

The Stock Exchange of Hong Kong Limited 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 appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of Sys Solutions Holdings Limited.



SYS SOLUTIONS HOLDINGS LIMITED

軟迅科技控股有限公司

Colpo Mercantile Inc.

(Incorporated in the British Virgin Islands with limited liability)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8182)

JOINT ANNOUNCEMENT

**(I) Acquisition of controlling interest in
Sys Solutions Holdings Limited
by Colpo Mercantile Inc.;**

AND

**(II) Possible unconditional mandatory cash offer by
Baron Capital Limited
on behalf of Colpo Mercantile Inc.
for all the issued shares in
Sys Solutions Holdings Limited**

**(other than those shares already owned by or agreed to be acquired by
Colpo Mercantile Inc. and parties acting in concert with it);**

AND

(III) Resumption of trading

Financial adviser to Colpo Mercantile Inc.

 **Baron Capital Limited**

THE SHARE SALE AGREEMENT

On 3 November 2006, the Offeror entered into the Share Sale Agreement with, among others, the Vendors, pursuant to which the Offeror has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the Sale Shares for cash consideration in an aggregate sum of HK\$16,342,173.44 (equivalent to approximately HK\$0.060579 per Sale Share). The Sale Shares represent approximately 68.09% of the entire issued share capital of the Company as at the date of this announcement. The Share Sale Agreement is conditional upon the fulfillment or waiver of certain conditions as described in the paragraph headed “Conditions of the Share Sale Agreement” under the section headed “The Share Sale Agreement” in this announcement.

POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER

As at the date of this announcement, the Offeror and parties acting in concert with it did not hold any Shares. Upon Completion, the Offeror and parties acting in concert with it will own an aggregate of 269,768,428 Shares, representing approximately 68.09% of the entire issued share capital of the Company as at the date of this announcement. In accordance with Rule 26.1 of the Takeovers Code, the Offeror will be required to make the General Offer for all the issued Shares (other than those Shares already owned by or agreed to be acquired by the Offeror or parties acting in concert with it). The principal terms of the General Offer are set out under the section headed "Possible unconditional mandatory cash offer" in this announcement.

As at the date of this announcement, there are no outstanding options, warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

The General Offer is a possibility only. The Completion is conditional upon the fulfillment or waiver of certain conditions and the General Offer will only be made if Completion takes place. Accordingly, the Share Sale Agreement may or may not be completed and the General Offer may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 11:06 a.m. on 8 September 2006 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 9 November 2006.

THE SHARE SALE AGREEMENT

Date of and parties to the Share Sale Agreement

Date: 3 November 2006

- Vendors:
1. Mr. Lam, being one of the Vendors in respect of 11,340,000 Sale Shares;
 2. Cyber Mission, being solely and beneficially owned by Mr. Lam and one of the Vendors in respect of 144,044,550 Sale Shares;
 3. Cyber Profit, being solely and beneficially owned by Mr. Yuen and one of the Vendors in respect of 51,795,450 Sale Shares;
 4. Hankison, being solely and beneficially owned by Mr. Yuen and one of the Vendors in respect of 21,344,428 Sale Shares;
 5. Expeditious Management, being solely and beneficially owned by Mr. Yuen and one of the Vendors in respect of 28,350,000 Sale Shares; and
 6. Sun Strategic, being solely and beneficially owned by Mr. Yuen and one of the Vendors in respect of 12,894,000 Sale Shares.

Purchaser: The Offeror, Colpo Mercantile Inc., a company incorporated in the British Virgin Islands with limited liability and is solely and beneficially owned by Mr. Chan. The Offeror and Mr. Chan are independent third parties and not connected with and not parties acting in concert with the Company or its subsidiaries or any Connected Persons of the Company

Vendor Guarantors: Mr. Lam and Mr. Yuen

Purchaser Guarantor: Mr. Chan

The Share Sale Agreement was entered into between the relevant parties subsequent to the Indicative Term Sheet entered into between Mr. Lam and Mr. Chan on 5 September 2006 in relation to the disposal of the shareholdings held by Mr. Lam and his associate(s). According to the Indicative Term Sheet, Mr. Lam agreed to introduce other existing substantial Shareholders to Mr. Chan who might liaise with such substantial Shareholders for acquisition of additional issued Shares. Mr. Yuen was then introduced to Mr. Chan.

