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ARCONTECH CORPORATION

(Incorporated in the Cayman Islands with limited liability)

UNAUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 2003

The Board, at the request of the Stock Exchange, set out below in this announcement its **unaudited management accounts** for the year ended 31 March 2003 and the audited accounts for the year ended 31 March 2003 will be issued as soon as practicable.

Investors should be aware that the results announced in this announcement are unaudited and are subject to audit adjustments.

Trading in the shares of the Company will remain suspended pending the release of the Company's audited accounts for the year ended 31 March 2003, and the release of information to update shareholders on the financial position and operation of the Group.

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Consolidated profit and loss accounts

	2003 <i>HK\$'000</i> (Unaudited)	2002 <i>HK\$'000</i> (Audited)
Turnover	540,367	472,395
Cost of sales	<u>(425,822)</u>	<u>(321,799)</u>
Gross profit	114,545	150,596
Other revenues	3,270	691
Selling and distribution costs	(9,820)	(10,270)
General and administrative expenses	(83,589)	(63,313)
Gain on deemed disposal of interests in a subsidiary	—	7,242
Gain on disposal of subsidiaries	<u>398</u>	<u>—</u>
Operating profit before extraordinary items	<u>24,804</u>	<u>84,946</u>
Extraordinary items		
Loss on disposal of fixed assets	(857)	—
Write off of inventories and write down of value of inventories	(105,081)	—
Provision for bad and doubtful debts	(335,709)	—
Provision for other receivables	<u>(2,000)</u>	<u>—</u>
	<u>(443,647)</u>	<u>—</u>
Operating (loss)/profit	(418,843)	84,946
Finance costs	<u>(7,242)</u>	<u>(3,914)</u>
(Loss)/Profit before taxation	(426,085)	81,032
Taxation	<u>8,743</u>	<u>(12,906)</u>
(Loss)/Profit after taxation	(417,342)	68,126
Minority interests	<u>9,332</u>	<u>(514)</u>
(Loss)/Profit attributable to shareholders	<u>(408,010)</u>	<u>67,612</u>

Consolidated Balance Sheets

	2003 <i>HK\$'000</i> (Unaudited)	2002 <i>HK\$'000</i> (Audited)
FIXED ASSETS	<u>84,500</u>	<u>110,107</u>
INVESTMENT IN ASSOCIATED COMPANIES	<u>4</u>	<u>4</u>
CURRENT ASSETS		
Inventories	90,413	13,311
Trade debtors	121,052	325,925
Deposits, prepayments and other receivables	57,386	18,596
Tax recoverable	6,728	—
Cash and bank balances	<u>3,621</u>	<u>76,036</u>
	<u>279,200</u>	<u>433,868</u>
CURRENT LIABILITIES		
Trade payables	114,683	6,707
Other payables and accruals	8,463	6,920
Amount due to a director	168	2,182
Current portion of long term liabilities	21,814	7,607
Trust receipts and factoring loans	143,012	91,219
Taxation payable	—	16,680
Bank overdraft	<u>21,758</u>	<u>14,009</u>
	<u>309,898</u>	<u>145,324</u>
NET CURRENT ASSETS	<u>(30,698)</u>	<u>288,544</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u><u>53,806</u></u>	<u><u>398,655</u></u>

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)

Financed by:

CAPITAL AND RESERVES

Share capital

82,000 72,000

Reserves

(50,307) 265,476

31,693 337,476

MINORITY INTEREST

22,113 31,448

LONG TERM LIABILITIES

— 20,988

DEFERRED TAXATION

— 8,743

53,806 398,655

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By order of the Board
Arcontech Corporation
Mr Tsoi Siu Ching, Leo
Chairman

Hong Kong, 3 November 2003

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The directors of the Company, 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 not other matters the omission of which would make any statement in this circular 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.

This announcement will be published on the Company's website and will remain on the GEM website on the "Latest Company Announcement" page for at least 7 days from the date of publication.