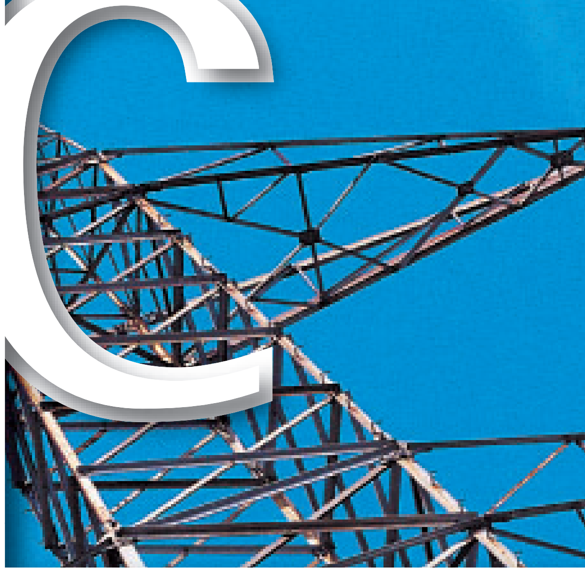

China Electric Power Technology Holdings Limited

中電科

中國電力科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8053

Annual Report 2009

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

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

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

This report, for which the directors of China Electric Power Technology Holdings Limited collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to China Electric Power Technology Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS
Peng Gexiong *(Chairman)*
Wang Dongbin
Li Wing Sang
Lau Kam Ying

INDEPENDENT NON-EXECUTIVE DIRECTORS
Yeung King Wah
Gao Feng
Wu Kehe

AUDIT COMMITTEE
Yeung King Wah *(Chairman)*
Gao Feng
Wu Kehe

REMUNERATION COMMITTEE
Yeung King Wah *(Chairman)*
Gao Feng
Wu Kehe

COMPANY SECRETARY
Shen Tianwei (MAPAIS, CPA, CICPA)

COMPLIANCE OFFICER
LI Wing Sang

QUALIFIED ACCOUNTANT
Shen Tianwei (MAPAIS, CPA, CICPA)

AUTHORISED REPRESENTATIVES
Peng Gexiong *(Chairman)*
Shen Tianwei (MAPAIS, CPA, CICPA)

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Beijing
PRC

GEM LISTING CODE
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CHAIRMAN'S STATEMENT

The Group is grateful to the shareholders and personages of various circles for their trust, understanding and support during the past financial year 2008. On behalf of the Board and all the staff, I would like to take this opportunity to express our gratitude to our shareholders and the community for their care and support throughout the year!

BUSINESS REVIEW

The financial crisis that spread across the world in 2008 had battered the substance economies. However, the Group had succeeded in taking a favorable turn from operating loss to profit during financial year 2008 as its principal business revenue and profits saw a great leap forward as compared with the past, with a profit of RMB6.70 million recorded as at 31 March 2009. This change was particularly attributable to the acquisition by the Group of the entire equity interest in 北京普華雅龍科技有限公司 (Beijing Puhua Along Technology Co. Ltd.), which is a company engaged in the electricity informaization services business in the PRC, in November 2008. For a period of half year up to 31 March 2009, the company had contributed a revenue from principal business of over RMB72 million as well as a considerable operating profit to the Group. A significant portion of the operating profit was, however, offset by the higher expenses relating to the funding for the acquisition by the Group in 2008 in addition to substantial fees incurred in the acquisition of the Group's own intangible assets and goodwill.

BUSINESS POSITIONING

The Group has positioned its principal business in a new technological domain in the electricity industry of the PRC, which comprises the construction, maintenance and operation of intelligent grid, electricity market and trading platform and electricity marketing system, as well as clean energy solutions and related services. The Group's principal business will concurrently include fields in education informatization and information security. In respect of this, the Group had its company name changed to "China Electric Power Technology Holdings Limited" (中國電力科技控股有限公司) formally in December 2008.

MARKET STRATEGY

With the successful acquisition of Beijing Puhua Along Technology Co. Ltd., the Group has formally advanced on the new technological domain in the electricity industry of China. In respect of market strategy, the Group pursues a strategy that is of keen determination and aggressiveness, and wins by cooperation. On the domestic front, the Group made close strategic cooperation with China Electric Power Research Institute (CEPRI) under the State Grid Company to realize talent integration, product fusion, market fusion and profit share, which has yielded good results as its electricity marketing products had covered five provinces, namely Ningxia, Hunan, Anhui, Tibet and Inner Mongolia, with its market share expanding. Currently, both parties are, under the guidance of State Electricity Regulatory Commission, collaborating to develop a brand new technology supporting system for the electricity market with experimental unit deployment under way recently, which represents a remarkable event in the reform of electricity marketization in China. On the foreign front, the Group is in negotiation with internationally renowned electricity corporations and investment firms for cooperation, leveraging on their technology, product and capital advantages, with an aim to expedite development of industry presence and to become a leading enterprise in the new technological domain in the electricity industry by means of collaboration, acquisition and merger domestically.

CHAIRMAN'S STATEMENT

BUSINESS ENVIRONMENT

Internationally, especially in the US and Europe, the intelligent grid technology and its applications are in the ascendant. Domestically, the time is ripe for emergence of intelligent grid as it is a consequential choice of solution to problems regarding grids in our nation and issues associated with low-carbon economic development. The intelligent grid will be a complete system integrating electricity flow, information flow and business flow in the future. In last third part of May, State Grid Company announced its development planning for intelligent gird, proposing the construction target of an informatized, digitalized, automotive and interactive "reinforced intelligent gird". According to preliminary estimation, the intelligent gird of our nation will have its trial run first in some areas before it is gradually implemented nationwide and finally accomplished its construction in 2020. It is anticipated that the total investment in intelligent grid will be no less than 200 billion yuan by 2020, and that the construction of its main framework will be completed by 2015.

Just now, a new energy development planning of the State is about to launch as its target being formulated raised by times. Of which the scale of wind power generation will be raised from 30 million KW as targeted at the beginning of 2007 to 100 million KW, while the scale of solar power generation will also be raised from 1.8 million KW to around 10 million KW.

For the time being, the conditions for deepening electricity reform and establishing electricity market in the country are basically mature as electricity enterprises and electricity users are in earnest demand of formulating a market mechanism for electricity power trade. The government work reports submitted to the two Sessions have advocated "promoting the price reform of resource products, continuing tariff reform and perfecting gradually the on-grid tariff, transmission tariff and distribution tariff mechanism, so as to rationalize the relationship between coal prices and tariff". Presently, the three reforms of electricity market construction, tariff reform and separation of core and non-core businesses headed respectively by State Electricity Regulatory Commission, National Development and Reform Commission and State-owned Assets Supervision and Administration Commission are expected to have progress this year, and State Electricity Regulatory Commission will continue promoting construction of electricity market, which commences with experimental units for direct purchase of electricity by bulk users to establish step by step a standard dual trade market. This reform will take place in Inner Mongolia, the district experimental site, as some province platform experimental sites will be initiated with effort as soon as possible. At the early stage of experimental sites it will be government dominated, but the ultimate goal is to allow direct trade between power generating enterprises and users through the power generation market platform.

CHAIRMAN'S STATEMENT

PROSPECT AND OUTLOOK

Propelled by State's policies, the electricity industry in China is facing a significant development opportunity. In 2009, the Group will keep itself abreast with the State's reform pace of electricity to capitalize on more business opportunities therein. The Group will, based on its existing technological reserve and associated closely with the intelligent grid concept, launch a batch of self-developed products (mainly secondary system) and introduce some agency products (mainly primary equipment) as planned, in order to have niche in the future construction and investment upsurge. On the other hand, it will also provide all-way solutions and new products associated with reinforced electricity marketing system. The Company will, targeting intelligent electricity marketing system, launch series of new products such as 95598 customer dual service system, bulk customer (and service agency) autonomy service system, electricity distribution intelligent management system (comprising GIS), electricity marketing data collection systems and the like.

The Group will also emphasize on development of technological system for the electricity market in anticipation of a new era of electricity marketization. In 2009, it will work closely with China Electric Power Research Institute to continue large scale input in developing brand new technology supporting system for the electricity market with Inner Mongolia Electricity Company as experimental unit. The system will not only be able to deliver power generation-side bidding on-grid function, but also the first time of its kind nationwide to incorporate a user-side quotation- power-purchase function. According to estimates, following the deepening of reform in the electricity market in 2010, there will be a market capacity of as many as 3 billion yuan in respect of the technology supporting system segment alone in the electricity market.

Just when rare development opportunities emerge in the field of electricity technology of China, we will seize them with enthusiasm and aggressiveness, striving to become a leading enterprise in the electricity informatization domain of China, in order to create more value for the community and to generate larger return for the shareholders.

Peng Gexiong
Chairman

Hong Kong, 25 June 2009

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS 2008-2009

Business Review

The financial crisis that spread across the world in 2008 had no much effect on the Group's business even though it had battered the substance economies. This was particularly attributable to the acquisition by the Group of the entire equity interest in 北京普華雅龍科技有限公司 (Beijing Puhua Along Technology Co. Ltd.), which is a company primarily engaged in the electricity infomaization services in the PRC. For a period of less than half year, the company had contributed a revenue from principal business of over RMB72 million as well as a considerable operating profit to the Group, bringing about a great leap forward to the Group's principal business revenue and profits and making electricity infomatization services the Group's principal business. A significant portion of the operating profit was, however, offset by the higher expenses relating to the funding for the acquisition by the Group in 2008 in addition to substantial fees incurred in the acquisition of the Group's own intangible assets and goodwill. As a result, the Group still recorded a profit of over RMB6.7 million.

Beijing Puhua Along Technology Co. Ltd. continued to develop in its original market segment in 2008, i.e., the electricity infomatization services industry. It devoted all its attention to product development by tracking with all effort industry application from power generating to power supply, from production to operation and from equipment to systems. In respect of corporate technology construction, it stressed enhancing the company's application solution functionality, the compatibility of self developed products with introduced products and the technology accumulation ability. In respect of operation, it persisted on the strategic cooperation with China Electric Power Research Institute (CEPRI) to provide it with technology support and services, to realize an operation strategy characterized by talent integration, product fusion, market fusion and profit share, which had yielded good results as its electricity marketing products had covered Ningxia Electricity Company, Hunan Electricity Company, Anhui Electricity Company, Tibet Electricity Company, and Inner Mongolia Electricity Company in five provinces, with its market share expanding. Meantime, the company finalized its five-year talent strategy to cultivate and recruit different talents as planned. As at the end of March, 2009, the team co-established by the company and CEPRI had comprised 300 odd people, providing with a relatively sufficient talent reserve for corporate development in the future. As to specific products, it centered on the R & D, construction and service of electricity marketing information system to effectuate safeguarding measures such as financial inclination, talent inclination and market resource inclination and so on, laying a solid foundation for further development in the electricity informatization services industry nationwide.

Prospect and Outlook

In 2009, the Group will keep itself abreast with the construction pace of the State Intelligent Grid in the electricity infomatization industry segment to capitalize on more business opportunities therein. Subsequent to the initiation of construction of the Intelligent Grid by State Grid Company in May 2009, the company will, based on its existing technological reserve and associated closely with the intelligent grid concept, launch a batch of self-developed products (mainly secondary system) and introduce some agency products (mainly primary equipment) as planned, in order to have niche in the future construction and investment upsurge. On the other hand, the company will also exercise with caution to put investment risks under control, and to provide all-way solutions and new products associated with reinforced electricity marketing system. The Company will, targeting intelligent electricity marketing system, launch series of new products such as 95598 customer dual service system, bulk customer (and service agency) autonomy service system, electricity distribution intelligent management system (comprising GIS), electricity marketing data collection systems and so on.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group will also emphasize on development of technological system for the electricity market in anticipation of a new era of electricity marketization. In 2009, it will work closely with China Electric Power Research Institute to continue large scale input in developing brand new technology supporting system for the electricity market with Inner Mongolia Electricity Company as experimental unit. The system will not only be able to deliver power generation-side bidding on-grid function, but also the first time of its kind nationwide to incorporate a user-side quotation- power-purchase function. According to estimates, following the deepening of innovation in the electricity market in 2010, there will be a market capacity of as many as 3 billion yuan in respect of the technology supporting system segment alone in the electricity market.

北京捷通易信科技發展有限公司, another wholly-owned subsidiary acquired earlier by the Group, will continue engaging in ITSM and information security business. On the ITSM front, the company, leveraging on its own product and technology advantages, is in negotiation with State Grid Electric Power Research Institute (NARI Group) to provide hand in hand for the users with IT service management platform and technology supporting services. There are also corresponding progress in the information security fields.

In the fields of education informatization, the Group is devising an adjustment on the operation policy of its original education business, which involves leveraging on the talent, technology and product strengths of the Group to explore and develop business directions that are of sustained profitability, so as to make due contributions to the Group's profits.

FINANCIAL REVIEW

Turnover

The Group achieved a consolidated turnover of approximately RMB77.8 million, an increase of approximately 7.5 times in comparison with year ended 31 March 2008. The following table is the breakdowns of turnover for the year ended 31 March 2009:

	RMB'000	**Approximately % attributable to the turnover of the Group**
Information technology services in the electricity power industry	71,979	92.5%
Judicial authentication service and sales of application software	5,564	7.1%
Sales of self-developed internet learning card	285	0.4%
	77,828	100%

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales

The cost of sales for the year ended 31 March 2009 was approximately RMB2.5 million. It was approximately 1.9 times increase as compared to last year. The main reason is the increase of relevant cost of new business.

Other revenue

The other revenue for the year ended 31 March 2009 mainly consists of bank interest income of approximately RMB0.7 million and value added tax refund RMB3.1 million.

Selling and distribution cost

For the year ended 31 March 2009, the Group's selling and distribution cost was approximately RMB1.5 million, which has an increase from last year because the Group acquired a new business during the year.

Administrative and other operating Expenses

For the year ended 31 March 2009, the Group's administrative and other operating expenses was approximately RMB42 million. As compared with the year ended 31 March 2008, it was approximately 1.9 times increase. The reason of increase was mainly due to amortisation of intangible assets from two acquisitions during last two years, and the professional fees paid for a very substantial acquisition and rights issue in this year.

Segment Information

The segment information of the Group is covered in note 14 to the financial statements.

Earnings/(loss) per share

(1) *Basic earnings/(loss) per share*

The profit per share was approximately RMB0.019 for the year ended 31 March 2009. The loss per share of previous year was approximately RMB0.044. The reasons of change from loss to profit were mainly due to the new business acquired during the year, and this new business contributed RMB48 million profit to the Group.

(2) *Diluted earnings/(loss) per share*

The diluted earnings/(loss) per share equals to the basic earnings/(loss) per share during the year ended 31 March 2009 and 2008 as the impact of exercise of share option was anti-dilutive as at the year end.

