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



SOLUTECK HOLDINGS LIMITED

一創科技集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(stock code: 8111)

RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE

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** For identification only*

LETTER FROM THE CHAIRMAN

ANNUAL RESULTS HIGHLIGHTS

The net profit of the Group for the financial year ended 31 March 2008 was approximately HK\$2.3 million (net profit of the Group for the financial year ended 31 March 2007 was approximately HK\$2.1 million).

The revenue of the Group for the financial year ended 31 March 2008 was approximately HK\$72.1 million, representing an increase of approximately 13.0 per cent. as compared to the financial year ended 31 March 2007.

Gross profit margin of the Group was approximately 24.4 per cent. in the financial year ended 31 March 2008, compared to approximately 26.5 per cent. in the financial year ended 31 March 2007.

Earnings per share for the financial year ended 31 March 2008 was approximately HK0.51 cents (earnings per share for the financial year ended 31 March 2007 was approximately HK0.46 cents).

The Directors do not recommend the payment of a dividend for the financial year ended 31 March 2008 (dividend per Share for the financial year ended 31 March 2007: Nil).

BUSINESS REVIEW

On behalf of the board of Directors (the “Board”) of Soluteck Holdings Limited (the “Company” and together with its subsidiaries, the “Group”), I am pleased to announce the results of the Group for the year ended 31 March 2008. Buoyed by economic prosperity in the People’s Republic of China (the “PRC” or “China”), the Group enjoyed steady business growth during the year ended 31 March 2008. The Group recorded an increase in its revenue to approximately HK\$72.1 million, representing an increase of approximately 13.0 per cent., as compared with the revenue for the year ended 31 March 2007 of approximately HK\$63.8 million. The management believes that such an increase should be a result on the marketing effort the Group has put during the year.

The Group continued to specialize in the provision of implementation and upgrading of self-service automatic teller machine (“ATM”) systems and other systems, related application hardware and software, technical support and consultancy services to commercial banks and postal bureaus in China during the year ended 31 March 2008.

Pro-active efforts to explore and ascertain the Group’s business development thrust started to show encouraging signs of fruition in 2008 – a year that witnessed a steady growth and business development for the Group in that the Group had made progress in the sales of ATMs to commercial banks, the China State Postal Bureau and the Rural Credit Cooperatives of China in the PRC. The successful bid of the tenders of the Rural Credit Cooperatives of China in Hubei and the Postal Bureaus in Shaoxing and Anhui as well as the obtaining of the orders from the Postal Bureaus in Jiangsu and Xinjiang, the Commercial

Bank and the Bank of Jiangsu represented breakthroughs in implementing the Group's marketing strategy. On top of that, new contracts were successfully and successively secured with a number of financial institutions and postal bureaus like the Commercial Bank, the Bank of Communications, Shanghai Pudong Development Bank and several postal bureaus for the provision of system maintenance and enhancement services during the year under review.

The Group had established its position as an "ATM Total Solutionist" in the information technology market in the banking and postal industry in the PRC. Leveraging its extensive experience in the applications of information technology in both the banking and postal sectors and the long-term business relationships with reputable commercial banks and postal bureaus in the PRC, the Group expanded its business in the PRC at a steady pace.

Internally, two subsidiaries of the Group, namely, Soluteck (Shanghai) Communication Technology Ltd. and Soluteck (Shanghai) Technologies Limited, had reaffirmed their ISO9001:2000 quality management certification through strict controls on organizational structure, staff number and operating procedures to ensure that optimum management standards and operational capabilities are always in place during the year ended 31 March 2008.

Externally, besides making strides in customer and market development, the Group has also achieved geographical extension of its business across huge nation of China during the year under review. To support the wider customers, the Group bolstered its infrastructure by adding 8 service centers countrywide, for a total of 37.

BUSINESS PROSPECTS

In the presence of a strategic partnership agreement which has been signed by the Group with a subsidiary of NCR Corporation in China in April 2007, and the Group, being a prestigious and experienced professional ATM software, hardware and services company in the ATM sector, together with its existing reputation as an authorized value-added reseller of self-service ATM systems of NCR (Hong Kong) Limited and related applications software for commercial banks in China, will fully commit itself to be one of the leading ATM Total Solution Providers in the banking sector in the PRC, offering a full range of banking and financial system solutions for the banking and financial sectors, from the supply of hardware to software development, banking applications to value-added complementary services. In addition, it will also persist to put efforts on enhancing closer customer relationships, broadening business relationship and exploring new business opportunities in corporate outsourcing technical service sector, so as to better satisfy the demand from the financial sector in China for advanced global self-service equipment solutions' products, technologies and extensive trans-national industrial experience.

Specifically, the Group will aim at raising profitability through stronger management, tighter cost control and robust business development. It will further expand its customer base and market coverage for the provision of self-service ATM systems and its related services to the banking and postal sectors.

The Group anticipates huge growth potential in China for the provision of implementation and upgrading of self-service ATM systems and its related services in the years ahead. This is because financial and banking institutions must remain geared to improve their competitiveness, cost efficiency and service quality in the face of increasing challenges from the gradual opening of China's financial market to foreign banks. Furthermore, given China's fast economic development and accelerated transformation of its urban and rural areas, the financial industry is poised for tremendous growth in the coming years.

DIVIDEND

The Board does not recommend the payment of a dividend for the financial year ended 31 March 2008 (2007: Nil).

APPRECIATION

As at 31 March 2008, the Group employed 11 and 143 staff in Hong Kong and the PRC, respectively. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS

Review of operations

During the financial year ended 31 March 2008, the Group recorded an increase in its revenue to approximately HK\$72.1 million (2007: approximately HK\$63.8 million), representing an increase of approximately 13.0 per cent. compared with the previous year. The management believed that the growth in the revenue of the Group was principally attributable to the application of successful marketing strategies in the People's Republic of China (the "PRC" or "China").

