



駿科網絡訊息有限公司\*

**COMPUTECH HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**Announcement of the 2001 Final Results**

**Characteristics of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (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.**

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*This announcement, for which the directors of Computech Holdings Limited collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Computech Holdings Limited. 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.*

*\* For identification purpose only*

## SUMMARY

- Turnover for the year ended 31 December 2001 was approximately HK\$120,990,000 (2000:HK\$37,565,000), representing a 222% increase.
- The audited profit attributable to shareholders for the year ended 31 December 2001 was approximately HK\$4,552,000, representing approximately a 1,179% increase as compared with 2000.
- Basic earnings per share increased by approximately 986% to HK2.28 cents.
- The Directors do not recommend the payment of any dividend for the year ended 31 December 2001.

## CHAIRMAN'S STATEMENT

I am pleased to present to the shareholders herewith the audited annual results of Computech Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2001 for their consideration.

## OPERATING RESULTS

The Group has achieved a stable and sustained growth in the operating results of the financial year. The Group achieved a total turnover of approximately HK\$120,990,000 (2000: HK\$37,565,000), representing a 222% increase. The audited profit attributable to shareholders for the year ended 31 December 2001 was approximately HK\$4,552,000, representing approximately a 1,179% increase as compared with 2000. The earnings per share for the year ended 31 December 2001 was HK2.28 cents. The gross profit margin for the year dropped from 33% to 23%.

## MARKET OVERVIEW

The global economy experienced decline for the second consecutive year in 2001 despite a series of interest rate cuts by the United States Federal Reserve. The 9-11 terrorist attack in the United States has shattered consumers' confidence. The global economic environment was looking unclear.

However, China's World Trade Organisation ("WTO") accession will bring opportunities to the Group. After 15 years, China was finally admitted to the WTO. Facing challenges ahead, the Group is well positioned to meet more intense competition in both domestic and foreign markets. The Directors believe that with the entry of the WTO, the PRC customers will need to update their software solutions in order to meet foreign customer needs and compiled with international requirements. The Directors are highly confident that China's accession to the WTO will create immense opportunities to the Group as a result.

## **OPERATING OVERVIEW**

The year 2001 was a good year for the Group, with substantial business growth and strong performance in the PRC market.

The Group maintained a high level of operational efficiency for the year 2001. We have been able to sustain our growth momentum in a consistent manner over last three years. The encouraging results are attributable to the efforts of the PRC marketing teams that restructured during the year and strong technical support both in Hong Kong and the PRC. Moreover, the launch of two new software package products during the year 2001 also strengthen our competitive advantage in the foreign exchange market in the financial sector of the PRC. Besides, a series of cost control programmes were conducted within the Group. Although, the result is not so prominent, the effect is positive. So, the Group will carry on these exercises in order to increase the competitive advantage of the Group.

As most of the shareholders have noticed that a large international IT company, Hitachi, Ltd. ("Hitachi"), became our 25% shareholder in the early of the year 2002. Their investment not only strengthen the Group's corporate image, but also bring in a lot of technical support to us.

The Directors believe that by having Hitachi as a shareholder, the Group's corporate image will be further enhanced, particularly in the PRC market, thereby increasing the Group's chance of success in bidding for new contracts. Besides, the Directors also believe that Hitachi will assist the Group in exploring business opportunities from other Japanese companies operating in the PRC through joint sales/marketing efforts and collaboration in IT solutions

projects. The Directors consider that Hitachi will contribute technology know-how to the Group's research and development and assist in broadening the Group's product range. The Directors further expect that based on Hitachi's proven success in its IT solutions products in the Japanese market, the Group can modify and localize Hitachi's software products and integrate into the Group's existing products. In summary, Hitachi as a "brand name" strategic investor will assist the Group in further exploring its business potential in the banking software and related market in the PRC.

## **PROSPECTS AND APPRECIATION**

The Group is optimistic about its future prospects. The globalization of the world economy and China's accession to the WTO will increase the volatility of the PRC software market. Year 2002 will continue to be a very challenging year for the Group. The Group will continue to expand the business through penetration into other financial related sectors such as securities and insurance and collaboration with international software companies to customize their products and launched in the PRC market.

