



# SHENZHEN HIGH-TECH HOLDINGS LIMITED

## 深圳科技控股有限公司

(Incorporated in Bermuda with limited liability)  
(Stock code: 106)

### ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2003

#### RESULTS

The board of directors (the "Board") of Shenzhen High-Tech Holdings Limited (the "Company") would like to announce that the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2003, together with the comparative figures of 2002, as follows:

#### CONSOLIDATED INCOME STATEMENT

		2003	2002
	Notes	HK\$'000	HK\$'000
<b>Turnover</b>	2	<b>331,881</b>	263,599
Cost of sales and services		<b>(253,791)</b>	(226,003)
Gross profit		<b>78,090</b>	37,596
Other operating income		<b>9,926</b>	3,949
Selling and distribution costs		<b>(38,493)</b>	(40,583)
Administrative expenses		<b>(78,654)</b>	(56,044)
Other operating expenses		<b>(48,655)</b>	(33,349)
Impairment loss recognised in respect of goodwill		<b>(92,628)</b>	—
Loss on investment of subsidiaries		<b>—</b>	(87,088)
<b>Loss from operations</b>	3	<b>(170,414)</b>	(175,519)
Finance costs	4	<b>(316)</b>	(261)
Share of results of associates		<b>889</b>	(459)
Share of results of jointly controlled entities		<b>(2,677)</b>	(4,313)
<b>Loss before taxation</b>		<b>(172,518)</b>	(180,552)
Taxation	5	<b>(5,221)</b>	(2,250)
<b>Loss before minority interests</b>		<b>(177,739)</b>	(182,802)
Minority interests		<b>885</b>	1,375
<b>Net loss for the year</b>		<b>(176,854)</b>	(181,427)
		<i>HK cents</i>	<i>HK cents</i>
<b>Loss per share</b>	6		
- Basic		<b>2.337</b>	2.845
- Diluted		<b>N/A</b>	N/A

#### Notes:

##### 1. Basis of preparation and adoption of new accounting policy

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties and investments in securities, and in accordance with accounting principles generally accepted in Hong Kong.

In the current year, the Group has adopted, for the first time, Hong Kong Financial Reporting Standards ("HKFRS") - Statement of Standard Accounting Practice ("SSAP") 12 (Revised) "Income taxes" ("SSAP 12 (Revised)") issued by the Hong Kong Society of Accountants ("HKSA"). The term of HKFRS is inclusive of SSAPs and Interpretations approved by the HKSA.

The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In the previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect to 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 amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. The adoption of SSAP 12 (Revised) has had no significant effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment is required.

##### 2. Segment Information

The analysis of the Group's turnover and results by business segments and geographical segments is as follows:

##### (a) Business segments:

	Business segments:											
	High-tech computers and servers		Property investment, manufacturing and development		Ophthalmology		Others		Eliminations		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
<b>TURNOVER</b>												
External sales	259,095	211,516	52,989	45,013	1,710	3,421	18,087	3,649	—	—	331,881	263,599
Inter-segment sales	—	—	199	—	—	—	6,399	6,356	(6,598)	(6,356)	—	—
Total	<b>259,095</b>	<b>211,516</b>	<b>53,188</b>	<b>45,013</b>	<b>1,710</b>	<b>3,421</b>	<b>24,486</b>	<b>10,005</b>	<b>(6,598)</b>	<b>(6,356)</b>	<b>331,881</b>	<b>263,599</b>
<b>SEGMENT RESULTS</b>	<b>(102,530)</b>	<b>(37,972)</b>	<b>(3,324)</b>	<b>(25,910)</b>	<b>(16,528)</b>	<b>(88,199)</b>	<b>(10,428)</b>	<b>5,037</b>	<b>(6,598)</b>	<b>(6,356)</b>	<b>(139,408)</b>	<b>(153,400)</b>
Unallocated other operating income											1,157	1,367
Unallocated corporate expenses											(32,163)	(23,486)
Loss from operations											(170,414)	(175,519)
Share of results of associates	(55)	(275)	108	—	(1,216)	(174)	2,052	(10)	—	—	889	(459)
Share of results of jointly controlled entities	(2,677)	(4,313)	—	—	—	—	—	—	—	—	(2,677)	(4,313)
Loss before taxation											(172,518)	(180,552)
Taxation											(5,221)	(2,250)
Loss before minority interests											(177,739)	(182,802)
Minority interests											885	1,375
Net loss for the year											(176,854)	(181,427)

