ANNUAL REPORT 2011

SOLUTECK

SOLUTECK HOLDINGS LIMITED
一創科技集團有限公司

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

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

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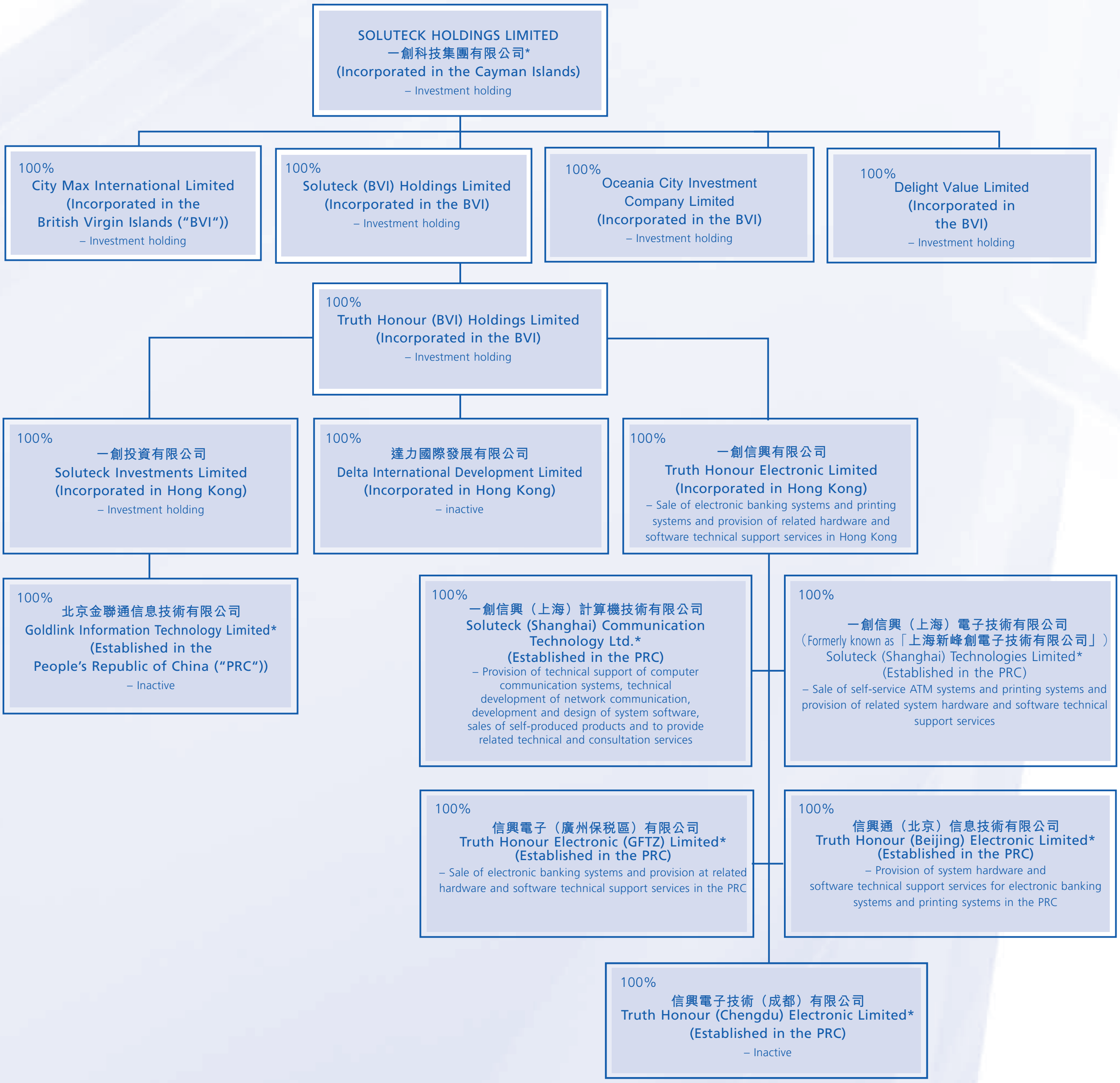
This report, for which the directors (“Directors”) of Soluteck Holdings Limited (“Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (“GEM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

CONTENTS

CORPORATE STRUCTURE

The following chart illustrates the corporate structure of the Company and its subsidiaries and their respective principal business activities as at 31 March 2011:



* *For identification purpose only*

CORPORATE INFORMATION

Executive directors
Mr. Chiu Tung Ping *(appointed on 8 June 2011 and elected as the Chairman on 8 June 2011)*
Ms. Yuen Hing Lan *(appointed on 8 June 2011)*
Ms. Wang Daling *(appointed on 15 June 2010, elected as the Chairman on 6 April 2011 and ceased to be the Chairman on 8 June 2011)*
Mr. Hou Hsiao Bing *(ceased to be the Chairman on 6 April 2011)*
Mr. Hou Hsiao Wen *(Chief executive officer)*
Mr. Zeng Xiangyi *(appointed on 15 June 2010)*
Mr. Law Shu Sang, Joseph *(appointed on 6 July 2010 and resigned on 7 October 2010)*
Mr. Ho Chi Fai, Thomas *(appointed on 8 October 2010 and resigned on 10 November 2010)*
Mr. Xu Wei *(appointed on 10 November 2010)*
Mr. Leung King Pak *(appointed on 2 June 2011)*

Independent non-executive directors
Mr. Tam Kam Biu, William
Mr. Wong Chung Wai, Eric *(appointed on 15 June 2010 and resigned on 10 November 2010)*
Mr. Lai Chun Hung *(appointed on 15 June 2010)*
Ms. Lui, Ming Rosita *(resigned on 15 June 2010)*
Mr. Ho Wai Wing, Raymond *(resigned on 15 June 2010)*
Ms. Zhang Dandan *(appointed on 10 November 2010)*
Mr. Tang Renhao *(appointed on 23 February 2011)*

Company secretary
Ms. Chan Mi Ling, Anita, FCCA, CPA, ACA

Members of audit committee
Mr. Tam Kam Biu, William *(appointed as Chairman on 15 June 2010)*
Mr. Wong Chung Wai, Eric *(appointed on 15 June 2010 and resigned on 10 November 2010)*
Mr. Lai Chun Hung *(appointed on 15 June 2010)*
Ms. Lui, Ming Rosita *(Chairman resigned on 15 June 2010)*
Mr. Ho Wai Wing, Raymond *(resigned on 15 June 2010)*
Ms. Zhang Dandan *(appointed on 10 November 2010)*
Mr. Tang Renhao *(appointed on 23 February 2011)*

Members of remuneration committee
Mr. Hou Hsiao Bing *(Chairman)*
Mr. Tam Kam Biu, William
Mr. Wong Chung Wai, Eric *(appointed on 15 June 2010 and resigned on 10 November 2010)*
Mr. Lai Chun Hung *(appointed on 15 June 2010)*
Ms. Lui, Ming Rosita *(resigned on 15 June 2010)*
Mr. Ho Wai Wing, Raymond *(resigned on 15 June 2010)*
Ms. Zhang Dandan *(appointed on 10 November 2010)*
Mr. Tang Renhao *(appointed on 23 February 2011)*

Authorised representatives
Mr. Hou Hsiao Wen
Ms. Chan Mi Ling, Anita, FCCA, CPA, ACA

Compliance officer
Mr. Hou Hsiao Wen

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

Head office and principal place of business in Hong Kong
Room 1104, SUP Tower
75 King's Road
Hong Kong

Company website
www.soluteck.com

Principal share registrar and transfer office
Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

Hong Kong branch share registrar and transfer office
Computershare Hong Kong Investor Services Limited
1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Hong Kong branch warrant registrar and transfer office
Tricor Services Limited
Level 28, Three Pacific Place
1 Queen's Road East
Hong Kong
(register kept in Macau)

Hong Kong branch convertible bond registrar and transfer office
Tricor Services Limited
Level 28, Three Pacific Place
1 Queen's Road East
Hong Kong
(register kept in Macau)

Auditors
W. H. Tang & Partners CPA Limited
Level 7, Parkview Centre
7 Lau Li Street
Causeway Bay, Hong Kong

GEM Stock Code
8111

LETTER FROM THE CHAIRMAN

ANNUAL RESULTS HIGHLIGHTS

The loss attributable to equity holders of the Company for the financial year ended 31 March 2011 was approximately HK$36.4 million (the loss attributable to equity holders of the Company for the financial year ended 31 March 2010 was approximately HK$28.6 million).

The revenue of the Group for the financial year ended 31 March 2011 was approximately HK$31.9 million, representing an increase of approximately 14.0 per cent. as compared to the financial year ended 31 March 2010.

Gross profit margin of the Group was approximately 26.5 per cent. in the financial year ended 31 March 2011, compared to approximately 27.5 per cent. in the financial year ended 31 March 2010.

Basic loss per share for the financial year ended 31 March 2011 was approximately HK5.61 cents (basic loss per share for the financial year ended 31 March 2010 was approximately HK5.49 cents).

The Directors do not recommend the payment of a dividend for the financial year ended 31 March 2011 (dividend per share for the financial year ended 31 March 2010: Nil).

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

BUSINESS REVIEW

The Group continued to specialize in the provision of implementation and upgrading of self-service automatic teller machine ("ATM") systems and printing systems, application hardware and software, technical support and consultancy services to commercial banks and Postal Bureaus in the People's Republic of China ("PRC" or "China") during the year ended 31 March 2011.

The Group's revenue amounted to approximately HK$31.9 million for the year ended 31 March 2011, representing an increase of approximately 14.0 per cent. compared with approximately HK$28.0 million recorded for the financial year ended 31 March 2010.

The Group's gross profit margin was approximately 26.5 per cent. in the financial year ended 31 March 2011, compared to approximately 27.5 per cent. in the financial year ended 31 March 2010.

The Group recorded a loss attributable to equity holders of the Company amounting to approximately HK$36.4 million for the year ended 31 March 2011 (2010: loss attributable to equity holders of the Company of approximately HK$28.6 million). Such loss was mainly a result of the impairment loss on the initial deposit of approximately HK$7.7 million paid in the possible acquisition of the entire issued share capital of China-Rus Energy Investment Limited (which the Company decided to terminate such possible acquisition and rescinded the acquisition agreement with effect from 28 May 2010) and the change in fair value of financial assets at fair value through profit or loss of approximately HK$5.9 million. Please refer to the Management Discussion and Analysis section of this report for details.

Basic loss per share was approximately HK5.61 cents for the year ended 31 March 2011, compared with the basic loss per share of approximately HK5.49 cents for the year ended 31 March 2010.

LETTER FROM THE CHAIRMAN

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

During the year ended 31 March 2011, the Company has successfully raised an aggregate of approximately HK$72.9 million and approximately HK$25.4 million from the market through placement of shares and convertible bonds of the Company respectively. The funds raised have enhanced the capital base of the Company and provided strong resource for the Group to expand its core businesses and to explore new business opportunities in the future.

BUSINESS PROSPECTS

The Group is recognized as a professional ATM software, hardware and services company in the ATM sector, and is an authorized value-added reseller of self-service ATM systems of NCR (Beijing) Financial Equipment System Co., Ltd and related applications software for commercial banks in China. Moreover, during the year ended 31 March 2011, the Group has entered into an agreement with Fuji Xerox as its marketing agent for its printing systems.

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

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

Following the completion of the acquisition of the entire issued share capital of China Technology Solar Power Holdings Limited ("CTSP") (which is principally engaged in solar energy generation and related power system integration business in the PRC) on 1 June 2011, the Group is positioned to benefit from the growing demand in energy in the PRC, as well as the growing emphasis and awareness on renewable energy by the PRC government.

As the new energy industry such as solar photovoltaic power stations and biomass energy power stations are emerging in the PRC, the need for system integration services grows accordingly. Given the strict entry requirements and the business of provision of solar energy is a new industry in the PRC and still in its early stage of development, CTSP, being one of the pioneers in the PRC that commenced operation in early 2009, has (i) since its establishment, conducted preliminary works and studies including various substantial researches and studies about the selection of location, power grid, climate, policies and environment for the development of solar photovoltaic power stations in Qinghai Province; (ii) already obtained certain permits and approvals from the government authority for the construction of the power station, and (iii) established a medium of communication with the local government, with such solid foundation for the business of provision of solar energy, CTSP has a competitive advantage in such new industry in the PRC. The acquisition is an opportunity for the Company to diversify its scope of business and to enter into a high growth business sector, so as to maximize the shareholders' value.

LETTER FROM THE CHAIRMAN

DIVIDEND

The board of Directors ("Board") does not recommend the payment of a dividend for the financial year ended 31 March 2011 (2010: Nil).

APPRECIATION

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

Mr. Chiu Tung Ping
Chairman and Executive Director

Hong Kong, 24 June 2011

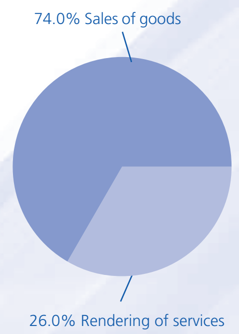
MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

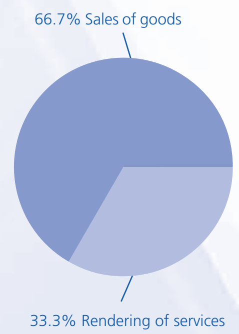
During the year ended 31 March 2011, the Group is principally engaged in the sale of self-service ATM systems and printing systems as well as the provision of hardware and software technical support services. Revenues recognized during the financial year are as follows:

	Financial year ended 31 March	
	2011	2010
	HK$'000	HK$'000
Revenue		
Sales of goods	**23,593**	18,648
Rendering of services	**8,285**	9,318
	31,878	27,966
Other revenue		
Government subsidies for business development	**154**	111
Interest income	**55**	11
Others	**96**	95
	305	217
Total revenue	**32,183**	28,183

Analysis of business segments for the financial year ended 31 March 2011



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



MANAGEMENT DISCUSSION AND ANALYSIS

IMPLEMENTATION OF SELF-SERVICE ATM SYSTEMS AND PRINTING SYSTEMS

During the financial year ended 31 March 2011, implementation of self-service ATM systems and printing systems (including the provision of technical consultancy and support services) remained the Group's core business and accounted for approximately 100.0 per cent. (2010: approximately 100.0 per cent.) of the Group's revenue from the sales of goods and rendering of services.