CAPITAL STRUCTURE

Movements in capital structure of the Company during the year are set out in note 31 to the financial statements. The capital of the Company comprises only ordinary shares. The Company and the Group has no borrowing and long term debts.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS

As at 31 March 2009, the Group did not have any significant investments (2008: nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

In November 2008, the acquisition by the Group of the entire equity interest in 北京普華雅龍科技有限公司 (Beijing Puhua Along Technology Co. Ltd.) was completed. That company is primarily engaged in the development and provision of application software, information technology solutions and related maintenance and supporting services to customers in the electricity power industry of the PRC. For the period ended 31 March 2009, Beijing Puhua Along Technology Co. Ltd. contributed over RMB72 million to the Group's turnover and over RMB48 million to its operating profit. Through this acquisition and the one at the end of the last year, the Group has expanded its scope of business from solely educational Internet services to one with information technology applications in electricity generation as its core, which also covers such areas as information technology in education and information security, enabling the Group to provide its users with all-round information technology solutions encompassing consultation, integration, development, maintenance, operation, assessment, and training.

There has been no other material acquisitions and disposal during the year.

At the 4th quarter of the year ended 31 March 2008, the Group acquired a new business which is principally engaged in providing software solutions and services in PRC. The core business of the small group are (1) develop and produce software solutions for digital investigations, provides software used primarily by government agencies and law enforcement, (2) to provide consultation, data preservation and restoring deleted data develops application software etc.

GEARING RATIO

The Group did not have any borrowing or long-term debts and its gearing ratio is zero as at 31 March 2009 and 31 March 2008.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2009, the shareholders' funds of the Group amounted to approximately RMB224 million. Current assets amounted to approximately RMB160 million of which approximately RMB65 million were cash and cash equivalents and approximately RMB87 million were trade receivables, prepayments, deposits and others receivables. The Group's current liabilities amounted to approximately RMB44 million.

CHARGE OF ASSETS

The Group did not have any charge on its assets as at 31 March 2009 (2008: nil).

CAPITAL COMMITMENT

As at 31 March 2009, the Group's capital commitment in respect of property, plant and equipment contracted but not provided for is approximately HK$500 thousand (2008: HK$500 thousand).

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE EXPOSURE AND HEDGING POLICY

Since most of the income and expenses as well as assets and liabilities of the Group are denominated in Renminbi, the Directors consider that the Group has no material foreign exchange exposures and no hedging policy has been taken.

CONTINGENT LIABILITIES

As at 31 March 2009, the Group did not have any material contingent liabilities (2008: nil).

DIVIDEND

The Board did not recommend any payment of final dividend for the year ended 31 March 2009 (2008: nil).

HUMAN RESOURCES

As at 31 March 2009, the Group had 195 full time employees and 2 part time employees in the PRC and Hong Kong. Staff remuneration packages are determined by reference to prevailing market rates. Staff benefits include mandatory provident fund, personal insurance and discretionary bonus which are based on their performance and contribution to the Group.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance by established a formal and transparent procedure to protect the interests of the shareholders of the Company. The Company had complied with most of the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the GEM Listing Rules throughout the year under review. This report describes the corporate governance standards and practices used by the Company to direct and manage its business affairs. It also explains the applications of the Code and deviations, if any.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all Directors and the Company was not aware of any non-compliance with such code of conduct and required standard of dealings throughout the year ended 31 March 2009.

BOARD OF DIRECTORS

The Board collectively oversee the management and operation of the Group and will meet regularly during the year to discuss the operation strategy and financial performance of the Group.

The Board is presently composed of seven members, comprising four executive directors, Mr. Peng Gexiong (Chairman), Mr. Wang Dongbin, Mr. Li Wing Sang and Mr. Lau Kam Ying, and three independent non-executive directors, Mr. Yeung King Wah, Mr. Gao Feng and Mr. Wu Kehe.

According to the Articles of Association of the Company, at each annual general meeting, every director (including the chairman) will be subject to retirement by rotation at least once every three years.

The main responsibilities of the Board includes:

- to implement resolutions of the general meetings;
- to formulate the Company's business plans and investment plans;
- to formulate the Company's annual budgets and financial policies;
- to report its work in general meetings, to submit reports to regulatory authorities, and to disclose information in accordance with statutory requirements;
- the daily operation and management of the Company are performed by executive Directors and the senior management. The Board formulates the Company's overall policies and plans, and regularly monitors and supervises their implementation by executive Directors and the senior management;

CORPORATE GOVERNANCE REPORT

- there are clearly defined authorities and duties for the management, including periodic report to the Board, and specified matters require prior approval by the Board before their implementation, including matters such as the establishment of internal management structure and the appointment and re-designation of senior managements, while the management is entrusted with appropriate delegation to ensure normal functioning of the Company; and

The Board shall convene meetings at least four times every year (basically once every quarter). Extraordinary Board meetings shall be convened under special circumstances or to decide on important issues. In case Directors are not able to attend a meeting to be held at the designated place, the meeting may be held by means of a telephone conference, and thereby facilitates and enhances the attendance of Directors at the Board meeting. If an independent non-executive Director is not able to attend a meeting for some reason, the Company will seek their opinion on the issues to be discussed in the meeting.

Details of the attendance of the Board of Directors for the year ended 31 March 2009 are as follows:

Total number of meetings held	19
Name of directors	**Attended/Eligible to attend**
Executive directors	
Mr. Peng Gexiong *(Chairman)*	19/19
Mr. Li Wing Sang	19/19
Mr. Lau Kam Ying	19/19
Mr. Wang Dongbin	19/19
Independent non-executive directors	
Mr. Yeung King Wah	19/19
Mr. Gao Feng	19/19
Mr. Wu Kehe (appointed on 20 August 2008)	15/15
Mr. Jiang Minghe (resigned on 23 September 2008)	6/6

The Company has received, from each of the independent non-executive directors, an annual confirmation of their independence pursuant to Rules 5.09 of the GEM Listing Rules. The Company considers that all of the independent non-executive directors are independent.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The post of the chairman of the board held by Mr. Peng Gexiong and the post of the chief executive officer held by Mr. Wang Dongbin are segregated.

Mr. Peng Gexiong is responsible for leadership and organization of the board of directors, whereas Mr. Wang Dongbin is in charge of management of the overall business operation of the Company.

CORPORATE GOVERNANCE REPORT

REMUNERATION OF DIRECTORS

A remuneration committee was formed with specific written terms of reference which deal clearly with its authority and duties with the requirements of the Code of Corporate of Governance Practices in December 2005. The remuneration committee is responsible for reviewing and developing the remuneration polices of the Directors and senior management. The committee members consist of all the three independent non-executive directors of the Company.

During the year, the remuneration committee held one meeting. Details of the attendance of the remuneration committee for the year ended 31 March 2009 are as follows:

Total number of meetings held	1
Name of members	**Attended/Eligible to attend**
Mr. Yeung King Wah *(Chairman)*	1/1
Mr. Gao Feng	1/1
Mr. Wu Kehe (appointed on 20 August 2008)	1/1
Mr. Jiang Minghe (resigned on 23 September 2008)	0/0

The remuneration committee has considered and reviewed the existing terms of employment contracts of the executive Directors and appointment letters of the independent non-executive Directors. The remuneration committee considers that the existing terms of employment contracts of the executive Directors and appointment letters of the independent non-executive Directors are fair and reasonable.

NOMINATION OF DIRECTORS

The Company does not establish a nomination committee at present. The appointment of new director(s) is therefore a matter for consideration and decision by the full Board. The Board considers that the new director(s) is expected to have professional experience and expertise in relevant area to make contribution to the Company and have sufficient time to participate in the decision making process of the Company.

There is one new director appointed by the full Board during the year.

AUDITOR'S REMUNERATION

For the year ended 31 March 2009, the remuneration in respect of audit services provided by the auditors, CCIF CPA Ltd., amounted to approximately HK$84 thousand.

During the year, CCIF CPA Ltd. acted as reporting accountant working for our Company's very substantial acquisition and rights issues.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provision C.3.1 to C.3.6 of the Code. The primary duties of the audit committee are, among others, to review and supervise the financial reporting processes and internal control procedures of the Group and to provide advice and comments to the Board accordingly. The audit committee consists of the three independent non-executive Directors of the Company, namely, Mr. Yeung King Wah, Mr. Gao Feng and Mr. Wu Kehe.

During the year, the audit committee held four meetings and performed duties including reviewing the Group's annual report, half-yearly report, quarterly reports and results announcements.

Details of the attendance of the audit committee for the year ended 31 March 2009 are as follows:

Total number of meetings held	4
Name of members	**Attended/Eligible to attend**
Mr. Yeung King Wah *(Chairman)*	4/4
Mr. Gao Feng	4/4
Mr. Wu Kehe (appointed on 20 August 2008)	2/2
Mr. Jiang Minghe (resigned on 23 September 2008)	2/2

The audit committee is of the opinion that the financial statements of the Company and the Group for the year ended 31 March 2009 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for the preparation of the financial statements, which give a true and fair view of the financial position of the Group. The Auditors are responsible to form an independent opinion, based on the audit, on the financial statements prepared by the Directors and report the opinion solely to the shareholders of the Company.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Mr. Peng Gexiong (彭格雄) (Chairman), aged 53, is the chairman of the Board from 11 July 2003. Mr. Peng is responsible for leadership and organization of the board of directors. Mr. Peng graduated from Jiangxi Finance College (江西財經學院) in 1982, majoring in finance. He joined the Group in January 2001. Prior to joining the Group, Mr. Peng had worked as a principle staff member of the general office of supervisory department of Jiangxi Province for more than 10 years. He is the visiting professor of Jiangxi University of Finance & Economics (江西財經大學).

Mr. Wang Dongbin, aged 41, has been appointed as an executive director and chief executive officer from 28 November 2007. Mr. Wang was previously the executive director and chief executive officer of Xteam Software International Limited (Stock code: 8178). He graduated from Tsinghua University in 1992 with a master's degree in applied physics. Mr. Wang has over 14 years' experience in the telecommunications, information technology and educational information service fields.

Mr. Li Wing Sang, aged 51, has been appointed as an executive director and a compliance officer from 1 August 2007. Mr. Li has extensive marketing, promoting and management experience in the fields of household appliance, and he has been held senior management positions in 日立家電販賣株式會社 (Hitachi Appliance Sales Company Limited) and Gome Trading Co. Ltd in Japan, etc. He holds a bachelor degree from the University of Kobe University of Commerce, Japan, majoring in corporate management. He is currently an executive director and the Chief Executive Officer of Rontex International Holdings Limited (Stock code: 1142).

Mr. Lau Kam Ying, aged 37, has been appointed as an executive director from 1 August 2007. He is a solicitor practicing in Hong Kong. He obtained a bachelor degree from the University of Warwick in 1994, a PCLL from the University of Hong Kong in 1995 and a master degree in Chinese Law form the Peking University in 1998. Mr. Lau was also admitted as a solicitor in England and Wales. He has acted for various reputable clients in commercial, litigation and arbitration cases. He is currently an independent non-executive director and member of the audit committee and remuneration committee of eForce Holdings Limited (Stock code: 943).

DIRECTORS AND SENIOR MANAGEMENT PROFILE

INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDIT COMMITTEE

Mr. Yeung Kenneth King Wah, aged 50, has been appointed as an independent non-executive director, chairman of audit committee and remuneration committee from 1 August 2007. Mr. Yeung is a fellow member of the Institute of Chartered Accountants in England and Wales, and the Hong Kong Institute of Certified Public Accountants. He is also a member of the Chartered Institute of Taxation in the United Kingdom ("UK"). Mr. Yeung set up his own management consulting practice in Hong Kong. Mr. Yeung is currently an independent non-executive director and the chairman of the audit committee and member of the remuneration committee of eForce Holdings Limited (stock code: 943). He was formerly an independent non-executive director and the chairman of the audit committee and the remuneration and nomination committee of Northern International Holdings Limited (stock code: 736).

Mr. Gao Feng, aged 40, has been appointed as an independent non-executive director and as a member of the audit committee and remuneration committee from 28 November 2007. Mr. Gao is the visiting profession of Nankai University, Tianjin, China and partner, Board member, chief operating officer of AutekBio (Beijing) Biotech Inc. He graduated from University of Michigan, Ann Arbor, Michigan, US, Bioinformatics in 2002 with a Postdoctoral degree. Mr. Gao has extensive marketing and management experience in the biotech field.

Mr. Wu Kehe (吳克河) ("Mr. Wu"), aged 46, has been appointed as an independent non-executive director and as a member of the audit committee and remuneration committee from 20 August 2008. Mr. Wu is a professor, doctor, Assistant Dean and Supervisor at the Computer Science and Technology Faculty of North China Electric Power University. He has served as a director of Chinese Association for Artificial Intelligence, a member of China Electric Power Information Technology Standardization Committee, a member of Electric Power Information Technology Professional Committee under The Chinese Institute of Electrical Engineering. He has been engaged in the research of computer application technology and network information safety for a long period of time. He is one of those scholars who pioneered the research and development of intelligence management ("IM"), electric power ERP technology, electric power information system safety and protection technology in China.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

SENIOR MANAGEMENT

Wu Zhanjiang, aged 40, General Manager of Beijing Puhua Along Technology Co. Ltd. Mr. Wu graduated from Beijing Graduate Department of North China Electric Power Institute with major in electric system automation and was awarded with a master degree. Mr.Wu has been long engaged in the research, development and advisory work in the informatization of electric industry and has profound industry background and rich practical experience. With his specialization in the informatization of electric distribution, he has been a well-known expert in this domain nationwide.He has once taken charge of the development of various large scale systems such as Inner Mongolia Electric Distribution Information System, Hunan Electric Distribution Information System, Jilin Electric Distribution Information System. Currently he assists the PRC Electric Power Science Institute in undertaking the construction of electric distribution information system under the National Net SG 186 Project.

Li Yanmin, aged 45, deputy general manager of Beijing Puhua Along Technology Co. Ltd. Mr. Li graduated from Beijing Graduate Department of North China Electric Power University and was awarded with an engineering master degree in 1993. From 1996 to 2007, Mr. Li began to be engaged in the research and development of electric power distribution and management. He had also taken charge of the investigation and research, scheme design and development of electric power distribution and management systems that centered on counties and prefectures. Consequently, he has a better understanding of electric power industry related business and possesses a better computer theories and technical and management capability that he gradually switches to corporate market distribution and management.

Wu Hong Yuan, aged 35, deputy general manager of Beijing Puhua Along Technology Co. Ltd., He is of secondary specialized education level, titled engineer. Now he is responsible for marketing work, maintaining and exploring market resources with markets in Inner Mongolia and Hunan Province as a foundation.

Ouyang Hong, aged 41, deputy general manager of Beijing Puhua Along Technology Co., Ltd. He is of university degree, titled engineer. Mr. Ouyang had successively participated in, taken charge of or consummated the development and implementation of project construction of electric power distribution and execution information system for Hunan Provincial Electric Power Company, Tianjin Development Zone and Ningxi Electric Power Company.

Mr. Gai Hongtao (蓋洪濤), aged 35, is the deputy general manager of 北京捷通易信科技發展有限公司. He was the general manager of Monique-Justron Networking Technology Co., Ltd. He has rich experience in the networking technology field. He graduated from Beijing Institute of Technology in 1996, major in Electronic Precision Machinery. He also got a Computer Software Network Engineer qualification certificate in 2003.

QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

Ms. Shen Tianwei (MAPAIS, CPA, CICPA) (沈天蔚), aged 36, is the Financial Controller, Company Secretary and Authorized Representative of the Group. Prior to joining the Group in August 2006. She has over 12 years of auditing, accounting and financial management experience in Big 4 and others sizable corporations. She has a Master degree in Professional accounting and information system from City University of Hong Kong and is an associate member of both the Hong Kong Institute of Certified Public Accountants and Chinese Institute of Certified Public Accountants.

