

The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER, 2007

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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, 2007 was approximately HK\$2.3 million, as compared with net profit of approximately HK\$68,000 for the same period in last year.
- Earnings per share during the nine months ended 31 December, 2007 was approximately HK0.51 cents, as compared with earnings per share of approximately HK0.02 cents for the same period in last year.
- The revenue of the Group during the nine months ended 31 December, 2007 was approximately HK\$62.9 million, representing an increase of approximately 53.3 per cent. as compared with the corresponding period in 2006.

CHAIRMAN'S STATEMENT

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 nine months ended 31 December, 2007. The Group recorded an increase in its revenue to approximately HK\$62.9 million, representing an increase of approximately 53.3 per cent., as compared with the revenue for the nine months ended 31 December, 2006 of approximately HK\$41.0 million. 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 period under review.

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 the PRC during the nine months ended 31 December, 2007.

Pro-active efforts to explore and ascertain the Group’s business development thrust continued to show encouraging signs of fruition during the period under review in that the Group had made progress in the sales of ATM systems to commercial banks, the China State Postal Bureau and the Rural Credit Cooperatives of China in the PRC. 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 period under review.

The Group recorded a profit attributable to shareholders of approximately HK\$2.3 million in the nine months ended 31 December, 2007, compared with the profit attributable to shareholders of approximately HK\$68,000 for the corresponding period in last year. Earnings per share during the nine months ended 31 December, 2007 was approximately HK0.51 cents, compared with the earnings per share of approximately HK0.02 cents for the corresponding period in last year.

Implementation of self-service ATM systems

Implementation of self-service ATM systems remained the Group's core business and accounted for approximately 100.0 per cent. of the Group's total revenue during the nine months ended 31 December, 2007 (nine months ended 31 December, 2006: approximately 99.8 per cent.), representing an increase of approximately 53.6 per cent. as compared with the corresponding period in last year.

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 and Xiamen during the period, the network of ATM services was strategically recreated and the Group has ATM service centres to cover a total of 35 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 nine months ended 31 December, 2007, compared with approximately 0.2 per cent. for the corresponding period in last year. The Group will continue to develop software applications for converging banking business platforms and other state-of-the-art application software for banking and financial institutions and postal bureaus.

Business Segment Analysis

	From 1 April, 2007 to 31 December, 2007 HK\$'000	From 1 April, 2006 to 31 December, 2006 HK\$'000
Revenue		
Sale of self-service ATM systems & other systems	54,348	31,712
Rendering of hardware and software technical support services	8,531	9,315
	<u>62,879</u>	<u>41,027</u>

The Group recorded an increase in its revenue from the sale of self-service ATM systems and other systems by 71.4 per cent. for the nine months ended 31 December, 2007, as compared with the same period in last year and accounted for approximately 86.4 per cent. of the total revenue of the Group for the nine months ended 31 December, 2007, compared with approximately 77.3 per cent. for the corresponding period in last year. The management believed that the growth in this business segment of the Group was principally attributable to the application of successful marketing strategies in the PRC during the period under review.

The revenue generated from the rendering of hardware and software technical support services contributed to a stable and recurrent source of income for the Group and accounted for approximately 13.6 per cent. of the total revenue of the Group for the nine months ended 31 December, 2007, compared with approximately 22.7 per cent. for the corresponding period in last year. The actual revenue from the rendering of hardware and software technical support services was approximately HK\$8.5 million during the nine months ended 31 December, 2007 (nine months ended 31 December, 2006: approximately HK\$9.3 million).

Gross profit

The Group's gross profit margin for the nine months ended 31 December, 2007 was approximately 23.0 per cent., compared with approximately 26.0 per cent. for the corresponding period in last year. The management believed that the decrease in the Group's gross profit margin was mainly attributable to the keen competition among different suppliers of ATM systems in the PRC.

Selling expenses

Selling expenses incurred by the Group for the nine months ended 31 December, 2007 amounted to approximately HK\$1.4 million (nine months ended 31 December, 2006: HK\$1.9 million), representing a decrease of approximately 26.5 per cent.. This should be a result of the Group's policy on cost control.