Finally, on behalf of the Board, I would like to take this opportunity to express my gratitude to all members of the Board and staff for their dedication and contribution to the Group and to those who have continuously supported us. We will make our best efforts in developing our businesses to produce good economic results and better returns for our shareholders.

## AUDITED CONSOLIDATED RESULTS

The Board is pleased to announce the audited consolidated results of the Company and its subsidiaries (together the “Group”) for the year ended 31 December 2001 together with the comparative audited consolidated results for the period from 29 March 2000 to 31 December 2000 and proforma combined results for the year ended 31 December 2000 as follows:

			(For information purpose only)
		Year ended 31.12.2001 <i>HK\$'000</i>	Period from 29.3.2000 (date of incorporation) to 31.12.2000 <i>HK\$'000</i>
	<i>Note</i>		Pro forma combined results for the year ended 31.12.2000 <i>HK\$'000</i>
Turnover	2	120,990	23,386
Cost of sales		<u>(92,923)</u>	<u>(15,461)</u>
Gross profit		28,067	7,925
Other income		452	520
Selling and distribution expenses		(2,172)	(73)
Administrative expenses		<u>(19,736)</u>	<u>(6,649)</u>
Operating profit		6,611	1,723
Finance costs		(472)	(116)
Amortisation of goodwill on consolidation		<u>(1,587)</u>	<u>(926)</u>
Profit for the year/period	3	<u>4,552</u>	<u>681</u>
Earnings per share - Basic	5	<u>HK2.28 cents</u>	<u>HK0.45 cents</u>
		<u>HK0.21 cents</u>	<u>HK0.21 cents</u>

### NOTES

#### 1. GROUP REORGANISATION AND BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

- (i) The Company was incorporated in the Cayman Islands on 29 March 2000 as an exempted company with limited liability under the Companies Law (1998 Revision) of the Cayman Islands. Pursuant to a reorganisation scheme to rationalise the structure of the Group in preparation for the public listing of its shares in June 2000 (“the Reorganisation”), the Company became the holding company of the companies now comprising the Group on 3 June 2000. The shares of the Company were listed on GEM on 19 June 2000.

- (ii) For information purpose, the pro forma combined income statement for the year ended 31 December 2000 include the results of the Company and its subsidiaries with effect from 1 January 2000 or since their respective dates of incorporation/establishment, where this is a shorter period, on a combined basis as if the current group structure had been in existence throughout the year ended 31 December 2000.

Although the reorganised Group structure did not legally exist until 3 June 2000, the directors consider that it is appropriate to present pro forma combined income statement on the basis as set out above since the principal activities of the Group were carried out by those subsidiaries prior to and after the completion of the Reorganisation.

## 2. TURNOVER AND REVENUE

Turnover represents the invoiced value of packaged software products sold and computer related services rendered, net of discounts, value-added tax and business tax. An analysis of the Group's turnover and other revenue is as follows:-

	<b>Year ended 31.12.2001 <i>HK\$'000</i></b>	<b>Period from 29.3.2000 (date of incorporation) to 31.12.2000 <i>HK\$'000</i></b>	<b>(For information purpose only) Pro forma combined results for the year ended 31.12.2000 <i>HK\$'000</i></b>
Sales of packaged software products and related services	54,805	11,803	23,189
System integration	65,331	10,735	13,471
Others	<u>854</u>	<u>848</u>	<u>905</u>
Turnover	120,990	23,386	37,565
Interest income	<u>183</u>	<u>178</u>	<u>244</u>
Total revenue	<u><u>121,173</u></u>	<u><u>23,564</u></u>	<u><u>37,809</u></u>

### 3. PROFIT FOR THE YEAR/PERIOD

	(For information purpose only)		
	Period from 29.3.2000 (date of incorporation) to 31.12.2000 HK\$'000	Pro forma combined results for the year ended 31.12.2000 HK\$'000	
Year ended 31.12.2001 HK\$'000			
Profit for the year/period is arrived at after charging/(crediting):-			
Depreciation			
— own assets	680	176	247
— asset held under finance lease	14	1	1
	694	177	248
Less: Amounts capitalised as development costs	121	16	16
	573	161	232
Amortisation of development costs	873	—	—
Bad debts written off	714	—	—
Minimum lease payments paid under operating leases	2,410	623	1,210
Auditors' remuneration	330	346	346
Loss on disposal of fixed assets	3	189	189
Directors' remuneration	2,419	1,301	2,144
Less: Amounts capitalised as development costs	724	399	765
	1,695	902	1,379
Other staff costs	8,920	4,956	5,776
Less: Amounts capitalised as development costs	1,699	944	1,711
	7,221	4,012	4,065
Retirement scheme contributions	272	108	142
Less: Amounts capitalised as development costs	121	44	44
	151	64	98
Interest expenses on bank overdraft and bills payable	197	97	143
Finance lease interest	3	—	—
Exchange (gain)/loss	(2)	43	(81)

#### 4. TAXATION

- (a) (i) No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for the year after offsetting with tax losses brought forward from previous years.
- (ii) The Company's PRC subsidiary is under the Income Tax Law of the PRC for Foreign Investment Enterprises and other relevant regulations, entitled to an income tax holiday for two years from the first profit making year of 1996 and a 50% reduction in income tax for the following six years. No provision for PRC income tax has been made in accordance with the relevant legislation.
- (b) The components of unprovided deferred tax asset/(liability) are as follows:-

	<b>2001</b>	<b>2000</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Accelerated depreciation allowances	(29)	(58)
Unutilised tax losses	<u>2,521</u>	<u>2,904</u>
Net deferred tax asset	<u>2,492</u>	<u>2,846</u>

Net deferred tax asset has not been recognised owing to uncertainty regarding the Group's future operating results.



## 5. EARNINGS PER SHARE

The calculation of basic earnings per share for the year/period is based on the following data:-

	(For information purpose only)		
	Period from 29.3.2000 (date of incorporation)	to 31.12.2000	Pro forma combined results for the year ended 31.12.2000
	Year ended 31.12.2001	Year ended 31.12.2000	Year ended 31.12.2000
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings			
Profit for the year/period used in the calculation of basic earnings per share	<u>4,552</u>	<u>681</u>	<u>356</u>
Shares			
Weighted average number of shares in issue for the purpose of calculation of basic earnings per share	<u>200,000,000</u>	<u>149,928,058</u>	<u>172,876,712</u>

No diluted earnings per share are shown because the potential ordinary shares have no dilutive effect.

## 6. SEGMENT INFORMATION

The Group conducts its business within one business segment which is the provision of IT solutions to the financial industry in the PRC. The Group also operates within one geographical segment because over 90% of its revenue are generated from customers located in the PRC. Accordingly, no segment information is presented.

## 7. RESERVES

	Share premium <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
Premium on issue of ordinary shares	24,000	—	—	24,000
Capitalisation issue	(13,900)	—	—	(13,900)
Issuing expenses for share placing	(8,119)	—	—	(8,119)

	Share premium HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
Exchange difference arising from translation of financial statements of a PRC subsidiary	—	(14)	—	(14)
Profit for the period	<u>—</u>	<u>—</u>	<u>681</u>	<u>681</u>
At 31.12.2000	1,981	(14)	681	2,648
Exchange difference arising from translation of financial statements of a PRC subsidiary	—	114	—	114
Profit for the year	<u>—</u>	<u>—</u>	<u>4,552</u>	<u>4,552</u>
At 31.12.2001	<u>1,981</u>	<u>100</u>	<u>5,233</u>	<u>7,314</u>

## DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2001 (2000: Nil).

## SUBSEQUENT EVENT

On 21 December 2001, the Group and Hitachi have entered into a subscription agreement whereby Hitachi shall subscribe 40,000,000 new shares of the Company at a price of HK\$0.55 per share. The Directors believe that the subscription will enable the formation of strategic relationship and the creation of business synergies between the Group and Hitachi, thus facilitating future development of the Group's business in the PRC and the net proceeds received will allow the Group to enlarge its asset base.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial review

#### Results

The Group has achieved a stable and sustained growth in the operational results of the financial year. For the year ended 31 December 2001, the Group has accomplished a turnover of approximately HK\$120,990,000 and a profit attributable to shareholders of approximately HK\$4,552,000. This represented an increase of approximately 1,179% in the net profit as compared with

previous year. The substantial improvement in the financial conditions of the Group was due to a combination of sales network expansion and successful marketing efforts which provide the Group with good business development and market recognition in the PRC.

## **Financial Resources and Liquidity**

As at 31 December 2001, the shareholders' funds of the Group amounted to approximately HK\$27,314,000. Current assets amounted to approximately HK\$59,131,000, of which approximately HK\$15,740,000 were cash and bank deposits and approximately HK\$43,264,000 were debtors, deposits and prepayments. The Group's only non-current liability being obligations under finance lease amounted to approximately HK\$16,000. Its current liabilities amounted to approximately HK\$46,495,000, mainly comprise of creditors, accruals and deposits and bills payable amounted to approximately HK\$40,056,000 and HK\$3,201,000 respectively. The net asset value per share was HK\$ 0.137. The Group expresses its gearing ratio as a percentage of bank borrowings and long-term debts over total assets. As at 31 December 2001, the Group had a gearing ratio of 0.05. The liquidity ratio of the Group, represented by a ratio between current assets over current liabilities, was 1.27 (2000: 2.00), reflecting the adequacy of financial resources.

## **Foreign Exchange**

The Group is exposed to foreign currency risk as most of its payable to hardware suppliers and accounts receivable from the PRC sales are denominated in Renminbi. Fluctuation of exchange rates of Renminbi against foreign currencies could affect the Group's results of operations.

## **Significant Investments and Acquisitions**

During the year ended 31 December 2001 and the period from 29 March 2000 to 31 December 2000, the Group had no material acquisitions and disposals of subsidiaries and affiliated companies.

As at 31 December 2001 and 31 December 2000, the Group had no material investment other than the 4% shareholding in the joint venture of World Master Resources Limited.

## **Charges on the Group's assets**

As at 31 December 2001, the Group's time deposit of approximately HK\$3,171,000 (2000: HK\$3,085,000) has been pledged to a bank to secure general banking facilities granted to the Group.

## **Capital commitments**

As at 31 December 2001 and 31 December 2000, the Group had no future plans for material investment.

## **Contingent liabilities**

As at 31 December 2001 and 31 December 2000, the Group had no material contingent liabilities.

## **Employees and Remuneration Policies**

As at 31 December 2001, the Group had 96 employees (2000: 74). Remuneration is determined by reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include share option scheme as detailed in note 20 to the annual report, contributions to statutory mandatory provident fund scheme and medical scheme to its employees in Hong Kong and the statutory central pension schemes to its employees in the PRC.

## **BUSINESS REVIEW**

The Group will continue to focus on the PRC financial industry with commercial banks as major target customers but has started to look for diversification into other sectors such as insurance and securities.

The Group is facing development opportunities and challenges following China's accession to the WTO. The management and work force shall continue to do their best and carry out the business plans as stated in the prospectus dated 9 June 2000 (the "Prospectus") and launch into the market new customized software products to transform the Group into a first ranked IT enterprise and taking advantage of PRC's WTO membership, increase the PRC market share in the financial industry and produce optimal return for our shareholders.

## **BUSINESS OBJECTIVES AND BUSINESS PROGRESS COMPARISON**

In compliance with the GEM Listing Rules, the Company sets out below a summary of actual business progress as measured against the business objectives set out in the Prospectus for the six months ended 31 December 2001 (the “Review Period”).

### **Business Objectives for the Review Period as set out in the Prospectus**

### **Actual Business Progress in the Review Period**

#### **Sales**

Revenue is expected to increase by about 20-30% as compared to the previous year

The total sales revenues for the year 2001 is HK\$ 121 million which has increased by 222% as compared with the year 2000. The substantial difference as compared to the original forecast is mainly due to a number of large sizeable contracts were concluded in the fourth quarter.

Revenue to be generated by the Group’s full range of packaged software products in other areas such as the insurance industry

The marketing work in selling software products to insurance industry is in progress. Negotiation has been started with an insurance company in the PRC.

#### **Research and Development**

Set up research and development center in the PRC to co-ordinate the Group’s overall research and development activities

The research and development center was established in Beijing in early October 2001 for overall co-ordination of the Group’s software product development

Continue to research and develop the application of wireless, mobile phone as well as internet technology in financial industry

Discussion has been started with Hitachi for the Internet solution on banking securities platform

Commence the development of applications for other financial sectors, such as securities industry

Commence the study of securities solution in the PRC especially on web-based e-market place solution

Enhance the e-commerce payment and settlement system and to integrate into the Group's software products

The Group's software product, E-Switch, which is catered for payment and settlement system has been launched into the market in July 2001

### **Marketing**

Allocate 1-1.5% of the total revenue as total marketing expenditure for various marketing programs such as print and internet advertising, sponsorship on industry research

The Group used about 1.8% of the total revenue for various marketing activities including exhibitions, seminars and printing materials. The difference is mainly due to the actual revenue for the year 2001 is higher than the original forecast. Thus the marketing expenditure increase proportionally.

### **Resources employment**

Recruit 15 engineers for research and development in the PRC and Hong Kong

15 engineers have been recruited for research and development in the PRC

Set up sales officers in other areas of the PRC such as Shenzhen, Wuhan to enhance market coverage

Expanding number of offices has been held up because of control and administration reasons. The Group's existing 4 offices in the PRC can carry adequate support among their region

### **Collaboration**

Explore the feasibility to co-operate with local university or reputable research center for the joint research and development efforts with the ultimate aim to apply the research results to commercial use

Negotiation is in progress with a university in Shanghai for the co-development of VIP priority banking system

## COMPARISON OF USE OF PROCEEDS

### USE OF PROCEEDS

The net proceeds from the public listing was about HK\$22 million and the remaining balance after 31 December 2001 was HK\$9.3 million. During the period from 19 June 2000 (date of listing) to 31 December 2001, the Group has incurred the following amounts to achieve the business objectives as set out in the Prospectus:

<b>Schedule of use of proceeds</b>	<b>Amount to be disclosed in the Prospectus (HK\$ million)</b>	<b>Actual amount used up to 31 December 2001 (HK\$ million)</b>
For the research and development of new products including e-commerce applications and the related payment and settlement systems	8.0	8.0
For repayment of loans due to existing Shareholders of the Company	4.1	4.1
For setting up branch offices in Shanghai and Neimong	1.5	0.2
For establishing its own accounting, finance and administration department	<u>1.5</u>	<u>0.4</u>
Total	<u><u>15.1</u></u>	<u><u>12.7</u></u>

Use of proceeds is almost the same as the estimation made in the Prospectus. The differences between the amount disclosed in the Prospectus and the actual amount used are mainly due to the following reasons. For setting up branch offices, the process in setting up branch office in Neimong is still under review and has been delayed. With regard to the establishment of the Group's own accounting, finance and administration department, the Group has combined the three departments into one, thus the costs incurred were lower than expected.

The balance as of 31 December 2001 of HK\$9.3 million was used as working capital of the Group to support its ongoing operations and expansion.

## DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2001, according to the register maintained under Section 29 of the Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”), the interests of directors, and their associates in the shares of the Company were as follows:

<b>Name</b>	<b>Type of interest</b>	<b>Number of shares</b>
Mr. Lee Man Lung, Vincent ( <i>Note 1</i> )	Corporate	55,860,000 shares
Mr. Fung Pak Chuen, Alphonso	Family	55,860,000 shares
Mr. Richard Lo	Family	55,860,000 shares
Mr. Yip Tai Chee, Alick	Personal	14,000,000 shares
Mr. Tang Chi Lap	Personal	7,280,000 shares

*Note:*

1. Mr. Lee Man Lung, Vincent is interested in 100% of the issued share capital of Brilliant Time Limited. Mr. Lee Man Lung, Vincent is taken to have an interest in the 55,860,000 shares held by Brilliant Time Limited.

