	<u>192</u>	<u>–</u>	<u>192</u>
At 31 March 2009	–	242	–	242

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Unlisted investment, at cost	190	190
Less: Impairment loss	(190)	(190)
	<u>–</u>	<u>–</u>

13. INVENTORIES

	The Group	
	2010	2009
	HK\$'000	HK\$'000
Merchandise for re-sale	6,770	8,932
Spare parts	4,468	5,720
	<u>11,238</u>	<u>14,652</u>
Less: Provision for slow moving and obsolete inventories	(2,000)	(2,000)
	<u>9,238</u>	<u>12,652</u>

14. ACCOUNTS RECEIVABLES

	The Group	
	2010	2009
	HK\$'000	HK\$'000
Accounts receivables	21,162	23,292
Less: Allowance for doubtful debts	(3,768)	(1,768)
	<u>17,394</u>	<u>21,524</u>

The majority of the Group's sales are 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 31 March 2010 the ageing analysis of the Group's accounts receivables was as follows:

	2010	2009
	HK\$'000	HK\$'000
Current to 60 days	8,197	9,037
61 – 90 days	2,339	1,096
Over 90 days	10,626	13,159
	<u>21,162</u>	<u>23,292</u>
Less: Allowance for doubtful debts	(3,768)	(1,768)
	<u>17,394</u>	<u>21,524</u>

As at 31 March 2010, the top five customers accounted for 72.75% (2009: 93.28%) of the Group's accounts receivables. The overdue but not impaired balances are approximately HK\$885,000 (2009: HK\$1,570,000).

Movement in the allowance for doubtful debts

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Balance at beginning of the year	1,768	1,766
Impairment loss recognized on receivable	2,000	–
Foreign exchange translation gains and losses	–	2
	<u> </u>	<u> </u>
Balance at end for the year	<u>3,768</u>	<u>1,768</u>

At 31 March 2010 and 2009, the analysis of trade and note receivables that were past due but not impaired are as follows:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Over 90 days	<u>885</u>	<u>1,570</u>

Accounts receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Accounts receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in other receivables, deposits and prepayments are deposit for the possible acquisition of entire issued capital of China-Rus Energy Investment Limited of approximately HK\$7,745,000 which an impairment loss of HK\$7,745,000 has been made to the consolidated statement of comprehensive income.

16. BANK BALANCES AND CASH

	The Group	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Cash at bank and on hand	22,834	5,038
Short-term deposits at banks	–	604
	<u> </u>	<u> </u>
Bank balances and cash in the consolidated statement of financial position and in the consolidated statement of cash flows	<u>22,834</u>	<u>5,642</u>

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Cash and bank deposits denominated in:		
Hong Kong dollar	19,647	2,484
Chinese Renminbi	2,994	3,116
United States dollar	193	42
	<u>22,834</u>	<u>5,642</u>

Included in the balance was approximately HK\$2,976,000 (2009: HK\$3,102,000), representing bank deposits 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.

The effective interest rates on short-term bank deposits ranged from 0.05% to 0.36% (2009: from 0.05% to 0.72%).

17. ACCOUNTS PAYABLES

	The Group	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Accounts payables	<u>2,078</u>	<u>844</u>

At 31 March 2010, the ageing analysis of the Group's accounts payables was as follows:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Current to 60 days	1,924	732
61 – 90 days	–	–
Over 90 days	154	112
	<u>2,078</u>	<u>844</u>

18. SHARE CAPITAL

	Authorized Ordinary shares of HK\$0.1 each	
	<i>No. of shares</i>	<i>HK\$'000</i>
At 31 March 2009 and 2010	<u>1,000,000,000</u>	<u>100,000</u>
	Issued and fully paid Ordinary shares of HK\$0.1 each	
	<i>No. of shares</i>	<i>HK\$'000</i>
At 1 April 2008 and At 31 March 2009	453,162,072	45,316
Shares issued pursuant to placing and subscription agreement	<u>90,630,000</u>	<u>9,063</u>
At 31 March 2010	<u>543,792,072</u>	<u>54,379</u>

The shares issued during the year rank pari passu in all respects with other shares in issue.

(I) Issuance of new shares

On 26 June 2009 and 7 July 2009, pursuant to placing and subscription agreement 90,630,000 shares of HK\$0.43 each for cash was issued. The total proceeds and net proceeds from the placing of shares, after deducting all related expenses, were approximately HK\$38,971,000 and HK\$37,369,000. The Company has utilized the net proceed for the deposit in the possible acquisition of all equity interests in China-Rus Energy Investment Limited.

(II) Issuance of unlisted warrants

On 23 December 2009, 100,000,000 unlisted warrants of HK\$0.10 each for cash had been issued. The total proceeds and net proceeds from the placing of warrants, after deducting all related expenses, were approximately HK\$10,000,000 and HK\$9,680,000. The Company has utilized the net proceed as general working capital. During the year, no warrant was exercised.

Share options

- (a) Under a share option scheme approved and adopted by the shareholders on 13 December 2000 (the "Share Option Scheme"), the Director of the Company may, at their discretion, invite full-time employees including executive directors to take up options to subscribe for shares in the Company representing up to a maximum of 30% of the shares in issue from time to time (excluding shares issued up on the exercise of options granted under the share option scheme).