Administrative expenses

Administrative expenses incurred by the Group for the nine months ended 31 December, 2007 amounted to approximately HK\$9.2 million (nine months ended 31 December, 2006: HK\$8.5 million), representing an increase of approximately 8.8 per cent. mainly because the Group had made a further allowance of bad and doubtful debts and provision for slow-moving and obsolete inventories of HK\$0.5 million and HK\$0.5 million respectively during the nine months ended 31 December, 2007 (nine months ended 31 December, 2006: approximately HK\$ Nil and HK\$ Nil respectively).

Finance costs

The finance costs of the Group for the nine months ended 31 December, 2007 increased to HK\$447,000 (nine months ended 31 December, 2006: HK\$234,000) mainly attributable to the increase in the use of banking facilities.

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 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.

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

Hou Hsiao Bing
Chairman
Soluteck Holdings Limited

Hong Kong, 4 February, 2008

RESULTS

The following is the unaudited consolidated results of the Group for the periods of three months and nine months ended 31 December, 2007 together with the comparative unaudited consolidated results of the Group for the corresponding periods in 2006:—

		From 1 October, 2007 to 31 December, 2007 <i>HK\$'000</i>	From 1 April, 2007 to 31 December, 2007 <i>HK\$'000</i>	From 1 October, 2006 to 31 December, 2006 <i>HK\$'000</i>	From 1 April, 2006 to 31 December, 2006 <i>HK\$'000</i>
	<i>Notes</i>				
Revenue	2	4,384	62,879	17,244	41,027
Cost of sales		(2,335)	(48,391)	(12,688)	(30,348)
Gross profit		2,049	14,488	4,556	10,679
Other revenue	2	20	45	519	560
Selling expenses		(465)	(1,422)	(643)	(1,936)
Administrative expenses		(2,040)	(9,193)	(2,789)	(8,450)
Operating (Loss)/Profit	3	(436)	3,918	1,643	853
Finance costs	4	(47)	(447)	(121)	(234)
(Loss)/Profit before taxation		(483)	3,471	1,522	619
Income tax expenses	5	511	(1,147)	(551)	(551)
Profit attributable to shareholders		28	2,324	971	68
Basic earnings per share	6	<u>HK0.01 cents</u>	<u>HK0.51 cents</u>	<u>HK0.21 cents</u>	<u>HK0.02 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 results are consistent with those adopted by the Group in its annual financial statements for the year ended 31 March, 2007.

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, 2007 to 31 December, 2007 HK\$'000	From 1 April, 2007 to 31 December, 2007 HK\$'000	From 1 October, 2006 to 31 December, 2006 HK\$'000	From 1 April, 2006 to 31 December, 2006 HK\$'000
Revenue				
Sale of goods	1,906	54,348	13,971	31,712
Rendering of services	2,478	8,531	3,273	9,315
	4,384	62,879	17,244	41,027
Other revenue				
Interest income	20	45	19	60
Miscellaneous income	–	–	500	500
Total revenue	4,404	62,924	17,763	41,587

3. OPERATING (LOSS)/PROFIT

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

	From 1 October, 2007 to 31 December, 2007 HK\$'000	From 1 April, 2007 to 31 December, 2007 HK\$'000	From 1 October, 2006 to 31 December, 2006 HK\$'000	From 1 April, 2006 to 31 December, 2006 HK\$'000
Cost of inventories	1,772	43,684	11,361	27,732
Depreciation	39	116	44	131
Provision for slow moving and obsolete inventories	–	500	500	500
Provision for bad and doubtful debts	–	500	–	–