Save as disclosed above and other than nominee shares in certain wholly-owned subsidiaries held in trust for the Group, as at 31 December 2001, none of the directors or their associates had any interests in any securities of the Company or any associated corporations as defined in the SDI Ordinance.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

As at 31 December 2001, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.



## SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above in respect of directors and their associates, as at 31 December 2001, according to the register maintained under Section 16(1) of the SDI Ordinance, the following persons were interested in 10 percent or more of the issued share capital of the Company:

<b>Name</b>	<b>Number of shares</b>	<b>Percentage of the issued share capital</b>
Anstalt Pacific Techvest Inc. ( <i>Note 1</i> )	55,860,000	27.93%
CL Investments Limited ( <i>Note 2</i> )	55,860,000	27.93%
CL Strategic Holdings Limited ( <i>Note 3</i> )	55,860,000	27.93%
Brilliant Time Limited ( <i>Note 4</i> )	55,860,000	27.93%

### *Notes:*

1. Anstalt Pacific Techvest Inc. is beneficially and wholly-owned by Lam Soon (Hong Kong) Limited, the shares of which are listed on the Stock Exchange of Hong Kong Limited. Anstalt Pacific Techvest Inc. has a 50% interest in the issued share capital of CL Strategic Holdings Limited and is accordingly taken to have an interest in the shares in which CL Strategic Holdings Limited is interested in.
2. CL Investments Limited is deemed to be owned as to 37.5% by Mr. Fung Pak Chuen, Alphonso and as to 37.5% by Mr. Richard Lo, and is beneficially owned as to 20% by Mr. Chan Kin Wah, Charles and as to 5% by Mr. Wong Siu Sik, Alex. Both Mr. Chan Kin Wah, Charles and Mr. Wong Siu Sik, Alex are independent third parties not connected with the Company, any of its subsidiaries, the directors, chief executives, substantial shareholders and management shareholders of the Company or any of its subsidiaries or any of their respective associates.
3. CL Strategic Holdings Limited is owned as to 50% by Anstalt Pacific Techvest Inc. and 50% by CL Investments Limited.
4. Brilliant Time Limited is beneficially and wholly-owned by Mr. Lee Man Lung, Vincent.

## SHARE OPTION SCHEME

On 11 October 2000, options comprising a total of 7,824,000 underlying shares were granted to employees of the Group at an exercise price of HK\$1.16 per share and expiring on 10 October 2003. These shares represent approximately 3.91% of the issued share capital of the Company at the date hereof. Save as disclosed herein, no option has been granted, exercised or cancelled during the financial year ended 31 December 2001.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the year, the Group has not purchased, sold or redeemed any of the Company's listed shares.

## **INTEREST OF SPONSOR**

The sponsor of the Company, DBS Asia Capital Limited, its directors, employees and associates, as at 31 December 2001, did not have any interest in the securities of the Company or any member of the Group, or any right to subscribe for or to nominate persons to subscribe for the securities of the Company or any member of the Group.

DBS Asia Capital Limited has entered into a sponsorship agreement with the Company whereby, for a fee, DBS Asia Capital Limited will act as the Company's continuing sponsor for the period from 16 June 2000 to 31 December 2002.

## **COMPETING INTERESTS**

As at 31 December 2001, the Directors are not aware of any business or interest of the directors, the initial management shareholders of the Company and their respective associates, that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

## **AUDIT COMMITTEE**

As required by Rule 5.23 of the GEM Listing Rules, the Company has established an audit committee with written terms of reference which deal clearly with its authority and duties. The audit committee's principal duties are the review and supervision of the Company's financial reporting process and internal control systems.

## **BOARD PRACTICES AND PROCEDURES**

The Group has complied with the board practices and procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules throughout the financial year ended 31 December 2001.

By order of the Board  
**Lee Man Lung, Vincent**  
*Chairman*

Hong Kong, 21 March 2002

*This announcement will remain on the GEM website on the “Latest Company Announcements” page for 7 days from the day of its posting.*