SUPERDATA SOFTWARE HOLDINGS LIMITED
(速達軟件控股有限公司)*
(Incorporated in the Cayman Islands with limited liability)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2003

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED

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.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed companies.

This announcement, for which the directors of Superdata Software Holdings Limited (the "Company") (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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 purposes only*

HIGHLIGHTS

- Turnover of the Group amounted to approximately RMB39.5 million for the year ended 31 December 2003, representing an increase of approximately 33.4% as compared to approximately RMB29.6 million for the corresponding period in the previous financial year.

- Net profit of the Group amounted to approximately RMB15.6 million for the year ended 31 December 2003, representing an increase of approximately 35.7% as compared to approximately RMB11.5 million for the corresponding period in the previous financial year.

- Basic earnings per share of the Group was approximately RMB4.37 cents for the year ended 31 December 2003.

- The Directors recommend a final dividend of 0.71 HK cent for the year ended 31 December 2003 (2002: Nil).

FINANCIAL RESULTS

The Directors are pleased to present the first audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2003 together with the comparative figures for the preceding year ended 31 December 2002 as follows:

		2003	2002
	Note	***RMB'000***	*RMB'000*
Turnover	*2*	**39,502**	29,606
Cost of computer software		**(1,647)**	(2,020)
Value-added tax refund	*4*	**5,017**	3,524
Other revenue	*2*	**406**	166
Staff costs		**(12,533)**	(8,472)
Depreciation		**(1,168)**	(1,171)
Royalty charges		**(974)**	—
Amortisation of trademark		**—**	(120)
Advertising and promotional expenses		**(4,799)**	(3,410)
Other operating expenses		**(8,206)**	(6,593)
Profit before taxation	*4*	**15,598**	11,510
Taxation	*5*	**—**	—
Profit attributable to shareholders		**15,598**	11,510
Proposed final dividend	*6*	**3,000**	—
Basic earnings per share (RMB cents)	*7*	**4.37**	3.84
Diluted earnings per share (RMB cents)	*7*	**4.25**	N/A

Notes

1. Group reorganisation and basis of preparation

(a) The Company was incorporated in the Cayman Islands on 3 July 2002 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

(b) Pursuant to a group reorganisation (the "Reorganisation") in preparation for the listing of the Company's shares on GEM on 6 June 2003 (the "Listing"), the Company became the holding company of the Group on 20 May 2003. Details of the Reorganisation are set out in Appendix IV of the Prospectus dated 28 May 2003 (the "Prospectus").

(c) The Reorganisation is accounted for using merger accounting as stipulated in the Hong Kong Statement of Standard Accounting Practice ("SSAP") 27 "Accounting for group reconstructions" issued by the Hong Kong Society of Accountants ("HKSA"). The consolidated results of the Group for the year ended 31 December 2003, including the comparative figures, are prepared as if the Company had been the holding company of the companies comprising the Group from the beginning of the years presented.

(d) The accounts have been prepared under the historical cost convention in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the HKSA.

In the current year, the Group adopted the following SSAP issued by the HKSA which is effective for accounting periods commencing on or after 1 January 2003:

SSAP12 (revised) Income taxes

The adoption of the above SSAP has no material impact on the accounts of the Group.

2. Turnover and revenue

The Group is principally engaged in the development and sale of packaged software and customised software in the People's Republic of China excluding Hong Kong (the "PRC"). Turnover and revenue recognised during the year are as follows:

	2003	2002
	RMB'000	*RMB'000*
Turnover *(Note)*		
Sales of packaged software	**39,502**	28,407
Sales of customised software	**—**	1,199
	39,502	29,606
Other revenue		
Interest income	**406**	166
Total revenue	**39,908**	29,772

Note: Turnover as disclosed above is net of applicable value-added tax ("VAT") in the PRC.

3. Segment information

No segment information by geographical location is presented as the Group principally operates in the PRC.

