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*This announcement, for which the directors (“Directors”) of Soluteck Holdings Limited (“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)*

**THIRD QUARTERLY RESULT ANNOUNCEMENT  
FOR THE NINE MONTHS ENDED 31 DECEMBER 2010**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK  
EXCHANGE OF HONG KONG LIMITED (“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 nine months ended 31 December 2010 was approximately HK\$29.1 million, representing an increase of approximately 64.2 per cent., as compared to the same period last year (nine months ended 31 December 2009: approximately HK\$17.7 million).
- The loss attributable to equity holders of the Group during the nine months ended 31 December 2010 was approximately HK\$23.1 million (nine months ended 31 December 2009: approximately HK\$16.3 million).
- The Board does not recommend the payment of quarterly dividend for the nine months ended 31 December 2010 (nine months ended 31 December 2009: Nil).

The board (“Board”) of Directors announces the unaudited consolidated results of the Company and its subsidiaries (together, the “Group”) for the nine months ended 31 December 2010.

## **CHAIRMAN’S STATEMENT**

### **Financial Performance**

The revenue of the Group during the nine months ended 31 December 2010 was approximately HK\$29.1 million, representing an increase of approximately 64.2 per cent., as compared to the same period last year (nine months ended 31 December 2009: approximately HK\$17.7 million).

The Group’s gross profit margin for the nine months ended 31 December 2010 was approximately 24.6 per cent., compared with approximately 25.3 per cent. for the corresponding period last year.

The Group recorded a loss attributable to equity holders of approximately HK\$23.1 million in the nine months ended 31 December 2010, compared with the loss attributable to equity holders of approximately HK\$16.3 million for the corresponding period last year. Such loss was mainly a result of the impairment loss on the initial deposit paid of approximately HK\$7.7 million in the possible acquisition of the entire issued share capital of China-Rus Energy Investment Limited (which the Company decided to terminate such possible acquisition and rescinded the acquisition agreement with effect from 28 May 2010) and the unrealised loss on investment held for trading of approximately HK\$4.0 million.

Basic loss per share during the nine months ended 31 December 2010 was approximately HK3.74 cents, compared with the basic loss per share of approximately HK3.18 cents for the corresponding period last year.

## **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 systems, application hardware and software, technical support and consultancy services to commercial banks and postal bureaus in the People’s Republic of China (“PRC” or “China”) during the nine months ended 31 December 2010.

During the nine months ended 31 December 2010, the Group had entered into an agreement with Fuji Xerox Industry Development (Shanghai) Co., Ltd. (“Fuji Xerox”) as its marketing agent for its printing equipment.

### ***Implementation of Self-service ATM Systems***

During the nine months ended 31 December 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. (nine months ended 31 December 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\$29.1 million, representing an increase of approximately 64.2 per cent., as compared with the corresponding period last year (nine months ended 31 December 2009: approximately HK\$17.7 million).

### ***Provision of Technical Consultancy and Support Services***

The provision of technical consultancy and support services, which have already been 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 25.5 per cent. of the total revenue of the Group for the nine months ended 31 December 2010, compared with approximately 28.8 per cent. for the corresponding period last year. Income derived from the provision of technical consultancy and support services during the nine months ended 31 December 2010 increased by approximately 45.4 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, Hefei, Zhejiang, Wenzhou, Nanjing, Yiwu, Chongqing, Wuxi, Tianjin, Suzhou, Jinhua, Yingkou, Yancheng, Taizhou, Datong, Jiangdu, Xuzhou and Huaian, the Group has ATM service centres covering a total of 23 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, Bank of Taizhou, 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 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.

Moreover, during the nine months ended 31 December 2010, the Group has entered into an agreement with Fuji Xerox as its marketing agent for its printing equipment.