##### (b) Geographical segments:

	The People's Republic of China ("PRC") other than Hong Kong				Consolidated	
	Hong Kong		The People's Republic of China ("PRC") other than Hong Kong		Consolidated	
	2003	2002	2003	2002	2003	2002
<b>TURNOVER</b>						
External sales	<b>18,087</b>	<b>5,501</b>	<b>313,794</b>	<b>258,098</b>	<b>331,881</b>	<b>263,599</b>

##### 3. Loss from operations

The Group's loss from operations has been arrived at after charging/(crediting):

	2003	2002
	HK\$'000	HK\$'000
Cost of goods sold	<b>248,313</b>	220,565
Cost of services provided	<b>5,478</b>	5,438
Depreciation	<b>4,045</b>	6,167
Net unrealised holding gain less losses on short term listed shares	<b>774</b>	2,903
Net exchange losses	<b>473</b>	26
Impairment loss recognised in respect of goodwill attributable to:		
- subsidiaries	<b>92,628</b>	—
- jointly controlled entities	<b>297</b>	—
Amortisation of goodwill	<b>48,358</b>	20,202
Impairment loss recognised in respect of land and buildings	<b>—</b>	8,000

	2003	2002
	HK\$'000	HK\$'000
Impairment loss recognised in respect of construction in progress	—	2,451
Impairment loss recognised in respect of property under development	—	1,400
Loss on refund of deposit paid for investment properties	—	1,296
Bank interest income	<b>(1,157)</b>	(1,851)
Gross rental income	<b>(12,232)</b>	(7,987)
Less: outgoings	<b>3,042</b>	3,374
Net rental income	<b>(9,190)</b>	(4,613)
Investment income from unlisted investments	<b>(605)</b>	—
Release of negative goodwill arising on acquisition of interest in associates	<b>(762)</b>	—
Net realised gain on trading of short term listed shares	<b>(1,095)</b>	(42)
<b>4. Finance costs</b>		
Interest on bank loans wholly repayable within five years	<b>316</b>	208
Interest on other loans not wholly repayable within five years	<b>—</b>	53
	<b>316</b>	261
For the year ended 31 December 2002, the interest on other loans not wholly repayable within five years was charged at 5.6% per annum.		
<b>5. Taxation</b>		
The charge comprises:		
The Company and its subsidiaries		
Hong Kong Profits Tax	<b>(213)</b>	—
Overprovision in prior years	<b>4,761</b>	1,915
PRC Enterprises Income Tax	<b>7,114</b>	335
Current year	<b>11,662</b>	2,250
Underprovision in prior years	<b>(6,441)</b>	—
Deferred taxation	<b>5,221</b>	2,250
Taxation charge for the year	<b>5,221</b>	2,250

No provision for Hong Kong Profits Tax has been made in the financial statement as the Group did not have any assessable profit in Hong Kong for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

No share of taxation attributable to associates and jointly controlled entities by the Group as the associates and jointly controlled entities did not have any taxable profit for both years.

##### 6. Loss per share

The calculation of basic loss per share is based on the net loss for the year of HK\$176,854,000 (2002: HK\$181,427,000) and the weighted average of 7,568,215,430 (2002: 6,376,617,628) shares in issue during the year.

The computation of diluted loss per share for both years did not assume the exercise of the outstanding share options and/or convertible notes as their exercise would result in a decrease in the loss per share in both years.

#### DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2003 (2002: nil).

#### MANAGEMENT DISCUSSION AND ANALYSIS

##### Financial Review

Total turnover of the Group for the financial year 2003 amounted to 331,881,000 (2002: HK\$263,599,000), representing an increase of 26% as compared to the previous financial year. During the year under review, the Group's loss from operations and net loss for the year was HK\$170,414,000 and HK\$176,854,000 respectively, including goodwill impairment loss of HK\$92,925,000 and goodwill amortisation of HK\$48,358,000 amounting to HK\$141,283,000. (2002: provisions, impairment loss, goodwill amortisation and loss on investment of subsidiaries amounting to HK\$141,675,000). The gross profit ratio for the year 2003 was approximately 23% (2002: approximately 14%), representing an increase of 64%, which is mainly due to the launching of new products in the computers and servers segment that contributed a higher gross profit margin.