The revenue generated from the implementation of self-service ATM systems and printing systems (including the provision of technical consultancy and support services) amounted to approximately HK$31.9 million, representing an increase of approximately 14.0 per cent. compared with the previous financial year.

PROVISION OF TECHNICAL CONSULTANCY AND SUPPORT SERVICES

The provision of technical consultancy and support services, which were already included in the implementation of self-service ATM systems and printing systems, contributed to a stable and recurrent source of income for the Group and accounted for approximately 26.0 per cent. (2010: approximately 33.3 per cent.) of the total revenue from the sales of goods and rendering of services for the financial year ended 31 March 2011. Income derived from the provision of technical consultancy and support services during the financial year ended 31 March 2011 decreased by approximately 11.1 per cent., as compared with that of the previous financial year.

REVIEW OF OPERATION

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

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

Leveraging on its sales network and existing clientele, the Group aims to secure higher renewal rates upon the expiry of the existing contracts.

MANAGEMENT DISCUSSION AND ANALYSIS

SELLING EXPENSES

Selling expenses incurred by the Group for the year ended 31 March 2011 amounted to approximately HK$6.0 million (2010: approximately HK$2.8 million), representing an increase of approximately 112.8 per cent. because the Group had allocated some resources to explore new business opportunities.

ADMINISTRATIVE EXPENSES

Administrative expenses incurred by the Group for the financial year ended 31 March 2011 amounted to approximately HK$21.6 million (2010: approximately HK$23.8 million), representing a decrease of approximately 9.1 per cent..

During the year under review, the Group had written off other deposit of approximately HK$7.7 million in relation to the possible acquisition of the entire issued share capital of China-Rus Energy Investment Limited which was subsequently terminated on 28 May 2010 (Please refer to the paragraph headed "Possible Acquisition and its termination" of this report for details) (2010: approximately HK$7.7 million).

During the year ended 31 March 2011, the Group had recognised a change in fair value of financial assets at fair value through profit or loss of approximately HK$5.9 million (2010: HK$Nil).

Staff costs (including Directors' emoluments and research and development costs) which were included in both selling expenses and administrative expenses increased by approximately 19.9 per cent. to approximately HK$13.0 million (2010: approximately HK$10.8 million). As at 31 March 2011, the Group employed 14 and 96 staff in Hong Kong and the PRC respectively (2010: 11 in Hong Kong and 107 in the PRC).

Operating leases for land and building increased by approximately 10.8 per cent. to approximately HK$2.3 million (2010: approximately HK$2.1 million) mainly due to the increase of rental upon renewal of certain leases.

The Group had not written off any bad debts during the year ended 31 March 2011 (2010: Bad debts written off of approximately HK$1.2 million).

Impairment loss of approximately HK$1.0 million was recognised on accounts receivables during the year ended 31 March 2011 (2010: HK$2.0 million).

The Group had not written off any obsolete inventories during the year ended 31 March 2011 (2010: Obsolete inventories written off of approximately HK$1.3 million).

Depreciation expenses increased to approximately HK$541,000 as compared to that of last financial year (2010: approximately HK$73,000) due to depreciation of leasehold improvement at certain representative offices during the year under review.

FINANCE COSTS

During the financial year ended 31 March 2011, the Group has incurred imputed finance costs of approximately HK$927,000 on its convertible bonds issued on 5 November 2010 (2010: approximately HK$Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

INCOME TAX EXPENSES

The Group's income tax expenses for the financial year ended 31 March 2011 increased to approximately HK$379,000 (2010: approximately HK$158,000) primarily due to an increase in taxable profit during the financial year ended 31 March 2011.

LIQUIDITY, FINANCIAL RESOURCES AND TREASURY POLICIES

As at 31 March 2011, the Group had cash and bank balances amounting to a total of approximately HK$43.2 million (2010: approximately HK$22.8 million). The Group has no outstanding bank overdraft as at 31 March 2011 (31 March 2010: HK$Nil).

The Group financed its operations by internally generated cash flow, proceeds from placing of new shares of the Company, top-up placing of the shares of the Company and placing of convertible bonds of the Company during the year ended 31 March 2011.

Details of the fund raising activities of the Company are set out in the section headed "Fund Raising Exercises During The Year".

CURRENT RATIO

As at 31 March 2011, the Group's current ratio, represented by a ratio of current assets to current liabilities, was approximately 4.1 (2010: approximately 14.9).

GEARING RATIO

As at 31 March 2011, the gearing ratio of the Group, based on total liabilities over total assets was approximately 25.2 per cent. (2010: approximately 8.7 per cent.).

DIRECTORS' OPINION ON SUFFICIENCY OF WORKING CAPITAL

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

BANKING FACILITIES

As at 31 March 2011, the Group did not have any banking facilities (2010: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGES ON ASSETS

As at 31 March 2011, there was no banking facilities available to the Group (2010: Nil). As of 31 March 2011, the Company and its subsidiaries pledged no asset to banks as security for bank loans and overdraft (2010: HK$Nil).

CONTINGENT LIABILITIES

As at 31 March 2011, the Group did not have any significant contingent liabilities.

EXPOSURE TO FOREIGN EXCHANGE RISK

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

EMPLOYEES

As at 31 March 2011, the Group employed 14 and 96 staff in Hong Kong and the PRC respectively (2010: 11 in Hong Kong and 107 in the PRC). The Group has developed its human resources policies and procedures based on performance and merit. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system.

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

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

A. Acquisition of the Common Stock of China Technology Development Group Corporation ("CTDC")

During the year ended 31 March 2011, the Company has acquired on market a total of 1,087,000 Common Stock ("Common Stock") of CTDC, a company incorporated in the British Virgin Islands with limited liability and the common stock of which are listed on Nasdaq Capital Market. The Common Stock represented approximately 4.85% of the common stock of CTDC in issue as at 26 November 2010.

As at the date of this report, the Company is still holding the Common Stock and the Board intends to hold the Common Stock for short-term investment purposes.

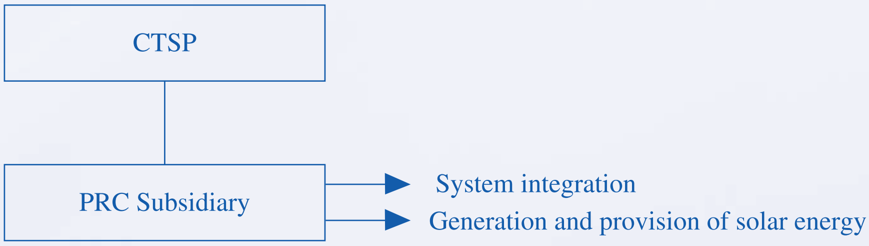
The Common Stock were acquired at prices ranging from US$2.47558 (equivalent to approximately HK$19.31) to US$2.91737 (equivalent to approximately HK$22.76 per Common Stock) and the consideration for the acquisition is HK$24,249,861.98. The consideration represented the prevailing market price of the Common Stock at the time of the acquisition.

MANAGEMENT DISCUSSION AND ANALYSIS

B. *Acquisition of the Entire Issued Share Capital of China Technology Solar Power Holdings Limited ("CTSP")*

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

CTSP is principally engaged in solar energy generation and related power system integration business in the PRC:



System integration

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

To provide system integration service, it does not only require ample knowledge in the structure and construction of power station but also the knowledge in the products and technologies of different manufacturers so as to propose the best system method and technical solution.

Generation and provision of solar energy

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

Please refer to the circular of the Company dated 16 May 2011 for further details.

MANAGEMENT DISCUSSION AND ANALYSIS

POSSIBLE ACQUISITION AND ITS TERMINATION

Memorandum of Understanding

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

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

Advance to Entity – Payment of Deposit

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

Termination of the Very Substantial Acquisition

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

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

Under the Agreement, on rescission of the Agreement by the Purchaser, the Sellers shall within seven (7) business days refund the Deposit to the Purchaser.

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

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

Failure to refund the Deposit

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

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

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

Subsequent to the commencement of HCA 1153 of 2010 by the Purchaser against the Sellers and the Guarantor as mentioned above, a writ of summons ("Writ") dated 24 December 2010 taken out by the Sellers, the Guarantor and the Target Company (together as the "Counterparties") from the Hong Kong High Court under High Court Action No. 1884 of 2010 ("HCA 1884 of 2010") against (i) Hou Hsiao Bing, an executive Director; (ii) Hou Hsiao Wen, an executive Director; (iii) Feng Yu, an executive director of China Merchants Securities (HK) Co. Ltd.; and (iv) the Company has been served to the respective parties. According to the statement of claim enclosed in the Writ, the Counterparties alleged that, among others, there were misrepresentation, fraud and conspiracy during the material time of the Possible Acquisition. The Counterparties claim, among others, damages in the sum of US$1,000,000 to China-Rus Energy Investment Group Limited and US$6,000,000 for deceit and/or fraudulent misrepresentations alleged in the Writ.

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

Please refer to the announcements of the Company dated 23 June 2009, 25 June 2009, 10 July 2009, 25 September 2009, 23 October 2009, 23 November 2009, 4 December 2009, 19 December 2009, 31 May 2010, 8 June 2010, 2 July 2010 and 29 December 2010 for further details of the Possible Acquisition, its termination, HCA 1153 of 2010 and HCA 1884 of 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

FUND RAISING EXERCISES DURING THE YEAR

During the year ended 31 March 2011, the Company has conducted two equity fund raising activities and one issue of convertible bonds as follows:

I. *Placing of new shares under general mandate*

After trading hours on 3 August 2010, Quam Securities Corporation Limited ("Placing Agent") and the Company entered into the placing agreement ("Placing Agreement") pursuant to which the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, a maximum of 108,600,000 ordinary shares of the Company of HK$0.1 each to not less than six placees at the placing price of HK$0.325 per placing share.

The placing price of HK$0.325 represents (i) a discount of 18.75% to the closing price of HK$0.4 per share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 11.92% to the average closing price of HK$0.369 per share as quoted on the Stock Exchange for the last five trading days prior to the date of the Placing Agreement.

The reasons of the placing were to enlarge the equity base of the Company and to provide general working capital for the Company's expansion.

All the conditions of the Placing Agreement had been fulfilled and the completion of the placing took place on 18 August 2010 whereby 108,600,000 placing shares were placed to not less than six placees, each an independent third party, through the Placing Agent at HK$0.325 per placing share.

The Company received net proceeds of approximately HK$34.5 million from the placing and the net price to the Company of each placing share is approximately HK$0.318.

The net proceeds were used as general working of the Group. Please refer to the announcements of the Company dated 3 August 2010 and 18 August 2010 for details.

II. *Placing of existing shares and subscription for new shares under general mandate*

On 18 October 2010, Mr. Hou Hsiao Bing, a substantial shareholder and an executive Director, the Company and the Placing Agent entered into a placing agreement ("Top-up Placing Agreement") pursuant to which Mr. Hou Hsiao Bing has agreed to place, and the Placing Agent has agreed to procure certain placees, on a best effort basis, for the purchase of up to 78,400,000 ordinary shares of the Company of HK$0.1 each at the placing price of HK$0.50 per placing share.

The placing price of HK$0.50 represents (i) a discount of approximately 7.41% to the closing price of HK$0.54 per share as quoted on the Stock Exchange on the date of the Top-up Placing Agreement; and (ii) a discount of approximately 8.09% to the average closing price of HK$0.544 per share as quoted on the Stock Exchange for the last five trading days prior to the date of the Top-up Placing Agreement.

On 18 October 2010, Mr. Hou Hsiao Bing and the Company entered into a subscription agreement pursuant to which Mr. Hou Hsiao Bing has agreed to subscribe for such number of subscription shares which is equivalent to the number of the placing shares, being a maximum number of 78,400,000 ordinary shares of the Company of HK$ 0.1 each at the subscription price of HK$0.50 per subscription share.

The reasons of the subscription were to enlarge the equity base of the Company and to provide general working capital for the Company's business expansion.

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

The Company received net proceeds of approximately HK$38.5 million. The net price to the Company of each subscription share is approximately HK$0.49. The net proceeds were used for payment of initial deposit of HK$31,200,000 for the major transaction in relation to the acquisition of the entire issued share capital of CTSP and as general working of the Group.

Please refer to the announcements of the Company dated 18 October 2010, 26 October 2010 and 29 October 2010 for details.

III. *Placing of convertible bonds under general mandate*

On 18 October 2010, the Company and the Placing Agent entered into a placing agreement ("CB Placing Agreement") pursuant to which the Placing Agent has agreed to procure certain placees, on a best effort basis, for the subscription of the convertible bonds ("Convertible Bonds") in the aggregate principal amount of up to HK$26,000,000, which may be converted into 52,000,000 shares at the initial conversion price of HK$0.50 per share of the Company ("CB Placing"). The conversion price of HK$0.50 represents (i) a discount of approximately 7.41% to the closing price of HK$0.54 per share as quoted on the Stock Exchange on the date of the CB Placing Agreement; and (ii) a discount of approximately 8.09% to the average closing price of HK$0.544 per share as quoted on the Stock Exchange for the last five trading days prior to the date of the CB Placing Agreement.

The reasons of the CB Placing were to enlarge the equity base of the Company and to provide general working capital for the Company's business expansion.

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

Name of the placees	**Principal amount of the Convertible Bonds**
Best Jump International Limited	HK$23,000,000
Ko Chun Fung Henry	HK$2,000,000
Xie Lu	HK$1,000,000

MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 March 2011, no conversion rights to the convertible notes had been exercised and no transfer of the Convertible Bonds had been made. The Company received net proceeds of approximately HK$25.4 million. On the basis of 52,000,000 conversion shares may be issued by the Company, the net price to the Company of each conversion share is approximately HK$0.49. The net proceeds were used as general working of the Group.