DIRECTORS' REPORT

The directors present herewith their annual report and the audited financial statements of the Company and the Group for the year ended 31 March 2009.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at the extraordinary general meeting held on 30 December 2008 and issuance of the Certificate of the Incorporation on change of name by the Registrar of Companies in the Cayman Islands and the Registrar of Companies in Hong Kong on 30 December 2008 and 5 February 2009 respectively, the name of the Company has been changed from "A & K Educational Software Holdings Limited" to "China Electric Power Technology Holdings Limited 中國電力科技控股有限公司". The stock short name, under which the shares of the Company be traded on GEM, has been changed to "CH ELEC POWER" in English and "中國電力科技" in Chinese with effected from 12 February 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the Group's subsidiaries are set out in note 17 to the financial statements.

An analysis of the Group's turnover and contribution to results by principal activities for the year ended 31 March 2009 are set out in note 14 to the financial statements.

FINANCIAL STATEMENTS AND DIVIDENDS

The results of the Group for the year are set out in the consolidated income statement on page 28.

The state of affairs of the Group and the Company as at 31 March 2009 are set out in the consolidated balance sheet on page 29 and the balance sheet on page 30, respectively.

The Board does not recommend the payment of any final dividend in respect of the year ended 31 March 2009 (2008: Nil).

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past four financial years is set out on page 108. This summary does not form part of the audited financial statements.

RESERVES

Movements in reserves of the Group and the Company during the year are set out in note 33 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2009, the Company has RMB3 million reserves available for distribution to the shareholders.

As at 31 March 2008, the Company has no reserves available for distribution to its shareholders.

DIRECTORS' REPORT

SHARE CAPITAL

Movements in share capital of the Company during the year are set out in note 31 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment of the Group during the year are set out in note 15 to the financial statements.

CHARITABLE DONATIONS

The Group does not made any charitable donations during the year (2008: Nil).

DIRECTORS

The directors who held office during the year and up to the date of this report were:

Executive directors

Mr. Peng Gexiong, *Chairman*
Mr. Li Wing Sang
Mr. Lau Kam Ying
Mr. Wang Dongbin, *Chief Executive Officer*

Independent non-executive directors

Mr. Yeng King Wah	
Mr. Gao Feng	
Mr. Wu Kehe	(appointed on 20 August 2008)
Mr. Jiang Minghe	(resigned on 23 September 2008)

In accordance with article 87 of the Company's Articles of Association, Mr. Peng Gexiong, Mr. Lau Kam Ying and Mr. Gao Feng retire from office at the forthcoming annual general meeting.

The Company has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to GEM Listing Rule 5.09 and the Company considers the independent non-executive directors remained independent.

MANAGEMENT CONTRACTS

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

DIRECTORS' SERVICE CONTRACTS

None of the directors has a service contract with the Company which is not determinable by the Group within one year without payment of a compensation, other than the statutory compensation.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS

No director of the Company had a significant interest, either directly or indirectly in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during or at the end of the year.

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

As at 31 March 2009 the interests or short positions of the Directors (the "Directors") and the chief executive of the Company in the shares and underlying shares (the "Shares") of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were 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 is taken or deemed to have under such provisions of the SFO), or which were required, to be entered in the register required to be kept under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

The Company – interests in Shares and underlying Shares

	Number of Shares			
Director	**Controlled Corporation**	**Underlying Shares** (Note 3)	**Total**	**Percentage of Shareholding**
Mr. Wang Dongbin	90,000,000 (Note 1)	623,600	90,623,600	14.20%
Mr. Peng Gexiong	11,120,000 (Note 2)	4,936,000	16,056,000	2.52%
Mr. Lau Kam Ying	–	623,600	623,600	0.09%
Mr. Yeung King Wah	–	623,600	623,600	0.09%
Mr. Gao Feng	–	623,600	623,600	0.09%
Mr. Wu Kehe	–	230,000	230,000	0.04%

Notes:

(1) These Shares are registered in the name of and beneficially owned by Ying Da Investment Ltd ("Ying Da"). Ying Da is 100% legally and beneficially owned by Mr. Wang Dongbin.

(2) These Shares are registered in the name of and beneficially owned by Educators Investment Limited ("Educators Investment"). Educators Investment is legally and beneficially owned as to 97.7% by Mr. Peng Gexiong, as to 1.28% by Mr. Shu Fan, as to 0.61% by Mr. Zeng Ruihong and as to 0.41% by Mr. Su Wenbo. By virtue of his 97.7% direct interest in Educators Investment, Mr. Peng Gexiong is deemed or taken to be interested in the 141,120,000 Shares held by Educators Investment for the purposes of the SFO.

(3) The interests in the underlying Shares represent the options granted to the Directors pursuant to the Share Option Scheme of the Company.

DIRECTORS' REPORT

Save as disclosed above, as at 31 March 2009, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of, the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have 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 such provisions which they are taken or deemed to have 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 otherwise required, pursuant to the minimum standards of dealing by directors of listed issuers as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS AND PERSONS WITH DISCLOSEABLE INTEREST AND SHORT POSITION IN SHARES UNDER SFO

So far as is known to any Director or chief executive of the Company, as at 31 March 2009, the following persons (other than the Directors or chief executive of the Company as disclosed above) had an interest or short position in the Shares or 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 is expected, directly or indirectly, to be interested in 10 per cent. 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 member of the Group.

Long positions in shares

Name	Nature of Interest	Number of Shares	Percentage of shareholding
Ying Da	Beneficial owner (Note 1)	90,000,000	14.10%
China Venture Enterprises Limited	Beneficial owner (Note 2)	67,240,000	10.53%
Gold Oriental Group Limited	Beneficial owner (Note 3)	30,000,000	4.70%
Sino Lucky Group Limited	Beneficial owner (Note 3)	27,760,000	4.35%

Note:

(1) Ying Da, a company incorporated in BVI wholly and beneficially owned by Mr. Wang Dongbin.

(2) China Venture Enterprises Limited, a company incorporated in BVI wholly and beneficially owned by Mr. Cheung Yan Leung.

(3) Gold Oriental Group Limited and Sino Lucky Group Limited, both of which are incorporated in BVI, wholly and beneficially owned by Mr. Cheung Yuet.

Save as disclosed herein, as at 31 March 2009, the Company had not been notified of any other person (other than the Directors or chief executive of the Company) who had a discloseable interest or short position in the Shares as recorded in the register required to be kept under section 336 of the SFO carrying rights to vote in all circumstances at general meetings of any other members of the Group.

DIRECTORS' REPORT

SHARE OPTION SCHEME

On 23 July 2004, the principal terms of the Share Option Scheme was approved and passed by the written resolutions of all the Shareholders. The purpose of the Share Option Scheme is to provide the people and the parties working for the interest of the Group with an opportunity to obtain an equity interest in the Company, thus linking their interest with the interests of the Group and thereby providing them with an incentive to work better for the interests of the Group. Given that the Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the GEM Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

Pursuant to the Share Option Scheme, the Directors granted (i) 25,200,000 share options at HK$2.20 each to 14 directors and employees of the Group on 26 March 2008, granted (ii) 30,580,000 share options at HK$0.149 each to 23 directors and employees of the Group on 18 March 2009.

Based on a valuation report done by the independent valuer of Asset Appraisal Limited and Greater China Appraisal Limited respectively, the value of the option granted on 26 March 2008 and 18 March 2009 were HK$4,818,018 and HK$2,412,926 respectively.

The exercised price of the Share Options granted on 26 March 2008 has been adjusted from HK$2.2 to HK$1.677 and the aggregate number of Share Options has been adjusted from 24,900,000 shares to 32,668,800 shares as a result of the Rights Issue of the year.

Details of movement of options under the Share Option Scheme during the year ended 31 March 2009 was as follows:

				Number of share options					
Name or category of participant	Date of grant	Exercisable period	Exercise price per share HK$	Balance as at 1 April 2008	Granted during the year	Adjusted during the year	Exercised during the year	Cancelled during the year	Balance as at 31 March 2009
(i) Directors									
Peng Gexiong	26 March 2008	27 March 2008 to 26 March 2013	1.677	3,000,000	–	936,000	–	–	3,936,000
Wong Dongin				300,000	–	93,600	–	–	393,600
Lau Kam Ying				300,000	–	93,600	–	–	393,600
Yeung King Wah				300,000	–	93,600	–	–	393,600
Gao Feng				300,000	–	93,600	–	–	393,600
Jiang Minghe				300,000	–	–	–	300,000	–
Employees				20,700,000	–	6,458,400	–	–	27,158,400
Total				25,200,000	–	7,768,800	–	300,000	32,668,800

DIRECTORS' REPORT

Name or category of participant	Date of grant	Exercisable period	Exercise price per share HK$	Number of share options: Balance as at 1 April 2008	Granted during the year	Adjusted during the year	Exercised during the year	Cancelled during the year	Balance as at 31 March 2009
(ii) Directors									
Peng Gexiong	18 March 2009	19 March 2009 to 18 March 2014	0.149	1,000,000	–	–	–	–	1,000,000
Wong Dongin				230,000	–	–	–	–	230,000
Lau Kam Ying				230,000	–	–	–	–	230,000
Yeung King Wah				230,000	–	–	–	–	230,000
Gao Feng				230,000	–	–	–	–	230,000
Wu Kehe				230,000	–	–	–	–	230,000
Employees				28,200,000	–	–	–	–	28,200,000
Total				30,580,000	–	–	–	–	30,580,000

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and the laws in Cayman Islands.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the year ended 31 March 2009, the Company has repurchased a total of 5,435,000 ordinary shares of the Company on the Stock Exchange for an aggregate amount of HK$5,760,550 before inclusion of transaction cost. The Directors believe that such repurchases will lead to an enhancement of the net asset value of the Company and will benefit the Company and the Company's shareholders. Details of the share repurchase were as follows:

Date of repurchase	Number of shares repurchased	Price per share repurchased: Highest (HK$)	Price per share repurchased: Lowest (HK$)	Aggregate purchase price (HK$)
September 2008	5,435,000	1.11	0.82	5,760,550
			Total expenses on share repurchased	33,841
				5,794,391

5,435,000 repurchased ordinary shares were cancelled during the year.

Saved as disclosed above, there was no purchase, sale or redemption of the Company's listed shares during the year.

DIRECTORS' REPORT

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set out by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme are set out in note 32 to the consolidated financial statements.

Details of the remuneration of the Directors and the five highest paid employees in the Group are set out in note 9 and 10 respectively to the consolidated financial statements.

RETIREMENT BENEFIT COST

Particulars of retirement benefit cost of the Group are set out in note 34 to the financial statements.

CONNECTED TRANSACTIONS

The Company did not have connected transactions for the year ended 31 March 2009.

COMPETING INTERESTS

For the year ended 31 March 2009, none of the Directors or the management shareholders or any of their respective associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which causes or may causes any significant competition with the business of the Group.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all Directors and the Company was not aware of any non-compliance with such code of conduct and required standard of dealings throughout year ended 31 March 2009.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

SEGMENT INFORMATION

An analysis of the principal activities and geographical locations of operations of the Group for the year ended 31 March 2009 is set out in note 14 to the financial statements.

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

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

Purchases

– The largest supplier	54%
– Five largest suppliers in aggregate	69%

Sales

– The largest customer	38%
– Five largest customers in aggregate	86%

None of the directors, their associates or any shareholders of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the major customers and suppliers noted above.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are, among others, to review and supervise the financial reporting processes and internal control procedures of the Group and to provide advice and comments to the Board accordingly. The audit committee consists of the three independent non-executive Directors of the Company, namely, Mr. Yeung King Wah, Mr. Gao Feng and Mr. Wu Kehe.

During the year, the audit committee held four meetings and performed duties including reviewing the Group's annual report, half-yearly report, quarterly report and results announcements. The audit committee is of the opinion that the financial statements of the Company and the Group for the year ended 31 March 2009 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

AUDITORS

The financial statements have been audited by CCIF CPA Limited, and there is no change of auditors in last 3 years. A resolution for their re-appointment as the Company's auditors for the ensuing year is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

PENG Gexiong
Chairman

China, 25 June 2009

INDEPENDENT AUDITOR'S REPORT

CCIF
CCIF CPA LIMITED
20/F Sunning Plaza
10 Hysan Avenue
Causeway Bay Hong Kong

TO THE SHAREHOLDERS OF
CHINA ELECTRIC POWER TECHNOLOGY HOLDINGS LIMITED
(FORMERLY KNOWN AS "A & K EDUCATIONAL SOFTWARE HOLDINGS LIMITED")
(Incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Electric Power Technology Holdings Limited (formerly known as "A & K Educational Software Holdings Limited") (the "Company") set out on pages 28 to 107, which comprise the consolidated and Company balance sheets as at 31 March 2009 and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

INDEPENDENT AUDITOR'S REPORT

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 directors, as well as evaluating the overall presentation of the financial statements.

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, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 25 June 2009

Kwok Cheuk Yuen
Practising Certificate Number P02412

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 RMB'000	2008 RMB'000
Turnover	4	**77,828**	9,117
Cost of sales		**(24,859)**	(8,523)
Gross profit		**52,969**	594
Gain on disposal of associates		**339**	–
Other revenue	5	**3,796**	2,827
Other net (loss)/income	5	**(399)**	48
Selling and distribution costs		**(1,511)**	(375)
Administrative and other operating expenses		**(42,407)**	(14,483)
Profit/(Loss) form operations		**12,787**	(11,389)
Finance costs	6(a)	**(2)**	(1)
		12,785	(11,390)
Share of profit/(loss) of associates	7	**4**	(78)
Profit/(Loss) before taxation	6	**12,789**	(11,468)
Income tax	8(a)	**(6,041)**	(964)
Profit/(Loss) attributable to equity shareholders	11	**6,748**	(12,432)
Dividend	12	**–**	–
Earnings/(Loss) per share	13		
Basic and diluted		**RMB0.019**	RMB(0.044)

The notes on pages 34 to 107 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2009

	Note	2009 RMB'000	2008 RMB'000
Non-current assets			
Property, plant and equipment	15	**1,474**	435
Intangible assets	16	**42,498**	8,274
Goodwill	18	**65,583**	6,945
Interest in associates	19	**–**	732
Available-for-sale investment	20	**120**	–
Deposits paid for acquisition of property, plant and equipment		**5,966**	6,102
		115,641	22,488
Current assets			
Intangible assets	16	**7,243**	5,655
Inventories	21	**–**	–
Trade receivables	22	**81,493**	4,250
Prepayments, deposits and other receivables	23	**5,405**	5,298
Income tax recoverable	8(b)	**987**	–
Cash and cash equivalents	24	**65,127**	116,356
		160,255	131,559
Current liabilities			
Trade payables	25	**8,056**	–
Other payables and accruals	26	**26,673**	4,956
Amount due to a shareholder	27	**–**	1
Obligation under a finance lease	29	**5**	5
Income tax payable	8(b)	**9,367**	1,775
		44,101	6,737
Net current assets		**116,154**	124,822
Total assets less current liabilities		**231,795**	147,310
Non-current liabilities			
Obligation under a finance lease	29	**16**	21
Deferred tax liabilities	30	**7,843**	393
NET ASSETS		**223,936**	146,896
CAPITAL AND RESERVES			
Share capital	31	**61,223**	31,977
Reserves	33	**162,713**	114,919
TOTAL EQUITY		**223,936**	146,896

Approved and authorised for issue by the board of directors on 25 June 2009.