The Group will fully commit itself to being one of the leading ATM total solution providers in the banking sector in the PRC and offer a full range of banking and financial system solutions for the banking and financial sectors, and persist to put efforts on enhancing closer customer relationships, broadening business 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 February 2011

## RESULTS

The unaudited consolidated results of the Group for the periods of three months and nine months ended 31 December, 2010 together with the comparative unaudited consolidated results of the Group for the corresponding periods in 2009 are as follows:–

		From 1 October, 2010 to 31 December, 2010 (unaudited) HK\$'000	From 1 April, 2010 to 31 December, 2010 (unaudited) HK\$'000	From 1 October, 2009 to 31 December, 2009 (unaudited) HK\$'000	From 1 April, 2009 to 31 December, 2009 (unaudited) HK\$'000
	<i>Notes</i>				
Revenue	2	10,776	29,099	5,152	17,720
Cost of sales		<u>(8,182)</u>	<u>(21,931)</u>	<u>(4,141)</u>	<u>(13,228)</u>
Gross profit		2,594	7,168	1,011	4,492
Other revenue	2	19	188	1	119
Unrealised loss on investment held for trading	3	(3,962)	(3,962)	–	–
Selling expenses		(2,440)	(4,768)	(893)	(1,858)
Administrative expenses		<u>(15,096)</u>	<u>(21,388)</u>	<u>(6,389)</u>	<u>(19,066)</u>
Operating loss	4	(18,885)	(22,762)	(6,270)	(16,313)
Finance costs	5	<u>(352)</u>	<u>(352)</u>	<u>–</u>	<u>–</u>
Loss before taxation		(19,237)	(23,114)	(6,270)	(16,313)
Income tax expenses	6	<u>(5)</u>	<u>(24)</u>	<u>–</u>	<u>–</u>
Loss for the period		(19,242)	(23,138)	(6,270)	(16,313)
<b>Other comprehensive income for the period</b>					
Exchange difference on translation of financial statements of overseas subsidiaries		<u>700</u>	<u>1,425</u>	<u>24</u>	<u>38</u>
<b>Total comprehensive income for the period</b>		<u><u>(18,542)</u></u>	<u><u>(21,713)</u></u>	<u><u>(6,246)</u></u>	<u><u>(16,275)</u></u>
<b>Loss for the period attributable to Equity holders of the Company</b>		<u><u>(19,242)</u></u>	<u><u>(23,138)</u></u>	<u><u>(6,270)</u></u>	<u><u>(16,313)</u></u>
<b>Total comprehensive income attributed to Equity holders of the Company</b>		<u><u>(18,542)</u></u>	<u><u>(21,713)</u></u>	<u><u>(6,246)</u></u>	<u><u>(16,275)</u></u>
Dividend		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
		<i>HKcent</i>	<i>HKcent</i>	<i>HKcent</i>	<i>HKcent</i>
<b>Loss per share</b>					
– Basic	7	<u><u>(2.69 cents)</u></u>	<u><u>(3.74 cents)</u></u>	<u><u>(1.15 cents)</u></u>	<u><u>(3.18 cents)</u></u>
– Diluted	7	<u><u>(3.23 cents)</u></u>	<u><u>(4.64 cents)</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></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 nine months ended 31 December 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 October, 2010 to 31 December, 2010 (unaudited) HK\$'000</b>	<b>From 1 April, 2010 to 31 December, 2010 (unaudited) HK\$'000</b>	<b>From 1 October, 2009 to 31 December, 2009 (unaudited) HK\$'000</b>	<b>From 1 April, 2009 to 31 December, 2009 (unaudited) HK\$'000</b>
Revenue				
Sale of goods	<b>7,749</b>	<b>21,622</b>	3,557	12,579
Rendering of services	<b>3,027</b>	<b>7,477</b>	1,595	5,141
	<b>10,776</b>	<b>29,099</b>	5,152	17,720
Other revenue				
Government subsidies for business development	<b>1</b>	<b>153</b>	–	111
Interest income	<b>18</b>	<b>35</b>	1	8
	<b>19</b>	<b>188</b>	1	119
Total revenue	<b>10,795</b>	<b>29,287</b>	5,153	17,839

### 3. UNREALISED LOSS ON INVESTMENT HELD FOR TRADING

	<b>From 1 October, 2010 to 31 December, 2010 (unaudited) HK\$'000</b>	<b>From 1 April, 2010 to 31 December, 2010 (unaudited) HK\$'000</b>	<b>From 1 October, 2009 to 31 December, 2009 (unaudited) HK\$'000</b>	<b>From 1 April, 2009 to 31 December, 2009 (unaudited) HK\$'000</b>
China Technology Development Group Corporation ( <i>Note</i> )	<u><b>3,962</b></u>	<u><b>3,962</b></u>	<u><b>–</b></u>	<u><b>–</b></u>

*Note:* China Technology Development Group Corporation (“China Technology”) is a company incorporated in the British Virgin Islands and the common stock of which are listed on Nasdaq Capital Market. The unrealised loss on investment held for trading is the difference between the fair value and the cost of the investment in China Technology. The fair value is determined based on the quoted market value of China Technology at the end of the reporting period.

