THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold all your shares in Soluteck Holdings Limited ("**Company**"), you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

SOLUTECK HOLDINGS LIMITED
一創科技集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8111)

(1) MAJOR TRANSACTION IN RELATION TO ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF CHINA TECHNOLOGY SOLAR POWER HOLDINGS LIMITED INVOLVING THE ISSUE OF CONSIDERATION SHARES AND THE CONVERTIBLE BONDS UNDER SPECIFIC MANDATE; (2) INCREASE IN AUTHORISED SHARE CAPITAL; (3) RE-ELECTION OF DIRECTOR; AND (4) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser

VEDA | CAPITAL
智略資本

A notice convening the extraordinary general meeting of the Company to be held at Harbour View Room II, 3/F., The Excelsior Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on 31 May 2011 at 11:00 a.m. is set out on pages 113 to 116 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and in any event not later than 48 hours before the time of the meeting or any adjournment thereof to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong/principal office of the Company in Hong Kong at Room 1104, SUP Tower, 75 King's Road, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish.

This circular 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.

16 May 2011

* *For identification purpose only*

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CHARACTERISTICS OF GEM

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.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Acquisition"	the proposed acquisition of the Sale Shares by the Purchaser pursuant to the Agreement
"acting in concert"	has the meaning ascribed to it in the Takeovers Code
"Agreement"	the conditional sale and purchase agreement dated 13 December 2010 entered into among the Purchaser, the Company, the Vendor and the Guarantors in relation to the Acquisition
"associate"	has the meaning ascribed to it in the GEM Listing Rules
"Board"	board of Directors
"Bondholder(s)"	holder(s) of the Convertible Bonds
"Business Day"	any day (other than a Saturday, Sunday, a public holiday or a day on which typhoon signal no. 8 or above or a "black" rainstorm warning is hoisted in Hong Kong) on which banks in Hong Kong are open for business
"BVI"	the British Virgin Islands
"Company"	Soluteck Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
"Completion"	completion of the Acquisition pursuant to the Agreement
"Completion Accounts"	the audited consolidated financial statements of the Target Group for the interim period from 1 October 2010 to the Completion Date to be provided by the Vendor to the Purchaser and the Company
"connected person(s)"	having the same meaning ascribed thereto in the GEM Listing Rules
"Consideration"	HK$292,000,000, being the aggregate consideration for the sale and purchase of the Sale Shares (subject to the Consideration Adjustment)
"Consideration Adjustment"	downward adjustment to be made to the Consideration in the event that the Target Profit could not be achieved

"Consideration Shares"	133,000,000 new Shares to be allotted and issued by the Company to the Vendor (or its nominee(s)) at the Issue Price in accordance with the terms and conditions of the Agreement
"Conversion Price"	the initial conversion price of HK$0.5 per Conversion Share for the Convertible Bonds
"Conversion Share(s)"	any new Share(s) to be issued by the Company upon the Bondholder(s) exercising its/their conversion right(s) under and in accordance with the terms and conditions of the Convertible Bonds
"Convertible Bonds"	collectively the Tranche I Convertible Bonds and the Tranche II Convertible Bonds
"Deposit"	refundable deposit of HK$31,200,000, being part payment of the Consideration
"Director(s)"	director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, among other things, the Agreement and the transactions contemplated thereunder, including the issue of Consideration Shares, the issue of Convertible Bonds and the Conversion Shares in relation thereto, the grant of a specific mandate to issue the Consideration Shares and the Conversion Shares, the proposed increase in authorized share capital of the Company and re-election of Director
"Enlarged Group"	the Group as enlarged upon Completion
"GEM"	the Growth Enterprise Market operated by the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"Guarantors"	Mr. Chiu Tung Ping and Ms. Yuen Hing Lan, the ultimate beneficial owners of the Vendor holding 70% and 30% of the interest in the Vendor respectively, each of them is an Independent Third Party

"GW"	gigawatt(s)
"HK$" and "cents"	Hong Kong dollars and cents, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	independent third party who is independent of and not connected with the Company and the connected person of the Company
"Issue Price"	the issue price of HK$0.5 per Consideration Share
"kW"	kilowatt(s)
"Last Trading Day"	13 December 2010, being the last trading day for the Shares prior to the publication of the announcement dated 14 December 2010 in relation to, among others, the Acquisition
"Latest Practicable Date"	12 May 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
"Lock-up Period"	the period during which the relevant Convertible Bonds is held under escrow and not yet released pursuant to the Agreement
"Long Stop Date"	30 June 2011, or such other date as may be agreed by the parties to the Agreement in writing
"Memorandum"	the non-legally binding memorandum of understanding dated 15 October 2010 entered into among the Purchaser, the Vendor and Mr. Chiu Tung Ping in relation to the Acquisition
"MW"	Megawatt(s)
"PRC"	the People's Republic of China, for the purposes of this circular and for geographical reference only, excludes Taiwan, the Macao Special Administrative Region and Hong Kong (unless otherwise indicated)
"PRC Subsidiary"	青海百科光電有限責任公司 (Qinghai Baike Solar Power Co., Ltd.*), a company established in the PRC with limited liability

* *for identification purpose only*

"Purchaser"	City Max International Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	2 ordinary shares of US$1.00 each in the share capital of the Target Company, representing the entire issued share capital of the Target Company
"SFO"	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
"Share(s)"	the ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Target Company"	China Technology Solar Power Holdings Limited, a company incorporated in the BVI with limited liability and is wholly owned by the Vendor before Completion
"Target Group"	Target Company and the PRC Subsidiary
"Target Profit"	the target profit provided by the Vendor and the Guarantor to the Purchaser and the Company in respect of the audited net profit after tax of the Target Group incurred in the ordinary course of business as shown in the audited consolidated accounts of the Target Group for the 12 months ending 31 March 2012 prepared in accordance with Hong Kong Financial Reporting Standards shall not be less than HK$30,000,000
"Tranche I Convertible Bonds"	the Convertible Bonds in the principal amount of HK$113,100,000 to be issued by the Company to the Vendor (or its nominee(s)) upon Completion
"Tranche II Convertible Bonds"	the Convertible Bonds in the principal amount of up to HK$50,000,000 to be issued by the Company to the Vendor (or its nominee(s)) upon Completion (subject to the Consideration Adjustment)

"US$"	US dollars, the lawful currency of the United States of America
"Vendor"	Good Million Investments Limited, a company incorporated in the BVI with limited liability and is wholly owned by the Guarantors
"%"	per cent

For purpose of illustration in this circular, US$1 = HK$7.8; RMB1 = HK$1.1799

This exchange rate is adopted for the purpose of illustration only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate at all.

SOLUTECK HOLDINGS LIMITED
一創科技集團有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8111)

Executive Directors:
Wang Daling *(Chairman)*
Hou Hsiao Bing
Hou Hsiao Wen
Zeng Xiangyi
Xu Wei

Independent non-executive Directors:
Tam Kam Biu, William
Lai Chun Hung
Zhang Dandan
Tang Renhao

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Room 1104, SUP Tower
75 King's Road, North Point,
Hong Kong

16 May 2011

To the Shareholders

Dear Sir or Madam,

(1) MAJOR TRANSACTION IN RELATION TO ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF CHINA TECHNOLOGY SOLAR POWER HOLDINGS LIMITED INVOLVING THE ISSUE OF CONSIDERATION SHARES AND THE CONVERTIBLE BONDS UNDER SPECIFIC MANDATE; (2) INCREASE IN AUTHORISED SHARE CAPITAL; (3) RE-ELECTION OF DIRECTOR; AND (4) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 14 December 2010 in relation to, among others, the Acquisition involving issue of the Consideration Shares and Convertible Bonds under specific mandate and proposed increase in authorized share capital of the Company. Pursuant to the Agreement, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company, at the Consideration of HK$292,000,000 (subject to the Consideration Adjustment).

* *For identification purpose only*

The purpose of this circular is to provide you with, among other matters, further details regarding the Acquisition, the proposed increase in authorized share capital and the transactions contemplated thereunder, the information regarding the re-election of Mr. Tang Renhao as an independent non-executive Director, and a notice convening the EGM.

THE AGREEMENT

Date: 13 December 2010

Parties:

(i) Purchaser

City Max International Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company.

(ii) Company

(iii) Vendor

Good Million Investments Limited, a company incorporated in the BVI with limited liability.

(iv) Guarantors

Mr. Chiu Tung Ping and Ms. Yuen Hing Lan, the ultimate beneficial owners of the Vendor holding 70% and 30% of the interest in the Vendor respectively.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owners, being the Guarantors, is an Independent Third Party.

Assets to be acquired

Pursuant to the Agreement, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company, free from encumbrance but together with all rights attached or accruing thereto.

Upon Completion, the Target Company shall become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the accounts of the Group.

Consideration

The Consideration of HK$292,000,000 (subject to the Consideration Adjustment) shall be settled in the following manners:

(i) HK$31,200,000 refundable Deposit has been paid to the Vendor by the Purchaser within seven Business Days after the signing of the Agreement;

(ii) as to HK$31,200,000 by payment of cash to the Vendor by the Purchaser (or its nominee(s)) upon Completion;

(iii) as to HK$66,500,000 by issue of 133,000,000 Consideration Shares at the Issue Price of HK$0.5 per Share to the Vendor (or its nominee(s)) by the Company upon Completion;

(iv) as to HK$113,100,000 by issue of the Tranche I Convertible Bonds in the principal amount of HK$113,100,000 with the Conversion Price of HK$0.5 per Conversion Share to the Vendor (or its nominee(s)) by the Company upon Completion; and

(v) as to HK$50,000,000 by issue of the Tranche II Convertible Bonds in the principal amount of HK$50,000,000 with the Conversion Price of HK$0.5 per Conversion Share to the Vendor (or its nominee(s)) by the Company upon Completion. The Tranche II Convertible Bonds shall be held under escrow pursuant to an escrow agent agreement to be executed by the Purchaser, the escrow agent and the Vendor for the purpose of effectuating the Consideration Adjustment. Further details are set out in the paragraph headed "Consideration Adjustment" below in this circular.

The Deposit is determined under arm's length negotiations basis between the Vendor and the Purchaser after reviewing the initial cash deposit to total consideration ratio ranging from 5% to 20% of the acquisitions announced by listed companies in GEM from 1 October 2010 to 13 December 2010 (i.e. the date of the Agreement). Since placing the Deposit in an escrow agent will involve extra cost, the Directors did not consider as necessary because the Deposit is refundable in nature. The terms and conditions set out in the Agreement are legally binding and should the Agreement be terminated, the Vendor shall refund the Deposit to the Purchaser or the Company in accordance to the Agreement. The major risk involved is default risk, however in view of (i) the background of the Guarantor, Mr. Chiu, who is the deputy chairman of Gansu Province Federation of Industry and Commerce (甘肅省工商聯合會副主席) and a member of the Gansu Province People's Political Consultative Conference in Hong Kong and Macau (甘肅省政協港澳委員); and (ii) the net asset value of approximately HK$19.87 million of the Target Group as at 31 December 2010, the Directors considered the risk of default is significantly reduced.

The principle terms of the Convertible Bonds are summarized in the section headed "Convertible Bonds" below in this circular.

The Consideration was determined after arm's length negotiations between the Company, the Purchaser and the Vendor, having taken into account of (i) the Target Profit; (ii) the Consideration Adjustment; (iii) confirmed engagements at an amount of approximately HK$302 million of the system integration business; (iv) preliminary valuation of the power generation business; (v) the favourable price earnings multiple ("P/E") of the Consideration of approximately 9.73 times as compared with those of the comparable companies ("Comparable Companies") in the industry of engineering, procurement and construction and energy related business and the industry of development of solar energy and other new energy as at the date of the Agreement based on the respective earnings for their latest financial years as set out below; (vi) the diversified business model of the Target Group in system integration and power generation business; and (vii) the future prospects and growing demand of energy-related business in the PRC.

Shareholders are recommended to make reference to appendix IV to this circular for details of the basis, assumptions and methodology of the valuation in respect of the Target Company (excluding the system integration business) as at 31 December 2010.

Set out below the valuation assumptions as extracted from the valuation report as set out in appendix IV to this circular:

Due to the changing environment in which the Target Company operates or will operate, the following assumptions had to be adopted in order to sufficiently support the conclusion of value in the valuation report:

- All licenses and permits issued by any authorized entities that will materially affect the business operation of the Target Company have been obtained or can be obtained without difficulties during its business development as advised by the senior management of the Target Company;

- There will be no material change in the political, legal, fiscal, technological, market and economic conditions in the jurisdiction where the Target Company currently operates or will operate;

- There will be no material change in the taxation laws and regulations in the jurisdiction where the Target Company currently operates or will operate;

- The market return, market risk, interest rates and exchange rates will not differ materially from those of present or expected;

- The core business operation of the Target Company will not differ materially from those of present or expected;

- The financial and operational information in respect of the Target Company have been prepared on a reasonable basis after due and careful considerations by the senior management of the Company and the Target Company;

- the Target Company has adopted appropriate contingency measures against any human disruptions or natural disasters that will materially affect the business operation of the Target Company; and

- the Target Company will have no difficulty in continuing its business plan to construct and operate the solar power plant with capacity of 10MW, and such solar power plant will be in full operation in 2011.

Assumptions included in the valuation methodology:

- Annual power generation volume is approximately 17.5 million KWh at the beginning of operation and will decrease by 0.95% in each subsequent year, as stated in the feasibility report, issued by Xinjiang Electric Power Design Institute (新疆電力設計院) (referred to as the "Technical Consultant"). As advised by the Technical Consultant, the beginning annual power generation of 17.5 million kilowatt hour ("KWh") was calculated based on the following parameters: (i) the standard annual sunshine hours in Geermu area of 2,210 hours, (ii) the installed capacity of 10.0736 MWp (megawatt peak, unit of maximum output capacity). Moreover, the adoption of the annual decreasing factor of 0.95% is a general practice.

- The 10MW power plant will have an operating life of 25 years, which is based on the useful life of amorphous silicon applied in the solar power plant as stated in the feasibility report ("Feasibility Report") issued by Xinjiang Electric Power Design Institute (新疆電力設計院) ("Technical Consultant"). As advised by the Technical Consultant, the estimated 25-year operating life of the power plant was determined with reference to the warranty period of 25 years of the power generation module.

- The adopted unit selling price of electricity is RMB1.15 per KWh, which was determined with reference to (i) the Feasibility Report, (ii) electricity selling price recently approved by National Development and Reform Commission of the PRC.

- The annual repair and maintenance costs are increasing from approximately RMB0.14 million to RMB0.29 million during the operating period.

- Detailed assumptions of major expenses are as follows:

	Expenses	**Annual Rate**
a)	Repair and Maintenance	RMB140,000
b)	Material	RMB140,000 – 170,000
c)	Salaries and Welfare	RMB560,000
d)	Insurance	0.18% of construction costs
e)	Depreciation	Approximately RMB6.7 million
f)	Other Expenses	RMB170,000 – 210,000

As stated in the Feasibility Report, the operating expenses were determined by the following parameters: (i) 10 operating and administrative staffs, (ii) average annual salary of RMB36,000, (iii) staff welfare of 40% of salary, (iv) depreciation life of the power generation module of 20 years.

- Adopted inflation rate of 3% per annum in determining the operating expenses.

- The Target Company will be eligible for tax benefit, which for the first three years of operation, there will be no profit tax liability; the profit tax rate will be 12.5% for the next three years, and 25% for the subsequent years.

- Expected future capital expenditures will be approximately RMB121 million.
- The future working capital is estimated as a constant ratio to annual sales figures.
- The future capital expenditure will be financed by 30% of equity and 70% of bank borrowings.

Set out below the list of the Comparable Companies:

Engineering, procurement and construction and energy related business

Company (stock code)	Principal business	P/E as at date of the Agreement
China WindPower Group Ltd (182)	Wind farm investment and operation, wind power equipment manufacturing, wind farm design, engineering, procurement and construction and wind farm maintenance services	49.38

Development of solar energy

Company (stock code)	Principal business	P/E as at date of the Agreement
Comtec Solar Systems Group Ltd. (712)	Design, development, manufacturing and marketing of high quality monocrystalline solar wafers	116.83
China Power New Energy Development Co. Ltd. (735)	Development, construction, ownership, operation and management of clean energy power plants in the PRC, investment holding in the clean energy power industry, sale of clean energy power generating equipment and property investments	35.65
Huaneng Renewables Corporation Limited (958)	a leading pure-play renewable energy company in the PRC with a primary focus on wind power generation, sell all of the electricity generated by our wind power projects to local grid companies where the wind farm is located, pursuant to the terms and conditions of the PPAs we enter into with the local grid companies. Plan to develop other renewable energies with a focus on solar power	88.13
China Solar Energy Holdings Ltd. (155)	Development, manufacturing, marketing and sale of photovoltaic solar business & related training and consulting services, provision of investment advisory services, participation in primary and secondary securities market and money lending	N/A (loss making)
CGL-Poly Energy Holdings Ltd. (3800)	Manufacture of polysilicon and related products to companies operating in the solar industry as well as the development, management and operation of power generation plant and trading of coal in the PRC	N/A (loss making)

Development of other new energy

Company (stock code)	Principal business	P/E as at date of the Agreement
China Energine International (Holdings) Ltd. (1185)	Manufacture & sale of wind energy related products, sale of electricity, manufacture & distribution of elevator motors, trading of chemical materials, develop & manufacture of communication products, ITS, broadband, equipment & accessories	40.25
China Suntien Green Energy Corporation Ltd. (956)	Own and operation of natural gas transmission and distribution facilities in Hebei Province; sell natural gas; planning, development and operation of wind farms and sell electricity generated by wind farms	23.49
Dongfang Electric Corporation Ltd. (1072)	Manufacture & sale of main thermal and hydro power equipment, wind power and nuclear power equipments, environmental production products, AC/DC motors, oil-fired power plants, production of pressure vessels, provision of repairing services	36.97
Xinjiang Goldwind Science & Technology Co., Ltd. (2208)	Research and development, manufacture and sale of wind turbine generators and components, provide wind power related consultancy, wind farm construction, maintenance and transportation services; development of wind farm as well as for sale	5.38
China Longyuan Power Group Corporation Ltd. (916)	Sales of wind and coal power generation, trading of coal and other related business	6.15
New Environmental Energy Holdings Ltd. (3989)	Manufacturing and sales of apparel and accessories, and the waste-to-energy business	N/A (loss making)

Comparable companies used in the valuation report (set out in appendix IV):

Company (stock code)	Principal business	P/E as at date of the Agreement
Sichuan Guangan AAA Public Co., Ltd. (600979)	Generates and distributes hydroelectric power to Guang'an and Yuechi areas of Sichuan province, also supplies tap water and natural gas	67.97
Sichuan Xichang Electric Power Limited (600505)	Generates hydoelectric power and distributes electric power to the Liangshan area in Sichuan province, also manufactures iron alloy products	21.46
China Yangtze Power Company Ltd. (600900)	Owns the Gezhouba Power Station and the Three Gorges Power Station. Generates hydoelectric power, which is supplied to central China, east China, Guangdong province, Chongqing city, and other areas	28.30
Chongqing Three Gorges Water Conservancy and Electric Power Co., Ltd. (600116)	Generates and distributes hydroelectric power, also manufactures water conservation products as well as provides installation and advertising services	65.85
Guangdong Baolihua New Energy Stock Co., Ltd. (000690)	Undertakes heavy construction projects, invests in real estate development, develops computer software, generates and supplies electricity	18.26
Guangxi Guiguan Electric Power Co., Ltd. (600236)	Develops and operates hydroelectric power stations, thermal electric power plants, and electric transmission and converting stations and sells electricity to electric distributors in Guangxi province, China. Guangxi Guiguan also invests in computer software design	33.77
Leshan Electric Power Co., Ltd. (600644)	Generates and distributes hydroelectric power, also operates in water supply and gas distribution	81.41
Guangxi Guidong Electric Power Co., Ltd. (600310)	Generates and distributes hydroelectric power, also develops infrastructure facilities and supplies water	115.47
Sichuan Minjiang Hydropower Co., Ltd. (600131)	Generates, transmits, and distributes electricity, supplying electricity to the Abazhou area in Sichuan province	N/A (loss making)
Yunnan Wenshan Electric Power Co., Ltd. (600995)	Generates hydroelectric power in Wenshan Zhou, Yunnan province, operates the local grids that distribute electricity.	56.87

To the best knowledge of the Board, no listed company in Hong Kong is solely engaged in the business combination of solar energy generation and related power system integration. Therefore, the Board identified certain comparables with engineering, procurement and construction; business related to the development of solar energy; and business related to the development of other new energy.

In view that (i) the solar energy business is a new industry in the PRC and may only have a limited number of listed enterprises which have engaged in the exact same business as the Target Company in the PRC; (ii) the Comparable Companies have the same principal business location as the Target Company, the PRC; and (iii) the Comparable Companies are all involved in renewable electricity generation business, and taking into account the advice from valuer in respect of the appropriateness of the comparable companies used in the valuation report, we consider the Comparable Companies have been used for comparison purpose after due and careful enquiry by the Company.

Based on the above, the Directors (including the independent non-executive Directors) consider that the terms of the Agreement including the Consideration are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In addition, the Consideration was also determined with reference to the obligation of the Group to pay the outstanding registered capital of the PRC Subsidiary of the Target Group. As at the Latest Practicable Date, the registered capital of the PRC Subsidiary is in the amount of US$9,000,000, of which US$3,000,950 had been paid up, whilst the remaining sum of US$5,999,050 shall be paid up within 36 months from the date of the issue of its business license, i.e. by 29 July 2012. As such, the Group shall be assumed to pay the outstanding registered capital of the PRC Subsidiary of the Target Group in the amount of US$5,999,050 after Completion. The Enlarged Group shall settle the payment for the outstanding registered capital of the PRC Subsidiary by internal resources and/or capital/debt financing.

Consideration Shares

The Consideration Shares represent (i) approximately 18.04% of the existing issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 15.28% of the issued share capital of the Company as enlarged by the Consideration Shares; and (iii) approximately 11.12% of the issued share capital of the Company as enlarged by the Consideration Shares and Conversion Shares upon the conversion right attaching to the Convertible Bonds being exercised in full. The Consideration Shares, when allotted and issued shall rank pari passu in all respects with all other Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue. The 133,000,000 Consideration Shares of HK$0.10 each represent an aggregate nominal value of HK$13,300,000.

