



ZIDA COMPUTER TECHNOLOGIES LIMITED

華基電腦科技有限公司

(incorporated in Bermuda with limited liability)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH, 2002

RESULTS

The Board of Directors of Zida Computer Technologies Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March, 2002, together with the comparative figures for the last year as follows:

		2002	2001
	Notes	HKS'000	HKS'000
TURNOVER	3	1,461,292	1,366,211
COST OF SALES		(1,429,240)	(1,341,541)
GROSS PROFIT		32,052	24,671
OTHER REVENUE		4,590	6,210
SELLING EXPENSES		(4,279)	(7,709)
ADMINISTRATIVE EXPENSES		(29,727)	(44,355)
PROFIT/(LOSS)			
FROM OPERATIONS	4	2,636	(21,183)
FINANCE COSTS	5	(1,973)	(3,576)
PROFIT/(LOSS)			
BEFORE TAXATION		663	(24,759)
TAXATION	6	1,088	(49)
NET PROFIT/(LOSS) FOR THE YEAR		1,751	(24,808)
DIVIDENDS	7	18,800	2,820
EARNINGS/(LOSS) PER SHARE			
– BASIC	8	0.93 cents	(13.9 cents)
– DILUTED		0.92 cents	N/A

1. Group Reorganisation and Basis of Preparation of Financial Statements

The Company was incorporated in Bermuda on 16th December, 1999 as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended). In the opinion of directors, its ultimate holding company is Tactful Finance Limited, a company which is incorporated in the British Virgin Islands.

Pursuant to a group reorganisation (the “Group Reorganisation”) to rationalise the group structure in preparation for the listing of the Company’s shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company issued fully paid shares in exchange for the entire issued share capital of Zida International Holding Limited (“ZIHL”) and thereby became the holding company of the group (the “Group”) formed after the completion of the Group Reorganisation on 29th April, 2000.

The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, in accordance with Statement of Standard Accounting Practice No. 27 “Accounting for group reconstructions”, the financial statements of the Group for the year ended 31st March, 2001 have been prepared on the merger basis as if the Company had always been the holding company of the Group.

Details of the Group Reorganisation are set out in the prospectus (the “Prospectus”) issued by the Company dated 29th May, 2000.

The shares of the Company are listed on the Stock Exchange.

2. Adoption of new statements of Standard Accounting Practice

In the current year, the Group has adopted for the first time a number of new and revised Statements of Standard Accounting Practice (“SSAP(s)”) issued by the Hong Kong Society of Accountants. Adoption of these SSAPs has led to a number of changes in the Group’s accounting policies. In addition, the new and revised SSAPs have introduced additional and revised disclosure requirements which has been adopted in financial statements. Comparative amounts for the previous year have been restated in order to achieve a consistent presentation.

SSAP No. 9 (Revised) : “Events after the Balance Sheet Date”
SSAP No. 14 (Revised) : “Leases”
SSAP No. 26 : “Segment Reporting”

The adoption of these new and revised SSAPs has resulted changes to the Group’s accounting policies that have affected the amounts reported for the current or prior periods.

Details of the changes in accounting policies of the Group and its relevant effects on the financial statements of the Group for the current year are set out in the annual report to the shareholders.

3. Turnover

Analysis of the Group’s turnover and contribution to profit/(loss) from operations by principal activities and by geographical location are as follows:

By principal activities:

	Turnover		Contribution to profit/(loss) from Operation	
	2002	2001	2002	2001
	HKS'000	HKS'000	HKS'000	HKS'000
Design and manufacture of motherboards	177,529	354,501	6,786	960
Supply of PC components	1,283,763	1,011,710	24,365	19,399
	1,461,292	1,366,211	31,151	20,359
Unallocated corporate income			1,239	3,274
Unallocated corporate expenses			(29,754)	(44,816)
Profit/(Loss) from Operations			2,636	(21,183)

By geographical location:

	Turnover		Contribution to profit/(loss) from Operation	
	2002	2001	2002	2001
	HKS'000	HKS'000	HKS'000	HKS'000
North America	328,542	343,878	3,355	1,741
Asia Pacific	244,509	376,815	(2,907)	(20,553)
China	429,821	313,448	1,523	748
Hong Kong	279,781	177,597	2,645	3,551
Europe	172,734	151,952	(896)	(5,057)
Others	5,905	2,521	(65)	(217)
	1,461,292	1,366,211	3,655	(19,787)

Unallocated corporate expenses	(1,019)	(1,396)
Profit/(Loss) from operations	2,636	(21,183)

4. Profit/(Loss) from Operations

Profit/(Loss) from operations has been arrived at after crediting/(charging):

	2002	2001
	HKS'000	HKS'000
Interest income	1,239	3,274
Depreciation and Amortisation	(7,674)	(9,475)

5. Finance Costs

	2002	2001
	HKS'000	HKS'000
Interest on:		
Bank loans	1,590	2,673
Obligations under finance leases	383	903
	1,973	3,576

6. Taxation

	2002	2001
	HKS'000	HKS'000
The (credit) charge comprises:		
(Over) underprovision of Hong Kong Profits Tax in previous years	(155)	49
Deferred taxation	(933)	–
	(1,088)	49

No provision for Hong Kong Profits Tax has been made in the financial statements as the Hong Kong subsidiaries of the Company have no assessable profit for both years.

