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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)*

**FIRST QUARTERLY RESULT ANNOUNCEMENT 2010  
FOR THE THREE MONTHS ENDED 30 JUNE 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

\* *for identification only*

## **QUARTERLY RESULTS HIGHLIGHTS**

- The revenue of the Group during the three months ended 30 June 2010 was approximately HK\$5.7 million, representing a decrease of approximately 21.7 per cent., as compared to the same period last year (three months ended 30 June 2009: approximately HK\$7.3 million).
- The loss attributable to equity holders of the Group during the three months ended 30 June 2010 was approximately HK\$2.5 million (three months ended 30 June 2009: approximately HK\$2.7 million).
- The Board does not recommend the payment of quarterly dividend for the three months ended 30 June 2010 (three months ended 30 June 2009: Nil).

The Board (the “Board”) of Directors announces the unaudited consolidated results of the Company and its subsidiaries (together, the “Group”) for the three months ended 30 June 2010.

## **CHAIRMAN’S STATEMENT**

### **Financial Performance**

The revenue of the Group during the three months ended 30 June 2010 was approximately HK\$5.7 million, representing a decrease of approximately 21.7 per cent., as compared to the same period last year (three months ended 30 June 2009: approximately HK\$7.3 million). The management believes that the decrease in the revenue of the Group was mainly attributable to the keen competition among different suppliers of automatic teller machine (“ATM”) systems in the People’s Republic of China (the “PRC” or “China”) during the period under review.

The Group recorded a loss attributable to equity holders of approximately HK\$2.5 million in the three months ended 30 June 2010, compared with the loss attributable to equity holders of approximately HK\$2.7 million for the corresponding period last year.

Basic loss per share during the three months ended 30 June 2010 was approximately HK0.46 cents, compared with the basic loss per share of approximately HK0.59 cents for the corresponding period last year.

The Group’s gross profit margin for the three months ended 30 June 2010 was approximately 22.3 per cent., compared with approximately 16.6 per cent. for the corresponding period last year.

### **Business Review**

The Group continued to specialize in the provision of implementation and upgrading of self-service ATM systems, banking and other related systems, application hardware and software, technical support and consultancy services to commercial banks and postal bureaus in the PRC during the three months ended 30 June 2010.

### ***Implementation of self-service ATM systems***

During the three months ended 30 June 2010, implementation of self-service ATM systems (including the provision of technical consultancy and support services) remained the Group's core business and accounted for approximately 100.0 per cent. (three months ended 30 June 2009: approximately 100.0 per cent.) of the Group's total revenue.

The revenue generated from the implementation of self-service ATM systems (including the provision of technical consultancy and support services) amounted to approximately HK\$5.7 million, representing a decrease of approximately 21.7 per cent., as compared with the corresponding period last year (three months ended 30 June 2009: approximately HK\$7.3 million). Such a drop was mainly attributable to the keen competition among different suppliers of ATM systems in the PRC during the period under review.

### ***Provision of technical consultancy and support services***

The provision of technical consultancy and support services, which were already included in the above-mentioned implementation of self-service ATM systems business, contributed to a stable and recurrent source of income for the Group and accounted for approximately 35.2 per cent. of the total revenue of the Group for the three months ended 30 June 2010, compared with approximately 21.3 per cent. for the corresponding period last year. Income derived from the provision of technical consultancy and support services during the three months ended 30 June 2010 increased by approximately 29.2 per cent, as compared with the corresponding period last year.

By having ATM service centers established in major cities in China including Shaoxing, 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.

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 the Commercial Banks, Bank of Wenzhou, Bank of Yingkou, Rural Commercial Banks, Shanghai Pudong Development Bank, the Rural Credit Cooperatives of China and several branches of the China State Postal Bureau during the period under review.

### **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.

**Hou Hsiao Bing**  
*Chairman*  
**Soluteck Holdings Limited**

Hong Kong, 9 August 2010

## RESULTS

The Board announces the unaudited consolidated results of the Group for the three months ended 30 June 2010 together with comparative unaudited consolidated results of the Group for the corresponding period in 2009 as follows:

	<i>Notes</i>	<b>From 1 April 2010 to 30 June 2010 (unaudited) HK\$'000</b>	From 1 April 2009 to 30 June 2009 (unaudited) HK\$'000
Revenue	2	5,684	7,261
Cost of sales		<u>(4,418)</u>	<u>(6,059)</u>
Gross profit		1,266	1,202
Other revenue	2	157	117
Selling expenses		(651)	(405)
Administrative expenses		<u>(3,253)</u>	<u>(3,567)</u>
Loss from operations	3	(2,481)	(2,653)
Finance costs		<u>–</u>	<u>–</u>
Loss before taxation		(2,481)	(2,653)
Income tax expenses	4	<u>(19)</u>	<u>–</u>
<b>Loss for the period</b>		<u>(2,500)</u>	<u>(2,653)</u>
<b>Other comprehensive income</b>			
Exchange differences on translation of financial statements of overseas subsidiaries		<u>247</u>	<u>(1)</u>
<b>Total comprehensive income for the period</b>		<u>(2,253)</u>	<u>(2,654)</u>
Loss for the period attributable to: Equity holders of the Company		<u>(2,500)</u>	<u>(2,653)</u>
Total comprehensive income attributed to: Equity holders of the Company		<u>(2,253)</u>	<u>(2,654)</u>
Dividend		<u>–</u>	<u>–</u>
Loss per share			
– Basic	5	<u>(0.46 cents)</u>	<u>(0.59 cents)</u>
– Diluted	5	<u>(0.56 cents)</u>	<u>N/A</u>

## NOTES TO THE UNAUDITED CONSOLIDATED RESULTS:–

### 1. BASIS OF PREPARATION

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

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

The accounting policies used in preparing the unaudited consolidated results are consistent with those used in the Group's annual financial statements for the year ended 31 March 2010.

The consolidated results of the Group for the three months ended 30 June 2010 are unaudited but have been reviewed by the audit committee of the Company ("Audit Committee").

### 2. REVENUE

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

	<b>From 1 April 2010 to 30 June 2010 HK\$'000</b>	From 1 April 2009 to 30 June 2009 HK\$'000
Revenue		
Sales of goods	<b>3,683</b>	5,712
Rendering of services	<b>2,001</b>	1,549
	<b>5,684</b>	7,261
Other revenue		
Government subsidies for business development	<b>151</b>	113
Interest income	<b>6</b>	4
	<b>157</b>	117
Total revenue	<b>5,841</b>	7,378

### 3. LOSS FORM OPERATIONS

The Group's loss from operations is arrived at after charging:

	<b>From 1 April 2010 to 30 June 2010 HK\$'000</b>	From 1 April 2009 to 30 June 2009 HK\$'000
Cost of inventories	3,093	4,582
Depreciation	<u>18</u>	<u>19</u>

### 4. INCOME TAX EXPENSES

There was no provision for Hong Kong profits tax as the Group has no assessable profit for the three months ended 30 June 2010 (three months ended 30 June 2009: Nil).

The amount of income tax expenses charged to the consolidated income statement represents:-

	<b>From 1 April 2010 to 30 June 2010 HK\$'000</b>	From 1 April 2009 to 30 June 2009 HK\$'000
Current income tax		
– Hong Kong profits tax	–	–
– Overseas taxation	19	–
Deferred taxation	<u>–</u>	<u>–</u>
Income tax expenses	<u>19</u>	<u>–</u>

## 5. LOSS PER SHARE

	<b>From 1 April 2010 to 30 June 2010 HK\$'000</b>	From 1 April 2009 to 30 June 2009 HK\$'000
<b>Loss</b>		
Loss for the purpose of basic and diluted loss per share	<u><u>2,500</u></u>	<u><u>2,653</u></u>
	<b>From 1 April 2010 to 30 June 2010</b>	From 1 April 2009 to 30 June 2009
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	543,792,072	453,162,072
Effect of dilutive potential ordinary shares: Warrants issued by the Company	<u>(94,594,595)</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u><u>449,197,477</u></u>	<u><u>453,162,072</u></u>



## LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow. As at 30 June 2010, the Group had cash and bank balances amounting to a total of approximately HK\$21.9 million (as at 31 March 2010: HK\$22.8 million). The Group has no outstanding bank overdraft as at 30 June 2010 (as at 31 March 2010: HK\$Nil). The bank overdraft was at Hong Kong Dollar prime rate.

## QUARTERLY DIVIDEND

The Board does not recommend the payment of quarterly dividend for the period from 1 April 2010 to 30 June 2010 (three months ended 30 June 2009: Nil).

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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 2009	45,316	1,249	–	(24,317)	6,525	7,988	36,761
Total comprehensive income for the period	–	–	–	–	(1)	(2,653)	(2,654)
At 30 June 2009	<u>45,316</u>	<u>1,249</u>	<u>–</u>	<u>(24,317)</u>	<u>6,524</u>	<u>5,335</u>	<u>34,107</u>
At 1 April 2010	54,379	29,555	9,680	(24,317)	6,614	(20,637)	55,274
Total comprehensive income for the period	–	–	–	–	247	(2,500)	(2,253)
At 30 June 2010	<u>54,379</u>	<u>29,555</u>	<u>9,680</u>	<u>(24,317)</u>	<u>6,861</u>	<u>(23,137)</u>	<u>53,021</u>

\* *The reserve arising from reorganisation of 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.*

## **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 (“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. As at 30 June 2010, 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) (the "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.