Peng Gexiong
Director

Wang Dongbin
Director

The notes on pages 34 to 107 form part of these financial statements.

BALANCE SHEET

AS AT 31 MARCH 2009

	Note	2009 RMB'000	2008 RMB'000
Non-current assets			
Property, plant and equipment	15	**132**	155
Interest in subsidiaries	17	**1**	1
Deposits paid for acquisition of property, plant and equipment		**–**	6,102
		133	6,258
Current assets			
Other receivables	23	**185**	189
Amounts due from subsidiaries	28	**172,195**	107,470
Cash and cash equivalents		**18,895**	–
		191,275	107,659
Current liabilities			
Other payables and accruals	26	**748**	348
Amounts due to subsidiaries	28	**21,043**	3,095
Obligations under a finance lease	29	**5**	5
		21,796	3,448
Net current assets		**169,479**	104,211
Total assets less current liabilities		**169,612**	110,469
Non-current liabilities			
Obligations under a finance lease	29	**16**	21
NET ASSETS		**169,596**	110,448
CAPITAL AND RESERVES			
Share capital	31	**61,223**	31,977
Reserves	33	**108,373**	78,471
TOTAL EQUITY		**169,596**	110,448

Approved and authorised for issue by the board of directors on 25 June 2009.

Peng Gexiong
Director

Wang Dongbin
Director

The notes on pages 34 to 107 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2009

	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Capital reserve RMB'000	Share-based compensation reserve RMB'000	Statutory common reserve RMB'000	Foreign currency translation reserve RMB'000	(Accumulated losses)/ retained profits RMB'000	Total equity RMB'000
At 1 April 2007	27,030	13,483	933	115	–	4,862	(1,239)	8,680	53,864
Placing of new shares	4,947	108,834	–	–	–	–	–	–	113,781
Share issuing expenses	–	(4,562)	–	–	–	–	–	–	(4,562)
Exchange differences on translation of financial statements	–	–	–	–	–	–	(8,409)	–	(8,409)
Equity-settled share-based transactions	–	–	–	–	4,654	–	–	–	4,654
Loss for the year	–	–	–	–	–	–	–	(12,432)	(12,432)
At 31 March 2008	31,977	117,755	933	115	4,654	4,862	(9,648)	(3,752)	146,896
At 1 April 2008	31,977	117,755	933	115	4,654	4,862	(9,648)	(3,752)	146,896
Repurchase and cancellation of shares	(479)	(4,620)	–	–	–	–	–	–	(5,099)
Shares issued for the acquisition of subsidiaries	11,000	45,152	–	–	–	–	–	–	56,152
Exchange differences on translation of financial statements of subsidiaries and associates	–	–	–	–	–	–	(1,609)	–	(1,609)
Equity-settled share-based transactions	–	–	–	–	2,123	–	–	–	2,123
Profit for the year	–	–	–	–	–	–	–	6,748	6,748
Issue of one rights share for every two existing shares	18,725	–	–	–	–	–	–	–	18,725
Transfer to retained profits upon forfeiture of share options	–	–	–	–	(55)	–	–	55	–
At 31 March 2009	61,223	158,287	933	115	6,722	4,862	(11,257)	3,051	223,936

The notes on pages 34 to 107 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

	2009 RMB'000	2008 RMB'000
Operating activities		
Profit/(loss) before taxation	**12,789**	(11,468)
Adjustments for:		
Depreciation of property, plant and equipment	**163**	175
Transfers from intangible assets	**3,543**	3,910
Impairment loss for other receivables	**1,436**	223
Trade payables written back	**–**	(25)
Amortisation of intangible assets	**2,716**	1,060
Impairment loss for intangible assets	**10,386**	–
Impairment loss for trade receivables	**–**	2,924
Finance costs	**2**	1
Interest income	**(697)**	(1,890)
Impairment loss for goodwill	**6,945**	–
Gain on disposal of associates	**(339)**	–
Share of (profit)/loss of associates	**(4)**	78
Net gain on sale of property, plant and equipment	**–**	(1)
Equity-settled share-based payment expenses	**2,123**	4,654
Operating profit/(loss) before changes in working capital	**39,063**	(359)
Decrease in inventories	**30**	–
Increase in trade receivables	**(60,845)**	(4,250)
Decrease in prepayments, deposits and other receivables	**1,862**	837
Decrease in amount due to an associate	**–**	(1,500)
Increase in trade payables	**3,996**	–
Increase/(decrease) in accruals and other payables	**4,437**	(641)
Cash used in operations	**(11,457)**	(5,913)
Income tax paid – PRC	**(1,009)**	(4)
Net cash used in operating activities	**(12,466)**	(5,917)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 RMB'000	2008 RMB'000
Investing activities			
Payment for the purchase of property, plant and equipment		**(621)**	(202)
Proceeds from sale of property, plant and equipment		**10**	1
Deposits paid for acquisition of property, plant and equipment		**–**	(6,102)
Payment for acquisition of subsidiaries, net of cash acquired	37	**(51,952)**	(25,871)
Interest received		**697**	1,890
Proceeds from disposal of associates		**955**	1,500
Net cash used in investing activities		**(50,911)**	(28,784)
Financing activities			
Proceeds from placing of new shares		**–**	4,947
Premium arising from placing of new shares		**–**	108,834
Share issuing expenses		**–**	(4,562)
Net proceeds from rights issue of shares		**18,725**	–
Payments for repurchase of shares		**(5,099)**	–
Capital element of finance lease rentals paid		**(5)**	–
Interest element of finance lease rentals paid		**(2)**	(1)
Net cash generated from financing activities		**13,619**	109,218
Net (decrease)/increase in cash and cash equivalents		**(49,758)**	74,517
Cash and cash equivalents at 1 January		**116,356**	50,248
Effect of foreign exchange rates changes		**(1,471)**	(8,409)
Cash and cash equivalents at 31 December	24	**65,127**	116,356

The notes on pages 34 to 107 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

1. CORPORATE INFORMATION

The principal activity of China Electric Power Technology Holdings Limited (formerly known as "A & K Educational Software Holdings Limited") (the "Company") is investment holding. The principal activities of the Company's subsidiaries are set out in note 17 to the financial statements.

The Company is incorporated and domiciled in Cayman Islands as an exempted company with limited liability. The address of its registered office is Cricket Square, Hutchins Drive. P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business in Hong Kong is Room 2601-02, ING Tower, 308 Des Voeux Road Central, Hong Kong.

The Company's shares were listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited since 6 August 2004.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain amendments and interpretations which are or have become effective. It has also issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2009 comprise the Company and its subsidiaries and the Group's interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors 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 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 in 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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 41.

c) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (see note 2(j)), unless the investment is classified as held for sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets, unless it is classified as held for sale. The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associates for the year, including any impairment loss on goodwill relating to the investments in associates recognised for the year (see note 2(e) and (j)).

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal and constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In the Company's balance sheet, investments in associates are stated at cost less impairment losses (see note 2(j)), unless it is classified as held for sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 2(j)). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the interest in the associate.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate is recognised immediately in profit or loss.

On disposal of a cash generating unit or an associate during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

f) Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses (see note 2(j)).

Major costs incurred in restoring property, plant and equipment to their normal working condition are charged to the income statement. Improvements are capitalised and depreciated over their expected useful lives.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Property, plant and equipment (Continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method, over their estimated useful lives as follows:

Computer equipment	4-5 years
Leasehold improvements	Over the remaining term of the lease
Furniture and equipment	4-5 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

g) Intangible assets (other than goodwill)

Intangible assets with finite useful lives acquired by the Group are stated in the balance sheet at cost less accumulated amortisation and impairment losses (see note 2(j)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Customer contracts	½ to 2 years
Forensic centre contractual rights	5 years
Customer base	6 years
Technology know-how	10 years

Both the period and method of amortisation are reviewed annually.

The net carrying amount of each intangible asset will be recognised as cost in the profit or loss on completion of the relevant contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Special purpose entity

To comply with the laws and regulations of the People's Republic of China (the "PRC") that prohibit or restrict foreign ownership of companies that provide value-added telecommunications services, which include wireless internet services and internet content services, the Group conducts its internet content service through 江西行知教育在線有限公司 ("江西行知教育在線"), an entity legally owned by certain citizens of the PRC (the "Registered Shareholders").

Pursuant to certain contractual arrangements, 江西行知教育在線 is responsible for operating the Group's website and have been granted the right to use the domain names. In addition, the Group has the exclusive right to provide technical and consulting services in exchange for service fee which equal to substantially all of the net income of 江西行知教育在線. The Registered Shareholders are required under their contractual arrangements with the Group to transfer their interest in 江西行知教育在線 to the Group or to a person as the Group designates upon the Group's request, provided that such transfer does not violate the PRC laws or regulations. On 25 April 2005, the Group provided a loan of RMB1,000,000 to the Registered Shareholders to finance their investment in 江西行知教育在線. One of the Registered Shareholders who has been provided with a loan of RMB900,000 for the investment in 江西行知教育在線 is a key management personnel of the Company's subsidiary. Jiangxi A & K Educational Software Co. Limited ("Jiangxi A & K"). The direct equity interest in 江西行知教育在線 has been pledged as collateral for the loan and when permitted under the PRC laws, the loan is to be repaid by way of a transfer of the direct equity interest in this entity to the Group.

In March 2004, HKICPA issued an Interpretation HK(SIC)-Int12 (March 2004), "Consolidation – Special Purpose Entities". HK(SIC)-Int12 (March 2004) is intended to apply the consolidation policies to special purpose entities. The Group has evaluated its relationship with 江西行知教育在線 and has concluded that this entity is a special purpose entity and Jiangxi A & K is the primary beneficiary of the equity interest in 江西行知教育在線.

This special purpose entity is consolidated into the consolidated financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

i) Classification of assets leased to the Group

Assets held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

– land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset or, if lower, the present value of the minimum lease payments of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Company or Group will obtain ownership of the asset, the life of the asset, as set out in note 2(f). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(j). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Leased assets (Continued)

iii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are written off as an expense of the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property.

j) Impairment of assets

i) Impairment of investments in equity securities and other receivables

Investments in equity securities (other than investments in subsidiaries and associates: see note 2(j)(ii)) and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale equity securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Impairment of assets (Continued)

i) *Impairment of investments in equity securities and other receivables (Continued)*

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For unlisted equity securities carried at cost, impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

– For trade receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Impairment of assets (Continued)

i) *Impairment of investments in equity securities and other receivables (Continued)*

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

– For available-for-sale equity securities, which are stated at fair value when a decline in the fair value has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in equity.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Impairment of assets (Continued)

ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment (other than properties carried at revalued amounts);
– intangible assets;
– investments in subsidiaries and associates (except for those classified as being held for sale); and
– goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the higher of its fair value less costs to sell and value in use. In assessing its value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Impairment of assets (Continued)

ii) Impairment of other assets (Continued)

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited, the Group is required to prepare quarterly and interim financial reports in compliance with HKAS 34, Interim financial reporting in respect of each quarter of a financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see note 2(j)).

Impairment losses recognised in an interim period in respect of goodwill and available-for-sale equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in, first-out method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

l) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 2(j)).

m) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(q)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

o) Employee benefits

i) Short-term employee benefits and contributions to defined contribution plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year under review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Income tax (Continued)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Financial guarantees issued, provisions and contingent liabilities

i) *Financial guarantees issued*

Financial guarantees are contracts that require the issuer (i.e., the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(q)(iii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee, that is, the amount initially recognised less accumulated amortisation.

ii) *Contingent liabilities acquired in business combinations*

Contingent liabilities acquired as part of a business combination are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 2(q)(iii). Contingent liabilities acquired in a business combination that cannot be reliably fair valued are disclosed in accordance with note 2(q)(iii).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Financial guarantees issued, provisions and contingent liabilities (Continued)

iii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

r) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

i) Sales and distribution of education software and internet learning card

Revenue is recognised when goods are delivered which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deductions of any trade discounts and returns.

ii) Sales of application software

Revenue from the sale of application software is recognised when the installation work is completed and the customer has accepted the significant risks and rewards of ownership of the goods and services. Revenue excludes value added tax or other sales taxes and is after deductions of any trade discounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Revenue recognition (Continued)

iii) Sales of computer hardware

Revenue is recognised when goods are delivered which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts and returns.

iv) Interest income

Interest income is accrued on a time-apportioned basis by reference to the principal outstanding and at the rate applicable.

v) Value added tax refunds

Value added tax refunds are recognised when the acknowledgement of refunds from the Tax Bureau has been received.

s) Translation of foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Renminbi, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss shall be recognised directly in equity. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss shall be recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) Translation of foreign currencies (Continued)

Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;

ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate prevailing at the dates of the transactions); and

iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as part of the assets and liabilities of the foreign entity and translated at the closing rate.

t) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

u) Related parties

For the purpose of these financial statements, parties are considered to be related to the Group if:

i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

ii) the Group and the party are subject to common control;

iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals, or

vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

v) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purpose of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include trade receivables and property, plant and equipment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

w) Research and development costs

Research and development costs are expensed as incurred, except where the product or process is clearly defined and the costs attributable to the product or process can be separately identified and measured reliably; is technically feasible; the Group intends to produce and market, or use, the product or process; the existence of a market for the product or process or, if it is to be used internally rather than sold, its usefulness to the Group can be demonstrated; and adequate resources exist, or their availability can be demonstrated, to complete the project and market or use the product or process.

Such development costs are recognised as an asset to the extent of the amount that, taken together with further development costs, related production costs, and selling and administrative costs directly incurred in marketing the product, is probable of being recovered from related future economic benefits. The excess amount is written off as incurred.

The development costs, recognised as an asset, are amortised on a straight-line basis over a period of 3-5 years to reflect the pattern in which the related economic benefits are recognised.

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

In the current year, the Group has where applicable applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

The application of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior adjustment is required.

The Group has not early applied any of the following new and revised standards, amendments or interpretations which have been issued but are not yet effective for annual periods beginning on 1 April 2008.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

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

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible hedged items[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[4]
HKFRS 2 (Amendments)	Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives [8]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[5]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[6]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[4]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[7]

[1] Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

[2] Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate.

[3] Effective for annual periods beginning on or after 1 January 2009

[4] Effective for annual periods beginning on or after 1 July 2009

[5] Effective for annual periods beginning on or after 1 July 2008

[6] Effective for annual periods beginning on or after 1 October 2008

[7] Effective for transfers of assets from customers received on or after 1 July 2009

[8] Effective for annual periods ending on or after 30 June 2009

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

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

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

The Company's directors anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. TURNOVER

The Group is principally engaged in the development and provision of application software, research, development and provision of integrated information technology services for power grid companies in the PRC, development and distribution of education software, provision of internet services and provision of related information technology services.