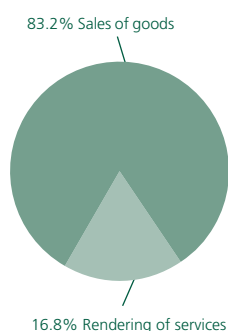
During the year under review, the net profit attributable to shareholders amounted to approximately HK\$2.3 million (2007: profit attributable to shareholders of approximately HK\$2.1 million), attributable to an earnings per share of approximately HK0.51 cents (2007: earnings per share of approximately HK0.46 cents).

Revenue

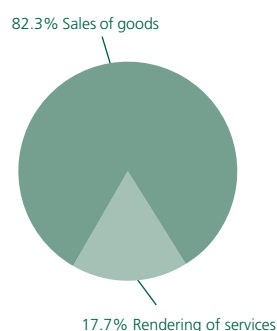
The Group is principally engaged in the sale of self-service ATM systems and other banking equipments, and the provision of hardware and software technical support services. Revenues recognized during the financial year are as follows:

	Financial year ended	
	31 March	
	2008	2007
	HK\$'000	HK\$'000
Revenue		
Sales of goods	60,015	52,521
Rendering of services	12,085	11,287
	72,100	63,808
Other revenue		
Government subsidies for business development	412	413
Interest income	61	85
Total revenue	72,573	64,306

**Analysis of business segments
for the financial year ended 31 March 2008**



**Analysis of business segments
for the financial year ended 31 March 2007**



Implementation of self-service ATM systems

During the financial year ended 31 March 2008, the Group continued to target at the growing banking and finance sectors of China, with the implementation of self-service ATM systems as the core operation and accounted for approximately 100.0 per cent. (2007: approximately 99.7 per cent.) of the Group's total revenue, including the income derived from the provision of technical consultancy and support services.

2008 was a year of solid business development for the Group. The revenue generated from the implementation of self-service ATM systems amounted to approximately HK\$72.1 million, representing an increase of approximately 13.3 per cent. compared with the previous financial year. The management believes that such an increase should be a result on the marketing effort the Group has put during the year.

The Group achieved encouraging business growth with the China State Postal Bureau, the Rural Credit Cooperatives of China, the Commercial Bank and the Bank of Jiangsu when it successfully secured sales and/or service tenders and contracts for self-service ATM systems for the branches of the China State Postal Bureau in Jiangsu, Anhui, Shaoxing, Xinjiang, etc., the Rural Credit Cooperatives of China, the Commercial Bank and the Bank of Jiangsu during the financial year ended 31 March 2008. On top of that, new contracts were successfully and successively secured with a number of financial institutions like the Commercial Bank, the Bank of Communications and Shanghai Pudong Development Bank for the provision of system maintenance and enhancement services during the year under review.

As an authorised value-added reseller of self-service ATM systems of NCR (Hong Kong) Limited (“NCR”) and related applications software for commercial banks in China, the Group is fully committed itself as a reliable and reputable vendor and a Total Solution Provider for self-service ATM systems. With China’s entry into the World Trade Organisation (“WTO”), 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 will continue to grow in China, especially with China’s fast economic growth.

By having ATM service centers already established in major cities in China including Ningbo, Guangxi, Hainan, Hangzhou, Jinan, Chuanzhou, Guangzhou, Shanghai, Beijing, Shenyang, Qingdao, Zhengzhou, Wenzhou, Nanjing, Hefei, Xian, Chongqing, Fuzhou, Wuxi, Tianjin, Shenzhen, Yantai, Sanming, Suzhou, Dalian, Jinhua and Hubei, and new ATM service centres opened up in Yingkou, Yancheng, Taizhou, Harbin, Jingzhou, Luoyang, Wuhu, Xiamen, Xuzhou and Bengbu during the year, the network of ATM services was strategically recreated and the Group has ATM service centres to cover a total of 37 strategic cities and locations currently.

Provision of information technology and business solutions

The revenue generated from the provision of information technology and business solutions is insignificant for the financial year ended 31 March 2008, as compared with approximately 0.3 per cent. of the total revenue of the Group in last year. With China’s fast economic growth, the Group believes that the economic activities will be fueled which in turn will create demand from banking and financial institutions in China for the Group’s information technology and business solutions. The Group has already succeeded in developing software applications for converging banking business platforms and other state-of-the-art application software for banking and financial institutions and postal bureaus.

Provision of technical consultancy and support services

The provision of technical consultancy and support services, which were already included in the above-mentioned businesses, contributed to a stable and recurrent source of income for the Group and accounted for approximately 16.8 per cent. (2007: approximately 17.7 per cent.) of the total revenue of the Group for the financial year ended 31 March 2008. Actual income derived from the provision of technical consultancy and support services increased by approximately 7.1 per cent. during the financial year ended 31 March 2008.

Interest income

The bank interest income of the Group decreased slightly by approximately 28.2 per cent. to approximately HK\$61,000 during the financial year ended 31 March 2008 (2007: approximately HK\$85,000).

Gross profit

The Group's gross profit margin was approximately 24.4 per cent. in the financial year ended 31 March 2008 (2007: approximately 26.5 per cent.), albeit that there was an increase in the amount of actual gross profit by approximately HK\$0.7 million, as compared to the same for the financial year ended 31 March 2007.

Selling expenses

The Group had implemented successful cost control measures during the year under review, which contributed to a reduction in selling expenses by approximately 32.8 per cent. to approximately HK\$1.9 million (2007: approximately HK\$2.9 million).