Please refer to the announcements of the Company dated 18 October 2010, 26 October 2010, 29 October 2010 and 5 November 2010 for details.

MOVEMENT OF WARRANTS

The Company has a total of 100,000,000 warrants outstanding at 31 March 2011 and its movement is as follows:

Date of issue	Outstanding at 1/4/2010	Issued during the year	Exercised/ lapsed during the year	Outstanding at 31/3/2011	Subscription period	Subscription price per share
23 December 2009	–	100,000,000	–	100,000,000	23 December 2009 to 22 December 2014	HK$0.90

Note:

On 23 December 2009, the Company placed a total of 100,000,000 unlisted warrants to certain independent third parties at the subscription price of HK$0.90 each. No warrants has been exercised during the year ended 31 March 2011.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the financial year ended 31 March 2011. Neither the Company nor any of its subsidiaries purchased or sold any of the shares during the financial year ended 31 March 2011.

CORPORATE GOVERNANCE REPORT

(1) CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the Code on Corporate Governance Practice ("Code") as set out in Appendix 15 to the GEM Listing Rules as its own code of corporate governance practices.

In the opinion of the Board, the Company has complied with all code provisions as set out in the Code during the year ended 31 March 2011.

(2) BOARD OF DIRECTORS

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

BOARD COMPOSITION

The composition of the Board during the year ended 31 March 2011 and as at the date of this report is as follows:

Executive Directors:
Mr. Chiu Tung Ping (appointed on 8 June 2011)
Ms. Yuen Hing Lan (appointed on 8 June 2011)
Mr. Hou Hsiao Bing
Mr. Hou Hsiao Wen
Mr. Zeng Xiangyi (appointed on 15 June 2010)
Ms. Wang Daling (appointed on 15 June 2010)
Mr. Law Shu Sang, Joseph (appointed on 6 July 2010 and resigned on 7 October 2010)
Mr. Ho Chi Fai, Thomas (appointed on 8 October 2010 and resigned on 10 November 2010)
Mr. Xu Wei (appointed on 10 November 2010)
Mr. Leung King Pak (appointed on 2 June 2011)

Independent non-executive Directors:
Ms. Lui, Ming Rosita (resigned on 15 June 2010)
Mr. Tam Kam Biu, William
Mr. Ho Wai Wing, Raymond (resigned on 15 June 2010)
Mr. Wong Chung Wai, Eric (appointed on 15 June 2010 and resigned on 10 November 2010)
Mr. Lai Chun Hung (appointed on 15 June 2010)
Ms. Zhang Dandan (appointed on 10 November 2010)
Mr. Tang Renhao (appointed on 23 February 2011)

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

Mr. Hou Hsiao Bing, an executive Director and the former Chairman, is the brother of Mr. Hou Hsiao Wen, an executive Director and the chief executive officer of the Company.

Mr. Chiu Tung Ping, an executive Director and the Chairman, is the spouse of Ms. Yuen Hing Lan, an executive Director.

BOARD MEETING

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

Details of the attendance of meetings of the Board held during the year ended 31 March 2011 are as follows:

	28 May 2010	8 Jun 2010	15 Jun 2010	24 Jun 2010	6 July 2010	3 Aug 2010	9 Aug 2010	13 Aug 2010	8 Oct 2010	15 Oct 2010	18 Oct 2010	5 Nov 2010	8 Nov 2010	10 Nov 2010	13 Dec 2010	14 Jan 2011	9 Feb 2011	23 Feb 2011	14 Mar 2011
Mr. Hou Hsiao Bing	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Hou Hsiao Wen	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Zeng Xiangyi (appointed on 15 June 2010)	n/a	n/a	n/a	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms Wang Daling (appointed on 15 June 2010)	n/a	n/a	n/a	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓
Mr. Law Shu Sang, Joseph (appointed on 6 July 2010 and resigned on 7 October 2010)	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mr. Ho Chi Fai, Thomas (appointed on 8 October 2010 and resigned on 10 November 2010)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a
Mr. Xu Wei (appointed on 10 November 2010)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	✗	✓	✓
Ms. Lui, Ming Rosita (resigned on 15 June 2010)	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mr. Tam Kam Biu, William	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓
Mr. Ho Wai Wing, Raymond (resigned on 15 June 2010)	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mr. Wong Chung Wai, Eric (appointed on 15 June 2010 and resigned on 10 November 2010)	n/a	n/a	n/a	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a
Mr. Lai Chun Hung (appointed on 15 June 2010)	n/a	n/a	n/a	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓
Ms. Zhang Dandan (appointed on 10 November 2010)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	✓	✓
Mr. Tang Renhao (appointed on 23 February 2011)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓
Mr. Leung King Pak (appointed on 2 June 2011)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mr. Chiu Tung Ping (appointed on 8 June 2011)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ms. Yuen Hing Lan (appointed on 8 June 2011)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

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

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

The non-executive Directors have a well balance of expertise in corporate finance, accounting, and business matters. They bring independent and invaluable advice and judgement on the Group's business expansion and risk management issues. The executive Directors are seasoned practitioners in the information technology field and/or solar power generation and related power system integration business and contribute to the Company with their industry and domain knowledge and management experience.

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

(3) CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year ended 31 March 2011, Mr. Hou Hsiao Bing was the chairman of the Board ("Chairman") and Mr. Hou Hsiao Wen was the chief executive officer of the Company. Due to re-allocation of work responsibilities among members of the Board, Mr. Hou Hsiao Bing ceased to be the Chairman with effect from 6 April 2011. Ms. Wang Daling, an executive Director, has been elected by the Board as the Chairman with effect from 6 April 2011 in place of Mr. Hou Hsiao Bing. Due to re-allocation of work responsibilities among members of the Board, Ms. Wang Daling ceased to be the Chairman with effect from 8 June 2011. Mr. Chiu Tung Ping, an executive Director, has been elected by the Board as the Chairman with effect from 8 June 2011 in place of Ms. Wang Daling. The roles of Chairman and chief executive officer of the Company are segregated. The Chairman is responsible for the leadership and effective running of the Board, and for ensuring that all key and appropriate issues are discussed by the Board in a timely and constructive manner, while the chief executive officer, supported by other Board members and the senior management, is responsible for the day-to-day management of the Group's business, including the implementation of major strategies and initiatives adopted by the Board.

(4) AUDIT COMMITTEE

The Company established an audit committee ("Audit Committee") on 13 December 2000 with written terms of reference in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules. During 1 April 2010 up to 15 June 2010, the Audit Committee comprised three members, namely Ms. Lui, Ming Rosita, Mr. Tam Kam Biu, William and Mr. Ho Wai Wing, Raymond, all of whom were independent non-executive Directors. Ms. Lui, Ming Rosita was the chairman of the Audit Committee. The Audit Committee was re-constituted on 15 June 2010. With effect from 15 June 2010, the Audit Committee comprised three independent non-executive Directors, namely (i) Mr. Tam Kam Biu, William as chairman; (ii) Mr. Wong Chung Wai, Eric; and (iii) Mr. Lai Chun Hung. Following the resignation of Mr. Wong Chung Wai, Eric on 10 November 2010 and the appointment of Ms. Zhang Dandan and Mr. Tang Renhao as independent non-executive Directors on 10 November 2010 and 23 February 2011 respectively, the Audit Committee comprises four independent non-executive Directors, namely, (i) Mr. Tam Kam Biu, William as chairman; (ii) Mr. Lai Chun Hung; (iii) Ms. Zhang Dandan; and (iv) Mr. Tang Renhao. Audit Committee's principal duties are to review and supervise the financial reporting process and internal control procedures of the Group.

The Audit Committee meets at least four times a year to review with senior management and at least once a year with the Company's auditors for the Company's audit findings, accounting policies and standards, changes of accounting rules (if any), compliance to the GEM Listing Rules, internal and audit control, and budget and cash flow forecast.

The Group's unaudited quarterly and interim results and audited annual results during the year ended 31 March 2011 have been reviewed by the Audit Committee, in which the Audit Committee is of the opinion that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

Details of the attendance of members at Audit Committee meetings held during the year ended 31 March 2011 are as follows:

	24 Jun 2010	9 Aug 2010	8 Nov 2010	9 Feb 2011
Mr. Tam Kam Biu, William	✓	✓	✗	✓
Mr. Wong Chung Wai, Eric (appointed on 15 June 2010 and resigned on 10 November 2010)	✓	✓	✓	n/a
Mr. Lai Chun Hung (appointed on 15 June 2010)	✓	✓	✓	✓
Ms. Zhang Dandan (appointed on 10 November 2010)	n/a	n/a	n/a	✓
Mr. Tang Renhao (appointed on 23 February 2011)	n/a	n/a	n/a	n/a
Ms. Lui, Ming Rosita (resigned on 15 June 2010)	n/a	n/a	n/a	n/a
Mr. Ho Wai Wing, Raymond (resigned on 15 June 2010)	n/a	n/a	n/a	n/a

(5) REMUNERATION COMMITTEE

The remuneration committee of the Company ("Remuneration Committee") was established in June 2005.

The Remuneration Committee was established with specific written terms of reference which deal clearly with its authority and duties. The terms of reference followed the requirement of Code Provision B.1.3. During the period from 1 April 2010 to 15 June 2010, the Remuneration Committee comprised, Mr. Hou Hsiao Bing, an executive Director, as chairman, and three independent non-executive Directors, Ms. Lui, Ming Rosita, Mr. Ho Wai Wing, Raymond and Mr. Tam Kam Biu, William. The Remuneration Committee was re-constituted on 15 June 2010. With effect from 15 June 2010, the Remuneration Committee comprised Mr. Hou Hsiao Bing, an executive Director, and three independent non-executive Directors, namely (i) Mr. Tam Kam Biu, William; (ii) Mr. Wong Chung Wai, Eric; and (iii) Mr. Lai Chun Hung with Mr. Hou Hsiao Bing as the chairman of the Remuneration Committee. Following the resignation of Mr. Wong Chung Wai, Eric on 10 November 2010 and the appointment of Ms. Zhang Dandan and Mr. Tang Renhao as independent non-executive Directors on 10 November 2010 and 23 February 2011 respectively, the Remuneration Committee comprised Mr. Hou Hsiao Bing, an executive Director, and four independent non-executive Directors, namely, (i) Mr. Tam Kam Biu, William; (ii) Mr. Lai Chun Hung; (iii) Ms. Zhang Dandan; and (iv) Mr. Tang Renhao with Mr. Hou Hsiao Bing as the chairman of the Remuneration Committee.

During the year under review, five meetings of the Remuneration Committee were held on 15 June 2010, 9 August 2010, 7 October 2010, 14 January 2011 and 23 February 2011 to discuss the policy and structure of the remuneration of the Directors and senior management. Details of the attendance of members at Remuneration Committee meetings held during the year under review are as follows:

	15 June 2010	9 August 2010	7 October 2010	14 January 2011	23 February 2011
Mr. Hou Hsiao Bing	✓	✓	✓	✓	✓
Ms. Lui, Ming Rosita (resigned on 15 June 2010)	✓	n/a	n/a	n/a	n/a
Mr. Ho Wai Wing, Raymond (resigned on 15 June 2010)	✓	n/a	n/a	n/a	n/a
Mr. Tam Kam Biu, William	✓	✓	✓	✓	✓
Mr. Wong Chung Wai (appointed on 15 June 2010 and resigned on 10 November 2010)	n/a	✓	✓	n/a	n/a
Mr. Lai Chun Hung (appointed on 15 June 2010)	n/a	✓	✓	✓	✗
Ms. Zhang Dandan (appointed on 10 November 2010)	n/a	n/a	n/a	✓	✓
Mr. Tang Renhao (appointed on 23 February 2011)	n/a	n/a	n/a	n/a	n/a

The policies for the remuneration of the Directors are:

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

(6) NON-EXECUTIVE DIRECTORS

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

(7) NOMINATION OF DIRECTORS

The Board is responsible for considering suitable candidates to serve as Directors and approving and terminating the appointment of Directors. The Board selects and nominates candidates based on whether they possess the skills and experience required by the Group's development.

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

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

(8) COMPLIANCE OF CODE FOR DIRECTORS' SECURITIES TRANSACTION

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the twelve months ended 31 March 2011.

(9) AUDITORS' REMUNERATION

The Audit Committee is responsible for considering the appointment of the independent auditor. During the year under review, the Group has incurred an aggregate of HK$275,000 to the independent auditor for its services of auditing and taxation.

The fees paid/payable to the Company's independent auditors in respect of audit and non-audit services for the year ended 31 March 2011 are as follows:

Nature of Services	Amount (HK$)
Audit services	275,000
Non-audit services	–

(10) INTERNAL CONTROLS

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

The management of the Group has established the Group's internal control policies and guidance for monitoring the internal control system of the Group.

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

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

- the internal controls and accounting systems of the Group are designed to provide reasonable assurance that material assets are protected, business risks attributable to the Group are identified and monitored, material transactions are executed in accordance with management's authorisation and the accounts are reliable for publication; and

- there is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group.

(11) DIRECTORS' AND AUDITORS' ACKNOWLEDGEMENT

All Directors acknowledge their responsibility for preparing the accounts for the year ended 31 March 2011. The independent auditors of the Company acknowledge their reporting responsibilities in the auditors' report on the consolidated financial statements for the year ended 31 March 2011.

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 19 to the financial statements.

An analysis of the Group's performance for the financial year by business segments is set out in note 8 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the financial year ended 31 March 2011 are set out in the Consolidated Statement of Comprehensive Income on page 39.

No interim dividend have been paid or declared by the Company during the financial year. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2011 (2010: Nil).

DISTRIBUTABLE RESERVES

As at 31 March 2011, the Group did not have any reserves available for distribution to shareholders.