Turnover represents the value of software sold and services provided to customers. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2009	2008
	RMB'000	RMB'000
Information technology services in the electricity power industry	**71,979**	–
Judicial authentication service and sales of application software	**5,564**	8,019
Sales of self-developed internet learning card	**285**	1,098
Total turnover	**77,828**	9,117

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

5. OTHER REVENUE AND OTHER NET (LOSS)/INCOME

	2009 RMB'000	2008 RMB'000
Other revenue		
Interest income on bank deposits	**697**	1,890
Total interest income on financial assets not at fair value through profit or loss	**697**	1,890
Value added tax refunds *(note)*	**3,098**	90
Financial guarantee contract issued	**–**	693
Others	**1**	154
	3,796	2,827
Other net (loss)/income		
Gain on disposal of property, plant and equipment	**–**	1
Net exchange (loss)/gain	**(399)**	47
	(399)	48

Note:

According to the announcement issued by the State Council of the PRC on 24 June 2000 in respect of the Several Policies on Encouraging Development of the Software Industry and the Integration Circuit Industry (關於軟件產業和集成電路產業發展若干政策通知), the value added tax paid by an enterprise which has obtained the "Software Enterprise Recognition Certificate" (軟件企業認定證書) in respect of the selling of its self developed educational software will enjoy a reduction of value added tax of up to 3% and it is also entitled to a tax refund for the excess of the value added tax paid from 24 June 2000 to 31 December 2010. Some subsidiaries in PRC have obtained such certificate and is entitled to value added tax refunds on the value added tax paid in excess of 3%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

6. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging the following:

	2009	2008
	RMB'000	RMB'000
a) Finance costs:		
Finance charge on obligations under a finance lease	**2**	1
Total interest expense on financial liabilities not at fair value through profit or loss	**2**	1
b) Staff costs:		
Contributions to defined contribution retirement plans	**258**	113
Equity settled share-based payment expenses	**2,123**	4,654
Salaries, wages and other benefits	**8,210**	2,073
	10,591	6,840
c) Other items:		
Amortisation of intangible assets	**2,716**	1,060
Impairment loss of:		
– trade receivables	**–**	2,924
– other receivables	**1,436**	223
– intangible assets	**10,386**	–
– goodwill	**6,945**	–
Depreciation for property, plant and equipment	**163**	175
Auditors' remuneration	**400**	257
Operating lease charges: minimum lease payments	**2,640**	417
Cost of inventories sold and services rendered	**24,859**	8,523
Research and development cost	**1,134**	560

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

7. SHARE OF PROFIT/(LOSS) OF ASSOCIATES

	2009	2008
	RMB'000	RMB'000
Share of profit/(loss) of associates before taxation	**4**	(78)
Share of associates' taxation	**–**	–
	4	(78)

8. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

a) Income tax in the consolidated income statement represents:

	2009	2008
	RMB'000	RMB'000
Current tax		
PRC Enterprise Income Tax	**7,446**	987
Over provision in respect of prior years		
PRC Enterprise Income Tax	**(987)**	–
Deferred tax		
Current year	**(418)**	(23)
	6,041	964

No provision for profits tax in the Cayman Islands, British Virgin Islands ("BVI") and Hong Kong has been made as the Group has no income assessable for profits tax for the year in those jurisdictions (2008: Nil).

北京普華雅龍科技有限公司"雅龍", the subsidiary from which the major portion of the Group's turnover is derived, was subject to PRC enterprise income tax ("EIT").雅龍, as an advanced technology enterprise (高新技術企業), was entitled to enjoy a reduced tax rate of 15% for three years from 2008.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

8. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (Continued)

a) Income tax in the consolidated income statement represents: (Continued)

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations changed the tax rate from 33% to 25% for the subsidiaries in PRC from 1 January 2008. In 2008, the deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled (adjust as appropriate).

Reconciliation between tax expense and accounting profit at the applicable tax rates:

	2009	2008
	RMB'000	RMB'000
Profit/(loss) before taxation	**12,789**	(11,468)
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**4,117**	(2,867)
Tax effect of non-deductible expenses	**10,153**	4,993
Tax effect of non-taxable income	**(1,859)**	(1,139)
Tax effect of profits entitled to tax exemption in the PRC	**(4,964)**	–
Tax effect of utilisation of unused tax losses/ deductible temporary differences not recognised in prior years	**(419)**	(23)
Over-provision in prior years	**(987)**	–
Actual tax expense	**6,041**	964

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

8. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (Continued)

b) Income tax in the consolidated balance sheet represents:

	2009	2008
	RMB'000	RMB'000
At 1 April	1,775	792
Provision for the year	7,446	987
Over-provision in respect of prior years	(987)	–
Acquisition of subsidiaries	1,155	–
Tax paid	(1,009)	(4)
	8,380	1,775
Income tax recoverable recognised in the balance sheet	(987)	–
Income tax payable recognised in the balance sheet	9,367	1,775
	8,380	1,775

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

9. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Year ended 31 March 2009					
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement scheme contributions RMB'000	Sub-total RMB'000	Share-based payments RMB'000	2008 Total RMB'000
Executive directors						
Peng Ge Xiong *(Chairman)*	–	103	3	106	69	175
Wang dong Bin	106	924	12	1,042	16	1,058
Li Wing Sang	106	–	–	106	16	122
Lau Kam Ying	106	–	–	106	16	122
Independent non-executive directors						
Yeung Kenneth King Wah	106	–	–	106	16	122
Geo Feng	106	–	–	106	16	122
Jiang Ming He *(note vi)*	15	19	–	34	–	34
Wu Kehe *(note i)*	65	–	–	65	16	81
	610	1,046	15	1,671	165	1,836

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

9. DIRECTORS' EMOLUMENTS (Continued)

	Year ended 31 March 2008					
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement scheme contributions RMB'000	Sub-total RMB'000	Share-based payments RMB'000	2008 Total RMB'000
Executive directors						
Peng Ge Xiong *(Chairman)*	–	52	3	55	554	609
Peng Gang *(note ii)*	–	–	–	–	–	–
Wang Dong Bin *(note iii)*	38	320	5	363	55	418
Li Wing Sang *(note iv)*	77	–	–	77	–	77
Lau Kam Ying *(note iv)*	77	–	–	77	55	132
Independent non-executive directors						
Yeung Kenneth King Wah *(note iv)*	77	–	–	77	55	132
Geo Feng *(note iii)*	38	–	–	38	55	93
Jiang Ming He	36	–	–	36	55	91
Laio Chi Yuen *(note v)*	32	–	–	32	–	32
Cheng Yun Ming Mattew *(note ii)*	19	–	–	19	–	19
	394	372	8	774	829	1,603

Notes:

i) Appointed on 20 August 2008.

ii) Resigned on 1 August 2007.

iii) Appointed on 28 November 2007.

iv) Appointed on 1 August 2007.

v) Resigned on 31 August 2007.

vi) Resigned on 23 September 2008.

As at 31 March 2009, the directors held share options under the Company's share option scheme. The details of the share options are disclosed under the paragraph "Share option scheme" in the report of the directors and note 32.

No directors waived any emoluments during the year and no incentive payment or compensation for loss of office was paid or payable to any directors for the year ended 31 March 2009 (2008: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2008: four) was a director of the Company whose emoluments are included in the disclosures in note 9 above. The emoluments of the remaining four (2008: one) individuals were as follows:

	2009 RMB'000	2008 RMB'000
Salaries and other benefits	2,098	434
Contributions to retirement benefits schemes	48	11
Share-based payment expense	953	185
	3,099	630

During the years ended 31 December 2008 and 2009, no emolument was paid by the Group to the five highest paid individuals (including directors and other employees) as inducement to join or upon joining the Group or as compensation for loss of office and no bonus was paid or payable by the Group to the five highest paid individuals based on the performance of the Group.

The number of the five highest paid individuals whose emoluments fall within the following bands were as follows:

	2009	2008
HK$Nil to HK$1,000,000	4	5
HK$1,000,001 to HK$2,000,000	1	–

11. PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit/(loss) attributable to equity shareholders of the Company includes a loss of approximately RMB10,847,000 (2008: loss of RMB7,026,000) which has been dealt with in the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

12. DIVIDENDS

The directors do not propose to declare any dividend in respect of the year ended 31 March 2009 (2008: Nil).

13. EARNINGS/(LOSS) PER SHARE

a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to ordinary equity shareholders of the Company of RMB6,748,000 (2008: loss of RMB12,432,000) and the weighted average number of 360,699,404 ordinary shares (2008: 282,032,787 ordinary shares) in issue during the year calculated as follows:

Weighted average number of ordinary shares

	2009 **RMB'000**	2008 RMB'000
Issued ordinary shares at 1 April	**306,000,000**	255,000,000
Effect of placing of new shares	**–**	27,032,787
Effect of repurchase and cancellation of shares	**(2,992,726)**	–
Effect of shares issued for acquisition of subsidiaries	**46,575,342**	–
Effect of one rights share issued for every two existing shares	**11,116,788**	–
Weighted average number of ordinary shares at 31 March	**360,699,404**	282,032,787

b) Diluted earnings/(loss) per share

As the impact of the exercise of share option was anti-dilutive as at 31 March 2009 and 2008, the diluted earnings/(loss) per share equal to the basic earnings/(loss) per share.

14. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

14. SEGMENT INFORMATION (Continued)

Business Segments

The Group comprises the following main business segments:

– Information technology services in the electricity power industry
– Judicial authentication service and application software
– Self-developed education software and internet learning card

	Information technology services in the electricity power industry		Judicial authentication service and application software		Self-developed education software and internet learning card		Consolidated	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000	**2009 RMB'000**	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
Revenue from external sales	**71,979**	–	**5,564**	8,019	**285**	1,098	**77,828**	9,117
Result								
Segment result	**52,640**	–	**(17,088)**	(949)	**(4,229)**	(2,839)	**31,323**	(3,788)
Unallocated corporate income and expenses							**(22,331)**	(9,581)
Operating loss							**8,992**	(13,369)
Interest expenses							**(2)**	(1)
Interest income							**697**	1,890
Value added tax refunds on sale of self-developed education software							**3,098**	90
Share of profits less losses of associates							**4**	(78)
Taxation							**(6,041)**	(964)
Profit/(loss) for the year							**6,748**	(12,432)
Other information								
Capital expenditure								
– acquisition of subsidiaries	**(53,050)**	–	**–**	(18,899)	**–**	–	**(53,050)**	(18,899)
– Others	**(153)**	–	**(363)**	(19)	**(105)**	(210)	**(621)**	(229)
Depreciation	**(68)**	–	**(12)**	–	**(83)**	(175)	**(163)**	(175)
Amortisation of intangible assets	**(2,716)**	–	**–**	(1,060)	**–**	–	**(2,716)**	(1,060)
Impairment of								
– trade receivable	**–**	–	**–**	–	**–**	(2,924)	**–**	(2,924)
– other receivable	**–**	–	**–**	–	**(1,436)**	(223)	**(1,436)**	(223)
– intangible assets	**–**	–	**(10,386)**	–	**–**	–	**(10,386)**	–
– goodwill	**–**	–	**(6,945)**	–	**–**	–	**(6,945)**	–
Significant non-cash expenses (other than depreciation and amortisation)	**–**	–	**–**	(27)	**–**	–	**–**	(27)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

14. SEGMENT INFORMATION (Continued)

Business Segments (Continued)

	Information technology services in the electricity power industry		Judicial authentication service and application software		Self-developed education software and internet learning card		Consolidated	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000	**2009 RMB'000**	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
Assets								
Segment assets	**192,441**	–	**5,900**	5,032	**41,680**	127,409	**240,021**	132,441
Investments in associates	**–**	–	**–**	–	**–**	732	**–**	732
Unallocated corporate assets							**35,875**	20,874
Consolidated total assets							**275,896**	154,047
Liabilities								
Segment liabilities	**29,400**	–	**3,437**	988	**5,952**	5,770	**38,789**	6,758
Unallocated corporate liabilities							**13,171**	393
							51,960	7,151

Geographical segments

The Group participates in two principal economic environments, Hong Kong and PRC.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	Hong Kong		PRC	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
Revenue from external customers	**–**	–	**77,828**	9,117
Carrying amount of segment assets	**24,959**	102,949	**250,937**	51,098
Additions to property, plant, equipment and intangible assets	**62**	188	**53,609**	18,940

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FOR THE YEAR ENDED 31 MARCH 2009

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvements RMB'000	Computer equipment RMB'000	Furniture and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost					
At 1 April 2007	308	3,871	191	607	4,977
Exchange adjustments	–	(1)	(1)	1	(1)
Additions	62	55	112	–	229
Disposals	–	(7)	(25)	–	(32)
At 31 March 2008	370	3,918	277	608	5,173
At 1 April 2008	370	3,918	277	608	5,173
Exchange adjustments	(2)	–	(1)	–	(3)
Additions	–	139	50	432	621
Additions – through acquisition of subsidiaries	–	321	47	225	593
Disposals	–	(18)	(4)	–	(22)
At 31 March 2009	368	4,360	369	1,265	6,362
Accumulated depreciation					
At 1 April 2007	308	3,533	155	599	4,595
Exchange adjustments	–	(1)	(1)	1	(1)
Charge for the year	8	144	15	8	175
Written back on disposals	–	(6)	(25)	–	(31)
At 31 March 2008	316	3,670	144	608	4,738
At 1 April 2008	316	3,670	144	608	4,738
Exchange adjustments	–	–	(1)	–	(1)
Charge for the year	34	70	37	22	163
Written back on disposal	–	(8)	(4)	–	(12)
At 31 March 2009	350	3,732	176	630	4,888
Carrying amount					
At 31 March 2009	18	628	193	635	1,474
At 31 March 2008	54	248	133	–	435

The net book value of property, plant and equipment of the Group held under a finance lease at 31 March 2009 amounted to RMB20,000 (2008: RMB25,000) (note 29).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Company

	Leasehold improvements RMB'000	Furniture and equipment RMB'000	Total RMB'000
Cost			
At 1 April 2007	–	–	–
Additions	62	110	172
At 31 March 2008	62	110	172
At 1 April 2008	62	110	172
Exchange adjustments	(2)	(2)	(4)
Additions	–	43	43
At 31 March 2009	60	151	211
Accumulated depreciation			
At 1 April 2007	–	–	–
Charge for the year	8	9	17
At 31 March 2008	8	9	17
At 1 April 2008	8	9	17
Charge for the year	35	27	62
At 31 March 2009	43	36	79
Carrying amount			
At 31 March 2009	17	115	132
At 31 March 2008	54	101	155

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

16. INTANGIBLE ASSETS

The Group

	Customer contracts RMB'000	Forensic centre contractual rights RMB'000	Customer base RMB'000	Technology know-how RMB'000	Total RMB'000
Cost					
At 1 April 2007	–	–	–	–	–
Additions through acquisition of subsidiaries *(note 37)*	8,337	10,562	–	–	18,899
Transfer to cost of sales	(3,910)	–	–	–	(3,910)
At 31 March 2008 and 1 April 2008	4,427	10,562	–	–	14,989
Additions through acquisition of subsidiaries *(note 37)*	–	–	29,960	22,497	52,457
Transfer to cost of sales	(3,543)	–	–	–	(3,543)
At 31 March 2009	884	10,562	29,960	22,497	63,903
Accumulated amortisation and impairment					
At 1 April 2007	–	–	–	–	–
Charge for the year	884	176	–	–	1,060
At 31 March 2008 and 1 April 2008	884	176	–	–	1,060
Charge for the year	–	–	1,872	844	2,716
Impairment	–	10,386	–	–	10,386
At 31 March 2009	884	10,562	1,872	844	14,162
Net carrying value					
At 31 March 2009	–	–	28,088	21,653	49,741
At 31 March 2008	3,543	10,386	–	–	13,929
Analysed for reporting purposes as					
At 31 March 2009					
Current assets	–	–	4,993	2,250	7,243
Non-current assets	–	–	23,095	19,403	42,498
	–	–	28,088	21,653	49,741
At 31 March 2008					
Current assets	3,543	2,112	–	–	5,655
Non-current assets	–	8,274	–	–	8,274
	3,543	10,386	–	–	13,929

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

16. INTANGIBLE ASSETS (Continued)

All intangible assets have finite useful lives (For details, refer to Note 2(g)).