Sale Shares

The Offeror has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the Sale Shares, being 269,768,428 Shares, which represent approximately 68.09% of the entire issued share capital of the Company as at the date of this announcement, free from all claims, liens, charges, equities and encumbrances and third party rights of any kind and together with all rights attaching thereto on the date of the Share Sale Agreement or thereafter, including the rights to receive all dividends and distributions that may be declared, made or paid on or after the Completion Date.

Consideration for the Sale Shares

The Consideration in the aggregate sum of HK\$16,342,173.44 (representing approximately HK\$0.060579 per Sale Share) was negotiated and determined on an arm's length basis between the Offeror and the Vendors with reference to (i) the recent prices performance of the Shares on the Stock Exchange, (ii) the audited consolidated net loss attributable to the Shareholders of approximately HK\$7.79 million for the year ended 31 July 2006, and (iii) the audited consolidated net liability of the Group of approximately HK\$4.16 million as at 31 July 2006, which was equivalent to approximately HK\$0.0105 per Share (based on a total number of 396,180,000 Shares in issue as at the date of this announcement).

The purchase price of approximately HK\$0.060579 per Sale Share represents:

- (a) a premium of approximately 21.16% over the closing price of HK\$0.05 per Share as quoted on GEM on 7 September 2006, being the last full trading day prior to the suspension of trading in the Shares at 11:06 a.m. on 8 September 2006;
- (b) a premium of approximately 37.68% over the average closing price as quoted on GEM for the last 5 consecutive full trading days prior to the suspension of trading in the Shares at 11:06 a.m. on 8 September 2006, being approximately HK\$0.044 per Share; and
- (c) a premium of approximately 44.24% over the average closing price as quoted on GEM for the last 10 consecutive full trading days prior to the suspension of trading in the Shares at 11:06 a.m. on 8 September 2006, being approximately HK\$0.042 per Share.

The Consideration shall be settled by the Offeror in the following manner:

- (i) a total sum of HK\$2,000,000 being the deposit and partial payment had been paid by the Offeror to the Vendors upon signing of the Share Sale Agreement, as to HK\$1,151,984.69 to Mr. Lam (who received HK\$84,072.10 for himself and HK\$1,067,912.59 for Cyber Mission) and as to HK\$848,015.31 to Mr. Yuen (who received the relevant deposit and partial payment for Cyber Profit, Hankison, Expeditious Management and Sun Strategic); and
- (ii) the remaining balance of the Consideration in the sum of HK\$14,342,173.44 shall be payable by the Offeror to the Vendors on the Completion Date, as to HK\$8,260,982.14 to Mr. Lam (who will receive HK\$602,888.37 for himself and HK\$7,658,093.77 for Cyber Mission) and as to HK\$6,081,191.30 to Mr. Yuen (who will receive the remaining balance of the Consideration for Cyber Profit, Hankison, Expeditious Management and Sun Strategic).

Conditions of the Share Sale Agreement

The Completion is conditional upon the fulfillment or waiver of the following conditions:

- (1) the Offeror being satisfied that there has been no breach of any of the Warranties by the Warrantors up to Completion which will materially and adversely affect the business, prospect and financial position of the Company;
- (2) the Shares remaining listed and traded on GEM after the issue of this announcement and up to the Completion Date, save for temporary suspension as may be required by the SFC or the Stock Exchange in connection with the review and approval of the documents relating to the General Offer by the SFC and/or the Stock Exchange prior to their release or publication, and no notification being received from the Stock Exchange or the SFC that the listing of Shares on GEM will or may be withdrawn or suspended for any reason; and
- (3) all waivers, consents or approvals of the Stock Exchange and the SFC and any other authority in Hong Kong, the Cayman Islands, the British Virgin Islands or elsewhere, which are required or appropriate for the entry into and for the implementation of the transactions contemplated under the Share Sale Agreement, having been obtained.

