INWORLD GROUP LIMITED
活力世界控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8100)

ANNUAL RESULTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 2003

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

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* *For identification purpose only*

This announcement, for which the Directors (the "Directors") of Inworld Group Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprises Market of The Stock Exchange of Hong Kong Limited. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief: 1. the information contained in this announcement is accurate and complete in all material respects and not misleading; 2. there are no other matters the omission of which would make any statement in this announcement misleading; and 3. all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- The Group's loss for the period ended 31 December 2003 amount to HK$5,569,000, a 71% improvement over the year ended 30 June 2003

- The Group completed the acquisition of Huaruiyuan in September 2003 and expanded the revenue base in the PRC

The audited consolidated results for the period ended 31 December 2003 and the comparisons with last year are set out in the accompanying announcement.

AUDITED CONSOLIDATED RESULTS

The Board of Directors (the "Board") of Inworld Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the period ended 31 December 2003, together with the comparative audited figures for the previous year as follows:

	Notes	Period ended 31 December 2003 HK$'000	Year ended 30 June 2003 HK$'000
Turnover	2	**614**	1,558
Cost of Sales		**(184)**	(3,963)
Gross Profit/(Loss)		**430**	(2,405)
Other Revenue	2	**325**	5,979
Selling and Distribution Costs		**(1,204)**	(2,322)
Administrative Expenses		**(4,403)**	(13,817)
Impairment of Product Development Costs		**–**	(6,620)
Amortisation of Goodwill		**(680)**	–
Amortisation of Intangible Assets		**(141)**	–
Loss from Operations	4	**(5,673)**	(19,185)
Finance Costs		**–**	–
Loss before Tax		**(5,673)**	(19,185)
Taxation	5	**–**	–
Loss before Minority Interests		**(5,673)**	(19,185)
Minority Interests		**104**	72
Net Loss from Ordinary Activities Attributable to Shareholders	6	**(5,569)**	(19,113)
Loss Per Share			
Basic, HK cents	7	**(0.593)**	(3.303)
Diluted, HK cents	7	**N/A**	N/A

Notes:

1. BASIS OF PRESENTATION

The accounts have been prepared in accordance with all applicable Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

2. TURNOVER AND REVENUE

	Period ended 31 December 2003	Year ended 30 June 2003
	HK$'000	*HK$'000*
Turnover		
System solutions services income		
– Consultation	**–**	733
– Infrastructure	**552**	579
Web hosting income	**–**	66
Online room reservation income	**–**	44
Cyber cafè income	**62**	136
	614	1,558
Other revenue		
Sale of computer hardware and software	**55**	368
Less: Cost of good sold	**(28)**	(322)
	27	46
Exchange gain	**12**	–
Interest income	**–**	42
Rental income	**–**	3
Sundry income	**242**	148
Unrealised holding gain on other investments	**–**	5,740
Maintenance service income	**44**	–
	325	5,979
Total revenue	**939**	7,537

3. SEGMENT INFORMATION

Business segments

The Group is principally engaged in the business as a system solution provider. As per note 4 to the financial statements, the system solutions services offered by the Group consist of information technology consultation and infrastructure services and cyber cafè income.

The major component of cost of services rendered for system solution is labour cost. In view of increasing efficiency and flexibility of labour force, the management of the Group did not assign certain employees to specific business segment. Similarly, all distribution costs and administrative expenses were incurred on a group basis; therefore no segment expenses were allocated to various business segments.

Segment assets to be allocated to business segments are as follows:

Group:

	Period ended 31 December 2003 *HK$'000*	Year ended 30 June 2003 *HK$'000*
Trade receivables		
Continuing operations		
IT consultation and infrastructure services	**–**	4
Cyber cafè income	**12**	10
	12	14

Geographical segment

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

The Group's business is principally managed in Hong Kong and the Group's customers are mainly located in Hong Kong, Singapore, Macau and the People's Republic of China (the "PRC").