The amortisation charge for the year is included in administrative expenses in the consolidated income statement. The net carrying amount of each intangible asset will be recognised as cost in the profit and loss on completion of the relevant contract.

The directors of the Company had reviewed the carrying values of the Group's intangible assets as at 31 March 2009. The revenue from the business of authentication service dropped to the minimal due to the application of the new practice in the PRC. The directors of the Company considered that it was unlikely that the forensic centre contractual rights will have any substantial future value in use. The forensic centre contractual rights is not transferable and the fair value less cost to sell is nil. Therefore the carrying amount of forensic centre contractual rights of approximately RMB10,386,000 were fully impaired during the year ended 31 March 2009.

17. INTERESTS IN SUBSIDIARIES

	2009	2008
	RMB'000	RMB'000
Unlisted shares, at cost	**1**	1

The following shows the details of the subsidiaries (including a special purpose entity) as at 31 March 2009:

Name	Place of establishment/ incorporation and operation	Principal activities	Particulars of issued and paid up capital	Proportion of ownership interest		
				Group effective interest	Held by the company	Held by the subsidiary
A & K Software (BVI) Limited ("A & K Software BVI")	British Virgin Islands ("BVI")	Investment holding	HK$125	100%	100%	–
Smart Elegant Investment Limited ("Smart Elegant")	Hong Kong	Investment holding	HK$2	100%	–	100%
Jiangxi A & K *(Note i)*	PRC	Development and distribution of educational software	RMB27,720,000	100%	–	100%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

17. INTERESTS IN SUBSIDIARIES (Continued)

Name	Place of establishment/ incorporation and operation	Principal activities	Particulars of issued and paid up capital	Proportion of ownership interest		
				Group effective interest	Held by the company	Held by the subsidiary
江西行知教育在線* *(Note ii)*	PRC	Provision of internet services in PRC	RMB1,000,000	100%	–	100%
Dragon Era Investments Limited	BVI	Investment holding	US$1	100%	100%	–
Famous Rise International Limited	BVI	Investment holding	US$1	100%	100%	–
eJet Group Limited	Hong Kong	Investment holding	HK$1	100%	–	100%
北京捷通易信科技發展有限公司 *(Note iii)*	PRC	Development and distribution of computer hardware and software products provision of internet system integration and computer consultancy services	US$150,000	100%	–	100%
China Electric Power Technology Limited	Hong Kong	Investment holding	HK$10,000	100%	–	100%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

17. INTERESTS IN SUBSIDIARIES (Continued)

Name	Place of establishment/ incorporation and operation	Principal activities	Particulars of issued and paid up capital	Proportion of ownership interest		
				Group effective interest	Held by the company	Held by the subsidiary
China Power Information Company Limited	Hong Kong	Dormant	HK$10,000	100%	–	100%
Intelligent Investment Development Limited	Hong Kong	Investment holding	HK$10,001	100%	–	100%
China Sino Holdings Limited	Hong Kong	Investment holding	HK$2	100%	–	100%
北京普華雅龍科技有限公司 *(Note iv)*	PRC	Research, development and provision of integrated information technology services for power grid companies in PRC	RMB3,000,000	100%	–	100%
Topsheen Limited	BVI	Investment holding	US$1	100%	100%	–

* Special purpose entity

Notes:

i) Jiangxi A & K is a wholly-foreign-owned enterprise established in the PRC to be operated for 20 years up to 28 May 2017.

ii) 江西行知教育在線 is a limited liability company established in the PRC to operate for 20 years up to March 2025 (see also note 2(h)).

iii) 北京捷通易信科技發展有限公司 is a wholly-foreign-owned enterprise established in the PRC to operate for 30 years up to 28 November 2037.

iv) 北京普華雅龍科技有限公司 is a wholly-foreign-owned enterprise established in the PRC to operate for 30 years up to 22 July 2038.

18. GOODWILL

	The Group	
	2009	2008
	RMB'000	RMB'000
Cost		
At 1 April	**6,945**	–
Additions through acquisitions of subsidiaries	**65,583**	6,945
At 31 March	**72,528**	6,945
Accumulated impairment losses		
At 1 April	**–**	–
Impairment loss	**6,945**	–
At 31 March	**6,945**	–
Carrying amount		
At 31 March	**65,583**	6,945

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating unit ("CGU") identified according to business segment as follows:

	The Group					
	2009			2008		
	Cost	**Accumulated impairment losses**	**Carrying amount**	Cost	Accumulated impairment losses	Carrying amount
	RMB'000	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000
Sales of application software *(Note i)*	**6,945**	**6,945**	**–**	6,945	–	6,945
Information technology services in the electricity power industry *(Note ii)*	**65,583**	**–**	**65,583**	–	–	–
At 31 March	**72,528**	**6,945**	**65,583**	6,945	–	6,945

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

18. GOODWILL (Continued)

Notes:

(i) The recoverable amount of the CGU for sales of application software is determined based on fair value less costs to sell, which is estimated with reference to the fair value of the assets net of liabilities. Fair value of plant and equipment is determined based on the cost of reproducing or replacing the plant and equipment, less depreciation from physical deterioration and functional and economic obsolescence. The management considered that the fair values of other assets and liabilities in the CGU are not materially different from their carrying amounts because of the immediate or short-term maturity of these assets and liabilities.

Based on the impairment tests performed, the recoverable amount of the CGU of sales of application software was lower than its carrying amount due to the adverse market condition, the amount of goodwill of approximately RMB6,945,000 were fully impaired during the year ended 31 March 2009.

(ii) The recoverable amount of the CGU for information technology services in the electricity power industry is determined based on value-in-use calculation. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Key assumptions used for value-in-use calculations:

	The Group	
	2009	2008
	%	%
Gross margin	**61.0**	–
Growth rate	**3.0**	–
Discount rate	**24.5**	–

Management determined the budgeted gross margin based on past performance and its expectation for market development. The set of cash flow beyond the 5 year period is extrapolated using 3% growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. The discount rate used is pre-tax and reflect specific risks relating to the relevant segments.

Based on the impairment tests performed, no impairment loss is considered necessary (2008: N/A).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

19. INTERESTS IN ASSOCIATES

	The Group	
	2009	2008
	RMB'000	RMB'000
Share of net assets	**732**	732
Disposal of associates	**(732)**	–
As at 31 March	**–**	732

Notes:

(i) On 11 November 2008, the Group disposed of its 7.5% effective interest in an associate, "江西大江高科有限責任公司", with an investment cost of RMB75,000 for a total consideration of RMB75,000 to an independent third party.

(ii) On 7 April 2008, the Group disposed of its 22.7% effective interest in an associate, 江西聯微軟件技術有限公司 "江西聯微" with an investment cost of RMB880,000 for a total consideration of RMB880,000 (note 23). By a shareholder's resolution passed on 27 March 2009, the registered capital of 江西聯微 was increased from RMB3,880,000 to RMB10,000,000. After the partial disposal of its interest by the Group and the increment of the registered capital of 江西聯微, the Group's effective interest in 江西聯微 changed from 25.8% to 1.2%.

In the opinion of the directors, the Group could not exercise significant influence over 江西聯微 since the change in the effective interest held by the Group and it did not have any board representation in 江西聯微. Accordingly, the investment in 江西聯微 is re-classified as an available-for-sale investment (note 20). The Group did not have any interest in any associate as at 31 March 2009.

Summary financial information on associates

	Assets	**Liabilities**	**Equity**	**Revenue**	**Profit/(loss)**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2009					
100%	**–**	**–**	**–**	**2,899**	**288**
Group's effective interest	**–**	**–**	**–**	**35**	**4**
2008					
100%	3,625	25	3,600	1,840	(327)
Group's effective interest	736	4	732	283	(78)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

20. AVAILABLE-FOR-SALE INVESTMENT

	The Group	
	2009	2008
	RMB'000	RMB'000
Unlisted equity securities:		
At cost	**120**	–

The unlisted equity securities represent the investment in 江西聯微, 江西聯微 is a company established in the PRC and engaged in software development and distribution and provision of software consultancy services. It is re-classified as an available-for-sale investment from investment in associates since the change in effective interest held by the Group from 25.8% to 1.2% (note 19).

The investment in 江西聯微 is stated at cost less any impairment loss because the directors are of the opinion that its fair value cannot be measured reliably. No impairment is recognised since there is no objective evidence that the investment in 江西聯微 is required to be impaired.

21. INVENTORIES

	The Group	
	2009	2008
	RMB'000	RMB'000
Computer accessories and low value consumables	**–**	–

The analysis of the amount of inventories recognised as an expenses is as follows:

	2009	2008
	RMB'000	RMB'000
Carrying amount of inventories sold	**30**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

22. TRADE RECEIVABLES

i) An aging analysis of trade receivables as at balance date is as follows:

	2009	2008
	RMB'000	RMB'000
Within 1 month	**55,249**	4,250
Over 1 month but within 3 months	**4,174**	–
Over 3 months but within 1 year	**17,133**	–
Over 1 year	**5,462**	10,530
Less: Impairment	**(525)**	(10,530)
	81,493	4,250

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly (see note 2(j)).

Movements in the allowance for doubtful debts

	2009	2008
	RMB'000	RMB'000
At 1 April	**10,530**	7,606
Impairment loss recognised *(note i)*	**–**	2,924
Uncollectible amounts written off	**(10,005)**	–
At 31 March	**525**	10,530

Notes:

(i) As at 31 March 2009, trade receivables of the Group amounting to RMB525,000 (2008: RMB10,530,000) were individually determined to be impaired and full provision had been made. These individually impaired receivables were due from companies with financial difficulties and only a portion of the receivables is expected to be recovered. Accordingly, the uncollectible amounts were eliminated from the receivables and the allowance account. Specific allowances for doubtful debts of RMB2,924,000 were recognised during 2008. The Group does not hold any collateral over these balances.

(ii) Trade receivables are due within 90 days from the date of billing. Further details on the Group's credit policy are set out in note 40(a).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

22. TRADE RECEIVABLES (Continued)

ii) Trade receivables that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	2009	2008
	RMB'000	RMB'000
Neither past due nor impaired	**67,966**	4,250
Less than 1 month past due	**2,210**	–
1 to 3 months past due	**451**	–
3 months to 1 year past due	**7,095**	–
Over 1 year past due	**3,771**	–
	81,493	4,250

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

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

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		**Company**	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Other receivables	**4,130**	4,242	**–**	–
Receivable from disposal of an associate *(note 19)*	**880**	–	**–**	–
Less: Impairment	**(2,009)**	(573)	**–**	–
Other receivables, net	**3,001**	3,669	**–**	–
Deposits	**670**	192	**184**	188
Prepayments	**1,734**	1,437	**1**	1
	5,405	5,298	**185**	189

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

i) The movement in the allowance for other receivables during the year is as follows:

	2009 RMB'000	2008 RMB'000
At 1 April	573	350
Impairment loss recognised	1,436	223
At 31 March	2,009	573

ii) Other receivables that are not impaired:

The ageing analysis of other debtors that are neither individually nor collectively considered to be impaired are as follows:

	2009 RMB'000	2008 RMB'000
Neither past due nor impaired	880	–
Less than 1 month past due	726	110
1 to 3 months past due	50	31
3 months to 1 year past due	892	720
Over 1 year past due	453	2,808
	3,001	3,669

Other receivables that were past due but not impaired related to a number of independent debtors that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The other receivables, deposits and prepayments that are not impaired are expected to be recovered or recognised as expenses within one year.

NOTES TO THE FINANCIAL STATEMENTS

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24. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Time deposits with bank	**–**	67,517	**–**	–
Cash at banks and on hand	**65,127**	48,839	**18,895**	–
Cash and cash equivalents in the consolidated balance sheet and the consolidated cashflow statement	**65,127**	116,356	**18,895**	–

Cash and cash equivalents include short-term bank deposits carrying interest at prevailing market rates. The directors consider the carrying value of the amounts at the balance sheet date approximates to the fair value.

25. TRADE PAYABLES

The aging analysis of trade payables is as follows:

	The Group	
	2009	2008
	RMB'000	RMB'000
Over 1 month but within 3 months	**4,380**	–
Over one year	**3,676**	–
	8,056	–

NOTES TO THE FINANCIAL STATEMENTS

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26. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Accruals	**872**	475	**748**	348
Accrued benefits	**410**	425	**–**	–
Advances received	**1,083**	11	**–**	–
Other tax payables	**4,120**	–	**–**	–
Amount due to former shareholders of subsidiaries *(note ii & note 37)*	**14,601**	–	**–**	–
Other payables	**5,587**	4,045	**–**	–
	26,673	4,956	**748**	348

Notes:

i) All of the other payables and accruals are expected to be settled or recognised as income within one year or are repayable on demand.

ii) The amount due to former shareholders of subsidiaries is interest-free, unsecured and repayable within one year.

27. AMOUNT DUE TO A SHAREHOLDER

	The Group	
	2009	2008
	RMB'000	RMB'000
Mr. Ye Jinxing	**–**	1

The amount due to a shareholder is unsecured, interest-free and has no fixed term of repayment.

28. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due were unsecured, interest-free and have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

29. OBLIGATIONS UNDER A FINANCE LEASE

Group and Company

	Total Minimum lease payments		Present value of minimum lease payments	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Amounts payable:				
Within one year	**7**	7	**5**	5
After 1 year but within 5 years	**19**	26	**16**	21
	26	33	**21**	26
Less: Finance charges	**(5)**	(7)		
Present value of finance lease payables	**21**	26		
Less: Portion classified as current liabilities	**(5)**	(5)		
Non-current portion	**16**	21		

The finance lease payables are secured by a computer equipment of the Group with a net book value of approximately RMB20,000 (2008: 25,000). The remaining lease payments are due within five years. The interest rate is fixed at 5.5% per annum. No arrangement have been entered into for contingent rental payment for both 2008 and 2009.