RESERVES

Movements in the reserves of the Group and the Company during the financial year are set out in note 30 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 17 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital are set out in note 29 to the financial statements.

DIRECTORS

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

Mr. Chiu Tung Ping (appointed on 8 June 2011 and elected as the Chairman on 8 June 2011)
Ms. Yuen Hing Lan (appointed on 8 June 2011)
Ms. Wang Daling (appointed on 15 June 2010, elected as the Chairman on 6 April 2011 and ceased to be the Chairman on 8 June 2011)
Mr. Hou Hsiao Bing (ceased to be the Chairman on 6 April 2011)
Mr. Hou Hsiao Wen (Chief executive officer)
Mr. Zeng Xiangyi (appointed on 15 June 2010)
Mr. Law Shu Sang, Joseph (appointed on 6 July 2010 and resigned on 7 October 2010)
Mr. Ho Chi Fai, Thomas (appointed on 8 October 2010 and resigned on 10 November 2010)
Mr. Xu Wei (appointed on 10 November 2010)
Mr. Leung King Pak (appointed on 2 June 2011)
Ms. Lui, Ming Rosita* (resigned on 15 June 2010)
Mr. Ho Wai Wing, Raymond* (resigned on 15 June 2010)
Mr. Tam Kam Biu, William*
Mr. Wong Chung Wai, Eric* (appointed on 15 June 2010 and resigned on 10 November 2010)
Mr. Lai Chun Hung* (appointed on 15 June 2010)
Ms. Zhang Dandan* (appointed on 10 November 2010)
Mr. Tang Renhao* (appointed on 23 February 2011)

* *Independent non-executive Directors*

REPORT OF THE DIRECTORS

Detailed information of the Directors standing for re-election will be set out in the circular in relation to the forthcoming annual general meeting of the Company to be despatched to the shareholders.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT OF THE GROUP

EXECUTIVE DIRECTORS

Mr. Chiu Tung Ping, aged 59, has been elected by the Board as the Chairman with effect from 8 June 2011. Mr. Chiu is the general manager of 青海百科光電有限責任公司 (unofficial English translation being Qinghai Baike Solar Power Co., Ltd.). Mr. Chiu is a committee member of the 10th Plenary of the Chinese People's Political Consultative Conference Gansu Committee (中國人民政治協商會議甘肅省第十屆委員會). Mr. Chiu is also the vice-chairperson of 甘肅省工商業聯合會 (unofficial English translation being Gansu Province Industrial and Commercial Industry Association). Mr. Chiu is the honourary president of the Hong Kong General Association of International Investment (香港國際投資總商會).Mr. Chiu is the spouse of Ms. Yuen Hing Lan, an executive Director, Mr. Chiu was appointed as an executive Director on 8 June 2011.

Ms. Yuen Hing Lan, aged 55, is a director of 青海百科光電有限責任公司 (unofficial English translation being Qinghai Baike Solar Power Co., Ltd.). Ms. Yuen obtained the Bachelor of Public Health from Shanxi Medical School (山西醫學院) in 1979. Ms. Yuen is experienced in corporate management. Ms. Yuen was appointed as an executive Director on 8 June 2011.

Mr. Hou Hsiao Bing, aged 56, the elder brother of Mr. Hou Hsiao Wen, has been the Chairman during the period from 5 August 2002 to 6 April 2011. He is in charge of the Group's strategic business development and executive management. Prior to joining the Group in April 2000, Mr. Hou was the managing director of a private company focusing on selling satellite TV products network in the PRC. He has more than 30 years' experience in China business. Mr. Hou graduated from the Hong Kong Polytechnic University with a Diploma in Marketing.

Mr. Hou Hsiao Wen, aged 51, is the chief executive officer of the Company, the compliance officer and one of the authorized representatives of the Company. He is in charge of the Group's business development, business management and monitoring of the Group's day-to-day operation. Mr. Hou has over 24 years' experience in the information technology industry in the PRC. Mr. Hou holds a Bachelor of Science degree in Information System from the Ohio State University in the United States ("US."). Prior to joining the Group in January 2000, he was the managing director of a private company principally engaged in providing satellite TV network solutions in the PRC. Mr. Hou is the younger brother of Mr. Hou Hsiao Bing.

Mr. Zeng Xiangyi, aged 44, graduated from Zhejiang Gongshang University in Finance and Accountancy. He is a member of the Chinese Institute of Certified Public Accountants, a certified internal auditor (CIA) of the Institute of Internal Auditors and a registered financial planner (RFP) of the Registered Financial Planners Institute. Mr. Zeng has 21 years of experience in corporate finance and administration, auditing and internal control, comprehensive analysis and management. Mr. Zeng has been the general manager of the finance department of Shenzhen Innoessen Biotechnology Co., Ltd. since 2006. He has also been a manager of the internal audit department of Guangdong Strong Group Co., Ltd. and a manager of the auditing department of Shenzhen Woer Heat-Shrinkable Material Co., Ltd. Mr. Zeng was appointed as an executive Director on 15 June 2010.

Ms. Wang Daling, aged 63, has been elected by the Board as the Chairman with effect from 6 April 2011 to 8 June 2011. Ms Wang holds a junior college degree in Chinese from Shanghai Normal University. She was an associated researcher with the Ancient Chinese Culture Study Centre, East China Normal University from 1988 to 1992. Ms. Wong is currently the vice general manager of Shanghai Rensheng Investment Holdings Co., Ltd. and Rensheng Machine Manufacture Co., Ltd. Ms. Wang was appointed as an executive Director on 15 June 2010.

Mr. Xu Wei, aged 46, holds a Bachelor of Engineering from Shanghai Teachers Training College (presently known as Shanghai Normal University), the PRC and a Master of Business Administration from Asia (Macau) International Open University. Mr. Xu is a qualified economist in the PRC and was awarded the Certificate of Qualified Senior Manager. Mr. Xu has over 17 years experience in property management. Mr. Xu is the assistant manager of 上海上投置業發展有限公司 (unofficial English translation being Shanghai Shangtou Property Development Company Limited). Mr. Xu was appointed as an executive Director on 10 Novermber 2010.

Mr. Leung King Pak, aged 64, holds a Master of Business Administration from the International Management Centre of Buckingham, the United Kingdom and a Diploma in Management Studies from the University of Hong Kong. Mr. Leung has over 30 years experience in financial management and business development. Mr. Leung has been the chief financial officer, senior vice-president or vice-president of several listed companies and/or their subsidiaries. Mr. Leung was appointed as an executive Director on 2 June 2011.

REPORT OF THE DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tam Kam Biu, William, aged 55, is an associate member of the Hong Kong Institute of Certified Public Accountants since 1987 and an associate member of the Association of Chartered Certified Accountants since 1988. He graduated from the York University of Canada and holds a Master Degree of Business Administration major in finance and a Bachelor Degree of Business Administration major in Accounting. He has got more than 16 years' experience taking the positions as chief financial officer in a number of large listed companies and is currently an executive director of China Bio Cassava Holdings Limited (Stock Code: 8129), a company incorporated in the Cayman Islands whose securities are listed on GEM and a non-executive director of ViaGOLD Capital Limited, a company incorporated in Bermuda whose securities are listed on The Australian Stock Exchange Limited. Mr. Tam was an independent non-executive director of China Solar Energy Holdings Limited (Stock Code: 155), a company incorporated in Bermuda whose securities are listed on the Main Board of the Stock Exchange until 5 May 2011.

Mr. Lai Chun Hung, aged 33, holds a Bachelor of Business Administration in Accounting and Finance with honours from the Hong Kong University of Science and Technology in 2000. He has worked in the accounting and financial industries in Hong Kong for more than 11 years, and has considerable experience in auditing, corporate finance and investment. He has held various management positions in a number of companies which provide accounting, financial advisory and investment services. Mr. Lai was appointed as an independent non-executive Director on 15 June 2010.

Ms. Zhang Dandan, aged 30, holds a Bachelor of English Education from Jiangxi Normal University. Ms. Zhang holds the qualification certificate for senior high school teachers in the PRC. Ms. Zhang has over 7 years experience in English education and has obtained the English Majors Band 8 (英語專業高年級階段(八級) certificate issued by 高等學校外語專業教學指導委員會(unofficial English translation being Foreign Language Teaching in Colleges and Universities Steering Committee) in the PRC and passed the Shanghai English Tests for Professional Titles (Class A) (上海市職業英語(綜合A級)) issued by Shanghai Professional Testing Authority (上海市職業能力考試院). Ms. Zhang was appionted as an independent non-executive Director on 10 November 2010.

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

SENIOR MANAGEMENT

Ms. Chan Mi Ling, Anita, is the chief financial officer, the qualified accountant, company secretary and one of the authorised representatives of the Group. She is in charge of the Group's financial and accounting management. Ms. Chan holds a Master degree in Business Administration from the University of Western Sydney in Australia and a Master degree in Professional Accounting from Jinan University in the PRC. Ms. Chan is also a certified public accountant registered with the Hong Kong Institute of Certified Public Accountants, a member of the Institute of Chartered Accountants in England and Wales and a fellow member of Association of Chartered Certified Accountants. Ms. Chan has over 19 years' experience in the fields of auditing, accounting and finance and have been engaged in international certified public accountants firms, Hong Kong listed companies and multinational company listed overseas. Ms. Chan joined the Group in July 2000.

REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACTS AND VARIATIONS TO REMUNERATIONS

On 15 June 2010, each of Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen, both being executive Directors, has entered into a new service contract with the Company for an initial term of three years commencing from 15 June 2010 (which will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other). Pursuant to such service contracts, the monthly salary of each of Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen is HK$76,667 and HK$83,333 respectively. With effect from 1 April 2011, the monthly salary of Mr. Hou Hsiao Bing has been increased from HK$76,667 to HK$125,000 and the monthly salary of Mr. Hou Hsiao Wen has been increased from HK$83,333 to HK$125,000.

Starting from 9 August 2010, the remuneration of Mr. Zeng Xiangyi, an executive Director was HK$30,000 per month.

Starting from 1 October 2010, the remuneration of Mr. Zeng Xiangyi had been reduced to HK$10,000 per month and the remuneration of each of Ms. Wang Daling, Mr. Lai Chun Hung and Mr. Tam Kam Biu, William, was increased to HK$10,000 per month which was determined by the Board with reference to the prevailing market conditions, their roles and responsibilities.

The remuneration of Mr. Zeng Xiangyi had been increased to HK$30,000 per month and HK$50,000 per month starting from 1 January 2011 and 15 February 2011 respectively. The remuneration of Ms. Wang Daling had been increased to HK$50,000 per month starting from 1 April 2011. The remuneration of Mr. Zeng Xiangyi and Ms. Wang Daling had been decreased to HK$10,000 per month starting from 1 June 2011 which was determined by the Board with reference to the prevailing market conditions, their roles and responsibilities.

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

CONNECTED TRANSACTIONS

The related party transactions undertaken by the Group as set out in note 34 to the financial statements constituted continuing connected transactions. However, such transaction are exempted from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

DIRECTORS' INTEREST IN CONTRACTS

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

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

As at 31 March 2011, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

(a) DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE SHARES OF THE COMPANY

Name of Directors	**Capacity**	**Number and class of securities** (Note 1)	**Percentage shareholding in the same class of securities** (Note 2)
Mr. Hou Hsiao Bing *(Executive Director)*	Beneficial owner	131,150,000 ordinary shares (L)	17.79%
Mr. Hou Hsiao Wen *(Executive Director)*	Beneficial owner	25,370,000 ordinary shares (L)	3.44%

Notes:

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

2. As at 31 March 2011, the entire issued share capital of the Company is 737,192,072 shares of HK$0.1 each.

(b) *DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS/SHORT POSITIONS IN THE SHARE CAPITAL OF THE COMPANY'S ASSOCIATED CORPORATIONS*

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

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

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

As at 31 March 2011, the following persons, other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholders	Number of ordinary shares interested	Capacity	Approximate percentage of the Company's issued share capital as at 31 March 2011
Mr. Ren Baogen	58,830,000	Beneficial owner	7.98%
Mr. Qin Yun	530,875,000	Interest of controlled corporation (Note 1)	72.01%
Ms. Hu Jianming	530,875,000	Interests of spouse (Note 1 and 2)	72.01%
Max Success Group Ltd	451,243,750	Beneficial owner (Note 1)	61.21%
Rus Energy Investment Group Limited	79,631,250	Beneficial owner (Note 1)	10.80%
Best Jump International Limited	46,000,000	Beneficial owner (Note 3)	6.24%
Mr. Ho Lawrence Yau Lung	46,000,000	Interests of controlled corporation (Note 3)	6.24%
Good Million Investments Limited	459,200,000	Beneficial owner (Note 4)	62.29%
Mr. Chiu Tung Ping	459,200,000	Interests of controlled corporation (Note 4 and 5)	62.29%
Ms. Yuen Hing Lan	459,200,000	Interests of spouse (Note 4 and 5)	62.29%

Notes:

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

2. Ms. Hu Jianming is the spouse of Mr. Qin Yun. Accordingly, Ms. Hu Jianming is deemed, by virtue of SFO, to be interested in all the shares in which Mr. Qin Yun is interested.

3. Best Jump International Limited is wholly and beneficially owned by Mr. Ho Lawrence Yau Lung ("Mr. Ho"). Best Jump International Limited was interested in 46,000,000 underlying shares of the Company which may be issued and allotted upon exercise of the conversion right attaching to the convertible bonds in the principal amount of HK$23,000,000 at the conversion price of HK$0.5 per share.

4. Pursuant to the agreement entered into between Good Million Investments Limited, Mr. Chiu Tung Ping, who is subsequently appointed as an executive Director on 8 June 2011, Ms. Yuen Hing Lan, who is subsequently appointed as an executive Director on 8 June 2011, City Max International Limited and the Company dated 13 December 2010, the Company shall issue 133,000,000 consideration shares and convertible bonds in the aggregate principal amount of HK$163,100,000 at the conversion price of HK$0.5 per share.