4. FINANCE COSTS

	From 1 October, 2007 to 31 December, 2007 HK\$'000	From 1 April, 2007 to 31 December, 2007 HK\$'000	From 1 October, 2006 to 31 December, 2006 HK\$'000	From 1 April, 2006 to 31 December, 2006 HK\$'000
Interest on bank loans and overdrafts	<u>47</u>	<u>447</u>	<u>121</u>	<u>234</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, 2007 (nine months ended 31 December, 2006: 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, 2007 to 31 December, 2007 HK\$'000	From 1 April, 2007 to 31 December, 2007 HK\$'000	From 1 October, 2006 to 31 December, 2006 HK\$'000	From 1 April, 2006 to 31 December, 2006 HK\$'000
Current taxation:				
– Hong Kong profits tax	–	–	–	–
– Overseas taxation	(511)	1,231	551	722
– Over provisions in prior years	–	(84)	–	(171)
Deferred taxation	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Income tax expenses	<u>(511)</u>	<u>1,147</u>	<u>551</u>	<u>551</u>

6. EARNINGS PER SHARE

The calculation of the basic earnings per Share for the three months and nine months ended 31 December, 2007 is based on the unaudited consolidated net profit attributable to shareholders of approximately HK\$28,000 and HK\$2,324,000 respectively (three months and nine months ended 31 December, 2006: net profit of approximately HK\$971,000 and HK\$68,000 respectively) and the weighted average number of 453,162,072 and 452,856,516 ordinary shares (three months and nine months ended 31 December, 2006: 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, 2007 and 2006 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, 2007, the Group had cash and bank balances amounting to a total of approximately HK\$10.3 million (31 March, 2007: HK\$1.1 million) and outstanding bank overdraft and short-term bank loan of approximately HK\$2.4 million and HK\$ Nil (31 March, 2007: HK\$2.1 million and HK\$4.5 million) respectively, which represented the total borrowings of the Group as at that date. The bank overdraft was at 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

	Equity attributable to equity holders of the Company					Total HK\$'000
	Share Capital HK\$'000	Share premium HK\$'000	Reserve arising from reorganisation* HK\$'000	Exchange reserve HK\$'000	Retained earnings 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	–	–	–	869	–	869
Profit for the period	–	–	–	–	68	68
At 31 December, 2006	<u>45,261</u>	<u>1,194</u>	<u>(24,317)</u>	<u>1,626</u>	<u>6,863</u>	<u>30,627</u>
At 1 April, 2007	45,261	1,194	(24,317)	2,170	8,873	33,181
Issue of shares	55	55	–	–	–	110
Exchange differences arising on translation of foreign operations	–	–	–	2,093	–	2,093
Profit for the period	–	–	–	–	2,324	2,324
At 31 December, 2007	<u>45,316</u>	<u>1,249</u>	<u>(24,317)</u>	<u>4,263</u>	<u>11,197</u>	<u>37,708</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, 2007 to 31 December, 2007 (nine months ended 31 December, 2006: 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, 2007, 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 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	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	Name of Associated Corporations	Number of shares in which Interested	Nature of Interest	Approximate percentage holding of share
Mr. Hou Hsiao Bing (<i>Executive Director</i>)	Truth Honour Electronic Limited	3,000,000 non-voting deferred shares	Beneficial owner	100% of the non-voting deferred shares
Mr. Hou Hsiao Bing (<i>Executive Director</i>)	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				Outstanding at 31.12.2007	Closing price per Share immediately before the date of grant (HK\$) (Note 2)
	Outstanding at 1.4.2007	Granted during the period	Exercised during the period	Lapsed during the period		
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:

- During the nine months ended 31 December, 2007, 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 Schemes.

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, 2007, 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. 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 December, 2007, 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 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. Ho Wai Wing, Raymond and Mr. Tam Kam Biu, William, 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 unaudited consolidated results of the Group for the nine months ended 31 December, 2007 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.

COMPETING INTERESTS

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 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, 2007. Neither the Company nor any of its subsidiaries purchased or sold any of the Shares during the nine months ended 31 December, 2007.

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 noncompliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the period under review.

On behalf of the Board
Hou Hsiao Bing
Chairman

Hong Kong, 4 February, 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 Announcement" page for a least 7 days from the date of its posting.