30. DEFERRED TAXATION

(a) The components of deferred tax liabilities recognised in the consolidated balance sheets are as follows:

	The Group	
	2009	2008
	RMB'000	RMB'000
Beginning balance of the year	**393**	416
Additions through acquisition of subsidiaries	**7,868**	–
Charged to profit or loss	**(418)**	(23)
Closing balance of the year	**7,843**	393

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

30. DEFERRED TAXATION (Continued)

(b) Withholding tax

Pursuant to the new PRC Corporate Income Tax Law which took effect from 1 January 2008, a 10% withholding tax was levied on dividends declared to foreign enterprise investors from the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign enterprise investors. On 22 February 2008, Caishui (2008) No. 1 was promulgated by the PRC tax authorities to specify that dividends declared and remitted out of the PRC from the retained earnings as at 31 December 2007 determined based on the relevant PRC tax laws and regulations are exempted from the withholding tax. Deferred tax liabilities of RMB2,564,000 have not been recognised, as the Company controls the dividend policy of the Group's PRC subsidiaries and it has been determined that it is probable that certain of the profits earned by these subsidiaries for the year from 1 January 2008 to 31 March 2009 will not be distributed in the foreseeable future.

31. SHARE CAPITAL

	2009		2008	
	Number of shares	**RMB**	Number of shares	RMB
Authorised:				
Ordinary shares of HK$0.1 each	**2,000,000,000**	**212,000,000**	2,000,000,000	212,000,000
Ordinary, issued and fully paid:				
At beginning of the year	**306,000,000**	**31,977,000**	255,000,000	27,030,000
Issue of new shares *(note i)*	**–**	**–**	51,000,000	4,947,000
Repurchase and cancellation of shares *(note ii)*	**(5,435,000)**	**(478,280)**	–	–
Shares issued for the acquisition of subsidiaries *(note 37)*	**125,000,000**	**11,000,000**	–	–
Issue of one rights share for every two existing shares *(note iii)*	**212,782,500**	**18,724,860**	–	
	638,347,500	**61,223,580**	306,000,000	31,977,000

Notes:

(i) On 4 September 2007, 51,000,000 shares of HK$0.1 each of the Company were issued through a conditional placing offer in Hong Kong with a placing agent for a cash consideration of HK$2.3 per share, totalling HK$117,300,000 (approximately RMB105,700,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

31. SHARE CAPITAL (Continued)

Notes: (Continued)

(ii) During the year ended 31 March 2009, the Company repurchased 5,435,000 issued ordinary shares listed on the Stock Exchange. These shares were cancelled immediately upon repurchase. The total amount paid to acquire these issued ordinary shares amounted to HK$5,794,000 (equivalent to RMB5,099,000) and was deducted from the shareholders' equity.

Date of repurchase	Number of shares repurchased	Highest price per share	Lowest price per share	Aggregate price paid HK$'000	Equivalent aggregate price paid RMB'000
8 September 2008	4,400,000	1.11	1.05	4,878	4,293
26 September 2008	235,000	0.85	0.85	200	176
30 September 2008	800,000	0.86	0.82	682	600
	5,435,000			5,760	5,069
			Total expenses on share repurchased	34	30
				5,794	5,099

(iii) The Company issued 212,782,500 shares at a subscription price of HK$0.1 each by way of a rights issue in the proportion of one rights share for every two existing shares held to the shareholders whose names appear on the Company's register at the close of business on 13 February 2009. The transaction was completed on 4 March 2009. The net proceeds of approximately HK$21.3 million (RMB18.7 million) was used as working capital of the Group.

32. SHARE OPTIONS

Equity-settled share option schemes

On 23 July 2004, the company adopted a share option scheme (the "Share Option Scheme") to enable the Company to grant options to eligible participants in order to reward or provide incentives to its employees or any person who has contributed or will contribute to the Group. The Share Option Scheme shall continue in force for the period commencing from 23 July 2004 and expiring at the close of business on the tenth anniversary thereof, after such period no further options will be granted but the provisions of the Share Option Scheme shall remain in full force and effect in respect of any options granted before its expiry or termination but not yet exercised.

Under the Share Option Scheme, the directors of the Company may offer to any employees or any person who has contributions to the Group including directors of the Company or any of its subsidiaries share options to subscribe for shares in the Company in accordance with the terms of the Share Option Scheme.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

32. SHARE OPTIONS (Continued)

Equity-settled share option schemes (Continued)

The maximum number of shares in respect of which share options may be granted under the Share Option Scheme shall not, when aggregated with any shares subject to any other schemes, exceed such number of shares as represents 10% of the issued shares as at the date of approval of the Share Option Scheme which shall be equivalent to 63,834,750 shares. The Company may seek approval from the shareholders in a general meeting to refresh the Share Option Scheme. However, the total number of shares which may be issued upon exercise of all share options to be granted under all of the schemes of the Company or its subsidiaries under the limit must not exceed 10% of the shares in issue as at the date of approval of the Share Option Scheme.

The exercise price is determined by the directors of the Company, and shall not be less than the highest of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of the Company's shares.

Under the Share Option Scheme, the Company granted options to subscribe for 4,500,000 shares (see note below) to its directors and 20,700,000 shares (see note below) to its employees on 26 March 2008 and 2,380,000 shares to its directors and 28,200,000 shares to its employees on 18 March 2009. Options granted must be taken up within 21 days of the date of grant, upon payment of HK$1 by each of the grantees. The options may be exercised at any time after the date of grant of the share options to the fifth anniversary of the date of grant.

Each option gives the holder the right to subscribe for one ordinary share in the Company.

a) The terms and conditions of the grants that existed during the year are as follows, whereby all options are settled by physical delivery of shares:

	Number of Shares issuable under options granted	Vesting conditions	Contractual life of options
Options granted to directors:			
– on 26 March 2008 *(note)*	5,510,400	immediately from date of grant	5 years
– on 18 March 2009	2,380,000	immediately from date of grant	5 years
Options granted to employees:			
– on 26 March 2008 *(note)*	27,158,400	immediately from date of grant	5 years
– on 18 March 2009	28,200,000	immediately from date of grant	5 years
	63,248,800		

Note: Upon the completion of the rights issue on 4 March 2009, the above share options granted were adjusted accordingly.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

32. SHARE OPTIONS (Continued)

Equity-settled share option schemes (Continued)

b) The number of shares issuable under options granted and the weighted average exercise price of each share are as follows:

	2009			2008		
	Weighted average exercise price		Number of shares issuable under options granted	Weighted average exercise price		Number of shares issuable under options granted
	HK$	(Equivalent to RMB)		HK$	(Equivalent) to RMB)	
Outstanding at the beginning of the year	1.68	1.51	33,062,400	–	–	–
Forfeited during the year	1.68	1.51	(393,600)	–	–	–
Granted during the year	0.149	0.131	30,580,000	1.68	1.51	33,062,400
Outstanding at the end of the year	0.94	0.83	63,248,800	1.68	1.51	33,062,400
Exercisable at the end of the year	0.94	0.83	63,248,800	1.68	1.51	33,062,400

Note:

The above number of shares issuable under options granted and the weighted average exercise price of each share before the rights issue were adjusted by the effect of the rights issue during the year.

The weighted average exercise price at the date of exercise for share options exercisable during the year was HK$1.68 or HK$0.149 (equivalent to RMB1.51 or RMB0.131) (2007: HK$1.68 (equivalent to RMB1.51) after adjusting for the effect of the rights issue and the weighted average remaining contractual lives of 4 years and 5 years (2007: 5 years), respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

32. SHARE OPTIONS (Continued)

Equity-settled share option schemes (Continued)

c) Fair value of share options and assumptions

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted based on the binomial pricing model. The contractual life of the option is used as an input into this model. Expectations of early exercise are incorporated into the binomial model.

	18 March 2009	26 March 2008
Fair value of share options and assumptions	**HK$0.0789 (equivalent to RMB0.0694)**	HK$0.192 (equivalent to RMB0.173)
Inputs into the binomial model:		
Share price at grant date	**HK$0.149**	HK$2.2
Exercise price	**HK$0.149**	HK$2.2
Expected volatility	**71.45%**	41.75%
Expected life	**5 years**	5 years
Risk-free interest rate	**1.698%**	1.954%
Expected dividend per share	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

33. RESERVES

The Group

	Share premium (Note i) RMB'000	Contributed surplus (Note ii) RMB'000	Capital reserve (Note iii) RMB'000	Share-based compensation reserve (Note iv) RMB'000	Statutory common reserve (Note v) RMB'000	Foreign currency translation reserve (Note vi) RMB'000	Retained profits/ (accumulated losses) RMB'000	Total RMB'000
At 31 March 2007 and 1 April 2007	13,483	933	115	–	4,862	(1,239)	8,680	26,834
Placing of new shares	108,834	–	–	–	–	–	–	108,834
Share issuing expenses	(4,562)	–	–	–	–	–	–	(4,562)
Equity settled share-based transaction	–	–	–	4,654	–	–	–	4,654
Currency translation differences	–	–	–	–	–	(8,409)	–	(8,409)
Loss for the year	–	–	–	–	–	–	(12,432)	(12,432)
At 31 March 2008	117,755	933	115	4,654	4,862	(9,648)	(3,752)	114,919
At 1 April 2008	117,755	933	115	4,654	4,862	(9,648)	(3,752)	114,919
Repurchase and cancellation of shares	(4,620)	–	–	–	–	–	–	(4,620)
Share issued for the acquisition of subsidiaries	45,152	–	–	–	–	–	–	45,152
Exchange difference on translation of financial statements of subsidiaries and associates	–	–	–	–	–	(1,609)	–	(1,609)
Equity-settled share-based transactions	–	–	–	2,123	–	–	–	2,123
Profit for the year	–	–	–	–	–	–	6,748	6,748
Transfer to retained profits upon forfeiture of share options	–	–	–	(55)	–	–	55	–
At 31 March 2009	158,287	933	115	6,722	4,862	(11,257)	3,051	162,713

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

33. RESERVES (Continued)

The Company

	Share premium (Note i) RMB'000	Contributed surplus (Note ii) RMB'000	Capital reserve (Note iii) RMB'000	Share-based compensation reserve (Note iv) RMB'000	Statutory common reserve (Note v) RMB'000	Foreign currency translation reserve (Note vi) RMB'000	Accumulated losses RMB'000	Total RMB'000
At 31 March 2007 and 1 April 2007	13,059	(19,080)	–	–	–	(981)	(7,560)	(14,562)
Placing of new shares	108,834	–	–	–	–	–	–	108,834
Share issuing expenses	(4,562)	–	–	–	–	–	–	(4,562)
Equity settled share-based transaction	–	–	–	4,654	–	–	–	4,654
Currency translation difference	–	–	–	–	–	(8,867)	–	(8,867)
Loss for the year	–	–	–	–	–	–	(7,026)	(7,026)
At 31 March 2008	117,331	(19,080)	–	4,654	–	(9,848)	(14,586)	78,471
At 1 April 2008	117,331	(19,080)	–	4,654	–	(9,848)	(14,586)	78,471
Repurchase and cancellation of shares	(4,620)	–	–	–	–	–	–	(4,620)
Share issued for the acquisition of subsidiaries	45,152	–	–	–	–	–	–	45,152
Exchange differences on transaction of financial statements	–	–	–	–	–	(1,906)	–	(1,906)
Equity-settled share based transactions	–	–	–	2,123	–	–	–	2,123
Loss for the year	–	–	–	–	–	–	(10,847)	(10,847)
Transfer to retained profits upon of forfeiture of share options	–	–	–	(55)	–	–	55	–
At 31 March 2009	157,863	(19,080)	–	6,722	–	(11,754)	(25,378)	108,373

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

33. RESERVES (Continued)

i) Share premium

Under the Companies Law of the Cayman Islands, the share premium is available for disbribution to shareholders subject to a solvency to as the company and the provisions of the Articles of Association of the Company.

ii) Contributed surplus

Contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the reorganisation over the nominal value of the Company's shares issued in exchange therefor.

iii) Capital reserve

Capital reserve arose as a result of the increase in registered capital of the Group's subsidiary, Jiangxi A & K, in May and October 1997, which represents the excess of the net assets of Jiangxi A & K over the nominal value of the share capital after the capital verification report was issued.

iv) Share-based compensation reserve

The share-based compensation reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Company and subsidiaries recognised in accordance with the accounting policy adopted for share-based payments set out in note 2(o)(ii) and note 32.

v) Statutory common reserve

In accordance with the PRC accounting regulations and the articles of the association of Jiangxi A & K, it is required to appropriate at least 10% of profit after tax after offsetting prior year's losses to the statutory common reserve fund. Thereafter, any further appropriation can be made at the directors' discretion.

The common reserve fund can be utilised to offset prior years' losses, or to increase the capital on the condition that the common reserves fund shall be maintained at a minimum of 50% of the registered capital after such increase.

vi) Foreign currency translation

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of subsidiaries operating outside Hong Kong. The reserve is dealt with in accordance with the accounting policy set out in note 2(s).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

34. RETIREMENT BENEFIT COSTS

The group has implemented a provident fund scheme for its staff in Hong Kong in compliance with the requirements of the Mandatory Provident Fund Schemes Ordinance (the "MPF Ordinance") effective from 1 December 2000. The Group contributed according to the minimum requirements of the MPF Ordinance (i.e., 5% of staff's relevant income with an upper monthly limit of HK$1,000) and the contributions are charged to the income statement.

As stipulated by the rules and regulations in the PRC, the Group contributed to a state-sponsored retirement plan for its employees in the PRC at a rate of 10% of the basic salaries of its employees, and has no further obligations for the actual pension payments or post-retirement benefits beyond the annual contributions. The relevant government agencies are responsible for the entire pension obligation payable to all retired employees.

35. COMMITMENTS

i) Operating lease commitments

The Group leases certain of its office premises under operating lease arrangements. Leases for office premises are negotiated for a lease term of 2 years. The terms of the lease require the lessee to pay security deposits.

At each balance sheet date, the Group had future aggregate minimum lease payments under non-cancellable operating leases which fall due as follows:

	2009 **RMB'000**	2008 RMB'000
Within one year	**1,663**	725
In the second to fifth year inclusive	**2,428**	350
	4,091	1,075

ii) Capital commitments

The Group's capital commitment in respect of property, plant and equipment outstanding at the year end, contracted but not provided for in the financial statements amounted to approximately HK$500,000 (2008: HK$500,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

36. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following significant transactions with related parties:

i) Related party transactions included in the balance sheet

	2009 RMB'000	2008 RMB'000
Amount due to former shareholders of subsidiaries	**14,601**	–

The amount is arisen from the acquisition of subsidiaries (note 37).

ii) Compensation of key management personnel of the Group

	2009 RMB'000	2008 RMB'000
Salaries, allowances and other benefits	**4,850**	5,934
Retirement scheme contributions	**63**	25
	4,913	5,959

Note: Further details of pension scheme contributions and directors' emoluments are included in note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

37. ACQUISITION OF SUBSIDIARIES

For the year ended 31 March 2009

On 17 November 2008, the Company's wholly-owned subsidiary, Topsheen Limited, acquired 100% equity interests (the "Acquisitions") in Intelligent Investment Development Limited ("Intelligent Investment") and China Sino Holdings Limited ("China Sino"). Intelligent Investment and China Sino are limited companies incorporated in Hong Kong on 10 January 2008 and 4 March 2008 respectively, Intelligent Investment and China Sino altogether held the entire equity interest in a subsidiary known as 北京普華雅龍科技有限公司 ("Along") (altogether the "Along Group"). The Along Group is engaged in the research, development and provision of integrated information technology services for power grid companies in the PRC.