Administrative expenses

Administrative expenses incurred by the Group for the financial year ended 31 March 2008 amounted to approximately HK\$11.9 million (2007: approximately HK\$11.0 million), representing an increase of approximately 7.0 per cent. primarily due to the increase in salary costs as a result of the increase in the number of employees and the salary adjustment during the year under review as well as the increase in rental under the renewal of certain leases and the increase in the number of service centres from 29 to 37.

Staff costs (including Directors emoluments) which were included in both selling expenses and administrative expenses increased by approximately 10.1 per cent. to approximately HK\$9.4 million (2007: approximately HK\$8.6 million) mainly because of the increase in the average number of employees from 134 during the financial year ended 31 March 2007 to 147 during the financial year ended 31 March 2008 and the salary adjustment during the year under review.

Operating leases for land and building increased by approximately 14.2 per cent. to approximately HK\$1.5 million (2007: approximately HK\$1.3 million) mainly because of the increase in rental under the renewal of certain leases and the increase in the number of service centres from 29 to 37.

Depreciation expenses decreased by approximately 20.2 per cent. to approximately HK\$154,000 (2007: approximately HK\$193,000) as compared to that of last financial year mainly because certain fixed assets became fully depreciated in previous years.

Finance costs

The finance costs of the Group for the financial year ended 31 March 2008 was approximately HK\$386,000 (2007: approximately HK\$389,000).

Income tax expenses

The Group's income tax expenses for the financial year ended 31 March 2008 increased to approximately HK\$1,613,000 (2007: approximately HK\$992,000) primarily due to an increase in profit from operations during the current financial year.

Liquidity, financial resources and treasury policies

The Group generally finances its operations with internally generated cash flow. As at 31 March 2008, the Group had cash and bank balances amounting to a total of approximately HK\$1.8 million (2007: approximately HK\$1.1 million) and had outstanding bank overdraft and outstanding short-term bank loan of approximately HK\$2.4 million and HK\$nil respectively (2007: approximately HK\$2.1 million and HK\$4.5 million respectively) which represented the total borrowings of the Group as at that date and are repayable within one year. The bank overdraft was at Hong Kong Dollar prime rate (2007: 0.75 per cent. per annum over Hong Kong Dollar prime rate) while the short-term bank loan was made in Renminbi and at an annual interest rate of approximately 8.5 per cent. (2007: annual interest rate of approximately 8.5 per cent.).

Current Ratio

As at 31 March 2008, the Group's current ratio, represented by a ratio of current assets to current liabilities, was approximately 7.2 (2007: approximately 4.0).

Gearing ratio

As at 31 March 2008, the gearing ratio of the Group, based on total liabilities over total assets was approximately 16.6 per cent. (2007: approximately 26.8 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 2008, the Group's banking facilities of approximately HK\$5.6 million (2007: approximately HK\$7.1 million) are secured by corporate guarantees granted by the Company and several subsidiaries of the Group of approximately HK\$15.0 million (2007: approximately HK\$15.0 million) and leasehold property held by a related party.

Charges on assets

As at 31 March 2008, total banking facilities available to the Company and its subsidiaries amounted to approximately HK\$5.6 million (2007: approximately HK\$7.1 million), of which approximately HK\$2.4 million (2007: approximately HK\$6.7 million) had been utilized. As of 31 March 2008, the Company and its subsidiaries pledged no assets to banks as security for bank loans and overdraft (2007: HK\$Nil).

Contingent liabilities

As at 31 March 2008, 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

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

There were no significant acquisitions and disposals of investments by the Group during the year under review.

Purchase, sale or redemption of Shares

The Company has not redeemed any of its Shares during the financial year ended 31 March 2008. Neither the Company nor any of its subsidiaries purchased or sold any of the Shares during the financial year ended 31 March 2008.

CORPORATE GOVERNANCE REPORT

(1) Corporate Governance Practices

The Board and senior management 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 of Corporate Governance Practice and the Rules on Corporate Governance Report as set out in the GEM Listing Rules Appendix 15 and Appendix 16 effective from the accounting periods from 1 January 2005, save as disclosed in section (3) Chairman and Chief Executive Officer regarding code provision A.2.1.

(2) Board of Directors

The Board of Directors 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. Management is required to present an annual budget, and any proposal for major investment, addition of capital assets, and change in business strategies for the Board's approval.

Board Composition

The Board currently comprises of the following members:

Executive Directors:

Hou Hsiao Bing

Hou Hsiao Wen

Independent Non-Executive Directors:

Lui, Ming Rosita

Tam Kam Biu, William

Ho Wai Wing, Raymond

Currently, 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.

Board Meeting

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

Details of the attendance of the board of Directors are as follows:

	14 Jun 2007	6 Aug 2007	7 Nov 2007	4 Feb 2008
Hou Hsiao Bing	✓	✓	✓	✓
Hou Hsiao Wen	✓	✓	✓	✓
* Lui, Ming Rosita	n/a	n/a	n/a	n/a
* Tam Kam Biu, William	n/a	n/a	n/a	n/a
* Ho Wai Wing, Raymond	n/a	n/a	n/a	n/a

* *Independent Non-Executive Directors who will not attend the Company's regular Board Meetings.*

Directors are given notice of regular Board Meetings of at least 14 days in advance. The Directors will receive details of agenda items for decision in advance of each Board Meeting.

All Directors have access to the Company Secretary 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 has 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 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

Under the Code provision A.2.1, the roles of Chairman and Chief Executive Officer should be separated.

Before 1 January 2008, the Company has achieved a high compliance level with the exception of the separation of Mr. Hou Hsiao Bing serving the dual role of Chairman and Chief Executive Officer.

