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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
— 創 科 技 集 團 有 限 公 司 *

(incorporated in the Cayman Islands with limited liability)

THIRD QUARTERLY REPORT 2003
FOR THE PERIOD FROM 1 APRIL, 2003 TO 31 DECEMBER, 2003

CHARACTERISTICS OF GEM

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* For identification purpose only

HIGHLIGHTS

- The net profit attributable to shareholders of the Company for the nine months ended 31 December, 2003 was approximately HK\$3.6 million, representing a decrease of approximately 68 per cent. as compared to the corresponding period in 2002.
- The turnover of the Group for the nine months ended 31 December, 2003 was approximately HK\$84.1 million, representing a decrease of approximately 19 per cent. as compared to the corresponding period in 2002.
- The Board does not recommend the payment of quarterly dividend for the nine months ended 31 December, 2003.

The board (the “Board”) of Directors is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together, the “Group”) for the nine months ended 31 December, 2003.

CHAIRMAN’S STATEMENT

Business Review

The Group specializes in the provision of implementation and upgrading of self-service automatic teller machine (“ATM”) systems, related application hardware and software, technical support and consultancy services to commercial banks and postal bureaus in the People’s Republic of China (the “PRC” or China). During the nine months ended 31 December, 2003, the Group continued to focus its efforts to develop business segments that are of higher yield potential, particularly the provision of technical and value-added services to the banking and finance sectors in China.

Since the devastating Severe Acute Respiratory Syndrome (“SARS”) outbreak was put control in June 2003, there had been a significant revival in business activities and investment interest in information technology among our customers. The management is encouraged by the recovery signs and has been stepping up marketing and business development efforts to take advantage of this favourable trend.

Nevertheless, the Group’s performance was affected by the SARS outbreak. For the nine months ended 31 December, 2003, the Group recorded a drop of approximately 19 per cent. in turnover to approximately HK\$84.1 million, compared with HK\$103.8 million in the corresponding period of 2002. The Group attributed the turnover decrease to keen competition among different suppliers of ATM in the PRC.

The Group reported profit attributable to shareholders of approximately HK\$3.6 million for the nine months ended 31 December, 2003, representing an approximately 68 per cent. decrease compared with the corresponding period last year.

Earnings per share during the nine months ended 31 December, 2003 was approximately HK 0.79 cents, compared with HK2.43 cents for the same period last year.

Improvement in cost controls was evident across the board in all aspects of the Group's operations and corporate management. Selling and administrative expenses were down by approximately 45 per cent. and 36 per cent. respectively for the nine months ended 31 December, 2003, compared to the corresponding period in 2002. Overall gross profit margin was approximately 22 per cent. for the period under review, compared with 35 per cent. for the same period last year. The drop in gross profit margin was primarily attributable to a change in the turnover mix, as approximately 82 per cent. of the turnover for the nine months ended 31 December, 2003 (nine months ended 31 December, 2002: 68 per cent.) were contributed by the business segments of sales of goods with comparatively lower profit margins, rather than from the more profitable business segments of rendering of services.

Implementation of self-service ATM systems remained a core business of the Group that accounted for approximately 96 per cent. of the Group's total turnover for the nine months ended 31 December, 2003 (nine months ended 31 December, 2002: 85 per cent.). The Group strengthened its business development and marketing efforts during the nine-month period to capitalize on the prospering economic activities in China. However, keen competition has led to an approximately 8 per cent. decrease in the sales turnover of this business segment compared with the same nine-month periods in 2002.

Given China's fast economic growth and the improvement of the operating environment in China, the Group is optimistic as to the prospective demand for the implementation of self-service ATM systems in China.

The Group was also encouraged by the new contracts signed with the Bank of Communication, Shanghai Pudong Development Bank, Construction Bank of China, Commercial Bank, and postal bureaus during the nine-month period, further enlarging the Group's share of the ATM market in China. Meanwhile, the Group continued to enhance its after-sales customer services. One new ATM service center was opened in Chuanzhou during the period under review, further expanding the network to cover a total of 29 strategic cities and locations.

Sales of electronic postal automation systems remained insignificant during the nine months under review, accounting for approximately 1 per cent. of the Group's turnover, compared with 4 per cent. for the corresponding period in 2002. Market competition and acceptance represent a major hindrance to the development of this business and the Group is cautiously reevaluating market environment and devising appropriate strategies to drive penetration of electronic postal automation systems that include mailing finishing systems, volume mailing handling systems and franking machines.

In respect of the provision of information technology and business solutions, this business contributed approximately 3 per cent. of the Group's turnover for the nine-month period under review, compared with 11 per cent. the same period in 2002. Demand from banking and financial institutions in China for the Group's information technology and business solutions is expected to grow in line with the increasing economic activities. In addition, the Group's development of software applications for converging banking business platforms and other state-of-the-art application software is in satisfactory progress.

The provision of technical consultancy and support services, already included in the above-mentioned businesses, proves to be a significant growth factor and a stable, recurrent income source of favourable profit margin. This business segment accounted for approximately 18 per cent. of the Group's turnover for the nine-month period under review, compared with approximately 32 per cent. the same period in 2002.

Business prospects

2003 was a very challenging period for most enterprises. However, the improving economic situation and operating environment in China towards the end of the calendar year have been very encouraging. The growing of the economic situation and operating environment in China will help fuel market demand for the Group's provision of implementation and upgrading of self-service ATM systems, related application hardware and software, technical support and consultancy services to commercial banks and postal bureaus in China.

The Group's competitive strengths in China, including an established presence with a comprehensive network, will enable the Group to benefit directly from an economic upswing and generate favourable value for our shareholders.

RESULTS

The following is the unaudited consolidated results of the Group for the periods of three months and nine months ended 31 December, 2003 together with the comparative unaudited consolidated results of the Group for the corresponding periods in 2002:–

		From 1 October, 2003 to 31 December, 2003 <i>HK\$'000</i>	From 1 April, 2003 to 31 December, 2003 <i>HK\$'000</i>	From 1 October, 2002 to 31 December, 2002 <i>HK\$'000</i>	From 1 April, 2002 to 31 December, 2002 <i>HK\$'000</i>
	<i>Notes</i>				
Turnover	2	29,948	84,113	44,971	103,793
Cost of sales		<u>(22,790)</u>	<u>(65,257)</u>	<u>(27,504)</u>	<u>(67,832)</u>
Gross profit		7,158	18,856	17,467	35,961
Other income	2	27	110	83	252
Selling expenses		(1,151)	(3,277)	(1,393)	(5,917)
Administrative expenses		<u>(3,898)</u>	<u>(11,482)</u>	<u>(6,425)</u>	<u>(17,914)</u>
Profit from operations	4	2,136	4,207	9,732	12,382
Finance costs	5	<u>(144)</u>	<u>(292)</u>	<u>(58)</u>	<u>(146)</u>
Profit before taxation		1,992	3,915	9,674	12,236
Taxation	6	<u>(76)</u>	<u>(359)</u>	<u>(883)</u>	<u>(1,233)</u>
Net profit attributable to shareholders		<u>1,916</u>	<u>3,556</u>	<u>8,791</u>	<u>11,003</u>
Earnings per share	7	<u>HK0.42 cents</u>	<u>HK0.79 cents</u>	<u>HK1.94 cents</u>	<u>HK2.43 cents</u>

Notes:–

1. Basis of preparation

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants. They have been prepared under the historical cost convention.

The unaudited consolidated accounts include the accounts of the Company and its subsidiaries made up to 31 December.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

2. Turnover and revenue

The Group is principally engaged in the sales of electronic banking systems, other banking equipment and mailing systems, and the provision of hardware and software technical support services. Revenues recognised during the period are as follows:–

	From 1 October, 2003 to 31 December, 2003 HK\$'000	From 1 April, 2003 to 31 December, 2003 HK\$'000	From 1 October, 2002 to 31 December, 2002 HK\$'000	From 1 April, 2002 to 31 December, 2002 HK\$'000
Turnover				
Sale of goods	22,385	68,700	28,732	70,604
Rendering of services	7,563	15,413	16,239	33,189
	<u>29,948</u>	<u>84,113</u>	<u>44,971</u>	<u>103,793</u>
Other revenue				
Interest income	27	110	83	252
Total revenue	<u>29,975</u>	<u>84,223</u>	<u>45,054</u>	<u>104,045</u>

3. Discontinuing operation

On 10 January, 2003, the board of directors of Soluteck (BVI) Holdings Limited, a wholly-owned subsidiary of the Company, resolved to dispose of the entire interest in Task Consultants Limited, a then wholly-owned subsidiary of the Group. The results of this subsidiary was included in the turnover of rendering of service. The unaudited sales and results of this subsidiary were as follows:-

	From 1 April, 2003 to 31 December, 2003 HK\$'000	From 1 April, 2002 to 31 December, 2002 HK\$'000
Turnover	-	7,677
Cost of sales	<u>-</u>	<u>(818)</u>
Gross profit	-	6,859
Operating costs	<u>-</u>	<u>(8,278)</u>
Operating loss	-	(1,419)
Finance costs	<u>-</u>	<u>(9)</u>
Loss before taxation	-	(1,428)
Taxation	<u>-</u>	<u>-</u>
Loss after taxation	<u><u>-</u></u>	<u><u>(1,428)</u></u>

4. Profit from operations

The Group's profit from operations is arrived at after charging:

	From 1 October, 2003 to 31 December, 2003 HK\$'000	From 1 April, 2003 to 31 December, 2003 HK\$'000	From 1 October, 2002 to 31 December, 2002 HK\$'000	From 1 April, 2002 to 31 December, 2002 HK\$'000
Cost of inventories sold	19,275	58,228	24,757	60,097
Depreciation	227	690	227	697
Amortisation of intangible assets	<u>40</u>	<u>113</u>	<u>25</u>	<u>27</u>

5. Finance costs

	From 1 October, 2003 to 31 December, 2003 HK\$'000	From 1 April, 2003 to 31 December, 2003 HK\$'000	From 1 October, 2002 to 31 December, 2002 HK\$'000	From 1 April, 2002 to 31 December, 2002 HK\$'000
Interest on bank loans	<u>144</u>	<u>292</u>	<u>58</u>	<u>146</u>

6. Taxation

		From 1 October, 2003 to 31 December, 2003 HK\$'000	From 1 April, 2003 to 31 December, 2003 HK\$'000	From 1 October, 2002 to 31 December, 2002 HK\$'000	From 1 April, 2002 to 31 December, 2002 HK\$'000
	<i>Notes</i>				
Hong Kong profits tax	<i>(a)</i>				
– current		–	–	(455)	(845)
– over provision in prior year		–	17	–	390
Overseas taxation	<i>(b)</i>	<u>(76)</u>	<u>(376)</u>	<u>(428)</u>	<u>(778)</u>
		<u>(76)</u>	<u>(359)</u>	<u>(883)</u>	<u>(1,233)</u>

Notes:–

- (a) No provision for Hong Kong profits tax has been made as the Group has no estimated assessable Hong Kong profits for the 9 months ended 31 December, 2003.
- (b) Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the PRC in which the subsidiaries of the Group operates.

7. Earnings per Share

The calculation of the basic earnings per Share for the three months and nine months ended 31 December, 2003 is based on the unaudited consolidated net profit attributable to shareholders of approximately HK\$1,916,000 and HK\$3,556,000 (2002: HK\$8,791,000 and HK\$11,003,000) and the weighted averaged number of 452,612,072 and 452,612,072 (2002: 452,612,072 and 452,612,072) ordinary shares in issue throughout the relevant accounting periods respectively.

No diluted earnings per share for the nine months ended 31 December, 2003 and 2002 are presented as the exercise of the outstanding options of the Company would have an anti-dilutive effect.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow. As at 31 December, 2003, the Group had cash and bank balances (including pledged bank deposits) amounting to a total of approximately HK\$28.9 million (31 December, 2002: HK\$42.4 million) and had outstanding bank overdraft of approximately HK\$4.0 million (31 December, 2002: Nil) and short-term bank loan of approximately HK\$3.8 million (31 December, 2002: HK\$3.8 million) which represented the total borrowings of the Group as at that date. The bank overdraft was at 0.75% per annum over Hong Kong Dollar prime rate while the short-term loan was repayable within 1 year and at interest rate of approximately 5 per cent. over the base rate announced by People's Bank of China.

With these resources and the proceeds from the new issue of shares in January 2001, the Board believes that the Group has adequate capital resources to finance its business objectives as stated in the Prospectus.

MOVEMENT OF RESERVE

During the period under review, apart from the exchange fluctuation reserve of approximately HK\$96,551 (2002: HK\$675), there is no other movement to and from reserve.

QUARTERLY DIVIDEND

The Board does not recommend the payment of quarterly dividend for the period from 1 April, 2003 to 31 December, 2003 (2002: Nil).

DISCLOSURE OF INTERESTS

(i) Interests and short positions of Directors and Chief Executive in the share capital of the Company and its associated corporations

Save as disclosed below and save for the Share Options held by some Directors (details of which are set out under sub-section headed “Details of Share Options granted by the Company” below), as at 31 December, 2003, none of the Directors and Chief Executive of the Company had any interest or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they would be taken or deemed to have under Sections 344 and 345 of the SFO), or which would be required to be entered into the register required to be kept by the Company, pursuant to Section 352 of the SFO, or which would be required, pursuant to Rules 5.40 to 5.58 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

(a) Directors' and Chief Executive's interests in the Shares

Name of Director	Number of Shares in which interested	Capacity	Approximate percentage holding of Shares
Mr. Hou Hsiao Bing (Notes 1 and 3)	76,460,000	Beneficial owner	16.89%
Ms. Chung Yuk Hung, Yvonne (Note 1)	35,190,000	Beneficial owner	7.77%
Mr. Chung Yuk Man, Kevin (Note 1)	35,190,000	Beneficial owner	7.77%
Mr. Hou Hsiao Wen, Eddie (Notes 1 and 2)	33,160,000	Beneficial owner	7.33%

Notes:–

- (1) Innovative Tech Worldwide Inc. (“ITW”), a company incorporated in the British Virgin Islands, was previously the registered shareholder of 262,500,000 Shares. On 10 July, 2002, ITW transferred the 262,500,000 Shares to various persons as directed by the shareholders of ITW pursuant to a distribution in specie (“Distribution”). Under the Distribution, 98,460,000 Shares were transferred to Mr. Hou Hsiao Bing (representing approximately 21.75 per cent. of the Shares in issue), 35,190,000 Shares were transferred to Ms. Chung Yuk Hung, Yvonne (representing approximately 7.77 per cent. of the Shares in issue), 35,190,000 Shares were transferred to Mr. Chung Yuk Man, Kevin (representing approximately 7.77 per cent. of the Shares in issue) and 32,790,000 Shares were transferred to Mr. Hou Hsiao Wen, Eddie (representing approximately 7.24 per cent. of the Shares in issue).
- (2) In addition to his 32,790,000 Shares transferred to him on 10 July, 2002 pursuant to the Distribution as referred to in Note 1 above, Mr. Hou Hsiao Wen, Eddie further acquired 370,000 Shares in August 2002. His shareholding accordingly increased to 33,160,000 Shares (representing approximately 7.33 per cent. of the Shares in issue).
- (3) Mr. Hou Hsiao Bing’s shareholding in the Company has been decreased from 98,460,000 shares (pursuant to the Distribution as referred to in Note 1 above) to 76,460,000 shares (representing approximately 16.89 per cent. of the shares in issue) following his disposal of 22,000,000 shares in October 2003.

(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 shares
Ms. Chung Yuk Hung, Yvonne	Truth Honour Electronic Limited	200,000 non-voting deferred shares	Beneficial owner	6.67% of the non-voting deferred shares
Mr. Chung Yuk Man, Kevin	Truth Honour Electronic Limited	200,000 non-voting deferred shares	Beneficial owner	6.67% of the non-voting deferred shares

(ii) **Notifiable interests and short positions in Shares of persons under the provisions of Divisions 2 and 3 of Part XV of the SFO and persons who are “substantial shareholders” in the Company for the purposes of the Listing Rules**

Save as disclosed below and save for the share option granted to certain substantial shareholder of the Company (details of which are set out under sub-section headed “Details of Share Options granted by the Company” below), as at 31 December, 2003, none of the Directors or Chief Executive are aware of any other person who had interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, directly, or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meeting of any other members of the Group.