The Consideration Shares will be allotted and issued under a specific mandate to be sought from the Shareholders at the EGM.

Convertible Bonds

Issuer:	the Company
Principal amount:	Tranche I Convertible Bonds – HK$113,100,000 Tranche II Convertible Bonds – up to HK$50,000,000
Issue date:	date of the Completion
Maturity:	10 years from the date of issue of the Convertible Bond(s) and the Company shall repay such principal moneys outstanding under the Convertible Bonds together with all interest (if any) thereon up to the date of actual repayment on the maturity date.
Redemption:	The Company shall be entitled to redeem in whole or in part of the outstanding principal amount of the Convertible Bond(s) prior to the maturity date upon mutual consent by the Company and the relevant Bondholders.
Conversion rights:	The Bondholder(s) shall have the right to convert the whole or part of the principal amount of the Convertible Bond(s) into Shares at any time and from time to time during the Conversion period (as defined below) in amounts of not less than HK$1 million and in integral multiples of HK$1 million on each conversion, save that if at any time, the principal outstanding amount of the Bonds is less than HK$1 million, the whole (but not part only) of the principal outstanding amount of the Convertible Bonds may be converted. The Bondholder(s) shall not have the right to convert the whole or part of the outstanding principal amount of the Convertible Bonds into Shares to the extent that immediately after such conversion: (a) there will not be sufficient public float of the Shares as required under the GEM Listing Rules; and (b) the Bondholder(s) whether alone or together with parties acting in concert with it would be obliged to make a general offer under Takeovers Code in force from time to time.

Conversion period:	A period commencing from (i) if the Lock-up Period is applicable pursuant to the Agreement, the date immediately following the expiry of the Lock-up Period and ending on the maturity date; or (ii) if the Lock-up Period is not applicable pursuant to the Agreement, the issue date of the Convertible Bond(s) and ending on the maturity date.
Conversion Price:	The initial conversion price of HK$0.5 per Conversion Share, subject to the customary adjustments in certain events including share consolidation, share sub-division, capitalisation issue, capital distribution, rights issue and issue of other securities.
Interest:	The Convertible Bonds bear no interest.
Ranking:	The Convertible Bonds constitute general, unconditional, and unsecured obligations of the Company and rank pari passu with all other present and future unsecured and unsubordinated obligations of the Company. The Conversion Shares will rank pari passu in all respects with all other existing Shares outstanding at the date of conversion of the Convertible Bonds.
Transferability:	The Convertible Bonds or any part(s) thereof may be assigned or transferred to any persons provided that no transfer or assignment may be made to any person unless such transfer or assignment is made (i) with prior approval of the Stock Exchange, if required; (ii) to a person who is independent of and not a connected person with the Company or any or its subsidiaries, the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or any of their respective associates; (iii) the proposed assignee or transferee, in the case that it/he/she is not a connected person, has given the Company a written confirmation that it/he/she is not a connected person (as defined under the GEM Listing Rules) of the Company; (iv) the principal amount to be assigned or transferred is at least HK$1 million or an integral multiple of HK$1 million; and (v) if applicable, after the expiry of the Lock-up Period.
Voting:	The Bondholders will not be entitled to attend or vote at any meetings of the Company by reason only they being the Bondholders.
Listing:	The Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange.

Upon Completion, the Tranche II Convertible Bonds shall be held under escrow pursuant to an escrow agent agreement to be executed by the Purchaser and the Vendor for the purpose of effectuating the downward adjustment of Consideration in the event that the Target Profit could not be achieved. Further details are set out in the paragraph headed “Consideration Adjustment” below in this circular. In this regard, the conversion right, transfer right, redemption right and right under events of default contemplated under the Tranche II Convertible Bonds shall not be exercisable during the Lock-up Period. Meanwhile, the Tranche I Convertible Bonds are not subject to such restrictions.

Pursuant to the terms and conditions of each of the Convertible Bonds (without taking into account of any Consideration Adjustment), up to a total of 326,200,000 Conversion Shares will be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the Convertible Bonds at the Conversion Price, representing (i) approximately 44.25% the existing issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 30.68% of the issued share capital of the Company as enlarged by the Conversion Shares upon the Convertible Bonds being exercised in full; and (iii) approximately 27.27% of the issued share capital of the Company as enlarged by the Consideration Shares and Conversion Shares upon the Convertible Bonds being exercised in full. The Conversion Shares, when allotted and issued shall rank pari passu in all respects with all other Shares in issue on the date of allotment and issue of the Conversion Shares including the right to all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue. The 326,200,000 Conversion Shares assuming full exercise of conversion rights attaching to the Convertible Bonds of HK$0.10 each represent an aggregate nominal value of HK$32,620,000.

The Conversion Shares will be allotted and issued under a specific mandate to be sought from the Shareholders at the EGM.

Issue Price and Conversion Price

The Issue Price per Consideration Share and Conversion Price of the Convertible Bonds of HK$0.5 represents:

- a discount of approximately 5.66% to the closing price of HK$0.53 per Share as quoted on the Stock Exchange on the Last Trading Day;

- a discount of approximately 3.1% to the average of the closing prices of approximately HK$0.516 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day;

- a discount of approximately 0.79% to the average of the closing prices of approximately HK$0.504 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to and including the Last Trading Day; and

- a premium of approximately 16.28% over the closing price of HK$0.43 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Issue Price and Conversion Price were arrived at after arm's length negotiations amongst the Company, the Purchaser and the Vendor with reference to the prevailing market price of the Shares.

The Directors (including the independent non-executive Directors) consider that the issue of the Consideration Shares and the Convertible Bonds as partial consideration for the Acquisition is fair and reasonable and in the interest of the Company and the Shareholders as a whole, as it will release pressure on the cash resource on the Company, which can otherwise be utilized for the Group's general working capital and for further development of the Group's businesses.

Conditions precedent

Completion is conditional upon fulfillment of the following conditions:

(a) the passing by the Shareholders at the EGM of the necessary resolutions approving the Agreement and the transactions contemplated thereunder including but not limited to the purchase of the Sale Shares, the issue of the Consideration Shares and Convertible Bonds pursuant to the Agreement in accordance with the GEM Listing Rules;

(b) the passing by the Shareholders at the EGM of the necessary resolutions approving the proposed increase in share capital of the Company from HK$100,000,000 to HK$250,000,000;

(c) the granting of the approval of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and Conversion Shares and such listing and permission not subsequently being revoked prior to the Completion;

(d) the Company and the Purchaser having obtained all consents (where required) from the relevant governmental or regulatory authorities for approving the Agreement and the transactions contemplated thereunder;

(e) the Vendor having obtained all consents (where required) from the relevant governmental or regulatory authorities for approving the Agreement and the transactions contemplated thereunder;

(f) the Purchaser having obtained a disclosures letter from the Vendor in respect of the representations and warranties given by the Vendor and the Guarantors under the Agreement, and having completed the due diligence exercise on the assets and liabilities, business operation, tax issues, books and accounting records and other legal issues relating to the Target Group and the results of which being found satisfactory to the Purchaser;

(g) the Purchaser having obtained the PRC legal opinion to be issued by the qualified PRC legal advisers in respect of the matters regarding the Agreement and the transactions contemplated thereunder and relating to the Target Group on the shareholdings, valid existence, business, tax issue, assets legality, environmental protection, approvals and licences, and in such form and substance to the satisfaction of the Purchaser;

(h) the Vendor having provided to the Purchaser (i) a legal opinion from the BVI legal advisers in respect of the matters relating to the Target Company, the Agreement and the transactions contemplated thereunder, and in such form and substance to the satisfaction of the Purchaser; (ii) a certificate of good standing and a certificate of incumbency of the Target Company, the issue date of which shall not be earlier than 10 business days before Completion;

(i) the Purchaser having obtained from the Vendor and the Guarantors the deed of indemnity in respect of the tax and other liabilities of the Target Group arisen from the businesses and activities of the Target Group prior to the Completion, the content of which shall be agreeable to the Purchaser;

(j) the entering into the escrow agreement among the Purchaser, the Vendor and the escrow agent in respect of holding the Tranche II Convertible Bonds under escrow pursuant to the Agreement; and

(k) there not having been at any time prior to the Completion:–

 (i) any adverse change in the business, assets, financial or operating conditions of the Target Group, which would be material to the Agreement and the transactions contemplated thereunder in the reasonable opinion of the Purchaser;

 (ii) the occurrence of any investigation, litigation, arbitration, allegations or other legal proceedings in effect, pending or threatened against the Target Group before any court, tribunal, arbitration tribunal or governmental authority of competent jurisdiction, which would be material to the Agreement and the transactions contemplated thereunder in the reasonable opinion of the Purchaser;

 (iii) the occurrence of any event or the existence of any circumstance which would render any of the warranties of the Vendor and the Guarantors as set out in the Agreement untrue or inaccurate in any material respect, which would likely involve an material adverse change in the assets, operating or financial conditions of the Target Group in the reasonable opinion of the Purchaser; and

 (iv) any proposed enactment, promulgation or enforcement by any authority of any ordinances, rules, orders, judgments, notices or awards, which prohibits, restricts or materially delay the completion of the Agreement and the transactions contemplated thereunder.

According to the representation of the Vendor, the Target Company is only an investment holding company holding the PRC Subsidiary. As such, the "matters" about the Target Company, the Agreement and the transactions under it to be opined by the BVI legal advisers under condition (h) shall be referred to, the shareholding structures, valid existence, winding-up, litigations, charges and any other important irregularities or risks which the BVI lawyers may identify. That said, during the process of the due diligence investigation on the assets and liabilities, business operation, tax issue, books and accounting records and other legal issues relating to the Target Group as mentioned in condition (f), the Company may identify further issues which, as the Board considers, should be covered by the BVI legal opinion.

The Purchaser may waive the conditions (f) to (i) and (k) (i) to (iii) set out above at any time by notice in writing to the Vendor. Save as aforesaid, no other conditions precedent can be waived by any party. The Board will not waive the obtaining of the PRC legal opinion under condition (g) and the BVI legal opinion under condition (h), both of which must be in the form and substance to the satisfaction of the Purchaser. The Board does not intend to waive any other conditions set out in (f), (i) and (k) (i) to (iii).

The Directors are well aware of their directors' duties owed to the Company and its Shareholders as a whole, including but not limited to acting in good faith for the benefit of the Company and the Shareholders as a whole, using power for proper purpose, exercising care, skill and diligence. The Board confirms that in deciding whether to waive any conditions, it shall at all time comply strictly with the director's duties imposed on it under the Hong Kong laws and any other applicable laws.

As advised by the Company's PRC lawyers, no PRC government consents are required in respect of the Agreement and the transactions contemplated thereunder. As such, condition (e) has been fulfilled. As of the Latest Practicable Date, save and except for conditions (e) and (g), none of the conditions precedent has been fulfilled.

The above conditions shall be fulfilled or waived (as the case maybe) on or before the Long Stop Date (save that condition (j) could be fulfilled simultaneously with the Completion), failing which, the Agreement shall automatically terminate and none of the parties to the Agreement shall have any claim of any nature or liabilities thereunder whatsoever against any of the other parties under the Agreement (save for any antecedent breaches of the terms thereof) and the Vendor shall refund the Deposit to the Purchaser or the Company within five business days upon the Purchaser having made the request in writing.

Completion

Completion will take place on the fifth Business Day (or such other date as the Vendor and the Purchaser may agree in writing) after all the conditions (save that condition (j) could be fulfilled simultaneously with the Completion) have been fulfilled or waived (as the case maybe).

Pursuant to the Agreement, the Guarantors shall procure the Vendor to release and provide the Purchaser and the Company with the Completion Accounts as prepared in accordance with Hong Kong Financial Reporting Standards within three months upon Completion. In the event that the net asset value of the Target Group as shown in the Completion Accounts is less than that of the audited consolidated accounts of the Target Group as at 30 September 2010 by 10% or above, the Vendor shall pay in cash to the Purchaser the net asset value difference on a dollar-on-dollar basis within five business days upon the Purchaser having made the request in writing. The Vendor and the Purchaser has determined the possible decrease in net asset value in arms' length negotiations intending to ensure the net asset value at Completion Accounts shall not have material differences from that as at 30 September 2010. The basis of "10% or above" factor on the Target Group's net asset value between the Completion Accounts and as at 30 September 2010 is meant to, on the one hand, not to affect the normal operation of the Target Company, which has no revenue in the current business stage and, on the other hand, to avoid significant decrease in the net asset value of the Target Company on Completion. The figure of 30 September 2010 is referred to as it is the last audited figure before the signing of the Agreement. There is approximately 6.5 months between the date of signing of the Agreement and the Long Stop Date. According to the Vendor and with reference to the consolidated accounts of the Target Group as at 31 December 2010, 10% of the Target Group's net asset value as at 31 December 2010, i.e. approximately HK$2 million, shall be sufficient to maintain the normal operation of the Target Group during the relevant period.

Upon Completion, the Target Group will become a subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Company. The Acquisition will not result in change of control of the Company upon Completion.

Intention of the Company

As at the Latest Practicable Date, the Directors do not have any agreement, understanding, negotiation nor intention to dispose of or downsize or terminate the existing business. Should business opportunities arise, the Board might consider business expansion into other businesses.

The Company was given to understand by the Vendor that the Target Group has a team of technology experts who have professional qualifications in various aspects and have years of experience in power and new energy power generation industries. Further details of the background of the expert team has been set out in the subsection headed "Professional team of expertise" under the section headed "BACKGROUND AND BUSINESS OPERATION OF THE TARGET GROUP" in this letter from the Board.

The Board has trust on the professionalism and expertise of the management team of the Target Group in its business operation while at the same time is in the process of identifying suitable candidate who has relevant experience in new energy business into the management of the Company.

The Board has considered that it may appoint the Vendor and/or a person nominated by the Vendor, in any event no more than two persons in total, to the current composition of the board of the Company with a view that the business of the Target Group may call for a need to absorb talents with solar energy business background into the Board to achieve a better management of the enlarged Group after Completion.

However, there is neither any term under the Agreement nor any verbal agreement has ever been reached among the parties thereto to impose any obligation on the Company to appoint the Vendor and/or his nominee into the Board.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and Conversion Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds. No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

CONSIDERATION ADJUSTMENT

Pursuant to the Agreement, the Vendor and the Guarantors have guaranteed to the Purchaser and the Company that the audited consolidated net profit after tax of the Target Group incurred in the ordinary course of business for the 12 months ending 31 March 2012 shall not be less than HK$30,000,000.

The audited consolidated accounts of the Target Group for the 12 months ending 31 March 2012 shall be prepared by the auditors of the Company in accordance with Hong Kong Financial Reporting Standards and shall be completed within three months after 31 March 2012.

In the event that the Target Profit as mentioned above could not be achieved, the Consideration shall be adjusted downward by reducing the principal amount of the Tranche II Convertible Bonds in accordance with the following formula:

The adjusted principal amount of the Tranche II Convertible Bonds

$$= \text{the original principal amount HK\$50,000,000 of the Tranche II Convertible Bonds} \times \frac{\text{actual net profit}}{\text{Target Profit of HK\$30,000,000}}$$

The Consideration Adjustment was determined under arm's length negotiations between the Vendor and the Company and the maximum downward adjustment of HK$50 million is a commercial decision. In view that the PRC Subsidiary has secured business contracts in the business of provision of system integration services for the 12 months ending 31 March 2012 which is expected to generate a total revenue of approximately RMB302 million and such amount would be sufficient to fulfill the Target Profit, the Vendor does not expect Consideration Adjustment to take place and is comfort to provide a maximum downward adjustment which represent approximately 1.67 times of the Target Profit to strengthen the confidence of the Company in respect of the Acquisition.

Upon Completion, the Tranche II Convertible Bonds shall be held under escrow pursuant to an escrow agent agreement to be executed by the Purchaser, the escrow agent and the Vendor for the purpose of effectuating the Consideration Adjustment.

Subject to the terms and conditions of the escrow agreement, the escrow agent will release the Tranche II Convertible Bonds within 7 Business Days after the completion of the audited consolidated accounts of the Target Group for the 12 months ending 31 March 2012. For the avoidance of doubt, save and except for the adjustment mechanism as illustrated above, no additional compensation will be provided by the Vendor to the Purchaser and the Company simply because that the Target Group is unable to achieve the Target Profit or suffers any losses for the 12 months ending 31 March 2012.

Pursuant to the Agreement, there is no particular criteria the Company must be fulfilled before enjoying the Target Profit or Consideration Adjustment. In the event that the Target Profit could not be achieved, the Company can enjoy the Consideration Adjustment on the Tranche II Convertible Bonds. The Vendor agrees to the Consideration Adjustment if the Target Profit could not be achieved regardless of the reasons or causes of failure.

THE INFORMATION OF THE TARGET GROUP

The Target Company was incorporated in the BVI in January 2009 with limited liability. The Target Company is an investment holding company and is entirely and beneficially owned by the Vendor.

Industry overview and market potential

Same as many countries in the world, the PRC is facing the challenge of serious shortage in energy supply. The PRC has an area of 1,080,000 square kilometres of desert, which is principally distributed at the northwestern region with abundant supply of light resources. If only one tenth of the desert area is deployed to install grid connected solar photovoltaic power generation system, the available capacity will be equivalent to 3.26 times of the national power consumption in the PRC in year 2002, which is also equivalent to 128 units of Three Gorges Power Station.

In recent years, upon the energy crisis and the pressure relating to environmental protection awareness, the PRC government made a series of commitments to the world. Mr. Hu Jintao, the General Secretary of the Communist Party of the PRC, committed in the Copenhagen Conference that the consumption of non-fossil fuel in the PRC shall reach 15% by year 2020. In 2009, the PRC government introduced various regulations, namely the Provisional Measures for the Administration of Financial Subsidies Funding in the Architectural Application of Solar Photovoltaic Power Generation, the Notice for the Implementation of Demonstration Works in Gold Solar Power and the Law of Renewable Energy (Amendments), supporting the development of renewable energy including solar energy and biomass energy. Mr. Zhang Xiaochun, the deputy Minister of Finance of the PRC government also stated to the public that the application of solar photovoltaic power in the PRC shall be at least 1,000 MW per annum starting from year 2012. In addition, according to the Medium and Long Term Plan of Renewable Energy as published by the National Development and Reform Commission, renewable energy will account for 10% of total energy consumption by year 2010 and will account for 15% by year 2020. Of which, the installed capacity for biomass power generation will reach 5,500,000 kW by year 2010 and 30,000,000 kW by year 2020. With the commitments and preferential policies made by the PRC government, there were huge room for development for new energy power stations such as solar power and biomass energy.

However, entering into the industry requires specialized experience and expertise and shall go through strict procedures in obtaining governmental approvals. The key participants in the industry are mostly state-owned enterprises. Details of the requirement and procedure have been set out in the subsection headed "Requirements and necessary procedures prior to operation of power generation business" under the section headed "BACKGROUND AND BUSINESS OPERATION OF THE TARGET GROUP" in this circular.

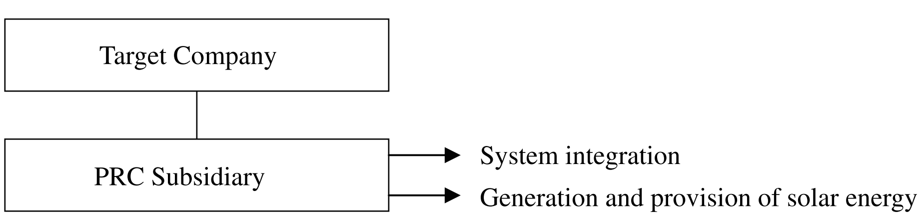
As the new energy industry such as solar photovoltaic power stations and biomass energy power stations are emerging in the PRC, the need for system integration services grows accordingly. Given the strict entry requirements and the business of provision of solar energy is a new industry in PRC and still in its early stage of development, the Target Group, being one of the pioneers in the PRC that commenced operation in early 2009, has (i) since its establishment, conducted preliminary works and studies including various substantial researches and studies about the selection of location, power grid, climate, policies and environment for the development of solar photovoltaic power stations in Qinghai Province; (ii) already obtained certain permits and approvals from the government authority for the construction of the power station as set out in the subsection headed "Requirements and necessary procedures prior to operation of power generation business" under the section headed "BACKGROUND AND BUSINESS OPERATION OF THE TARGET GROUP" in this circular, and (iii) established a medium of communication with the local government, with such solid foundation for the business of provision of solar energy, the Target Group has a competitive advantage in such new industry in PRC.

The worldwide solar photovoltaic system integration services are currently concentrated in countries with leading solar photovoltaic industry, such as Germany, Spain, Italy and Japan. There have been some solar photovoltaic system integrators gradually growing in the PRC in recent years with the development of solar photovoltaic market.

The construction of solar photovoltaic power station projects connected to the grid, such as the solar energy mobile base at the Mount Everest of the PRC of 5,800 meters above the sea level, solar energy project of the railway from Qinghai to Tibet, 2.2 MW solar photovoltaic power station project connected to the grid of Wuhan Train Station, MW grade project connected to the grid of Ningxia Taiyang Shan, and 10MW solar photovoltaic power station project connected to the grid of Huaneng Shilin Photovolt Energy Development Co., Ltd. (華能石林光伏發電有限公司) are handled by system integrators.

BACKGROUND AND BUSINESS OPERATION OF THE TARGET GROUP

The PRC Subsidiary is wholly-owned by the Target Company and was established in the PRC in July 2009 with limited liability. The Target Group is principally engaged in solar energy generation and related power system integration business in the PRC:



System integration

The Target Group provides system integration services, which is different from contracting and does not provide the related construction works. System integration refers to the optimization of technologies in the civil engineering system, electrical system and other ancillary system, database technologies, surveillance and software management. The Target Group shall source equipments and products from different vendors based on the scale and capacity of the respective power stations. And subsequently carry out integration of the separated equipment, functions and information into a connected, unified and coordinated system. System integration enables the utilization of resources at their best so to enhance optimization of performance of the entire system and achieve centralized, high efficiency, balanced performance, substitutable and available for maintenance, as well as low cost management. The Target Group also offers subsequent system management services to the power stations.

To provide system integration service, it does not only require ample knowledge in the structure and construction of power station but also the knowledge in the products and technologies of different manufacturers so as to propose the best system method and technical solution. The professional team of experts in the Target Group has obtained experience accumulated from the previous construction and operation of solar photovoltaic power station and enables the provision of professional and practical advices and assistance to the clients. Further details of the background of the expert team has been set out in the subsection headed "Professional team of expertise" under this section.

