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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)

(Stock Code: 8111)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER, 2006

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE

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The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

** For identification purpose only*

HIGHLIGHTS

- The net profit of the Group during the nine months ended 31 December, 2006 was approximately HK\$68,000, as compared with net loss of approximately HK\$2.5 million for the same period in last year.
- Earnings per share during the nine months ended 31 December, 2006 was approximately HK0.02 cents, as compared with loss per share of approximately HK0.56 cents for the same period in last year.
- The turnover of the Group during the nine months ended 31 December, 2006 was approximately HK\$41.0 million, representing an increase of approximately 65.2 per cent. as compared with the corresponding period in 2005.

The board (the “Board”) of Directors announces the unaudited consolidated results of the Company and its subsidiaries (together, the “Group”) for the nine months ended 31 December, 2006.

CHAIRMAN’S STATEMENT

Business Review

The Group specializes 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 the People’s Republic of China (the “PRC” or China).

Implementation of self-service ATM systems

Implementation of self-service ATM systems remained the Group’s core business and accounted for approximately 99.8 per cent. of the Group’s total turnover during the nine months ended 31 December, 2006, as compared with approximately 95.4 per cent. for the same period in last year.

Turnover generated from the implementation of self-service ATM systems amounted to approximately HK\$40.9 million, representing an increase of approximately 72.8 per cent. as compared with the corresponding period in last year, which should be a result on the marketing effort the Group has put during the period.

By having ATM service centers established in major cities in China including Ningbo, Guangxi, Hainan, Kunming, Hangzhou, Jinan, Chuanzhou, Guangzhou, Shanghai, Beijing, Chengdu, Shenyang, Qingdao, Zhengzhou, Wenzhou, Nanjing, Hefei, Xian, Chongqing, Fuzhou, Wuxi, Tianjin, Shenzhen, Yantai, Sanming, Suzhou, Dalian and Zhejiang, together with the ATM service centre newly established in Hubei, the Group has a network of ATM service centers covering a total of 29 strategic cities and locations currently.

Provision of information technology and business solutions

The provision of information technology and business solutions accounted for approximately 0.2 per cent. of the Group's turnover for the nine months ended 31 December, 2006, as compared with approximately 3.5 per cent. for the corresponding period in last year. The Group will continue to focus on the development of software applications for converging banking business platforms and other state-of-the-art application software for banking and financial institutions and postal bureaus.

Other businesses

The income generated by the Group from other businesses including the implementation of electronic postal automation systems and the like is insignificant for the nine months ended 31 December, 2006, as compared with approximately 1.1 per cent. of the total turnover of the Group for the corresponding period in last year. Since the development of electronic postal automation systems that include mailing finishing systems, volume mailing handling systems and franking machines are still greatly hindered by market competition and acceptance, the Group at this stage would not put any effort in any new development of this business stream.

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 22.7 per cent. of the total turnover of the Group for the nine months ended 31 December, 2006, compared with approximately 49.2 per cent. for the corresponding period in last year.

Financial Performance

The Group recorded a profit attributable to shareholders of approximately HK\$68,000 for the nine months ended 31 December, 2006, compared with the loss attributable to shareholders of approximately HK\$2.5 million for the corresponding period in last year. Earnings per share during the nine months ended 31 December, 2006 was approximately HK0.02 cents, as compared with loss per share of approximately HK0.56 cents for the corresponding period in last year.

Turnover in the nine months ended 31 December, 2006 was approximately HK\$41.0 million, an approximately 65.2 per cent. increase as compared with the corresponding period in last year. The management believes that such an increase should be a result on the marketing effort the Group has put during the period.

During the nine months ended 31 December, 2006, the Group's gross profit margin decreased to approximately 26.0 per cent. (nine months ended 31 December, 2005: 47.2 per cent). This was due to the decrease in the income generated from the provision of technical consultancy and support services (which contributed to a higher gross profit margin) by 23.8 per cent., as compared with the corresponding period in last year, as a result of the keen competition among suppliers of ATM systems in the PRC during the period under review.

During the period under review, the Group's selling and administrative expenses decreased by approximately 12.8 per cent. and 22.6 per cent. to approximately HK\$1.9 million and HK\$8.5 million respectively, as compared to the corresponding period in last year. This should be a result of the Group's policy on cost control.