This exception was discussed and the dual role was approved by the Board based on the following reasons:

- The Company size is relatively small and thus not justified in separating the role of Chairman and Chief Executive Officer.
- The Company has in place internal controls to provide check and balance on the functions.

Mr. Hou Hsiao Bing has been the Chairman and Chief Executive Officer of the Company starting from 5 August 2002 and 31 December 2004 respectively.

For the compliance with the Code on Corporate Governance Practice and the Rules on Corporate Governance Report as set out in the GEM Listing Rules Appendix 15 and 16, Mr. Hou Hsiao Bing resigned to act as the Chief Executive Officer of the Company starting from 1 January 2008 and Mr. Hou Hsiao Wen was appointed the Chief Executive Officer on 1 January 2008.

Accordingly, starting from 1 January 2008, Mr. Hou Hsiao Bing is the Chairman and Mr. Hou Hsiao Wen is the Chief Executive Officer of the Company. The roles of Chairman and Chief Executive Officer 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 on 13 December 2000 with written terms of reference in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules. The Audit Committee comprises three members – Ms. Lui, Ming Rosita, Mr. Tam Kam Biu, William and Mr. Ho Wai Wing, Raymond, all of whom are Independent Non-Executive Directors. Ms. Lui, Ming Rosita is the Chairman of the Audit Committee. 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 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 listing rules, internal and audit control, and budget and cash flow forecast.

The Group's unaudited quarterly and interim results and annual audited results during the year ended 31 March 2008 have been reviewed by the Audit Committee, who 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 meeting are as follows:

	8 Jun 2007	24 Jul 2007	2 Nov 2007	31 Jan 2008
Lui, Ming Rosita	✓	✓	✓	✓
Tam Kam Biu, William	✓	✓	✓	✓
Ho Wai Wing, Raymond	✓	✓	✓	✓

(5) Remuneration Committee

The remuneration committee was established in June 2005.

The Company adopted that a remuneration committee be established with specific written terms of reference which deal clearly with its authority and duties. The terms of reference will follow the requirement of Code Provision B.1.3. Currently, it comprises the Chairman, Mr. Hou Hsiao Bing, and three Independent Non-Executive Directors, Ms. Lui, Ming Rosita, Mr. Ho Wai Wing, Raymond and Mr. Tam Kam Biu, William with the Chairman as the Chairman of the Committee.

The Committee held one meeting during the financial year under review to discuss the policy and structure of the remuneration of the Directors and senior management.

During the year under review, a meeting of the remuneration committee was held in June 2007. Details of the attendance of members at remuneration committee meeting are as follows:

	8 Jun 2007
Mr. Hou Hsiao Bing	✓
Ms. Lui, Ming Rosita	✓
Mr. Ho Wai Wing, Raymond	✓
Mr. Tam Kam Biu, William	✓

The policy for the remuneration of Executive Directors is:

- 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;
- The remuneration should reflect the performance, complexity of duties and responsibility of the individual.

(6) Non-Executive Director

Code provision A.4.1 provides that Non-Executive Director should be appointed for a specific term and subject to re-election. The Company's Non-Executive Director is subject to retirement by rotation and re-election in accordance with the Company's Article of Association.

(7) 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 of the Company 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 2008.

(8) Auditors' Remuneration

The Audit Committee of the Company is responsible for considering the appointment of the independent auditor. During the year under review, the Group has incurred an aggregate of HK\$200,000 to the independent auditor for its services of auditing and taxation.

(9) 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.

Management has established the Group's Internal Control Policies and Guidance for monitoring the internal control system.

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.

REPORT OF THE DIRECTORS

Principal Activities and Analysis of Operations

The principal activity of the Company is investment holding.

An analysis of the Group's performance for the financial year by business and geographical segments is set out in note 3 to the financial statements.

Results and Appropriations

The results of the Group for the financial year are set out in the consolidated income statement.

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 2008 (2007: Nil).

Directors

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

Mr. Hou Hsiao Bing (*Chairman*)

Mr. Hou Hsiao Wen

Ms. Lui, Ming Rosita*

Mr. Ho Wai Wing, Raymond*

Mr. Tam Kam Biu, William*

* *Independent Non-Executive Directors*

In accordance with Articles 108(A) of the Company's Articles of Association, the Executive Director, Mr. Hou Hsiao Bing, and the Independent Non-Executive Director, Mr. Tam Kam Biu, William, retire as Directors by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

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 of the Company 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 2008, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

(a) Directors' and Chief Executive's Interests in the Shares of the Company

Name of Directors	Name of company	Capacity	Number and class of securities (Note)	Percentage shareholding in the same class of securities
Mr. Hou Hsiao Bing (Executive Director)	The Company	Beneficial owner	131,150,000 ordinary shares (L) (Note 1 and 2)	28.94%
	The Company	Beneficial owner	2,000,000 ordinary shares (Note 3)	0.44%
Mr. Hou Hsiao Wen (Executive Director)	The Company	Beneficial owner	33,160,000 ordinary shares (L) (Note 1)	7.32%
	The Company	Beneficial owner	2,000,000 ordinary shares (Note 3)	0.44%

Notes:

1. The letter “L” represents the Director’s interests in the Shares and underlying Shares of the Company.
2. Following his acquisition of 54,690,000 Shares in February 2007, Mr. Hou Hsiao Bing’s shareholding increased to 131,150,000 Shares representing approximately 28.94 per cent of the Shares in issue.
3. These Shares were the respective number of Shares which would be allotted and issued upon exercise in full of the options granted to each of the Company’s Executive Directors namely Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen, pursuant to the share option scheme of the Company adopted on 13 December 2000. The exercise period and the exercise price of these options are set out in the section headed “Share Option Schemes” below.

