

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim 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, 2008

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

** For identification purpose only*

HIGHLIGHTS

- The net loss of the Group during the nine months ended 31 December, 2008 was approximately HK\$3.1 million, as compared with net profit of approximately HK\$2.3 million for the same period in last year.
- Loss per share during the nine months ended 31 December, 2008 was approximately HK0.69 cents, as compared with earnings per share of approximately HK0.51 cents for the same period in last year.
- The revenue of the Group during the nine months ended 31 December, 2008 was approximately HK\$33.0 million, representing a decrease of approximately 47.5 per cent. as compared with the corresponding period in 2007.

CHAIRMAN'S STATEMENT

On behalf of the board of Directors (the "Board") of Soluteck Holdings Limited (the "Company" and together with its subsidiaries, the "Group"), I announce the results of the Group for the nine months ended 31 December, 2008.

Financial performance

The revenue of the Group during the nine months ended 31 December, 2008 was approximately HK\$33.0 million, representing a decrease of approximately 47.5 per cent., as compared to the same period last year. The management believes that the decrease in the revenue of the Group was mainly attributable to the keen competition among different suppliers of automatic teller machine ("ATM") systems in the People's Republic of China (the "PRC" or "China") during the period under review.

The Group recorded a loss attributable to shareholders of approximately HK\$3.1 million in the nine months ended 31 December, 2008, compared with the profit attributable to shareholders of approximately HK\$2.3 million for the corresponding period in last year. Loss per share during the nine months ended 31 December, 2008 was approximately HK0.69 cents, compared with the earnings per share of approximately HK0.51 cents for the corresponding period in last year.

The Group's gross profit margin for the nine months ended 31 December, 2008 was approximately 29.1 per cent., compared with approximately 23.0 per cent. for the corresponding period in last year. The management believed that the increase in the Group's gross profit margin was mainly attributable to the "screening out" of unprofitable projects in the PRC.

Selling expenses incurred by the Group for the nine months ended 31 December, 2008 amounted to approximately HK\$1.9 million (nine months ended 31 December, 2007: approximately HK\$1.4 million), representing an increase of approximately 30.4 per cent. mainly because the Group had allocated some resources to explore business opportunities.

Administrative expenses incurred by the Group for the nine months ended 31 December, 2008 amounted to approximately HK\$10.3 million (nine months ended 31 December, 2007: approximately HK\$9.6 million), representing an increase of approximately 7.7 per cent. primarily due to the increase in salary costs as a result of the increase in the number of employees as well as the increase in rental owing to the increase in the number of service centres during the period under review.

The finance costs of the Group for the nine months ended 31 December, 2008 decreased to approximately HK\$104,000 (nine months ended 31 December, 2007: approximately HK\$447,000) due to the decrease in the use of banking facilities.

Business review

The Group continued to specialize in the provision of implementation and upgrading of self-service 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, 2008.

Implementation of self-service ATM systems

During the nine months ended 31 December, 2008, implementation of self-service ATM systems remained the Group's core business and accounted for approximately 100.0 per cent. (nine months ended 31 December, 2007: approximately 100.0 per cent.) of the Group's total revenue, including the income derived from the provision of technical consultancy and support services.

The revenue generated from the implementation of self-service ATM systems amounted to approximately HK\$33.0 million, representing a decrease of approximately 47.5 per cent., as compared with the corresponding period in last year. Such a drop was mainly attributable to the keen competition among different suppliers of ATM systems in the PRC during the period under review.

Provision of technical consultancy and support services

The provision of technical consultancy and support services, which were already included in the above-mentioned implementation of self-service ATM systems business, contributed to a stable and recurrent source of income for the Group and accounted for approximately 31.3 per cent. of the total revenue of the Group for the nine months ended 31 December, 2008, compared with approximately 13.6 per cent. for the corresponding period in last year. Actual income derived from the provision of technical consultancy and support services increased by approximately 21.0 per cent..

By having ATM service centers already established in major cities in China including Ningbo, Guangxi, Hainan, Taiyuan, Jinan, Pingdingshan, Guangzhou, Shanghai, Beijing, Shenyang, Qingdao, Zhengzhou, Wenzhou, Nanjing, Hefei, Xian, Chongqing, Fuzhou, Wuxi, Tianjin, Shenzhen, Yantai, Sanming, Suzhou, Dalian, Jinhua, Hubei, Yingkou, Yancheng, Taizhou, Harbin, Jingzhou, Datong, Anhui, Sanmenxia, Xuzhou and Bengbu, the Group has ATM service centres to cover a total of 37 strategic cities and locations currently.

In respect of marketing and sales of self-service ATM systems and the provision of system maintenance and enhancement services to financial institutions, the Group maintained its leading position with new contracts clinched with the Bank of Wenzhou, the Commercial Bank, Shanghai Pudong Development Bank, the Bank of Communications, the Rural Credit Cooperatives of China and several branches of the China State Postal Bureau during the period under review.

