



Asia Tele-Net and Technology Corporation Limited

(Incorporated in Bermuda with limited liability)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST MARCH, 2003

The Board of Directors of Asia Tele-Net and Technology Corporation Limited ("the Company") announced the audited results of the Company and its subsidiaries ("the Group") for the year ended 31st March, 2003 together with comparative figures from the previous year are as follows:

	Notes	For the year ended 31st March,	
		2003 HK\$'000	2002 HK\$'000
Turnover	2	385,228	335,769
Cost of sales		(285,837)	(262,967)
Gross profit		99,391	72,802
Other operating income		1,946	4,404
Distribution costs		(35,037)	(32,349)
Administrative expenses		(113,184)	(143,359)
Other operating expenses		(5,428)	(2,165)
Allowance for bad and doubtful debts		(15,642)	(32,448)
Impairment loss recognised on investment securities		(5,640)	(500)
Net unrealised (loss) gain on other investments		(29,397)	1,329
Net realised loss on other investments		(1,633)	(156)
Loss on resumption of properties held for development by government		(2,081)	-
Impairment loss recognised in respect of property, plant and equipment held for development		(32,700)	(27,300)
Impairment loss recognised in respect of goodwill arising on acquisition of subsidiaries		(2,540)	-
Loss before taxation		(163,262)	(145,543)
Taxation charge (credit)	4	495	(1,390)
Loss after taxation		(163,757)	(144,153)
Minority interests		5,961	11,776
Net loss for the year		(157,796)	(132,377)
Loss per share	5		
Basic		(2.85) cents	(2.45) cents

Notes:

1. ADOPTION OF 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. The adoption of these SSAPs has resulted in a change in the format of presentation of the cash flow statement and the statement of changes in equity, but has had no material effect on the results for the current or prior accounting years. Accordingly, no prior year adjustment has been required.

- SSAP 11: "Foreign currency transaction"
- SSAP 15 (Revised): "Cash flow statements"
- SSAP 34: "Employee benefits"
- SSAP 33: "Discontinuing operations"

2. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

The Group is mainly engaged in electroplating equipment business, wet processing equipment business, entertainment production business, timber trading and satellite communication business, and operate under five divisions. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Electroplating equipment	-	design, manufacturing and sale of electroplating equipment
Wet processing equipment	-	design, manufacturing and sale of custom-built horizontal wet processing and automation machinery
Entertainment production	-	provision of stage construction and arts productions
Timber trading	-	trading of logged timber
Satellite communication	-	provision of satellite communication services

The Group is in the process of discontinuing its satellite communication and stage construction operations.

Segment information about these businesses is presented below.

For the year ended 31st March, 2003

	Electroplating equipment	Wet processing equipment	Satellite communication	Entertainment production	Timber trading	Other operations	Elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER								
External sales	185,242	133,343	1,933	32,867	30,228	1,615	-	385,228
Inter-segment sales	19	958	-	-	-	-	(977)	-
Total	185,261	134,301	1,933	32,867	30,228	1,615	(977)	385,228

Inter-segment sales are charged at prevailing market rates.

	2003 HK\$'000	2002 HK\$'000
RESULTS		
Segment results	(12,230)	(12,219)
Unallocated corporate income		84
Unallocated corporate expenses		(20,415)
Impairment loss recognised on investment securities		(5,640)
Net unrealised loss on other investments		(29,397)
Net realised loss on other investments		(1,633)
Finance costs		(5,687)
Impairment loss recognised in respect of goodwill arising on acquisition of an associate		(557)
Share of results of an associate		(3,243)
Loss before taxation		(163,262)
Taxation charge		495
Loss after taxation		(163,757)
Minority interests		5,961
Net loss for the year		(157,796)