Primary reporting format — business segments

For management purposes, the Group is currently organised into two business segments:

Segment information about these businesses is presented below:

	Sale of packaged software *RMB'000*	**Sale of customised software** *RMB'000*	**Total** *RMB'000*
Year ended 31 December 2003			
Turnover	**39,502**	**—**	**39,502**
Segment results	**15,192**	**—**	**15,192**
Interest income			**406**
Profit before taxation			**15,598**
Taxation			**—**
Profit attributable to shareholders			**15,598**

	Sale of packaged software *RMB'000*	**Sale of customised software** *RMB'000*	**Total** *RMB'000*
Year ended 31 December 2002			
Turnover	28,407	1,199	29,606
Segment results	11,640	(296)	11,344
Interest income			166
Profit before taxation			11,510
Taxation			—
Profit attributable to shareholders			11,510

4. Profit before taxation

Profit before taxation is stated after crediting and charging the following:

	2003	2002
	RMB'000	*RMB'000*
Crediting:		
Value-added tax refund *(Note (i))*	**5,017**	3,524
Charging:		
Net exchange loss	**2**	12
Operating lease rentals	**1,947**	1,835
Bad debts written off	**48**	69
(Reversed of)/provision for doubtful debts	**(129)**	28
Research and development costs *(Note (ii))*	**3,070**	2,856

Notes:

(i) Value-added tax refund represents tax refund from the local tax bureau in the PRC. According to tax regulations in the PRC, developing and distributing computer software activities are subject to VAT with applicable tax rate of 17%. However, pursuant to Cai Shui [2000] No. 25 issued by the State Tax Bureau on 22 September 2000, for the period from 24 June 2000 to 31 December 2010, software enterprises are entitled to a preferential taxation treatment and any actual VAT paid exceeding 3% of revenue will be refunded.

(ii) Included in the research and development costs are staff emoluments, lease rental payment and depreciation totaling RMB2,841,000 (2002: RMB2,721,000), which have been separately included in staff costs, operating lease rentals and depreciation disclosed.

5. Taxation

No provision for Hong Kong profits tax has been made for the year ended 31 December 2003 (2002: Nil) as the Group has no assessable profit in Hong Kong.

The Group's subsidiaries in the PRC, Superdata Software Technology (Guangzhou) Limited ("Superdata (Guangzhou)") and Glory Software (Shanghai) Limited ("Glory (Shanghai)"), which was formerly known as Beijing Superdata Network Co., Ltd., are foreign investment enterprises and are subject to PRC enterprise income tax ("EIT").

In accordance with the PRC law of Enterprise Income Tax for Enterprises with Foreign Investment and Foreign Enterprises, Superdata (Guangzhou) is entitled to full exemption from EIT for the first two years and a 50% reduction in EIT for the next three years, commencing from the first profitable year after offsetting all tax losses carried forward from the previous five years.

Superdata (Guangzhou) is registered in Guangzhou Economic Technology Development District. 2003 is the first profitable year for Superdata (Guangzhou) after offsetting all accumulated net operating losses brought forward. It is applying to the tax authorities for a preferential EIT rate of 15%.

Pursuant to "the Provisional Regulation on High Technology Enterprises", Glory (Shanghai) is now applying for full exemption from EIT for the first three years and a 50% reduction in EIT for the next three years, commencing 2001. In addition, Glory (Shanghai) qualifies as a high-technology enterprise and is applying to the tax authorities for a preferential EIT rate of 15%.

6. Dividend

	2003	2002
	RMB'000	*RMB'000*
Proposed final — 0.71 HK cent (2002: Nil) per ordinary share	**3,000**	—

At the meeting held on 17 March 2004, the Directors recommended a final dividend of RMB0.75 cent (0.71 HK cent) per share for the year ended 31 December 2003. This proposed final dividend is not reflected as a dividend payable in these accounts, but will reflected as an appropriation of retained earnings for the year ending 31 December 2004.

7. Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of approximately RMB15,598,000 (2002: approximately RMB11,510,000) and the weighted average number of ordinary shares of 357,260,000 (2002: 300,000,000) in issue during the year after adjustment for the capitalisation issue.