7. Dividends

	2002	2001
	HKS'000	HKS'000
Interim dividend paid	–	2,820
– HK\$0.015 per share		
Final dividend paid	18,800	–
– HK\$0.1 per share for 2001		
	18,800	2,820

8. Earnings/(Loss) per Share

The calculation of the basic and diluted earnings/(loss) per share for the year is based on the folloing data:

	2002	2001
Earnings/(loss) for the purpose of basic and diluted earnings per share	1,751,080	(24,807,820)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	188,000,000	178,600,000
Effect of dilutive potential ordinary shares in respect of share options	3,276,000	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	191,276,000	178,600,000

No amount had been presented for the diluted loss per share at 31st March, 2001, as the effect of the exercise of the outstanding share options of the Company would result in a decrease in the loss per share.

DIVIDEND

The Board of Directors has proposed a final dividend of HK1 cents each. It is expected that after the annual general meeting to be held on 18th July, 2002. The final dividend will be paid on 30th July, 2002 to the shareholders whose names appear in the register of the Company on 18th July, 2002.

BUSINESS REVIEW AND PROSPECTS

For the year ended 31st March, 2002, turnover of the Group was HK\$1,461,292,000 (2001: HK\$1,366,211,000), representing an increase of 7% over 2001, and the profit attributable to shareholders was HK\$1,751,000 (2001: loss attributable to shareholders of HK\$24,808,000), representing an increase of 107% over last year.

The Group recorded a slight profit in the past year, mainly as a result of its suitable market positioning together with an aggressive and effective operating strategy by the management and proper utilization of resources. The huge investment in the research and development department is expected to bear fruit in the foreseeable future though little return would be reflected in the short-term.

The core business of the Group is the design and sales of motherboards and wired/wireless internet products and routers. The future development of motherboard will be focused on the research and development of Pentium 4 related products, making use of the new 478 pin Pentium 4 CPU to develop an innovative Intel 845 series of motherboard. Apart from developing products which aim at the education market, as well as the design and production of motherboard and server motherboard specifically used in schools, efforts have also been made to expand the special applications of motherboard (such as being applied to dynamic advertising system and charge-free telephone system, etc.) so as to achieve further diversification of its products.

In terms of network products, the Group will focus on high-end wired and wireless product, including SNMP LAN switches and routers, while the main focus will be on wireless access points under the IEEE802.11b/a specification. The Group will indulge in R&D in advanced technologies to enhance competitiveness. In terms of market expansion, the Group will strive to develop the scope of application for network products, including the application solution relating to office networking, mobile network connection, games and educational multimedia. The management believes that such series of products will generate substantial profits for the Group.

Owing to the rapid development of the PRC market which gives rise to huge development potential for the PC market, the Group established its own brandname “VCTnet” in Hong Kong and the PRC (website: www.vctnet.com) in June last year, which is engaged in the development, design and manufacture of network products. With such initiative, the Group has built up the distribution channel for its own branded products.

In all, the Group will continue to keep abreast of the latest technological development in all areas so as to complement the Group’s future investment in software development with a view to bringing the latest achievements into the development process of a wide range of products. Meanwhile, the Group is seeking to establish mutual development relationship with its co-operative partners so as to expand the sales network of the products which offer significant benefits to the Group’s long-term development.

FINANCIAL ANALYSIS

The financial condition of the Group is healthy. As at 31st March, 2002, the Group had a total of HK\$62,540,000 (2001: HK\$104,005,000) in cash and bank balances. The Group had trade and other receivables of HK\$9,625,000 (2001: HK\$12,028,000). As at 31st March, 2002, total assets of the Group amounted to HK\$165,931,000 while bank borrowings and finance lease obligations were HK\$31,665,000. The Directors believe that the Group has sufficient cashflow to meet all its commitments and operating needs.

EXCHANGE RISK

The income earned and the cost incurred by the Group have been mainly in U.S. dollars and Hong Kong dollars whereas most cash and bank deposits are both in U.S. dollars. The management believes that the Group will continue to be subject to an insignificant foreign exchange exposure. As no material risk of exchange rate fluctuation was recorded for the year ended 31st March, 2002, the Group did not use any relevant financial instruments for hedging.