As at the Latest Practicable Date, the PRC Subsidiary has secured and signed two agreements in the provision of one-off service on system integration services for biomass energy, thermal power and solar energy generation companies and projects which are expected to generate a total revenue of approximately RMB302 million for the period ending 31 March 2012 and which are sufficient in fulfilling the Target Profit. The PRC Subsidiary has also entered into two memorandums of understanding which are expected to generate total revenue of more than RMB2,000 million (including the cost of construction, e.g. purchase and merchandise of equipment and subsequent installation) for the years ending 2015. The contract sum is determined upon arm's length negotiation between the parties based on the scale of the solar energy power station, being 50MW and 100MW, and preliminary estimation of the costs involved. These two memorandums of understanding involve 50MW and 100MW solar energy power station system integration projects respectively to be completed in three to four phases in Gansu province, the PRC. Further terms and conditions of the 50MW and 100MW solar energy power station system integration projects shall be discussed and determined upon the formal agreements. The PRC Subsidiary intends to have these two memorandums enter into formal agreements by year 2012.

Brief description of the business of system integration is set out as follows:

Project evaluation

The Target Group will carry out the project evaluation considered the factors and concerns including:

- geographical studies on the surrounding area;
- meteorological studies; and
- neighboring grids of the area.

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Design evaluation, advisory and fine-tuning

- set up general project ground plans optimization proposals and project investment budget planning;
- project integrated control-related land construction optimization proposals;
- technological team selects equipment suppliers, analyses the equipment parameters information provided by the suppliers, conducts preliminary products examination and testing and set up equipment optimization proposals;
- convene meetings with suppliers to discuss compatibility of different models of equipment, so to ensure that the equipment can match with one another and facilitate the corresponding system integration proposal.

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Equipment sourcing & merchandising

- set up project-based division to conduct project technological, onsite, resources, mechanical related construction preparation works;
- commence safe construction with quality control and cost control, and record the status of construction by engineering division

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Installation & testing

- system testing for the project
- general system testing
- online testing
- completion examination

Generation and provision of solar energy

Solar energy is generated and converted into electricity via grid connected solar energy power system and transfer the electrical power through inverter directly to the connected grid, instead of going through the storage in batteries. Such technology signifies a new development in solar energy.

In recent years, Qinghai Province has been active in the incubation of solar power enterprises as a new tactic for the development of its economy, improvement of its livelihood and protection of its ecology. Qinghai Province is abundant of solar power resources and the development potentials of solar photovoltaic power generation industry in the area is optimistic. In 2008, government authorities of Qinghai Province published the plan for solar photovoltaic power station base of 10,000MW in capacity pursuant to the plan for utilization of solar power and the medium and long term plan for the development of the industry in Qinghai Province. Qinghai Province is the first province in the PRC to apply for the construction of 10,000MW solar photovoltaic power station, government of Qinghai Province proposed to increase the total installed capacity of solar photovoltaic power base to 3,200MW by 2015 and to 7,500MW by 2020 in the Plan for the Construction of 10,000MW Solar Photovoltaic Power base at Chaidamu Basin of Qinghai Province in April 2009. The plans provided beneficial policy support and an encouraging environment to the investment of solar photovoltaic power station in Qinghai Province.

Requirements and necessary procedures prior to operation of power generation business

In accordance with the Law of Renewable Energy of the PRC, the Relevant Provisions for the Administration of the Generation of Electricity Using Renewable Energy Resources and the review process of the relevant government authorities, the construction and operation of solar photovoltaic power stations has to undertake the principal administrative approval process as follows:

Phase 1 (approximately 12 – 24 weeks) Aim: Investment agreement

To obtain the investment agreement with the local government for engaging in the business and determine the capacity of power generation and supply.

The Target Group is one of the market participants engaging in the investment of solar photovoltaic power generation projects in Qinghai Province, and since its establishment, the Target Group had conducted preliminary works and studies including various substantial researches and studies about the selection of location, power grid, climate, policies and environment for the development of solar photovoltaic power stations in Qinghai Province which were submitted to the local government for its review. The Target Group had further communicated with the relevant government authorities at Qinghai Province and Haixizhou on its intention to engage in an investment agreement. Subsequently, on 10 April 2009, the Target Company has entered into an investment agreement with the People's Government of Qinghai Province Haixi Tibetan Cang Tribe Autonomous State for the investment of an aggregate of power supply of 1,000MW ("**1,000MW Investment Agreement**"). The 1,000MW Investment Agreement allows and approves the Target Company to be engaged in the business of provision of solar energy of up to 1,000MW in the Qinghai Province in the future, further requirements and procedures before actual operation of power generation business are set out below.

The Target Company further entered into the Investment Agreement for the Construction of a Large Solar Photovoltaic Power Station in the Desert connected to the Grid at Geermu of 200MW ("Geermu Agreement") and the Investment Agreement for the Construction of a Solar Photovoltaic Power Station connected to the Grid at Delingha of 100MW ("Delingha Agreement"). Material terms of the 1,000MW Investment Agreement, Geermu Agreement and Delingha Agreement are set out below:

A. 1,000MW Investment Agreement

(a) Date

10 April 2009

(b) Parties

(i) the People's Government of Qinghai Province Haixi Tibetan Cang Tribe Autonomous State

(ii) the Target Company

(c) Major terms

(i) the Target Company shall establish a company in Haixizhou with a total registered capital of USD50 million for the purpose of constructing solar photovoltaic power stations in the desert connected to the grid at Tsa Edam Basin Cyclical Economy Development Zone with a designed power generation capacity of 1,000MW. The first phase construction shall achieve a power generation capacity of 30MW, together with a trial solar photovoltaic power station with a power generation capacity of 2MW. The total investment amount for the first phase construction is USD210 million.

(ii) the Target Company shall be responsible for the initial stage preparation work, the feasibility study, the applications for project approval and the construction designs.

(iii) the People's Government of Qinghai Province Haixi Tibetan Cang Tribe Autonomous State shall provide assistance to the Target Company with respect to the initial stage research, selection of location, district development planning, environmental assessment, incorporation of company in Haixizhou, submission for approvals and land supply.

(iv) the governmental project approval for the construction of the solar photovoltaic power stations shall be completed within 6 months and the relevant construction works shall commence within 1 year from the date of the 1000MW Investment Agreement, otherwise, the 1,000MW Investment Agreement shall lapse automatically.

(v) under the same terms and conditions, the People's Government of Qinghai Province Haixi Tibetan Cang Tribe Autonomous State shall provide the Target Company a priority right for the construction and development of this project.

B. Geermu Agreement

(a) Date

2 March 2010

(b) Parties

(i) the Development and Reform Commission of Geermu Municipal

(ii) the PRC Subsidiary

(c) Major terms

(i) the PRC Subsidiary shall construct solar photovoltaic power stations in the desert connected to the grid at Geermu Basin in the Qinghai Province with designed power generation capacity of 200MW. The constructions shall be divided into various phases to be fully completed by the end of 2012 with an estimated total investment amount of RMB3,500 million, which shall be funded solely by the PRC Subsidiary.

(ii) the PRC Subsidiary shall be responsible for the construction of the solar photovoltaic power stations, obtaining the governmental project approvals and operation management.

(iii) Geermu Development and Reform Commission shall be responsible for assisting the PRC Subsidiary in solving any difficulties in relation to transportation, land, funding, forestry, grassland, environment, grid, cultural relics, mineral resources and climate, which the PRC Subsidiary may have encountered in obtaining the governmental project approvals or in development of the project.

(iv) the project planning and feasibility study shall be completed within 3 months from the date of the Geermu Agreement and the construction works shall be commenced within 3 months after obtaining the approvals from provincial development and reform commission or any other date as may be agreed between the parties. Should there be no actual working progress within 6 months from the date of the Geermu Agreement, the Geermu Agreement shall be terminated automatically.

C. Delingha Agreement

(a) Date

December 2010

(b) Parties

(i) the Economic and Development Reform Commission of Delingha Municipal

(ii) the Target Company

(d) Major terms

(i) the Target Company shall construct solar photovoltaic power stations in Delingha with designed power generation capacity of 100MW with an investment amount of RMB2,300 million. The constructions shall be divided into various phases, of which the first phase of 20MW shall be completed by the end of 2011 and the second phase of 80MW shall be completed by the ended of 2013.

(ii) the Target Company shall be responsible for the construction of the solar photovoltaic power stations, obtaining the governmental project approvals, operation management and connections to grid.

(iii) the Economic and Development Reform Commission of Delingha Municipal shall be responsible for assisting the Target Company in solving any difficulties in relation to transportation, land, funding, forestry, grassland, environment, grid, cultural relics, mineral resources and climate, which the PRC Subsidiary may have encountered in obtaining the governmental project approvals or in development of the project.

(iv) If the first phase construction does not commence within 6 months from the date of the Delingha Agreement, the Delingha Agreement shall lapse automatically.

According to the Company's PRC lawyers, the 1,000MW Investment Agreement is still valid and effective given that the Target Company had entered into the Geermu Agreement and the Delingha Agreement. The Company's PRC lawyers further opine that given the Development and Reform Commission of the Qinghai Province had granted approval in December 2010 for the construction of solar photovoltaic power station with the capacity of 10MW under the Geermu Agreement and the Development and Reform Commission of the Qinghai Province had granted approval on 31 December 2010 for the construction of solar photovoltaic power station with the capacity of 20MW under the Delingha Agreement, the Geermu Agreement and the Delingha Agreement are still valid and effective in all respect. It is also confirmed by the Company's PRC lawyers, that:

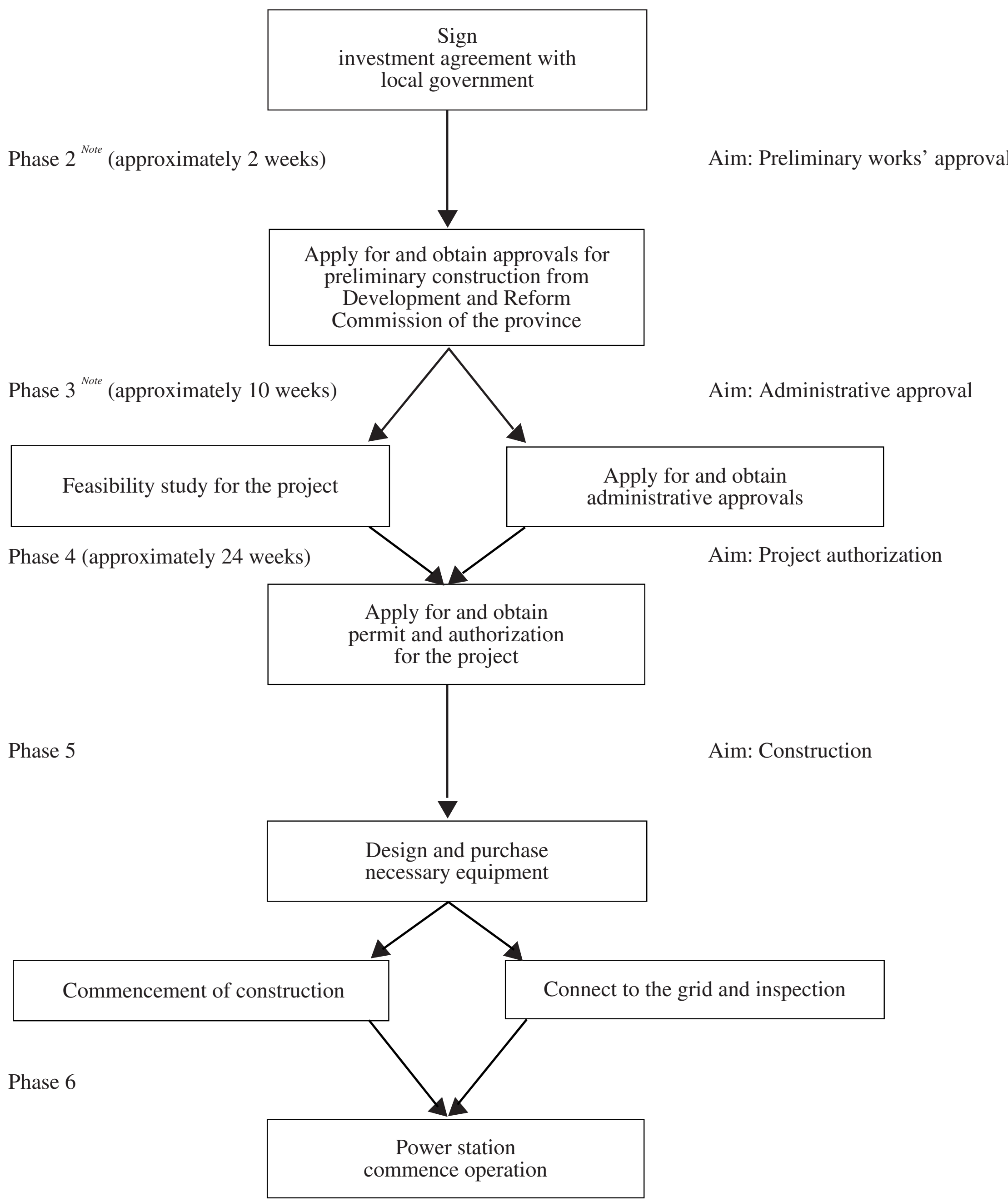
(i) according to the 1,000MW Investment Agreement, the Geermu Agreement and the Delingha Agreement (collectively "Power Station Investment Agreements"), the Target Company has the right to carry out the power station investment contemplated by the Power Station Investment Agreements on the principle of phased development and governmental approval by stages;

(ii) no specific amount on phased investment is required, the Target Company may carry out the investment according to the phased approval from relevant authorities;

(iii) the Target Company shall carry out the construction works within the timeframe under the Power Station Investment Agreements, or otherwise, the Power Station Investment Agreements will terminate automatically. However, such termination will not result in any liquidated damages of Target Company; and

(iv) the investment amounts under the Power Station Investment Agreements are not mandatory, the Target Company will not be subject to any liquidated damages for its failure to make adequate investment amounts thereunder.

Similar to the 1,000MW Investment Agreement, the Geermu Agreement and the Delingha Agreement allows and approves the Target Company to be engaged in the business of provision of solar energy of up to 200MW and 100MW in Geermu and Delingha respectively, actual operation of power generation business requires further procedures as set out below.



Note:

Permits and administrative approvals obtained or to be obtained		Status of Target Group	
		Geermu (as to 10MW)	**Delingha (as to 20MW)**
Phase 2			
(1)	Submit project proposal or letter of application and obtain recognition from the government	Yes	Yes
(2)	Approval for preliminary works from Development and Reform Commission of the Province	Yes	Yes
Completion of Phase 2		By February 2010	By December 2010
Phase 3			
(3)	Completion of feasibility report	Yes	No
(4)	The opinion regarding the selection of location for the project issued by the Bureau of Construction of the city	Yes	Yes
(5)	the opinion regarding the proposed selection of location for the project issued by the Bureau of Communication of the city	Yes	Yes
(6)	the opinion of review regarding the mineral resources underlying in the location selected issued by the Bureau of State-owned Land and Resources of the city	Yes	No
(7)	the opinion regarding the selection of location issued by the Bureau of Housing and Construction at Urban and Rural Area of the city	Yes	No
(8)	the opinion regarding the selection of location issued by the Bureau of Environment Protection and Forestry of the city	Yes	Yes
(9)	the opinion regarding heritage preservation in the location selected issued by the Bureau of Culture, Sports, Broadcasting and Television of the city	Yes	Yes
(10)	the opinion on environment impact for the project issued by the office of environment protection of the province	Yes	No
(11)	the opinion regarding the land used for the project issued by the office of state-owned land and resources of the province/city	Yes	Yes
(12)	the opinion regarding the connection to the grid issued by the power corporation of the province	Yes	No
Completion of Phase 3		By August 2010	Estimated by October 2011
Phase 4			
(13)	submit the feasibility report and the gathered administrative approvals (no. (3) to (12) as abovementioned) to Development and Reform Commission of the Province to obtain project authorization	Yes	No
Completion of Phase 4		By December 2010	Estimated by December 2011

As at the Latest Practicable Date, the 10MW solar photovoltaic power station of the Target Group at Geermu has completed the works for project authorization. It is now in the phase where the construction of the power station commences and expected to be completed and commence operation by early October 2011.

Despite the 1,000MW Investment Agreement, Geermu Agreement and Delingha Agreement and the roll over of further engaged in business of provision of solar energy of up to 200MW and 100MW in Geermu and Delingha respectively, in view of the existing project authorization status and upon due and careful enquiry by the Directors, the Board considers that, as at the Latest Practicable Date, the Target Company has secured power generation business of 10MW solar photovoltaic power station at Geermu only which its actual operation is expected to commence by early October 2011.

Aside from the abovementioned and to the best of the Directors' and Vendor's knowledge and as advised by the PRC legal adviser, as at the Latest Practicable Date, there is no additional procedures that the Target Company needs to go through and no further bidding is required for the further projects in relation to the 1,000MW Investment Agreement, Geermu Agreement or Delingha Agreement.

PROFESSIONAL TEAM OF EXPERTISE

As at the Latest Practicable Date, the Target Group has three professional team members and three consultants, details of each professional and consultant are set out as follows:

Professional team members (Three members)

- One holder of a bachelor degree in Agricultural Resources and Environment of the University of Qinghai, who has been engaging in the new energy industry since his graduation in 2006. He has participated in the construction, operation and management of two photovoltaic power station projects and one biomass power project at the position of project manager, deputy head of project department and coordinator, being responsible for the development of new projects, project management and consulting, biomass energy-related project development, implementation and training, respectively. He has also issued various scientific papers about solar energy, biomass energy and energy conservation and emission reduction in the industry/professional periodicals such as "China New Energy" (中國新能源), "Solar Energy" (太陽能), "China Construction Solar & Renewable Energy Sources" (中國建設動態陽光能源), etc.. He is currently the manager of the department of integrated management of the Target Group and is mainly responsible for the preliminary approval and daily administrative management of projects;

- One holder of bachelor degree in Computer Science and Technology of the University of Qinghai with the professional qualification of information system supervisor. He has about 7 years of experience in the photovoltaic industry, and had been the technical chief engineer responsible for the implementation and maintenance of Qinghai solar energy project jointly financed by the PRC and Germany, as well as, various photovoltaic power stations (off-grid and on-grid) projects (such as integrated photovoltaic construction project). He also participated in the research and compilation of articles on the subjects of various photovoltaic industry projects. He is familiar with industry requirements and standards, and thus is able to design a photovoltaic power station independently in accordance with the requirements; and

- A management with 7 years of experience in new energy, who was a key person (assistant to the general manager) fully in charge of the construction and implementation of various new energy projects (such as the Sino-German technology project, China-Japan 300KW on-grid case study project, Euro-China energy project). He is currently the general manager of the Target Group mainly responsible for the projects approval, management and corporate operational management; and

Consultants (Three members)

- One member holds the Registered Qualification Certificate (執業資格證書) for Registered Electrical Engineer (註冊電氣工程師) issued by the Ministry of Personnel of the PRC (the area of practice includes supervision of electrical profession, tenders and biddings, standards assessment, technological consultation, etc.), and the Qualification Certificate for Professional Technical Position (專業技術職務任職資格證) of Senior Engineer issued by Northwest Electric Power Design Institute of the Ministry of Energy (能源部西北電力設計院). He is a professional in the electricity industry with 25 years of experience, he is mainly in charge of the electricity system planning, project design and standardization and had been employed by Northwest Electric Power Design Institute as the head of system planning division and deputy chief engineer. He hosted and participated in the design and research of various electricity projects (such as electricity communication planning for State Grid Control Center (國家電網控制中心), State Power Resources Dispatching Centre (國家電力調度中心) and Three Gorges Project Corporation (三峽總公司)) and was awarded the Scientific and Technological Progress Awards by Ministry of Electric Power Industry, National Grade Good Design Silver Award, Technology Advancement Award by State Grid Corporation in relation to design, scientific research and standard setting of electricity system from the State and the Ministry of Electric Power. He is currently a member of the Administration of National Power System and the Technology for the Standardization of Information Exchange Committee (the key responsibilities of the position is programming and system standards planning of the information communication technology). He is a technical consultant of the Target Group providing professional advice on project planning and on-grid proposals of the Target Group's power generation projects;

- One member holds the Qualification Certificate for Professional Technical Position (專業技術職務任職資格證) of Senior Engineer Entitled to Treatment Equivalent to Professor and Researcher (享受教授研究員同等有關待遇的高級工程師) issued by the Planning and Design General Institute of National Electric Power Company, the qualification is of the most senior and highest qualification of technological specialty being issued in the PRC. He previously worked at Northwest Electric Power Design Institute and Da Tang Electric Power Design Institute (大唐電力設計院) as chief engineer and participated in the construction of 12 power generation plants of over 10GW domestically and internationally, (including a power generation plant in Baoji of Shanxi, a thermal power plant in Xigu, a self-owned thermal power plant of Gansu Jiuquan Steels (Group) Co., Ltd (酒泉鋼鐵聯合公司), a power plant in Mojoner of Indonesia, etc.) and was the chief engineer of the project responsible for the specific construction design and construction of power station projects. He is familiar with electricity engineering projects (specifically the electricity engineering of power plant project) and is able to provide professional advice to the Target Group in respect of the overall design and planning of electricity engineering of power plant construction and system integration business in the future with his 25 years of experience in the electricity industry;

- As the professional consultants, their professional competencies in the industry play a very important role in providing technological instruction and support to the power system integration business and new energy power projects undertaken by the Target Group; and

- One member is the chairman of Chinese Renewable Energy Society (中國可再生能源學會) and Counsellor of State Council. He is familiar with the national policies and development planning, and is in touch with the latest trend and development of the industry; and

- The three professional consultants belong to different industries/aspects, and will serve as the guidance in respect of the corporation planning and future development with their professional skills, qualifications and industry experience.

Strategic cooperation agreement

The Target Company entered into strategic cooperation agreement with Shaaxi Province Electric Power Design Institute (陝西省電力設計院) for technical supports on system integration and power station projects for the year 2011 to 2016.