The calculation of diluted earnings per share is based on the profit attributable to shareholders of approximately RMB15,598,000 and the diluted weighted average number of shares in issue of approximately 367,092,000 during the year. It has been calculated after taking into account all dilutive instruments outstanding as at 31 December 2003. The effect of the potential dilutive ordinary shares resulting from the exercise of the outstanding share options was approximately 9,832,000 shares which were deemed to have been issued at no consideration as if all outstanding share options had been exercised on the date the options were granted.

Diluted earnings per share is not presented for the year ended 31 December 2002 because there were no potential dilutive ordinary shares in existence during the year.

8. Reserves

	Share premium RMB'000 Note (i)	Exchange reserve RMB'000	Merger reserve RMB'000 Note (ii)	Share issuance costs RMB'000	Statutory funds RMB'000 Note (iii)	Retained earnings RMB'000	Total RMB'000
At 1 January 2002	—	30	42,599	(157)	—	(23,320)	19,152
Profit for the year	—	—	—	—	—	11,510	11,510
Share issuance costs	—	—	—	(3,078)	—	—	(3,078)
At 31 December 2002	—	30	42,599	(3,235)	—	(11,810)	27,584
At 1 January 2003	—	30	42,599	(3,235)	—	(11,810)	27,584
Profit for the year	—	—	—	—	—	15,598	15,598
Acquisition of a subsidiary	—	—	2,086	—	—	—	2,086
Shares issued pursuant to the capitalisation issue	(3,086)	—	—	—	—	—	(3,086)
Appropriation to statutory funds	—	—	—	—	625	(625)	—
Shares issued pursuant to the placing	31,175	—	—	—	—	—	31,175
Share issuance costs	—	—	—	(8,356)	—	—	(8,356)
Share issuance costs written off	(11,591)	—	—	11,591	—	—	—
Currency translation differences	—	(1)	—	—	—	—	(1)
At 31 December 2003	16,498	29	44,685	—	625	3,163	65,000

(i) Under the Companies Law of the Cayman Islands, share premium is distributable to shareholders, subject to the condition that immediately following the date on which the distribution or dividend is proposed to be made, the Company shall be able to pay off its debts as they fall due in the ordinary course of business.

(ii) Merger reserve represents the difference between the nominal value of the ordinary shares issued by the Company and the aggregate of the share capital and share premium of the subsidiaries acquired through exchanges of shares.

(iii) In accordance with the relevant law and regulations of the PRC, the Group's subsidiaries established in the PRC are required to appropriate a minimum of 10% of the net profit after taxation reported in the statutory accounts to the statutory reserve, namely the statutory reserve fund until the balance of such fund has reached 50% of its registered capital. The amount of allocation is determined by the Board annually. The total amount allocated to statutory reserve fund was approximately RMB625,000 (2002: Nil) for the year. This reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(iv) The aggregate profits available for appropriation for the year reported in the management accounts for the PRC subsidiaries in accordance with accounting principles generally accepted in the PRC amounted to approximately RMB5,624,000 (2002: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Results

The Group recorded remarkable growth in both turnover and net profit during the year 2003. Turnover amounted to approximately RMB39.5 million, representing a surge of 33.4%. Profit attributable to shareholders increased 35.7% to approximately RMB15.6 million. The weighted average basic earnings per share was RMB4.37 cents (corresponding period in 2002: RMB3.84 cents).

Operational Performance

During the period, the Group has directed its resources to the provision of packaged SME management software whereas the development and sale of customised software had been reduced to a minimal level. As such, the Group can intensely focus on the design, manufacture and distribution of packaged software specifically for SMEs in the PRC under the "QuickBooks 速達" brand name.

New Products and Existing Products' Upgrade

The Group has launched a series of new products ranging from vertical field solutions such as SD Pharmacy Management, SD Finance Pro, SD Distribution Management System, SD Production Enterprise Management and SD Accounting XP to enhanced generic solutions such as E2 Pro and E2 XP for medium-sized enterprises. In addition, the Group has engaged in its products upgrade. The newly upgraded products have improved in execution efficiency and functionality.

Sales and Marketing

The Group's products are sold through channel partners. Advantage Business Partners help delivering the Group's small enterprise products through retail outlets while Professional Business Partners offer enterprise level solutions and advisory services to medium-sized enterprises.