As at the date of this announcement, the Company received no reply nor payment from either the Sellers or the Guarantor. The Company is currently seeking legal advice as to the appropriate legal actions against the Sellers and/or the Guarantor to be taken in order to safeguard the interest of the Company.

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, 8 June 2010 and 2 July 2010 for further details of the Possible Acquisition and its termination.

## Movement of Warrants

The Company has a total of 100,000,000 warrants outstanding at 30 June 2010 and its movement is as follows:

Date of issue	Outstanding at 1/4/2010	Exercised/ lapsed during the period	Outstanding at 30/6/2010	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

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

As at 30 June 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:*

1. The letter “L” represents the Director’s interests in the shares and underlying shares of the Company.
2. These shares were the respective number of shares which would be allotted and issued upon exercise in full of the options granted to Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen respectively, 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**

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

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

## SHARE OPTION SCHEMES

### 1. Pre-IPO Share Options

On 13 December 2000, the shareholders of the Company approved and adopted a share option scheme (“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 (“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	Number of Options				Outstanding at 30.6.2010	Closing price per share immediately before the date of grant (HK\$) (Note)
	Outstanding at 1.4.2010	Granted during the period	Exercised during the period	Lapsed during the period		
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	<u>2,400,000</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>2,400,000</u>	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 commenced to be listed on the GEM on 3 January 2001, no closing price per share of the Pre-IPO Share Options could be calculated.

## 2. New Share Option Scheme Adopted on 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 announcement, 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 announcement.

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 30 June 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:

<b>Name of Shareholders</b>	<b>Number of ordinary shares</b>	<b>Capacity</b>	<b>Approximate percentage of interest</b>
Mr. Ren Baogen	58,830,000	Beneficial owner	10.82%
China Technology Development Group Corporation ( <i>Note 1</i> )	33,000,000	Interest of controlled corporation ( <i>Note 1</i> )	6.07%
BHL Solar Technology Company Limited ( <i>Note 1</i> )	31,950,000	Beneficial owner ( <i>Note 1</i> )	5.88%
	1,050,000	Beneficiary of a trust ( <i>Note 1</i> )	0.19%
UBS AG	30,000,000	Interest of controlled corporation ( <i>Note 2</i> )	5.52%
Mr. Yun Qin ( <i>Note 3</i> )	530,875,000	Beneficial owner ( <i>Note 3</i> )	97.62%
Ms. Hu Jianming ( <i>Note 3 and 4</i> )	530,875,000	Beneficial owner ( <i>Note 3 and 4</i> )	97.62%
Max Success Group Ltd ( <i>Note 3</i> )	451,243,750	Beneficial owner ( <i>Note 3</i> )	82.98%
Rus Energy Investment Group Ltd ( <i>Note 3</i> )	79,631,250	Beneficial owner ( <i>Note 3</i> )	14.64%

*Notes:*

1. BHL Solar Technology Company Limited is wholly-owned by China Technology Development Group Corporation.
2. These shares were owned as to 25,685,000 shares by UBS Fund Services (Luxembourg) SA and as to 4,315,000 shares by UBS Global Asset Management (Hong Kong) Ltd, both entities being wholly-owned by UBS AG.
3. 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.
4. Ms. Hu Jianming is the spouse of Mr. Qin Yun. Accordingly, Ms. Hu Jianming is deemed, by virtue of SFO, to be interested in all the shares in which Mr. Qin Yun is interested.

Save as disclosed above, as at 30 June 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.

## **AUDIT COMMITTEE**

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

The Audit Committee provides an important link between the Board and the Company’s auditors in matters coming within the scope of the 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. The unaudited consolidated results of the Group for the three months ended 30 June 2010 have been reviewed and approved by the Audit Committee.

## **DIRECTORS’ INTEREST IN COMPETING BUSINESS**

Mr. Tam Kam Bui, William, an independent non-executive Director, is an executive director of China Bio Cassava Holdings Limited (Stock Code: 8129), a company incorporated in the Cayman Islands whose securities are listed on GEM. As China Bio Cassava Holdings Limited is also a company which is engaged in business related to research and development of information technology, China Bio Cassava Holdings Limited may be in competition with the Group.

Save as disclosed above, none of the Directors 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.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

The Company had not redeemed any of its Shares during the three months ended 30 June 2010. Neither the Company nor any of its subsidiaries purchased or sold any of the Shares during the three months ended 30 June 2010.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

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

On behalf of the Board

**Hou Hsiao Bing**

*Chairman*

Hong Kong, 9 August 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*

*Mr. Law Shu Sang, Joseph*

*Independent non-executive Directors:*

*Mr. Tam Kam Biu, William*

*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](http://www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of its posting.*