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*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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.*



## **DISPOSAL OF A SUBSIDIARY, CHANGE IN BUSINESS OBJECTIVES AND RESIGNATION OF AN EXECUTIVE DIRECTOR**

### **SUMMARY**

On 10 January, 2003, Soluteck (BVI) Holdings Limited, a wholly-owned subsidiary of the Company, entered into the Agreement with Mr. Fang, an Independent Third Party, to sell its entire interest in Task Consultants for a consideration of HK\$5.8 million.

The proceeds from the Disposal of HK\$5.8 million will be used as general working capital of the Group to support its ongoing operations and expansion of its distribution and services network in the PRC.

As stated in the Prospectus, it was part of the Group's business objectives to (i) expand the Group's e-banking software development business for banks and financial institutions in Hong Kong, Macau and the PRC; and (ii) broaden the Group's revenue base by way of investments in application hosting service business through Task Consultants and its associated company, namely, Supreme Tech, which are also the subject matters of the use of proceeds from the Placing. Supreme Tech is currently a dormant company and is held as to 50 per cent. by Task Consultants and 50 per cent. by Goldfaith International Limited, a company incorporated in the British Virgin Islands with limited liability and an Independent Third Party.

\* For identification purpose only

Although Task Consultants has been responsible for the research and development of proprietary software for e-banking business for banking and financial institutions in Hong Kong, Macau and the PRC and the investment in application hosting service business, it has suffered loss of approximately HK\$1.5 million since the beginning of the current financial year up to 31 December, 2002 due to the worldwide economic downturn that affected the information technology business. As at 31 December, 2002, the unaudited net asset value of Task Consultants amounted to approximately HK\$2.7 million. As the current market condition is not favourable for the Group to continue the research and development proprietary software for e-banking and the investment in application hosting service business, the Group has suspended such business plans since October, 2002. The Directors believe that in order to maintain the profitability of the Group, it would be in the best interest of the Company to enter into the Agreement. The Directors expect that the disposal of Task Consultants will not have any material effect on the business operation of the Group because the e-banking software development business of Task Consultants only accounted for approximately 8 per cent. and approximately 9 per cent. of the total turnover of the Group for the year ended 31 March, 2002 and for the six months ended 30 September, 2002, respectively.

Since the Disposal will affect the Group's business objectives as stated in the Prospectus, the Disposal is required to be disclosed in accordance with Rule 17.10 of the GEM Listing Rules.

Upon the Disposal, the Group will no longer designate e-banking software development and application hosting service businesses as its business objectives. The Group will focus on other business objectives as stated in the Prospectus, such as to build on its existing customers base to further develop its core business of implementation and upgrading of self-service automatic teller machine systems and related hardware and software, to further develop the business of electronic postal automation systems and to strengthen the distribution and service networks of the Group in the PRC. Further, the Group will place emphasis on the provision of information technology and business solutions to banking and financial institutions.

The Board also announces that with effect from 10 January, 2003, Mr. Tam, who has been responsible for overseeing the development of the e-banking application software and application hosting service businesses of the Group, has resigned as an executive Director for personal reasons. Mr. Tam does not currently have any intention to dispose of any of his shares in the Company.

The Board confirms that the resignation of Mr. Tam will not have any significant impact on the operations of the Group.

## **DISPOSAL OF A SUBSIDIARY**

On 10 January, 2003, Soluteck (BVI) Holdings Limited, a wholly-owned subsidiary of the Company, entered into the Agreement with Mr. Fang to sell its entire interest in Task Consultants for a consideration of HK\$5.8 million. The consideration is negotiated on an arm's length basis and is based on the net asset value and the business potential of Task Consultants.

Mr. Fang is a merchant engaged in software development business and an Independent Third Party. Mr. Fang is not a director nor a customer nor a connected person of any member of the Group and does not have any business relationship with either the Group or Task Consultants or Supreme Tech. Mr. Fang was introduced to the Group by a friend of an executive Director.

Completion took place on 10 January, 2003, upon the transfer of the relevant titles to Mr. Fang.

### **Background of Task Consultants**

Task Consultants, a company founded in 1994, is principally engaged in the design and development of banking software. In November 1994, the Group established a business alliance with Task Consultants to develop software applications for commercial banks in Hong Kong, Macau and the PRC. Since 1994, Task Consultants has been involved in the software development business of the Group.

On 1 September, 2000, Soluteck (BVI) Holdings Limited entered into an agreement with the owners of Task Consultants for the acquisition of the entire issued share capital of Task Consultants, and Task Consultants became a wholly-owned subsidiary of the Company.

Task Consultants has developed BANK24, which is a modular open system platform supporting various modes of communications. BANK24 uses CORBA technology and enables the integration of different application modules, such as e-Loan Management System, e-Trade Finance System, Phone Banking System, Point-of-Sales Solution, into an integrated system. The services provided by Task Consultants also include the design and implementation of BANK24 with different applications supported by different communication protocols, such as TCP/IP, UDP, SNA and SNA/SDLC protocols. BANK24 platform is currently used by a number of commercial banks, namely, Liu Chong Hing Bank Limited and Standard Chartered Bank in Hong Kong and the China Construction Bank in the PRC.

## **Proceeds**

Pursuant to the terms of the Agreement, the proceeds will be received by instalments in the following manner:-

### **Payment date**

	<i>HK\$</i>
10 January, 2003 (down payment)	0.2 million
15 July, 2003	1 million
15 September, 2003	1 million
15 November, 2003	1 million
15 January, 2004	1 million
15 March, 2004	1 million
15 May, 2004	<u>0.6 million</u>
	<u><u>5.8 million</u></u>

The consideration and the payment schedule above are based on normal commercial terms and are arrived at after arm's length negotiation so as to get a favourable price. No collateral is required to be provided by Mr. Fang and interest will be charged on any overdue balance at 3 per cent. per annum.

The Directors consider that having taken into account that the consideration of HK\$5.8 million is higher than the net asset value of Task Consultants of approximately HK\$2.7 million as at 31 December, 2002, the instalment payment schedule as mentioned above and the term of not having any collateral are fair and reasonable and are in the interests of the Company.

The Directors presently intend to apply the proceeds from the Disposal as general working capital of the Group to support its ongoing operations and expansion of its distribution and services network in the PRC.

### **Reasons for the Disposal**

The Group is one of the leading banking and postal information technology solution providers in the PRC. In addition to the implementation and upgrading of self-service automatic teller machine systems and electronic postal automation systems, the Group also provides its customers hardware and software technical support and consultancy services.

Although Task Consultants has been responsible for the research and development of proprietary software for e-banking business for banking and financial institutions in Hong Kong, Macau and the PRC and the investment in application hosting service business, it has suffered loss of approximately HK\$1.5 million since the beginning of the current financial year and up to 31 December, 2002 due to the worldwide economic downturn that affected the information technology business. As at 31 December, 2002, the unaudited net asset value of Task Consultants amounted to approximately HK\$2.7 million. As the current market condition is not favourable for the Group to continue the research and development of proprietary software for e-banking and the investment in application hosting service business, the Group has suspended such business plans since October, 2002. The Directors believe that in order to maintain the profitability of the Group, it would be in the best interest of the Company to enter into the

Agreement. The Directors expect that the disposal of Task Consultants will not have any material effect on the business operation of the Group because the e-banking software development business of Task Consultants only accounted for approximately 8 per cent. and approximately 9 per cent. of the total turnover of the Group for the year ended 31 March, 2002 and for the six months ended 30 September, 2002, respectively.

For the two years ended 31 March, 2001 and 2002, the profit of Task Consultants amounted to approximately HK\$1.8 million and approximately HK\$0.3 million, respectively. As at 31 March, 2001 and 31 March, 2002, the net tangible assets of Task Consultants amounted to approximately HK\$3.8 million and approximately HK\$4.1 million, respectively.

The Directors are of the opinion that the Disposal and the use of proceeds from the Disposal as stated above in this announcement will be favourable to the development of the Group as a whole.

### **Waiver of management and performance bonus**

Mr. Tam, Mr. Chan Shu Tak, Alex, Mr. Yu Chak Fai, Stanley and Mr. Shiu Chi Shing, Kelvin, being the management of Task Consultants, have agreed to waive their management bonus and performance bonus of approximately HK\$0.8 million, as stipulated in their service contracts and set forth in the Prospectus, for the 12 months period ended 30 September, 2002. Save as disclosed herein, none of the other staff of Task Consultants has any management bonus or performance bonus.