(b) Directors’ and Chief Executive’s Interests/Short Positions in the Share Capital of the Company’s Associated Corporations

Name of Director	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.

Share Option Schemes

1. Pre-IPO Share Options

On 13 December 2000, the shareholders of the Company approved and adopted a share option scheme (the “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 (the “Pre-IPO Share Options”), the subscription price is to be determined by Directors and shall not be less than the nominal value of the Shares. The maximum number of Shares in which options may be granted under the Share Option Scheme may not exceed 30 per cent. of the ordinary share capital in issue from time to time. The maximum option term is ten years from the respective grant dates. Options may be exercised at any time during a period, generally three years but not later than ten years, to be determined and notified to each grantee.

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

Pre-IPO Share Options	Number of Options				Closing price per Share immediately before the date of grant (HK\$) (Note 2)	
	Outstanding at 1.4.2007	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.3.2008	
Exercise price at HK\$0.20:						
– Other Employees	800,000	Nil	(550,000) (Note 3)	(250,000) (Note 1)	Nil	Nil
Exercise price at HK\$0.40:						
– Executive Directors						
HOU Hsiao Bing	2,000,000	Nil	Nil	Nil	2,000,000	Nil
HOU Hsiao Wen	2,000,000	Nil	Nil	Nil	2,000,000	Nil
– Other Employees	2,400,000	Nil	Nil	Nil	2,400,000	Nil
	<u>7,200,000</u>	<u>Nil</u>	<u>(550,000)</u>	<u>(250,000)</u>	<u>6,400,000</u>	

Notes:

1. During the financial year ended 31 March 2008, 250,000 share options were lapsed upon the resignation of the relevant employees of the Group.
2. As the Shares of the Company were listed in the GEM of the Stock Exchange of Hong Kong Limited not earlier than the date of 3 January, 2001, no closing price per Share of the Pre-IPO Share Options could be calculated.
3. The Company received a consideration of HK\$0.20 per Share from each of the grantees of the Share Option Scheme.

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.

Interests and Short Positions of Substantial Shareholders and Other Persons in the Shares and Underlying Shares of the Company

As at 31 March 2008, 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	Capacity	Approximate percentage of interest
Ms. Tsou Lo Nien	35,190,000	Beneficial owner	7.77%
Mr. Chung Lok Fai	35,190,000	Interest of spouse	7.77%
		(Note)	

Note: Mr. Chung Lok Fai is the spouse of Ms. Tsou Lo Nien. Accordingly, Mr. Chung Lok Fai is deemed, by virtue of Part XV of the SFO, to be interested in all the Shares in which Ms. Tsou Lo Nien is interested.

Save as disclosed above, as at 31 March 2008, 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.

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 95.9 per cent.
- five largest suppliers in aggregate: Approximately 98.1 per cent.

Sales

- the largest customer: Approximately 66.6 per cent.
- five largest customers in aggregate: Approximately 96.2 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.

Board Practices and Procedures

Throughout the year, the Company has complied with the minimum standards of good practice concerning the general management responsibilities of the Board as set out in Rules 5.34 to 5.45 of the GEM Listing Rules.

Purchase, Sale or Redemption of Shares

The Company had not redeemed any of its Shares during the financial year. Neither the Company nor any of its subsidiaries purchased or sold any of the Shares during the financial year.

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.

Audit Committee

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

The Audit Committee of the Board provides an important link between the Board and the Company's auditors in matters coming within the scope of the Group audit. It also reviews the effectiveness both of the external and internal audit and of internal controls and risk evaluation. The Committee comprises three Independent Non-Executive Directors, namely Ms. Lui, Ming Rosita, Mr. Ho Wai Wing, Raymond and Mr. Tam Kam Biu, William. Four Meetings were held during the current financial year. This report has been reviewed and approved by the Audit Committee of the Board.

Directors' Interest in Competing Business

Mr. Tam Kam Biu, William, an Independent Non-Executive Director of the Company, is an Executive Director of Bio Cassava Technology Holdings Ltd (formerly known as Q9 Technology Holdings Limited). As Bio Cassava Technology Holdings Ltd is also a Company which is engaged in business related to research and development of information technology, Bio Cassava Technology Holdings Ltd may be in competition with the Group.

Save as disclosed above, none of the Directors or management shareholders (as defined in the GEM Listing Rules) of the Company has an interest in a business which complete or may complete with the business of the Group.

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2008

	<i>Note</i>	2008 HK\$'000	2007 HK\$'000
Revenue	3	72,100	63,808
Cost of sales		<u>(54,510)</u>	<u>(46,913)</u>
Gross profit		17,590	16,895
Other revenue	3	473	498
Selling expenses		(1,915)	(2,851)
Administrative expenses		<u>(11,858)</u>	<u>(11,083)</u>
Profit from operations	4	4,290	3,459
Finance costs	5	<u>(386)</u>	<u>(389)</u>
Profit before taxation		3,904	3,070
Income tax expenses	6	<u>(1,613)</u>	<u>(992)</u>
Profit for the year		<u>2,291</u>	<u>2,078</u>
Attributable to:			
Equity holders of the Company		<u>2,291</u>	<u>2,078</u>
Dividend	7	<u>–</u>	<u>–</u>
Earnings per share			
– Basic	8	<u>0.51 cents</u>	<u>0.46 cents</u>
– Diluted	8	<u>N/A</u>	<u>N/A</u>