### 4. OPERATING LOSS

The Group’s operating loss is arrived at after charging:

	<b>From 1 October, 2010 to 31 December, 2010 (unaudited) HK\$'000</b>	<b>From 1 April, 2010 to 31 December, 2010 (unaudited) HK\$'000</b>	<b>From 1 October, 2009 to 31 December, 2009 (unaudited) HK\$'000</b>	<b>From 1 April, 2009 to 31 December, 2009 (unaudited) HK\$'000</b>
Cost of inventories	5,271	16,901	3,409	10,233
Depreciation	15	50	19	54
Impairment loss recognized on other deposit	<u><b>7,745</b></u>	<u><b>7,745</b></u>	<u><b>–</b></u>	<u><b>–</b></u>

### 5. FINANCE COSTS

	<b>From 1 October, 2010 to 31 December, 2010 (unaudited) HK\$'000</b>	<b>From 1 April, 2010 to 31 December, 2010 (unaudited) HK\$'000</b>	<b>From 1 October, 2009 to 31 December, 2009 (unaudited) HK\$'000</b>	<b>From 1 April, 2009 to 31 December, 2009 (unaudited) HK\$'000</b>
Imputed interest on convertible bonds	<u><b>352</b></u>	<u><b>352</b></u>	<u><b>–</b></u>	<u><b>–</b></u>

## 6. INCOME TAX EXPENSES

There was no provision for Hong Kong profits tax as the Group has no assessable profit for the nine months ended 31 December, 2010 (nine months ended 31 December, 2009: Nil).

Income tax expenses on overseas profits has been calculated on the estimated assessable profit at the rates of taxation prevailing in the PRC in which the subsidiaries of the Group operate.

The amount of income tax expenses charged to the consolidated results represents:–

	<b>From 1 October, 2010 to 31 December, 2010 (unaudited) HK\$'000</b>	<b>From 1 April, 2010 to 31 December, 2010 (unaudited) HK\$'000</b>	From 1 October, 2009 to 31 December, 2009 (unaudited) HK\$'000	From 1 April, 2009 to 31 December, 2009 (unaudited) HK\$'000
Current taxation:				
– Hong Kong profits tax	–	–	–	–
– Overseas taxation	<b>5</b>	<b>24</b>	–	–
Deferred taxation	–	–	–	–
Income tax expenses	<u><b>5</b></u>	<u><b>24</b></u>	<u>–</u>	<u>–</u>

## 7. LOSS PER SHARE

	<b>From 1 October, 2010 to 31 December, 2010 (unaudited) HK\$'000</b>	<b>From 1 April, 2010 to 31 December, 2010 (unaudited) HK\$'000</b>	From 1 October, 2009 to 31 December, 2009 (unaudited) HK\$'000	From 1 April, 2009 to 31 December, 2009 (unaudited) HK\$'000
Loss				
Loss for the purpose of basic and diluted loss per share	<u><b>(19,242)</b></u>	<u><b>(23,138)</b></u>	<u>(6,270)</u>	<u>(16,313)</u>



	<b>From 1 October, 2010 to 31 December, 2010 <i>Number of shares</i></b>	<b>From 1 April, 2010 to 31 December, 2010 <i>Number of shares</i></b>	From 1 October, 2009 to 31 December, 2009 <i>Number of shares</i>	From 1 April, 2009 to 31 December, 2009 <i>Number of shares</i>
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>714,757,289</b>	<b>618,427,708</b>	543,792,072	513,582,072
Effect of dilutive potential ordinary shares:				
Warrants issued by the Company	<b><u>(119,941,349)</u></b>	<b><u>(119,941,349)</u></b>	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<b><u>594,815,940</u></b>	<b><u>498,486,359</u></b>	<b><u>543,792,072</u></b>	<b><u>513,582,072</u></b>

Diluted loss per share for the nine months ended 31 December 2010 does not include the effect of convertible bonds which is anti-dilutive on the basic loss per share.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2010, the Group had cash and bank balances amounting to a total of approximately HK\$56.8 million (31 March 2010: approximately HK\$22.8 million). The Group has no outstanding bank overdraft as at 31 December 2010 (31 March 2010: HK\$Nil).