BUSINESS OUTLOOK

The Group is recognised as a prestigious and experienced professional ATM software, hardware and services company in the ATM sector, and is an authorized value-added reseller of self-service ATM systems of NCR (Beijing) Financial Equipment System Co., Ltd and related applications software for commercial banks in China.

The Group will fully commit 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, and persist to put efforts on enhancing closer customer relationships, broadening business relationship and exploring new business opportunities in corporate outsourcing technical service sector.

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, 10 February, 2009

RESULTS

The unaudited consolidated results of the Group for the periods of three months and nine months ended 31 December, 2008 together with the comparative unaudited consolidated results of the Group for the corresponding periods in 2007 are as follows:–

		From 1 October, 2008 to 31 December, 2008 (unaudited) <i>HK\$'000</i>	From 1 April, 2008 to 31 December, 2008 (unaudited) <i>HK\$'000</i>	From 1 October, 2007 to 31 December, 2007 (unaudited) <i>HK\$'000</i>	From 1 April, 2007 to 31 December, 2007 (unaudited) <i>HK\$'000</i>
	<i>Notes</i>				
Revenue	2	10,146	33,015	4,384	62,879
Cost of sales		<u>(6,031)</u>	<u>(23,412)</u>	<u>(2,335)</u>	<u>(48,391)</u>
Gross profit		4,115	9,603	2,049	14,488
Other revenue	2	68	473	356	456
Selling expenses		(581)	(1,854)	(465)	(1,422)
Administrative expenses		<u>(3,109)</u>	<u>(10,347)</u>	<u>(2,376)</u>	<u>(9,604)</u>
Operating Profit/(Loss)	3	493	(2,125)	(436)	3,918
Finance costs	4	<u>(34)</u>	<u>(104)</u>	<u>(47)</u>	<u>(447)</u>
Profit/(Loss) before taxation		459	(2,229)	(483)	3,471
Income tax expenses	5	<u>(353)</u>	<u>(915)</u>	<u>511</u>	<u>(1,147)</u>
Profit/(Loss) attributable to shareholders		<u>106</u>	<u>(3,144)</u>	<u>28</u>	<u>2,324</u>
Basic earnings/(loss) per share	6	<u><u>HK0.02 cents</u></u>	<u><u>HK(0.69) cents</u></u>	<u><u>HK0.01 cents</u></u>	<u><u>HK0.51 cents</u></u>

NOTES TO THE UNAUDITED CONSOLIDATED RESULTS:-

1. BASIS OF PREPARATION

The Group's unaudited consolidated results have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the GEM Listing Rules and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments, which have been measured at fair value. The unaudited consolidated results are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

The principal accounting policies applied in the preparation of the unaudited consolidated results are consistent with those adopted in the preparation of the annual consolidated financial statements of the Group for the year ended 31 March, 2008.

In the current period, the Group has adopted a number of new and revised HKFRSs, which are effective for accounting periods beginning on or after 1 January, 2008. The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current and/or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective in the unaudited consolidated results. The Directors of the Company anticipate that the application of these new and revised HKFRSs should not have any significant impact on the Group's results of operations and financial position.

The unaudited consolidated results have been reviewed by the audit committee of the Company.

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, 2008 to 31 December, 2008 (unaudited) HK\$'000	From 1 April, 2008 to 31 December, 2008 (unaudited) HK\$'000	From 1 October, 2007 to 31 December, 2007 (unaudited) HK\$'000	From 1 April, 2007 to 31 December, 2007 (unaudited) HK\$'000
Revenue				
Sale of goods	6,057	22,696	1,906	54,348
Rendering of services	4,089	10,319	2,478	8,531
	<u>10,146</u>	<u>33,015</u>	<u>4,384</u>	<u>62,879</u>
Other revenue				
Government subsidies for business development	57	445	336	411
Interest income	11	28	20	45
	<u>68</u>	<u>473</u>	<u>356</u>	<u>456</u>
Total revenue	<u>10,214</u>	<u>33,488</u>	<u>4,740</u>	<u>63,335</u>

3. OPERATING PROFIT/(LOSS)

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

	From 1 October, 2008 to 31 December, 2008 (unaudited) HK\$'000	From 1 April, 2008 to 31 December, 2008 (unaudited) HK\$'000	From 1 October, 2007 to 31 December, 2007 (unaudited) HK\$'000	From 1 April, 2007 to 31 December, 2007 (unaudited) HK\$'000
Cost of inventories	4,857	18,065	1,772	43,684
Depreciation	28	96	39	116
Provision for slow moving and obsolete inventories	–	–	–	500
Provision for bad and doubtful debts	–	–	–	500
	<u>–</u>	<u>–</u>	<u>–</u>	<u>500</u>