CLOSURE OF REGISTER OF MEMBER

The register of members of the Company will be closed from 15th July, 2002 to 18th July, 2002 (both days inclusive). To qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Share Registrars in Hong Kong, Standard Registrars Limited, at 5th floor, Wing On Center, 111 Connaught Road Central, Hong Kong not later than 4:00 p.m. on 12th July, 2002.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

EMPLOYEES AND REMUNERATION POLICY

As at 31st March, 2002, the Company had a total of 226 employees based in China and Hong Kong. Remuneration packages of employees are reviewed annually. Employees’ salaries as well as their bonuses and share options are determined according to the assessment of individual performance.

AUDIT COMMITTEE

The audit committee of the Company comprises independent non-executive directors. The audit committee of the Company and the management audited the accounting practices and standards adopted by the Group, and discussed issues relating to the auditing, internal control and financial reporting, including the auditing of audited financial statements.

CODE OF BEST PRACTICE

The Directors of the Company are not aware of any information sufficient to prove reasonably that the Company failed to comply or has not complied with the requirements set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) during the auditing period, except that the non-executive directors of the Company have no fixed terms of office, but are required to resign by rotation, subject to re-election in accordance with the articles of associations of the Company.

POSTING OF THE ANNUAL RESULTS ON THE STOCK EXCHANGE WEBSITE

Pursuant to Sections 45(1) to 45(3) in Appendix 16 of the Listing Rules of the Stock Exchange, all the information in respect of the results of the Group for the year ended 31st March, 2002 will be published on the website of the Stock Exchange in due course.

By order of the Board
Chang Chung Wa, Eddie
Chairman

Hong Kong, 11th June, 2002

NOTICE OF 2002 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2002 Annual General Meeting of the Company will be held at Room Tianshan and Lushan, Island Shangri-La Hong Kong, 5th Floor, Pacific Place, Supreme Court Road, Central, Hong Kong on Thursday, 18th July, 2002 at 2:30 p.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the directors and auditors for the year ended 31st March, 2002.
2. To declare a final dividend for the year ended 31st March, 2002.
3. To re-elect the retiring director and to authorise the Board of Directors to fix the directors' remuneration.
4. To re-appoint auditors and to authorise the Board of Directors to fix their remuneration.
5. As special business, to consider and if thought fit, pass the following resolutions as Ordinary Resolutions:

A. "THAT

- (a) subject to paragraph A(b) below, the exercise by the directors of the Company (the "Directors") during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase its own shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time) or of any other stock exchange, be and is hereby generally and unconditionally approved and authorised;
- (b) the aggregate nominal amount of the shares of the Company to be purchased by the Company pursuant to the approval in paragraph A(a) above during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution and the approval pursuant to paragraph A(a) shall be limited accordingly; and
- (c) for the purpose of this Resolution, "Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law to be held; and
 - (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting."

B. "THAT

- (a) subject to paragraph B(b) below, a general mandate be and is hereby unconditionally given to the directors of the Company (the "Directors") to exercise all the powers of the Company during the Relevant Period (as hereinafter defined) to allot, issue and deal with the new shares in the capital of the Company or securities convertible into shares, or options, warrants or similar rights to subscribe for any shares, and to make and grant offers, agreements and options which would or might require the exercise of such powers, whether during the continuance of the Relevant Period or thereafter;
- (b) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted or dealt with pursuant to the approval in paragraph B(a) above during the Relevant Period, otherwise than pursuant to the following, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution and the said approval shall be limited accordingly:
 - (i) a rights issue where shares are offered for a period fixed by the Directors to shareholders on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard, as appropriate, to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or stock exchange in, or in any territory applicable to the Company);
 - (ii) an issue of shares under any share option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company and approved by The Stock Exchange of Hong Kong Limited;
 - (iii) any issue of shares in the Company upon the exercise of subscription rights attaching to any warrants of the Company; or
 - (iv) any scrip dividend scheme or similar arrangement implemented in accordance with the bye-laws of the Company; and
- (c) for the purpose of this Resolution, "Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law to be held; and
 - (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting."

- C. "THAT** conditional upon Resolutions 5A and 5B being passed, the general mandate granted to the directors of the Company pursuant to Resolution 5B to exercise the powers of the Company to allot shares in the capital of the Company be and is hereby extended by the addition to the aggregate nominal amount of the share capital which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to such general mandate an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution 5A, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution."

On behalf of the Board
Chang Chung Wa, Eddie
Chairman

Hong Kong, 11th June, 2002

Notes:

- (1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. In order to be valid, the form of proxy must be deposited with the Company's Branch Share Registrars in Hong Kong, Standard Registrars Limited, 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong together with any power of attorney or other authority, under which it is signed, or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting.
- (2) The register of members of the Company will be closed from Monday, 15th July, 2002 to Thursday, 18th July, 2002, both days inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Standard Registrars Limited, 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong for registration no later than 4:00 p.m. on Friday, 12th July, 2002.