The Company acquired the entire equity interest in Treasure Land Enterprises Limited ("Treasure Land") at a consideration of HK\$61.6 million. Treasure Land owned 20% interest in 雲南綠大地生物科技股份有限公司 ("綠大地"). The acquisition was completed in August, during the period thereafter to 31 December 2003, 綠大地 has contributed net profit of approximately HK\$2,052,000 to the Group.

In September 2003, the Group entered into an agreement to purchase 70,000,000 shares of HK\$1 each in Well Green Holdings Limited ("Well Green") from Kam Lik Assets Management Limited for a consideration of HK\$43,000,000 and Well Green became a subsidiary of the Group.

On 10 December 2003, around HK\$50 million was paid as a consideration for the acquisition of the 49% interests in Twente Company Limited which owned the whole of level 4 and six units on level 5 of East Gate Plaza as medium to long term investment contributing little profit to the Group after the completion of the transaction.

#### Capital Reorganisation, Share Capital and Use of Proceeds

##### Capital Reorganisation

The proposed capital reorganisation submitted to shareholders by the board of directors of the Company was approved by shareholders at the special general meeting held on 28 April 2003. Upon the completion of the capital reorganisation, the nominal value of existing shares of the Company changed to HK\$0.01 per share and the authorised capital was HK\$200 million. Since the nominal value of the share capital of the Company was reduced from US\$0.025 to HK\$0.01 per share, the issued share capital of the Company decreased from HK\$1,342,848,000 to HK\$68,931,000 by the cancellation of HK\$1,273,917,000 in the share capital of the Company and an amount of HK\$377,863,000 standing to the credit of the share premium account of the Company was cancelled, HK\$1,188,390,000 and HK\$463,390,000 were applied in eliminating the accumulated losses and crediting to the contributed surplus account of the Company respectively. The reorganisation itself did not have any adverse effect on the Group's underlying assets, operation, management or state of affairs, except for enhancing the probability of declaring dividends to shareholders by the Company.

##### Share Capital and Use of Proceeds

The Group acquired the entire shareholding in Dawning Information Industry Company Limited and its subsidiaries and the consideration for the acquisition was partly satisfied by the issuance of convertible notes with an aggregate principal amount of HK\$100,467,000 in 2001. The convertible notes were converted to 516,541,335 new ordinary shares of the Company at a conversion price of HK\$0.1945 per share on 27 February 2003.

Pursuant to the placing agreement on 4 September 2003, the Company issued 1,378,600,000 new ordinary shares with par value of HK\$0.01 each to six places at a price of HK\$0.068 per share, the net entire proceeds from the placing of approximately HK\$91.4 million was intended to be used as general working capital of the Group. Subsequently, around HK\$50 million was paid as consideration for the acquisition of the 49% interest in the whole of level 4 and six units on level 5 of East Gate Plaza, Block B, 29 Dong Zhong Street, Dong Cheng District, Beijing. Around RMB10 million (equivalent to approximately HK\$9.4 million) has been used as further investment in Beijing CPT, the balance of approximately HK\$32 million has been retained as general working capital.

Pursuant to the Subscription Agreement dated 20 October 2003, the Company issued 1,654,351,792 new shares of par value of HK\$0.01 each to an investor, Thing On Group Limited, at HK\$0.06 per share, raising fund amounting to approximately HK\$96,000,000. The fund was intended to be used for acquisition of a wholly owned subsidiary, Dawning Information Industry (Shenzhen) Limited ("Dawning") and related property projects. At 31 December 2003, around HK\$60 million has been earmarked as general working capital for Dawning, the balance of around HK\$36 million as part of the financial resources for setting up new manufacturing bases and research centres for Dawning.

Pursuant to the Placing Agreement on 10 December 2003, the Company issued 1,985,200,000 new shares with par value of HK\$0.01 each at HK\$0.056 per share. The net proceeds from the Placing was about HK\$107.3 million. It was intended that about HK\$25 million will be transferred to Jingke Information as its general working capital. The balance of the net proceeds will be used principally for property development projects in the PRC. The proceeds from the Placing has not been used for intended purpose at the end of the year.

The Company issued 50,000,000 shares during the year as a result of the exercise of share options by the employees.