BUSINESS OUTLOOK

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 2006, 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, the Group will fully commit itself to be one of the leading 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 in the PRC, 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.

On the other hand, besides the Group will continue to keep abreast of all latest developments in the industry in order to consolidate existing activities and be prepared to diversify into new areas, it will also keep on boosting its marketing effort in China to bring in new customers and further expand its operations, so as to further expand market share and enrich shareholder's value.

Hou Hsiao Bing
Chairman
Soluteck Holdings Limited

Hong Kong, 8 February, 2007

RESULTS

The following is the unaudited consolidated results of the Group for the periods of three months and nine months ended 31 December, 2006 together with the comparative unaudited consolidated results of the Group for the corresponding periods in 2005:—

		From 1 October, 2006 to 31 December, 2006 <i>HK\$'000</i>	From 1 April, 2006 to 31 December, 2006 <i>HK\$'000</i>	From 1 October, 2005 to 31 December, 2005 <i>HK\$'000</i>	From 1 April, 2005 to 31 December, 2005 <i>HK\$'000</i>
	<i>Notes</i>				
Revenue	2	17,244	41,027	8,055	24,840
Cost of sales		<u>(12,688)</u>	<u>(30,348)</u>	<u>(4,144)</u>	<u>(13,111)</u>
Gross profit		4,556	10,679	3,911	11,729
Other revenue	2	519	560	20	66
Selling expenses		(643)	(1,936)	(677)	(2,220)
Administrative expenses		<u>(2,789)</u>	<u>(8,450)</u>	<u>(3,250)</u>	<u>(10,913)</u>
Operating Profit/(Loss)	3	1,643	853	4	(1,338)
Finance costs	4	<u>(121)</u>	<u>(234)</u>	<u>(77)</u>	<u>(321)</u>
Profit/(Loss) before taxation		1,522	619	(73)	(1,659)
Income tax expenses	5	<u>(551)</u>	<u>(551)</u>	<u>(467)</u>	<u>(874)</u>
Profit/(Loss) attributable to shareholders		<u>971</u>	<u>68</u>	<u>(540)</u>	<u>(2,533)</u>
Basic earnings/(loss) per share	6	<u>HK0.21 cents</u>	<u>HK0.02 cents</u>	<u>HK(0.12) cents</u>	<u>HK(0.56) cents</u>

NOTES:

1. Basis of preparation and accounting policies

The principal accounting policies adopted in preparing the Group's unaudited consolidated results conform to accounting principles generally accepted in Hong Kong and accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. The unaudited consolidated results have been prepared under the historical cost convention.

The accounting policies adopted in the preparation of the unaudited consolidated profit and loss account are consistent with those adopted by the Group in its annual accounts for the year ended 31 March 2006.

In 2005, the HKICPA issued a number of new or revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards ("the new HKFRSs") which are effective for accounting periods beginning on or after 1 January, 2006. The adoption of the new HKFRSs had no material impact on the Group's results of operations and financial position.

2. Revenue

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

	From 1 October, 2006 to 31 December, 2006 HK\$'000	From 1 April, 2006 to 31 December, 2006 HK\$'000	From 1 October, 2005 to 31 December, 2005 HK\$'000	From 1 April, 2005 to 31 December, 2005 HK\$'000
Revenue				
Sale of goods	13,971	31,712	4,439	12,620
Rendering of services	3,273	9,315	3,616	12,220
	<u>17,244</u>	<u>41,027</u>	<u>8,055</u>	<u>24,840</u>
Other revenue				
Interest income	19	60	20	66
Miscellaneous income	500	500	–	–
	<u>519</u>	<u>560</u>	<u>20</u>	<u>66</u>
Total revenue	<u><u>17,763</u></u>	<u><u>41,587</u></u>	<u><u>8,075</u></u>	<u><u>24,906</u></u>

3. Operating Profit/(Loss)

The Group's operating profit/(loss) is arrived at after charging:

	From 1 October, 2006 to 31 December, 2006 <i>HK\$'000</i>	From 1 April, 2006 to 31 December, 2006 <i>HK\$'000</i>	From 1 October, 2005 to 31 December, 2005 <i>HK\$'000</i>	From 1 April, 2005 to 31 December, 2005 <i>HK\$'000</i>
Cost of inventories	11,361	27,732	2,800	9,267
Depreciation	44	131	111	377
Provision for slow moving and obsolete inventories	500	500	–	1,000
Provision for bad and doubtful debts	–	–	–	900
	<u>11,905</u>	<u>28,363</u>	<u>2,911</u>	<u>11,544</u>