RISK FACTORS AND WEAKNESSES

(1) Approvals and consents for implementation of the Target Group's business of solar power generation may not be obtained and the uncertainty timing for obtaining such approval and permits

As advised by the Company's PRC lawyers, under the PRC legal regime, the PRC Subsidiary's business of providing system integration services does not require obtaining any kinds of PRC governmental approvals or licences, whilst the PRC Subsidiary's business of solar power generation shall be subject to a number of PRC governmental approvals, namely approval from provincial development and reform commission, the ministry of land and resources, the ministry of environment protection, the ministry of construction, the ministry of communication, the administrative department for cultural relics and consents from power corporations for connection of grid. As at the Latest Practicable Date, the Target Group has only obtained all necessary governmental approvals for constructing solar photovoltaic power station of 10MW and the power corporation's consent for connecting the grid in respect thereof at Geermu in Qinghai Province of the PRC, and initial approval from provincial development and reform commission and local land and resources authority for the preparation works of solar photovoltaic power station of 20MW in Delingha, Qinghai Province of the PRC. There is no assurance that the Target Group can obtain all relevant governmental approvals and power companies' consents for implementing its plan of constructing solar photovoltaic power station of other future projects. Any failure to obtain the necessary governmental approvals or power companies' consents to implement its business plan of constructing solar photovoltaic power station of other future projects could adversely affect the Target Group's business growth and profitability in the future.

(2) Memorandums of understanding of system integration projects

Further terms and conditions of the two memorandums of understanding involving 50MW and 100MW solar energy power station system integration projects are yet to be discussed and determined, and subject to the negotiations with the counterparty(ies), the two memorandums of understanding may or may not be formalized by year 2012 as expected.

(3) Funding

Investments in the power stations required a substantial amount of capital investment. There is risk that the Target Group may not be able to raise adequate funds for the development of other future solar photovoltaic power projects. In this regard, the Target Group may consider seeking cooperation opportunities with other market participants in order to share the funding required for those projects and/or seeking for equity and debt financing.

(4) Government policy

The development of the new energy business relies on the supportive policies of the PRC government. Despite the Law of Renewable Energy and the Medium and Long Term Plan for Renewable Energy launched by the PRC government, there is risk that PRC government may revise or suspend such supportive policies which would be a concern for market participants. However, considered the growing alert in devastating consequences of global warming and increasing awareness in environmental protection, exploration of new energy has already become a must across the globe.

(5) Fast technological advancement

The business of system integration of the Target Company involves large amount of equipment and related products required by solar energy, biomass and other energies power generation system. The Target Company shall possess sound knowledge and quick adaption on the corresponding installation technology. Fast technological advancement of these equipment and installation techniques expose the Company to the risk of being unable to catch up with the updated technology of the industry.

The Target Company shall familiarize itself with industry trend characteristics, accumulates technological experience, arrange regular trainings, and catch up with advanced industry technology via its own projects in progress and external system integration projects, so as to lay a more solid foundation for continuous development of electrical power system integration business.

The technologies and products that the Target Group has been adopting may not be as updated as the technologies advance in the rapid development of the solar photovoltaic industry. However, considered that power station is the end of new energy power generation chain, ongoing invention and adoption of new technologies will continue to enhance the competitiveness of power stations. Therefore, the technological advancement will only improve the operation and establishment of power generation business. The Target Group will continue to conduct research and development and pay attention to the development of the technology in the new energy industry in the world in order to enhance the existing technology owned by the Target Group.

(6) Renewable energy resources face competitions from traditional energy sources

The Target Group is competing with companies engaging in provision of traditional energy resources.

There are policies that support the development of new energy. Energy is one of the key fundamentals to the development of the national economy. With the development in the national economy, excess demand for energy increases. Safety of energy and the role of energy in the national economy becomes more prominent. However, PRC is one of the few countries in the world with an energy composition dominating by coal. It is also the country in the world with greatest consumption in coal. Environmental pollution brought by coal burning becomes more significant. As the resources of renewable energy are abundant relative to traditional energy, the development of renewable energy has drawn more attention from the PRC government, which is featured with no pollution or very less pollution. The PRC government introduced a series of policies to facilitate the development of renewable energy, which include the Law of Renewable Energy of the PRC introduced in 2005, the Medium and Long Term Plan for Renewable energy introduced in 2009, the Law of Renewable Energy of the PRC (Amendments) introduced in 2009, the Notice concerning the Implementation of the Demonstration Project of Golden Sun, and the Provisional Measures for the Administration of Financial Subsidies Funding in the Architectural Application of Solar Photovoltaic Power Generation.

The Law of Renewable Energy and the Law of Renewable Energy (Amendment) emphasized the coordination function by the central government and distinctive role for the power grid enterprises and the power corporations. This is beneficial to the orderly development of the entire new energy industry. Under The Law of Renewable Energy and the Law of Renewable Energy (Amendment), a development fund for renewable energy was established, which would be used to support the development of renewable energy industry. Solar energy is regarded as renewable energy and the Target Group, which is principally engaged in solar energy generation and related power system integration business, will be benefitted from the said policy.

The Medium and Long Term Plan for Renewable Energy proposed policies and measures such as the preferential tariff , sharing of costs, funding support and preferential treatment in tax, and the creation of industry service system and policy. This will proactively support the technology development, industry development and application of renewable energy and provide ample room of development for the Target Group.

The Target Company would be able to enjoy funding support by the PRC government through the electricity price, which is set higher than the normal market rate, as approved by the PRC government upon commence of operation. The government subsidies were generally included in the prices of the electricity power sold. The government subsidy for the 10MW project has not been concluded yet. The 10MW project has obtained the opinion regarding the connection to the grid issued by the power corporation of Qinghai Province. As advised by the management of the Target Company, the electricity price of the 10MW project has been submitted to National Development and Reform Commission of the PRC for approval, and is expected to be approved before the operation of the 10MW project, which is in October 2011. The electricity selling price was determined with reference to the Feasibility Report and electricity selling price recently approved by National Development and Reform Commission of the PRC.

Based on the Notice concerning the Implementation of the Demonstration Project of Golden Sun and the Provisional Measures in the Management of Financial Assistance for Demonstration Project of Golden Sun that a combination of financial assistance, technological assistance and market driven initiatives will be adopted to promote the technology development and scale development of the solar photovoltaic power generation industry in the PRC. The implementation of the Notice and the Provisional Measures has been meaningful to the solar photovoltaic power generation industry in the PRC. The Notice and the Provisional Measures are also supportive to the operation of solar energy power generation and the related system integration services by the Target Group.

(7) The PRC government's control on foreign currency conversion

The PRC government's control of foreign currency conversion may limit the foreign exchange transaction of the Target Group including dividend payments.

It was provided in the laws and regulations of the PRC government such as Regulations on the Foreign Exchange System of the PRC and Notice of the State Administration of Foreign Exchange on Issuing the Measures for the Evaluation of Banks' Implementation of Provisions on Foreign Exchange Administration that the profits, dividends and bonuses of the foreign invested enterprises can be remitted out of the PRC after verification.

(8) PRC taxation

In accordance with the List of Public Infrastructure Projects Enjoying Enterprise Income Tax Preferential (2008), newly constructed solar power generation projects are entitled to the preferential treatment for enterprise income tax of public infrastructure projects, which are exempted for the first three years recording profit and 50% exemption for the next following three years. The revision or termination of such preferential treatment on taxation may adversely affect the profitability of the Target Group.

(9) Reliance on the expert team of the Target Group

The Target Group relies on its expert team to implement the Target Group's business of solar power generation and providing system integration services. The successful development of the Target Group's business will rely on the continued dedication of its expert team as referred to in the subsection headed "Professional team of expertise" under the section headed "BACKGROUND AND BUSINESS OPERATION OF THE TARGET GROUP" in this circular. There is no assurance that the Group can retain the members of its existing expert team for their future services, nor the Target Group can ensure that qualified and experienced experts can be found to replace any possible loss of any members of the expert team, which could adversely affect the Target Group's operations and profitability in the future. To minimize such adverse effect, the Target Group has been maintaining close relationship with electric design institute of Grade A qualification in the PRC so as to obtain the technology support of those parties.

(10) Term of operation of solar photovoltaic power station

According to the feasibility study report issued by Xinjiang Power Design Institute with Grade A design qualification, the project of 10MW solar photovoltaic power station at Geermu may operate for 25 years. Solar photovoltaic power generation is a new business in the PRC and does not have long historical records for reference, as at the Latest Practicable Date, there is no power station that has operated for as long as 25 years. As such, there is no market reference for the operation longevity estimation of the 10MW solar photovoltaic power station of up to 25 years.

(11) Default risk of the refund of Deposit

The Deposit is determined under arm's length negotiations basis between the Vendor and the Purchaser. The terms and conditions set out in the Agreement are legally binding and should the Agreement be terminated, the Vendor shall refund the Deposit to the Purchaser or the Company in accordance to the Agreement. The major risk involved is default risk. In view of the fact that the Guarantor, Mr. Chiu, is a the deputy chairman of Gansu Province Federation of Industry and Commerce (甘肅省工商聯合會副主席) and a member of the Gansu Province People's Political Consultative Conference in Hong Kong and Macau (甘肅省政協港澳委員), the Directors considered the risk of default is significantly reduced.

(12) Fluctuation of other economic factors

Between 2008 and 2009, there was serious recession in the global economy. A number of countries, such as Spain, cancelled the subsidy that previously offered to the solar photovoltaic industry which resulted in a fall in the demand from such countries and hence a fall in export from the PRC to such countries for solar photovoltaic power related products, which also resulted in the substantial fall of price in poly-silicon, the raw material for the production of solar photovoltaic units. Consequently, the sales for the products of solar photovoltaic enterprises that are primarily engaged in the production of solar photovoltaic units for exports in the PRC were sluggish. However, despite the losses incurred by the solar power industry between 2008 and 2009, REN Renewables Global Status Report 2010 published by Renewable Energy Policy Network for the 21st Century stated that the solar photovoltaic power industry still maintained growth of 53% notwithstanding the occurrence of the financial crisis.

The Law of Renewable Energy (Amendment) published by the PRC government further reiterated the policy support to new energy. A protective acquisition system with guaranteed amount for renewable energy projects was created. As such, the demand for new energy generation (including solar photovoltaic power generation) in the PRC was further ensured. At the same time, the fall in the price of solar photovoltaic units as the primary raw material for the construction of solar photovoltaic power station by the Group would reduce the investment cost and enhancing return of equity in solar photovoltaic power stations.

(13) Risk of default

The revenue of the Target Group is derived from the system integration service charge paid by the project owner based on the project progress, and the project owner is subject to the risk of default.

The revenue of system integration service is derived from the system integration service charge paid by the project owner based on the project progress, and the project owner may terminate the project or may default contract payment due to various reasons. There is no indication that the project owner may default up to now, however, the Target Group cannot guarantee that the project owner will not default.

(14) Ongoing project is subject to force majeure risk

The ongoing project may subject to force majeure risks, such as earthquake, typhoon, etc., so that the project may not carry on. This would impact the result.

(15) Potential liability for the Cash Advance of US$3,000,000

Upon Completion, the Group will assume the liability of the Target Company. As advised by the Vendor, the Vendor is liable to repay, and the Target Company and the stockholders of the Vendor are liable to cause the Vendor to repay, a cash advance of US$3,000,000 (the "Cash Advance") to China Technology Development Group Corporation ("CTDC") by 31 May 2011 pursuant to the agreement entered into among the Vendor, the Target Company and CTDC on 11 October 2010 and amended on 22 December 2010 and 31 March 2011 (the "CTDC Agreement"). For further details, please refer to note 4 of the notes to the shareholding structure of the Company on page 45 of this circular. In the event that the Vendor fails to repay the Cash Advance by the prescribed deadline, the Target Company may be held liable.

Pursuant to a deed of indemnity dated 12 May 2011 given by the Vendor and Mr. Chui Tung Ping in favour of the Target Company, the Purchaser and the Company (which will only become effective upon the Completion), the Vendor and Mr. Chui Tung Ping shall indemnify the Target Company, the Purchaser and the Company from and keep the Target Company, the Purchaser and the Company fully indemnified against all losses, damages, costs, expenses (including any legal fees, costs and expenses incurred), penalties and interest paid, and any other actual and contingent liabilities of the Target Company, the Purchaser and the Company suffered or incurred by the Target Company, the Purchaser and the Company as a result of or in connection with the Termination Agreement. However, in the event that the Vendor fails to repay the Cash Advance and the Target Company is held responsible, there is no guarantee that the Vendor and Mr. Chui Tung Ping will be able to honour the indemnity.

FUTURE PLANS

The Target Group will be dedicated to secure further engagement in operation of power station projects. The Target Group intends to set up solar photovoltaic power stations in different phases on a roll over basis depending on the actual condition of review, business development of the Target Group and the approvals by government authorities. And subsequently, increase the scale of grid connected solar power station to the capacity of 1,000MW (1GW) in the long term. The 20MW solar photovoltaic power station of the Target Group at Delingha has completed the preliminary work for the application of the project. At the same time, the Target Group will continue to expand the business in the provision of system integration services, and to seek more business opportunities from related power generation projects such as solar power and biomass energy.

FINANCIAL INFORMATION OF THE TARGET GROUP

The Target Group has recorded net loss before and after tax of approximately HK$2,993,000 and HK$2,995,000 respectively for the year ended 31 December 2010 and net loss before and after tax both of approximately HK$1,265,000 for the period from the date of incorporation of 9 January 2009 to 31 December 2009. As at 31 December 2010, the Target Group has a net asset value of approximately HK$19,873,000.

REASONS FOR THE PROPOSED ACQUISITION

The Group specializes in the provision of implementation and upgrading of self-service automatic teller machine systems, banking and other related equipment, application hardware and software, technical support and consultancy services to commercial banks and postal bureaus in the PRC.

According to the Renewables 2010 Global Status Report published by Renewable Energy Policy Network for the 21st Century, solar energy is the fastest growing power generation technology in the world. Between year 2004 and year 2009, solar energy plants for the grid were growing at an annual average rate of 60 per cent. In year 2009, approximately 7GW of capacity for the grid was added, representing an increase of 53 per cent. from that of last year and reached 21GW. Cumulative global installations of solar energy device are now nearly six times what they were at the end of 2004. Analysts even expect the growth rate would continue to rise in the coming four to five years.

Since 1980s, the PRC government has been supportive in the application of solar energy for demonstrative purposes. In year 2002, PRC National Development and Planning Commission launched a number of proposals aiming to solve energy supplies through the application of solar energy and small scales of wind farms systems. The relevant proposals made direct positive impacts in solar energy industry by stimulating the establishments of production lines and volume of solar battery production. The project “supplying electricity to rural areas” in year 2002-2003 had made installation of approximately 19,000 KW solar batteries. By the end of year 2005, the aggregate PRC national capacity of solar energy was approximately 70,000 KW, of which was primarily electricity supply to residences in rural areas. The PRC solar energy industry has been going through continuous development since year 2006, the volume of solar battery production was approximately 9,300MW in year 2009, accounting for more than 40% of the global volume of production. The PRC has become the first largest producer of solar battery.

Although the Target Company is newly incorporated company and is yet to begin the business, the Target Company has secured two memorandums of understanding and two agreements in the business of provision of system integration services until year 2015 which are sufficient to fulfill the Target Profit. While the Target Company is also in the process of negotiation on securing the two memorandums and other contracts/projects in relation to the provision of the system integration services.

Furthermore, the Target Group has established the network with the local government for the business of provision of solar energy and has entered into the 1,000MW Investment Agreement in April 2009 with the government authority of Qinghai Province for solar photovoltaic power station project connected to the grid. It was agreed that the Target Company would invest and construct a large solar photovoltaic power station in the desert connected to the grid at Tsa Edam Basin Cyclical Economy Development Zone with a designed capacity of 1,000MW. As set out in the section headed "requirements and necessary procedures prior to operation of power generation business", operation of power station requires the fulfillment of various requirements and obtain of relevant approvals and such complicated procedures are hard for newly incorporated company to handle. The Target Group, is able to procure the relevant approval to engage in the business of generation and provision of solar energy allows it to commence construction and operation of the power station project more efficiently.

Considered the secured business engagement and growing trend of establishment of power stations in the Qinghai region, the Target Group is engaged in a continuing ongoing business with solid source of revenue.

The Directors also considered the following reasons on the fairness and reasonableness of the Acquisition and the Consideration:

(i) the Target Group has already secured and entered into agreements which are sufficient in fulfilling the Target Profit and that represents the Target Group is able to sustain profitable business operation with the existing system integration business;

(ii) the level of profit of the Target Group is ensured by the Target Profit provided by the Vendor to the Company;

(iii) a foreseeable profitable growing business opportunity in the near future;

(iv) expertise in the energy industry shall be introduced to the management of the Company while the business will be managed by the existing experienced team of professionals of the Target Group; and

(v) the Acquisition introduces a whole new developing business to the Company with secured contracts expanding the source of revenue.

In view of the abovementioned, the Directors consider the Target Group is positioned to benefit from the growing demand in energy in the PRC as well as the growing emphasis and awareness on renewable energy by the PRC government and the Acquisition is an opportunity for the Company to diversify its scope of business to enhance profitability to maximize the Shareholders' value. As such, the Directors (including the independent non-executive Directors) consider the Agreement and the transactions contemplated thereunder fair and reasonable and in the interests of the Company and the Shareholders as a whole.

SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that other than the Consideration Shares and the Conversion Shares, no Share will be issued or purchased by the Company after the Latest Practicable Date and up to date of full exercise of the conversion right attaching to the Convertible Bonds, the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) upon issue of Consideration Shares; (iii) upon issue of Consideration Shares and full exercise of the conversion rights attaching to the Tranche I Convertible Bonds; and (iv) upon issue of Consideration Shares and full exercise of the conversion rights attaching to the Tranche I Convertible Bonds and the Tranche II Convertible Bonds are set out as below:

	As at the Latest Practicable Date		Upon issue of Consideration Shares		Upon issue of consideration Shares and partial conversion of Tranche I Convertible Bonds		Upon issue of Consideration Shares and full conversion of Tranche I Convertible Bonds *(Note 2)*		Consideration Shares and full conversion of Tranche I Convertible Bonds and Tranche II Convertible Bonds *(Note 2)*	
	Number of Shares	*approximate %*	*Number of Shares*	*approximate %*	*Number of Shares*	*approximate %*	*Number of Shares*	*approximate %*	*Number of Shares*	*approximate %*
Hou Hsiao Bing *(Note 1)*	131,150,000	17.79	131,150,000	15.07	131,150,000	13.07	131,150,000	11.96	131,150,000	10.96
Hou Hsiao Wen *(Note 1)*	25,370,000	3.44	25,370,000	2.92	25,370,000	2.53	25,370,000	2.32	25,370,000	2.12
Tsou Lo Nien *(Note 1)*	22,390,000	3.04	22,390,000	2.57	22,390,000	2.23	22,390,000	2.04	22,390,000	1.87
Subtotal	178,910,000	24.27	178,910,000	20.56	178,910,000	17.83	178,910,000	16.32	178,910,000	14.95
Vendor and parties acting in concert with it *(Note 4)*	34,000,000	4.61	167,000,000	19.19	300,000,000	29.90	393,200,000	35.86	493,200,000	41.23
Public Shareholders	524,282,072	71.12	524,282,072	60.25	524,282,072	52.27	524,282,072	47.82	524,282,072	43.82
Total	737,192,072	100.00	870,192,072	100.00	1,003,192,072	100.00	1,096,392,072	100.00	1,196,382,072	100.00

Notes:

1. Mr. Hou Hsiao Wen and Mr. Hou Hsiao Bing are brothers and are both executive Directors, Madam Tsou Lo Nien is a relative of Mr. Hou Hsiao Wen and Mr. Hou Hsiao Bing.

2. These columns are for illustrative purpose only. The Bondholder(s) shall not have the right to convert the whole or part of the outstanding principal amount of the Convertible Bonds into Shares to the extent that immediately after such conversion, the Bondholder(s) whether alone or together with parties acting in concert with it would be obliged to make a general offer under Takeovers Code in force from time to time.

3. The partial conversion of Tranche I Convertible Bonds by the Vendor shall not trigger the Takeovers Code.

4. The Vendor, the Target Company and China Technology Development Group Corporation ("CTDC"), a company which is interested in 4.61% shareholding of the Company, had entered into an agreement on 11 October 2010 (the "CTDC Agreement"). Pursuant to the CTDC Agreement (as amended on 22 December 2010 and 31 March 2011), CTDC has paid a cash advance in the amount of US$3,000,000 ("Cash Advance") to the Vendor in consideration for the proposed purchase of 51% shareholding in the Target Company. As the CTDC Agreement was terminated pursuant to a termination agreement entered into between the parties thereto on 11 October 2010 (the "Termination Agreement"), the Vendor shall (and the Target Company and the shareholders of the Vendor shall cause the Vendor to) repay in full the Cash Advance to CTDC no later than 30 December 2010. The deadline for repayment has been further extended to 31 May 2011.

   The CTDC Agreement dated 11 October 2010 further provides that at any time prior to repayment in full of the Cash Advance, CTDC shall have (i) the right to convert ("Right of Conversion") all or any portion of the Cash Advance into the Equity Securities (as defined hereinafter) of the Target Company or the Vendor or any successor of the Target Company or the Vendor in the event that the Target Company, the Vendor or any successor of the Target Company of the Vendor proposes to undertake an offering of its Equity Securities (as defined hereinafter); and (ii) in the event that the Equity Securities (as defined hereinafter) of the Target Company or the Vendor are sold, the right to exchange ("Right of Exchange") all or any portion of the Cash Advance for the Equity Securities (as defined hereinafter) of another company, corporation, partnership, limited liability company, entity or other business enterprise to be received by the Vendor or the shareholders of the Vendor, provided that in the event that CTDC does not exercise its Right of Conversion and Right of Exchange on or before 30 December 2010, the Vendor, the Target Company or Mr. Chiu Tung Ping and Ms. Yuen Hang Lam shall repay in full the Cash Advance in immediate available fund to CTDC. The term "Equity Securities" in the CTDC Agreement shall mean (i) any common stock, preferred stock or other equity security, (ii) any security convertible into or exercisable or exchangeable for, with or without consideration, any common stock, preferred stock or other equity security (including any option to purchase such a convertible security), (iii) any security carrying any warrant or right to subscribe to or purchase any common stock, preferred stock or other equity security or (iv) any such warrant or right.

   As notified by the Vendor, the Right of Conversion and the Right of Exchange had expired according to the term of the CTDC Agreement dated 11 October 2010 and a copy of confirmation letter executed by CTDC for confirming such expiries had also been provided by the Vendor to the Company.