If any of the conditions of the Share Sale Agreement as set out above shall not have been fulfilled or (save for condition (3) above) been waived on or before 10 November 2006 or such other date as the parties may mutually agree in writing, the Share Sale Agreement shall terminate and be null and void and of no further effect and no party to the Share Sale Agreement shall have any liability to any other parties save in respect of any antecedent breaches of the terms of the Share Sale Agreement.

Waiver and release of Shareholder's loan

Mr. Lam has agreed to waive and release an amount of HK\$4,987,329.00, being Shareholder's loan due to Mr. Lam by the Company as at 10 October 2006, by signing and delivering a deed of release in respect of his waiver and release of such Shareholder's loan on the Completion Date. Save as disclosed, the Company does not have other Shareholders' loan outstanding nor any proposed repayment as at the date of this announcement.

The completion

The Completion shall take place at the offices of the Vendors' Solicitors at 3:00 p.m. on the Business Day immediately after all the abovementioned conditions having been fulfilled or waived (as the case may be) and in any event on or before 10 November 2006 (or on such other time and/or day as the parties to the Share Sale Agreement may mutually agree in writing).

Shareholding structure

The existing shareholding structure of the Company and the shareholding structure of the Company upon Completion are set out as follows:

	Existing shareholding structure		Shareholding structure upon Completion	
	Number of Shares	Approximate Percentage	Number of Shares	Approximate Percentage
Cyber Mission	144,044,550	36.36%	–	–
Mr. Lam	11,340,000	2.86%	–	–
Cyber Profit	51,795,450	13.07%	–	–
Hankison	21,344,428	5.39%	–	–
Expeditious Management	28,350,000	7.16%	–	–
Sun Strategic	12,894,000	3.25%	–	–
	<hr/>		<hr/>	
the Vendors	269,768,428	68.09%	–	–
the Offeror and parties acting in concert with it	–	–	269,768,428	68.09%
Public	126,411,572	31.91%	126,411,572	31.91%
	<hr/>		<hr/>	
Total	<u>396,180,000</u>	<u>100%</u>	<u>396,180,000</u>	<u>100%</u>

POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER

As at the date of this announcement, the Offeror and parties acting in concert with it did not hold any Shares. Upon Completion, the Offeror and parties acting in concert with it will in aggregate own 269,768,428 Shares, representing approximately 68.09% of the entire issued share capital of the Company. Under Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares, other than those Shares already owned by or agreed to be acquired by the Offeror or parties acting in concert with it. The General Offer, if and when made, will be unconditional in all respects. Baron Capital will, on behalf of the Offeror, make the General Offer on the following term in accordance with Rule 26.1 of the Takeovers Code.

For each Offer ShareHK\$0.060579 in cash

As at the date of this announcement, the Company has 396,180,000 Shares in issue and there are no outstanding options, warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

The General Offer is a possibility only. The Completion is conditional upon the fulfillment or waiver of certain conditions as mentioned above and the General Offer will only be made if Completion takes place. Accordingly, the Share Sale Agreement may or may not be completed and the General Offer may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

Total consideration

Given that the Company has a total number of 396,180,000 Shares in issue as at the date of this announcement, the entire issued share capital of the Company was valued at approximately HK\$24,000,000 at the offer price of HK\$0.060579 per Offer Share under the General Offer and all the Offer Shares (being 126,411,572 Shares not held by the Offeror and parties acting in concert with it after Completion) subject to the General Offer will be valued at approximately HK\$7,657,886.62.

The Offeror will finance the General Offer partly by way of internal resources and borrowings. Baron Capital is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the General Offer.

Effect of accepting the General Offer

The General Offer to be made upon Completion will be unconditional. By accepting the General Offer, the Shareholders will sell their Shares to the Offeror free from all liens, claims and encumbrances and together with all rights attaching to the Shares as at the date of close of the General Offer, including the rights to receive all dividends and distribution declared, made or paid on or after completion of the General Offer.

Stamp duty

Seller's ad valorem stamp duty arising in connection with acceptance of the General Offer amounting to 0.1% of the amount payable in respect of the relevant acceptance or if higher, the value of the Offer Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) is payable by the Shareholders which will be deducted from the payment to be received by the Shareholders. The Offeror will bear its own portion of buyer's ad valorem stamp duty under the General Offer at the rate of 0.1% of the amount payable in respect of relevant acceptances or if higher, the value of the Offer Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) and will be responsible to account to the Stamp Office of Hong Kong the stamp duty payable for the sale and purchase of the relevant Offer Shares pursuant to the acceptances of the General Offer.

Payment

Payment (after deducting the sellers' share of stamp duty) in cash in respect of acceptances of the General Offer will be made within 10 days of the date on which the relevant documents of title are received by the Offeror to render each such acceptance complete and valid.

Information on the existing Directors

As at the date of this announcement, the executive Directors are Mr. Lam, Mr. Yuen and Mr. Chan Chi Hung and the independent non-executive Directors are Mr. Lau Siu Ki Kevin, Mr. Wang Yat Yee Mark and Mr. Zhang Guo Xuan.

The details of the direct and indirect shareholdings in the Company of Mr. Lam and Mr. Yuen are set out in the paragraph headed “Shareholding structure” in this announcement. Save as disclosed above, none of the Directors have any shareholdings in the Company as at the date of this announcement.

The existing Directors intend to resign from their respective offices with the Company with effect from the earliest date as may be applicable under Rule 7 of the Takeovers Code, i.e. the first closing date of the General Offer.

Information on the Group

The Company was incorporated in the Cayman Islands with limited liability and its Shares are listed on GEM since 18 February 2003. The Group’s principal activities are provision of network infrastructure solutions and services.

The Group recorded an audited consolidated net loss attributable to the Shareholders of approximately HK\$13.62 million and HK\$7.79 million for two years ended 31 July 2005 and 2006 respectively. As at 31 July 2006, the audited consolidated net liability of the Group was approximately HK\$4.16 million.

Information on the Offeror and its intention regarding the Group

The Offeror is an investment holding company incorporated in the British Virgin Islands, the entire issued share capital of which is solely and beneficially owned by Mr. Chan, the sole director of the Offeror. Save for entering into the Share Sale Agreement, the Offeror has not conducted any business since its incorporation and has no material assets and liabilities. The Offeror and Mr. Chan are independent third parties and are not connected with and not parties acting in concert with the Company or its subsidiaries or any Connected Persons of the Company.

As at the date of this announcement, the Offeror and parties acting in concert with it did not hold any Shares. During the six-month period immediately prior to the date of the Share Sale Agreement and up to the date of this announcement, the Offeror and parties acting in concert with it had not dealt in any Shares.

There is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which might be material to the General Offer as referred to in Note 8 to Rule 22 of the Takeovers Code.

There is no agreement or arrangement to which the Offeror is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the General Offer.

The Offeror intends to continue the existing businesses of the Group and has no intention to dispose of the Group’s material businesses after close of the General Offer. The Offeror will, following Completion, conduct a detailed review on the operations of the Group with a view to developing a corporate strategy to enhance its business operations. Should any suitable investment or business opportunities arise, the

Offeror may consider diversifying the business of the Group in order to broaden its income base. However, no such investment or business opportunities have been identified at this stage. The Offeror will nominate Mr. Chan and Mr. Chan Man Ching and two more persons to be appointed as additional directors to the Board in accordance with Rule 26.4 of the Takeovers Code and all the existing Directors will retire from their offices with the Company with effect from the earliest date as may be applicable under Rule 7 of the Takeovers Code.

Brief details of the proposed new executive Directors are set out below:

Mr. Chan is currently a director, co-chairman and the chief executive officer of Petromin Resources Limited, a company listed on the Toronto Stock Exchange Venture Board with a market capitalization value of CAD\$12,953,817 (equivalent to approximately HK\$89,294,500) as at 6 November 2006, which is principally engaged in acquiring and developing oil and gas properties. At present, Mr. Chan is holding approximately 3.9% of the shares of Petromin Resources Limited. Concurrently, Mr. Chan is a director of Hollingport Venture Inc., a company listed on the Toronto Stock Exchange Venture Board with approximately 15% shareholding of the company. As at the date of this announcement, Hollingport Venture Inc. does not have any principal activity. He is a businessman with extensive experience in senior management and financing. He also has broad overseas networks and close relationships with business communities in Asian countries.