	Period ended 31 December 2003 *HK$'000*	Year ended 30 June 2003 *HK$'000*
Revenue from external customers		
– Hong Kong	**1**	1,317
– Singapore	**–**	13
– Macau	**62**	184
– the PRC	**551**	144
Total revenue from external customers	**614**	1,558
Other revenue		
– Hong Kong	**47**	5,927
– others	**278**	52
	325	5,979
Total operating revenue	**939**	7,537
Segment results		
– Hong Kong	**(3,040)**	(11,785)
– Singapore	**(1)**	(2,233)
– Macau	**(104)**	(2,880)
– the PRC	**(2,528)**	(2,287)
Loss from operations	**(5,673)**	(19,185)
Finance costs	**–**	–
Taxation	**–**	–
Minority interests	**104**	72
Loss attributable to shareholders	**(5,569)**	(19,113)
Depreciation		
– Hong Kong	**172**	563
– Singapore	**–**	87
– Macau	**52**	165
– the PRC	**115**	13
	339	828

More than 90% of segment assets and capital expenditure are in the PRC and Hong Kong at 31 December 2003 and 30 June 2003 respectively.

4. LOSS FROM OPERATIONS

The Group's loss from operations is arrived at after charging:

	Period ended 31 December 2003 *HK$'000*	Year ended 30 June 2003 *HK$'000*
Auditors' remuneration	**120**	120
Staff costs (excluding Directors' remuneration):		
– Wages and salaries	**1,201**	3,279
– Retirement benefits contributions	**16**	80
Research expenses incurred	**31**	290
Exchange loss	**–**	7
Depreciation of owned fixed assets	**339**	828
Amortisation of intangible assets	**141**	1,590
Amortisation of product development costs	**–**	2,271
Operating lease rentals in respect of land and buildings	**293**	1,125
Provision for doubtful debt	**4**	79
Loss on disposal of property, plant and equipment	**37**	508
Impairment of product development costs	**–**	6,620
Stock written off	**778**	–
Unrealised loss on investment of securities	**248**	–

5. TAXATION

No provision for Hong Kong profits tax has been made in the financial statements as the Group and its subsidiaries operating in Hong Kong have no assessable profits for the period (year ended 30 June 2003: Nil).

Taxation on overseas profits is charged at the rates of taxation prevailing in the countries in which the companies operate. No provision for overseas taxation has been made in the financial statements as the subsidiaries operating outside Hong Kong have no assessable profits for the period (year ended 30 June 2003: Nil).

The reconciliation of nil provision to the loss per income statements is as follows:

	Period ended 31 December 2003 *HK$'000*	Year ended 30 June 2003 *HK$'000*
Loss before taxation	**5,673**	19,185
Tax at the domestic income tax rate of 17.5% (30 June 2003:16%)	**(993)**	(3,070)
Tax effect of expenses that are not deductible in determining taxable profit	**1,164**	4,768
Tax effect of income that is not taxable in determining taxable profit	**–**	(42)
Tax effect of unrecognised deferred tax assets in respect of tax losses	**(171)**	(1,656)
Taxation charge for the period/year	**–**	–

No provision for deferred tax liabilities has been made as the Group and the Company had no material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements (year ended 30 June 2003: Nil).

The Group has not recognised deferred tax assets in respect of losses due to the unpredictability of the future profit streams. The tax losses do not expire under current tax legislation.

6. NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net loss from ordinary activities attributable to shareholders dealt with in the financial statements of the Company for the period ended 31 December 2003 was HK$18,505,000 (year ended 30 June 2003: HK$3,663,000).

7. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss from ordinary activities attributable to shareholders for the period of HK$5,569,000 (30 June 2003: HK$19,113,000) and the weighted average of 939,660,174 (30 June 2003: 578,667,024) ordinary share in issue during the period.

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

8. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the period ended 31 December 2003 (30 June 2003: Nil).