The total acquisition cost of HK$133,750,000 (RMB117,810,000) was satisfied as to by (i) HK$60,000,000 (RMB52,850,000) in cash, (ii) HK$10,000,000 (RMB8,808,000) payable, and (iii) HK$63,750,000 (RMB56,152,000) by the allotment and issue of 125,000,000 shares of the Company with a par value of HK$0.1 each at an issue price of HK$0.51 each by the Company. The fair value of the shares issued for the acquisition of Along Group amounting to HK$63,750,000 (RMB56,152,000) was determined using the quoted bid price at the date of the acquisition.

The total consideration of HK$133,750,000 (RMB117,810,000) is subject to adjustments based on the audited profit after taxation of Along for the period from 1 October 2008 to 31 March 2009. If the audited profit of Along exceeds RMB27,750,000 but below RMB32,700,000, a convertible note subject to a maximum principal amount of HK$223,560,000 (RMB196,732,000) will be issued and if the audited profit of Along exceeds RMB32,720,000, another convertible note subject to a maximum principal amount of HK$63,940,000 (RMB56,267,000) will be issued. In the opinion of the directors, the value of the convertible notes cannot be measured reliably at 31 March 2009 and accordingly, no provision is made.

The initial accounting for the acquisition of Along Group had been determined provisionally by year-end date as the cost of the acquisition could only be determined provisionally. Therefore, the differences between the final and initial cost of acquisition would be adjusted upon finalisation according to the actual condition as specified above.

From the date of acquisition to 31 March 2009, the Along Group contributed approximately RMB71,979,000 and RMB47,597,000 respectively to the revenue and consolidated profit of the Group for the year ended 31 March 2009. Had the acquisition occurred on 1 April 2008, the revenue and consolidated profit of the Group for the year ended 31 March 2009 would have been approximately RMB155,263,000 and RMB102,557,000 respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 April 2008, nor is it intended to be projection of future results.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

37. ACQUISITION OF SUBSIDIARIES (Continued)

For the year ended 31 March 2009 (Continued)

The fair value of net assets acquired in the transaction, and goodwill on acquisition, are as follows:

	Carrying amounts RMB'000	Fair value adjustment RMB'000	Recognised values RMB'000
Property, plant and equipment	550	43	593
Intangible assets acquired on acquisition	–	52,457	52,457
Inventory	30	–	30
Trade and other receivables	19,803	–	19,803
Cash and cash equivalents	898	–	898
Trade and other payables	(6,738)	–	(6,738)
Amount due to former shareholders	(5,793)	–	(5,793)
Tax payables	(1,155)	–	(1,155)
Deferred tax liabilities	–	(7,868)	(7,868)
	7,595	44,632	52,227
Goodwill arising on acquisition *(note 18)*			65,583
Total consideration			117,810
Total consideration satisfied by:			
Cash consideration paid			52,850
Payable in cash within 1 year *(note 26)*			8,808
Issue of shares			56,152
			117,810
Net cash outflow arising on acquisition			
Cash consideration paid			(52,850)
Cash and cash equivalents acquired			898
			(51,952)

* The intangible assets consist of customer base regarding existing projects conducting for electricity supply companies and the technology know-how on application software in relation to the management of electricity supply.

The intangible assets were valued at approximately RMB52,457,000 by independent qualified valuer, Greater China Appraisal Limited, under the Income Capitalisation Approach at the date of acquisition.

Goodwill arose in the business combination because the cost of the combination included amount in relation to the benefits of expected synergy, assembled workforce, revenue growth and future market development. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

37. ACQUISITION OF SUBSIDIARIES (Continued)

For the year ended 31 March 2008

On 26 February 2008, the Company's wholly-owned subsidiary, A&K Software BVI, acquired 100% equity interest (the "Acquisition") in Famous Rise International Limited ("Famous Rise"). Famous Rise is a limited company incorporated in the British Virgin Islands on 19 July 2007 and consists of two wholly-owned subsidiaries known as eJet Group Limited and 北京捷通易信科技發展有限公司. (The "Famous Rise Group"). The Famous Rise Group is engaged in the provision of software solutions and services, including the design, invention, research, development, improvement marketing and sales of software with applications.

The consideration for the Acquisition was HK$30,000,000 (equivalent to RMB27,000,000). From date of acquisition to 31 March 2008, the revenue and consolidated profit of the Famous Rise Group contributed approximately RMB8,019,000 and RMB1,900,000 revenue and consolidated profit respectively to the consolidated result of the Group for the year ended 31 March 2008. Had the acquisition occurred on 1 April 2007, the revenue and consolidated loss of the Group for the year ended 31 March 2008 would have been approximately RMB9,117,000 and RMB12,432,000 respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 April 2007, nor is it intended to be a projection of future results.

The fair value of the net assets acquired in the transaction, and goodwill on acquisition, are as follows:

	Carrying amounts RMB'000	Fair value adjustment RMB'000	Recognised values RMB'000
Cash and cash equivalents	1,129	–	1,129
Prepayments	27	–	27
Intangible assets acquired on acquisition*	–	18,899	18,899
	1,156	18,899	20,055
Goodwill arising on acquisition *(note 18)*			6,945
Total consideration			27,000
Total consideration satisfied by:			
Cash consideration paid			27,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

37. ACQUISITION OF SUBSIDIARIES (Continued)

For the year ended 31 March 2008 (Continued)

* The intangible assets consist of signed customer contracts and the contractual rights to enter into a co-operation agreement in respect of the provision of forensic investigation services.

The intangible assets were valued at approximately RMB18,899,000 by an independent qualified valuer, Asset Appraisal Limited, under the Income Capitalisation Approach at the date of acquisition.

Goodwill arose in the business combination because the cost of the combination included amount in relation to the benefits of expected synergy, revenue growth and future market development These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

Net cash outflow arising on acquisition:

	RMB'000
Cash consideration paid	(27,000)
Cash and cash equivalents acquired	1,129
	(25,871)

38. NON-CASH TRANSACTIONS

There was no material non-cash transaction during the year ended 31 March 2009. During the year ended 31 March 2008, the Group entered into finance lease arrangements in respect of assets with a total capital value of RMB28,000 at the inception of the lease.

39. PARENT AND ULTIMATE CONTROLLING PARTY

The directors consider that the Company does not have a parent company or a controlling party.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include equity investments, trade receivable and trade payables. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, currency risk and interest rate risk. 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.

a) Credit risk

i) As at 31 March 2009, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet after deducting any impairment allowance.

ii) In respect of trade and other receivables, in order to minimize risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its customers' financial position and condition is performed on each and every major customer periodically. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group does not require collaterals in respect of its financial assets. Debts are usually due within 90 days from the date of billing.

iii) In respect of trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk. As at 31 March 2009, the Group had a certain concentration of credit risk as 28.1% and 72.4% of the total trade and other receivables was due from the Group's largest customer and the five largest customers respectively. As at 31 March 2008, the Group had no significant concentrations of credit risk which individual trade and other receivables balance exceeds 10% of the total trade and other receivables at balance sheet date.

iv) In respect of deposits with banks, the Group mitigates its exposure to credit risk by placing deposits with the financial institutions with established credit rating. Given the high credit ratings of the banks, management does not expect any counterparty to fail to meet its obligations.

b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to board approval. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient amount of cash and obtains adequate lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b) Liquidity risk (Continued)

The following liquidity tables set out the remaining contractual maturities at the balance sheet date of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group and the Company are required to pay:

The Group

	2009				
	Within 1 year or on demand RMB'000	**More than 1 year but less than 2 years RMB'000**	**More than 2 years but less than 5 years RMB'000**	**Total contractual undiscounted cash flow RMB'000**	**Carrying amount RMB'000**
Trade payables	**8,056**	**–**	**–**	**8,056**	**8,056**
Other payables and accruals	**26,673**	**–**	**–**	**26,673**	**26,673**
Obligations under a finance lease	**7**	**7**	**12**	**26**	**21**
	34,736	**7**	**12**	**34,755**	**34,750**

	2008				
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total contractual undiscounted cash flow RMB'000	Carrying amount RMB'000
Other payables and accruals	4,956	–	–	4,956	4,956
Amount due to a shareholder	1	–	–	1	1
Obligations under a finance lease	14	7	12	33	26
	4,971	7	12	4,990	4,983

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b) Liquidity risk (Continued)

The Company

	2009				
	Within 1 year or on demand RMB'000	**More than 1 year but less than 2 years RMB'000**	**More than 2 years but less than 5 years RMB'000**	**Total contractual undiscounted cash flow RMB'000**	**Carrying amount RMB'000**
Other payables and accruals	**748**	**–**	**–**	**748**	**748**
Amount due to subsidiaries	**21,043**	**–**	**–**	**21,043**	**21,043**
Obligation under finance lease	**7**	**7**	**12**	**26**	**21**
	21,798	**7**	**12**	**21,817**	**21,812**

	2008				
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total contractual undiscounted cash flow RMB'000	Carrying amount RMB'000
Other payables and accruals	348	–	–	348	348
Amount due to subsidiaries	3,095	–	–	3,095	3,095
Obligation under finance lease	14	7	12	33	26
	3,457	7	12	3,476	3,469

c) Fair value and cash flow interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As the Group has no material interest-bearing liabilities, the Group's expenses and financing cash flows are independent of changes in market interest rates.

The Group is exposed to cashflow interest rate risks as the Group has significant cash and cash equivalents which are deposited in banks offering variable interest rate. The management monitors interest rate exposures by keeping the cash in floating rate bank accounts and considered that there is no significant impact on cash flow interest rate risk. The Group's interest rate profile as monitored by management is set out in (i) below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

c) Fair value and cash flow interest rate risk (Continued)

i) Interest rate profile

The following table details the interest rate profile of the Group's interest-earning financial assets at the balance sheet date:

The Group

	2009		2008	
	Effective interest rate %	**One year or less RMB'000**	Effective interest rate %	One year or less RMB'000
Cash and cash equivalents	**1.1%**	**65,127**	1.6%	116,356

ii) Sensitivity analysis

At 31 March 2009, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's profit/loss after tax and retained profits/accumulated loss by approximately RMB651,000 (2008: RMB1,164,000). Other components of consolidated equity would not be affected (2008: RMB Nil) by the changes in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for cash and cash equivalents in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2008.

d) Currency risk

Presently, there is no hedging policy with respect to the Group's foreign exchange exposure. The Group's transactional currency is Renminbi as substantially all the business operations are in Renminbi. The Group's transactional foreign exchange exposure was insignificant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

d) Currency risk (Continued)

i) *Exposure to currency risk*

The following table details the Group's and the Company's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	2009 HK$'000	2008 HK$'000
The Group		
Cash and cash equivalents	**26,106**	82,153
Prepayment, deposits and other receivables	**1,258**	1,052
Obligations under a finance lease	**(24)**	(29)
Other payable and accruals	**(850)**	(388)
Overall net exposure	**26,490**	82,788

	2009 HK$'000	2008 HK$'000
The Company		
Cash and cash equivalents	**21,475**	–
Other receivables	**210**	210
Obligations under a finance lease	**(24)**	(29)
Other payables and accruals	**(850)**	(387)
Overall net exposure	**20,811**	(206)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

d) Currency risk (Continued)

ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit/loss after tax and retained profits/accumulated losses in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date.

The Group

	2009		2008	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax and retained profits RMB'000**	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses RMB'000
Hong Kong Dollars	**5%**	**1,320**	5%	(4,139)
	(5)%	**(1,320)**	(5)%	4,139

Other components of consolidated equity would not be affected (2008: RMB Nil) by the changes in foreign exchange rates.

The sensitivity analysis has been determined assuming that the change in foreign exchange rate had occurred at the balance sheet date and had been applied to each of the Group entities' exposure to currency risk for non derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rate over the period until the next annual balance sheet date. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities profit/loss after tax and equity measured in the respective functional currencies, translated into Renminbi at the exchange rate ruling at the balance sheet date for presentation purposes. The analysis is performed on the same basis for 2008.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

d) Currency risk (Continued)

iii) Fair values

The fair values of cash and cash equivalents, bank deposits, trade and other receivables, trade and other payables are not materially different from their carrying amounts because of the immediate or short-term maturity of these financial instruments.

e) Capital risk management

The Group regards the equity attributable to the Company's equity shareholders, comprising issued share capital, share premium, accumulated losses/retained profits and other reserves as its capital. The Group's objective when managing capital, which was unchanged from 2008, is to ensure that entities in the Group will be able to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The equity attributable to the Company's equity shareholders at 31 March 2009 and 2008 were as follows:

	2009	2008
	RMB'000	RMB'000
Equity attributable to the company's equity shareholders	**223,936**	146,896

Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

41. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the circumstances.

The Group's management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

41. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

b) Estimated provision for impairment of associates

The Group's management assesses annually whether investments in associates have suffered any impairment in accordance with the policy stated in note 2(j). The recoverable amount of the investments in associates is determined using discounted cash flows calculations.

c) Impairment of receivables

The Group maintains impairment allowance for doubtful accounts based upon evaluation of the recoverability of the accounts receivables and other receivables, where applicable, periodically. The estimates are based on the aging of the accounts receivables and other receivables balances and the historical write-off experience, net of recoveries. If the financial condition of the debtors were to deteriorate, additional impairment allowance may be required.

d) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the fair value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. If the estimated fair value in use of the cash-generating unit exceeds its recoverable amount, additional impairment allowance may be required.

e) Estimated net realisable value of inventories

The Group's management writes off slow-moving or obsolete inventories based on an assessment of the net realisable value of the inventories. Inventories will be written off where events or changes in circumstances indicates that the net realisable value is less than cost. The determination of net realisable value requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will have an impact on the carrying value of the inventories and revision on the amount of inventories written off in the period in which such estimate has been changed is required to be made.

f) Impairment of intangible assets

The Group assesses annually whether intangible assets have any indication of impairment in accordance with the relevant accounting policies. If such indication exists, the recoverable amounts of the assets would be determined by reference to value in use or fair value less cost to sell. Value in use is determined using the discounted cash flow method. Owing to inherent risks associated with estimations in the timing and magnitude of the future cash flows and fair value less cost to sell, the estimated recoverable amount of the assets may be different from its actual recoverable amount and profit or loss could be affected by accuracy of the estimations.

FIVE YEAR SUMMARY

FOR THE YEAR ENDED 31 MARCH 2009

The consolidated income statements of the Group for the financial years 2005 to 2009 and the consolidated balance sheets of the Group as at 31 March 2005, 2006, 2007, 2008 and 2009 are as follows:

	Year ended 31 March				
	2005 RMB'000	2006 RMB'000	2007 RMB'000	2008 RMB'000	**2009** **RMB'000**
Results					
Turnover	15,704	10,448	3,882	9,117	**77,828**
Profit/(loss) before taxation	9,579	2,954	(5,784)	(11,468)	**12,789**
Taxation	(936)	(409)	39	(964)	**(6,041)**
Profit/(loss) attributable to shareholders	8,643	2,545	(5,745)	(12,432)	**6,748**

	As at 31 March				
	2005 RMB'000	2006 RMB'000	2007 RMB'000	2008 RMB'000	**2009** **RMB'000**
Assets and liabilities					
Total assets	62,717	69,106	62,195	154,047	**275,896**
Total liabilities	(4,427)	(8,661)	(8,331)	(7,151)	**(51,960)**
Shareholders' funds	58,290	60,445	53,864	146,896	**223,936**