Apart from the aforesaid, the Company did not issue any shares during the year.

#### Liquidity and Source of Finance

The Group managed to maintain its liquidity at healthy level, the Group's cash and bank deposits totalled approximately HK\$416,465,000 as at 31 December 2003 (31 December 2002: approximately HK\$171,161,000). The Group endeavoured to ensure the liquidity of the working capital by expediting the collection of accounts receivable and observing strict credit control. Total accounts receivable outstanding at the year end was approximately HK\$47,330,000, which decreased by 49% as compared with last year (31 December 2002: HK\$92,496,000). The current ratio at year end 2003 was 2.74 while that of 2002 was 1.45. As at 31 December 2003, the Company and its subsidiaries did not raise loan from the bank. The Group's gearing ratio (on the basis of total borrowings divided by shareholders' equity) was maintained at a level as nil as at 31 December 2003 (31 December 2002: nil).

#### Capital Expenditure

The Group had incurred an aggregated amount of approximately HK\$90,116,000 (2002: HK\$64,836,000) as capital expenditure during the year. The Group has contemplated to set up new manufacturing bases and research center in Beijing for Dawning, the resources for the purpose will be provided by internal resources and banking facilities.

#### Pledge of Assets

As at 31 December 2003, the Group had no pledge of assets and deposits with the bank in order to obtain general banking facility.

#### Employees' Remuneration and Benefits

The Group had about 800 employees including managerial, executive and technical staff and production labour at 31 December 2003 (31 December 2002: about 800). The level of remuneration, promotion and the magnitude of remuneration adjustment are justified according to their job duties, working performance and professional experience. All staff and directors in Hong Kong office have already participated in mandatory provident fund. Other employees' benefits including the granting of share options by the Board of the Group.

#### Foreign Exchange and Currency Risk

The funds derived from incomes and applied to purchases of raw materials, spare parts and equipment and the payments of salaries were dominated in the currencies of Hong Kong dollars and Renminbi; therefore, it was no need to use any financial tools for hedging purpose, and the fluctuation of the exchange risk was low. During the year, the Group has not used any financial tools for hedging purpose. As at 31 December 2003, cash in hand and bank balances of the Group were denominated in the currencies of Hong Kong dollars, US dollars and Renminbi.

#### Contingent Liabilities

The Group made commitment and gave guarantee totaling at approximately HK\$23,679,000 (31 December 2002: commitment of approximately HK\$23,679,000) for disposal of certain units of La Residence. In addition, during the year, the Company provided corporate guarantee in connection with a loan facility up to HK\$5 million contemplated in a letter of credit granted by a bank to a wholly owned subsidiary of the Company. On 9 January 2003, the Company also provided a guarantee in favour of a bank to secure a loan facility of RMB5 million (approximately HK\$4.7 million) granted by the bank to a jointly controlled entity of the Group. As at 31 December 2003, the said loan facility has been fully utilised. Save as disclosed above, the Group had no other material contingent liability at the end of year 2003.

#### Business Review

##### Dawning

During the year under review, Dawning overcame the intense market competition and the adverse impact caused by the outbreak of SARS. By actively exploring the sales market, enhancing internal management, increasing revenue, controlling expenses and enforcing an overall budget management, Dawning's operating situation was improved significantly. During the year, sales amounted to approximately HK\$230 million, representing an increase of 17% as compared to last year, while the collection of sales receivables was satisfactory at the end of the year. In spite of the loss caused by amortisation and impairment of goodwill, Dawning's operation was virtually improved as compared to previous years, achieving the most outstanding results in recent years.

Regarding sales and marketing, Dawning's sales recorded a steady increase due to the success of its industry sales and channel sales. Dawning won the tender for the network construction project related to high schools in Western district, being the largest unit among the tender winners. The Beijing "Xiao Xiao Tong" project purchased Dawning servers for three consecutive years. The above achievements helped to reinforce Dawning's leading brand name in the education sector. In the area of crude oil exploration, Dawning sold the largest domestic specialised server Dawning 4000L. In the area of astronautics, Dawning high performance servers were adopted by Xi'an Satellite Control Center, Jiuchuan Satellite Launch Center, Zijinshan Observatory and other units, assuming the critical tasks of monitor and control for satellite launching and human space flight. Distribution channels also improved significantly.