5. Mr. Chiu Tung Ping and Ms. Yuen Hing Lan held 70% and 30% interest in the entire issued share capital of Good Million Investments Limited. Ms. Yuen Hing Lan is the spouse of Mr. Chiu Tung Ping, and hence both Mr. Chiu Tung Ping and Ms. Yuen Hing Lan were deemed to be interested in the shares of the Company held by Good Million Investments Limited.

Save as disclosed above, as at 31 March 2011, no person or entity other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEMES

1. *PRE-IPO SHARE OPTIONS*

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

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

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

	Number of Options					
Pre-IPO Share Options	**Outstanding at 1.4.2010**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Outstanding at 31.3.2011**	**Closing price per share immediately before the date of grant** (HK$) (Note)
Exercise price at HK$0.40:						
– Executive Directors						
Hou Hsiao Bing	2,000,000	Nil	(2,000,000)	Nil	Nil	Nil
Hou Hsiao Wen	2,000,000	Nil	(2,000,000)	Nil	Nil	Nil
– Other Employees	2,400,000	Nil	(2,400,000)	Nil	Nil	Nil
	6,400,000	Nil	(6,400,000)	Nil	Nil	

Note:

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

2. *NEW SHARE OPTION SCHEME ADOPTED AS AT 30 JULY 2004*

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

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

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

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

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

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

Up to the date of this report, no options were granted or exercised under the New Scheme. The total number of securities available was 45,261,207 shares, representing approximately 6.14% of the Company's shares in issue as at 31 March 2011.

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

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

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

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

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

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

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

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

PURCHASES

- the largest supplier: Approximately 80.7 per cent.
- five largest suppliers in aggregate: Approximately 96.5 per cent.

SALES

- the largest customer: Approximately 13.1 per cent.
- five largest customers in aggregate: Approximately 54.8 per cent.

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

REPORT OF THE DIRECTORS

EVENTS AFTER THE REPORTING PERIOD

(a) An extraordinary general meeting was held on 31 May 2011, a resolution was passed to approve the acquisition of the entire issued share capital in the China Technology Solar Power Holdings Limited, at the consideration of HK$292,000,000. The acquisition was completed on 1 June 2011.

(b) The extraordinary general meeting mentioned above also passed a resolution to approve the increase in the authorized share capital of the Company from HK$100,000,000 divided into 1,000,000,000 shares of HK$0.10 each to HK$250,000,000 divided into 2,500,000,000 shares of HK$0.10 each by creation of additional 1,500,000,000 unissued shares in the share capital of the Company.

(c) At an announcement of the Company dated 16 June 2011, the Board of Directors of the Company proposed to change the name of the Company from "Soluteck Holdings Limited" to "China Technology Solar Power Holdings Limited". The proposed change of Company name will be subject to fulfillment of the following conditions:

  (i) the passing of a special resolution by the Shareholders approving the change of the English name of the Company at the extraordinary general meeting; and

  (ii) the obtaining of the approval of the change of the English name of the Company by the Registrar of Companies in the Cayman Islands.

PRE-EMPTIVE RIGHTS

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

FIVE YEARS FINANCIAL SUMMARY

	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results:					
Revenue	**31,878**	27,966	43,645	72,100	63,808
(Loss)/Profit attributable to shareholders	**(36,352)**	(28,625)	(3,176)	2,291	2,078
Assets and liabilities					
Total assets	**131,683**	60,570	43,302	46,950	45,344
Total liabilities	**(33,139)**	(5,296)	(6,541)	(7,802)	(12,163)
Net assets	**98,544**	55,274	36,761	39,148	33,181

REPORT OF THE DIRECTORS

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

Save as disclosed above, none of the Directors of the Company has an interest in a business which compete or may compete with the business of the Group.

CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out on page 18 to 23 of the annual report.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 March 2011.

AUDITORS

The audited financial statements of the Company for the year ended 31 March 2011 have been audited by W.H. Tang & Partners CPA Limited, who will retire and being eligible, offer themselves for reappointment as auditor at the forthcoming annual general meeting of the Company. There is no change to the auditors of the Company in the preceding 3 years.

On behalf of the Board
Mr. Chiu Tung Ping
Chairman and executive Director

Hong Kong, 24 June 2011

INDEPENDENT AUDITORS' REPORT

鄧偉雄會計師事務所有限公司

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7 Lau Li Street,
Causeway Bay, Hong Kong.

香港銅鑼灣琉璃街七號
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W.H. TANG
& PARTNERS
CPA LIMITED

To the shareholders of Soluteck Holdings Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Soluteck Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 93, which comprise the consolidated and Company statements of financial position as at 31 March 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion 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 this 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated 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 2011 and of the Group's loss 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.

W.H. Tang & Partners CPA Limited
Certified Public Accountants (Practising)
TANG Wai Hung

Practising Certificate Number: P03525
Hong Kong, 24 June 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	Note	2011 HK$'000	2010 HK$'000
Revenue	8	**31,878**	27,966
Cost of sales		**(23,423)**	(20,263)
Gross profit		**8,455**	7,703
Other revenue	8	**305**	217
Selling expenses		**(6,039)**	(2,838)
Provision for obsolete inventories		**(1,500)**	–
Impairment loss recognized on accounts receivables		**(1,000)**	(2,000)
Change in fair value of financial assets at fair value through profit or loss		**(5,879)**	–
Written off on other deposit		**(7,745)**	(7,745)
Administrative expenses		**(21,642)**	(23,804)
Loss from operations	9	**(35,045)**	(28,467)
Finance costs	10	**(928)**	–
Loss before taxation		**(35,973)**	(28,467)
Income tax expenses	11	**(379)**	(158)
Loss for the year		**(36,352)**	(28,625)
Other comprehensive income			
Exchange differences on translation of financial statements of overseas subsidiaries		**1,850**	89
Total comprehensive income for the year		**(34,502)**	(28,536)
Loss for the year attributable to:			
Equity holders of the Company		**(36,352)**	(28,625)
Total comprehensive income attributable to:			
Equity holders of the Company		**(34,502)**	(28,536)
Dividend	12	**–**	–
Loss per share			
– Basic	14	**(5.61 cents)**	(5.49 cents)
– Diluted	14	**(6.75 cents)**	(5.64 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Note	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	17	**1,012**	192
Available-for-sale financial assets	18	**–**	–
		1,012	192
Current assets			
Inventories	20	**11,403**	9,238
Accounts receivables	21	**9,208**	17,394
Other receivables, deposits and prepayments	22	**48,454**	10,912
Financial assets at fair value through profit or loss	23	**18,371**	–
Bank balances and cash	24	**43,235**	22,834
		130,671	60,378
Current liabilities			
Accounts payables	25	**1,991**	2,078
Other payables and accruals	26	**4,489**	1,290
Receipt in advance		**493**	689
Convertible bonds	27	**24,540**	–
		31,513	4,057
Net current assets		**99,158**	56,321
Total assets less current liabilities		**100,170**	56,513
Non-current liabilities			
Deferred tax liabilities	28	**1,626**	1,239
Net assets		**98,544**	55,274
Capital and reserves			
Share capital	29	**73,719**	54,379
Reserves	30	**24,825**	895
Shareholders' funds		**98,544**	55,274

The consolidated financial statements on pages 39 to 93 were approved and authorized for issue by the board of directors on 24 June 2011 and are signed on its behalf by:

Chiu Tung Ping
Director

Hou Hsiao Bing
Director

STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Note	2011 HK$'000	2010 HK$'000
Non-current assets			
Investment in subsidiaries	19	**97,215**	90,307
Current assets			
Other receivables, deposits and prepayments	22	**33,823**	168
Financial assets at fair value through profit or loss	23	**18,371**	–
Bank balances and cash	24	**33,885**	–
		86,079	168
Current liabilities			
Other payables and accruals		**407**	120
Convertible bonds	27	**24,540**	–
		24,947	120
Net current assets		**61,132**	48
Net assets		**158,347**	90,355
Capital and reserves			
Share capital	29	**73,719**	54,379
Reserves	30	**84,628**	35,976
Shareholders' funds		**158,347**	90,355

Chiu Tung Ping
Director

Hou Hsiao Bing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	Equity attributable to equity holders of the Company							
	Share capital	Share premium	Warrant reserve	Reserve arising from reorganization	Exchange reserve	Convertible bonds reserve	Retained profits (Deficit)	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2009	45,316	1,249	–	(24,317)	6,525	–	7,988	36,761
Issue of shares	9,063	29,908	–	–	–	–	–	38,971
Transaction cost on issue of shares	–	(1,602)	–	–	–	–	–	(1,602)
Issue of warrants	–	–	10,000	–	–	–	–	10,000
Transaction cost on issue of warrants	–	–	(320)	–	–	–	–	(320)
Total comprehensive income for the year	–	–	–	–	89	–	(28,625)	(28,536)
At 31 March 2010 and At 1 April 2010	54,379	29,555	9,680	(24,317)	6,614	–	(20,637)	55,274
Issue of shares	18,700	55,795	–	–	–	–	–	74,495
Transaction cost on issue of shares	–	(1,670)	–	–	–	–	–	(1,670)
Equity component of convertible bonds	–	–	–	–	–	2,387	–	2,387
Shares issued on exercise of options	640	1,920	–	–	–	–	–	2,560
Total comprehensive income for the year	–	–	–	–	1,850	–	(36,352)	(34,502)
At 31 March 2011	73,719	85,600	9,680	(24,317)	8,464	2,387	(56,989)	98,544

Notes:

(a) During the year ended 31 March 2010, the Company issued 100,000,000 warrant at HK$0.10 each for cash. Net proceeds from the issuance of warrant of approximately HK$9,680,000 was recognized as warrant reserve.

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

(c) On 5 November 2010, the Company issued convertible bonds with a principal amount of HK$26,000,000. Equity component of the convertible bonds of approximately HK$2,387,000 was recognized in the convertible bonds reserve account.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	2011 HK$'000	2010 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	**(35,973)**	(28,467)
Adjustment for:		
Depreciation	**541**	73
Interest income	**(55)**	(11)
Finance cost	**928**	–
Written off on other deposit	**7,745**	7,745
Impairment loss recognized on accounts receivables	**1,000**	2,000
Provision for obsolete inventories	**1,500**	–
Change in fair value of financial assets at fair value through profit or loss	**5,879**	–
Operating cash flows before movements in working capital	**(18,435)**	(18,660)
(Increase) Decrease in inventories	**(3,664)**	3,413
Decrease in accounts receivables	**7,183**	2,129
Increase in other receivables, deposits and prepayments	**(45,287)**	(15,415)
(Decrease) Increase in accounts payables	**(87)**	1,235
Increase (Decrease) in other payables and accruals	**3,199**	(1,892)
Decrease in receipt in advance	**(196)**	(339)
Cash used in operations	**(57,287)**	(29,529)
Interest paid	**(1)**	–
Overseas taxation paid	**(24)**	(408)
NET CASH USED IN OPERATING ACTIVITIES	**(57,312)**	(29,937)
INVESTING ACTIVITIES		
Interest received	**55**	11
Purchase of property, plant and equipment	**(1,365)**	(22)
Purchase of financial assets at fair value through profit or loss	**(24,250)**	–
NET CASH USED IN INVESTING ACTIVITIES	**(25,560)**	(11)
FINANCING ACTIVITIES		
Shares issued	**19,340**	9,063
Proceed from issue of equity shares	**57,715**	29,908
Transaction cost on issue of equity shares	**(1,670)**	(1,602)
Proceed from issue of warrants	**–**	10,000
Transaction cost on issue of warrants	**–**	(320)
Proceed from issue of convertible bonds	**26,000**	–
NET CASH FROM FINANCING ACTIVITIES	**101,385**	47,049
NET INCREASE IN CASH AND CASH EQUIVALENTS	**18,513**	17,101
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**22,834**	5,642
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**1,888**	91
CASH AND CASH EQUIVALENTS AT ENDED OF YEAR, represented by		
Bank balances and cash	**43,235**	22,834

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2011

1. GENERAL

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

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

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

The consolidated financial statements on pages 39 to 93 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations ("HK(IFRIC)-Int and HK-Int") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated financial statements include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules").

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

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

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

HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions
HKFRS 3 (as revised in 2008)	Business combinations
HKAS 27 (as revised in 2008)	Consolidated and separate financial statements
HKAS 32 (Amendment)	Classification of rights issues
HKAS 39 (Amendment)	Eligible hedged items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of improvements to HKFRSs issued in 2008
HK(IFRIC)-Int 17	Distribution of non-cash assets to owners
HK-Int 5	Presentations of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause

The application of the new and revised Standards, Amendments and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

The Group has not early applied the following new and revised Standards, Amendments and Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvement to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures – transfers of financial assets[4]
HKFRS 9	Financial instruments[6]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[5]
HKAS 24 (revised in 2009)	Related party disclosures[3]
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a minimum funding requirement[3]
HK(IFRIC)-Int 19	Extinguishing financial liabilities with equity instruments[2]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.

2 Effective for annual periods beginning on or after 1 July 2010.

3 Effective for annual periods beginning on or after 1 January 2011.

4 Effective for annual periods beginning on or after 1 July 2011.

5 Effective for annual periods beginning on or after 1 January 2012.

6 Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 "Financial Instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 "Financial Instruments" (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognized financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at either amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidate financial statements for financial year ended 31 March 2014 and that the application of the new standard might affect the classification and measurement of the Group's financial assets and liabilities. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

Other than as described above, the directors of the Company anticipate that the application of the other new and revised Standards, Amendments and Interpretations will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below. The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values as explained in the accounting policies set out below.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

In the Company's statement of financial position, investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

REVENUE RECOGNITION

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

Revenue from the sale of goods is recognized when goods are delivered and titled has passed, at which time all the following conditions are satisfied:

– the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

– the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

– the amount of revenue can be measured reliably;

– it is probable that the economic benefits associated with the transaction will flow to the Group; and

– the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the provision of technical support services is recognized when the services are rendered. The unrecognized portion is recorded as receipt in advance when deposits and instalment payments are received.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life on the financial asset to that asset's net carrying amount on initial recognition.