CONSOLIDATED BALANCE SHEET

As at 31 March 2008

	<i>Note</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		344	375
Available-for-sale financial assets		<u>—</u>	<u>—</u>
		344	375
Current assets			
Inventories	9	7,010	9,229
Accounts receivables	10	30,353	33,278
Other receivables, deposits and prepayments		7,401	1,314
Bank balances and cash	11	1,842	1,148
		<u>46,606</u>	<u>44,969</u>
Current liabilities			
Accounts payables	12	884	1,715
Other payables and accruals		2,338	2,037
Receipt in advance		854	682
Bank overdrafts	13	2,430	2,148
Short-term bank loans, secured	13	<u>—</u>	<u>4,546</u>
		<u>6,506</u>	<u>11,128</u>
Net current assets		<u>40,100</u>	<u>33,841</u>
Total assets less current liabilities		<u>40,444</u>	<u>34,216</u>
Non-current liabilities			
Deferred tax liabilities		<u>1,296</u>	<u>1,035</u>
Net assets		<u>39,148</u>	<u>33,181</u>
Capital and reserves			
Share capital		45,316	45,261
Reserves		<u>(6,168)</u>	<u>(12,080)</u>
Shareholders' funds		<u>39,148</u>	<u>33,181</u>

On behalf of the Board

Hou Hsiao Bing
Director

Hou Hsiao Wen
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2008

	Equity attributable to equity holders of the Company					
	Share capital	Share premium	Reserve arising from reorganization	Exchange reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2006	45,261	1,194	(24,317)	757	6,795	29,690
Exchange differences arising on translation of foreign operations	–	–	–	1,413	–	1,413
Profit for the year	–	–	–	–	2,078	2,078
At 31 March 2007 and At 1 April 2007	45,261	1,194	(24,317)	2,170	8,873	33,181
Shares issued on exercise of options	55	55	–	–	–	110
Exchange differences arising on translation of foreign operations	–	–	–	3,566	–	3,566
Profit for the year	–	–	–	–	2,291	2,291
At 31 March 2008	45,316	1,249	(24,317)	5,736	11,164	39,148

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2008

	2008 HK\$'000	2007 HK\$'000
OPERATING ACTIVITIES		
Profit before taxation	3,904	3,070
Adjustment for:		
Depreciation	154	193
Interest income	(61)	(85)
Interest expenses	386	389
	<hr/>	<hr/>
Operating cash flows before movements in working capital	4,383	3,567
Decrease in inventories	2,219	7,303
Decrease (Increase) in accounts receivables	2,925	(18,014)
(Increase) Decrease in other receivables, deposits and prepayments	(6,087)	4,322
Decrease in accounts payables	(831)	(271)
Increase (Decrease) in other payables and accruals	301	(966)
Increase (Decrease) in receipt in advance	172	(2,340)
	<hr/>	<hr/>
Cash from (used in) operations	3,082	(6,399)
Interest expenses	386	(389)
Overseas tax refund	–	171
Overseas taxation paid	(1,413)	(760)
	<hr/>	<hr/>
NET CASH FROM (USED IN) OPERATING ACTIVITIES	2,055	(7,377)
	<hr/>	<hr/>
INVESTING ACTIVITIES		
Interest received	61	85
Purchase of property, plant and equipment	(98)	(110)
	<hr/>	<hr/>
NET CASH USED IN INVESTING ACTIVITIES	(37)	(25)
	<hr/>	<hr/>
FINANCING ACTIVITIES		
Shares issued on exercise of options	110	–
New bank loan drawn down	–	4,546
Repayment of amounts borrowed	(4,546)	–
	<hr/>	<hr/>
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(4,436)	4,546
	<hr/>	<hr/>

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,418)	(2,856)
CASH AND CASH EQUIVALENTS AT 1 APRIL	(1,000)	443
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>2,830</u>	<u>1,413</u>
 CASH AND CASH EQUIVALENTS AT 31 MARCH	 <u><u>(588)</u></u>	 <u><u>(1,000)</u></u>
 CASH AND CASH EQUIVALENTS AT 31 MARCH, represented by		
Bank balances and cash	1,842	1,148
Bank overdrafts	<u>(2,430)</u>	<u>(2,148)</u>
	<u><u>(588)</u></u>	<u><u>(1,000)</u></u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liabilities 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 the 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, other 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 financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants. The 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 (“Listing Rules”).

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

In the current year, the Group has applied, for the first time, the following new standards, amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), that are effective for accounting periods beginning on or after 1 January 2007.

Hong Kong Accounting Standard (“HKAS”) 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Interpretation (“Int”) 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions

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

The Group has not early applied the following new standard, amendment and interpretations that have been issued but are not yet effective as at 31 March 2008. The directors of the Company anticipate that the application of these standard, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and separate financial statements ⁴
HKFRS 8	Operating Segments ¹
HKFRS 3 (Revised)	Business combinations ⁴
HK(IFRIC) – Int 12	Service Concession Arrangements ²
HK(IFRIC) – Int 13	Customer Loyalty Programmes ³
HK(IFRIC) – Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ²

¹ Effective for annual periods beginning on or after 1 January 2009.

² Effective for annual periods beginning on or after 1 January 2008.

³ Effective for annual periods beginning on or after 1 July 2008.