Regarding product research and development, the successful launch of Dawning 4000L was jointly selected by China Academy of Science and Chinese Academy of Engineering as the "10 Most Important Scientific Development News of 2003" in the year 2003. It was the second time for Dawning to receive this award, as Dawning 3000 was selected as the "10 Most Important Scientific Development News of 2001" in the year 2002. Dawning 4000L server was launched by Dawning in March this year. Its computing speed is 4,200 Giga Floating Point Operation per Second ("GFLOPS"), being the largest data processing server developed by manufacturers in the PRC. In December, Dawning held a ceremony introducing the 10,000 GFLOPS super server Dawning 4000A to Shanghai. It is scheduled to launch in 2004 and expected to become one of the largest super computer in the world. On the other hand, the control and management system of "天鷹" server continued to enhance, providing one of the most advanced server management technologies in the PRC. The completion of "SKVM" system increased the competitive edge of Dawning high performance servers. A server main board and system for 4 servers, the first 64-byte server adopting a 4CPU/2U architecture, was jointly designed with Advanced Micro Devices, Inc. ("AMD"), the second largest chip manufacturers in the world. The invasion monitor system designed by Dawning passed the first class test of the Ministry of State Security by the end of the year.

With a view to enhance its brand name recognition, Dawning established a strategic alliance with ADM to actively promote its 64-byte server, which became a notable product in the industry. In April, Dawning held a delivery ceremony of 1,000 sets of TC1700 and several product exhibitions in different cities to promote its brand name.

Dawning is still facing certain problems and difficulties. First of all, it needs to strengthen the internal management to increase its competitiveness. Secondly, its production capacity needs to be improved. Lastly, the distribution channels within its market structure are relatively weak. Further strengthening is needed.

#### **Jingke Electronic and Jingke Information**

Wuhan Jingke Electronic Co., Ltd. ("Jingke Electronic") and Wu Han Jingke Information Industry Co., Ltd. ("Jingke Information") are mainly engaged in manufacturing quartz oscillators (semi-finished products) used in the production of various electronic products, resonators (final products), SMD and related devices. At the end of the year, the construction of the Jingke Industrial Park invested by the company in the Investment Zone of Taiwan Merchants in Wuhan was completed. The existing and newly acquired equipments have moved into the new premises, and the installation, tuning and other ancillary technical procedures are actively in progress. The company also strived to enlarge its sales market, which was principally focused on Southern China, by establishing long-term sales relation with major customers. The company is conducting serious analysis of the problems and obstacles in its production and corporate management, and vigorous measures are undertaken to solve these problems.

Since the construction of Jingke Industrial Park was behind schedule and the commencement of new production line was delayed, ad hoc supervisors were assigned to station in the factory to strengthen the management. Similarly, the board of directors and senior management were restructured to improve corporate operation and management.

During the year, the company's normal production was hindered due to the construction of the industrial park and other factors, and product sales were adversely affected accordingly.

#### **Beijing CPT**

Since its incorporation, Beijing CPT Bluetus Co., Ltd. ("Beijing CPT") has been mainly engaged in the research and development, sales and marketing of its own broadband multimedia application platform technology. It is also an agent and provider of certain corporate network storage systems. Beijing CPT has accumulated considerable experience in the research and development of network and broadband multimedia, and has obtained a number of state patents in this regard. However, the commercial operation model of Beijing CPT requires high technology applicability. While the broadband market is still immature and substitution products exist in the market, the competitiveness of its technology is relatively low. Hence, the broadband multimedia technology, the core technology of Beijing CPT, is still unable to generate satisfactory return to the company.

In view of resources integration, the Group has consolidated the operations of Beijing CPT and Dawning, another member of the Group. Overlapping in activities was found between the "New Business Department" under Dawning and Beijing CPT, while they were complementary to each other in terms of technology. Both of them are engaged in network storage technology but with different focuses. Moreover, the New Business Department is not the integral element to the server business of Dawning. Accordingly, the Group has reorganised the two arms. The staff of the New Business Department was entirely transferred to Beijing CPT, and the expenses originally allocated by Dawning for the research and development and marketing of New Business Department were injected into the capital of Beijing CPT. Dawning is responsible to provide supervision and guidance for the activities of Beijing CPT, which has changed its company name to "北京曙光创新科技有限公司". As redundant staff had been laid off upon rationalisation, the process was beneficial to both Dawning and Beijing CPT.