Mr. Chan Man Ching, aged 38 is currently an executive director of SYSCAN Technology Holdings Limited, a company listed on GEM. He graduated from the University of South Australia with a bachelor's degree in Accountancy. He is also a CPA member of Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. He has over 13 years' experience in accounting, auditing and taxation.

The Company will make further announcement in respect of the effective date of appointment of the new Directors and the biographical details as required under Rule 17.50(2) of the GEM Listing Rule. The Company will ensure that the requirements of the GEM Listing Rules in relation to new independent non-executive directors and audit committee will be complied with.

The new Directors or management of the Company have sufficient expertise in the existing business of the Company as (i) Mr. Chan Chi Hung, an existing executive Director, will be retained in the Company as a consultant for a fixed term of six-month commencing from the date of his resignation on the first closing date of the General Offer. The appointment shall continue after the expiration of the fixed term until terminated by either party by serving on the other party one month written notice in advance or payment in lieu of notice. It is the current intention of the parties that the consultant shall assist the new Directors to a smooth transition of the existing business of the Company; (ii) Mr. Chan Man Ching has been in the senior management level of a technology company for over 6 years; and (iii) the existing key operation personnel will be retained and the new Directors will review the Company's operation and might consider to employ additional Directors to manage the business of the Company if necessary.

Maintaining the listing status of the Company

The Offeror intends that the Company will remain listed on GEM after the close of the General Offer and will not exercise any rights to compulsorily acquire all the issued Shares. The sole director of the Offeror and the new Directors to be appointed to the Company will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that the minimum public float requirement under the GEM Listing Rules is complied with by the Company following the close of the General Offer.

The Stock Exchange has stated that if, at the close of the General Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in trading of the Shares; or
- (b) there are insufficient Shares in public hands to maintain an orderly market,

then it will consider exercising its discretion to suspend dealing in the Shares.

The Offeror intends that the Company to remain listed on the Stock Exchange. The sole director of the Offeror and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

COMPOSITE OFFER DOCUMENT

The Offeror and the Company intend to combine the offer document and the Company's response document into a composite offer document. Under Rule 8.2 of the Takeovers Code, within 21 days of the date of this announcement or such later date as the Executive may approve, the Offeror is required to dispatch the offer document containing the terms of the General Offer, the form of acceptance and transfer of the Offer Shares to the Shareholders.

An Independent Board Committee will be formed to advise the Independent Shareholders on the General Offer.

An independent financial adviser will be appointed to advise the Independent Board Committee in respect of the General Offer.

A further announcement will be made by the Company as soon as the independent financial adviser is appointed.

DISCLOSURE OF DEALINGS

Associates of the Company and the Offeror are reminded to disclose their dealings in the Shares.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligations of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

GENERAL

Trading in the Shares on the Stock Exchange was suspended with effect from 11:06 a.m. on 8 September 2006 at the request of the Company pending the release of this announcement. An application has been made by the Company for resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 9 November 2006.

DEFINITIONS

In this announcement, the following terms and expressions have the following meanings set out below.

“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Baron Capital”	Baron Capital Limited, a licensed corporation to carry out types 1 and 6 regulated activities (dealing in securities and advising on corporate finance) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Board”	the board of directors of the Company
“Business Day(s)”	a day, other than Saturday and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m., on which banks are open in Hong Kong for general banking business
“Company”	Sys Solutions Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM since 18 February 2003
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the Share Sale Agreement
“Completion Date”	the date of Completion
“Connected Person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Consideration”	the consideration of HK\$16,342,173.44 for the sale of the Sale Shares pursuant to the Share Sale Agreement