The Group's sales network covers the entire country, including 17 offices together with over 1,400 retail channels in Guangzhou, Beijing, Shanghai and other major cities in the PRC.

The Group emerged as the leading packaged SME management software developer in the PRC, commanding 80.1% of the market on installation base through retail channels. The Group has continued to promote the "QuickBooks 速達" brand and enhance its image in the market place.

Research and Development

The Group places a strong emphasis on its R&D of new software products and the application of new technologies to its development process, to keep pace with the rapid developments in software technology. Total R&D expenses incurred by the Group for the year were approximately RMB3.1 million, representing approximately 7.8% of the Group's turnover for the period.

Relocation of subsidiary

Beijing Superdata Network Co., Ltd, a wholly-owned subsidiary of the Company, has successfully relocated from Beijing to Shanghai in July 2003. After the relocation, Beijing Superdata Network Co., Ltd. changed its name to Glory Software (Shanghai) Limited ("Glory Shanghai"). The relocation marks the management's determination to capture the opportunities in Shanghai. Glory Shanghai's principal activities will include a focus on the development of management software for vertical business products, such as products for the construction industry.

FINANCIAL REVIEW

The shares of the Company were successfully listed on GEM of the Stock Exchange on 6 June 2003. The Company raised approximately HK$30 million from the placing of 100,000,000 new shares (the "Placing Shares") at HK$0.303 per share (the "Placing"). The 100,000,000 Placing Shares represent 25% of the Company's issued share capital following the completion of the Placing.

Consolidated results of operations

For the year ended 31 December 2003, the Group recorded a total turnover of RMB39.5 million, representing an increase of approximately 33.4% over the previous year. The Group continues to focus on developing and selling packaged products to small and medium enterprises. With its sound products and the implementation of marketing strategies, the increase in turnover during the year was mainly due to successful launch of vertical products such as the SD Pharmacy Management, SD Production Enterprise Management and SD Distribution Management Systems. Turnover for these vertical products amounted to approximately RMB7.0 million for the year 2003.

Net profit

The Group recorded a net profit of approximately RMB15.6 million for the year ended 31 December 2003, representing an increase of approximately 35.7% over the previous year. If the sales of ERP (an application system for achieving company-wide integration of business and technical information), on which management decided not to focus on in 2003, were excluded in the first half of 2002, the percentage increase in net profit would be approximately 76.1%.

Other revenue

The Group recorded other income of approximately RMB0.4 million in the current year, mainly derived from interest income on bank deposits.

General and administrative expenses

General and administrative expenses included staff costs, depreciation, royalties, advertising and promotional expenses and other operating expenses. The total for the year increased to RMB27.7 million when compared to RMB19.8 million in 2002. The increase was mainly due to increases in staff costs associated with the planning and expansion of the sales and marketing division to enhance the Group's marketing and sales activities. The Group also incurred additional, routine and mandatory expenses after its shares were listed on GEM on 6 June 2003.

Outlook

With solid foundations in the PRC, the Group is familiar with both local business operations and market needs. The Group is well positioned to develop new business software products to cater for the needs of the different industries. As the Group has already established market leadership with "QuickBooks 速達", being a well-known brandname in the PRC, the Group will not only continue to develop and promote new products in the future, but will also roll out upgraded product versions regularly to provide added value to customers, while at the same time, generating a stable source of revenue for the Group. The Group will keep pace with the latest software market developments to strengthen our leading position in the PRC market.

Sharing the same vision with Intuit, the Group will continue to utilize and strengthen the product development capabilities of its R&D team to actively develop new SME management software. The Group plans to develop more application software including industry-specific SME management software in the construction and wholesale industries.

SIGNIFICANT INVESTMENT

As at 31 December 2003, the Group did not have any significant investments.

MATERIAL ACQUISITIONS AND DISPOSALS/FUTURE PLANS FOR MATERIAL INVESTMENT

Apart from the Group's reorganization to rationalize its structure in preparation for the listing of the shares of the Company on GEM, details of which had been set out in the Prospectus, there have been no material acquisitions and disposals during the year. At present, the Company and the Group have no plans for material investments or capital assets other than those set out in the Prospectus.

CAPITAL STRUCTURE

The shares of the Company were listed on GEM of the Stock Exchange on 6 June 2003. There has been no change in the capital structure of the Company since the Company's listing on that date. The capital of the Company comprises only ordinary shares. The Company and the Group have no borrowings or long-term debts.

GEARING RATIO

As at 31 December 2003, the Group did not have any long-term debts while its shareholders' funds amounted to approximately RMB69.3 million. In this regard, the Group holds a net cash position with a gearing ratio of zero (net debt to shareholders' funds) as at 31 December 2003.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flows, and the balance of proceeds from the Placing.

As at 31 December 2003, the Group had cash and cash equivalents of RMB26.9 million as compared to RMB25.6 million as at 31 December 2002.

FOREIGN EXCHANGE EXPOSURE

The Group mainly earns revenue and incurs costs in Hong Kong dollars and Renmibi. Risk on exposure to fluctuations in exchange rates should be minimal as there is no material fluctuation in the exchange rate between Hong Kong dollars and Renmibi.

CHARGES ON GROUP ASSETS

As at 31 December 2003, the Group did not have any charges on its assets.

CONTINGENT LIABILITY

As at 31 December 2003, the Group did not have any significant contingent liabilities.

EMPLOYEE INFORMATION

As at 31 December 2003, the Group had 305 full-time employees (2002: 221) working in Hong Kong and mainland China. Total staff costs, including directors' emoluments, amounted to approximately RMB12.5 million (2002: RMB8.5 million). The Group remunerates its employees based on their performance, experience and prevailing industry practices.

During the year, 27,271,062 shares in options were granted by the Company under a pre-IPO share option scheme adopted on 19 May 2003, to three executive Directors, one senior management staff and one part-time consultant and to Mr. Cen Anbin and Mr. Zhou Quan, acting as joint trustees (together the "Trustees") of a trust established for the benefit of the employees of the Group, who are PRC nationals (excluding three executive Directors, the senior management staff and the part-time consultant of the Group) (the "Trust").

On 19 May 2003, a further share option scheme (the "Share Option Scheme") was approved pursuant to a written resolution by the Company. The Share Option Scheme will provide incentives or rewards for eligible staff within the Group, and to enable the Group to recruit and/or to retain high-calibre employees and attract human resources that are valuable to the Group. At the date of this announcement, no share options had been granted under the new Share Option Scheme.

BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS COMPARISON

The following is a summary of the actual progress of the Group compared with the business objectives set out in the Prospectus for the period from listing date to 31 December 2003;

Business objectives as stated in the Prospectus dated 28 May 2003	Actual business progress from listing date to 31 December 2003
1. Sales and distribution	
Continue to expand distribution channel to 22 regional offices in the PRC	The number of regional offices remained to be 17 (including the head office in Guangzhou). The Group has set up several "Sales Target Groups" at specified locations to identify more potential retailers and new customers within that area.
Expand the number of authorised business partners/Retailers in order to enhance the sales and distribution network of the Group	Total number of authorized retailers comprising ABPs and PSPs have further increased during the period.
2. Marketing	
Continue to advertise and promote SD3000 and E2 via media and by attending or organizing conferences and seminars	Such marketing activities are on-going. e.g. several small scale seminars have been held in Guangzhou in June 2003.
3. Product development	
Continue to upgrade the existing business management software	Upgrading is on-going. The newly upgraded products have been improved in the aspects of execution efficiency and functionality.
Launch the new software products, namely "DMS 分佈式管理系統" ("DMS distributor management system"), "生產企業管理" ("Production Enterprise Management") and "圖書管理" ("Library Management")	For the "DMS分佈式管理系統" ("DMS Distributor Management System") and "生產企業管理" ("Production Enterprise Management"), they have been launched in June and August 2003, respectively. For the "圖書管理" ("Library Management"), the schedule has been delayed because more complicated features were added but the products are expected to be launched in first half of year 2004.
Commence the R&D of the management software for pharmacy industry	The product has been launched ahead of the schedule and was welcomed warmly by the market.
Continue to upgrade the existing R&D facilities and other equipment	Upgrading is on-going.

