



Computech Holdings Limited
駿科網絡訊息有限公司*

(Incorporated in the Cayman Islands with limited liability)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2003

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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 commission 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

CHAIRMAN'S STATEMENT

I am pleased to present the results of Computech Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the first time as the Chairman of the Company, a position I took up in February 2004.

2003 was another challenging year for the Group. Severe competition in the IT industry in the People's Republic of China ("PRC") drove down gross profit margins in both software and hardware products while delays in the completion of structural reform of the financial industry in the PRC and the Severe Acute Respiratory Syndrome ("SARS") epidemic led to a significant decrease in revenue, causing the Group to suffer another year of loss.

Operating results

During the year under review, the Group's turnover for the year ended 31st December, 2003 was approximately HK\$35,399,000 (2002: HK\$68,635,000), representing approximately a 48% decrease from last year and the gross profit margin for the year dropped to approximately 8% (2002: 20%). The audited loss attributable to shareholders for the year ended 31st December, 2003 was approximately HK\$27,282,000 (loss per share of HK11.37 cents per share), representing approximately a 31% increase as compared with the loss of approximately HK\$20,852,000 (loss per share of HK8.78 cents per share) in 2002.

Selling, distribution and administrative expenses in the year 2003 was approximately HK\$21,831,000, representing a decrease of approximately 9% as compared with 2002 due to the implementation of cost cutting measures during the year. The Group's representative office in Shanghai was closed at the end of the year due to the lack of potential business opportunities for the Group's products in that area. The Guangzhou representative office has also been significantly scaled down in 2003 in order to reduce expenses.

The management of the Group took a prudent approach in the evaluation of outstanding accounts receivables and made provisions for bad debts of HK\$4,825,000 for receivables outstanding as at 31st December, 2003. The development costs of the three packaged software products developed by the Group, namely, e-Banking, VIP Banking and e-Switch which were previously capitalised in the amount of HK\$2,396,000 have been written off in the financial year.

Market overview

Although the PRC economy continued to grow steadily in 2003, IT expenditure in the banking sector in the PRC remained relatively low: centralized purchasing approach and direct dealing and negotiations between major PRC banks and IT product manufacturers considerably lengthened the decision making process and reduced the significance of the roles of system integrators and distributors. A consolidation process of the industry is now underway; nevertheless, it is envisaged that those system integrators who have the ability to secure sizable contracts and maintain low operating costs will survive in the long term.

Under the circumstances, the management will continue to exercise stringent cost controls and actively look for new market sectors and niche product areas that offer greater growth potential and better gross profit margins.

Operating overview

It is the Group's intention to continue to explore and develop new and competitive products. The Group will also look for new business partners to help promote products not currently covered by its existing sales network.

In view of increasing foreign direct investments in the PRC, the Group will evaluate the possibility of extending its business coverage by targetting the provision of system solutions and services to multi-national organizations in and outside the banking sector and will commence intensive product development and marketing activities once target industry sectors and suitable products have been identified. The Group may also establish partnerships with other system integrators and service providers to penetrate into the target markets.

The Group will continue to capitalize on the resources of one of the Company's major shareholders, Hitachi, Limited ("Hitachi") and seek the latest technology products from Japan for the PRC market. It is also expected that Hitachi's many subsidiaries and joint ventures and vast customer base in various industries in the PRC will offer enormous business opportunities to the Group.

Prospects and appreciation

Going forward, the Group will carefully evaluate the current and future IT needs of the banking sector as well as other business sectors and prudently utilise its resources. While the PRC will remain as the Group's major market, the management will also identify potential business opportunities in Hong Kong where the Company is based.

Mr. Vincent Lee, the former Chairman and Chief Executive Officer of the Company, the executive directors, Mr. Yip Tai Chi, Alick and Mr. Tang Chi Lap and the non-executive director representing Hitachi, Mr. Taniguchi Hiroyuki, resigned in February 2004. On behalf of the board, I would like to express my gratitude to their contributions to the Group. I would also like to take this opportunity to thank our shareholders, board members, customers, business partners and employees for their dedicated support and contributions.

AUDITED CONSOLIDATED RESULTS

The board (the “Board”) of directors (the “Directors”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together the “Group”) for the year ended 31st December, 2003 together with the comparative audited consolidated results for the year ended 31st December, 2002 as follows:

	<i>Note</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Turnover	2	35,399	68,635
Cost of sales		<u>(32,543)</u>	<u>(55,012)</u>
Gross profit		2,856	13,623
Other income		23	143
Impairment loss of development costs		(2,396)	(2,532)
Bad debts		(4,825)	(3,945)
Provision for diminution in value of investment securities		–	(2,342)
Selling and distribution expenses		(4,086)	(4,866)
Administrative expenses		<u>(17,745)</u>	<u>(19,011)</u>
Operating loss		(26,173)	(18,930)
Finance costs		(447)	(335)
Amortisation of goodwill on consolidation		<u>(661)</u>	<u>(1,587)</u>
Loss before income tax	3	(27,281)	(20,852)
Income tax expense	4	<u>(1)</u>	–
Loss for the year		<u>(27,282)</u>	<u>(20,852)</u>
Loss per share – Basic (HK cents)	5	<u>(11.37)</u>	<u>(8.78)</u>

CONSOLIDATED BALANCE SHEET

At 31st December, 2003

	Note	2003 HK\$'000	2002 HK\$'000
NON-CURRENT ASSETS			
Fixed assets		220	2,165
Investment securities		–	–
Development costs		1,896	6,196
Goodwill on consolidation		–	661
		<u>2,116</u>	<u>9,022</u>
CURRENT ASSETS			
Inventories – spare parts		308	178
Debtors, deposits and prepayments	6	11,075	39,038
Pledged time deposit		–	3,203
Cash and bank balances		8,494	4,997
		<u>19,877</u>	<u>47,416</u>
DEDUCT:			
CURRENT LIABILITIES			
Bank overdrafts			
– secured		–	2,746
– unsecured		42	43
Secured bank loan		115	107
Bills payable		–	466
Creditors, accruals and deposits	7	18,660	23,712
Value-added tax payable		178	1,200
Income tax payable		1	–
Obligations under finance lease		–	16
Amounts due to related companies		461	431
Amounts due to directors		332	–
		<u>19,789</u>	<u>28,721</u>
NET CURRENT ASSETS		<u>88</u>	<u>18,695</u>
NET ASSETS		<u>2,204</u>	<u>27,717</u>
REPRESENTING:			
SHARE CAPITAL		24,000	24,000
RESERVES		<u>(23,771)</u>	<u>3,511</u>
SHAREHOLDERS' FUNDS		229	27,511
NON-CURRENT LIABILITIES			
Secured bank loan		91	206
Loan from a director		1,884	–
		<u>2,204</u>	<u>27,717</u>

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st December, 2003

	2003 HK\$'000	2002 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(27,281)	(20,852)
Adjustments for:		
Interest income	(23)	(73)
Interest expenses	227	175
Impairment loss of development costs	2,396	2,532
Provision for diminution in value of investment securities	–	2,342
Loss on disposal of fixed assets	985	–
Amortisation of goodwill on consolidation	661	1,587
Depreciation and amortisation	3,854	3,608
	<hr/>	<hr/>
Operating loss before working capital changes	(19,181)	(10,681)
Increase in inventories	(130)	(51)
Decrease in debtors, deposits and prepayments	27,963	4,226
Decrease/(increase) in pledged time deposit	3,203	(32)
Decrease in creditors, accruals and deposits	(5,052)	(16,344)
Decrease in value-added tax payable	(1,022)	(156)
Increase in amounts due to related companies	30	–
	<hr/>	<hr/>
Cash generated from/(used in) operations	5,811	(23,038)
Interest received	23	73
Interest paid	(227)	(175)
	<hr/>	<hr/>
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	5,607	(23,140)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment to acquire fixed assets	(7)	(864)
Sales proceeds of fixed assets	5	–
Increase in development costs	(988)	(3,533)
	<hr/>	<hr/>
NET CASH USED IN INVESTING ACTIVITIES	(990)	(4,397)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease)/increase in bank loan	(107)	313
Decrease in bills payable	(466)	(2,735)
Increase/(decrease) in amounts due to directors	332	(800)
Increase in loan from a director	1,884	–
Issue of shares for cash	–	22,000
Share issuing expenses	–	(951)
Principal repayment of obligations under finance lease	(16)	(13)
	<hr/>	<hr/>
NET CASH FROM FINANCING ACTIVITIES	1,627	17,814
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6,244	(9,723)
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	2,208	11,931
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER	8,452	2,208
	<hr/> <hr/>	<hr/> <hr/>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	8,494	4,997
Bank overdrafts	(42)	(2,789)
	<hr/>	<hr/>
	8,452	2,208
	<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the year ended 31st December, 2003*

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained profits/ (accumulated losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st January, 2002	20,000	1,981	100	5,233	27,314
Issue of ordinary shares	4,000	–	–	–	4,000
Premium on issue of ordinary shares	–	18,000	–	–	18,000
Share issuing expenses	–	(951)	–	–	(951)
Loss for the year	<u>–</u>	<u>–</u>	<u>–</u>	<u>(20,852)</u>	<u>(20,852)</u>
At 31st December, 2002 and 1st January, 2003	24,000	19,030	100	(15,619)	27,511
Loss for the year	<u>–</u>	<u>–</u>	<u>–</u>	<u>(27,282)</u>	<u>(27,282)</u>
At 31st December, 2003	<u><u>24,000</u></u>	<u><u>19,030</u></u>	<u><u>100</u></u>	<u><u>(42,901)</u></u>	<u><u>229</u></u>

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Statements of Standard Accounting Practice (“SSAP”) issued by the Hong Kong Society of Accountants (“HKSA”) and are prepared under the historical cost convention.

In the current year, the Group adopted SSAP 12 (revised) “Income taxes” issued by the HKSA which is effective for the current year’s financial statements.

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 bases 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:

	2003	2002
	HK\$’000	HK\$’000
Sales of packaged software products and related services	4,528	13,015
System integration	28,007	54,287
Others	2,864	1,333
	<hr/>	<hr/>
Turnover	35,399	68,635
Interest income	23	73
	<hr/>	<hr/>
Total revenue	35,422	68,708
	<hr/> <hr/>	<hr/> <hr/>

3. LOSS BEFORE INCOME TAX

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Loss before income tax is arrived at after charging/ (crediting):		
Amortisation of development costs	2,901	2,736
Minimum lease payments paid under operating leases	2,127	2,442
Auditors' remuneration	254	300
Depreciation		
– own assets	962	903
– asset held under finance lease	–	14
	962	917
Less: Amounts capitalised as development costs	9	45
	953	872
Directors' remuneration	872	2,260
Less: Amounts capitalised as development costs	212	636
	660	1,624
Other staff salaries and benefits	6,116	9,760
Less: Amounts capitalised as development costs	484	1,910
	5,632	7,850
Retirement scheme contributions	144	160
Less: Amounts capitalised as development costs	6	16
	138	144
Bank overdraft and bills interest	169	164
Interest on bank and other loans wholly repayable within five years	56	6
Finance lease interest	2	5
Exchange loss/(gain)	427	(64)
Sales proceeds	(5)	–
Less: Net book value	990	–
Loss on disposal of fixed assets	985	–
	<u>985</u>	<u>–</u>

4. INCOME TAX EXPENSE

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Current tax		
Provision for Hong Kong profits tax at 17.5% on the estimated assessable profits for the year	<u><u>1</u></u>	<u><u>–</u></u>

The Company's subsidiary operating in the PRC sustained a loss for tax purpose during the year.

- (a) The income tax expense for the year can be reconciled to the loss per income statement as follows:

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Loss before income tax	<u><u>(27,281)</u></u>	<u><u>(20,852)</u></u>
Tax effect at PRC statutory income tax rate of 33%	(9,003)	(6,881)
PRC and Hong Kong tax rates differential	2,381	2,653
Tax effect of income/expenses that are not taxable/ deductible	2,011	1,194
Tax effect of capital allowances claimed and prescribed fixed assets written off	(88)	(50)
Effect of tax loss not recognised	<u><u>4,700</u></u>	<u><u>3,084</u></u>
Income tax expense	<u><u>1</u></u>	<u><u>–</u></u>

(b) The components of unrecognised deductible/(taxable) temporary differences are as follows:

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Deductible temporary differences (<i>Note 4(b)(i)</i>)		
Unutilised tax losses (<i>Note 4(b)(ii)</i>)	54,083	33,493
Provision for bad debts	4,085	3,867
Decelerated depreciation allowances	409	628
	<u>58,577</u>	<u>37,988</u>
Taxable temporary differences (<i>note 4(b)(iii)</i>)		
Accelerated depreciation allowances	–	(234)
Revenue recognised for financial reporting purposes before being recognised for tax purposes	(6,573)	(11,159)
	<u>(6,573)</u>	<u>(11,393)</u>
	<u>52,004</u>	<u>26,595</u>

- (i) Deductible temporary differences have not been recognised owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences.
- (ii) The unutilised tax losses accumulated in the PRC subsidiary amounted to approximately HK\$16,936,000 (2002: HK\$11,051,000) would expire in five years from the respective year of loss. The unutilised tax losses accumulated in the Hong Kong subsidiaries amounted to HK\$37,147,000 (2002: HK\$22,442,000) can be carried forward indefinitely.
- (iii) Taxable temporary differences have not been recognised owing to immateriality.

5 LOSS PER SHARE

The calculation of basic loss per share for the year is based on the following data:

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Loss		
Loss for the year used in the calculation of basic loss per share	<u>(27,282)</u>	<u>(20,852)</u>
Shares		
Weighted average number of shares in issue for the purpose of calculation of basic loss per share	<u>240,000,000</u>	<u>237,589,041</u>

No diluted loss per share are shown because the potential ordinary shares issuable under the Company's share option scheme have no dilute effect.

6. DEBTORS, DEPOSITS AND PREPAYMENTS

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Debtors, deposits and prepayments comprise:		
Trade debtors	17,313	35,899
Less: Provision for bad debts	7,775	3,704
	<u>9,538</u>	<u>32,195</u>
Other debtors, deposits and prepayments	1,537	6,843
	<u>11,075</u>	<u>39,038</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 associate with trade debtors, credit evaluations of customers are performed periodically. The following is an aging analysis of trade debtors.

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
0 – 3 months	587	22,263
4 – 6 months	29	2,276
7 – 12 months	5,591	3,951
Over 1 year but within 2 years	6,661	7,409
Over 2 years	4,445	–
	<u>17,313</u>	<u>35,899</u>

7. CREDITORS, ACCRUALS AND DEPOSITS

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Creditors, accruals and deposits comprise:		
Trade creditors	13,055	19,108
Other creditors, accruals and deposits	5,605	4,604
	<u>18,660</u>	<u>23,712</u>

The following is an aging analysis of trade creditors:

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
0 – 6 months	839	15,822
7 – 12 months	4,193	1,642
Over 12 months	8,023	1,644
	<u>13,055</u>	<u>19,108</u>

8. SEGMENT REPORTING

For the year under review, the Group conducted its business within one business segment which was 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 revenues are generated from customers located in the PRC. Accordingly, no segment information is presented.

9. FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31st December, 2003 (2002: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

The Group has experienced a decrease in the operational results of the financial year. For the year ended 31st December, 2003, the Group has accomplished a turnover of approximately HK\$35,399,000 and a loss attributable to shareholders of approximately HK\$27,282,000. This represented an increase of approximately 31% in the net loss as compared with previous year. The substantial deterioration in the financial conditions of the Group was mainly due to delays in the completion of structural reform of the financial industry in the PRC as well as the SARS epidemic that led to a significant decrease in revenue.

The increase in loss was also attributable to further provision for long outstanding debts and full provision of the remaining capitalised amount of development costs for 3 products, namely e-Banking, VIP Banking and e-Switch, which were approximately HK\$4,825,000 and HK\$2,396,000 respectively. As mentioned above, due to the structural reform of the financial industry in the PRC, the top management of these major customers had undergone changes, the debt payment process from these customers has been delayed. For prudence purpose, a 50% provision was made on the trade debtors aged over one year and 100% provision was made on the trade debtors aged over 2 years. With regard to the impairment loss of development costs, although the products were capitalised and amortised according to the Group's accounting policy, they had been launched into the market for over 1 year with no success. In compliance with the Group's accounting policy, full provision was made for the remaining capitalised amount in the income statement.

Financial resources and liquidity

As at 31st December, 2003, the total assets of the Group were approximately HK\$21,993,000 (2002: HK\$56,438,000), including cash and bank deposits of approximately HK\$8,494,000 (2002: HK\$8,200,000) and debtors, deposits and prepayments of approximately HK\$11,075,000 (2002: HK\$39,038,000).

The Group's current assets are approximately 1 time (2002: 1.65 times) over its current liabilities whereas the gearing ratio, representing bank borrowing and non-current liabilities over total assets, was 0.09 (2002: 0.06). The Group's non-current liabilities being secured bank loan amounted to approximately HK\$91,000 (2002: HK\$206,000) and non-current loan of approximately HK\$1,884,000 from a director of the Company to finance the operation of a PRC subsidiary. The loan is interest-free, unsecured and not repayable until the Group is in a position to do so. Saved as disclosed above, the Group did not have any other borrowings during the year under review.

Capital structure

There was no change in the capital structure of the Group as at 31st December, 2003 as compared with that as at 31st December, 2002.

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

There was no material acquisitions and disposals of subsidiaries and affiliated companies of the Group during the two years ended 31st December, 2003.

Charge on the Group's assets

As at 31st December, 2003, the Group's available banking facilities to the extent of approximately HK\$206,000 (2002: HK\$313,000) are secured by a motor vehicle with net book value of approximately HK\$220,000 (2002: HK\$352,000).

Capital commitments

As at 31st December 2003 and 31st December, 2002, the Group did not have any future plans for material investment.

Contingent liabilities

As at 31st December 2003 and 31st December, 2002, the Group did not have any material contingent liabilities.

Employees and remuneration policies

As at 31st December, 2003, the Group had 39 employees (2002: 98). 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 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.

DIRECTORS' INTERESTS IN SECURITIES

As at 31st December, 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 (Chapter 571 of the Laws of Hong Kong (“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:

Long positions in shares of the Company

Name of Director	Capacity in which such interests were held	Number of shares issued	Percentage of nominal value of share capital
Mr. Fung Pak Chuen, Alphonso (<i>Note 1</i>)	Interests of corporation controlled by him	131,512,000	54.80%
Mr. Lo, Richard (<i>Note 2</i>)	Interests of corporation controlled by him	131,512,000	54.80%
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. Fung Pak Chuen, Alphonso is interested in 42% of the issued share capital of Aplus Worldwide Limited, he is taken to have an interest in the 131,512,000 shares held by Aplus Worldwide Limited.
2. As Mr. Lo, Richard is interested in 42% of the issued share capital of Aplus Worldwide Limited, he is taken to have an interest in the 131,512,000 shares held by Aplus Worldwide Limited.

Save as disclosed above, as at 31st December, 2003, none of the Directors of the Company has any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.40 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2003, so far as was known to any Director of the Company, 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, 5% 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:

Long positions in shares of the Company

Name of Director	Capacity in which such interests were held	Number of shares issued	Percentage of nominal value of share capital
Aplus Worldwide Limited (Note 1)	Beneficial owner	131,512,000	54.80%
Hitachi, Ltd.	Beneficial owner	60,000,000	25.00%

Note:

1. Aplus Worldwide Limited is owned as to 42% by Mr. Fung Pak Chuen, Alphonso, as to 42% by Mr. Lo, Richard and as to 16% by Mr. Yap Fat Suan, Henry. Each of Mr. Fung and Mr. Lo is respectively taken to have an interest in 131,512,000 shares in which Aplus is interested under the SFO.

Save as disclosed above, as at 31st December, 2003, the Directors were not aware of any other person (other than the Directors of the Company) who had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

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

As at 31st December, 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 31st December, 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 for the purpose of reviewing and providing supervision over the financial reporting process and internal control procedures of the Group. The Audit Committee has three members comprising Mr. Lee Sai Yeung, Mr. Tsang Link Carl, Brian and Mr. Fung Pak Chuen, Alphonso who was appointed on 28th February, 2004 to replace Mr. Lee Man Lung, Vincent as audit committee member.

Up to the date of approval of these financial statements, the Audit Committee has held four meetings and has reviewed the Company's draft annual, interim and quarterly financial reports.

BOARD PRACTICES AND PROCEDURES

The Company 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 31st December, 2003.

By order of the Board
Fung Pak Chuen, Alphonso
Chairman

Hong Kong, 5th March, 2004

This announcement will remain on the GEM website on the "Latest Company Announcements" page for 7 days from the date of its posting.