GOVERNMENT GRANTS

Government grants are recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the related asset by equal annual instalments.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, comprising leasehold improvements, office equipment, furniture and fixtures and motor vehicles, are stated as cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the item of property, plant and equipment to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of comprehensive income in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalized as an additional cost of that item of property, plant and equipment.

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

Leasehold improvements	20%
Office equipment, furniture and fixtures	20%
Motor vehicles	20%

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

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

SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors who make strategic decisions.

INVENTORIES

Inventories, comprising merchandise and spare parts, are stated at the lower of cost and net realizable value. Cost, calculated on the first-in, first-out basis, comprises cost of purchases. Net realizable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

EMPLOYMENT BENEFITS

Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognized when they accrue to employees.

A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of reporting date.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

Pension obligations

The Company and subsidiaries incorporated/operated in Hong Kong operate a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") set up pursuant to the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the Pension Scheme.

Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries up to a maximum of HK$1,000 and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of the employee's monthly salaries up to a maximum of HK$1,000 (the "mandatory contributions"). The employees are entitled to 100% of the employer's mandatory contribution upon their retirement at the age of 65 years old, death or total incapacity.

The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The employer's contributions vest fully with the employees when they are contributed to the MPF Scheme, except for the portion of voluntary contributions made by the employer, which will be refunded to the Group when the employees cease employment prior to vesting fully in the contributions, in accordance with the rules of the MPF Scheme.

The subsidiaries operating in the People's Republic of China (the "PRC") are required to participate in defined contribution retirement schemes, organized by the relevant local government authorities. The subsidiaries are required to make contributions to the retirement schemes, at a rate of 11.0 per cent. to 22.5 per cent. of the basic salary of their employees and there will be no other future obligations of the Group towards the employees' retirement benefits.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

LEASING

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognized as a reduction of rental expense over the lease term on a straight-line basis.

CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

TAXATION

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

TAXATION (Continued)

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

BORROWING COSTS

Borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FOREIGN CURRENCIES

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

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

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

DIVIDENDS

Dividends proposed or declared after the end of reporting date is not recognized as a liability at the end of the reporting period.

IMPAIRMENT OF ASSETS

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS

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

Financial assets

The financial assets of the Group are mainly financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognized on an effective interest basis for debt instruments.

Financial assets at FVTPL comprise financial assets held-for-trading.

A financial asset is classified as held-for-trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognized directly in profit or loss in the period in which they arise. The net gain or loss recognized in profit or loss excludes any dividend or interest earned on the financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS (Continued)

Loans and receivables

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

At the end of each reporting period, subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognized in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of each reporting period subsequent to initial recognition.

Impairment of financial assets

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

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

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

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrowing will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS (Continued)

Impairment of financial assets (Continued)

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

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

For financial assets carried at amortized cost, an impairment loss is recognized in profit and loss when there is objective evidence that the asset is impaired, and is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When an accounts receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognized directly in other comprehensive income and accumulated in investment revaluation reserve.

Financial liabilities and equity instruments

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS (Continued)

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognized on an effective interest basis for debt instruments.

Financial liabilities

Financial liabilities including accounts payables, other payables and accruals, receipt in advance are subsequently measured at amortized cost, using the effective interest method.

Convertible bonds issued by the Company

Convertible bonds issued by the Company contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds into equity, is included in equity (convertible bonds reserve).

In subsequent period, the liability component of the convertible bonds is carried at amortized cost using the effective interest method. The equity component, representing the option to convert the liability component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds reserve until the embedded option is exercised (in which case the balance stated in convertible bond equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible bonds reserve will be released to the accumulated losses. No gain or loss is recognized in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortized over the period of the convertible bonds using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

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

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

RESEARCH AND DEVELOPMENT EXPENDITURE

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development expenditure is recognized only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity.

The resultant asset is amortized on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortization and any accumulated impairment loss.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

RELATED PARTIES

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

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

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

(ii) the party is an associate;

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

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

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

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

PROPERTY, PLANT AND EQUIPMENT

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

ALLOWANCE FOR INVENTORIES

The management of the Group reviews an ageing analysis at the end of each reporting date, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for sales. The management estimates the net realizable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at the end of each reporting date and makes allowance for obsolete and slow moving items.

ALLOWANCE FOR DOUBTFUL DEBTS

The policy for allowance of bad and doubtful debts of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realizable of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in impairment of their ability to make payments, addition allowance may be required.

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which includes convertible bonds as disclosed in Note 27, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

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

6. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments to raise finance for the Group's operations comprise convertible bonds.

The Group has various other financial instruments such as accounts receivables, financial assets at fair value through profit or loss, other receivables, deposits and prepayments, bank balances, accounts payables, other payables and accruals, receipt in advance and convertible bonds which arise directly from its operations.

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

CREDIT RISK

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

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

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

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

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

6. FINANCIAL RISK MANAGEMENT *(Continued)*

FOREIGN CURRENCY RISK

The Group's revenue are denominated and settled in Renminbi ("RMB"), in addition, incurred most of the expenditures for operating purposed as well as capital expenditures in RMB. Most of the subsidiaries' monetary assets and liabilities are also denominated in RMB. Future exchange rate of RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also affected by economic developments and political changes domestically and internationally, and supply and demand of RMB. The appreciation or devaluation of RMB against foreign currencies may have positive or negative impact on the result of operations of the Group.

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

	Assets		**Liabilities**	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**47,438**	48,070	**4,331**	4,261
United States dollars ("USD")	**18,424**	7,938	**–**	–
	65,862	56,008	**4,331**	4,261

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

Sensitivity analysis

The following table details the Group's and Company's sensitivity to a 5% (2010: 5%) increase and decrease in HK$ against RMB. 5% (2010: 5%) is the sensitivity rate used that represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the reporting date for a 5% (2010: 5%) change in foreign currency rates. A negative number below indicates an increase in post-tax loss for the year where relevant currencies strengthen 5% (2010: 5%) against the functional currency of the relevant group entities. For a 5% (2010: 5%) weakening of relevant currencies against the functional currency of the relevant group entities, there would be an equal and opposite impact on the result and the balances below would be positive.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

FOREIGN CURRENCY RISK (Continued)

Sensitivity analysis (Continued)

	Profit or loss	
	2011	2010
	HK$'000	HK$'000
RMB	**2,155**	2,578

No sensitivity analysis has been presented as the directors consider that the Group's exposure to USD is insignificant on the grounds that Hong Kong dollars is pegged to USD.

INTEREST RATE RISK

The Group has exposed to cash flow interest rate risk in relation to bank deposits that carrying interest at variable rates. The Group does not have an interest rate hedging policy. However, the management monitor interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The directors consider the Group's exposure to cash flow interest rate risk of bank deposit is not significant, hence no sensitivity analysis is presented for the year ended 31 March 2010 and 2011.

LIQUIDITY RISK

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of borrowings and ensures compliance with loan covenants.

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surplus and the raising of loans to cover expected cash demands, subject to approval by the Company's directors when the borrowings exceed certain predetermined levels of authority.

The table below summarizes the maturity profile of the Group's financial liabilities as at the end of reporting date, based on the contracted undiscounted payments. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period:

6. FINANCIAL RISK MANAGEMENT *(Continued)*

LIQUIDITY RISK (Continued)

2011

	Within 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts at 31/3/2011 HK$'000
Non-derivative financial liabilities			
Accounts payables	1,991	1,991	1,991
Other payables and accruals	4,489	4,489	4,489
Convertible bonds	26,000	26,000	24,540
Receipt in advance	493	493	493
	32,973	32,973	31,513

2010

	Within 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts at 31/3/2010 HK$'000
Non-derivative financial liabilities			
Accounts payables	2,078	2,078	2,078
Other payables and accruals	1,290	1,290	1,290
Receipt in advance	689	689	689
	4,057	4,057	4,057

FAIR VALUE

The fair value of financial assets and financial liabilities are determined as follows:

– the fair values of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices; and

– the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximated their fair values.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

FAIR VALUE (Continued)

Fair value measurement recognized in the consolidated and Company statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

(a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

Asset measured at fair value

	31 March 2011 HK$'000	**Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**
Available-for-sale financial assets	**190**	**–**	**–**	**190**
Impairment loss recognized in previous years	**(190)**	**–**	**–**	**(190)**
Financial assets at fair value through profit or loss	**18,371**	**18,371**	**–**	**–**
	18,371	**18,371**	**–**	**–**

	31 March 2010 HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Available-for-sale financial assets	190	–	–	190
Impairment loss recognized in previous years	(190)	–	–	(190)
	–	–	–	–

The Company has an available-for-sale financial asset which fully impaired in previous years.

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

	The Group	
	2011	2010
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**100,897**	51,140
Financial assets at fair value through profit or loss	**18,371**	–

	2011	2010
	HK$'000	HK$'000
Financial liabilities		
Amortized cost	**31,513**	4,057

Categories of financial instruments

	The Company	
	2011	2010
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**67,708**	168
Financial assets at fair value through profit or loss	**18,371**	–

	2011	2010
	HK$'000	HK$'000
Financial liabilities		
Amortized cost	**24,947**	120

8. REVENUE AND SEGMENT INFORMATION

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

	The Group	
	2011	2010
	HK$'000	HK$'000
Revenue		
Sales of goods	**23,593**	18,648
Rendering of services	**8,285**	9,318
	31,878	27,966
Other revenue		
Government subsidies for business development	**154**	111
Interest income	**55**	11
Others	**96**	95
	305	217
Total revenue	**32,183**	28,183

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

BUSINESS SEGMENTS

The Group is organized into two main business segments:

i. Sales of goods – sales of self-service ATM systems and printing systems

ii. Rendering of services – provision of hardware and software technical support services

	Sales of goods 2011 HK$'000	Rendering of services 2011 HK$'000	Total 2011 HK$'000
Revenue	23,593	8,285	31,878
Segment results	608	(1,103)	(495)
Other revenue			252
Unallocated costs			(34,802)
Loss from operations			(35,045)
Finance costs			(928)
Loss before taxation			(35,973)
Income tax expenses			(379)
Loss for the year			(36,352)

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

	Sales of goods 2011 HK$'000	Rendering of services 2011 HK$'000	Total 2011 HK$'000
Segment assets	34,557	10,213	44,770
Property, plant and equipment (for corporate)			265
Other receivables, deposits and prepayments (for corporate)			34,043
Financial asset at fair value through profit or loss (for corporate)			18,371
Bank balances and cash (for corporate)			34,234
Consolidated assets			131,683
Segment liabilities	2,460	1,871	4,331
Other payables and accruals (for corporate)			4,268
Convertible bonds (for corporate)			24,540
Consolidated liabilities			33,139

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

PRIMARY REPORTING FORMAT – BUSINESS SEGMENTS (Continued)

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

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

	Sales of goods 2010 HK$'000	Rendering of services 2010 HK$'000	Total 2010 HK$'000
Segment assets	15,977	16,638	32,615
Property, plant and equipment (for corporate)			7
Other receivables, deposits and prepayments (for corporate)			8,142
Bank balances and cash (for corporate)			19,806
Consolidated assets			60,570
Segment liabilities	2,078	1,156	3,234
Other payables and accruals (for corporate)			2,062
Consolidated liabilities			5,296

For the purpose of monitoring segment performances and allocation resources among segments:

– all assets are allocated to reportable-segments, other than corporate assets of the Group

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

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

OTHER SEGMENTS INFORMATION

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

	Sales of goods 2011 HK$'000	**Rendering of services 2011 HK$'000**	**Total 2011 HK$'000**
Additions to property, plant and equipment	**5**	**1,091**	**1,096**
Depreciation of property, plant and equipment	**7**	**523**	**530**
Impairment loss recognized on accounts receivables	**500**	**500**	**1,000**
Provision for obsolete inventories	**500**	**1,000**	**1,500**

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

GEOGRAPHICAL INFORMATION

No geographical analysis is provided as less than 10% of the consolidated revenue and less than 10% of the operating results of the Group are attributable to markets outside the PRC. Therefore, no geographical information is presented.

Information about major customers

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

	The Group	
	2011 HK$'000	2010 HK$'000
Customer A – Sales of goods	**1,045**	4,393
Customer A – Rendering of services	**3,138**	5,037
Customer B – Sales of goods	**3,898**	973
Customer C – Sales of goods	**3,765**	4,503
Customer C – Rendering of services	**210**	–

9. LOSS FROM OPERATIONS

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

	The Group	
	2011	2010
	HK$'000	HK$'000
Crediting:		
Net foreign exchange gains	**193**	12
Charging:		
Auditors' remuneration		
– current year	**284**	251
– underprovision in last year	**9**	5
Cost of inventories	**18,403**	15,602
Depreciation	**541**	73
Change in fair value of financial assets at fair value through profit or loss	**5,879**	–
Operating leases for land and building	**2,324**	2,098
Bad debts written off	**–**	1,182
Provision for obsolete inventories	**1,500**	–
Written off of obsolete inventories	**–**	1,332
Impairment loss recognized on accounts receivables	**1,000**	2,000
Written off on other deposit	**7,745**	7,745
Research and development costs	**178**	133
Provision for long service payment	**570**	–
Staff costs (including directors' emoluments and research and development costs)	**13,002**	10,848

10. FINANCE COSTS

	The Group	
	2011	2010
	HK$'000	HK$'000
Imputed finance costs on convertible bonds	**927**	–
Interest on bank overdraft	**1**	–
	928	–

11. INCOME TAX EXPENSES

The Company is incorporated in the Cayman Islands and is exempted from taxation in the Cayman Islands until 2021. The Company's subsidiaries established in the British Virgin Islands is incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, is exempted from payment of the British Virgin Islands income taxes.