Business objectives as stated in the Prospectus dated 28 May 2003	Actual business progress from listing date to 31 December 2003
4. Technical support services	
Continue to train members of the Group's authorized retailers and technical support servicing staff regarding the Group's products.	Training is on-going
Help more authorized retailers to build up service centres for the Group's various products	Development activities have slowed down in response to the slow demand for the services centres from authorized retailers.
5. Human resources	
Employ additional 15 R&D staff, 15 sales and marketing staff and 6 general administration staff	More staff than stated was employed to cope with the expansion of the business.
Employ 10 additional technical servicing staff	More staff than stated was employed to cope with the expansion of the business.
Provide training and short-term course to technical personnel	Training was provided to technical personnel.

USE OF PROCEEDS

The Group raised net proceeds of approximately HK$20.8 million upon the Listing, the Group had used part of the proceeds from the Listing to achieve the business objectives as stated above and substantially in the manner as set out in the Prospectus. The proceeds have been applied as follows:

	According to the use of the proceeds as stated in the prospectus dated 28 May 2003 *HK$'million*	**Amount utilized up to 31 December 2003** ***HK$'million***
Continue to develop new business management software *(Note 1)*	1.5	**1.1**
Enhance support services and expand distribution network and product range in order to maintain dominant market position	2.0	**1.9**
Enhance R&D capability	1.0	**0.9**
Enhance the brand image and reputation of "QuickBooks" *(Note 2)*	1.8	**2.2**
	6.3	**6.1**

Notes:

1. Deviation was mainly due to the delay in development of product version "圖書管理" ("Library Management") as a result of proposing changes in the product features.

2. In order to cope with the expansion of business, additional staff in sales and marketing function were employed to promote the new products.

COMPETING INTERESTS

Except as disclosed in the Prospectus, none of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interests with the Group.

SPONSOR'S INTERESTS

As at 31 December 2003, neither First Shanghai Capital Limited ("First Shanghai") nor any of its respective directors, employees or associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interests in the securities of the Company or any of the members of the Group, or had any right to subscribe for or to nominate persons to subscribe for the securities of the Company of any members of the Group.

Pursuant to the sponsor agreement dated 28 May 2003 between the Company and First Shanghai, First Shanghai is entitled to receive a fee for acting as the Company's sponsor for the period from 6 June 2003 to 31 December 2005.

COMPLIANCE WITH RULES 5.28 TO 5.39 OF THE GEM LISTING RULES

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 since the Listing.

AUDIT COMMITTEE

The written terms of reference which describe the authority and duties of the audit committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Society of Accountants.

The audit committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the Group's audit. It also reviews the effectiveness of both the external and internal audit and of internal controls and risk evaluation. The audit committee comprises two independent non-executive Directors, namely Dr. Lo Wing Yan, William. JP and Mr. Sun Tak Dee, Teddy. Two meetings were held during the current financial year.

FINAL DIVIDENDS

At the Annual General Meeting of the Company to be held on 16 April 2004, the Directors will recommend a final dividend of 0.71 HK cent per share to the shareholders of the Company for the year ended 31 December 2003 (2002: Nil). Subject to the approval of shareholders at the forthcoming Annual General Meeting, the final dividend will be payable not later than 30 June 2004 to shareholders whose names appear on the register of members of the Company on 16 April 2004.

CLOSURE OF REGISTER

The register of members of the Company will be closed from 14 April 2004 to 16 April 2004 (both days inclusive), and during which no transfer of shares will be effected. In order to qualify the shareholders of the Company to attend, act and vote at the forthcoming Annual General Meeting and to qualify the entitlement of the final dividends, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share register and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on 13 April 2004.

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

The Company's shares were listed on GEM on 6 June 2003. Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the period from 6 June 2003 to 31 December 2003.

By order of the Board
Cen Anbin
Chairman

Hong Kong, 17 March 2004

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its publication.