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

3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the sale of self-service ATM systems and other systems, and the provision of hardware and software technical support services. Revenues recognized during the year are as follows:

	The Group	
	2008	2007
	HK\$'000	HK\$'000
Revenue		
Sales of goods	60,015	52,521
Rendering of services	12,085	11,287
	72,100	63,808
Other revenue		
Government subsidies for business development	412	413
Interest income	61	85
	473	498
Total revenue	72,573	64,306

Primary reporting format – business segments

The Group is organized into two main business segments:

- i. Sales of goods – sales of self-service ATM systems and other systems
- ii. Rendering of services – provision of hardware and software technical support services

	Sales of goods 2008 HK\$'000	Rendering of services 2008 HK\$'000	The Group 2008 HK\$'000
Revenue	<u>60,015</u>	<u>12,085</u>	<u>72,100</u>
Segment results	7,235	3,744	10,979
Other revenue			473
Unallocated costs			<u>(7,162)</u>
Profit from operations			4,290
Finance costs			<u>(386)</u>
Profit before taxation			3,904
Income tax expenses			<u>(1,613)</u>
Profit for the year			<u><u>2,291</u></u>
Segment assets	27,009	11,827	38,836
Unallocated assets			<u>8,114</u>
Total assets			<u><u>46,950</u></u>
Segment liabilities	895	1,236	2,131
Unallocated liabilities			<u>5,671</u>
Total liabilities			<u><u>7,802</u></u>
Capital expenditure	—	—	—
Unallocated capital expenditure			<u>98</u>
			<u><u>98</u></u>
Depreciation	—	32	32
Unallocated depreciation			<u>122</u>
			<u><u>154</u></u>
Other non-cash expenses			<u><u>108</u></u>

	Sales of goods 2007 HK\$'000	Rendering of services 2007 HK\$'000	The Group 2007 HK\$'000
Revenue	<u>52,521</u>	<u>11,287</u>	<u>63,808</u>
Segment results	6,764	3,914	10,678
Other revenue			498
Unallocated costs			<u>(7,717)</u>
Profit from operations			3,459
Finance costs			<u>(389)</u>
Profit before taxation			3,070
Income tax expenses			<u>(992)</u>
Profit for the year			<u><u>2,078</u></u>
Segment assets	35,171	7,967	43,138
Unallocated assets			<u>2,206</u>
Total assets			<u><u>45,344</u></u>
Segment liabilities	1,715	814	2,529
Unallocated liabilities			<u>9,634</u>
Total liabilities			<u><u>12,163</u></u>
Capital expenditure	—	21	21
Unallocated capital expenditure			<u>89</u>
			<u><u>110</u></u>
Depreciation	—	44	44
Unallocated depreciation			<u>149</u>
			<u><u>193</u></u>
Other non-cash expenses			<u><u>—</u></u>

4. PROFIT FROM OPERATIONS

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

	The Group 2008 HK\$'000	2007 HK\$'000
Crediting:		
Net foreign exchange gains	391	129
Charging:		
Auditors' remuneration	233	226
Cost of inventories	48,280	43,248
Depreciation	154	193
Operating leases for land and building	1,522	1,333
Bad debts written off	45	10
Research and development costs	251	325
Staff costs (including directors' emoluments and research and development costs)	9,422	8,554

5. FINANCE COSTS

	The Group 2008 HK\$'000	2007 HK\$'000
Interest on bank loans and overdrafts	386	389

6. 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 15% – 30%.

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The directors anticipated that there is no material impact on the Group's operating results in applying the New Law as the taxation losses of PRC subsidiaries were not recognized as deferred tax assets by the Group at the balance sheet date.

No provision for Hong Kong profits tax has been made as there is no assessable profit (2007: nil) for the subsidiaries operating in Hong Kong during the year ended 31 March 2008.

The amount of taxation (credited)/charged to the consolidated income statement represents:

	The Group	
	2008	2007
	HK\$'000	HK\$'000
Current income tax:		
– Hong Kong Profits Tax	–	–
– Overseas taxation	1,380	763
– Underprovision (Overprovision) in prior years	33	(171)
Deferred taxation (<i>Note 24</i>)	200	400
	<hr/>	<hr/>
Income tax expenses	<u>1,613</u>	<u>992</u>

The income tax (credit)/expense can be reconciled to the profit before taxation as per the consolidated income statement as follows:

	The Group	
	2008	2007
	HK\$'000	HK\$'000
Profit before taxation	<u>3,904</u>	<u>3,070</u>
Calculated at a rate of income tax of 17.5%	683	537
Effect of difference rate of income tax in other countries	(290)	(211)
Tax effect on income not subject to taxation	(242)	(8)
Tax effect on expenses not deductible for taxation purposes	194	2
Tax effect on tax losses not recognized	845	703
Underprovision (Overprovision) in prior years	33	(171)
Others	390	140
	<hr/>	<hr/>
	<u>1,613</u>	<u>992</u>

7. DIVIDEND

No dividend was paid or proposed during the two years ended 31 March 2008 and 2007 nor has any dividend been proposed since the balance sheet date.

8. BASIC EARNINGS PER SHARE

Basic

The calculation of basic earnings per share are based on the Group's profit attributable to shareholders of approximately HK\$2,291,000 (2007: HK\$2,078,000) and 453,162,072 (2007: 452,612,072) ordinary shares in issue during the year.

No diluted earnings per share for the years 31 March 2008 and 2007 is presented as the exercise of the outstanding options of the Company would have an anti-dilutive effect.

9. INVENTORIES

	The Group	
	2008	2007
	HK\$'000	HK\$'000
Merchandise for re-sale	4,502	7,450
Spare parts	4,508	3,779
	9,010	11,229
Less: Provision for slow moving and obsolete inventories	(2,000)	(2,000)
	7,010	9,229

10. ACCOUNTS RECEIVABLES

	The Group	
	2008	2007
	HK\$'000	HK\$'000
Accounts receivables	32,119	34,978
Less: Allowance for doubtful debts	(1,766)	(1,700)
	30,353	33,278

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 2008 the ageing analysis of the Group's accounts receivables was as follows:

	2008	2007
	HK\$'000	HK\$'000
Current to 60 days	6,641	21,453
61 – 90 days	1,331	786
Over 90 days	24,147	12,739
	32,119	34,978
Less: Allowance for doubtful debts	(1,766)	(1,700)
	30,353	33,278

As at 31 March 2008, the top five customers accounted for 96.4% (2007: 91.2%) of the Group's accounts receivables. The overdue but not impaired balances are approximately HK\$2,035,000 (2007: HK\$1,422,000).

Movement in the allowance for doubtful debts

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Balance at the beginning of the year	1,700	1,700
Impairment loss recognized	66	–
Impairment loss reversed	<u>–</u>	<u>–</u>
Balance at end for the year	<u>1,766</u>	<u>1,700</u>

At 31 March 2008 and 2007, the analysis of trade and note receivables that were past due but not impaired are as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Over 90 days	<u>2,035</u>	<u>1,422</u>

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.

11. BANK BALANCES AND CASH

	The Group 2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Cash and bank deposits denominated in:		
Hong Kong dollar	808	857
Chinese Renminbi	1,011	256
United States dollar	<u>23</u>	<u>35</u>
	<u>1,842</u>	<u>1,148</u>

Included in the balance was approximately HK\$867,000 (2007: HK\$256,000), 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 short-term bank deposits ranged from 0.25% to 4.2% (2007: from 3.3% to 4.12%).

12. ACCOUNTS PAYABLES

	The Group 2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Accounts payables	<u>884</u>	<u>1,715</u>

At 31 March 2008, the ageing analysis of the Group's accounts payables was as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Current to 60 days	779	1,320
61 – 90 days	76	241
Over 90 days	<u>29</u>	<u>154</u>
	<u>884</u>	<u>1,715</u>

13. BANK BORROWINGS

	The Group 2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Secured:		
Bank overdrafts (<i>Note i</i>)	2,430	2,148
Short-term bank loans (<i>Note ii</i>)	<u>–</u>	<u>4,546</u>
	<u>2,430</u>	<u>6,694</u>
Carrying amount and repayable:		
Carrying amount or within one year	2,430	6,694
Less: Amount due within one year shown under current liabilities	<u>(2,430)</u>	<u>(6,694)</u>
	<u>–</u>	<u>–</u>

The carrying amounts of the borrowings are denominated in Hong Kong dollars.

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Hong Kong dollars	2,430	2,148
Chinese Renminbi	<u>–</u>	<u>4,546</u>
	<u>2,430</u>	<u>6,694</u>

Note i: Bank overdrafts of the Group bore interest at effective interest rates ranging from 4% to 5.25%.

Note ii: Bank loans of the Group bore interest at fixed effective interest rates at 8.5%

14. RESERVES

	Share premium	Reserve arising from reorganization (Note)	Exchange reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2006	1,194	(24,317)	757	6,795	(15,571)
Exchange differences arising on translation of foreign operations	–	–	1,413	–	1,413
Profit for the year	–	–	–	2,078	2,078
At 31 March 2007 and At 1 April 2007	1,194	(24,317)	2,170	8,873	(12,080)
Exchange differences arising on translation of foreign operations	–	–	3,566	–	3,566
Shares issued on exercise of options	55	–	–	–	55
Profit for the year	–	–	–	2,291	2,291
At 31 March 2008	<u>1,249</u>	<u>(24,317)</u>	<u>5,736</u>	<u>11,164</u>	<u>(6,168)</u>

Note:

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.

15. BANKING FACILITIES

As at 31 March 2008, the Group's banking facilities of HK\$5,600,000 (2007: HK\$7,146,000) are secured and supported by corporate guarantees granted by the Company and several subsidiaries of the Group of HK\$15,000,000 (2007: HK\$15,000,000) and leasehold property held by a related party.

As at 31 March 2008, the aforesaid banking facilities were utilized to the extent of approximately HK\$2,430,000 (2007: HK\$6,694,000).

16. COMMITMENTS UNDER OPERATING LEASES – LAND AND BUILDINGS

At 31 March 2008, the Group had future aggregate minimum lease payments under operating leases as follows:

	The Group 2008 HK\$'000	2007 HK\$'000
Not later than one year	1,335	474
Later than one year and not later than five years	576	282
	<u>1,911</u>	<u>756</u>

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 one year.

The Company did not have significant lease commitment as at 31 March 2008.

17. CAPITAL COMMITMENTS

The Group and the Company did not have significant capital commitment as at 31 March 2008.

18. 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 Listing Rules. The transactions during the year are as follows:

(a) Transaction with connected or related parties

		The Group 2008 HK\$'000	2007 HK\$'000
	<i>Notes</i>		
Rental paid to Directors	(i)	75	69
Rental paid to the related parties	(ii)	<u>405</u>	<u>397</u>

Note:

- (i) The Group leased an office premise from Mr. Hou Hsiao Wen (an Executive Director of the Company) and Ms. Chung Yuk Hung (a former Executive Director resigned on 10 January 2005), 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\$279,072 (2007: HK\$279,072) for the Group’s use for the year ended 31 March 2008. 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\$125,958 (2007: HK\$118,367) for the Group’s use. Dynatek is owned by Mr. Hou Hsiao Bing, the Chairman 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.

(b) Compensation of directors and key management personal

	2008 <i>HK\$’000</i>	2007 <i>HK\$’000</i>
Short-term benefits	3,136	3,064
Post-employment benefits	36	36
	<u>3,172</u>	<u>3,100</u>

19. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with current year’s presentation.

20. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 17 June 2008.

By Order of the Board
Soluteck Holdings Limited
Hou Hsiao Bing
Chairman

Hong Kong, 17 June, 2008

As of the date hereof, the Executive Directors are Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen. The Independent Non-Executive Directors are Ms. Lui, Ming Rosita, Mr. Ho Wai Wing, Raymond and Mr. Tam Kam Biu, William.

This announcement will remain on the Company’s website and on the GEM website with the domain name of www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting.