

**SYSTEK INFORMATION TECHNOLOGY (HOLDINGS) LTD :
IN COMES THE CASH, UP GO DIRECTORS' SALARIES**

It appears that, in the case of Systek Information Technology (Holdings) Ltd, it is: In comes the public's money, so up go Directors' salaries.

Systek Information is the latest hi-tech (or would-be hi-tech) company to seek a listing on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd.

It made its debut, last Friday, and, no doubt to the delight of the Directors, Promoters and underwriters, the share price rose to \$HK1 by the close, an increase over the Placing Price of about 78.57 percent

Placing 200 million, 10-cent shares at a Premium of 46 cents per share, with the Founder of the Company, Mr To Cho Kei, and some of his mates, taking this opportunity to Place another tranche of 42.50 million shares on the same basis, the Company netted about \$HK100.20 million from the exercise, with Mr To Cho Kei and his mates, taking home their \$HK21.30 million from their Placings.

While the Prospectus makes it very clear that \$HK100 million is far too little to carry forward the plans of the Company (Page 23), it appears not to have deterred the Executive Directors from entering into new management contracts with considerably higher salary packages.

This is made only too clear at Pages 165 and 166 of the Prospectus, under the heading: '*Particulars of Service Contracts*'.

This states that each of the Executive Directors entered into 2-year service contracts with the Company, commencing August 28, 2000, and that each of the Directors will receive the following annual salaries:

Mr To Cho Kei	\$HK1 million
Mr Amos Poon Bing Choi	\$HK800,000
Mr Sidney Yuen Tat Man	\$HK1 million
Mr Wong Po Fai	\$HK1 million
Mr Chan Kai Yan	\$HK1 million
Dr Chan Kim Chung	<u>\$HK1 million</u>
TOTAL	<u>\$HK5,800,000</u>

While a monthly salary of \$HK80,000 is not excessive, by any stretch of the imagination, it is noted that, in the Financial Year, ended March 31, 2000, the aggregate amount, paid to the Directors as remuneration, was \$HK2,933,000, about half of the amount of the new service contracts, just '*negotiated*' between the Company and the Directors.

In addition to the fixed annual salary, the 6 Executive Directors will be entitled '*to an annual fixed sum bonus equal to his average monthly salary ... each of the executive Directors may be entitled to a discretionary bonus ... to a maximum limit of 10 per cent. of the audited consolidated profit of the Group attributable to the shareholders of the Company, but before such bonus.*'

Good going!

The Business

Systek Information describes itself as being '*an Internet technology provider engaged in the design, development and deployment of Internet enabling software solutions and the provisions of IT (Information Technology) consulting and e-business innovation services for commercial enterprises and government entities seeking to deploy and improve their use of the Internet and e-business applications.*' (Page One)

About 90 percent of its business, during the past 2 Financial Years, has been conducted in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), with the remaining 10 percent, being conducted in Singapore.

Sales of software products (presumably, other companies' software packages) accounted for about 33 percent of the Total Turnover of the Company during the 2000 Year, ended March 31.

The following are the Trading Results of the past 2 Financial Years:

	Financial Year ended March 31			
	1999		2000	
	\$HK'000	Percent	\$HK'000	Percent
<u>Turnover by Activities:</u>				
Systems Development	13,256	52.00	14,375	35.90
Sales of Software Products	1,790	7.00	13,072	32.70
Professional Service Fee	6,160	24.20	7,641	19.10
Training Fee	3,131	12.30	3,680	9.20
Technical Support Fee	661	2.60	730	1.80
Others	<u>502</u>	<u>1.90</u>	<u>515</u>	<u>1.30</u>
TOTAL	<u>25,500</u>	<u>100</u>	<u>40,013</u>	<u>100</u>
Profit before Taxation	1,088	4.30	8,539	21.30
Taxation	(338)		(1,870)	
Profit after Taxation	750	2.90	6,669	16.70

The Profit before Taxation is calculated after taking into consideration the staff costs of about \$HK24.05 million.

This figure of \$HK24.05 million happens to be an increase of about \$HK7.81 million, paid out in the 1999 Year, or an increase of about 48.09 percent ... [CLICK TO ORDER FULL ARTICLE](#)

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