Notifiable interests in Shares

Name of Shareholder	Number of Shares in which interested	Capacity	Approximate percentage holding of Shares
Mr. Hou Hsiao Bing (Executive Director) (Notes 1 and 5)	76,460,000	Beneficial owner	16.89%
Mr. Chung Lok Fai (Note 2)	80,370,000	Beneficial owner and family interest	17.76%
Ms. Tsou Lo Nien (Note 3)	80,370,000	Beneficial owner and family interest	17.76%
Ms. Chung Yuk Hung, Yvonne (Executive Director) (Note 1)	35,190,000	Beneficial owner	7.77%
Mr. Chung Yuk Man, Kevin (Executive Director) (Note 1)	35,190,000	Beneficial owner	7.77%
Mr. Hou Hsiao Wen, Eddie (Executive Director) (Notes 1 and 4)	33,160,000	Beneficial owner	7.33%

Notes :-

- (1) Innovative Tech Worldwide Inc. (“ITW”), a company incorporated in the British Virgin Islands, was previously the registered shareholder of 262,500,000 Shares. On 10 July, 2002, ITW transferred the 262,500,000 Shares to various persons as directed by the shareholders of ITW pursuant to a distribution in specie (“Distribution”). Under the Distribution, 98,460,000 Shares were transferred to Mr. Hou Hsiao Bing (representing approximately 21.75 per cent. of the Shares in issue), 35,190,000 Shares were transferred to Ms. Chung Yuk Hung, Yvonne (representing approximately 7.77 per cent. of the Shares in issue), 35,190,000 Shares were transferred to Mr. Chung Yuk Man, Kevin (representing approximately 7.77 per cent. of the Shares in issue) and 32,790,000 Shares were transferred to Mr. Hou Hsiao Wen, Eddie (representing approximately 7.24 per cent. of the Shares in issue).
- (2) Mr. Chung Lok Fai is the spouse of Ms. Tsou Lo Nien. Accordingly, Mr. Chung Lok Fai is deemed, by virtue of the SFO to be interested in all the Shares in which Ms. Tsou Lo Nien is interested. Together with the 45,125,000 Shares registered in his own name, Mr. Chung Lok Fai is deemed, by virtue of the SFO, to be interested in 80,370,000 Shares, representing approximately 17.76 per cent. of the Shares in issue.

- (3) Ms. Tsou Lo Nien is the spouse of Mr. Chung Lok Fai. Accordingly, Ms. Tsou Lo Nien is deemed, by virtue of the SFO to be interested in all the Shares in which Mr. Chung Lok Fai is interested. Together with the 35,245,000 Shares registered in her own name, Ms. Tsou Lo Nien is deemed, by virtue of the SFO, to be interested in 80,370,000 Shares, representing approximately 17.76 per cent. of the Shares in issue.
- (4) In addition to his 32,790,000 Shares transferred to him on 10 July, 2002 pursuant to the Distribution as referred to in Note 1 above, Mr. Hou Hsiao Wen, Eddie further acquired 370,000 Shares in August 2002. His shareholding accordingly increased to 33,160,000 Shares (representing approximately 7.33 per cent. of the Shares in issue).
- (5) Mr. Hou Hsiao Bing's shareholding in the Company has been decreased from 98,460,000 shares (pursuant to the Distribution as referred to in Note 1 above) to 76,460,000 shares (representing approximately 16.89 per cent. of the shares in issue) following his disposal of 22,000,000 shares in October 2003.

DETAILS OF SHARE OPTIONS GRANTED BY THE COMPANY

(i) Directors' rights to acquire Shares

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 of the Company may, at their discretion, grant to any employees of the Group, including executive Directors of the Group, options to subscribe for the Shares. The subscription price for options granted under the Share Option Scheme after the listing of the Shares on 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 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 of the Company 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 the date on which the offer of grant was made.

Name of Director	Date of grant	Exercise price HK\$	Number of	Expiry date
			share options outstanding as at 31.12.2003	
Ms. Chung Yuk Hung, Yvonne	18/12/2000	0.4	2,000,000	17/12/2010
Mr. Chung Yuk Man, Kevin	18/12/2000	0.4	2,000,000	17/12/2010
Mr. Hou Hsiao Wen, Eddie	18/12/2000	0.4	2,000,000	17/12/2010
Mr. Hou Hsiao Bing	18/12/2000	0.4	2,000,000	17/12/2010

Notes:–

1. None of the above outstanding options was exercised during the financial period.
2. 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.