The Group financed its operations by internally generated cash flow and proceeds from placing of new shares and convertible bonds during the nine months ended 31 December 2010.

Particulars of the placing of new shares and convertible bonds are set out in the relevant section of this announcement.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Equity attributable to equity holders of the Company							Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Warrant reserve HK\$'000	Convertible bonds 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
Issue of shares	9,063	29,908	-	-	-	-	-	38,971
Issue of unlisted warrants	-	-	10,000	-	-	-	-	10,000
Total comprehensive income for the period	-	-	-	-	-	38	(16,313)	(16,275)
At 31 December 2009	<u>54,379</u>	<u>31,157</u>	<u>10,000</u>	<u>-</u>	<u>(24,317)</u>	<u>6,563</u>	<u>(8,325)</u>	<u>69,457</u>
At 1 April 2010	54,379	29,555	9,680	-	(24,317)	6,614	(20,637)	55,274
Issue of shares	18,700	55,795	-	-	-	-	-	74,495
Issue of convertible bonds	-	-	-	2,387	-	-	-	2,387
Transaction cost on issue of shares and convertible bonds	-	(2,060)	-	-	-	-	-	(2,060)
Shares issued on exercise of options	640	1,920	-	-	-	-	-	2,560
Total comprehensive income for the period	-	-	-	-	-	1,425	(23,138)	(21,713)
At 31 December 2010	<u>73,719</u>	<u>85,210</u>	<u>9,680</u>	<u>2,387</u>	<u>(24,317)</u>	<u>8,039</u>	<u>(43,775)</u>	<u>110,943</u>

### QUARTERLY DIVIDEND

The Board does not recommend the payment of quarterly dividend for the period from 1 April 2010 to 31 December 2010 (nine months ended 31 December 2009: Nil).

### 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. Qin Yun, 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 31 December 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. Qin Yun, 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.

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 Possible 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 Company has sought legal advice as to appropriate legal actions against the Sellers and/or the Guarantor to be taken in order to safeguard the interest of the Company. Legal action under High Court Action No. 1153 of 2010 (“HCA 1153 of 2010”) has subsequently been commenced by the Purchaser against the Sellers and the Guarantor for, among others, the refund of the Deposit. HCA 1153 of 2010 is currently under progress.

Subsequent to the commencement of HCA 1153 of 2010 by the Purchaser against the Sellers and the Guarantor as mentioned above, a writ of summons (the “Writ”) dated 24 December 2010 taken out by the Sellers, the Guarantor and the Target Company (together as the “Counterparties”) from the Hong Kong High Court under High Court Action No. 1884 of 2010 (“HCA 1884 of 2010”) against (i) Hou Hsiao Bing, the chairman and an executive Director, (ii) Hou Hsiao Wen, an executive Director, (iii) Feng Yu, an executive director of China Merchants Securities (HK) Co. Ltd., and (iv) the Company has been served to the respective parties. According to the statement of claim enclosed in the Writ, the Counterparties alleged that, among others, there were misrepresentation, fraud and conspiracy during the material time of the Possible Acquisition which substantially resemble the defence raised by the Sellers and the Guarantor in HCA 1153 of 2010.

The Company has sought preliminary legal advice regarding the Writ and will actively defend the action under HCA 1884 of 2010. Upon enquiries with the relevant Directors, the Company and the relevant Directors shall categorically deny any untrue and false allegations made against the Company and the relevant Directors in the said action. The Company and the relevant Directors shall hold all relevant parties liable for making untrue and false statements of facts. Given that the litigation process under HCA 1884 of 2010 is still at an early stage, the Directors consider that it is not practicable to assess the potential impact on the Group at this stage.

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, 2 July 2010 and 29 December 2010 for further details of the Possible Acquisition, its termination, HCA 1153 of 2010 and HCA 1884 of 2010.

## **MAJOR TRANSACTION IN RELATION TO ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF CHINA TECHNOLOGY SOLAR POWER HOLDINGS LIMITED**

Further to the memorandum of understanding entered into between City Max International Limited (“City Max”), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company, Good Million Investments Limited (“Good Million”), a company incorporated in the British Virgin Islands with limited liability, and Mr. Chiu Tung Ping on 15 October 2010, City Max, Good Million, Mr. Chiu Tung Ping and Ms. Yuen Hing Lan entered into an agreement dated 13 December 2010 to formalise the intended acquisition of 2 ordinary shares of US\$1.00 each in the share capital of China Technology Solar Power Holdings Limited by City Max at the consideration of HK\$292,000,000 (subject to adjustment). Please refer to the announcement of the Company dated 14 December 2010 for further details.