Other Information for the year ended 31st March, 2003

	Electroplating equipment HK\$'000	Wet processing equipment HK\$'000	Satellite communication HK\$'000	Entertainment production HK\$'000	Timber trading HK\$'000	Other operations HK\$'000	Consolidated HK\$'000
Allowance for bad and doubtful debts	2,500	646	-	-	-	20,055	23,201
Bad debts recovered	7,559	-	-	-	-	-	7,559
Depreciation and amortisation	5,102	5,253	1,273	2,691	2,161	1,071	17,551
Loss on disposal of discontinuing operations	-	-	584	587	-	-	1,171
Loss on resumption of properties held for development by government	-	-	-	-	-	2,081	2,081
Impairment loss recognised in respect of property, plant and equipment	1,907	-	30,793	-	-	-	32,700
Impairment loss recognised in respect of properties held for development	-	-	-	-	-	2,540	2,540
Impairment loss recognised in respect of goodwill arising on acquisition of subsidiaries	-	-	-	1,493	9,166	-	10,659

For the year ended 31st March, 2002

	Electroplating equipment HK\$'000	Wet processing equipment HK\$'000	Satellite communication HK\$'000	Entertainment production HK\$'000	Timber trading HK\$'000	Other operations HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
TURNOVER								
External sales	163,320	111,301	2,926	52,383	886	4,953	-	335,769
Inter-segment sales	4	314	-	7	-	-	(325)	-
Total	163,324	111,615	2,926	52,390	886	4,953	(325)	335,769

Inter-segment sales are charged at prevailing market rates.

RESULTS

	2003 HK\$'000	2002 HK\$'000
Segment results	(77,042)	(19,312)
Unallocated corporate income		345
Unallocated corporate expenses		(25,025)
Impairment loss recognised on investment securities		(500)
Net unrealised gain on other investments		1,329
Net realised loss on other investments		(156)
Finance costs		(7,120)
Gain on partial disposal of a subsidiary		44,441
Loss on deemed disposal of a subsidiary		(37)
Share of results of an associate		(1,085)
Loss before taxation		(145,543)
Taxation credit		(1,390)
Loss after taxation		(144,153)
Minority interests		11,776
Net loss for the year		(132,377)

Other Information for the year ended 31st March, 2002

	2003 HK\$'000	2002 HK\$'000
Allowance for bad and doubtful debts	18,301	3,635
Depreciation and amortisation	6,442	5,244
Impairment loss recognised in respect of property, plant and equipment	-	27,300
Impairment loss recognised in respect of goodwill arising on acquisition of a subsidiary	-	22,000
Total	24,743	38,179

Geographical segments

The Group's operations are mainly located in Hong Kong, the People's Republic of China (the "PRC"), Taiwan, Europe, North America and other Asia countries.

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods/services.

	2003 HK\$'000	2002 HK\$'000
Hong Kong	54,835	65,024
PRC	100,567	80,029
Taiwan	87,279	66,898
Europe	19,921	24,302
North America	23,847	21,315
South East Asia (other than Korea)	55,780	30,876
Japan and Korea	23,807	32,586
Others	19,192	14,739
Total	385,228	335,769

Revenues from the Group's discontinuing satellite communication and stage construction operations were derived principally from Hong Kong in both years.

3. Finance Costs

	2003 HK\$'000	2002 HK\$'000
Interest on:		
Bank borrowings wholly repayable within five years	2,637	4,229
Bank borrowings with instalments repayable beyond five years	1,836	2,598
Finance leases	106	121
Other loan	1,438	885
Loan from a director	67	-
Total	6,084	7,833
Less: Interest capitalised to construction in progress	(397)	(713)
Net interest expense	5,687	7,120

4. Taxation Charge (Credit)

	2003 HK\$'000	2002 HK\$'000
The taxation charge (credit) comprises:		
Hong Kong Profits Tax		
Charge for the year	249	612
Overprovision in prior years	(128)	(123)
Total	121	489
Overseas taxation		
Charge for the year	528	605
Credit for the year	-	(1,534)
Under(over)provision in prior years	8	(20)
Total	536	(949)
Deferred taxation	(162)	(930)
Total	495	(1,390)

Hong Kong Profits Tax is calculated at 16% (2002: 16%) of the estimated assessable profit for the year. Overseas taxation is calculated at the rates prevailing in the relevant jurisdictions.

5. Loss Per Share

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

	2003 HK\$'000	2002 HK\$'000
Loss for the purposes of basic loss per share	(157,796)	(132,377)
Number/weighted average number of shares for the purposes of basic loss per share	5,529,268,000	5,397,944,493

No diluted loss per share has been presented because the exercise price of the Company's options was higher than the market price of shares for both years.