4. Finance costs

	From 1 October, 2006 to 31 December, 2006 <i>HK\$'000</i>	From 1 April, 2006 to 31 December, 2006 <i>HK\$'000</i>	From 1 October, 2005 to 31 December, 2005 <i>HK\$'000</i>	From 1 April, 2005 to 31 December, 2005 <i>HK\$'000</i>
Interest on bank loans and overdrafts	121	234	77	321
	<u>121</u>	<u>234</u>	<u>77</u>	<u>321</u>

5. Income tax expenses

There was no provision for Hong Kong profits tax as the Group has no assessable profit for the nine months ended 31 December, 2006 (nine months ended 31 December, 2005: Nil).

Income tax expenses on overseas profits has been calculated on the estimated assessable profit at the rates of taxation prevailing in the PRC in which the subsidiaries of the Group operate.

The amount of income tax expenses charged to the consolidated profit and loss account represents:-

	From 1 October, 2006 to 31 December, 2006 <i>HK\$'000</i>	From 1 April, 2006 to 31 December, 2006 <i>HK\$'000</i>	From 1 October, 2005 to 31 December, 2005 <i>HK\$'000</i>	From 1 April, 2005 to 31 December, 2005 <i>HK\$'000</i>
Current taxation:				
– Hong Kong profits tax	–	–	–	–
– Overseas taxation	551	722	467	874
– Over provisions in prior years	–	(171)	–	–
Deferred taxation	–	–	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
Income tax expenses	<u>551</u>	<u>551</u>	<u>467</u>	<u>874</u>

6. Earnings/(Loss) per Share

The calculation of the basic earnings/(loss) per Share for the three months and nine months ended 31 December, 2006 is based on the unaudited consolidated net profit attributable to shareholders of approximately HK\$971,000 and HK\$68,000 (2005: (loss) of approximately HK\$(540,000) and HK\$(2,533,000)) and the 452,612,072 and 452,612,072 ordinary shares (2005: 452,612,072 and 452,612,072 ordinary shares) in issue throughout the relevant accounting periods, respectively.

No diluted earnings/(loss) per share for the nine months ended 31 December, 2006 and 2005 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, 2006, the Group had cash and bank balances amounting to a total of approximately HK\$12.2 million (31 March, 2006: HK\$3.8 million) and outstanding bank overdraft and short-term bank loan of approximately HK\$2.6 million and HK\$4.5 million (31 March, 2006: HK\$3.4 million and HK\$Nil) respectively, 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 6 months and at annual interest rate of approximately 6.12 per cent.

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, that is, fully committed to be one of the leading total Solution Providers for the finance sector in China.

RESERVES

	Share premium HK\$'000	Reserve arising from reorganisation* HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April, 2005	1,194	(24,317)	9	9,440	(13,674)
Exchange difference	–	–	550	–	550
(Loss) for the period	–	–	–	(2,533)	(2,533)
	<u>1,194</u>	<u>(24,317)</u>	<u>559</u>	<u>6,907</u>	<u>(15,657)</u>
At 31 December, 2005	<u>1,194</u>	<u>(24,317)</u>	<u>559</u>	<u>6,907</u>	<u>(15,657)</u>
At 1 April, 2006	1,194	(24,317)	757	6,795	(15,571)
Exchange difference	–	–	869	–	869
Profit for the period	–	–	–	68	68
	<u>1,194</u>	<u>(24,317)</u>	<u>1,626</u>	<u>6,863</u>	<u>(14,634)</u>
At 31 December, 2006	<u>1,194</u>	<u>(24,317)</u>	<u>1,626</u>	<u>6,863</u>	<u>(14,634)</u>

* *The reserve arising from reorganisation of 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.*

QUARTERLY DIVIDEND

The Board does not recommend the payment of quarterly dividend for the period from 1 April, 2006 to 31 December, 2006 (nine months ended 31 December 2005: Nil).