### **MOVEMENT OF WARRANTS**

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

<b>Date of issue</b>	<b>Outstanding at 1/4/2010</b>	<b>Exercised/ lapsed during the period</b>	<b>Outstanding at 31/12/2010</b>	<b>Subscription period</b>	<b>Subscription price per share</b>
23 December 2009	100,000,000	–	100,000,000	23 December 2009 to 22 December 2014	HK\$0.90

## **PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE AND PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE**

### **Placing of Existing Shares and Subscription for New Shares under General Mandate**

#### ***The Placing Agreement***

On 18 October 2010, Mr. Hou Hsiao Bing, a substantial shareholder and an executive Director (the “Vendor”), the Company and Quam Securities Company Limited (the “Placing Agent”) entered into a placing agreement (the “Placing Agreement”) pursuant to which the Vendor has agreed to place, and the Placing Agent has agreed to procure certain Placees, on a best effort basis, for the purchase of up to 78,400,000 placing shares at the placing price of HK\$0.50 per Placing Share.

### ***The Subscription Agreement***

On 18 October 2010, the Vendor and the Company entered into a subscription agreement pursuant to which the Vendor has agreed to subscribe for such number of subscription shares which is equivalent to the number of the placing shares, being a maximum number of 78,400,000 subscription shares, at the subscription price of HK\$0.50 per subscription share.

All the conditions of the subscription agreement had been fulfilled and the completion of the subscription took place on 29 October 2010 whereby 78,400,000 subscription shares were allotted and issued to the Vendor at HK\$0.50 per subscription share.

The Company received net proceeds of approximately HK\$38.5 million.

### **Placing of Convertible Bonds under General Mandate**

On 18 October 2010, the Company and the Placing Agent entered into the a placing agreement (“CB Placing Agreement”) pursuant to which the Placing Agent has agreed to procure certain placees, on a best effort basis, for the subscription of the convertible bonds (“Convertible Bonds”) in the aggregate principal amount of up to HK\$26,000,000, which may be converted into 52,000,000 shares at the initial conversion price of HK\$0.50 per share (“CB Placing”).

Completion of the CB Placing took place on 5 November 2010 in accordance with the terms of the CB Placing Agreement. Convertible Bonds in the aggregate principal amount of HK\$26,000,000 had been issued to three placees.

The Company received net proceeds of approximately HK\$25.4 million.

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

As at 31 December 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**

<b>Name of Directors</b>	<b>Name of company</b>	<b>Capacity</b>	<b>Number and class of securities</b> <i>(Note 1)</i>	<b>Percentage shareholding in the same class of securities</b>
Mr. Hou Hsiao Bing <i>(Executive Director)</i>	The Company	Beneficial owner	131,150,000 ordinary shares (L)	17.79%
Mr. Hou Hsiao Wen <i>(Executive Director)</i>	The Company	Beneficial owner	25,370,000 ordinary shares (L)	3.44%

*Notes:*

1. The letter "L" represents the Director's interests in the shares and underlying shares of the Company.

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

<b>Name of Director</b>	<b>Name of Associated Corporations</b>	<b>Number of shares 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 is 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 31.12.2010	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	(2,000,000)	Nil	Nil	Nil
Hou Hsiao Wen	2,000,000	Nil	(2,000,000)	Nil	Nil	Nil
– Other Employees	2,400,000	Nil	(2,400,000)	Nil	Nil	Nil
	<u>6,400,000</u>	<u>Nil</u>	<u>(6,400,000)</u>	<u>Nil</u>	<u>Nil</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 report, no options were granted or exercised under the New Scheme. The total number of securities available was 45,261,207 shares, representing approximately 6.1% 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 December 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 interested</b>	<b>Capacity</b>	<b>Approximate percentage of the Company's issued share capital as at 31 December 2010</b>
Mr. Ren Baogen	58,830,000	Beneficial owner	7.98%
Mr. Qin Yun	530,875,000	Interest of controlled corporation ( <i>Note 1</i> )	72.01%
Ms. Hu Jianming	530,875,000	Interests of spouse ( <i>Note 1 and 2</i> )	72.01%