   The Vendor and Mr. Chiu Tung Ping have further provided an indemnity in favour the Target Company, the Purchaser and the Company to jointly and severally, unconditionally and irrevocably indemnify the Target Company, the Purchaser and the Company from and keeps the Target Company, the Purchaser and the Company fully indemnified against all losses, damages, costs, expenses (including any legal fees, costs and expenses incurred), penalties and interest paid, and any other actual and contingent liabilities of the Target Company, the Purchaser and the Company suffered or incurred by the Target Company, the Purchaser and the Company as a result of or in connection with the Termination Agreement pursuant to a deed of indemnity dated 12 May 2011.

   In addition, the Target Company and CTDC had entered into a non-legally binding letter of intent ("Letter of Intent") on 11 October 2010, pursuant to which, the Target Company and CTDC agree to cooperate in large-scale on-grid solar farm projects mainly in the following three areas: (1) the Target Company agrees to preferentially purchase crystalline PV modules from CTDC and its subsidiaries to develop the grid-connected solar farm project in Delingha; (2) CTDC continues to participate in the design of grid-connected solar farm project in Delingha; and (3) CTDC and the Target Company partner up in research and development of auxiliary equipments for power plants, such as inverters and controllers.

   Further details of the CTDC Agreement and the Letter of Intent can be referred to public record posted on the website of Nasdaq stock market in New York of the U.S.A. at http://secfilings.nasdaq.com/edgar_conv_html/2010/10/13/0001309014-10-000633.html.

FINANCIAL EFFECTS OF THE ACQUISITION

Upon Completion, the Target Group will become a subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Company.

Assets and liabilities

As set out in the unaudited pro forma financial information on the Enlarged Group in appendix III to this circular, after taken the effects of the Acquisition assuming the Completion took place on 30 September 2010, the total assets of the Enlarged Group would have increased from approximately HK$94,168,000 to approximately HK$334,260,000 and the total liabilities would have increased from approximately HK$5,824,000 to approximately HK$83,547,000.

Earnings

Considered the potential future prospects of the Target Group and taken into account of the Target Profit, the Directors are of the view that the Acquisition would likely to have a positive impact on the future earnings of the Enlarged Group.

FUTURE PROSPECTS OF THE GROUP AND THE ENLARGED GROUP

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 and related applications software for commercial banks in China.

The Group will commit itself to being one of the leading ATM Total Solution Providers in the banking sector in the PRC and offering full range of banking and financial system solutions for the banking and financial sectors, broadening business relationship and exploring new business opportunities in corporate outsourcing.

The Directors consider the Target Group is positioned to benefit from the growing demand in energy in the PRC, as well as the growing emphasis and awareness on renewable energy by the PRC government. The Acquisition is an opportunity for the Company to diversify its scope of business and to enter into a high growth business sector, so to maximize the Shareholders' value.

Leveraging on our prudent and experienced management and determined workforce, and the favorable capital market, the Group, will strive to maintain and expand its business further, in order to bring greater return to our shareholders.

INCREASE IN AUTHORISED SHARE CAPITAL

As at the Latest Practicable Date, the authorized share capital of the Company is HK$100,000,000 divided into 1,000,000,000 Shares, of which 737,192,072 Shares have been issued. In order to accommodate the future expansion and growth of the Group as well as the issue of the Consideration Shares and the Conversion Shares to be issued upon the exercise of the conversion right attaching to the Convertible Bonds, the Board proposes to increase the authorized share capital of the Company from HK$100,000,000 divided into 1,000,000,000 Shares at HK$0.10 per Share, to HK$250,000,000 divided into 2,500,000,000 Shares at HK$0.10 per Share, by creation of additional 1,500,000,000 unissued Shares. The proposed increase in authorised share capital of the Company is conditional upon, among others, the passing of an ordinary resolution by the Shareholders at the EGM.

SPECIFIC MANDATE TO ISSUE NEW SHARES

The Directors were granted a general mandate to allot and issue up to 130,478,414 Shares at the Company's general meeting on 2 September 2010 and out of which 130,400,000 Shares have been utilized under that general mandate. Upon the issue of the Consideration Shares and the full exercise of the conversion rights attaching to the Convertible Bonds (without taking into account of any Consideration Adjustment), a total of 459,200,000 new Shares are required to be allotted and issued by the Company. As such, a specific mandate for the issue of up to 459,200,000 new Shares will be sought in the EGM to cater for the issue of the Consideration Shares and the Conversion Shares.

GENERAL

As the relevant percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules. The Agreement and the transactions contemplated thereunder, including the issue of Consideration Shares, the issue of the Convertible Bonds and the Conversion Shares in relation thereto, the grant of a specific mandate to issue Consideration Shares and Conversion Shares and the proposed increase in authorized share capital of the Company, shall be subject to the approval of the Shareholders by way of poll at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, the parties acting in concert with the Vendor in aggregate held 34,000,000 Shares, representing approximately 4.61% of the issued share capital of the Company. Accordingly, parties acting in concert with the Vendor are required to abstain from voting in respect of the proposed ordinary resolutions at the EGM.

RE-ELECTION OF DIRECTOR

In accordance with the articles of association of the Company, Mr. Tang Renhao ("Mr. Tang") shall retire from his office at the EGM and, being eligible, offer himself for re-election.

Mr. Tang is an independent non-executive Director appointed on 23 February 2011. Mr. Tang, aged 42, holds a Bachelor of Economics from Shanghai Foreign Language Institute (上海外國語學院) (presently known as Shanghai Foreign Studies University (上海外國語大學)), the PRC. Mr. Tang is a trader of China Foreign Exchange Trade System, National Interbank Funding Centre. Mr. Tang was conferred by the Association for Investment Management and Research as a certified financial analyst in 2000. Mr. Tang has over 20 years experience in banking.

There is no service contract between the Company and Mr. Tang. Mr. Tang 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.

The remuneration of Mr. Tang is HK$10,000 per month which was determined by the Board with reference to the prevailing market conditions, his roles and responsibilities.

Save as disclosed above, Mr. Tang, has not held any other major appointment and qualifications, or directorship in other listed companies in the past three years nor does he have any relationship with any Director, senior management, substantial or controlling shareholders of the Company. Other than the directorship in the Company, Mr. Tang does not hold other positions with the Company or other members of the Company. Mr. Tang also does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, there is no further information to be disclosed pursuant to the requirements of Rule 17.50(2)(h) to (v) of the GEM Listing Rules and there is no other matters relating to the proposed re-election of Mr. Tang that need to be brought to the attention of the Shareholders.

EGM

The EGM will be held at Harbour View Room II, 3/F., The Excelsior Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on 31 May 2011 at 11:00 a.m., the notice of which is set out on pages 113 to 116 of this circular, to consider and, if thought fit, approve the ordinary resolution(s) to approve the Agreement and the transactions contemplated thereunder, including the issue of Consideration Shares, the issue of the Convertible Bonds and the Conversion Shares in relation thereto, the grant of a specific mandate to issue Consideration Shares and Conversion Shares, the proposed increase in authorized share capital of the Company and the re-election of Director.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and in any event not later than 48 hours before the time of the meeting or any adjournment thereof to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong/principal office of the Company in Hong Kong at Room 1104, SUP Tower, 75 King's Road, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish.

RECOMMENDATION

The Board having taken into account the prospects of the Target Group and the Target Profit, considers that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The Board also considers that the proposed increase in authorised share capital of the Company and the re-election of Director are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all resolutions at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By Order of the Board
Soluteck Holdings Limited
Zeng Xiangyi
Executive Director

1. FINANCIAL SUMMARY OF THE GROUP

Financial information of the Group for the six months ended 30 September 2010 and each of the three years ended 31 March 2008, 2009 and 2010 are set out in the unaudited consolidated financial statement of the Group for the six months ended 30 September 2010 at http://www.hkexnews.hk/listedco/listconews/gem/20101110/GLN20101110029.pdf and the audited consolidated financial statements of the Group for the years ended 31 March 2008 at http://www.hkexnews.hk/listedco/listconews/gem/20080623/GLN20080623000.pdf, 31 March 2009 at http://www.hkexnews.hk/listedco/listconews/gem/20090622/GLN20090622012.pdf and 31 March 2010 at http://www.hkexnews.hk/listedco/listconews/gem/20100629/GLN20100629081.pdf respectively, which are included in the interim report of the Company and annual reports of the Company for the respective period and/or years and are published on both the GEM website (www.hkgem.com) and the website of the Company (www.soluteck.com) respectively.

2. MANAGEMENT DISCUSSION AND ANALYSIS OF 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 systems, application hardware and software, technical support and consultancy services to commercial banks and postal bureaus in the PRC.

By having ATM service centers established in major cities in China including Shaoxing, Hainan, Taiyuan, Jinan, Shanghai, Beijing, Hefei, Wenzhou, Nanjing, Yiwu, Chongqing, Wuxi, Tianjin, Suzhou, Jinhua, Yingkou, Yancheng, Taizhou, Datong, Jiangdu, Huzhou, Lvliang, Quzhou, Xuzhou and Huaian, the Group has ATM service centres covering a total of 25 strategic cities and locations currently.

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 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.

Liquidity, financial resources and capital structure

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.

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.).

Foreign exchange exposure

The Group mainly operates in the PRC with transactions settled in RMB principally and did not have any significant exposure to foreign exchange risk during the year ended 31 March 2010.

Pledge of assets and contingent liabilities

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

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

Employees and remuneration policies

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.

3. INDEBTEDNESS STATEMENT OF THE ENLARGED GROUP

Borrowings

As at the close of business on 31 March 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had other loan of approximately HK$2,360,000. The other loan is unsecured, bearing interest at the rate of 1% per annum and repayable on 31 December 2011.

Contingent liabilities

As at the close of business on 31 March 2011, being the latest practicable date for the purpose of this indebtedness statement, the Enlarged Group had no material contingent liabilities outstanding.

Disclaimer

Save as disclosed above and apart from intra-group liabilities, the Enlarged Group did not have any outstanding debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages and charges, material contingent liabilities and guarantees outstanding at the close of business on 31 March 2011.

The Directors have confirmed that there has not been any material change in the indebtedness and contingent liabilities of the Enlarged Group since 31 March 2011 and up to the Latest Practicable Date.

4. WORKING CAPITAL SUFFICIENCY

The Directors are satisfied after due and careful enquiry that after taking into account the Enlarged Group's present available internal resources, the Enlarged Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this circular, in the absence of unforeseeable circumstances.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2010, being the date to which the latest audited financial statement of the Group were made up, save as disclosed in this circular.

1. ACCOUNTANTS' REPORT OF THE TARGET COMPANY

The following is the text of an accountants' report on Target Group, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, Hong Kong.

HLB 國衛會計師事務所
Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

16 May 2011

The Board of Directors
Soluteck Holdings Limited
Room 1104, SUP Tower
75 King's Road
Hong Kong

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information regarding China Technology Solar Power Holdings Limited (the "Target Company") and its subsidiary (collectively referred to as the "Target Group"), for the period from 9 January 2009 (date of incorporation) to 31 December 2009 and for the year ended 31 December 2010 (the "Relevant Periods") (the "Financial Information"), for inclusion in the circular of Soluteck Holdings Limited (the "Company") dated 16 May 2011 (the "Circular") in connection with the sale and purchase agreement dated 13 December 2010 (the "Agreement") entered into between City Max International Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, Good Million Investments Limited (the "Vendor") and Mr. Chiu Tung Ping and Ms. Yuen Hing Lan ("Guarantors") pursuant to which the Purchaser would acquire the entire issued share capital of the Target Company from the Vendor at consideration of HK$292,000,000 (the "Consideration") (collectively refer as the "Acquisition").

The Target Company was incorporated in the British Virgin Islands with limited liability on 9 January 2009. The principal activity of the Target Company is investment holding which holds the entire share capital of Qinghai Baike Solar Power Co., Ltd. (the "PRC subsidiary").

The PRC subsidiary was incorporated in the People's Republic of China with limited liability on 29 July 2009. It is engaged in solar energy generation and related power system integration business.

No audited consolidated financial statements of the Target Group have been prepared since its incorporation. The statutory financial statements of the PRC subsidiary for the financial year ended 31 December 2009 were prepared in accordance with the Accounting Standards for Business Enterprises issued by Ministry of Finance, and were audited by Xining Haixin Lianhe Kuaijishi Shiwusuo (西寧海信聯合會計師事務所).

BASIS OF PREPARATION

The Financial Information has been prepared by the director of the Target Company based on the financial statements for the Relevant Periods, on the basis as set out in Note 3 below. The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards which also include Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong.

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The director of the Target Company is responsible for the preparation of the Financial Information that gives a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"), and for such internal control as the director of the Target Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Financial Information based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Financial Information is free from material misstatement. We have also carried out additional procedures as necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of the risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Financial Information that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director, as well as evaluating the overall presentation of the Financial Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the state of affairs of the Target Group as at 31 December 2009 and 2010 and of the results and cash flows of the Target Group for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards.

A. FINANCIAL INFORMATION OF THE TARGET GROUP

Consolidated Statement of Comprehensive Income

	Notes	For the year ended 31 December 2010 HK$'000	For the period from 9 January 2009 (date of incorporation) to 31 December 2009 HK$'000
Revenue	8	–	–
Other revenue	9	21	1
Other income	10	25	–
Administrative expenses		(3,036)	(1,266)
Finance costs	11	(3)	–
Loss before tax		(2,993)	(1,265)
Income tax expenses	12	(2)	–
Loss for the year/period	10	(2,995)	(1,265)
Other comprehensive income for the year/period – Exchange differences on translation of financial statements of overseas subsidiary		808	6
Total comprehensive loss for the year/period		(2,187)	(1,259)
Loss for the year/period attributable to owner of the Target Company		(2,995)	(1,265)
Total comprehensive loss for the year/period attributable to owner of the Target Company		(2,187)	(1,259)
Loss per share for the year/period – Basic and diluted (HK dollars per share)	14	(59.9)	(25.3)

All of the Target Group's operations are classed as continuing.

The accompanying notes form an integral part of the Financial Information.

Consolidated Statement of Financial Position

	Notes	31 December 2010 HK$'000	31 December 2009 HK$'000
Non-current assets			
Property, plant and equipment	17	575	475
Construction-in-progress	18	20,477	–
		21,052	475
Current assets			
Other receivables, deposits and prepayments	19	1,872	708
Bank balances and cash	20	2,121	21,204
		3,993	21,912
Current liabilities			
Other payables and accruals		2,470	112
Other loan	21	2,360	–
Deferred revenue	22	342	215
		5,172	327
Net current (liabilities)/assets		(1,179)	21,585
Net assets		19,873	22,060
Capital and reserves			
Share capital	23	387	387
Reserves		19,486	21,673
Total equity attributable to owner of the Company		19,873	22,060

The accompanying notes form an integral part of the Financial Information.

Consolidated Statement of Changes in Equity

		Reserves			
	Share capital	**Capital reserve**	**Exchange reserve**	**Accumulated losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Note i)	*(Note ii)*		
At 9 January 2009 (date of incorporation)	–	–	–	–	–
Issue of shares	387	–	–	–	387
Additional contribution of capital	–	22,932	–	–	22,932
Total comprehensive income/(loss) for the period	–	–	6	(1,265)	(1,259)
At 31 December 2009 and 1 January 2010	387	22,932	6	(1,265)	22,060
Total comprehensive income/(loss) for the year	–	–	808	(2,995)	(2,187)
At 31 December 2010	387	22,932	814	(4,260)	19,873

Notes:

i. Capital reserve represents the additional contribution of capital to the Target Company.

ii. Exchange reserve represents foreign exchange differences arising from translation of the financial statements of foreign operations.

The accompanying notes form an integral part of the Financial Information.

Consolidated Statement of Cash Flows

	For the year ended 31 December 2010 *HK$'000*	For the period from 9 January 2009 (date of incorporation) to 31 December 2009 *HK$'000*
OPERATING ACTIVITIES		
Loss before taxation	(2,993)	(1,265)
Adjustments for:		
Depreciation	66	25
Bank interest income	(21)	(1)
Finance costs	3	–
Gain on disposal of property, plant and equipment	(25)	–
Operating cash flows before movements in working capital	(2,970)	(1,241)
Increase in other receivables, deposits and prepayments	(1,164)	(708)
Increase in other payables and accruals	2,360	112
Increase in deferred revenue	127	215
Cash used in operating activities	(1,647)	(1,622)
Income tax paid	–	–
Net cash used in operating activities	(1,647)	(1,622)
INVESTING ACTIVITIES		
Bank interest income	21	1
Purchase of property, plant and equipment	(148)	(500)
Additions of construction-in-progress	(20,477)	–
Net cash used in investing activities	(20,604)	(499)
FINANCING ACTIVITIES		
Shares issued	–	387
Capital contribution	–	22,932
Proceeds from other loan	2,360	–
Net cash generated from financing activities	2,360	23,319
Net (decrease)/increase in cash and cash equivalents	(19,891)	21,198
Cash and cash equivalents at the beginning of the year/period	21,204	–
Effect of foreign exchange rate changes	808	6
Cash and cash equivalents at the end of the year/period, represented by Bank balances and cash	2,121	21,204

The accompanying notes form an integral part of the Financial Information.

Notes to the Financial Information

1. GENERAL INFORMATION

The registered office of the Target Company is at Portcullis TrustNet (BVI) Limited, Portcullis TrustNet Chamber, P.O. Box 3444, Road Town, Tortola, the British Virgin Islands. The Target Company was incorporated in the British Virgin Islands as an exempted company with limited liability. The Target Company is principally engaged in investment holding. The principal activity of its subsidiary is design, construction and operation of photovoltaic plant and biomass power plant; processing, manufacturing and sale of electrical equipment, mechanical equipment and metal components; testing or examination of battery components, inverter and other ancillary electrical equipment; research, development, experiment of photovoltaic product and biomass product; promotion, training and consulting service of photovoltaic and biomass technology.

The Financial Information are presented in Hong Kong dollars ("HK$"), which is the functional currency of the Target Group.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards and Interpretations) and the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited as applicable to Accountants' Report including in the listing documents of circulars.

The Target 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)	Improvements to HKFRSs issued in 2009[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[2]
HKAS 12	Deferred Tax: Recovery of Underlying Assets[7]
HKAS 24 (Revised)	Related Party Disclosures[5]
HKAS 32 (Amendment)	Classification of Right Issues[4]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 – Disclosures for First-time Adopters[6]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 9	Financial Instruments[8]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[5]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

1 Amendments that are effective for annual periods beginning on or after 1 January 2010
2 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, 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 January 2011
6 Effective for annual periods beginning on or after 1 July 2010
7 Effective for annual periods beginning on or after 1 January 2012
8 Effective for annual periods beginning on or after 1 January 2013

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 recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised 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 amortised cost. All other debt investments and all equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Target Group's financial assets.

The director of the Target Company anticipates that the application of the new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Target Group.

The accounting policies set out below have been applied consistently to the Relevant Periods presented in this Financial Information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Target Group are materially consistent with the Company's accounting policies. The measurement basis used in the preparation of the Financial Information is historical cost convention except for certain financial assets and financial liabilities have been carried at fair value.

The presentation of the Financial Information in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Basis of preparation

In preparing the Financial Information, the director of the Target Company has given careful consideration to the future liquidity of the Target Group in the light of that the Target Group had net current liabilities of HK$1,179,000 as at 31 December 2010. The director of the Target Company has been taking steps to improve the liquidity of the Target Group. In addition, the shareholder of the Target Company was agreed to provide continuing financial support to the Target Group. As such, the director is satisfied that the Target Group will be able to meet in full its financial obligation as they fall due in the forseeable future. Accordingly, the Financial Information has been prepared on a going concern basis.

(b) Basis of consolidation

The Financial Information incorporate the financial statements of the Target Company and entities (including special purpose entities) controlled by the Target Company (its subsidiary). Control is achieved where the Target Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Target Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognized on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

Interest income from financial assets is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life on the financial asset to that asset's net carrying amount on initial recognition.

(d) Property, plant and equipment

Property, plant and equipment, comprising furniture, fixtures and office equipment, and motor vehicles, are stated as cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the item of property, plant and equipment to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of comprehensive income in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalized as an additional cost of that item of property, plant and equipment.

Property, plant and equipment are depreciated at rates sufficient to write off their cost less accumulated impairment losses over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Furniture, fixtures and office equipment	20%
Motor vehicles	20%

At the end of each reporting period, both internal and external sources of information are considered to assess whether there is any indication that items included in property, plant and equipment are impaired. If any such indication exists, the recoverable amount of the item of property, plant and equipment is estimated and where relevant, an impairment loss is recognized to reduce the item of property, plant and equipment to its recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of comprehensive income in the year in which the item is derecognised.

(e) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at bank, including term deposits, which are not restricted as to use.

(f) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Target Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the Financial Information. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Target Group. Contingent assets are not recognized but are disclosed in the notes to the Financial Information when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(g) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognized in profit or loss, except when it related to items that are recognized in other comprehensive income or directly in equity, in which case the deferred tax is also recognized in other comprehensive income or directly in equity respectively.

(h) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate prevailing at the date when fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Target Group's net investment in a foreign operation, in which case, such exchange differences are recognized in other comprehensive income in the Financial Information and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

For the purposes of presenting the Financial Information, the assets and liabilities of the Target Group's foreign operations are translated into the presentation currency of the Target Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (the translation reserve).

(i) Financial instruments

Financial assets and financial liabilities are recognized in the consolidated statement of financial position when the group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

The financial assets of the Target Group are mainly loans and receivables. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other receivables, and bank balances and cash) are carried at amortized cost using the effective interest method, less any identified impairment losses.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all other financial asset, objective evidence of impairment could include:

– significant financial difficulty of the issuer or counterparty; or

– default or delinquency in interest or principal payments; or

– it becoming probable that the borrowing will enter bankruptcy or financial re-organization.

For certain categories of financial asset, such as accounts receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment of a portfolio of receivables could include the Target Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average of credit period of two to six months, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

For financial assets carried at amortized cost, an impairment loss is recognized in profit and loss when there is objective evidence that the asset is impaired, and is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. When advances and receivables are considered to be uncollectible, the amounts are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognized, the previously recognized impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Target Group after deducting all of its liabilities. The Target Group's financial liabilities are generally classified as other financial liabilities.