4. FINANCE COSTS

	From 1 October, 2008 to 31 December, 2008 (unaudited) HK\$'000	From 1 April, 2008 to 31 December, 2008 (unaudited) HK\$'000	From 1 October, 2007 to 31 December, 2007 (unaudited) HK\$'000	From 1 April, 2007 to 31 December, 2007 (unaudited) HK\$'000
Interest on bank loans and overdrafts	<u>34</u>	<u>104</u>	<u>47</u>	<u>447</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, 2008 (nine months ended 31 December, 2007: 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, 2008 to 31 December, 2008 (unaudited) HK\$'000	From 1 April, 2008 to 31 December, 2008 (unaudited) HK\$'000	From 1 October, 2007 to 31 December, 2007 (unaudited) HK\$'000	From 1 April, 2007 to 31 December, 2007 (unaudited) HK\$'000
Current taxation:				
– Hong Kong profits tax	–	–	–	–
– Overseas taxation	353	915	(511)	1,231
– Over provisions in prior years	–	–	–	(84)
Deferred taxation	–	–	–	–
Income tax expenses	<u>353</u>	<u>915</u>	<u>(511)</u>	<u>1,147</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, 2008 is based on the unaudited consolidated net profit/(loss) attributable to shareholders of approximately HK\$106,000 and HK\$(3,144,000) respectively (three months and nine months ended 31 December, 2007: net profit of approximately HK\$28,000 and HK\$2,324,000 respectively) and the weighted average number of 453,162,072 and 453,162,072 ordinary shares (three months and nine months ended 31 December, 2007: 453,162,072 and 452,856,516 ordinary shares) in issue throughout the relevant accounting periods, respectively.

No diluted earnings/(loss) per share for the nine months ended 31 December, 2008 and 2007 are presented as the exercise of the outstanding options of the Company would have an anti-dilutive effect.

7. COMPARATIVE FIGURES

Certain comparative figures have been re-classified to conform to current period's presentation.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow. As at 31 December, 2008, the Group had cash and bank balances amounting to a total of approximately HK\$17.4 million (31 March, 2008: HK\$1.8 million) and outstanding bank overdraft of approximately HK\$2.5 million (31 March, 2008: HK\$2.4 million), which represented the total borrowings of the Group as at the date. The bank overdraft was at Hong Kong Dollar prime rate.

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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

	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, 2007	45,261	1,194	(24,317)	2,170	8,873	33,181
Issue of shares	55	55	–	–	–	110
Exchange difference	–	–	–	2,093	–	2,093
Profit for the period	–	–	–	–	2,324	2,324
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>
At 1 April, 2008	45,316	1,249	(24,317)	5,736	11,164	39,148
Exchange difference	–	–	–	855	–	855
Loss for the period	–	–	–	–	(3,144)	(3,144)
At 31 December, 2008	<u>45,316</u>	<u>1,249</u>	<u>(24,317)</u>	<u>6,591</u>	<u>8,020</u>	<u>36,859</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, 2008 to 31 December, 2008 (nine months ended 31 December, 2007: 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, 2008, the interests and short positions of the Directors and Chief Executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

(A) DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE SHARES OF THE COMPANY

Name of Directors	Name of company	Capacity	Number and class of securities (Note)	Percentage shareholding in the same class of securities
Mr. HOU Hsiao Bing (Executive Director)	The Company	Beneficial owner	131,150,000 ordinary shares (L) (Note 1)	28.94%
	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) (Note 1)	7.32%
	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 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 shares
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 31.12.2008	Closing price per Share immediately before the date of grant (HK\$) (Note)
	Outstanding at 1.4.2008	Granted during the period	Exercised during the period	Lapsed during the period		
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>6,400,000</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>6,400,000</u>	

Note: 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.

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, 2008, the following persons, other than a Director or Chief Executive of the Company, had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholders	Number of ordinary shares	Capacity	Approximate percentage of interest
Ms. Tsou Lo Nien	35,190,000	Beneficial owner	7.77%
Mr. Chung Lok Fai	35,190,000	Interest of spouse (<i>Note</i>)	7.77%

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, 2008, no person or entity other than a Director or Chief Executive of the Company, had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO.

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 China Bio Cassava Holdings Limited (formerly known as Q9 Technology Holdings Limited). As China Bio Cassava Holdings Limited is also a Company which is engaged in business related to research and development of information technology, China Bio Cassava Holdings Limited 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, 2008. Neither the Company nor any of its subsidiaries purchased or sold any of the Shares during the nine months ended 31 December, 2008.

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. Having made specific enquiry of all Directors, all Directors of the Company have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the nine months ended 31 December, 2008.

On behalf of the Board

Hou Hsiao Bing

Chairman

Hong Kong, 10 February, 2009

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.