- (b) On 13 December 2000, Pre-IPO share options (the “Pre-IPO share options”) were granted to certain Directors of the Company and employees of the Group, respectively under the Share Option Scheme to subscribe for the shares of the Company. The exercise prices of these share options range from HK\$0.2 to HK\$0.4 per share. All options are only exercisable to the extent of an aggregate total of 25 per cent., 50 per cent., 75 per cent. and 100 per cent. of the Pre-IPO Share Options in each of the first to fourth anniversaries of the commencement of the trading of the shares of the Company on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, respectively. These options have a life of 10 years from the date on which the grant was made.
- (c) During the year, no options were exercised under the Share Option Scheme (2009: Nil) and there was no options granted under the Share Option Scheme for the year ended 31 March 2010 and 31 March 2009 respectively. In addition, there was no options were lapsed upon resignation of the relevant employees of the Group (2009: Nil). As at 31 March 2010, options to subscribe for 6,400,000 (2009: 6,400,000) shares of the Company were outstanding.
- (d) The Company has adopted a new share option scheme (“New Scheme”) and terminated the Share Option Scheme by shareholders’ resolutions passed at its Annual General Meeting held on 30 July 2004. The New Scheme became effective on 30 July 2004. Upon the termination of the Share Option Scheme on 30 July 2004, no further options may be offered under the Share Option Scheme but the Share Option Scheme would in all respects remain in force to the extent necessary to give effect to the exercise of the outstanding Pre-IPO Share Options granted under it prior to its termination. The outstanding Pre-IPO Share Options will continue to be valid and exercisable in accordance with the provisions of the Share Option Scheme. No option shares have been granted under the New Scheme to any person since its adoption.

19. RESERVES

	Share premium HK\$'000	Warrant reserve HK\$'000	Reserve arising from reorganization HK\$'000	Exchange reserve HK\$'000	Retained profits (Deficit) HK\$'000	Total HK\$'000
At 1 April 2008	1,249	–	(24,317)	5,736	11,164	(6,168)
Total comprehensive income for the year	–	–	–	789	(3,176)	(2,387)
At 31 March 2009 and						
At 1 April 2009	1,249	–	(24,317)	6,525	7,988	(8,555)
Issue of shares	29,908	–	–	–	–	29,908
Transaction cost on issue of shares	(1,602)	–	–	–	–	(1,602)
Issue of warrants	–	10,000	–	–	–	10,000
Transaction cost on issue of warrants	–	(320)	–	–	–	(320)
Total comprehensive income for the year	–	–	–	89	(28,625)	(28,536)
At 31 March 2010	<u>29,555</u>	<u>9,680</u>	<u>(24,317)</u>	<u>6,614</u>	<u>(20,637)</u>	<u>895</u>

Note:

- (i) The reserve arising from reorganization of approximately HK\$24,317,000 represents the difference between the nominal value of the share capital of subsidiaries acquired and the cost of investments in these subsidiaries incurred by the Company in exchange thereof, and has been debited to the reserve of the Group.

20. COMMITMENTS UNDER OPERATING LEASES – LAND AND BUILDINGS

At 31 March 2010, the Group had future aggregate minimum lease payments under operating leases as follows:

	The Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Not later than one year	1,170	801
Later than one year and not later than five years	1,493	71
	<u>2,663</u>	<u>872</u>

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 of two year.

The Company did not have significant lease commitment as at 31 March 2010.

21. CAPITAL COMMITMENTS

The Group did not have significant capital commitment as at 31 March 2010.

22. RELATED PARTY TRANSACTIONS

During the year, the Group undertook the following material transactions with the Directors and/or related parties, some of which are also deemed to be connected persons pursuant to the Listing Rules. The transactions during the year are as follows:

(A) Transaction with connected or related parties

		The Group	
		2010	2009
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental paid to Directors	<i>(i)</i>	107	66
Rental paid to the related parties	<i>(ii)</i>	436	415
		<u>436</u>	<u>415</u>

Note:

- (i) The Group leased an office premise from Mr. Hou Hsiao Wen (an Executive Director of the Company) and Ms. Chung Yuk Hung (a former Executive Director resigned on 10 January 2005), in Beijing of the PRC for the Group's use.
- (ii) The Group leased office premises from Dynatek Limited ("Dynatek") in Hong Kong at an annual rental of HK\$299,304 (2009: HK\$279,072) for the Group's use for the year ended 31 March 2010. Besides, the Group leased office premises from Ms. Tsou Lo Nien and Ms. Chung Po Chu in Shanghai, the PRC, at an annual rental of HK\$136,271 (2009: HK\$136,039) for the Group's use. Dynatek is owned by Mr. Hou Hsiao Bing, the Chairman of the Group. Mr. Chung Lok Fai was a former Director of the Company. Ms. Tsou Lo Nien and Ms. Chung Po Chu are the present and previous shareholders of the Company respectively.

(B) Compensation of Directors and key management personnel

	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Short-term benefits	4,024	3,913
Post-employment benefits	<u>36</u>	<u>36</u>
	<u>4,060</u>	<u>3,949</u>

23. EVENTS AFTER THE REPORTING PERIOD

On 18 January 2010, the Group entered into a sale and purchase agreement regarding the acquisition of entire issued capital of China-Rus Energy Investment Limited. Pursuant to an announcement made on 31 May 2010, the Group terminated the possible acquisition and rescinded the agreement with effect from 28 May 2010.

Regarding to the termination of the sale and purchase agreement as above, the Group has demanded the refund of deposit of approximately HK\$15,500,000 by no later than 30 June 2010, otherwise, the Group will commence legal proceeding in recovery of the deposit without further notice.

By Order of the Board
Soluteck Holdings Limited
Hou Hsiao Bing
Chairman

Hong Kong, 24 June 2010

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

Executive Directors:

Mr. Hou Hsiao Bing

Mr. Hou hsiao wen

Mr. Zeng Xiangyi

Ms. Wang Daling

Independent non-executive Directors:

Mr. Tam Kam Biu, Willian

Mr. Wong Chung Wai, Eric

Mr. Lai Chun Hung

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