The Company's subsidiaries established in the PRC are subject to enterprise income tax ("EIT") rate of 22% – 25% (2010: 20% – 25%).

No provision for Hong Kong profits tax has been made as there is no assessable profit (2010: nil) for the subsidiaries operating in Hong Kong during the year ended 31 March 2011.

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

	The Group	
	2011	2010
	HK$'000	HK$'000
Current income tax:		
– Hong Kong Profits Tax	**–**	–
– Overseas taxation	**4**	408
Underprovision in prior years	**20**	–
Deferred taxation (Note 28)	**355**	(250)
Income tax expenses	**379**	158

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

	The Group	
	2011	2010
	HK$'000	HK$'000
Loss before taxation	**(35,973)**	(28,467)
Calculated at a rate of income tax of 16.5% (2010: 16.5%)	**(5,935)**	(4,697)
Effect of difference rate of income tax in other countries	**(137)**	(256)
Tax effect on expenses not deductible for taxation purposes	**5,525**	4,673
Tax effect on tax losses not recognized	**1,353**	493
Tax effect of utilization of tax loss not previously recognized	**(782)**	–
Others	**355**	(55)
	379	158

12. DIVIDEND

No dividend was paid or proposed during the two years ended 31 March 2011 and 2010 nor has any dividend been proposed since the end of reporting date.

13. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders is dealt with in the financial statements of the Company to the extent of a loss of approximately HK$9,780,000 (2010: HK$1,161,000).

14. LOSS PER SHARE

BASIC

	2011 HK$'000	2010 HK$'000
Loss		
Loss for the purpose of basic and diluted earning per share	**36,352**	28,625

	2011	2010
Number of share		
Weighted average number of ordinary shares for the purpose of basic earning per share	**647,712,072**	521,134,572
Effect of dilutive potential ordinary shares:		
Warrants issued by the Company	**(108,962,155)**	(13,377,726)
Weighted average number of ordinary shares for the purpose of basic earning per share	**538,749,917**	507,756,846

15. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2011 HK$'000	2010 HK$'000
Wages and salaries	**12,378**	10,365
Pension costs – defined contribution plans	**624**	483
	13,002	10,848

16. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(A) DIRECTORS' EMOLUMENTS

Emoluments paid or payable to each of the seventeen (2010: five) directors of the Company during the year were as follows:

2011	Fees HK$'000	Salaries and other emoluments HK$'000	Contribution to retirement benefits scheme HK$'000	Performance -based bonus (Note13) HK$'000	Total HK$'000
Executive directors					
Hou Hsiao Bing	–	897	12	–	909
Hou Hsiao Wen	–	1,000	12	–	1,012
Ho Chi Fai, Thomas (Note 1)	–	18	–	–	18
Law Shu Sang, Joseph (Note 2)	–	109	–	–	109
Wang Daling (Note 3)	–	95	–	–	95
Xu Wei (Note 4)	–	47	–	–	47
Zeng Xiangyi (Note 5)	–	280	–	–	280
Leung King Pak (Note 6)	–	–	–	–	–
Chiu Tung Ping (Note 7)	–	–	–	–	–
Yuen Hing Lan (Note 7)	–	–	–	–	–
Independent non-executive directors					
Ho Wai Wing, Raymond (Note 8)	–	13	–	–	13
Lui, Ming Rosita (Note 8)	–	13	–	–	13
Tam Kam Biu, William	–	90	–	–	90
Lai Chun Hung (Note 9)	–	77	–	–	77
Tang Renhao (Note 10)	–	12	–	–	12
Zhang Dandan (Note 11)	–	47	–	–	47
Wong Chung Wai, Eric (Note 12)	–	37	–	–	37
	–	2,735	24	–	2,759

Note 1: Ho Chi Fai, Thomas was appointed as executive director on 8 October 2010 and resigned on 10 November 2010.

Note 2: Law Shu Sang, Joseph was appointed as executive director on 6 July 2010 and resigned on 7 October 2010.

Note 3: Wang Daling was appointed as executive director on 15 June 2010.

Note 4: Xu Wei was appointed as executive director on 10 November 2010.

Note 5: Zeng Xiangyi was appointed as executive director on 15 June 2010.

Note 6: Leung King Pak was appointed as executive director on 2 June 2011.

Note 7: Chiu Tung Ping and Yuen Hing Lan were appointed as executive director on 8 June 2011.

Note 8: Ho Wai Wing, Raymond and Lui, Ming Rosita was resigned as independent non-executive director on 15 June 2010.

Note 9: Lai Chun Hung was appointed as independent non-executive director on 15 June 2010.

Note 10: Tang Renhao was appointed as independent non-executive director on 23 February 2011.

Note 11: Zhang Dandan was appointed as independent non-executive director on 10 November 2010.

Note 12: Wong Chung Wai, Eric was appointed as independent non-executive director on 15 June 2010 and resigned on 10 November 2010.

Note 13: The performance-based bonus is determined by the performance of each individual Director for the relevant year.

16. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(A) DIRECTORS' EMOLUMENTS (Continued)

2010	Fees HK$'000	Salaries and other emoluments HK$'000	Contribution to retirement benefits scheme HK$'000	Performance -based bonus HK$'000	Total HK$'000
Executive directors					
Hou Hsiao Bing	–	810	12	–	822
Hou Hsiao Wen	–	1,000	12	–	1,012
Independent non-executive directors					
Ho Wai Wing, Raymond	–	60	–	–	60
Lui, Ming Rosita	–	60	–	–	60
Tam Kam Biu, William	–	60	–	–	60
	–	1,990	24	–	2,014

(B) FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year include two (2010: two) directors whose emoluments have been disclosed in the preceding paragraph. The emoluments payable to the remaining three (2010: three) individuals during the year are as follows:

	2011 HK$'000	2010 HK$'000
Basic salaries, allowances and benefits in kind	**2,640**	1,944
Pension costs-defined contribution plans	**12**	12
	2,652	1,956

The emoluments fell with the following bands:

	Number of Individuals 2011	2010
Emoluments bands		
Nil – HK$1,000,000	**2**	3
HK$1,000,001 – HK$1,500,000	**1**	–

During the year ended 31 March 2011, no emoluments have been paid by the Group to the directors and the highest paid individuals other than the directors above as bonus, as inducement to join the Group or as compensation for loss of office (2010: Nil).

None of the directors waived any emoluments during the year.

17. PROPERTY, PLANT AND EQUIPMENT

	The Group			
	Leasehold Improvements	Office equipment, furniture and fixtures	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Cost				
At 1 April 2009	99	4,890	340	5,329
Additions	–	22	–	22
Exchange adjustment	–	6	–	6
At 31 March 2010 and At 1 April 2010	99	4,918	340	5,357
Additions	958	138	269	1,365
Exchange adjustment	4	74	–	78
At 31 March 2011	**1,061**	**5,130**	**609**	**6,800**
Accumulated depreciation				
At 1 April 2009	99	4,648	340	5,087
Charge for the year	–	73	–	73
Exchange adjustment	–	5	–	5
At 31 March 2010 and At 1 April 2010	99	4,726	340	5,165
Charge for the year	468	69	4	541
Exchange adjustment	15	67	–	82
At 31 March 2011	**582**	**4,862**	**344**	**5,788**
Net book values				
At 31 March 2011	**479**	**268**	**265**	**1,012**
At 31 March 2010	–	192	–	192

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group	
	2011	2010
	HK$'000	HK$'000
Unlisted investment, at cost	**190**	190
Less: Impairment loss	**(190)**	(190)
	–	–

19. INVESTMENT IN SUBSIDIARIES

	2011	2010
	HK$'000	HK$'000
Unlisted investments, at cost	**27,826**	27,826
Amounts due from subsidiaries	**69,389**	62,481
	97,215	90,307

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

The following is a list of subsidiaries as at 31 March 2011:

Name of company	**Place of Incorporation/ establishment and type of legal entity**	**Principal activities and place of operation**	**Particular of issued shares capital/ Registered capital**	**Interest held** %
Subsidiary held directly:				
Soluteck (BVI) Holdings Limited	British Virgin Islands ("BVI"), limited liability company	Investment holding	1,000 ordinary shares of US$1 each	100
Oceania City Investment Company Limited	BVI, limited liability company	Investment holding	50,000 ordinary shares of US$1 each	100
Delight Value limited	BVI, limited liability company	Investment holding	1 ordinary shares of US$1 each	100
City Max International Limited	BVI, limited liability company	Investment holding	1 ordinary shares of US$1 each	100

19. INVESTMENT IN SUBSIDIARIES *(Continued)*

Name of company	Incorporation/ establishment and type of legal entity	Place of Principal activities and place of operation	Particular of issued shares capital/ Registered capital	Interest held %
Subsidiary held indirectly:				
Soluteck Investments Limited	Hong Kong, limited liability company	Investment holding	2 ordinary shares of HK$1 each and 500,000 non-voting deferred shares of HK$1 each	100
Truth Honour Electronic Limited	Hong Kong, limited liability company	Sale of electronic banking systems and printing systems and provision of related hardware and software technical support services in Hong Kong	2 ordinary shares of HK$1 each and 3,000,000 non-voting deferred shares of HK$1 each	100
Truth Honour Electronic (GFTZ) Limited	PRC, limited liability company	Sale of electronic banking systems and provision of related hardware and software technical support services in PRC	Registered capital of US$200,000	100
Truth Honour (BVI) Holdings Limited	BVI, limited liability company	Investment holding	100 ordinary shares of US$1 each	100
Delta International Development Limited	Hong Kong, limited liability company	Inactive	1 ordinary share of HK$1 each	100

19. INVESTMENT IN SUBSIDIARIES *(Continued)*

Name of company	Incorporation/ establishment and type of legal entity	Place of Principal activities and place of operation	Particular of issued shares capital/ Registered capital	Interest held %
北京金聯通信息技術有限公司	PRC, limited liability company	Inactive	Registered capital of US$150,000	100
一創信興（上海）計算機技術有限公司	PRC, limited liability company	Provision of technical support of computer communication systems, technical development of network communications, development and design of system software, sales of self-produced products and provision of related technical and consultation services	Registered capital of US$1,300,000	100

19. INVESTMENT IN SUBSIDIARIES *(Continued)*

Name of company	Incorporation/ establishment and type of legal entity	Place of Principal activities and place of operation	Particular of issued shares capital/ Registered capital	Interest held %
信興通(北京)信息技術有限公司	PRC, limited liability company	Provision of system hardware and software technical support services for electronic banking systems and printing systems in the PRC	Registered capital of US$150,000	100
一創信興(上海)電子技術有限公司	PRC, limited liability company	Sale of electronic banking systems and printing systems and provision of related hardware and software technical support services in the PRC	Registered capital of US$1,400,000	100
信興電子技術(成都)有限公司	PRC, limited liability company	Inactive	Registered capital of US$150,000	100

20. INVENTORIES

	The Group	
	2011	2010
	HK$'000	HK$'000
Merchandize for re-sale	**11,066**	6,770
Spare parts	**3,837**	4,468
	14,903	11,238
Less: Provision for slow moving and obsolete inventories	**(3,500)**	(2,000)
	11,403	9,238

21. ACCOUNTS RECEIVABLES

	The Group	
	2011	2010
	HK$'000	HK$'000
Accounts receivables	**13,979**	21,162
Less: Allowance for doubtful debts	**(4,771)**	(3,768)
	9,208	17,394

The majority of the Group's sales are on open account in accordance with terms specified in the contracts governing relevant transactions. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

At 31 March 2011 the ageing analysis of the Group's accounts receivables was as follows:

	2011	2010
	HK$'000	HK$'000
Current to 60 days	**3,265**	8,197
61 – 90 days	**3,399**	2,339
Over 90 days	**7,315**	10,626
	13,979	21,162
Less: Allowance for doubtful debts	**(4,771)**	(3,768)
	9,208	17,394

21. ACCOUNTS RECEIVABLES *(Continued)*

As at 31 March 2011, the top five customers accounted for 51.39% (2010: 72.75%) of the Group's accounts receivables. The overdue but not impaired balances are approximately HK$2,544,000 (2010: HK$6,858,000).

Movement in the allowance for doubtful debts:

	2011 **HK$'000**	2010 HK$'000
Balance at the beginning of the year	**3,768**	1,768
Impairment loss recognized on accounts receivables	**1,000**	2,000
Exchange adjustment	**3**	–
Balance at end for the year	**4,771**	3,768

At 31 March 2011 and 2010, the analysis of accounts receivables that were past due but not impaired are as follows:

	2011 **HK$'000**	2010 HK$'000
Over 90 days	**2,544**	6,858

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

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

22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group

Other receivables, deposits and prepayments included the following:

(a) Deposit of approximately HK$31,200,000 (2010: approximately HK$7,745,000) for the acquisition of an investment.

(b) Deposit of approximately HK$11,635,000 (2010: Nil) for purchase of trading goods.

(c) Loan receivable of approximately HK$190,000 (2010: Nil). The loan is secured, interest free and repayable within one year.

22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

The Company

Other receivables, deposits and prepayments included a deposit of approximately HK$31,200,000 (2010: Nil) for the acquisition of an investment.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group and the Company	
	2011	2010
	HK$'000	HK$'000
Listed securities held for trading:		
Market value of equity securities listed In New York		
Cost	**24,250**	–
Impairment loss	**(5,879)**	–
	18,371	–

24. BANK BALANCES AND CASH

	The Group	
	2011	2010
	HK$'000	HK$'000
Cash at bank and on hand	**43,235**	22,834
Bank balances and cash in the consolidated statement of financial position and in the consolidated statement of cash flows	**43,235**	22,834

	2011	2010
	HK$'000	HK$'000
Cash and bank deposits denominated in:		
Hong Kong dollars	**34,213**	19,647
Chinese Renminbi	**8,969**	2,994
United States dollars	**53**	193
	43,235	22,834

24. BANK BALANCES AND CASH *(Continued)*

Included in the balance was approximately HK$8,964,000 (2010: HK$2,976,000), representing bank deposits denominated in Renminbi placed with banks in the PRC by the Group. The remittance of these funds out of the PRC is subject to the exchange control restrictions imposed by the PRC government.