Other financial liabilities

Other financial liabilities including other payables and accruals, and other loan are subsequently measured at amortized cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Target Group has transferred substantially all risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the assets' carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit and loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognized in profit and loss.

(j) Related parties

A party is considered to be related to the Target Group if:

(i) directly, or indirectly through one or more intermediaries, the party:

- controls, is controlled by, or is under common control with, the Target Company or Target Group;
- has an interest in the Target Company that gives it significant influence over the Target Company or Target Group; or
- has joint control over the Target Company or Target Group;

(ii) the party is an associate;

(iii) the party is a jointly-controlled entity;

(iv) the party is a member of the key management personnel of the Target Company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Target Company or Target Group, or of any entity that is a related party of the Target Company or Target Group.

(k) Deferred revenue

Government grants are not recognised until there is reasonable assurance that the Target Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in the consolidated statement of comprehensive income on a systematic basis over the periods in which the Target Group recognises as expenses the related costs for which the grants are intended to compensate.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are disclosed in Note 3, the director of the Target Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The following is the key assumption concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account of their estimated residual value. The determination of the useful lives and residual values involve management's estimation. The Target Group assesses annually the residual value and the useful life of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

5. CAPITAL RISK MANAGEMENT

The director manages its capital to ensure that entities in the Target Group will be able to continue as a going concern while maximizing the return to owners through the optimisation of the debt and equity balance. The Target Group's overall strategy remains unchanged from prior year.

The capital structure of the Target Group consists of debt, which includes cash and cash equivalents, other loan and equity attributable to owner of the Target Company, comprising issued share capital.

The director of the Target Company reviews the capital structure periodically. As part of this review, the director considers the cost of capital and the risks associates with each class of capital. Based on recommendations of the director, the Target Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debts.

6. FINANCIAL RISK MANAGEMENT

The Target Group's principal financial instruments are to raise finance for the Target Group's operations.

The Target Group has various other financial instruments such as other receivables, bank balances and cash, other payables and accruals and other loan which arise directly from its operations.

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Target Group's credit risk is primarily attributable to its' other receivables and bank balances.

At the end of each reporting period, the Target Group's maximum exposure to credit risk which will cause a financial loss to the Target Group due to failure to discharge an obligation by the counterparties arising from the carrying amount of the respective recognised financial assets stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Target Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Target Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the director of the Target Company considers that the Target Group's credit risk is significantly reduced.

The Target Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties.

The credit risk on liquid funds is limited because the counterparties are authorised banks of good standing.

Foreign currency risk

The Target Group operates and conducts business in the PRC and all the Target Group's transactions, assets and liabilities are primarily denominated in HK$, Renminbi ("RMB") and United States dollars ("USD"), which expose Target Group to foreign currency risk.

The carrying amounts of the Target Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2010	**2009**	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
RMB	3,216	539	4,830	1,247
USD	777	14,320	–	–
	3,993	14,859	4,830	1,247

The Target Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Sensitivity analysis

The following table details the Target Group's sensitivity to a 5% (31 December 2009: 5%) increase and decrease in RMB and USD against the functional currency of the relevant group entities. 5% (31 December 2009: 5%) is the sensitivity rate used that represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the reporting date for a 5% (31 December 2009: 5%) change in foreign currency rates. A positive number below indicates an increase in post-tax loss for the year where relevant currencies strengthen 5% (31 December 2009: 5%) against the functional currency of the relevant group entities.

	Profit or loss	
	2010	**2009**
	HK$'000	*HK$'000*
RMB	81	35
USD	(39)	(716)

Interest rate risk

The Target Group's interest rate risk arises from interest-bearing borrowing. Borrowing issued at fixed rate expose the Target Group to fair value interest rate risk. The Target Group currently does not use any derivative contracts to hedge its exposure to interest rate risk.

However, the management will consider hedging significant interest rate exposure should the need arise.

The Target Group considers that there is no significant cash flow interest rate risk as the Target Group does not have variable rate borrowings.

Liquidity risk

In the management of the liquidity risk, the Target Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Target Group's operations and mitigate the effects of fluctuations in cash flows.

The table below summarises the maturity profile of the Target Group's financial liabilities as at the end of reporting period, based on the contracted undiscounted payments, was as follows:

	Within 1 year	Total undiscounted cash flows	Carrying amounts at 31 December 2010
	HK$'000	*HK$'000*	*HK$'000*
Non-derivative financial liabilities			
Other loan	2,360	2,360	2,360
Other payables and accruals	2,470	2,470	2,470
	4,830	4,830	4,830

	Within 1 year	Total undiscounted cash flows	Carrying amounts at 31 December 2009
	HK$'000	*HK$'000*	*HK$'000*
Non-derivative financial liabilities			
Other payables and accruals	112	112	112

Fair value

The fair value of the Target Group's financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions.

The director of the Target Company considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their fair values.

The Target Group's financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market date (unobservable inputs).

No analysis is disclosed since the Target Group has no financial instruments that are measured subsequent to initial recognition at fair value at the end of the reporting period.

There were no transfers between Level 1 and 2 during the Relevant Periods.

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2010	**2009**
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	3,993	21,912
Financial liabilities		
Amortised costs	4,830	112

8. REVENUE AND SEGMENT INFORMATION

The Target Group currently operates in one business segment in development, management and operation of solar power generation plant and related power system integration business. A single management team reports to the chief operating decision maker who comprehensively manage the entire business. Accordingly the Target Group does not have separately reportable segments. The reportable operating results report to the chief operating decision maker are the net loss of the Target Group and the reportable assets and liabilities report to the chief operating decision maker are the Target Group's assets and liabilities.

Revenue

The Target Group has no revenue generated over the Relevant Periods hence no analysis on major products and major customers disclosed.

Geographical information

The Target Group only operates in the PRC. The non-current assets of the Target Group are all located in the PRC over the Relevant Periods.

9. OTHER REVENUE

	For the year ended 31 December 2010	**For the period from 9 January 2009 (date of incorporation) to 31 December 2009**
	HK$'000	*HK$'000*
Bank interest income	21	1

10. LOSS FOR THE YEAR/PERIOD

	For the year ended 31 December 2010 *HK$'000*	For the period from 9 January 2009 (date of incorporation) to 31 December 2009 *HK$'000*
Loss from operations has been arrived at after charging:		
Depreciation	66	25
Auditors' remuneration	3	–
Staff costs (including director's emoluments)	612	185
and after crediting:		
Other income:		
Gain on disposal of property, plant and equipment	25	–

11. FINANCE COSTS

	For the year ended 31 December 2010 *HK$'000*	For the period from 9 January 2009 (date of incorporation) to 31 December 2009 *HK$'000*
Interests on other loan	3	–

12. INCOME TAX EXPENSES

The Target Company 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 Target Company's subsidiary established in the PRC is subject to enterprise income tax rate of 25% (31 December 2009: 25%).

No provision for Hong Kong profits tax has been made as there is no assessable profit for Target Group during the Relevant Periods.

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

	For the year ended 31 December 2010	For the period from 9 January 2009 (date of incorporation) to 31 December 2009
	HK$'000	*HK$'000*
Current income tax:		
– Hong Kong profits tax	–	–
– Enterprise income tax	2	–
Income tax expenses	2	–

A reconciliation between tax expense and accounting loss at appreciate tax rates is set out below:

	For the year ended 31 December 2010	For the period from 9 January 2009 (date of incorporation) to 31 December 2009
	HK$'000	*HK$'000*
Loss before tax	(2,993)	(1,265)
Tax at the applicable profits tax rate	(748)	(316)
Tax effect of income not taxable for tax purpose	(8)	–
Tax effect of other temporary differences not recognised	503	208
Effect of different tax rates of group entities operating in different jurisdictions	255	108
Income tax expenses	2	–

13. DIVIDEND

No dividend was paid or proposed during the Relevant Periods nor has any dividend been proposed since the end of reporting period.

14. LOSS PER SHARE

Basic and diluted loss per share

	For the year ended 31 December 2010 *HK$'000*	**For the period from 9 January 2009 (date of incorporation) to 31 December 2009** *HK$'000*
Loss		
Loss for the purpose of basic and diluted loss per share	(2,995)	(1,265)
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	50,000	50,000

15. STAFF COSTS (INCLUDING DIRECTOR'S EMOLUMENTS)

	For the year ended 31 December 2010 *HK$'000*	**For the period from 9 January 2009 (date of incorporation) to 31 December 2009** *HK$'000*
Wages and salaries	612	185
Pension costs – defined contribution plans	–	–
	612	185

16. DIRECTOR'S AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Director's emoluments

The Target Company is currently composed of one director. The amount of emoluments payable to director of the Target Company during the Relevant Periods was as follows:

	Basic Salaries	Director's fee	Bonuses	Pension scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2010:					
Chiu Tung Ping	–	–	–	–	–
Period ended 31 December 2009:					
Chiu Tung Ping	–	–	–	–	–

(b) Five highest paid individuals

During the Relevant Periods, no emoluments have been paid by the Target Group to the director and the highest paid individuals other than the director above as bonus, as inducement to join the Target Group or as compensation for loss of office.

17. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles *HK$'000*	Furniture, fixtures and office equipment *HK$'000*	Total *HK'000*
Cost			
At 9 January 2009 (date of incorporation)	–	–	–
Additions	285	215	500
At 31 December 2009 and 1 January 2010	285	215	500
Additions	123	25	148
Exchange difference	12	9	21
At 31 December 2010	420	249	669
Accumulated depreciation			
At 9 January 2009 (date of incorporation)	–	–	–
Charge for the period	–	25	25
At 31 December 2009 and 1 January 2010	–	25	25
Charge for the year	23	43	66
Exchange difference	1	2	3
At 31 December 2010	24	70	94
Net book values			
At 31 December 2010	396	179	575
At 31 December 2009	285	190	475

18. CONSTRUCTION-IN-PROGRESS

	HK$'000
At 9 January 2009 (date of incorporation), 31 December 2009 and 1 January 2010	–
Additions	20,477
At 31 December 2010	20,477

Analysis of construction-in-progress as follows:

	2010	2009
	HK$'000	*HK$'000*
Construction cost of buildings	2,183	–
Cost of plant and machinery	18,294	–
	20,477	–

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2010	2009
	HK$'000	*HK$'000*
Other receivables and deposits	391	708
VAT receivable	1,481	–
	1,872	708

20. BANK BALANCES AND CASH

	2010	2009
	HK$'000	*HK$'000*
Cash and bank balances denominated in:		
RMB	1,344	3,060
USD	777	18,144
	2,121	21,204

Included in the balance was approximately HK$1,344,000 (2009: HK$3,060,000), representing bank deposits denominated in RMB placed with banks in the PRC by the Target 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%).

21. OTHER LOAN

The other loan is unsecured, bearing interest at the rate of 1% per annum and repayable on 31 December 2011.

22. DEFERRED REVENUE

As at 31 December 2010, the Target Group received government subsidies in cash of approximately HK$342,000 (31 December 2009: HK$215,000) from the local government authority. The grants were to enable the Target Group to research and develop in solar power generation plant. The deferred revenue will be recognised on a systematic basis over the periods in which the Target Group recognises as expenses the related costs for which the grants are intended to compensate.

23. SHARE CAPITAL

	Number of shares	**Share capital**	
	'000	*USD'000*	*HK$'000*
Authorised:			
Ordinary shares at par value	50	50	387
Issued and fully paid:			
At 9 January 2009 (date of incorporation)	–	–	–
Issue of ordinary shares	50	50	387
At 31 December 2009, 1 January 2010 and 31 December 2010	50	50	387

24. CAPITAL COMMITMENTS

The Target Group had the following significant capital commitments:

	2010	**2009**
	HK$'000	*HK$'000*
Contracted but not provided for:		
– Purchase of plant and machinery	26,095	–
– Construction of buildings	2,329	–

25. CONTINGENT LIABILITIES

The Target Group did not have significant contingent liabilities as at 31 December 2009 and 31 December 2010.

26. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Financial Information, during the Relevant Periods, the Target Group had entered into the following transactions with related parties which, in the opinion of the director, were carried out in the ordinary course of the Target Group's business.

No remuneration for key personnel management, including amount paid to the Target Company's director, during the Relevant Periods.

27. EVENTS AFTER THE REPORTING PERIOD

No significant events took place subsequent to 31 December 2010.

B. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Target Group in respect of any period subsequent to 31 December 2010 and no dividends or other distributions have been declared by the Target Group in respect of any period subsequent to 31 December 2010.

Yours faithfully
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong

2. MANAGEMENT DISCUSSION AND ANALYSIS

Business environment

The Target Company was established at the times of booming development of the renewable energy industry in the PRC. On 22 September 2009, Hu Jintao ("President Hu"), the General Secretary of the Communist Party of the PRC, addressed at the opening ceremony of the Climate Change Summit of the United Nation with a statement "Addressing Climate Challenge". President Hu proposed several targets in tackling the global climate challenge, including the expectation that non-fossil energy shall contributed to 15% of the aggregate one-off energy consumption by year 2020.

During the year 2010, the growth in demand for electricity in the PRC tended to be rapid. In tackling the environmental issues resulting from global warming and emission of greenhouse gas, the PRC government continued to promote the development of renewable energy and formulate more aggressive policies in the revitalization plan for renewable energy in the PRC. Encouraging by the government policies through the Implementation of the Demonstration works in Gold Solar Power, Provisional Measures for the Administration of Financial Subsidies Funding in the Architectural Application of Solar Photovoltaic Power Generation and Promotion of the Scale of Economies for Solar Photovoltaic Power Generation in China, more investments were diverted to promote the development of solar photovoltaic power stations. During the year 2009, the National People's Congress had approved some amendments in the Law of Renewable Energy and clarified the policies and development goals for solar photovoltaic energy in the PRC. On 13 May 2010, the State Council promulgated Several Opinions on Encouraging and Guiding the Healthy Development of Private Investment. As such, private equities were encouraged to invest in the construction of power facilities and new energy such as solar energy and wind power.

Business development

The Target Company is devoted to solar energy generation and the related power system integration business, as well as ongoing exploration of related businesses in the industry chain. The new businesses include the design, purchase and contracting of power stations for integrated management of power station projects. Since the establishment of the Target Company, the management has been constantly conducting in-depth on-site inspections at Qinghai Province in order to obtain better understanding and consider the appropriateness on the business development at the area.

On 2 March 2010, the Target Group entered into an investment agreement for the construction of a large grid connected solar photovoltaic power station of 200MW in the desert at Geermu by the Target Group with Geermu Development and Reform Commission. On December 2010, the Target Group further entered into an investment agreement for the construction of grid connected solar photovoltaic power station of 100MW in Delingha with Delingha Economic and Development Reform Commission. It was agreed that the Target Group will implement the projects in different phases on a rollover basis and construct a large solar photovoltaic power station of 200MW and 100MW at the Geermu region and Delingha region respectively.

Liquidity capital and financial resources

As at 31 December 2010, the Target Group had cash or cash equivalents of approximately HK$2,121,000 (31 December 2009: approximately HK$21,204,000). The Target Group had outstanding other loan of HK$2,360,000 as at 31 December 2010 (31 December 2009: Nil).

Capital structure

As at 31 December 2010, the capital structure of the Target Group consists of debt, which includes cash and cash equivalents, other loan and equity attributable to owner of the Target Company, comprising issued share capital.

Material acquisition and disposal

The Target Group has no material acquisition or disposal for the year ended 31 December 2010 and the period ended 31 December 2009.

Segmental information

The Target Group currently operates in one business segment in development, management and operation of solar power generation plant and related power system integration business. A single management team reports to the chief operating decision maker who comprehensively manage the entire business. Accordingly the Target Group does not have separately reportable segments.

Foreign currency risk

The Target Group's operations are denominated and settled in USD, HKD and RMB. Most of the monetary assets and liabilities are also denominated in RMB and USD. Future exchange rates of RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally and supply and demand of RMB. The appreciation or devaluation of RMB against foreign currencies may have positive or negative impact on the results of operations of the Target Group.

The Target Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Contingent liabilities

As at 31 December 2010, the Target Group has no material contingent liabilities (31 December 2009: Nil).

Current Ratio

As at 31 December 2010, the Target Group's current ratio, represented by a ratio of current assets to current liabilities was approximately 0.8 (31 December 2009: approximately 67.0).

Gearing Ratio

As at 31 December 2010, the gearing ratio of the Target Group, based on total liabilities over total assets was approximately 20.7 per cent. (31 December 2009: approximately 1.5 per cent.).

Pledge of assets

As at 31 December 2010, the Target Group pledged no assets to banks as securities for bank loans and overdraft (31 December 2009: Nil).

Staff and remuneration

As at 31 December 2010, the Target Group employed 13 and 2 staff in the PRC and Hong Kong, respectively. The Target Group has developed its human resources policies and procedures based on performance and merit. The Target 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 Target Group's salary and bonus system. Staff cost, including directors' emoluments, was approximately HK$612,000 for the year ended 31 December 2010 (from 9 January 2009 (date of incorporation) to 31 December 2009: approximately HK$185,000).

The following is the text of a report, prepared for the sole purpose of incorporation in this circular, received from the independent reporting accountants, HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, Hong Kong.

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

16 May 2011

The Board of Directors
Soluteck Holdings Limited
Room 1104, SUP Tower
75 King's Road
Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information of Soluteck Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") and China Technology Solar Power Holdings Limited (the "Target Company") and its PRC subsidiary (collectively referred to as the "Target Group") (together with the Group hereinafter referred to as the "Enlarged Group") which has been prepared by the directors of the Company for illustrative purpose only, to provide information about how the proposed acquisition of the entire issued share capital of Target Company (the "Acquisition"), might have affected the financial information on the Group presented for inclusion in Appendix I of the circular of the Company dated 16 May 2011 (the "Circular"). The basis of preparation for the unaudited pro forma financial information of the Enlarged Group (the "Unaudited Pro Forma Financial Information of the Enlarged Group") is set out on page 84 to the Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information of the Enlarged Group in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information of the Enlarged Group and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information of the Enlarged Group beyond that owned to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements ("HKSIR") 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information of the Enlarged Group with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information of the Enlarged Group has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information of the Enlarged Group as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

The Unaudited Pro Forma Financial Information of the Enlarged Group is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 September 2010 or any future date.

OPINION

In our opinion:

- the Unaudited Pro Forma Financial Information of the Enlarged Group has been properly compiled by the directors of the Company on the basis stated;
- such basis is consistent with the accounting policies of the Group; and
- the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information of the Enlarged Group as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared to illustrate the effect of the Acquisition.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared in accordance with the paragraph 7.31 of the GEM Listing Rules for the purpose of illustrating the effect of the Acquisition as if the Acquisition took place on 30 September 2010.

The Unaudited Pro Forma Financial Information of the Enlarged Group is prepared based on the consolidated financial information of the Group as at 30 September 2010 as set out in Appendix I to the Circular, audited financial information of Target Group as set out in Appendix II to the Circular, after making pro forma adjustments relating to the Acquisition that are (i) directly attributable to the transaction; and (ii) factually supportable.

The accompanying Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared by the directors of the Company for illustrative purpose only and is based on a number of assumptions, estimates, and uncertainties. Accordingly, the Unaudited Pro Forma Financial Information of the Enlarged Group does not purport to describe the actual financial position of the Enlarged Group that would have been attained has the Acquisition been completed on 30 September 2010, nor purport to predict the Enlarged Group's future financial position.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the historical financial information on the Group as set out in Appendix I to the Circular, historical financial information of Target Group as set out in Appendix II to the Circular and other financial information included elsewhere in the Circular.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared by the directors of the Company for illustrative purposes only and because of its nature, it may not give a true picture of financial position of the Enlarged Group following completion of the Acquisition.

	The Group as at 30 September 2010	Target Group as at 31 December 2010	Sub-total		Pro forma adjustments for the Acquisition	Enlarged Group as at 30 September 2010
	HK$'000	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*	*HK$'000*
Non-current assets						
Property, plant and equipment	165	575	740			740
Construction-in-progress	–	20,477	20,477			20,477
Goodwill	–	–	–	2	277,447	277,447
Available-for-sale financial assets	–	–	–			–
	165	21,052	21,217			298,664
Current assets						
Inventories	9,185	–	9,185			9,185
Accounts receivables	19,179	–	19,179			19,179
Other receivables, deposits and prepayments	10,755	1,872	12,627			12,627
Bank balances and cash	54,884	2,121	57,005	*1(i)*	(62,400)	(5,395)
	94,003	3,993	97,996			35,596
Current liabilities						
Accounts payables	2,147	–	2,147			2,147
Other payables and accruals	1,656	2,470	4,126			4,126
Other loan	–	2,360	2,360			2,360
Deferred revenue	–	342	342			342
Receipt in advance	782	–	782			782
	4,585	5,172	9,757			9,757
Net current assets/(liabilities)	89,418	(1,179)	88,239			25,839
Total assets less current liabilities	89,583	19,873	109,456			324,503
Non-current liabilities						
Convertible bonds	–	–	–	*1(iii)*	54,658	54,658
Deferred tax liabilities	1,239	–	1,239	*3*	17,893	19,132
	1,239	–	1,239			73,790
Net assets	88,344	19,873	108,217			250,713

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The adjustments reflect the following:

1. The consideration to be satisfied by the Company is HK$297,320,000.

   The consideration is to be satisfied by:

	HK$'000
Cash consideration *(Note 1(i))*	62,400
Consideration shares *(Note 1(ii))*	71,820
Convertible bonds (the "Convertible Bonds") *(Note 1(iii))*	163,100
	297,320

   (i) The cash consideration shall be funded by the Company's internal resources.

   (ii) The share price of the Company at 30 September 2010 of HK$0.54 was used as the fair value of the Company's shares as at 30 September 2010, the amount of HK$71,820,000 would be satisfied by procuring the Company to allot and issue 133,000,000 consideration shares.

   (iii) In accordance with Hong Kong Accounting Standards 32 "Financial Instruments: Presentation", the Convertible Bonds should be separated as liability portion and equity portion. In preparing the Unaudited Pro Forma Financial Information of the Enlarged Group, the principal value of the Convertible Bonds of HK$163,100,000 has taken to be its fair value as if it was issued on 30 September 2010. The adjustment of approximately HK$54,658,000 represented the liability portion of the Convertible Bonds based on the calculation of the discounted cash flow method prepared by the directors of the Company.