6. Dividend

No interim dividend was declared for the year (2002: Nil). The Board of Directors does not recommend a final dividend for this year (2002: Nil).

MANAGEMENT DISCUSSIONS AND ANALYSIS

Electroplating Equipment Business ("PAL")

Overall Market Situation

The PCB market worldwide continued to contract during the period, with major closures in the USA and Europe. The general result was little new investment and an influx of used equipment on to the market. Nevertheless, PAL was successful in obtaining major contracts in Europe (Ruwei) and Tunisia (Fuba) as well as a number of orders, in Asia, particularly in Taiwan (Compeq), Thailand and China.

The Surface Finishing (SF) market also remained flat, although again a number of orders were obtained in India and China due mainly to the introduction of a new approach to this market, described under "Strategy".

Strategy

The strategy adopted in response to the weak market situation has been to reduce overheads to achieve a sustainable level while the market continues to be depressed. A small reduction in staff numbers was made, but this was limited as the management strongly believes that the Company must maintain its "core competency" to enable it to take advantage of the future market upturn. In order to motivate staff to achieve objectives and to limit the Company's exposure to high overhead, a proportion of each staff member's remuneration is made dependent on results achieved by the Company and by teams within the Company. The target-oriented scheme was generally accepted by the staff as a better alternative than further lay-offs and has started to bring in positive result. The management is grateful to have our present working crew. They are very supportive and share our same vision.

A strategy was adopted to broaden PAL's product range by seeking opportunities to produce equipment under license or joint venture agreements. To date the most successful of these has been with Marunaka of Japan, to build and sell exclusively outside Japan, their vertical in-line plater, which provides innovative solutions for the difficulties faced by PCB producers at the high-tech end of the market. This new machine type is particularly welcome in Taiwan. A lot of Taiwan listed PCB manufacturers are very satisfied with the plating result, some even repeat the order in less than 6 months' time. So far ten orders have been received. Other arrangements, such as that with Hamada to produce reel-to-reel machines, are showing promise and further opportunities are continually being sought.

A Surface Finishing (SF) Group has been established within the company to concentrate exclusively on the marketing and project engineering for this important market sector, which in the past has tended to receive less attention within PAL than its traditional PCB market. The results of this initiative are already showing positively, in the form of several new orders for SF equipment.

Technology

Despite the continuing unfavourable market conditions, PAL has maintained its longstanding policy of investment in product development in an effort to stay ahead of its major competition, by continuously improving equipment design and performance. The New Technologies Department has been heavily involved in developing methods of plating micro-vias and copper-filled vias, two very important areas in the production of the new generation of high-tech PCB's for consumer electronics. The department also continues to provide plating guarantee support service for customers and carrying out the commissioning of equipment to provide the plating results which PAL guarantees.

The Product Engineering Group has been relocated to Shenzhen and has been engaged in a number of areas of improvement to present designs to reduce cost and increase efficiency of manufacture.

A new group - "New Product Development" - has been formed to concentrate on the engineering of new products such as the Marunaka and Hamada equipment mentioned above.

Future Outlook

After more than two years of contraction in the PCB industry, there are at last signs that the capacity of supply is coming into line with demand, producing positive moves in the direction of new capital investment. Technology changes (e.g. micro-vias and vias fill) are also driving a demand for more advanced equipment.

The SF market is also showing positive signs of improvement with major US and European companies looking to set up new factories in Asia.

The management, therefore, firmly believes that the strategies adopted over the last two difficult years have positioned the company well to take advantage of the improving market conditions and to return to profitability in the near future. The signing of the Closer Economic Partnership Agreement ("CEPA") may bring us opportunities to sell domestically in China without setting up a local company in China. The management is now evaluating the feasibility.

