



## Computech Holdings Limited

駿科網絡訊息有限公司\*

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

### INTERIM RESULTS 2003

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

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\* For identification purpose only

## HIGHLIGHTS

- Turnover was approximately HK\$31,526,000 for the half-year ended 30 June 2003.
- Net loss attributable to shareholders for the half-year ended 30 June 2003 was approximately HK\$11,690,000 with loss per share of HK4.87 cents.
- The Directors do not recommend the payment of interim dividend.

## RESULTS

The board (the “Board”) of directors (the “Directors”) of Computech Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the half-year ended 30 June 2003 and the three months ended 30 June 2003 together with the comparative unaudited consolidated figures for the corresponding period in 2002 as follows:

|                                   |             | For the<br>half-year<br>ended<br>30 June 2003 | For the<br>half-year<br>ended<br>30 June 2002 | For the<br>three<br>months<br>ended<br>30 June 2003 | For the<br>three<br>months<br>ended<br>30 June 2002 |
|-----------------------------------|-------------|---|---|---|---|
|                                   | <i>Note</i> | <i>HK\$'000</i>                               | <i>HK\$'000</i>                               | <i>HK\$'000</i>                                     | <i>HK\$'000</i>                                     |
| Turnover                          | 2           | 31,526  | 57,414  | 18,148  | 34,931  |
| Cost of sales                     |             | <u>(29,849)</u>                               | <u>(41,506)</u>                               | <u>(17,004)</u>                                     | <u>(26,232)</u>                                     |
| Gross profit                      |             | 1,677   | 15,908  | 1,144   | 8,699   |
| Other income                      |             | 10  | 107   | 10  | 75  |
| Selling and distribution expenses |             | (2,901)                                       | (541)   | (1,528)   | (209)   |
| Administrative expenses           |             | <u>(9,318)</u>                                | <u>(11,511)</u>                               | <u>(4,887)</u>                                      | <u>(6,089)</u>                                      |
| Operating (loss)/profit           |             | (10,532)                                      | 3,963   | (5,261)   | 2,476   |
| Finance costs                     |             | (497)   | (209)   | (324)   | (156)   |
| Amortization of goodwill          |             | <u>(661)</u>                                  | <u>(793)</u>                                  | <u>(264)</u>  | <u>(396)</u>  |
| (Loss)/profit before taxation     |             | (11,690)                                      | 2,961   | (5,849)   | 1,924   |
| Taxation                          | 3           |   |   |   |   |
| – Hong Kong                       |             | –   | –   | –   | –   |
| – PRC                             |             | –   | –   | –   | –   |
| (Loss)/profit for the period      |             | <u><u>(11,690)</u></u>                        | <u><u>2,961</u></u>                           | <u><u>(5,849)</u></u>                               | <u><u>1,924</u></u>                                 |
| Dividends                         |             | <u><u>–</u></u>                               | <u><u>–</u></u>                               | <u><u>–</u></u>                                     | <u><u>–</u></u>                                     |
| (Loss)/earnings per share         |             |   |   |   |   |
| – Basic                           | 4           | <u><u>HK(4.87) cents</u></u>                  | <u><u>HK1.26 cents</u></u>                    | <u><u>HK(2.44) cents</u></u>                        | <u><u>HK0.80 cents</u></u>                          |

## Consolidated balance sheet

|                                   | <i>Note</i> | At<br>30 June 2003<br><i>HK\$'000</i><br>(Unaudited) | At<br>31 December 2002<br><i>HK\$'000</i><br>(Audited) |
|-----------------------------------|-------------|--|--|
| <b>NON-CURRENT ASSETS</b>         |             |  |  |
| Fixed assets                      |             | 1,727  | 2,165  |
| Development costs                 |             | 5,978  | 6,196  |
| Goodwill on consolidation         |             | –  | 661  |
|                                   |             | <u>7,705</u>   | <u>9,022</u>   |
| <b>CURRENT ASSETS</b>             |             |  |  |
| Inventories – spare parts         |             | 279  | 178  |
| Debtors, deposits and prepayments | 5           | 43,273   | 39,038   |
| Value-added tax recoverable       |             | 465  | –  |
| Pledged time deposit              |             | 3,213  | 3,203  |
| Cash and bank balances            |             | 724  | 4,997  |
|                                   |             | <u>47,954</u>  | <u>47,416</u>  |
| <b>DEDUCT:</b>                    |             |  |  |
| <b>CURRENT LIABILITIES</b>        |             |  |  |
| Bank overdraft – secured          |             | 3,193  | 2,746  |
| Bank overdraft – unsecured        |             | –  | 43   |
| Secured bank loan                 |             | 62   | 107  |
| Bills payable                     |             | 2,199  | 466  |
| Creditors, accruals and deposits  | 6           | 33,674   | 23,712   |
| Value-added tax payable           |             | –  | 1,200  |
| Obligations under finance lease   |             | 10   | 16   |
| Amounts due to related companies  |             | 431  | 431  |
| Amount due to a director          |             | 63   | –  |
|                                   |             | <u>39,632</u>  | <u>28,721</u>  |
| <b>NET CURRENT ASSETS</b>         |             | <u>8,322</u>   | <u>18,695</u>  |
| <b>NET ASSETS</b>                 |             | <u>16,027</u>  | <u>27,717</u>  |
| <b>REPRESENTING:</b>              |             |  |  |
| <b>SHARE CAPITAL</b>              |             | 24,000   | 24,000   |
| <b>RESERVES</b>                   | 7           | <u>(8,179)</u>                                       | <u>3,511</u>   |
| <b>SHAREHOLDERS' FUNDS</b>        |             | 15,821   | 27,511   |
| <b>NON-CURRENT LIABILITY</b>      |             |  |  |
| Secured bank loan                 |             | <u>206</u>   | <u>206</u>   |
|                                   |             | <u>16,027</u>  | <u>27,717</u>  |

## Consolidated cash flow statement

|   | <b>For the half-<br/>year ended<br/>30 June 2003<br/>HK\$'000</b> | For the half-<br>year ended<br>30 June 2002<br>HK\$'000 |
|---|---|---|
| NET CASH USED IN OPERATING ACTIVITIES                       | (6,316)   | (23,751)  |
| NET CASH USED IN INVESTING ACTIVITIES                       | (92)  | (1,859)   |
| NET CASH FROM FINANCING ACTIVITIES                          | <u>1,731</u>  | <u>20,254</u>   |
| NET DECREASE IN CASH AND CASH EQUIVALENTS                   | (4,677)   | (5,356)   |
| CASH AND CASH EQUIVALENTS<br>AT THE BEGINNING OF THE PERIOD | <u>2,208</u>  | <u>11,931</u>   |
| CASH AND CASH EQUIVALENTS<br>AT THE END OF THE PERIOD       | <u><u>(2,469)</u></u>   | <u><u>6,575</u></u>                                     |

### Analysis of the cash and cash equivalents

|                        | <b>At<br/>30 June 2003<br/>HK\$'000</b> | At<br>30 June 2002<br>HK\$'000 |
|------------------------|---|--------------------------------|
| Cash and bank balances | 724                                     | 6,575                          |
| Bank overdraft         | <u>(3,193)</u>                          | <u>–</u>                       |
|                        | <u><u>(2,469)</u></u>                   | <u><u>6,575</u></u>            |

#### Notes:

#### 1. Basis of preparation

The unaudited consolidated interim accounts (the “Interim Accounts”) are prepared in accordance with Hong Kong Statements of Standard Accounting Practice (“HKSSAP”) No. 25 “Interim Financial Reporting” and the requirements of the Rules governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

During the half year ended 30 June 2003, the Group adopted SSAP 12 (revised) “Income Taxes” for the first time in the preparation of the interim accounts.

The principal effect of the implementation of SSAP 12 (revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where

those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, with limited exceptions. The adoption of SSAP 12 (revised) had no significant effect on the results for the current or prior accounting periods.

## 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>For the<br/>half-year ended<br/>30 June 2003<br/>HK\$'000</b> | For the<br>half-year ended<br>30 June 2002<br>HK\$'000 |
|---|--|--|
| Sales of packaged software products<br>and related services | <b>4,404</b>   | 25,543   |
| System integration  | <b>26,730</b>  | 31,374   |
| Others  | <b>392</b>   | 497  |
|   | <hr/>  | <hr/>  |
| Turnover  | <b>31,526</b>  | 57,414   |
| Interest income   | <b>10</b>  | 49   |
|   | <hr/>  | <hr/>  |
| Total revenue   | <b><u>31,536</u></b>   | <b><u>57,463</u></b>                                   |

## 3. Taxation

- i. No provision for Hong Kong profits tax has been made in these income statements as the Group has no estimated assessable profits for the period.
- 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.
- iii. Net deferred tax asset has not been recognised owing to uncertainty regarding the Group's future operating results.

#### 4. (Loss)/earnings per share

The calculation of basic (loss)/earnings per share for the periods presented is based on the following data:

|  | <b>For the<br/>half-year<br/>ended<br/>30 June<br/>2003<br/>HK\$'000</b> | For the<br>half-year<br>ended<br>30 June<br>2002<br>HK\$'000 | <b>For the<br/>three months<br/>ended<br/>30 June<br/>2003<br/>HK\$'000</b> | For the<br>three months<br>ended<br>30 June<br>2002<br>HK\$'000 |
|--|--|--|---|---|
| <i>(Loss)/earnings</i>   |  |  |   |   |
| (Loss)/profit for the period used<br>in the calculation of basic<br>(loss)/earnings per share                            | <u><u>(11,690)</u></u>   | <u><u>2,961</u></u>  | <u><u>(5,849)</u></u>   | <u><u>1,924</u></u>   |
| <i>Shares</i>  |  |  |   |   |
| Weighted average number of<br>shares in issue for the<br>purpose of calculation of<br>basic (loss)/earnings<br>per share | <u><u>240,000,000</u></u>  | <u><u>235,138,122</u></u>                                    | <u><u>240,000,000</u></u>   | <u><u>240,000,000</u></u>                                       |

No diluted (loss)/earnings per share are shown because the potential ordinary shares issuable under the Company's share option scheme have no dilutive effect.

#### 5. Debtors, deposits and prepayments

|   | <b>At<br/>30 June<br/>2003<br/>HK\$'000</b> | At<br>31 December<br>2002<br>HK\$'000 |
|---|---|---------------------------------------|
| Trade debts                             | <b>43,637</b>                               | 35,899                                |
| Less: Provision for bad debts           | <u><b>(5,640)</b></u>                       | <u>(3,704)</u>                        |
|   | <b>37,997</b>                               | 32,195                                |
| Other debtors, deposits and prepayments | <u><b>5,276</b></u>                         | <u>6,843</u>                          |
|   | <u><u><b>43,273</b></u></u>                 | <u><u>39,038</u></u>                  |

The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade debtors, credit evaluations of customers are performed periodically. The following is an aging analysis of trade debtors.

|                | <b>At<br/>30 June<br/>2003<br/>HK\$'000</b> | <b>At<br/>31 December<br/>2002<br/>HK\$'000</b> |
|----------------|---|---|
| 0 – 3 months   | 12,546                                      | 22,263  |
| 4 – 6 months   | 7,067                                       | 2,276   |
| 7 – 12 months  | 16,285                                      | 3,951   |
| Over 12 months | 7,739                                       | 7,409   |
|                | <u>43,637</u>                               | <u>35,899</u>                                   |

#### 6. Creditors, accruals and deposits

|  | <b>At<br/>30 June<br/>2003<br/>HK\$'000</b> | <b>At<br/>31 December<br/>2002<br/>HK\$'000</b> |
|--|---|---|
| Creditors, accruals and deposits comprise: |   |   |
| Trade creditors                            | 22,604                                      | 19,108  |
| Other creditors, accruals and deposits     | <u>11,070</u>                               | <u>4,604</u>                                    |
|  | <u>33,674</u>                               | <u>23,712</u>                                   |

The following is an aging analysis of trade creditors:

|                | <b>At<br/>30 June<br/>2003<br/>HK\$'000</b> | <b>At<br/>31 December<br/>2002<br/>HK\$'000</b> |
|----------------|---|---|
| 0 – 6 months   | 12,345                                      | 15,822  |
| 7 – 12 months  | 9,359                                       | 1,642   |
| Over 12 months | 900   | 1,644   |
|                | <u>22,604</u>                               | <u>19,108</u>                                   |

## 7. Reserves

|  | Share<br>premium<br><i>HK\$'000</i> | Exchange<br>reserve<br><i>HK\$'000</i> | Retained<br>profits/<br>(accumulated<br>losses)<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|--|-------------------------------------|--|--|--------------------------|
| At 1 January 2002 (Audited)                            | 1,981                               | 100                                    | 5,233  | 7,314                    |
| Net profit for the three months<br>ended 31 March 2002 | –                                   | –                                      | 1,037  | 1,037                    |
| Premium on issuing new shares                          | 18,000                              | –                                      | –  | 18,000                   |
| Issuing expenses for share placing                     | (944)                               | –                                      | –  | (944)                    |
| At 31 March 2002 (Unaudited)                           | 19,037                              | 100                                    | 6,270  | 25,407                   |
| Net profit for the three months<br>ended 30 June 2002  | –                                   | –                                      | 1,924  | 1,924                    |
| At 30 June 2002 (Unaudited)                            | 19,037                              | 100                                    | 8,194  | 27,331                   |
| At 1 January 2003 (Audited)                            | 19,030                              | 100                                    | (15,619)   | 3,511                    |
| Net loss for the three months<br>ended 31 March 2003   | –                                   | –                                      | (5,841)  | (5,841)                  |
| At 31 March 2003 (Unaudited)                           | 19,030                              | 100                                    | (21,460)   | (2,330)                  |
| Net loss for the three months<br>ended 30 June 2003    | –                                   | –                                      | (5,849)  | (5,849)                  |
| At 30 June 2003 (Unaudited)                            | 19,030                              | 100                                    | (27,309)   | (8,179)                  |

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the half-year ended 30 June 2003 (2002: Nil).

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Business review

The Board announced on 14 May 2003 that the Company had entered into a conditional subscription agreement with an independent third party subscriber whereby the Company shall issue and the subscriber shall subscribe for 13,000,000 new shares, representing 5.42% of the Company's existing issued share capital and approximately 5.14% of the issued share capital of the Company as enlarged by the subscription. The subscription price of the new shares is HK\$0.30 per share. The net proceeds receivable by the company under the subscription are estimated to be approximately HK\$3.8 million, all of which will be used as general working capital of the Group.



According to the subscription agreement, completion of the subscription should take place on the third business day following the satisfaction of the condition precedent or such other date as the parties thereto may agree in writing. The Company received on 12 June 2003 a letter issued by the GEM Listing Committee of the Stock Exchange granting conditionally the listing of, and permission to deal in, the new shares and the condition precedent to the subscription agreement was conditionally fulfilled thereunder. The Company accordingly exercised its right under the subscription agreement to extend the date of completion to 28 July 2003, being the 28th business day after the original completion date. Despite such extension, the subscriber still did not complete the subscription in accordance with the terms of the subscription agreement. The Company therefore instructed its legal advisers to send a demand letter to the subscriber requesting the subscriber to perform his obligations under the subscription agreement. If, after taking all necessary actions, the subscription still cannot be completed on or before 30 September 2003, the Company would exercise its right under the subscription agreement to rescind the subscription agreement.

The Directors are of the view that the failure to complete the subscription would not have material adverse effect on the Group's operation and financial conditions as the Company originally only intended to use the proceeds from the subscription as general working capital of the Group.

The interim results were getting worse due to the outbreak of the SARS in the PRC. Almost all the business in PRC has been slowed down for 3 months. In view of the market uncertainty, the management of the Group continues to implement stringent cost control and aims to further reduce the overall operating expenses. Software development has been deferred or suspended. The result is effectively reflected in the interim result.

## **Financial review**

### *Results*

The Global economics environment continues to be challenging so that the Group recorded a decline of turnover approximately 45% to HK\$31,526,000 for the six months period ended 30 June 2003, as compared to the previous corresponding period in 2002. A loss attributable to shareholders of approximately HK\$11,690,000 was recorded. This represented a decrease of approximately 495% as compared with corresponding period last year. The loss per share for the period ended 30 June 2003 was HK4.87 cents. The gross profit margin for the year was dropped from 27.7% to 5.3%.

The deterioration in the financial conditions of the Group was due to a combination of factors which included the outbreak of SARS in the PRC and the structural reform of the financial industry in the PRC is still undergoing and not finish yet. Both factors have hindered the banks in the PRC from acquiring new hardware and software.

Administrative expenses for the six months ended 30 June 2003 decreased by 19% compared with the same period last year, to approximately HK\$9,318,000. The reduction in administrative expenses was mainly the result of various cost-saving measures implemented from the beginning of the year 2003. For the half-year ended 30 June 2003, the management make 25% further provision for bad debts on debtors balances overdue for more than 12 months. This amount to approximately HK\$1,936,000.

### *Financial resources and liquidity*

As at 30 June 2003, shareholders' funds of the Group amounted to approximately HK\$15,821,000 which is 31% of the amount in the corresponding period. Current assets amounted to approximately HK\$47,954,000, of which approximately HK\$3,937,000 were cash and bank deposits and approximately HK\$43,273,000 were debtors, deposits and prepayments. The Group only non-current liability is the secured bank loan of the amount approximately HK\$206,000. Its current liabilities amounted to approximately HK\$39,632,000, mainly comprised of creditors, accruals and deposits and bills payable amounted to approximately HK\$33,674,000 and HK\$2,199,000 respectively. The net asset value per share was HK\$0.066. The Group expresses its gearing ratio as a percentage of bank borrowing and long-term debts over total assets. As at 30 June 2003, the Group had a gearing ratio of 0.10. The liquidity ratio of the Group, represented by a ratio between current assets over current liabilities, was 1.21, 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 certain 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 half-year ended 30 June 2003, the Group had no material acquisitions and disposals of subsidiaries and affiliated companies.

As at 30 June 2003, the Group had no material investment.

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

As at 30 June 2003, the Group's time deposit of approximately HK\$3,213,000 has been pledged to a bank to secure banking facilities granted to the Group.

### *Capital commitments*

As at 30 June 2003, the Group had no future plans for material investment.

### *Contingent liabilities*

As at 30 June 2003, the Group had no material contingent liabilities.

### *Employees and Remuneration Policies*

As at 30 June 2003, the Group had 60 employees. Remuneration is determined by reference to market terms and the performance, qualification and experience of individual employee. Other benefits include contributions to Statutory Mandatory Provident Fund and medical scheme to its employees in Hong Kong and the statutory central pension schemes to its employees in the PRC.

## Prospect

Structural reform of Credit Co-operatives has been undergoing. Basic policy has been determined and some of the bank start the IT project again. We forecast that we will have new contract signed in the second half of the year because of our experience and proven solution.

Business intelligent application software, F-BAS has launched to the market and get positive feedback. We forecast more orders will come in second half year.

F-BAS is a new software product that launched last year. The system provides analytical tools for the bank management to access their financial status down to the branch level. It is web enabled application software that can support Internet and intranet connection. Using the data-warehousing technology, it provides direct, interactive access to the database. It can assist banker to review their financial status from multi-dimensional view. User can use the built-in user-friendly extraction tools to customize the application if necessary.

People's Bank of China (the "PBC") has launched the High Value Settlement System. Instead of internal R&D, we target to work together with other partners to provide solution to the customers. It not only shortens the development time, but also more effectively controls the overhead.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2003, the interests and short positions of the Directors in the securities of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they are deemed or taken to have under such provisions of the SFO, or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to Rules 5.40 to 5.58 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange were as follows:

### (a) Long positions in shares and underlying shares of equity derivatives of the Company

| Name of Director                               | Capacity in which such interests were held | Number of shares | Percentage of nominal value of issued share capital |
|--|--|------------------|---|
| Mr. Lee Man Lung, Vincent ( <i>Note 1</i> )    | Interests of corporation controlled by him | 55,860,000       | 23.28%  |
| Mr. Fung Pak Chuen, Alphonso ( <i>Note 2</i> ) | Interests of spouse                        | 55,860,000       | 23.28%  |
| Mr. Lo, Richard ( <i>Note 3</i> )              | Interests of spouse and child under 18     | 55,860,000       | 23.28%  |
| Mr. Yip Tai Chee, Alick                        | Beneficial owner                           | 1,000,000        | 0.42%   |
| Mr. Tang Chi Lap                               | Beneficial owner                           | 280,000          | 0.12%   |

*Notes:*

1. As Mr. Lee Man Lung, Vincent is interested in 100% of the issued share capital of Brilliant Time Limited, he is taken to have an interest in the 55,860,000 shares held by Brilliant Time Limited.
2. CL Investments Limited (“CL Investments”) has a 50% interest in the issued share capital of CL Strategic Holdings Limited (“CLSH”) and is accordingly taken to have an interest in the 55,860,000 shares in which CLSH is interested under the SFO.

Gumpton Investments Limited (“Gumpton”), which holds 75% of the issued share capital of CL Investments, is taken to have an interest in the 55,860,000 shares in which CL Investments is interested under the SFO.

As 50% of the issued share capital of Gumpton is held by AFS Holdings Limited (“AFS”), AFS is taken to have an interest in the 55,860,000 shares in which Gumpton is interested under the SFO.

AFS is wholly-owned by The General Trust Co. Ltd. (“General Trust”). General Trust is the trustee of AFS Trust, one of the beneficiaries of which is the wife of Mr. Fung Pak Chuen, Alphonso. Mr. Fung Pak Chuen, Alphonso is taken to have an interest in the same 55,860,000 shares by virtue of his spouse’s interest under the SFO.

3. Ardian Holdings Limited (“Ardian”) has a 50% interest in the issued share capital of Gumpton and is accordingly taken to have an interest in the 55,860,000 shares in which Gumpton is interested under the SFO.

Ardian is wholly-owned by General Trust. General Trust is the trustee of Ardian Trust, the beneficiaries of which include the wife and a child (who is under 18 years of age) of Mr. Lo, Richard. Mr. Lo, Richard is taken to have an interest in the same 55,860,000 shares by virtue of his spouse’s and his child’s (who is under 18 years of age) interest under the SFO.

**(b) Short positions in the shares and underlying shares of equity derivatives of the Company**

Save as disclosed herein, as at 30 June 2003, none of the Directors has short positions in the shares or underlying shares of equity derivatives of the Company.

**PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDING**

So far as is known to any Director or chief executive of the Company, as at 30 June 2003, persons who have an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested in, directly or indirectly, 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group were as follows:

**(a) Long positions in shares and underlying shares of equity derivatives of the Company**

| <b>Name of Shareholder</b>                               | <b>Capacity in which such interests were held</b> | <b>Number of shares</b> | <b>Percentage of nominal value of issued share capital</b> |
|--|---|-------------------------|--|
| Hitachi, Ltd.  | Beneficial owner                                  | 60,000,000              | 25.00%   |
| CLSH   | Beneficial owner                                  | 55,860,000              | 23.28%   |
| Anstalt Pacific<br>Techvest Inc.<br>("Anstalt") (Note 1) | Interests of corporation controlled by it         | 55,860,000              | 23.28%   |
| Lam Soon (Hong Kong)<br>Limited ("Lam Soon")<br>(Note 2) | Interests of corporation controlled by it         | 55,860,000              | 23.28%   |
| CL Investments (Note 3)                                  | Interests of corporation controlled by it         | 55,860,000              | 23.28%   |
| Gumpton (Note 4)   | Interests of corporation controlled by it         | 55,860,000              | 23.28%   |
| AFS (Note 5)   | Interests of corporation controlled by it         | 55,860,000              | 23.28%   |
| Ardian (Note 5)  | Interests of corporation controlled by it         | 55,860,000              | 23.28%   |
| General Trust (Note 6)                                   | Interests of corporation controlled by it         | 55,860,000              | 23.28%   |
| Mrs. Fung, Pui Lan Angela<br>(Note 7)                    | Beneficiary of trust                              | 55,860,000              | 23.28%   |
| Mrs. Lo, Lilian (Note 8)                                 | Beneficiary of trust                              | 55,860,000              | 23.28%   |
| Mr. Theodore Lo (Note 8)                                 | Beneficiary of trust                              | 55,860,000              | 23.28%   |
| Brilliant Time Limited<br>(Note 9)                       | Beneficial owner                                  | 55,860,000              | 23.28%   |

*Notes:*

1. Anstalt has a 50% interest in the issued share capital of CLSH and is accordingly taken to have an interest in the 55,860,000 shares in which CLSH is interested under the SFO.
2. Anstalt is a wholly-owned subsidiary of Lam Soon and Lam Soon is accordingly taken to have an interest in the 55,860,000 shares in which Anstalt is interested under the SFO.
3. CL Investments has a 50% interest in the issued share capital of CLSH and is accordingly taken to have an interest in the 55,860,000 shares in which CLSH is interested under the SFO.
4. Gumpton, which holds 75% of the issued share capital of CL Investments, is taken to have an interest in the 55,860,000 shares in which CL Investments is interested under the SFO.
5. Gumpton is owned as to 50% by AFS and 50% by Ardian. Accordingly, AFS and Ardian are each taken to have an interest in the 55,860,000 shares in which Gumpton is interested under the SFO.
6. AFS and Ardian are in turn wholly-owned by General Trust. Therefore, General Trust is taken to have an interest in the 55,860,000 shares in which AFS and Ardian are interested under the SFO.
7. General Trust is the trustee of AFS Trust. Being a beneficiary of AFS Trust, Mrs. Fung, Pui Lan Angela is taken to have an interest in the 55,860,000 shares in which General Trust is interested under the SFO.
8. General Trust is also the trustee of Ardian Trust. Mrs. Lo, Lilian and Mr. Theodore Lo are beneficiaries of Ardian Trust and therefore are taken to have an interest in the 55,860,000 shares in which General Trust is interested under the SFO.
9. Brilliant Time Limited is beneficially and wholly-owned by Mr. Lee Man Lung, Vincent.

**(b) Short positions in the shares and underlying shares of equity derivatives of the Company**

So far as the Directors are aware, save as disclosed herein, no persons have short positions in the shares or underlying shares of equity derivatives of the Company.

**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 3.26% of the issued share capital of the Company at the date of this announcement. Save as disclosed herein, no option has been granted, exercised or cancelled during the period from 2 June 2000 (adoption date of the share option scheme) to 30 June 2003.

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

As at 30 June 2003, there were no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

## **COMPETING INTERESTS**

As at 30 June 2003, 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 Group'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 half-year ended 30 June 2003.

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

Hong Kong, 11 August 2003

*This announcement will remain on the "Latest Company Announcements" page of the GEM website for at least 7 days from the date of its publication and on the website of the Company at [www.computech.com.hk](http://www.computech.com.hk).*