### **Lapse of certain share options of the Company as a result of the Disposal**

Pursuant to the rules of the share option scheme of the Company approved by a resolution in writing passed by all shareholders of the Company on 13 December, 2000, as stated in the Prospectus, if a grantee of an option ceases to be an eligible employee of the Group, the grantee may exercise the option in whole or in part within a period of three months following the date of cessation. As a result of the Disposal, share options granted to the staff of Task Consultants to subscribe for 400,000 shares in the Company will lapse if these share options are not exercised after three months following the Disposal on 10 January, 2002, being the date on which they ceased to be employees of the Group. The staff of Task Consultants do not currently have any intention to exercise their options.

### **CHANGE IN BUSINESS OBJECTIVES**

As stated in the Prospectus, it was part of the Group's business objectives to (i) expand the Group's e-banking software development business for banks and financial institutions in Hong Kong, Macau and the PRC; and (ii) broaden the Group's revenue base by way of investments in application hosting service business through Task Consultants and its associated company, namely, Supreme Tech, which are also the subject matters of the use of proceeds from the Placing. Supreme Tech is currently a dormant company and is held as to 50 per cent. by Task Consultants and 50 per cent. by Goldfaith International Limited, a company incorporated in the British Virgin Islands with limited liability and an Independent Third Party.

Since the Disposal will affect the Group's business objectives as stated in the Prospectus, the Disposal is required to be disclosed in accordance with Rule 17.10 of the GEM Listing Rules.

Upon the Disposal, the Group will no longer designate e-banking software development and application hosting service businesses as its business objectives. The Group will focus on other business objectives as stated in the Prospectus, such as to build on its existing customer base to further develop its core business of implementation and upgrading of self-service automatic teller machine systems and related hardware and software, to further develop the business of electronic postal automation systems and to strengthen the distribution and service networks of the Group in the PRC. Further, the Group will place emphasis on the provision of information technology and business solutions to banking and financial institutions.

As stated in the Prospectus, the Directors intended to apply approximately HK\$0.8 million from the Placing in the period from 1 October, 2002 to 31 March, 2003 for the research and development of proprietary software for e-banking business.

During the three months ended 31 December, 2002, the Directors have already applied approximately HK\$0.8 million for the research and development of proprietary software for e-banking business in the manner as stated in the Prospectus. Prior to 31 October, 2002, all the proceeds from the Placing planned to be used for e-banking have been used in accordance with the plans set forth in the Prospectus. No proceeds have been planned to be used for e-banking after 31 March, 2003.

## **RESIGNATION OF AN EXECUTIVE DIRECTOR**

The Board also announces that with effect on 10 January, 2003, Mr. Tam, who has been responsible for overseeing the development of the e-banking application software and application hosting service businesses of the Company has resigned as an executive Director for personal reasons. Mr. Tam does not currently have any intention to dispose of any of his shares in the Company.

The Board wishes to express thanks and appreciation to Mr. Tam for his invaluable contribution and unfailing support to the Company during his tenure of services. The Board confirms that the resignation of Mr. Tam will not have any significant impact on the operations of the Group.

## **Definitions**

Unless the context requires otherwise, the use of capitalised terms here shall have the following meanings:—

“Agreement”	a sales and purchase agreement dated 10 January, 2003 between Soluteck (BVI) Holdings Limited, a wholly-owned subsidiary of the Company, and Mr. Fang in relation to the Disposal
“Board”	the board of Directors
“Company”	Soluteck Holdings Limited, an exempted company incorporated in the Cayman Islands and whose securities are listed on GEM
“Directors”	the directors of the Company
“Disposal”	the disposal of Task Consultants
“GEM”	the Growth Enterprise Market of the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Independent Third Party”	a third party independent of any of the directors, the chief executives, the substantial shareholders and management shareholders of the Company and its subsidiaries and their respective associates
“Mr. Fang”	Mr. Fang Jun, a merchant engaged in software development business
“Mr. Tam”	Mr. Tam Wing Chit, an executive Director who has been responsible for the operations of Task Consultants
“Placing”	the placing of shares of the Company during its initial public offering in December 2000
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 22 December 2000 in relation to the Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supreme Tech”	Supreme Tech Development Limited, an associated company of the Group and Task Consultants
“Task Consultants”	Task Consultants Limited, a wholly-owned subsidiary of the Company incorporated in Hong Kong on 21 July, 1994

By order of the Board  
**Soluteck Holdings Limited**  
**Hou Hsiao Bing**  
*Chairman*

Hong Kong, 10 January, 2003

*This announcement will remain on the GEM website with the domain name of [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for not less than seven days from the date of its posting.*