Wet Processing Equipment Business ("IML")

Our downstream customers are facing stagnant demands in their own market for the past two years and are therefore more conservative in committing to any new factory set up or investment in new machinery. To break the ice, we have to demonstrate our capability to build the most advanced machine that can help them to increase either their production quality or cost effectiveness. Towards the end of this financial year, our R&D team has launched a series of new designs which successfully attract the attention of our customers. The most well-receive design is the Upper Contactless Conveyor System ("UCCS"). Traditional conveyor system uses rollers on the top and bottom side to secure the position of the PCB. The disadvantage is leaving roller marks on the PCB. This new system has taken away the roller on the top side and thus solves the roller marks problem. This feature is a big step ahead in terms of improving the quality for processing thin panel PCB or thin lining PCB.

The utilisation of the Shenzhen factory is greatly increased. Past effort to expand international sales by appointing agents also sets tone to ripe for new markets. We successfully obtained big contracts in Korea and Thailand.

We also broke ground for the FPD process equipment market. Our factory was qualified as an approved supplier by a couple of renowned TFT-LCD manufacturers and got four orders so far. In order to compete with the Chinese and Korean market players, some Japanese TFT-LCD manufacturers have formed alliance with Taiwanese manufacturers. The management believes that this trend will generate local demands for FPD process equipment market and the Company will be benefited eventually.

Entertainment Business ("AVP")

We continue to provide exciting and well-praised concerts for public enjoyment. To name a few which solicited crazy city-talks are "Deanie Ip in Concert", "Vivian Lai Dreams Come True in Concert" and "Beyond Live 2003". The "Beyond Live 2003" which was held in April 2003 was so successful that we repeated it in June 2003.

Discontinued Businesses

Satellite Telecommunication Business (SCL)

The market conditions remain poor and we expect the present condition will continue for at least another two to three years. This can be seen by the fact that there is no new player joining the field since the new license issuing policy. The new policy no longer requires the license applicant to commit any capital investment, yet there is no further license was issued under this inducement. The Management has therefore decided to terminate the operation in March 2003.

Stage Production Business (ANA)

The operation was terminated under mutual agreement amongst all shareholders.

PROSPECT

In the past two years, the Directors were focusing in consolidating the Group's business portfolio and reducing the overhead in the Group. Certain business divisions which cannot generate profit in long term were either terminated or sold. Resources are maintained and channelled to core businesses. Cost structure was streamlined to commensurate with the present economic climate. New markets are being explored and new products are under-development. The Directors have done what need to be done to set everything ready for a market recovery. The Directors do believe that since a right strategy is set for each subsidiary group, each subsidiary group can emerge as one of the best companies in the field when the economic environment turns better.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March 2003, the Company had net assets of approximately HK\$167.7 million. The gearing ratio was 58% (2002: 40.3%). This gearing ratio is calculated by dividing total liabilities of HK\$300.9 million (2002: HK\$262.7 million) over total assets of HK\$519.1 million (2002: HK\$651.0 million).

As at 31st March 2003, the Company had approximately \$11.3 million of cash on hand, net current assets value being approximately HK\$17.8 million, short-term bank loan amounted to \$68.1 million, long-term bank loan amounted to \$28.4 million and other loan amounted to \$7 million. The total borrowing was therefore \$103.5 million, a slight increase from last year of \$94.8 million.

As at 31st March 2003, the Company has pledged its land and buildings in PRC, Taiwan and the United Kingdom with an aggregate net book value of approximately \$126 million (2002: HK\$87 million) and bank deposits of approximately HK\$0.3 million (2002: HK\$3.6 million) to secure banking facilities of approximately HK\$89.8 million (2002: HK\$74.8 million) to the Company. Out of the facilities available, the Company has utilised approximately HK\$67.2 million as at 31st March 2003.

The company had utilised an unsecured banking facilities of approximately HK\$29.3 million.

Most of the bank borrowing is charged at prevailing prime rate in the countries where the Company's subsidiaries are operating in.

Most of the assets and liabilities in the Company were mainly dominated in US dollars and HK dollars. Since HK dollars are packed against US dollars, the Company is subject to low risk of foreign exchange exposure.

CONTINGENT LIABILITIES

As at 31st March 2003, the Company had guarantee of approximately HK\$14 million (2002: HK\$14 million) to a bank in respect of banking facilities granted to a subsidiary of the Company. The amount utilised by the subsidiary was approximately HK\$12.7 million (2002: HK\$10.4 million).