#### **Property**

The performance of the property division held by the Group has been stable. During the year, the Group sold 34 units in La Residence in Shanghai with a floor area of 3,360 square meters in aggregate, generating cash proceeds of approximately HK\$36,700,000 for the Group. Despite the unfavourable factors such as the outbreak of SARS, the Company received rental income from self-owned properties of approximately HK\$5,590,000 and agency rental income of approximately HK\$620,000, the sum of the above two incomes represented an decrease of 11% over last year. Due to the number of units available for leasing is gradually decreasing, the rental income from self-owned properties of the Company will decrease in the future. Taking the rental and management fee income from Dawning Tower in Shenzhen into account, the overall rental income of the Group for the year amounted to HK\$16,280,000 approximately.

#### **Financial Services**

The Group did not focus on its financial services, another non-core division, and no money lending business has been operated during the year. However, in view of the active securities market at the end of the fourth quarter, the Group has resumed some securities investment businesses on a prudent basis. It has started to contribute moderate profit within a month.

#### **Prospects**

##### **Dawning**

The economic environment of the PRC is thriving in 2003. It is anticipated that economic growth will maintain steady in 2004, driving the recovery of the electronic information industry. The server market is expected to have steady growth in 2004, backed by the stable demand for large-scale servers from government authorities and domestic scientific research institutes. However, market competition will intensify at the same time.

In order to capture the opportunities in the market, Dawning will undertake effective measures to rationalise the management mechanism and contribute to the further success of Dawning. Apart from generating satisfactory operational efficiency, Dawning also aims to establish itself as the leading brand name of server in the PRC. The Dawning 4000A server, with a computing speed of 10,000 GFLOPS, will be launched in 2004, representing another milestone of the production and research and development of Dawning servers and a remarkable encouragement to the entire staff.

In 2004, Dawning will work in several areas. First of all, it will continue to explore markets in various sectors with its overwhelming pre-eminence in the market of high performance servers so as to maintain its high sales in sectors of meteorology, oil, education, government and military force. Secondly, Dawning will strive to enlarge its distribution channels, improving the present imbalanced situation between industry sales and channel sales, and gradually establishing channel sales as one of the major profit centres. Thirdly, Dawning intends to strengthen the research and development of technology, maintaining its competitive edge in the server market by developing new technology and refining existing technology. Lastly, Dawning determines to solve the obstacles emerged in its production. The Group will study with Dawning the feasibility of constructing a self-owned production base, which will also help to reduce rental expense. Furthermore, Dawning will continue to reinforce internal management and strictly control expenses, account receivables and sales on credits, demanding high performance from the management.

##### **Jingke Information**

The completion of Jingke Industrial Park and the commencement of new production line represent the advance from the construction and adjustment stage to the production and operation stage. Jingke Information will adjust its internal control, and complete the ancillary facilities and solve the bottleneck problems for its equipments as soon as possible. Upon this foundation, Jingke Information will conduct an overall planning for its production activity, strictly managing its production according to the plan. At the same time, Jingke Information will place more effort in market exploration and establish an extensive network with domestic and overseas clients in order to realise operating profits in near future.

#### **Purchase, Sale or Redemption of the Company's Listed Securities**

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

#### **Corporate Governance**

##### **Code of Best Practice**

The Company has complied at any time throughout the year ended 31 December, 2003 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, except that the independent non-executive directors were not appointed for a specific term as set out in Appendix 14 of the Listing Rules but are subject to retirement by rotation and re-election at annual general meetings in accordance with the bye-laws of the Company.

##### **Audit Committee**

The Audit Committee of the Company comprises three independent non-executive directors, currently includes Mr. Lee Kuo Ching, Stewart, Mr. Liu Sing Pui, Chris and Miss Chong Kally. The Audit Committee has reviewed the adoption of accounting policies and basis adopted, financial reporting process and internal control procedures, discussed and approved this annual report accordingly.

##### **Publication of Results on the Stock Exchange Website**

The Company will submit all the information required by paragraphs 45(1) to 45(3) inclusive of Appendix 16 of the Listing Rules in due course for publication on the website of the Stock Exchange.

By order of the Board  
**Wong Chung Tak**  
Chairman