9. RESERVES

Group

	Share premium	**Contributed surplus**	**Accumulated losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2002	22,666	7,396	(8,609)	21,453
Net loss for the year	–	–	(19,113)	(19,113)
At 30 June 2003 and 1 July 2003	22,666	7,396	(27,722)	2,340
Placing of shares	20,962	–	–	20,962
Issuing expenses	(810)	–	–	(810)
Net loss for the period	–	–	(5,569)	(5,569)
At 31 December 2003	**42,818**	**7,396**	**(33,291)**	**16,923**

Company

	Share premium	Contributed surplus	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2002	22,666	2,985	(355)	25,296
Net loss for the year	–	–	(3,663)	(3,663)
At 30 June 2003 and 1 July 2003	22,666	2,985	(4,018)	21,633
Placing of shares	20,962	–	–	20,962
Issuing expenses	(810)	–	–	(810)
Net loss for the period	–	–	(18,505)	(18,505)
At 31 December 2003	**42,818**	**2,985**	**(22,523)**	**23,280**

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Change of year end

Pursuant to a resolution passed in the annual general meeting of Inworld Group Limited (the "Company") held on 29 October 2003, the accounting year end date of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") has been changed from 30 June to 31 December. As such, this annual report covers the six months period from 1 July 2003 to 31 December 2003.

Turnover

The turnover of the Group was approximately HK$614,000 for the six months ended 31 December 2003 (year ended 30 June 2003: HK$1,558,000). This represented an annualized decline of 21% from the year ended 30 June 2003 due to the setbacks experienced by the Group regarding the unfortunate saga of Severe Acute Respiratory Syndrome ("SARS") in the first half of 2003 and the consequential slowdown of business activities in various countries that the Group operated in. Nonetheless, the turnover in the current period represents a turnaround from the negative turnover in the first six months of 2003.

Pursuant to the Group's acquisition of Huaruiyuan, the Group strengthened its operating base in The People's Republic of China (the "PRC"). A positive growth of revenue was contributed from Huaruiyuan.

Operating expenses

In view of the turnover situation, the Group continued to tightly control its operating expense. Despite the additional operating expenses incurred due to the Huqruiyuan acquisition, the operating expenses decreased by 65%.

Loss for the period

The consolidated loss of the Group for the six months ended 31 December 2003 was approximately HK$5,569,000 (year ended 30 June 2003: loss of HK$19,113,000). The improvement in operating results resulted from the broaden revenue base, the cutback of operating expenses and the decrease in provision for assets. The Group provided for a total of HK$6,620,000 for impairment of product development cost in the year ended 30 June 2003.

Liquidity, financial resources and gearing

The Group generally finance its operation with internally generated cash flow and remaining portion of the net proceeds from fund raising activities. As at 31 December 2003, shareholders' funds of the Group amounted to approximately HK$29,349,000 (30 June 2003: HK$8,130,000). Current assets amount to approximately HK$11,556,000, of which approximately HK$166,000 were cash and bank balances. Current liabilities of approximately HK$2,461,000 mainly comprised other payables and accrued expenses. The Group expresses its gearing ratio (if any) as a percentage of bank borrowing and long-term debts over total assets. As at 31 December 2003 and to the date of this report, the Group did not have any bank borrowing or long-term debts (30 June 2003: nil).

The Directors believe that the Group has a healthy financial position and has sufficient resources to satisfy its capital expenditure and working capital requirement.

The capital structure, funding and treasury policies of the Group

The Group intends to finance its operation with its internal resources and net proceeds from fund raising activities. During the six months ended 31 December 2003, the Company allotted and issued as fully paid a total of 263,600,000 new shares of the Company as consideration of HK$11,598,400 for the acquisition of Huaruiyuan. The Company also placed an aggregate of 400,000,000 new shares of the Company at the placing price of HK$0.04 per placing shares for a net proceeds of approximately HK$15,300,000. Details of the acquisition of Huaruiyuan and Placing were set out in the circular of the Company dated 5 August 2003.

During the six months ended 31 December 2003, the business activities of the Group were mainly denominated in Hong Kong dollars and Renminbi. The Directors do not consider that the Group is significantly exposed to any foreign currency exchange risk. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. The Group does not employ any financial instruments for hedging purposes and does not engage in foreign currency speculative activities.