2. The adjustment of HK$277,447,000 represented goodwill arising from the acquisition. It is calculated on the excess of the cost of the business combination of approximately HK$297,320,000 over the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized of the Target Group of approximately HK$19,873,000. After completion of the Acquisition, the Target Group will become a cash-generating unit ("CGU") to the Group. The directors have determined the expected cash flows in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets" to arrive the value in use of this CGU to assess the impairment of assets in this CGU including the tangible assets and the goodwill. The directors considered that there is no impairment loss for the CGU of the Target Group and the same impairment assessment will be carried out in the future accounting periods.

3. The pro forma adjustment of approximately HK$17,893,000 represented the deferred tax liabilities arising from Convertible Bonds.

   The basis of the deferred tax liabilities arising from the Convertible Bonds is set out as follows:

	HK$'000
Assumed fair value of Convertible Bonds	163,100
Less: Carrying amount of Convertible Bonds as at 30 September 2010 *(Note 1(iii))*	(54,658)
Temporary difference	108,442
Deferred tax liabilities at tax rate of 16.5%	17,893

The following is the text of a letter prepared for the purpose of incorporation in this circular received from BMI Appraisals Limited, an independent valuer, in connection with its valuation as at 31 December 2010 of the market value of a 100% equity interest in China Technology Solar Power Holdings Limited (excluding the system integration business) to be acquired by Soluteck Holdings Limited.

BMI APPRAISALS

BMI Appraisals Limited 中和邦盟評估有限公司

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16 May 2011

The Directors,
Soluteck Holdings Limited
Room 1104, SUP Tower
75 King's Road
North Point
Hong Kong

Dear Sirs,

INSTRUCTIONS

We refer to the instructions from Soluteck Holdings Limited (referred to as the "Company") for us to provide our opinion on the market value of a 100% equity interest in China Technology Solar Power Holdings Limited (referred to as "China Solar Power") (excluding the system integration business) as at 31 December 2010 (referred to as the "date of valuation").

This report describes the background of China Solar Power, an industry overview, the basis of valuation and valuation assumptions. It also explains the valuation methodology utilized and presents our conclusion of value.

BASIS OF VALUATION

This valuation has been carried out on the basis of market value. Market value is defined as "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

BACKGROUND OF CHINA SOLAR POWER

China Solar Power was incorporated in the British Virgin Islands (the "BVI") in January 2009 with limited liabilities. The principal activity of China Solar Power is investment holding. Its only subsidiary is 青海百科光電有限責任公司, in which the principal businesses include (i) the investment, construction and operation of a solar power plant located in Qinghai Province, the People's Republic of China (the "PRC"); and (ii) system integration services (excluded in the valuation).

At the initial stage, the solar power plant will have a capacity of 10Mega-Watt (MW). The valuation has been prepared based on the scale of 10MW. According to the feasibility report (referred to as the "Feasibility Report") issued by Xinjiang Electric Power Design Institute (新疆電力設計院) (referred to as the "Technical Consultant") in October 2010, the total capital expenditure of the 10MW solar power plant is approximately RMB142.51 million. The Technical Consultant has a 《工程咨詢單位資格證書》 ("Engineering Consulting Service Qualification Certificate") issued by National Development and Reform Commission of the PRC. Upon the completion of construction of the 10MW solar power plant, the annual electric power production will be approximately 17,488,200 kilowatt-hour (KWh).

INDUSTRY OVERVIEW

A reliable supply of energy is essential to maintain and to improve human being's living conditions. Because of the limited reserves of primary energy in the globe, many countries are worrying about the surging in cost of energy production and, ultimately, energy crisis. While the United States consumed most energy, with about 25% of world's energy consumption, the PRC's energy consumption growth is the greatest which was about 5.5% per year over the last 25 years and its growth is expected to continue. In the long run, it is critical for the PRC to develop stable energy sources. Compared to the conventional coal-fired approach, renewable energy helps to mitigate the impacts of greenhouse gas emissions to a large extent. In view of the potential risk of mainly relying on primary energy, the PRC has been actively developing renewable energy which is more environmental friendly and unlimited. One of the major renewable energies is solar energy.

With abundant land and sufficient sunlight, the PRC has the conditions to develop large-scale solar power stations. However, up to 2008, the electricity generated with solar power in the PRC was comparatively small. The solar power capacity attached to the national grid was under 100MW, which is merely 0.01% of the nation's power generation capacity and the newly added solar capacities in 2008 and 2007 were 50MW and 20MW respectively. These figures show that the development of solar power stations in the PRC is still in the start-up level. Huge amount of capital and the associated risks of investment in solar power stations can account for the low weighting in energy production. Without government support, the investment is hardly to be successful. Nevertheless, the low weighting reflects there is still a huge potential of development in solar energy industry.

In fact, the PRC has constructed a comprehensive plan to develop renewable energy. According to the plan unveiled by National Development and Reform Commission, the target of future country's installed solar capacity will grow to 1,800MW in 2020. This long-term target has revealed the government vision on the development of solar energy. In addition, after the global financial crisis, the costs of raw material and the essential parts for solar energy, such as photovoltaic system, are much lower. At the same time, the Chinese government provides financial support, such as subsidy on building infrastructure and tax allowance to stimulate the development in renewable energy, which greatly reduces the required capital for investment in solar power stations and the associated risks. All these factors together serve as a good investment opportunity in the solar power industry.

Major participants in the industry are mostly state-owned enterprises. However, China Solar Power has entered into investment agreements with local government and obtained relevant approvals regarding the 10MW project, therefore, the competition in the 10MW project is negligible.

SOURCE OF INFORMATION

For the purpose of our valuation, we were furnished with the financial and operational information in respect of China Solar Power (including the Feasibility Report), which were provided by the senior management of China Solar Power. The valuation required the consideration of all pertinent factors, including the following:

- The business nature of China Solar Power including the industry sector and the geographical location in which China Solar Power currently operates or will operate;
- The financial and operational information in respect of China Solar Power provided by the senior management of China Solar Power;
- The specific economic environment and competition for the market in which China Solar Power currently operates or will operate;
- The Feasibility Report issued by the Technical Consultant, including:
    - the annual solar power generation capacity
    - the solar power selling price
    - the capital expenditure
    - the future operating expenses
    - the operating life of the solar power plant
- The relevant approvals, licenses that have been already obtained by China Solar Power; and
- The financial and business risks that will materially affect the business operation of China Solar Power. The potential financial risk of China Solar Power is to finance the capital expenditure of the solar power plant. The capital expenditure for the solar power plant is financed 30% by equity and 70% by bank borrowings as stated in the Feasibility Report. The potential business risk is the uncertainty of the electricity price that would be approved by the government.

We referred to the Feasibility Report as reference to conduct our valuation. We need to state that we are not in the renewable energy system engineering profession, therefore, no responsibility is assumed on the aspect of the accuracy of the information provided in the Feasibility Report by the Technical Consultant.

SCOPE OF WORKS

In the course of our valuation work, the following processes had been conducted to evaluate the reasonableness of the adopted basis and assumptions provided by the senior management of China Solar Power:

- Interviewed with the senior management of the Company and China Solar Power;
- Obtained all relevant financial and operational information of China Solar Power and the Feasibility Report from China Solar Power;
- Conducted appropriate research to obtain sufficient market data and statistical figures and prepared the valuation based on generally accepted valuation procedures and practices;
- Examined all relevant basis and assumptions of both the financial and operational information of China Solar Power, which were provided by the senior management of China Solar Power; and
- Presented the purpose and the basis of valuation, the background of China Solar Power, an industry overview, the source of information, the scope of work, the valuation assumptions, the valuation methodology and our conclusion of value in this report.

VALUATION ASSUMPTIONS

Due to the changing environment in which China Solar Power operates or will operate, the following assumptions had to be adopted in order to sufficiently support our conclusion of value:

- All licenses and permits issued by any authorized entities that will materially affect the business operation of China Solar Power have been obtained or can be obtained without difficulties during its business development as advised by the senior management of China Solar Power;
- There will be no material change in the political, legal, fiscal, technological, market and economic conditions in the jurisdiction where China Solar Power currently operates or will operate;
- There will be no material change in the taxation laws and regulations in the jurisdiction where China Solar Power currently operates or will operate;

- The market return, market risk, interest rates and exchange rates will not differ materially from those of present or expected;
- The core business operation of China Solar Power will not differ materially from those of present or expected;
- The financial and operational information in respect of China Solar Power have been prepared on a reasonable basis after due and careful considerations by the senior management of the Company and China Solar Power;
- China Solar Power has adopted appropriate contingency measures against any human disruptions or natural disasters that will materially affect the business operation of China Solar Power; and
- China Solar Power will have no difficulty in continuing its business plan to construct and operate the solar power plant with capacity of 10MW, and such solar power plant will be in full operation in 2011.

VALUATION METHODOLOGY

The Valuation Approaches

Three generally accepted valuation approaches have been considered in the valuation. They are the cost approach, the market approach and the income approach.

The cost approach provides an indication of value based on the principle that an informed buyer would pay no more than the cost of producing a substitute asset with equal utility as the subject asset.

The market approach provides an indication of value by comparing the subject asset to similar businesses, business ownership interests or securities that have been sold in the market, with appropriate adjustments for the differences between the subject asset and the comparable assets.

The income approach provides an indication of value based on the principle that an informed buyer would pay no more than the present value of anticipated future economic benefits generated by the subject asset.

The income approach was considered to be the most appropriate valuation approach in this valuation, as it takes the future growth potential and company-specific issues of China Solar Power into consideration.

Under the income approach, the Discounted Cash Flow (DCF) method was adopted. In applying the DCF method, the free cash flows for each year in the future were determined. The results were then discounted using a discount rate, or the cost of capital, to determine the present value of the expected cash flows. The free cash flows for each year were computed using the following formula:

$$FCF = NI + NCE + Int\ (1 - T_{int}) - NCI - InvFA - InvWC$$

Where:

FCF	=	free cash flow
NI	=	net income
NCE	=	non-cash expenses
Int	=	interest expense
T_{int}	=	tax rate applied to interest expense
NCI	=	non-cash incomes
$InvFA$	=	investment in capital expenditure
$InvWC$	=	investment in net working capital

The free cash flows were calculated with reference to the Feasibility Report. The revenues were determined by multiplying the price by the annual power selling amount. The annual power generation volume is approximately 17.5 million KWh at the beginning and will decrease by 0.95% in each subsequent year. As advised by the Technical Consultant, the beginning annual power generation of 17.5 million KWh was calculated based on the following parameters: (i) the standard annual sunshine hours in Geermu area of 2,210 hours, (ii) the installed capacity of 10.0736 MWp (megawatt peak, unit of maximum output capacity). Moreover, the adoption of the annual decreasing factor of 0.95% is a general practice.

The solar power plant has an operating life of 25 years, which is based on the useful life of amorphous silicon applied in the solar power plant as stated in the Feasibility Report. As advised by the Technical Consultant, the estimated 25-year operating life of the power plant was determined with reference to the warranty period of 25 years of the power generation module.

The unit price of the electricity adopted is RMB1.15 per KWh, which was determined with reference to (i) the Feasibility Report, (ii) electricity selling price recently approved by National Development and Reform Commission of the PRC. The annual repair and maintenance costs are increasing from approximately RMB0.14 million to RMB0.29 million during the operating period.

The expenses and taxes were determined with reference to the Feasibility Report. Details of the major expenses are as follows:

Expenses	**Annual Rate**
a) Repair and Maintenance	RMB140,000
b) Material	RMB140,000 – 170,000
c) Salaries and Welfare	RMB560,000
d) Insurance	0.18% of construction costs
e) Depreciation	Approximately RMB6.7 million
f) Other Expenses	RMB170,000 – 210,000

As stated in the Feasibility Report, the operating expenses were determined by the following parameters: (i) 10 operating and administrative staff, (ii) average annual salary of RMB36,000, (iii) staff welfare of 40% of salary, (iv) depreciation life of the power generation module of 20 years.

Inflation of 3% each year was considered when we determine the future operating expenses. As suggested by the Feasibility Report, China Solar Power is eligible for apply the tax benefit, where for the first three of operation, there will be no profit tax, the profit tax rate will be 12.5% for the next three years, and 25% for the subsequent years.

When calculating the free cash flows, all capital expenditures that are expected to incur during the construction of the solar power plant were deducted. The capital expenditures were determined with reference to the Feasibility Report, which considered the purchase cost, installation cost and other relevant expenditures. The expected future capital expenditures is approximately RMB121 million.

The increases in working capital which were considered as cash outflow are also deducted. The working capital in each year is estimated as a constant ratio to sales figure, which is ranging from RMB0.229 million to RMB0.946 million. As the sales vary in each year, the estimated required working capital varies as well.

The Comparable Companies

The market value of China Solar Power (excluding the system integration business) was determined with reference to the financial and operational information of publicly listed companies that are considered to be comparable to China Solar Power (referred to as the "Comparable Companies"). Details of the Comparable Companies are as follows:

	Name of Company	Bloomberg Ticker
1.	Sichuan Guangan AAA Public Co., Ltd.	600979
2.	Sichuan Xichang Electric Power Limited	600505
3.	China Yangtze Power Company Ltd.	600900
4.	Chongqing Three Gorges Water Conservancy and Electric Power Co., Ltd.	600116
5.	Guangdong Baolihua New Energy Stock Co., Ltd.	000690
6.	Guangxi Guiguan Electric Power Co., Ltd	600236
7.	Leshan Electric Power Co., Ltd.	600644
8.	Guangxi Guidong Electric Power Co., Ltd.	600310
9.	Sichuan Minjiang Hydropower Co., Ltd.	600131
10.	Yunnan Wenshan Electric Power Co., Ltd.	600995

The above Comparable Companies are selected based on the following criteria:

(i) the companies' principal businesses were located in the PRC;

(ii) the companies were principally engaged in the renewable electricity generation business; and

(iii) The financial information of the companies is publicly available.

The Discount Rate

The Weighted Average Cost of Capital (WACC) was adopted as the discount rate for the valuation. It is calculated by multiplying the cost of each source of capital by its proportional weight. The WACC was computed using the following formula:

$$WACC = R_e\,(E/V) + R_d\,(D/V)\,(1 - T_c)$$

Where:

$WACC$	=	weighted average cost of capital
R_e	=	cost of equity
R_d	=	cost of debt
E	=	value of equity
D	=	value of debt
V	=	sum of values of equity and debt
T_c	=	corporate tax rate

The WACC comprises two components: the cost of equity and the cost of debt. The cost of equity was determined using the Capital Asset Pricing Model (CAPM). The CAPM indicates the relationship between risk and expected return that investors require additional return to compensate for the additional risk assumed. The CAPM was computed using the following formula:

$$R_e = R_f + \beta * MRP$$

Where:

R_e	=	cost of equity
R_f	=	risk-free rate
β	=	beta coefficient
MRP	=	market risk premium

The yield rate of the 10-year Central Government Bond of the PRC of 3.91%, as extracted from Bloomberg, which is generally adopted as the long term risk free rate for the valuation of business with long projected life was adopted as the risk-free rate in the valuation.

The market risk premium represents the additional return required by an investor as compensation for investing in equities rather than a risk-free instrument. In the valuation, the market risk premium of the PRC of 7.39% was determined by the market risk premium of the United States and the country risk premium of the PRC.

The beta coefficient measures the risk of an asset relative to the overall market. In the valuation, the beta coefficient for China Solar Power was determined as the average of the betas of the Comparable Companies, with adjustment for differences in corporate tax rates and leverage compositions.

To determine the beta coefficient of China Solar Power, the unlevered beta was calculated by removing the effects of the use of leverage on the capital structure of China Solar Power and the Comparable Companies. The unlevered betas of the Comparable Companies are as follows:

Comparable Company		**Unlevered Beta**
1.	Sichuan Guangan AAA Public Co., Ltd.	0.690
2.	Sichuan Xichang Electric Power Limited	0.845
3.	China Yangtze Power Company Ltd.	0.550
4.	Chongqing Three Gorges Water Conservancy and Electric Power Co., Ltd.	0.589
5.	Guangdong Baolihua New Energy Stock Co., Ltd.	0.935
6.	Guangxi Guiguan Electric Power Co., Ltd	0.500
7.	Leshan Electric Power Co., Ltd.	0.707
8.	Guangxi Guidong Electric Power Co., Ltd.	0.835
9.	Sichuan Minjiang Hydropower Co., Ltd.	0.836
10.	Yunnan Wenshan Electric Power Co., Ltd.	0.860
	Average of the Unlevered Betas:	**0.735**

The average of the unlevered betas of the Comparable Companies of 0.735 was then being relevered based on the specific corporate tax rate and the weight of debt applied to China Solar Power. The beta coefficient for China Solar Power was then calculated as 2.020.

The cost of debt of 6.40% was determined by the expected lending rate of China Solar Power, which is the long term best lending rate as extracted from Bloomberg. Since the interest paid on debts are tax-deductible, the cost of obtaining debt funds is less than the required rate of return of the suppliers of the debt capital. The after-tax cost of debt of 4.80% was calculated by multiplying one minus the corporate tax rate of the PRC of 25% by the cost of debt.

The weight of debt of 70% was the expected debt financing ratio which is stated in the Feasibility Report and was considered to be appropriate by the senior management of China Solar Power, and the weight of equity of 30% was calculated as one minus the weight of debt.

As a result, the WACC of China Solar Power was calculated as 9.01%.

The calculated free cash flow in each operating year was then discounted using the above mentioned discount rate to come up with the present value of the future free cash flows. Current net debt was deducted to calculate the equity value of China Solar Power.

The Marketability Discount

The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted into cash if the owner chooses to sell. The lack of marketability discount reflects the fact that there is no ready market for shares in a closely held company. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in publicly listed companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly listed company. In the valuation, 25% was used as the discount for lack of marketability.

SENSITIVITY ANALYSIS

A sensitivity analysis is a technique used to determine how different values of an independent variable will impact a particular dependent variable (i.e. the market value of the subject asset) under a given set of assumptions.

In applying the sensitivity analysis, the percentage changes in the market value of the 100% equity interest in China Solar Power (excluding the system integration business) in respect of a 0.25%, 0.50%, 0.75% and 1.00% increase or decrease in the discount rate, status quo, were determined. The results of the sensitivity analysis were as follows:

Change in Discount Rate *(%)*	**Applied Discount Rate** *(%)*	**Change in Market Value** *(%)*
-1.00%	8.01%	+39%
-0.75%	8.26%	+29%
-0.50%	8.51%	+19%
-0.25%	8.76%	+9%
–	9.01%	–
+0.25%	9.26%	-9%
+0.50%	9.51%	-18%
+0.75%	9.76%	-26%
+1.00%	10.01%	-34%

REMARKS

For the purpose of our valuation and in arriving at our opinion of value, we referred to the information provided by the senior management of the Company. We have also sought and received confirmation from the Company that no material facts were omitted from the information supplied.

To the best of our knowledge, all data set forth in this report are true and accurate. Although gathered from reliable sources, no guarantee is made nor liability assumed for the accuracy of any data, opinions, or estimates identified as being furnished by others, which have been used in formulating this analysis.

Unless otherwise stated, all money amounts stated herein are in Hong Kong Dollars (HK$) and no allowances have been made for any exchange transfers.

CONCLUSION OF VALUE

Our conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of a lot of uncertainties, not all of which can be easily ascertained or quantified.

Further, whilst the assumptions and consideration of such matters are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company, China Solar Power or us.

Based on our investigation and analysis outlined in this report, our opinion on the market value of the 100% equity interest in China Solar Power (excluding the system integration business) as at 31 December 2010 was **HK$24,000,000 (HONG KONG DOLLARS TWENTY FOUR MILLION ONLY).**

We hereby certify that we have neither present nor prospective interest in the Company, China Solar Power or the value reported.

Yours faithfully,
For and on behalf of
BMI APPRAISALS LIMITED

Dr. Tony C. H. Cheng
BSc, MUD, MBA(Finance), MSc(Eng), PhD(Econ), FCIM, FRSM, SICME, SIFM, MHKIS, MCIAr, AFA, MASCE, MIET, MIEEE, MASME, MIIE, MASHRAE, MAIC
Managing Director

Marco T. C. Sze
B.Eng(Hon), PGD(Eng), MBA(Acct), CFA, AICPA/ABV, RBV
Director

Notes:

1. Dr. Tony C. H. Cheng is a member of the Hong Kong Institute of Surveyors (General Practice), a member of the American Society of Civil Engineers, a member of the American Society of Mechanical Engineers and a member of Institute of Industrial Engineers (U.K.). He has about 5 years' experience in valuing similar assets or companies engaged in similar business activities as those of China Solar Power worldwide, including Hong Kong, the People's Republic of China and the Asia-Pacific Region.

2. Mr. Marco T. C. Sze is a holder of Chartered Financial Analyst, a member of the American Institute of Certified Public Accountants (AICPA) and is accredited in Business Valuation by the AICPA. In addition, he is a Registered Business Valuer under the Hong Kong Business Valuation Forum. He has over 3 years' experience in valuing similar assets or companies engaged in similar business activities as those of China Solar Power in Hong Kong, the People's Republic of China and the Asia-Pacific Region.

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

16 May 2011

The Board of Directors
Soluteck Holdings Limited
Room 1104, SUP Tower
75 King's Road
HONG KONG

Dear Sirs,

Soluteck Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group")

Comfort letter on forecast underlying the valuation on the entire equity interest of China Technology Solar Power Holdings Limited as contained in the Company's circular dated 16 May 2011 (the "Circular") – Major transaction in relation to acquisition of the entire issued share capital of China Technology Solar Power Holdings Limited

We report on the calculations of the discounted future estimated cash flows on which the business valuation (the "Valuation") dated 16 May 2011 prepared by BMI Appraisals Limited (the "Valuer") in respect of the Valuation on the entire equity interest of China Technology Solar Power Holdings Limited (excluding the system integration business) as at 31 December 2010 as set out in Appendix IV of the Circular of the Company in connection with the proposed acquisition of the entire equity interest in China Technology Solar Power Holdings Limited by the Company. The Valuation which is determined based on the discounted cash flows is regarded as a profit forecast under Rule 19.61 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules")

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY AND THE REPORTING ACCOUNTANTS

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows for the valuation which is regarded as a profit forecast under Rule 19.62 of the GEM Listing Rules.

It is our responsibility to report, as required by Rule 19.62(2) of the GEM Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. The discounted future estimated cash flows do not involve the adoption of accounting policies.