HUMAN RESOURCES

As at 31st March, 2003, the Group has approximately 750 employees. Remuneration for its employees is based on industry practice and performance of individual employee.

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

Neither the Company nor any of its subsidiaries purchase, sold or redeemed any of the Company's listed shares during the year ended 31st March, 2003.

AUDIT COMMITTEE

During the year, the Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters, including the review of the interim and annual financial reporting matters of the Group.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

In the opinion of the Directors, the Company was in compliance with the Code of Best Practice, as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year.

PUBLICATION OF ANNUAL RESULTS ON THE INTERNET WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

A results announcement containing the information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") will be published on the website of the Stock Exchange in due course.

By order of the Board
Kwok Yan Lam
Chairman

Hong Kong, 26th July, 2003

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the C1 Conference Room, 11 Dai Hei Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong at 3:00 p.m. on Friday, 19th September, 2003 for the following purposes:

- To receive and consider the report of the directors and financial statements for the year ended 31st March, 2003 and the auditors' report thereon.
- To elect directors and to fix their remuneration.
- To appoint auditors for the year ending 31st March, 2004 and to authorise the directors to fix their remuneration.
- By way of special business to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

(A) "That:

- subject to paragraph (iii), the exercise by the directors of the Company during the relevant period of all the powers of the Company to allot and issue or otherwise deal with additional shares in the share capital of the Company and to make or grant offers, agreements and options over shares which might require such shares to be allotted and issued be and is hereby generally and unconditionally approved;
- the approval in paragraph (i) shall authorise the directors of the Company during the relevant period to make or grant offers, agreements and options which might require the exercise of such power after the end of the relevant period;
- the aggregate nominal amount of share capital allotted and issued or agreed conditionally or unconditionally to be allotted and issued whether pursuant to an option or otherwise, by the directors of the Company pursuant to the approval in paragraph (i), otherwise than pursuant to rights issue, shall not exceed 20% of the aggregate nominal amount of the existing share capital of the Company in issue as at the date hereof and the said approval shall be limited accordingly; and

(iv) for the purpose of this resolution:

"relevant period" means the period from the passing of the resolution until whichever is the earlier of:

- the conclusion of the next annual general meeting of the Company; and
- the expiration of the period within which the next annual general meeting of the Company is required by law or the Company's bye-laws to be held; and
- the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

"right issue" means an offer of shares open for a period fixed by the directors of the Company to holders of ordinary shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares, subject to such exclusions or other arrangements as the director of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong."

(B) "THAT:

- subject to paragraph (ii) the exercise by the directors of the Company during the relevant period of all the powers of the Company to purchase its own securities, subject to and in accordance with all applicable laws and the listing rules, be and is hereby generally and unconditionally approved;
- the aggregate nominal amount of securities of the Company purchased by the Company pursuant to paragraph (i) during the relevant period, shall be no more than 10% of the aggregate nominal amount of the existing issued share capital of the Company at the date of this meeting, and the authority pursuant to paragraph (i) shall be limited accordingly;
- for the purposes of this resolution, "relevant period" means the period from the date of passing of this resolution until whichever is the earlier of:
 - the conclusion of the next annual general meeting of the Company;
 - the expiration of the period within which the next annual general meeting of the Company is required by law or the Company's bye-laws to be held; and
 - the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting."

- "That the exercise by the directors of the Company of all powers of the Company following any repurchase of its own shares to allot and issue or agree to allot and issue additional shares in the capital of the Company up to maximum number of such shares repurchased since the granting of the general mandate (up to a maximum number equivalent to 10% of the existing issued share capital of the Company at the date of this meeting) and to make or grant offers, agreements and options which might require the exercise of such power equivalent to the number of shares so purchased, in addition to the general mandate granted to the directors of the Company and for the time being in force pursuant to resolution 4(A) contained in the notice convening this meeting, be and is hereby generally and unconditionally approved."

By order of the Board
Kwok Yan Lam
Chairman

Hong Kong, 26th July, 2003

Notes:

- Any member entitled to attend and vote at the meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.
- The form of proxy must be lodged at the head office and principal place of business of the Company in Hong Kong not less than 48 hours before the time appointed for the meeting. Completion and return of the proxy will not preclude a member from attending and voting in person.