The effective interest rates on bank deposits ranged from 0.05% to 0.8% (2010: from 0.05% to 0.72%).

	The Company	
	2011	2010
	HK$'000	HK$'000
Cash at bank and on hand	**33,885**	–
Cash and cash equivalents in the statement of financial position	**33,885**	–

	2011	2010
	HK$'000	HK$'000
Cash and bank deposits denominated in:		
Hong Kong dollars	**33,885**	–

25. ACCOUNTS PAYABLES

	The Group	
	2011	2010
	HK$'000	HK$'000
Accounts payables	**1,991**	2,078

At 31 March 2011, the ageing analysis of the Group's accounts payables was as follows:

	2011	2010
	HK$'000	HK$'000
Current to 60 days	**1,967**	1,924
61 – 90 days	**–**	–
Over 90 days	**24**	154
	1,991	2,078

26. OTHER PAYABLES AND ACCRUALS

Included in other payables and accruals, there is an amount due to an executive director, Mr. Hou Hsiao Wen amounting to HK$700,000. The amount is unsecured, interest free and has no fixed repayment terms.

27. CONVERTIBLE BONDS

Zero-Coupon Bonds due 2011

On 5 November 2010, the Company issued the Bonds due on 5 November 2011 with a principal amount of HK$26,000,000, which is interest free, as a general working capital for the Company's business expansion. The Bonds are convertible into fully paid ordinary shares with a conversion price of HK$0.5 per conversion share.

Upon full conversion of the Bonds at the conversion price of HK$0.5 per ordinary share of the Company, a total of 52,000,000 new ordinary shares, as at 31 March 2010 and 2011, would be issued by the Company upon the exercise of the conversion rights attached to the Bonds. The Company shall redeem any convertible bonds which remain outstanding on the maturity date at its principal amount.

None of the Bonds were converted from the date of issue to the end of the reporting period.

The convertible bonds contain liability and equity components. The effective interest rate of the liability component is 9.8652% per annum. The equity component is presented under the equity heading of "convertible bonds reserve".

The fair value of the liability component of the convertible bonds at the issue date was valued by an independent valuer determined based on the present value of the estimated future cash outflows discounted at the prevailing market rate for an equivalent non-convertible loan.

The movement of the liability component of the convertible bonds for the year is set out below:

	The Group and the Company	
	2011	2010
	HK$'000	HK$'000
Nominal value of convertible bonds issued	**26,000**	–
Equity component	**(2,387)**	–
Liability component at the issuance date	**23,613**	–
Imputed finance costs (note 10)	**927**	–
Carrying amount at the end of the year	**24,540**	–

28. DEFERRED TAXATION

The movement on the deferred tax liabilities account is as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
At 1 April	**1,239**	1,487
Exchange adjustment	**32**	2
Change in tax rate (Note 11)	**57**	–
Deferred taxation charged (credit) to statement of comprehensive income (Note 11)	**298**	(250)
At 31 March	**1,626**	1,239

Deferred tax assets are recognized for tax losses carry forwards to the extent that the realization of related tax benefits through the future taxable profits is probable. The Group did not recognize deferred tax assets of approximately HK$5,993,000 (2010: HK$6,781,000) that can be carried forward against future taxable income. Losses amounting to approximately HK$36,321,000 (2010: HK$41,099,000). The tax losses of approximately HK$1,284,000 (2010: HK$6,063,000) that will expire within 3-5 years from the year origination. Other losses may be carried forward indefinitely.

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

DEFERRED TAX LIABILITIES

	Accelerated tax depreciation		Other temporary difference		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At 1 April	**–**	–	**3,160**	2,443	**3,160**	2,443
Exchange adjustment	**–**	–	**117**	6	**117**	6
(Credited) charged to consolidated statement of comprehensive income	**–**	–	**(475)**	711	**(475)**	711
At 31 March	**–**	–	**2,802**	3,160	**2,802**	3,160

28. DEFERRED TAXATION *(Continued)*

DEFERRED TAX ASSETS

	Provision		Tax losses		Other temporary differences		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At 1 April	**–**	–	**–**	–	**1,921**	956	**1,921**	956
Exchange adjustment	**–**	–	**–**	–	**85**	4	**85**	4
(Charged) credited to consolidated statement of comprehensive income	**–**	–	**–**	–	**(830)**	961	**(830)**	961
At 31 March	**–**	–	**–**	–	**1,176**	1,921	**1,176**	1,921

	2011	2010
	HK$'000	HK$'000
Deferred tax assets	**1,176**	1,921
Deferred tax liabilities	**(2,802)**	(3,160)
	(1,626)	(1,239)

Deferred tax liabilities are to be recovered and settled after more than 12 months.

29. SHARE CAPITAL

	Authorized	
	Ordinary shares of HK$0.1 each	
	No. of shares	HK$'000
At 31 March 2010 and 2011	1,000,000,000	100,000

	Issued and fully paid	
	Ordinary shares of HK$0.1 each	
	No. of shares	HK$'000
At 1 April 2009	453,162,072	45,316
Shares issued pursuant to placing and subscription agreement	90,630,000	9,063
At 31 March 2010 and At 1 April 2010	543,792,072	54,379
Shares issued pursuant to placing and subscription agreement	187,000,000	18,700
Shares issued pursuant to exercise of share options	6,400,000	640
At 31 March 2011	737,192,072	73,719

During the year, the movements in share capital were as follows:

(a) *Issuance of new shares*

On 18 August 2010 and 29 October 2010, pursuant to placing and subscription agreements the Company issues 108,600,000 shares and 78,400,000 shares of HK$0.325 and HK$0.5 each respectively, for cash. The total proceeds and net proceeds from the placing of shares, after deducting all related expenses, were approximately HK$74,495,000 and HK$72,825,000. The Company has utilized the net proceed for providing general working capital for the Company's business expansion and were used for payment of initial deposit in relation to the acquisition of an investment.

(b) *Exercise of share options*

On 27 September 2010 and 22 November 2010, 4,400,000 share options and 2,000,000 share options were exercised and 6,400,000 shares were issued pursuant to exercise of share options.

29. SHARE CAPITAL *(Continued)*

ISSUANCE OF UNLISTED WARRANTS

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

SHARE OPTIONS

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

(b) On 13 December 2000, Pre-IPO share options (the "Pre-IPO share options") were granted to certain directors of the Company and employees of the Group, respectively under the Share Option Scheme to subscribe for the shares of the Company. The exercise prices of these share options range from HK$0.2 to HK$0.4 per share. All options are only exercisable to the extent of an aggregate total of 25 per cent., 50 per cent., 75 per cent. and 100 per cent. of the Pre-IPO Share Options in each of the first to fourth anniversaries of the commencement of the trading of the shares of the Company on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, respectively. These options have a life of 10 years from the date on which the grant was made.

(c) During the year, 6,400,000 options were exercised under the Share Option Scheme (2010: Nil) and there was no options granted under the Share Option Scheme for the year ended 31 March 2011 and 31 March 2010 respectively. In addition, there was no options were lapsed upon resignation of the relevant employees of the Group (2010: Nil). As at 31 March 2011, no option to subscribe for Nil (2010: 6,400,000) shares of the Company was outstanding.

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

30. RESERVES

(A) THE GROUP

	Share premium	Warrant reserve	Reserve arising from reorganization	Exchange reserve	Convertible bonds reserve	Retained profits (Deficit)	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2009	1,249	–	(24,317)	6,525	–	7,988	(8,555)
Issue of shares	29,908	–	–	–	–	–	29,908
Transaction cost on issue of shares	(1,602)	–	–	–	–	–	(1,602)
Issue of warrants	–	10,000	–	–	–	–	10,000
Transaction cost on issue of warrants	–	(320)	–	–	–	–	(320)
Total comprehensive income for the year	–	–	–	89	–	(28,625)	(28,536)
At 31 March 2010 and At 1 April 2010	29,555	9,680	(24,317)	6,614	–	(20,637)	895
Issue of shares	55,795	–	–	–	–	–	55,795
Transaction cost on issue of shares	(1,670)	–	–	–	–	–	(1,670)
Equity component of convertible bonds	–	–	–	–	2,387	–	2,387
Shares issued on exercise of options	1,920	–	–	–	–	–	1,920
Total comprehensive income for the year	–	–	–	1,850	–	(36,352)	(34,502)
At 31 March 2011	85,600	9,680	(24,317)	8,464	2,387	(56,989)	24,825

Notes:

(a) During the year ended 31 March 2010, the Company issued 100,000,000 warrant at HK$0.10 each for cash. Net proceeds from the issuance of warrant of approximately HK$9,680,000 was recognized as warrant reserve.

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

(c) On 5 November 2010, the Company issued convertible bonds with a principal amount of HK$26,000,000. Equity component of the convertible bonds of approximately HK$2,387,000 was recognized in the convertible bonds reserve account.

30. RESERVES *(Continued)*

(B) THE COMPANY

	Share premium	Warrant reserve	Convertible bonds reserve	Deficit	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2009	1,249	–	–	(2,098)	(849)
Issue of shares	29,908	–	–	–	29,908
Transaction cost on issue of shares	(1,602)	–	–	–	(1,602)
Issue of warrants	–	10,000	–	–	10,000
Transaction cost on issue of warrants	–	(320)	–	–	(320)
Total comprehensive income for the year	–	–	–	(1,161)	(1,161)
At 31 March 2010 and At 1 April 2010	29,555	9,680	–	(3,259)	35,976
Issue of shares	55,795	–	–	–	55,795
Transaction cost on issue of shares	(1,670)	–	–	–	(1,670)
Equity component of convertible bonds	–	–	2,387	–	2,387
Shares issued on exercise of options	1,920	–	–	–	1,920
Total comprehensive income for the year	–	–	–	(9,780)	(9,780)
At 31 March 2011	85,600	9,680	2,387	(13,039)	84,628

31. BANKING FACILITIES

As at 31 March 2011, the Group and the Company did not have any banking facilities.

32. COMMITMENTS UNDER OPERATING LEASES – LAND AND BUILDINGS

At 31 March 2011, the Group had future aggregate minimum lease payments under operating leases as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Not later than one year	**1,421**	1,170
Later than one year and not later than five years	**914**	1,493
	2,335	2,663

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases and rentals are negotiated and fixed for an average of two year.

The Company did not have significant lease commitment as at 31 March 2011.

33. CAPITAL COMMITMENTS

	The Group	
	2011	2010
	HK$'000	HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	**403**	–

The Company did not have significant capital commitment as at 31 March 2011.

34. RELATED PARTY TRANSACTIONS

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

(A) TRANSACTION WITH CONNECTED OR RELATED PARTIES

		The Group	
		2011	2010
	Notes	**HK$'000**	HK$'000
Rental paid to directors	(i)	**81**	107
Rental paid to the related parties	(ii)	**499**	436

Note:

(i) The Group leased an office premise from Mr. Hou Hsiao Wen (an executive director) and Ms. Chung Yuk Hung, in Beijing of the PRC for the Group's use.

(ii) The Group leased office premises from Dynatek Limited ("Dynatek") in Hong Kong at an annual rental of HK$360,000 (2010: HK$299,304) for the Group's use for the year ended 31 March 2011. Besides, the Group leased office premises from Ms. Tsou Lo Nien and Ms. Chung Po Chu in Shanghai, the PRC, at an annual rental of HK$139,211 (2010: HK$136,271) for the Group's use. Dynatek is owned by Mr. Hou Hsiao Bing, the executive director of the Group. Mr. Chung Lok Fai was a former director of the Company. Ms. Tsou Lo Nien and Ms. Chung Po Chu are the present and previous shareholders of the Company respectively.

Included in other payables and accruals, there is an amount due to an executive director, Mr. Hou Hsiao Wen of amounting to HK$700,000 for the Group's operating use. The amount is unsecured, interest free and has no fixed repayment terms.

(B) COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

	The Group	
	2011	2010
	HK$'000	HK$'000
Short-term benefits	**5,379**	4,024
Post-employment benefits	**36**	36
	5,415	4,060

35. EVENTS AFTER THE REPORTING PERIOD

(a) An extraordinary general meeting was held on 31 May 2011, a resolution was passed to approve the acquisition of the entire issued share capital in the China Technology Solar Power Holdings Limited, at the consideration of HK$292,000,000. The acquisition was completed on 1 June 2011.

(b) The extraordinary general meeting mentioned above also passed a resolution to approve the increase in the authorized share capital of the Company from HK$100,000,000 divided into 1,000,000,000 shares of HK$0.10 each to HK$250,000,000 divided into 2,500,000,000 shares of HK$0.10 each by creation of additional 1,500,000,000 unissued shares in the share capital of the Company.

(c) At an announcement of the Company dated 16 June 2011, the Board of Directors of the Company proposed to change the name of the Company from "Soluteck Holdings Limited" to "China Technology Solar Power Holdings Limited". The proposed change of Company name will be subject to fulfillment of the following conditions:

(i) the passing of a special resolution by the Shareholders approving the change of the English name of the Company at the extraordinary general meeting; and

(ii) the obtaining of the approval of the change of the English name of the Company by the Registrar of Companies in the Cayman Islands.

36. LITIGATION

Legal action has been commenced by Oceania City Investment Company Limited, a wholly-owned subsidiary of the Company, against defendants for the refund of initial deposit of USD2 million for the termination of an acquisition of an investment with effective on 28 May 2010. The defendants have raised a legal action against the Company and the directors of the Company for counter claim of USD7 million for misrepresentation, fraud and conspiracy of the Company and the directors during the negotiation of the acquisition of an investment.

The Company has sought legal advice regarding the case raise by the defendants and intends to actively defend the action under the case.

37. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors of the company on 24 June 2011.