(ii) Long positions in underlying shares of equity derivatives of the Company

Mr. Chung Lok Fai, a substantial shareholder, had personal interests in the Pre-IPO share options granted by the Company. The principal terms of the Pre-IPO share options scheme were disclosed in the prospectus dated 22 December, 2000 (the “Prospectus”).

Pursuant to the Pre-IPO share options scheme, the Company has granted 2,000,000 options to Mr. Chung Lok Fai to subscribe for shares in the Company at any time from 18 December, 2000 to and including 17 December, 2010 at an exercise price of HK\$0.4 per share. These share options has not yet been exercised.

Ms. Tsou Lo Nien is the spouse of Mr. Chung Lok Fai. Accordingly, Ms. Tsou Lo Nien is deemed, by virtue of the SFO to be interested in all the Pre-IPO share options in which Mr. Chung Lok Fai is interested.

Save as the Pre-IPO Share Options granted under the Share Option Scheme, no other share options have been granted thereunder.

A summary of the principal terms of the Pre-IPO Share Options granted under the Share Option Scheme were disclosed in the Prospectus and the movements thereof are set out below:–

MOVEMENT OF SHARE OPTIONS

Pre-IPO Share Options	As at 1 April, 2003	Number of Options			As at 31 December, 2003	No. of new shares arising therefrom
		Granted	Exercised	Cancelled		
Exercise price: HK\$0.20						
– Director of a subsidiary:						
Mr. Lam Shut Chun	500,000	Nil	Nil	Nil	500,000	Nil
– Other employees	6,900,000	Nil	Nil	(1,800,000)	5,100,000	Nil
Exercise price: HK\$0.40						
– Executive Directors						
Mr. Hou Hsiao Wen, Eddie	2,000,000	Nil	Nil	Nil	2,000,000	Nil
Mr. Hou Hsiao Bing	2,000,000	Nil	Nil	Nil	2,000,000	Nil
Ms. Chung Yuk Hung, Yvonne	2,000,000	Nil	Nil	Nil	2,000,000	Nil
Mr. Chung Yuk Man, Kevin	2,000,000	Nil	Nil	Nil	2,000,000	Nil
– Other employees (<i>note 2</i>)	2,500,000	Nil	Nil	(100,000)	2,400,000	Nil
	<u>17,900,000</u>	<u>Nil</u>	<u>Nil</u>	<u>(1,900,000)</u>	<u>16,000,000</u>	<u>Nil</u>

Notes:–

1. During the nine months ended 31 December, 2003, 1,900,000 share options were lapsed upon the resignation of the relevant employees of the Group.
2. Mr. Chung Lok Fai resigned as a Director on 5 August, 2002, but remained as an employee of Truth Honour Electronic Limited, a subsidiary of the Company. As a result, the share options are still valid and are reclassified into other employees category.

AUDIT COMMITTEE OF THE BOARD

The audit committee (the “Audit Committee”) of the Board was formed on 13 December, 2000 comprising the independent non-executive Directors, Ms. Lui Ming, Rosita and Mr. Ho Wai Wing, Raymond. The terms of reference of the Audit Committee have been established with regard to Rules 5.23, 5.24 and 5.25 of the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company’s annual report, financial statements, half-year reports and quarterly reports and to provide advice and comments thereon to the Board. The Audit Committee has convened thirteen meetings since its establishment. This announcement has been reviewed and approved by the Audit Committee.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

None of the members of the Group purchased, sold or redeemed any of the Group's listed securities during the period from 1 April, 2003 to 31 December, 2003.

SPONSOR'S INTERESTS

As at 31 March, 2003, DBS Asia Capital Limited ceased to be the sponsor of the Company upon expiration of the terms of contract after two years of service. The Company had no sponsor as at and for the period from 1 April, 2003 to 31 December, 2003. Accordingly, no additional disclosure is made.

COMPETING INTERESTS

None of the Directors or the management shareholders (as defined in the GEM Listing Rules) of the Company has an interest in a business which competes or may compete with the business of the Group.

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

Hong Kong, 9 February, 2004

This announcement will remain on the "Latest Company Announcements" page of the GEM website with the domain name of www.hkgem.com for at least seven days from the day of its posting.