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 December, 2006, the interests and short positions of the Directors and chief executives 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 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	Name of company	Capacity	Number and class of securities (Note 1)	Percentage shareholding in the same class of securities
Mr. Hou Hsiao Bing (Executive Director)	The Company	Beneficial owner	76,460,000 ordinary shares (L)	16.89%
	The Company	Beneficial owner	2,000,000 ordinary shares (Note 2)	0.44%
Mr. Hou Hsiao Wen (Executive Director)	The Company	Beneficial owner	33,160,000 ordinary shares (L)	7.33%
	The Company	Beneficial owner	2,000,000 ordinary shares (Note 2)	0.44%

Notes:—

- The letter "L" represents the Director's interests in the shares and underlying shares of the Company.
- 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 Scheme" 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 share
Mr. Hou Hsiao Bing	Truth Honour Electronic Limited	3,000,000 non-voting deferred shares	Beneficial owner	100% of the non-voting deferred shares
Mr. Hou Hsiao Bing	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	Outstanding at 1.4.2006	Number of Options		Outstanding at 31.12.2006	Closing price per share immediately before the date of grant (HK\$) (Note 2)
		Granted during the period	Lapsed during the period		
Exercise price at HK\$0.20:					
- Other Employees	1,250,000	Nil	(200,000)	1,050,000	Nil
Exercise price at HK\$0.40:					
- Executive Directors					
HOU Hsiao Bing	2,000,000	Nil	Nil	2,000,000	Nil
HOU Hsiao Wen	2,000,000	Nil	Nil	2,000,000	Nil
- Other Employees	2,400,000	Nil	Nil	2,400,000	Nil
	<u>7,650,000</u>	<u>Nil</u>	<u>(200,000)</u>	<u>7,450,000</u>	

Notes:—

1. During the nine months ended 31 December, 2006, 200,000 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.

No share option was granted and exercised during the nine months ended 31 December, 2006.

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 December, 2006, 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	Number of ordinary shares	Capacity	Approximate percentage of interest
Ms. Chung Yuk Hung	35,190,000	Beneficial owner	7.77%
Mr. Chung Yuk Man	35,190,000	Beneficial owner	7.77%

Save as disclosed above, as at 31 December, 2006, 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.

BOARD PRACTICES AND PROCEDURES

The Company has complied with Board Practices and Procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules during the Quarterly Period.

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 primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures and risk evaluation of the Group and to provide advice and comments thereon. The Committee comprises three independent non-executive Directors, namely, Ms. Lui, Ming Rosita, Mr. Ho Wai Wing, Raymond and Mr. Tam Kam Biu, William. The draft of this report has been reviewed and approved by the Audit Committee of the Board.

COMPETING INTERESTS

Mr. Tam Kam Biu, William, an Independent non-executive director of the Company, is an Executive Director of Q9 Technology Holding Limited (“Q9 Technology”). As Q9 Technology is also a Company which is engaged in business related to research, development of information technology, Q9 Technology 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 compete or may compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

The Company had not redeemed any of its Shares during the nine months ended 31 December, 2006. Neither the Company nor any of its subsidiaries purchased or sold any of the Shares during the nine months ended 31 December, 2006.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of the Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the period under review.

REPORT ON CORPORATE GOVERNANCE

In line with the increasing regulatory and investor focus on corporate governance standards, the Stock Exchange has issued a new Code on Corporate Governance Practices and Corporate Governance Report (the “Code”). We have embraced the terms of the Code, and combined these with our existing principles and practices – all with the objective of taking forward a corporate governance structure which builds on Soluteck’s own standards and experience, whilst respecting the benchmarks set in the Code. We will explain in this Corporate Governance Report where our approach deviates from the Code. Unless otherwise disclosed herein, the Company has complied with the Code throughout the nine months ended 31 December, 2006.

DISTINCTIVE ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code Provisions

Under the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Deviation and its Reasons

Mr. Hou Hsiao Bing (“Mr. Hou”) is both the Chairman and Chief Executive Officer of the Company who is responsible for managing the Board and the Group’s business. Mr. Hou has been the Chairman and Chief Executive Officer of the Company starting from 5 August, 2002 and 31 December, 2004 respectively. The management considered that there is no imminent need to change the arrangement because only 2 directors in the board of Directors are executive directors.

On behalf of the Board

Hou Hsiao Bing

Chairman

Hong Kong, 8 February, 2007

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.