The discounted future estimated cash flows depend on future events and on a number of bases and assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Consequently, we have not reviewed, considered or conducted any work on the appropriateness and validity of the bases and assumptions and express no opinion on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows, and thus the Valuation, are based.

BASIS OF OPINION

We conducted our work in accordance with Hong Kong Standards on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to the procedures under Auditing Guideline 3.341 "Accountants' report on profit forecasts" issued by Hong Kong Institute of Certified Public Accountants. We examined the arithmetical accuracy of the Valuation. Our work has been undertaken solely to assist the directors of the Company in evaluating whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled and for no other purpose. We accept no responsibility to any other person in respect of, arising out of in connection with our work. Our work does not constitute any valuation of the entire equity interest in China Technology Solar Power Holdings Limited.

OPINION

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions made by the directors of the Company as set out in Appendix IV of the Circular.

Yours faithfully
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong

VEDA | CAPITAL
智略資本

Suite 3214, 32/F., COSCO Tower
183 Queen's Road Central, Hong Kong
香港皇后大道中183號中遠大廈32樓3214室

16 May 2011

The Board of Directors
Soluteck Holdings Limited
Room 1104, SUP Tower
75 King's Road
Hong Kong

Dear Sirs,

We refer to the discounted future estimated cash flow (the "**Forecast**") underlying the business valuation prepared by BMI Appraisals Limited ("**BMI**") in relation to the appraisal of the valuation (the "**Valuation**") on the entire equity interest of China Technology Solar Power Holdings Limited (excluding the system integration business) (the "**Target Company**") as at 31 December 2010. The Valuation is regarded as a profit forecast under Rule 19.61 of the GEM Listing Rules and the Valuation is set out in Appendix IV to the circular of the Company dated 16 May 2011 (the "Circular"), of which this report forms part. Capitalised terms used in this letter have the same meanings as those defined in the Circular unless the context otherwise requires.

We are engaged to assist the Directors to comply with Rule 19.62 of the GEM Listing Rules. Our work does not constitute any valuation of the Target Company. We are not reporting on the arithmetical calculations of the Forecast and the adoption of accounting policies thereof. We have reviewed the forecasts upon which the Valuation has been made for which you as the Directors are solely responsible, and have discussed with you and BMI the information and documents provided by you which formed part of the basis and assumptions upon which the Forecast has been prepared. We have also considered the letter from HLB Hodgson Impey Cheng dated 16 May 2011 addressed to yourselves as set out in Appendix V to the Circular regarding the calculations and accounting policies upon which the Forecast has been made.

On the basis of the foregoing, we are of the opinion that the Forecast underlying the Valuation, for which you as the Directors are solely responsible, has been made after due and careful enquiry by you.

Yours faithfully
For and on behalf of
Veda Capital Limited

Hans Wong
Chairman

Julisa Fong
Managing Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particular given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and is not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following completion of the proposed increase in authorised share capital, issue of Consideration Shares and Conversion Shares upon full exercise of conversion rights attaching to the Convertible Bonds will be as follows:

Authorised share capital		*HK$*
1,000,000,000	Shares of HK$0.10 each	100,000,000.00
Upon completion of increase in authorised share capital		
2,500,000,000	Shares of HK$0.10 each	250,000,000.00
Issued and to be issued as fully paid		
737,192,072	Shares in issue as at the Latest Practicable Date	73,719,207.20
133,000,000	Consideration Shares to be allotted and issued upon Completion	13,300,000.00
226,200,000	Conversion Shares to be allotted and issued upon full exercise of the conversion rights attaching to the Tranche I Convertible Bonds	22,620,000.00
100,000,000	Conversion Shares to be allotted and issued upon full exercise of the conversion rights attaching to the Tranche II Convertible Bonds (subject to the Consideration Adjustment)	10,000,000.00
1,196,392,072	Shares of HK$0.10 each	119,639,207.20

All the Consideration Shares and the Conversion Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares then in issue on the date of allotment and issue including the rights as to voting, dividends and return of capital.

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executive

As at the Latest Practicable Date, 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 SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Name	Nature of interests	Number of Shares held	Approximate percentage of shareholding (%)
Mr. Hou Hsiao Bing	Beneficial owner	131,150,000	17.79
Mr. Hou Hsiao Wen	Beneficial owner	25,370,000	3.44

Note: Mr. Hou Hsiao Wen and Mr. Hou Hsiao Bing are brothers and are both executive Directors.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Interests of Substantial Shareholders

As at the Latest Practicable Date, the interests and short positions of persons, other than the Directors or chief executive of the Company, in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or substantial shareholders as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Nature of interests	Number of Shares held	Approximate percentage of shareholding (%)
Mr. Ren Baogen	Beneficial owner	58,830,000	7.98
Mr. Qin Yun	Interest of controlled corporation *(Note 1)*	530,875,000	72.01
Ms. Hu Jianming	Family interest *(Note 1 and 2)*	530,875,000	72.01
Max Success Group Ltd.	Beneficial owner *(Note 1)*	451,243,750	61.21
Rus Energy Investment Group Limited	Beneficial owner *(Note 1)*	79,631,250	10.80
Best Jump International Limited	Beneficial owner	46,000,000	6.24
Mr. Ho Lawrence Yau Lung	Interests of controlled corporation *(Note 3)*	46,000,000	6.24
Good Million Investments Limited	Beneficial owner *(Note 4)*	459,200,000	62.29
Mr. Chiu Tung Ping	Interests of controlled corporation *(Note 4 and 5)*	459,200,000	62.29
Ms. Yuen Hing Lan	Family interest *(Note 4 and 5)*	459,200,000	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 ("Oceania City"), 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. Oceania City subsequently decided to terminate the acquisition and rescind the said sale and purchase agreement with effect from 28 May 2010. Notwithstandingly, 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 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.

4. These interests in shares of the Company represented the Consideration Shares and the Convertible Bonds that would be issued by the Company to the Vendor, Good Million Investment Limited, or its nominee(s); upon completion pursuant to the Agreement in relation to the proposed acquisition of the Target Company.

5. Since Mr. Chiu Tung Ping holds 70% of the issued shares in the Vendor, he is deemed to be interested in all the shares in the Company in which the Vendor is interested pursuant to the SFO. Ms. Yuen Hing Lan, being the spouse of Mr. Chiu Tung Ping and holder of the remaining 30% of the issued shares in the Vendor, is deemed to be interested in all the shares in the Company in which Mr. Chiu Tung Ping is interested pursuant to the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or controlling shareholder or substantial Shareholder or any of their respective associates has any interest in business which competes with or may compete with the business of the Group or has any other conflict of interests which any person has or may have with the Group.

5. MATERIAL CONTRACTS

Save and except the transactions disclosed below, there are no material contracts (being contracts entered outside the ordinary course of business carried on or intended to be carried on by the Group) having been entered into by any member of the Group within the two years immediately preceding the Latest Practicable Date:

(a) the Agreement;

(b) the Memorandum;

(c) the letter of intent dated 10 November 2010 entered into between the purchaser City Max International Limited, a wholly owned subsidiary of the Company, and the vendor Power Metro Investments Limited in relation to a proposed acquisition of 51% of the entire issued shares in Solar Market Limited at a consideration of no more than HK$100,000,000;

(d) the convertible bonds placing agreement dated 18 October 2010 entered into between the Company and the placing agent Quam Securities Company Limited in relation to the placing of convertible bonds in the aggregate principal amount of up to HK$26,000,000, completion of which took place on 5 November 2010;

(e) the placing agreement dated 18 October 2010 entered into among the vendor Mr. Hou Hsiao Bing, the Company and the placing agent Quam Securities Company Limited in relation to the placing of up to 78,400,000 Shares to placees on a best effort basis, completion of the placing took place on 29 October 2010;

(f) the subscription agreement dated 18 October 2010 entered into between the Company and the vendor Mr. Hou Hsiao Bing in relation to the subscription of a maximum number of 78,400,000 subscription shares by Mr. Hou Hsiao Bing, completion of the subscription took place on 29 October 2010;

(g) the placing agreement dated 3 August 2010 entered into between the Company and the placing agent Quam Securities Company Limited in relation to the placing of up to 108,600,000 Shares to not less than six placees on a best effort basis, completion of the placing took place on 18 August 2010;

(h) the memorandum of understanding dated 22 June 2009 entered among the purchaser Oceania City Investment Company Limited, a wholly owned subsidiary of the Company, the vendors Mass Success Group Ltd. and Rus Energy Investment Group Limited and the guarantor Mr. Qin Yun in relation to the acquisition of the entire issued capital of China-Rus Energy Investment Limited ("China-Rus Energy Acquisition"), and four supplemental memorandum of understanding dated 25 September 2009, 23 October 2009, 23 November 2009 and 4 December 2009 respectively;

(i) the sale and purchase agreement dated 18 January 2010 entered into among the parties to the memorandum of the China-Rus Energy Acquisition to formalize the memorandum, which has been terminated and rescinded with effect from 28 May 2010; and

(j) the placing and subscription agreement dated 23 June 2009 entered into between the Company, the placing agent China Merchants Securities (HK) Company Limited Mr. Hou Hsiao Bing in relation to the placing and subscription of 90,630,000 Shares and the supplemental placing and subscription agreement dated 25 June 2009, completion of the placing and subscription took place on 26 June 2009 and 7 July 2009 respectively.

6. 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).

With effect from 1 April 2011, the monthly salary of Mr. Hou Hsiao Bing has been increased from HK$76,667 to HK$125,000 and the monthly salary of Mr. Hou Hsiao Wen has been increased from HK$83,333 to HK$125,000.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group or the Enlarged Group, excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

7. INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors has any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Enlarged Group or is proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 March 2010, save as disclosed below, being the date to which the latest published audited accounts of the Company were made up.

As at the Latest Practicable Date, the Group leased the following premises for the Group's use:

(i) an office premise jointly owned by Mr. Hou Hsiao Wen (an executive Director) and an independent third party, in Beijing of the PRC at an annual rental of RMB70,200 for the Group's use; and

(ii) an office premise from Dynatek Limited, which is owned by Mr. Hou Hsiao Bing, an executive Director, in Hong Kong at an annual rental of HK$360,000 for the Group's use.

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

8. LITIGATION

As disclosed in the announcement of the Company dated 29 December 2010 (the "Announcement"), legal action under HCA 1153 of 2010 has been commenced by Oceania City Investment Company Limited, a wholly-owned subsidiary of the Company, against Max Success Group Limited, Rus Energy Investment Group Limited and Qin Yin for, among others, the refund of the Initial Deposit (as defined in the Announcement) of US$2,000,000. HCA 1153 of 2010 is currently under progress. A writ of summons (the "Writ") dated 24 December 2010 taken out by Max Success Group Limited, Rus Energy Investment Group Limited, Qin Yin and China-Rus Energy Investment Group Limited (together as the "Counterparties") from the Hong Kong High Court under HCA 1884 of 2010 against (i) Hou Hsiao Bing, 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 on the Company. 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 of China-Rus Energy Investment Group Limited. The Counterparties claim, among others, damages in the sum of US$1 million to China-Rus Energy Investment Group Limited and US$6 million for deceit and/or fraudulent misrepresentations alleged in the Writ.

The Company has sought preliminary legal advice regarding the Writ and intends to 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. Please refer to the Announcement for details of the above mentioned actions.

As at the Latest Practicable Date, save as disclosed above, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group as at the Latest Practicable Date.

9. EXPERTS AND CONSENTS

The following is the qualification of the expert who has given opinions or advices, which are contained in this circular.

Name	Qualification
BMI Appraisals Limited ("**BMI**")	Valuer
HLB Hodgson Impey Cheng ("**HLB**")	Chartered Accountants, Certified Public Accountants
Veda Capital Limited ("**Veda Capital**")	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, neither BMI, HLB nor Veda Capital has direct or indirect shareholdings in any member of the Enlarged Group, or any right to subscribe for or to nominate persons to subscribe for shares in any member of the Enlarged Group, or any interests, directly or indirectly, in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to any member of the Enlarged Group since 31 March 2010, being the date to which the latest published audited accounts of the Company were made up.

Each of BMI, HLB and Veda Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of each of its reports and references to its name in the form and context in which they appear.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at Room 1104 SUP Tower, 75 King's Road, North Point, Hong Kong during the normal business hours from the date of this circular up to and including the date of the EGM:

(a) the memorandum and articles of association of the Company;

(b) the letter from the Board, the text of which is set out on pages 6 to 48 of this circular;

(c) the interim report of the Company for the six months ending 30 September 2010 and annual reports of the Company for the years ending 31 March 2010, 2009 and 2008;

(d) the accountants' report of the Target Company, the text of which is set out in appendix II of this circular;

(e) the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in appendix III of this circular;

(f) the valuation report on the PRC Subsidiary prepared by BMI Appraisals Limited, the text of which is set out in Appendix IV to this circular;

(g) the reports on forecasts underlying the valuation of the entire equity interest of the Target Company (excluding the system integration business) prepared by HLB Hodgson Impey Cheng and Veda Capital Limited respectively, the text of which is set out in Appendix V to this circular;

(h) the letters of consent from BMI, HLB and Veda Capital referred to in the paragraph headed "Experts and consents" in this appendix;

(i) material contracts as referred to in the section headed "Material contracts" in this appendix;

(j) service contracts as referred to in the section headed "Directors' service contracts" in this appendix;

(k) the Memorandum;

(l) the Agreement; and

(m) this circular.

11. MISCELLANEOUS

(a) The address of registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

(b) The head office and principal place of business in Hong Kong is located at Room 1104, SUP Tower, 75 King's Road, North Point, Hong Kong.

(c) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited located at 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(d) The warrant registrar and transfer office of the Company in Hong Kong is Tricor Services Limited located at Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong (register kept in Macau).

(e) The branch convertible bond registrar and transfer office of the Company in Hong Kong is Tricor Services Limited located at Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong (register kept in Macau).

(f) The company secretary and authorized representative of the Company is Ms. Chan Mi Ling, Anita, who is a certified public accountant registered with the Hong Kong Institute of Certified Public Accountants, a member of the Institute of Chartered Accountants in England & Wales and a fellow member of Association of Chartered Certified Accountants.

(g) 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. With effect from 10 November 2010 and as at the Latest Practicable Date, the audit committee of the Company comprised three independent non-executive Directors – Mr. Tam Kam Biu, William as the chairman, Mr. Lai Chun Hung, Ms. Zhang Dandan, and Mr. Tang Renhao. The audit committee of the Company's principal duties are to review and supervise the financial reporting process and internal control procedures of the Group.

Mr. Tam Kam Biu, William, aged 54, is an associate member of the Hong Kong Institute of Certified Public Accountants since 1987 and an Associate member of the Association of Chartered Certified Accountants since 1988. He graduated from the York University of Canada and holds a Master Degree of Business Administration major in finance and a Bachelor Degree of Business Administration major in Accounting. He has got more than 15 years' experience taking the positions as Chief Financial Officer in a number of large listed companies and is currently 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, a non-executive director of ViaGOLD Capital Limited, a company incorporated in Bermuda whose securities are listed on The Australian Stock Exchange Limited and also an independent non-executive director of China Solar Energy Holdings Limited (Stock Code: 155), a company incorporated in Bermuda whose securities are listed on the Main Board of the Stock Exchange. Mr. Tam is also a member of the remuneration committee of the Company.

Mr. Lai Chun Hung, aged 32, holds a Bachelor of Business Administration in Accounting and Finance with honours from the Hong Kong University of Science and Technology in 2000. He has worked in the accounting and financial industries in Hong Kong for more than 10 years, and has considerable experience in auditing, corporate finance and investment. He has held various management positions in a number of companies which provide accounting, financial advisory and investment services. Mr. Lai is also a member of the remuneration committee of the Company.

Ms. Zhang Dandan, aged 30, holds a Bachelor of English Education from Jiangxi Normal University. Ms. Zhang holds the qualification certificate for senior high school teachers in the PRC. Ms. Zhang has over 7 years experience in English education and has obtained the English Majors Band 8 (英語專業高年級階段(八級)) certificate issued by 高等學校外語專業教學指導委員會 (unofficial English translation being Foreign Language Teaching in Colleges and Universities Steering Committee) in the PRC and passed the Shanghai English Tests for Professional Titles (Class A) (上海市職業英語(綜合A級)) issued by Shanghai Professional Testing Authority (上海市職業能力考試院). Ms. Zhang is also a member of the remuneration committee of the Company.

Mr. Tang Renhao, aged 42, holds a Bachelor of Economics from Shanghai Foreign Language Institute (上海外國語學院) (presently known as Shanghai Foreign Studies University (上海外國語大學)), the PRC. Mr. Tang is a trader of China Foreign Exchange Trade System, National Interbank Funding Centre. Mr. Tang was conferred by the Association for Investment Management and Research as a certified financial analyst in 2000. Mr. Tang has over 20 years experience in banking. Mr. Tang is also a member of the remuneration committee of the Company.

(h) The English text of this circular shall prevail over Chinese text in case of any inconsistency.

SOLUTECK HOLDINGS LIMITED

一創科技集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8111)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting ("**EGM**") of Soluteck Holdings Limited ("**Company**") will be held at Harbour View Room II, 3/F., The Excelsior Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong, on 31 May 2011 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without modification, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**

   i. the conditional sale and purchase agreement dated 13 December 2010 (the "**Acquisition Agreement**") (a copy of which is produced to the meeting marked "A" and initialed by the chairman of the meeting for the purpose of identification) and entered into amongst Good Million Investments Limited as vendor (the "**Vendor**"), Mr. Chiu Tung Ping and Ms. Yuen Hing Lan as guarantors, City Max International Limited, a wholly-owned subsidiary of the Company as purchaser and the Company in relation to the sale and purchase of two ordinary shares of US$1.00 each, being the entire issued share capital of China Technology Solar Power Holdings Limited ("**Target Company**") for a consideration of HK$292,000,000 (subject to adjustment) to be satisfied by (i) payment of cash; (ii) issue of the Consideration Shares (as defined hereinbelow); and (iii) issue of the Convertible Bonds (as defined hereinbelow); and the transactions contemplated thereunder including but not limited to (x) the entering into the deed of indemnity; (y) the entering into the escrow agreement; and (z) the assumption of the group member of the Company to pay the outstanding registered capital of a subsidiary of the Target Company in the amount of US$5,999,050 after completion of the Acquisition Agreement, be and are hereby approved, confirmed and ratified.

* *For identification purpose only*

ii. conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, an aggregate of 133,000,000 shares (the "**Consideration Shares**" and each a "**Consideration Share**") of HK$0.10 each in the share capital of the Company credited as fully paid at an issue price of HK$0.50 per Consideration Share, the allotment and issue of Consideration Shares to the Vendor or its nominee(s) at completion of the Acquisition Agreement in accordance with the terms thereof and subject to the conditions thereof and the articles of association of the Company (the "**Consideration Shares Specific Mandate**") be and is hereby approved and the Consideration Shares Specific Mandate shall be in addition to and without prejudice to or revocation of any existing general mandate granted to the directors of the Company or such other general or specific mandates that may be or may have been granted to the directors of the Company prior to the passing of this resolution;

iii. the issue of the tranche I convertible bonds in the principal amount of HK$113,000,000 and the tranche II convertible bonds in the principal amount of up to HK$50,000,000 by the Company (collectively, the "**Convertible Bonds**") with an initial conversion price of HK$0.5 per share of HK$0.10 each in the share capital of the Company (subject to adjustment) to the Vendor or its nominee(s) at completion of the Acquisition Agreement in accordance with the terms thereof and subject to the conditions thereof be and is hereby approved;

iv. conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, such number of shares of HK$0.10 each in the share capital of the Company which may fall to be issued upon the exercise of the conversion rights attached to the Convertible Notes (the "**Conversion Shares**"), the allotment and issue of Conversion Shares subject to the articles of association of the Company (the "**Conversion Shares Specific Mandate**") be and is hereby approved and the Conversion Shares Specific Mandate shall be in addition to and without prejudice to or revocation of any existing general mandate granted to the directors of the Company or such other general or specific mandates that may be or may have been granted to the directors of the Company prior to the passing of this resolution; and

v. any one or more of the directors of the Company be and is hereby authorized to do all such acts and things, to sign and execute (and where appropriate, to affix the common seal of the Company in accordance with the articles of association of the Company to) all such further documents, deeds or agreements and to take such steps as he may consider necessary, appropriate, desirable or expedient for the implementation of and giving effect to the Acquisition Agreement and the transactions contemplated thereunder, and to agree such amendments, variations, supplement, modification or waiver of matters relating thereto as are, in his opinion, in the interest of the Company and the shareholders of the Company as a whole."

2. "**THAT** conditional upon the passing of resolution numbered 1 above and the completion of the Acquisition Agreement, the authorized share capital of the Company be and is hereby increased from HK$100,000,000 divided into 1,000,000,000 shares of HK$0.10 each to HK$250,000,000 divided into 2,500,000,000 shares of HK$0.10 each by creation of additional 1,500,000,000 unissued shares in the share capital of the Company, and that any one or more directors of the Company be and is hereby authorized to do all such acts and things, to sign and execute (and where appropriate, to affix the common seal of the Company in accordance with the articles of association of the Company to) all such further documents and to take such steps as the director(s) of the Company consider necessary, appropriate, desirable or expedient for the implementation of and giving effect to or in connection with such increase in the authorized share capital of the Company."

3. "**THAT** Mr. Tang Renhao be re-elected as an independent non-executive director of the Company."

By Order of the Board
Soluteck Holdings Limited
Wang Daling
Chairman

Hong Kong, 16 May 2011

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Room 1104, SUP Tower
75 King's Road, Hong Kong

As at the date of this notice, the directors of the Company are as follows:

Executive Directors:
Wang Daling *(Chairman)*
Hou Hsiao Bing
Hou Hsiao Wen
Zeng Xiangyi
Xu Wei

Independent Non-Executive Directors:
Tam Kam Biu, William
Lai Chun Hung
Zhang Dandan
Tang Renhao

Notes:

(1) A member of the Company entitled to attend and vote at the extraordinary general meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his/her behalf. A proxy need not be a member of the Company but must be present in person at the extraordinary general meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

(2) In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be lodged at the office of the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong/principal office of the Company in Hong Kong at Room 1104, SUP Tower, 75 King's Road, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting.

(3) Completion and return of an instrument appointing a proxy should not preclude a shareholder of the Company from attending and voting in person at the meeting convened should he/she/it so wish.

(4) As required under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, the resolution will be decided by way of a poll.

This notice 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.