Investments

As at 31 December 2003, the Group held 930,000 shares and 104,999,999 shares of two companies which shares are listed on GEM. The investment of 104,999,999 shares in one of these listed companies are suspended as at the date of this report. During the six months under review, the Group did not receive any dividend from these listed securities (year ended 30 June 2003: Nil). The Group intends to hold these listed securities for trading purpose.

Details of material acquisitions and disposals of subsidiaries and affiliated companies in the course of the six months under review.

On 23 September 2003, Wah Shui Company Limited, a wholly-owned subsidiary of the Company, completed its purchase of 95% of the equity interests in Huaruiyuan. The acquisition was completed through allotment of 263,600,000 shares of the Company as consideration, and settlement of HK$11,201,600 in cash.

On 17 March 2004, the Group have entered into a sales and purchase agreement to acquire M Dream Mobile Entertainment Limited ("M Dream"). The consideration amounted to HK$31,320,000, of which HK$4,500,000 will be satisfied in cash and HK$26,820,000 will be satisfied by way of the allotment and issue of 298,000,000 new shares at HK$0.090 per share credited as fully paid.

Other than the aforementioned, the Group currently does not have any future plans for the material investment or capital assets.

Employees and remuneration policies

As at 31 December 2003, the Group had 70 employees (30 June 2003: 10), including directors of the Company. For the period under review, the remuneration of the Group amounted to approximately HK$1,217,000 (year ended 30 June 2003: HK$3,359,000). The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of individual employees. The Group also provides retirement schemes and medical insurance scheme for its employees. The Group has adopted a Share Option Scheme pursuant to which the Group granted options to persons including executive director and employees of the Group to acquire shares of the Company.

Details of charges on Group assets

During the period under review, no assets of the Group were pledged (year ended 30 June 2003: Nil).

Contingent liabilities

As at 31 December 2003, the Group had no contingent liabilities (30 June 2003: Nil).

Segmental Results

The Group mainly operated as a system solution provider during the period. The Group's turnover mainly resulted from system solutions services and cyber cafè income. Turnover from system solution services remained the primary revenue contributor of the Group and accounted for 87% of the turnover for the period ended 31 December 2003 (year ended 30 June 2003: 84%).

The Group is principally engaged in the business as a system solution provider. The major component of cost of services rendered for system solution is labour cost. In view of increasing efficiency and flexibility of labour force, the Group did not assign certain employees to specific business segment. Similarly, all distribution costs and administrative expenses were incurred on a group basis; therefore no segment expenses were allocated to various business segments.

The Group presented its geographical segment reporting based on the geographical location of our customers. During the period ended 31 December 2003, the PRC market had overtaken Hong Kong market as the largest market of the Group. Revenue from the PRC customers accounted for 90% of the turnover of the Group for the period as compared to only 9% in the year ended 30 June 2003. However, due to initial market development expenses, the PRC market segment reported a loss of HK$2,528,000 for the period.

Revenue from Hong Kong customers dropped from 85% of total revenue in the year ended 30 June 2003 to less than 1% in the current period. Nonetheless, due to tight management control on costs, the loss incurred in the Hong Kong market narrowed from HK$11,785,000 for the year ended 30 June 2003 to HK$3,040,000 for the period ended 31 December 2003.

Business Review

The Company is an investment holding company and its subsidiaries are principally engaged in the business as a system solutions provider. The major system solutions services offered by the Group include information technology consultation and infrastructure services. By providing such services, the Group is engaged in, among other things, hardware and software design and installation, computer system integration, system programming, server collocation, server building, computer system building and computer network building.

The Group continued to pursue its overall objective in the six months ended 31 December 2003.

However, the progress of the Group's objective was materially slowed down by the SARS saga which hit heavily at the Group's various operating centres in Hong Kong, Singapore and the PRC in the first half of 2003. Management of the Group consolidated its operating basis during the SARS saga and provided a strong base for the rebound of business in the six months under review .

On 23 September 2003, Wah Shui Company Limited, a wholly-owned subsidiary of the Company, completed its purchase of 95% of the equity interests in Huaruiyuan. The principal activities of Huaruiyuan are the design and development of tax-declaring computer software and the integration of tax-declaring computer system and network in the PRC. It has applied its tax-declaring software platform into products such as tax-declaring fuel filling machines and taxi meters so that such tax-declaring products can collect data and calculate the tax payable. Huaruiyuan is also engaged in the design and integration of the tax-declaring computer network and central computer system so that the data collected by the tax-declaring products can be transmitted to the central computer system owned by the users for processing, data polling and storage through the computer network. The central computer system designed and integrated by Huaruiyuan is compatible with the computer system of the PRC taxation authorities so that the PRC taxation authorities can collect the relevant data from the central computer system.

After the completion of the acquisition, the Group strengthened the operation and internal control of Huaruiyuan to upgrade its system to international standard. The Group employed international professional manager to be stationed in Huaruiyuan's Shenzhen operation base to spear head the upgrade. Results were prominent as the level of product standard improved significantly. Huaruiyuan successfully expanded its business operation from a pure PRC based company to an international company with exports to overseas market.

With the improvement in quality control, the efficiency of operation also improved. Head count at Huaruiyuan was reduced from over 70 people to 60 people and led to a better controlled environment and reduction in operating expenses.

Prospects

Due to the high level of technical sophistication involved in the tax-declaring system market, license need to be obtained from the PRC government in order to enter the tax-declaring products and the embedded computer systems market. Thus, there is an entry barrier in the tax-declaring system market in the PRC. The Directors anticipated that the economic climate in the PRC would maintain its present upward trend. As the PRC government moves to tighten up the tax monitoring system to combat tax avoidance, the Directors expected that the demand for tax-declaring computer technology and system would increase substantially in the coming few years.

In February 2004, the Company completed a placement of 150,000,000 shares to provide a strong foundation for the Group's further operation and expansion.

On 17 March 2004, the Group has entered into a sales and purchase agreement to acquire M Dream. M Dream is principally engaged in the research, development and after-sale services of entertainment gaming software in the PRC. M Dream also provides other value added services to mobile operators, like China Mobile, China Unicom in the PRC.

Through this acquisition of M Dream, the Group can expand its information technology consultation and infrastructure services on to the mobile platform. The Group can also participate in the provision of mobile value-added service in the PRC, a large and rapidly growing market. The Group will combine the user base and distribution channels of M Dream and the information technology knowledge of the Group to create synergy and in turn, enhance shareholders value. Through M Dream's current business relationship with PRC internet content providers, the Company can immediately tap into this segment of the market.

The Group will continue to broaden its services as a system solutions provider and its business spectrums in order to improve its profitability. The Group also intends to look for investment and acquisition opportunities in related business with growth potential and to expand its geographical presence by forming strategic and business alliances with local leading information technology companies and business partners in the PRC.

COMPARISON OF BUSINESS OBJECTIVES WITH ACUTAL BUSINESS PROGRESS

The following is a summary of the actual progress made in comparison with the business objectives as per the Prospectus up to 31 December 2003:

According to the business objectives as stated in the prospectus for the relevant period	Actual business progress
Revenue and business development	
• To continue the business development activities from the previous period	• The Group continued to strengthen its operation and work toward expansion of market shares in the geographical areas where the Group operated.
• To establish a main income stream from the Group's services provided in the PRC as a result of the growth of the Group's operation in the PRC	• The Group acquired Huaruiyuan during the period and established a main income stream in the PRC
• To continue to expand the proportion of revenues generated from the ASP services	• Revenue derived from the ASP business remained stagnant due to the slowdown of economic activities caused by the SARS saga.
• To expand revenue derived from the ASP services as a result of the launching of the CRM application which has been developed in the previous period	• Revenue derived from the ASP business remained stagnant due to the slowdown of economic activities caused by the SARS saga.

According to the business objectives as stated in the prospectus for the relevant period	Actual business progress
Product and services development	
• To continue the product and services development activities from the previous period	• The Group continued the development activities from the previous period but the progress was delayed due to the slowdown of economy and the SARS saga.
• To continue to develop Web-based application solutions	• The Group continued the development activities from the previous period but the progress was delayed due to the slowdown of economy and the SARS saga.
• To conduct the research and development of the 3G-enabled application, which enables users to perform 3G communication function, i.e. information exchange	• The Group continued the development activities from the previous period but the progress was delayed due to the slowdown of economy and the SARS saga.

According to the business objectives as stated in the prospectus for the relevant period	Actual business progress
Marketing	
• To explore the opportunities in expansion into other markets in the Asian countries, including India, Japan, South Korea, Singapore, Thailand and the PRC	• Due to the overall slowdown of economy in Asia, the Group had scaled back its expansion plan and focused mainly on the PRC market during the period.
• To implement a marketing program for the launching of CRM application as well as the existing products of the Group	• The Group had suspended the CRM application due to the unfavourable economic environment.

According to the business objectives as stated in the prospectus for the relevant period	Actual business progress
Expansion	
• To continue the expansion and business development activities from the previous period	• The Group acquired a new subsidiary, Huaruiyuan, in the PRC to further expand its operating base in the PRC. The Group continued to look into opportunities and explore venues for potential business development activities .
• To recruit new staff for the expansion of the Group's ASP services	• Due to the slowdown of overall economy, the Group had scaled back its recruitment activities during the peiord.
• To expand cyber cafè business and ASP services in other Asian regions such as Hong Kong, Singapore and Macau, other potential major cities where the Group has not have its presence	• Due to the slowdown of overall economy, the Group had scaled back its expansion of cyber cafè and ASP services during the period.
• To explore and identify investment and acquisition opportunities for expanding the Group's presence in related businesses with a growth potential	• The Group acquired a new subsidiary, Huaruiyuan, in the PRC to further expand its operating base in the PRC. The Group continued to look into opportunities for expanding the Group's presence in related businesses with a growth potential.

Use of proceeds

The net proceeds from the public listing had been applied in the following areas:

	Originally planned up to 31 December 2003	**Actual amount used up to 31 December 2003**
	HK$ in million	*HK$ in million*
Research and development of new applications and system solution	1.20	2.60
Development of ASP business	1.60	2.40
Enhancement of e-commerce platform	0.80	1.30
Development of new and enhancement of existing Internet based applications	2.00	2.35
Marketing and promotion activity	1.25	2.00
Enhancement of the Internet infrastructure of the Group	0.60	1.30
Formation of strategic and business alliance	3.00	18.15
Development of cyber cafè	1.50	1.80
Working capital	2.50	4.00
Total	14.45	35.90

Due to the contraction of business activities caused by the SARS saga and the subsequent slowdown of economy in the six months ended 31 December 2003, the Directors allocated internal resources to finance the operation of the Group. The net proceeds from the New Issue was fully utilized in the previous years. The Group raised additional funding in the six months under review by placement of 400,000,000 shares to support the operation of the Group for the current period . The Group continued its business development plan and strengthened its competitive ability in preparation for the coming years.

Though the actual amount of the use of proceeds varied from the original plan, the Directors currently still intend to implement the business plan as disclosed in the Prospectus and will continue to explore and identify opportunities for business alliance. The variances in the usage were mainly due to timing difference in the fund application.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

BOARD PRACTICES AND PROCEDURES

In the opinion of the Directors, the Company has complied with the "Board Practices and Procedures" as set out in Rule 5.28 and 5.39 of the GEM Listing Rules since the listing of the Company's shares on GEM on 31 December 2001, except that the independent non-executive directors of the Company are not appointed for specific terms and are subject to re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Articles of Associations.

By Order of the Board
Koh Tat Lee, Michael
Chairman

Hong Kong, 30 March 2004

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