Name of shareholders	Number of ordinary shares interested	Capacity	Approximate percentage of the Company's issued share capital as at 31 December 2010
Max Success Group Ltd	451,243,750	Beneficial owner <i>(Note 1)</i>	61.21%
Rus Energy Investment Group Ltd	79,631,250	Beneficial owner <i>(Note 1)</i>	10.80%
Best Jump International Limited	46,000,000	Beneficial owner <i>(Note 3)</i>	6.24%
Mr. Ho Lawrence Yau Lung	46,000,000	Interests of controlled corporation <i>(Note 3)</i>	6.24%
Good Million Investments Limited	459,200,000	Beneficial owner <i>(Note 4)</i>	62.29%
Mr. Chiu Tung Ping	459,200,000	Interests of controlled corporation <i>(Note 4 and 5)</i>	62.29%
Ms. Yuen Hing Lan	459,200,000	Interests of spouse <i>(Note 4 and 5)</i>	62.29%

*Notes:*

1. The 451,243,750 shares and 79,631,250 shares in the Company represents the consideration shares that would have been issued to Max Success Group Ltd. (“Max Success”) and Rus Energy Investment Group Ltd (“Rus Energy”), respectively, by the Company as part payment of consideration pursuant to a sale and purchase agreement in respect of the entire issued share capital of China-Rus Energy Investment Limited dated 18 January 2010 among Max Success and Rus Energy as vendors, Mr. Qin Yun as guarantor and Oceania City Investment Company Limited (the “Purchaser”), a wholly-owned subsidiary of the Company, as purchaser upon and if the said sale and purchase agreement was completed. Since Mr. Qin Yun held 100% and 60%, respectively, interest in the entire issued shares in Max Success and Rus Energy, he is deemed to be interested in all the shares of the Company in which Max Success and Rus Energy would be interested pursuant to the SFO. The Purchaser subsequently decided to terminate the acquisition and rescind the said sale and purchase agreement with effect from 28 May 2010. Notwithstanding, none of Max Success, Rus Energy and Mr. Qin Yun has notified the Company of the cessation or any change of their interest in the above shares in the Company.
2. 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.

3. Best Jump International Limited (“Best Jump”) is wholly and beneficially owned by Mr. Ho Lawrence Yau Lung (“Mr. Ho”). Mr. Ho is the chairman, chief executive officer and an executive director of Melco International Development Limited (stock code: 200), a company listed on the main board of the Stock Exchange. Best Jump was interested in 46,000,000 underlying shares of the Company which may be issued and allotted upon exercise of the conversion right attaching to the convertible bonds in the principal amount of HK\$23,000,000 at the conversion price of HK\$0.5 per share.
4. Pursuant to the agreement entered into between Good Million Investments Limited, Mr. Chiu Tung Ping, Ms. Yuen Hing Lan, City Max International Limited and the Company dated 13 December 2010, the Company shall issue 133,000,000 consideration shares and convertible bonds in the aggregate principal amount of HK\$163,100,000 at the conversion price of HK\$0.5 per share.
5. Mr. Chiu Tung Ping and Ms. Yuen Hing Lan held 70% and 30% interest in the entire issued share capital of Good Million Investments Limited. Ms. Yuen Hing Lan is the spouse of Mr. Chiu Tung Ping, and hence both Mr. Chiu Tung Ping and Ms. Yuen Hing Lan were deemed to be interested in the shares of the Company held by Good Million Investments Limited.

Save as disclosed above, as at 31 December 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 Biu, William, and Mr. Lai Chun Hung and Ms. Zhang Dandan. The unaudited consolidated results of the Group for the nine months ended 31 December 2010 have been reviewed and approved by the Audit Committee.

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

Mr. Tam Kam Biu, 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 controlling shareholders of the Company (as defined in the GEM Listing Rules) or any of their respective associates had an interest in a business which compete or may compete with the business of the Group during the nine months ended 31 December 2010.

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

The Company had not redeemed any of its shares during the nine months ended 31 December 2010. Neither the Company nor any of its subsidiaries purchased or sold any of the shares during the nine months ended 31 December 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 February 2011

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

*Executive Directors:*

Hou Hsiao Bing

Hou Hsiao Wen

Zeng Xiangyi

Wang Daling

Xu Wei

*Independent non-executive Directors:*

Tam Kam Biu, William

Lai Chun Hung

Zhang Dandan

*This announcement will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication.*