“Cyber Profit”	Cyber Profit Group Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Yuen, being one of the Vendors
“Cyber Mission”	Cyber Mission Ventures Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Lam, being one of the Vendors
“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Expeditious Management”	Expeditious Management Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Yuen, being one of the Vendors
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Offer”	the possible unconditional mandatory cash offer to be made by Baron Capital, on behalf the Offeror, for all the issued Shares (other than those Shares already owned by or agreed to be acquired by the Offeror or parties acting in concert with it) in accordance with the Takeovers Code
“Group”	the Company and its subsidiaries and associated company
“Hankison”	Hankison Investments Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Yuen, being one of the Vendors
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company comprising the three independent non-executive Directors, namely, Mr. Lau Siu Ki Kevin, Mr. Wang Yat Yee Mark and Mr. Zhang Guo Xuan will be formed to advise the Independent Shareholders on the General Offer
“Independent Shareholders”	Shareholders other than the Vendors and its associates and parties acting in concert with any of them
“Indicative Term Sheet”	a non-legally binding indicative term sheet entered into between Mr. Lam and Mr. Chan on 5 September 2006 in relation to the disposal of the shareholdings held by Mr. Lam and his associate(s)
“Mr. Chan”	Mr. Chan Wing Him Kenny, the sole beneficial owner and the sole director of the Offeror

“Mr. Lam”	Mr. Lam Chi Shing, the chairman and one of the executive Directors of the Company, directly holding 11,340,000 Shares and indirectly holding 144,044,550 Shares through Cyber Mission as at the date of this announcement, being one of the Vendors
“Mr. Yuen”	Mr. Yuen Kin Tong, one of the executive Directors of the Company, indirectly holding an aggregate of 114,383,878 Shares respectively through Cyber Profit, Hankison, Expeditious Management and Sun Strategic as at the date of this announcement, being one of the Vendors
“Offer Price”	the offer price of HK\$0.060579 per Offer Share pursuant to the General Offer
“Offer Share(s)”	the Share(s) subject to the General Offer
“Offeror”	Colpo Mercantile Inc., a limited liability company incorporated in the British Virgin Islands, the entire issued share capital of which is solely and beneficially owned by Mr. Chan
“Purchaser Guarantor”	Mr. Chan
“Sale Share(s)”	an aggregate of 269,768,428 Shares to be acquired by the Offeror pursuant to the Share Sale Agreement
“SFC”	The Securities and Futures Commission of Hong Kong
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Sale Agreement”	the conditional agreement dated 3 November 2006 entered into by the Offeror, the Vendors, the Vendor Guarantors and the Purchaser Guarantor in relation to the sale and purchase of the Sale Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sun Strategic”	Sun Strategic Investments Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Yuen, being one of the Vendors
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendors”	the beneficial owners of the Sale Shares, namely, Mr. Lam, Cyber Mission, Cyber Profit, Hankison, Expeditious Management and Sun Strategic, which in aggregate hold approximately 68.09% of the issued Shares
“Vendor Guarantors”	Mr. Lam and Mr. Yuen

“Vendors’ Solicitors”	Tracy Ong & Co., 3908A, 39th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong
“Warranties”	the warranties and representations as set out in the Share Sale Agreement
“Warrantors”	the Vendors and the Vendor Guarantors
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“CAD\$”	Canadian dollars, the lawful currency of Canada CAD\$1.00 = HK\$6.8933
“%”	per cent.

By order of the sole director
Colpo Mercantile Inc.
Chan Wing Him Kenny
Sole Director

By order of the board of directors
Sys Solutions Holdings Limited
Lam Chi Shing
Chairman

Hong Kong, 8 November 2006

As at the date of this announcement, the executive Directors are Mr. Lam Chi Shing, Mr. Yuen Kin Tong and Mr. Chan Chi Hung; and the independent non-executive Directors are Mr. Lau Siu Ki Kevin, Mr. Wang Yat Yee Mark and Mr. Zhang Guo Xuan.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Offeror and its associates) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than information relating to the Offeror and its associates) have been arrived at after due and careful consideration and there are no other facts (other than information relating to the Offeror and its associates) not contained in this announcement, the omission of which would make any statement in this announcement (other than information relating to the Offeror and its associates) misleading.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Company and the Vendors and their respective associates) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement (other than information relating to the Company and the Vendors and their respective associates) have been arrived at after due and careful consideration and there are no other facts (other than information relating to the Company and the Vendors and their respective associates) not contained in this announcement the omission of which would make any statement in this announcement (other than information relating to the Company and the Vendors and their respective associates) misleading.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting.