

The logo for PROSTEN, featuring the word "PROSTEN" in white capital letters inside a dark blue oval shape.

PROSTEN

PROSTEN TECHNOLOGY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

長達科技控股有限公司*

(於開曼群島註冊成立之有限公司)

A photograph of an archer in a white shirt and black protective gear, drawing a bow. The archer is in the foreground, and a target is visible in the background. The background is a soft, out-of-focus green and white.

Our success breeds from our common belief...

因為我們目標一致，所以才能達到理想...

THIRD QUARTERLY REPORT 2004

二零零四年第三季度業績報告

** For identification purpose only 僅供識別*

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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

The Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Prosten Technology Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (1) the information contained in this report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

香港聯合交易所有限公司(「聯交所」)創業板(「創業板」)之特色

創業板是為可能帶有高投資風險之公司而設立之一個市場。尤為重要的是，在創業板上上市之公司毋須有過往盈利記錄，亦毋須預測未來溢利能力。此外，在創業板上上市之公司亦可能因其新興性質及該等公司經營業務之行業或國家而帶有風險。有意投資者應了解投資該等公司之潛在風險，並應經過審慎周詳之考慮後方作出投資決定。創業板之風險較高，加上具備其他特色，表示創業板較適合專業及其他經驗豐富之投資者。

由於創業板上上市公司新興之性質，然，在創業板買賣之證券可能會較於主板買賣之證券承受較大之市場波動風險，同時無法保證在創業板買賣之證券會有高流通量之市場。

創業板發佈資料之主要途徑為在聯交所為創業板而設之互聯網網頁上刊登。上市公司一般毋須在憲報指定報章發表付款公佈。因此，有意投資者應注意，彼等應瀏覽創業板網頁，以取得創業板上發行人之最新資料。

聯交所對本報告之內容概不負責，對其準確性或完整性亦不發表任何聲明，並表明不會就因本報告全部或任何部分內容而產生或因倚賴該等內容而引致之任何損失承擔任何責任。

本報告乃遵照聯交所之創業板證券上市規則(「創業板上上市規則」)提供有關長達科技控股有限公司(「本公司」)之資料，各董事(「董事」)對本報告共同及個別承擔全部責任。本公司各董事在作出一切合理查詢後確認，就彼等所知及確信：(1)本報告所載資料在各主要方面均為準確及完整及並無誤導成分；(2)並無遺漏任何其他事實，致令本報告的內容有所誤導；及(3)本報告所表達之意見乃經審慎周詳考慮後始行作出，並以公平合理之基準與假設為基礎。

HIGHLIGHTS

摘要

- Turnover of the Group for the nine months ended 31 December 2004 amounted to approximately HK\$42,963,000, representing a decrease of approximately 24.8% as compared to the corresponding period in the previous financial year.
- Net loss from ordinary activities attributable to shareholders for the nine months ended 31 December 2004 amounted to approximately HK\$30,691,000, representing a decrease of approximately 10.8% as compared with the same period of 2003.
- The Directors do not recommend the payment of an interim dividend for the nine months ended 31 December 2004.
- 本集團截至二零零四年十二月三十一日止九個月之營業額約42,963,000港元，較上一財政年度同期下跌約24.8%。
- 截至二零零四年十二月三十一日止九個月之股東應佔日常業務虧損淨額約為30,691,000港元，較二零零三年度同期減少約10.8%。
- 董事不建議就截至二零零四年十二月三十一日止九個月派發中期股息。

UNAUDITED CONSOLIDATED RESULTS

未經審核綜合業績

The Board of Directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the nine months and three months ended 31 December 2004 together with the unaudited comparative figures for the corresponding periods in 2003 as follows:

本公司董事會(「董事會」)謹此宣佈，本公司及其附屬公司(「本集團」)截至二零零四年十二月三十一日止九個月及三個月之未經審核綜合業績，連同二零零三年同期之未經審核比較數字如下：

		Notes	Nine months ended 31 December 截至十二月三十一日止 九個月		Three months ended 31 December 截至十二月三十一日止 三個月	
			2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
TURNOVER	營業額	2	42,963	57,108	12,905	27,694
Cost of sales	銷售成本		(29,527)	(45,332)	(9,007)	(24,859)
Gross profit	毛利		13,436	11,776	3,898	2,835
Other revenue	其他收益		2,068	1,132	328	537
Selling and distribution costs	銷售及分銷成本		(14,795)	(13,579)	(4,665)	(4,337)
General and administrative expenses	一般及行政開支		(30,977)	(32,092)	(10,256)	(10,440)
Other operating expenses	其他經營開支		(1,023)	(525)	(362)	(29)
LOSS FROM OPERATING ACTIVITIES	經營業務虧損		(31,291)	(33,288)	(11,057)	(11,434)
Finance costs	財務費用		(34)	(15)	(10)	(5)
LOSS BEFORE TAX	除稅前虧損		(31,325)	(33,303)	(11,067)	(11,439)
Tax	稅項	3	634	(1,105)	-	(658)
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	股東應佔日常業務虧損淨額		(30,691)	(34,408)	(11,067)	(12,097)
LOSS PER SHARE Basic	每股虧損基本	4	(HK6.0 cents) (6.0港仙)	(HK6.7 cents) (6.7港仙)	(HK2.2 cents) (2.2港仙)	(HK2.4 cents) (2.4港仙)

Notes:

1. Basis of Preparation

The Group's unaudited consolidated results have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements set out in Chapter 18 of the GEM Listing Rules. The unaudited consolidated results have been prepared under the historical cost convention except for the re-measurement of short term investments. The accounting policies adopted are consistent with those set out in the Group's annual financial statements for the year ended 31 March 2004.

The unaudited consolidated results have been reviewed by the audit committee of the Company.

2. Turnover

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts, business tax, where applicable, and services rendered. All significant intra-group transactions have been eliminated on consolidation.

3. Tax

Current period provision:	本期撥備：				
Hong Kong	香港	-	-	-	-
Elsewhere	其他地區	12	1,105	-	658
		12	1,105	-	658
Hong Kong profits tax refunded	退回香港利得稅	(503)	-	-	-
Overprovision in prior years	往年過度撥備	(143)	-	-	-
Tax charge/(written back) for the period	期內之稅項支出／(回撥)	(634)	1,105	-	658

附註：

1. 編製基準

本集團之未經審核綜合業績乃根據香港公認會計原則而編製，並符合香港會計師公會頒佈之會計準則及創業板上市規則第18章所載披露規定。除重新計算短期投資外，未經審核綜合業績乃根據原始成本準則編製。所採納之會計政策與本集團截至二零零四年三月三十一日止年度之全年財務報表之會計政策一致。

未經審核綜合業績已由本公司之審核委員會審閱。

2. 營業額

營業額指已出售貨品及所提供服務經扣除退貨、折扣、營業稅(倘適用)後之發票淨值。所有集團內公司間之重大交易已於綜合賬目時對銷。

3. 稅項

Nine months ended 31 December		Three months ended 31 December	
截至十二月三十一日止 九個月		截至十二月三十一日止 三個月	
2004	2003	2004	2003
二零零四年	二零零三年	二零零四年	二零零三年
HK\$'000	HK\$'000	HK\$'000	HK\$'000
千港元	千港元	千港元	千港元
-	-	-	-
12	1,105	-	658
12	1,105	-	658
(503)	-	-	-
(143)	-	-	-
(634)	1,105	-	658

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong for the nine months and three months ended 31 December 2004 (2003: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The Group's subsidiary operating in the PRC has been awarded "高新技術企業" status by the PRC governmental authority. In accordance with a notice issued by the PRC governmental authority on 29 December 2003, the subsidiary is entitled to a subvention on 7% of its assessable profits for the period from 1 January 2003 to 31 December 2004 when all conditions as set out in the notice are complied with. The PRC governmental authority has confirmed the fulfillment of the said conditions by the subsidiary and as such the subsidiary has received approximately HK\$558,000 of subvention.

There was no unprovided deferred tax in respect of the nine months and three months ended 31 December 2004 and at the balance sheet date (2003: Nil).

4. Loss Per Share

The calculation of basic loss per share amount for the nine months and three months ended 31 December 2004 are based on the unaudited net loss from ordinary activities attributable to shareholders of HK\$30,691,000 (nine months ended 31 December 2003: net loss from ordinary activities attributable to shareholders of HK\$34,408,000) and HK\$11,067,000 (three months ended 31 December 2003: net loss from ordinary activities attributable to shareholders of HK\$12,097,000), respectively, and on the weighted average number of 511,250,000 ordinary shares (both for the nine months and three months ended 31 December 2003: 511,250,000 ordinary shares) in issue throughout the periods.

Diluted loss per share amount for the nine months and three months ended 31 December 2004 and 2003 have not been disclosed, as the share options and warrants outstanding had an anti-dilutive effect on the basic loss per share for the periods.

由於本集團於截至二零零四年十二月三十一日止九個月及三個月並無錄得香港應課稅溢利(二零零三年:無),故期內並無作出香港利得稅之撥備。其他地區之應課稅溢利乃根據本集團經營業務所在之國家當地之現行法例、詮釋及慣例按當地現行稅率計算撥備。

本集團一間在中國經營之附屬公司獲中國政府機關頒發「高新技術企業」資格。根據中國政府機關於二零零三年十二月二十九日發出之通知,如該附屬公司達成通知內載列之條件,便有權獲得二零零三年一月一日至二零零四年十二月三十一日止期間之應課稅溢利之7%的津貼。中國政府機關已確認該附屬公司已達成所述之條件,據此該附屬公司已收取約558,000港元之津貼。

截至二零零四年十二月三十一日止九個月及三個月及於結算日概無任何未撥備之遞延稅項(二零零三年:無)。

4. 每股虧損

截至二零零四年十二月三十一日止九個月及三個月之每股基本虧損金額乃按期內之未經審核股東應佔日常業務虧損淨額分別30,691,000港元(截至二零零三年十二月三十一日止九個月:股東應佔日常業務虧損淨額34,408,000港元)及11,067,000港元(截至二零零三年十二月三十一日止三個月:股東應佔日常業務虧損淨額12,097,000港元),以及於兩段期間已發行普通股之加權平均數511,250,000股普通股(截至二零零三年十二月三十一日止九個月及三個月:511,250,000股普通股)計算。

截至二零零四年及二零零三年十二月三十一日止九個月及三個月之每股攤薄虧損金額並沒有披露,因未行使之購股權及認股權證對期內之每股基本虧損有反攤薄影響。

5. Reserves

5. 儲備

		Share premium account 股份 溢價賬 HK\$'000 千港元	Statutory reserve fund 法定 儲備基金 HK\$'000 千港元	Exchange fluctuation reserve 匯兌 波動儲備 HK\$'000 千港元	Accumulated losses 累計虧損 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1 April 2003 (Audited)	於二零零三年四月一日 (經審核)	339,275	-	112	(271,371)	68,016
Exchange differences arising on consolidation of overseas subsidiaries and gains not recognised in the profit and loss account	綜合海外附屬公司 賬目而產生之 匯兌差額及未 於損益賬確認 之收益	-	-	22	-	22
Net loss for the period	期內虧損淨額	-	-	-	(34,408)	(34,408)
At 31 December 2003 (Unaudited)	於二零零三年 十二月三十一日 (未經審核)	339,275	-	134	(305,779)	33,630
At 1 April 2004 (Audited)	於二零零四年四月一日 (經審核)	339,275	53	335	(312,544)	27,119
Net loss for the period	期內虧損淨額	-	-	-	(30,691)	(30,691)
At 31 December 2004 (Unaudited)	於二零零四年 十二月三十一日 (未經審核)	339,275	53	335	(343,235)	(3,572)

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the nine months ended 31 December 2004 (2003: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group's turnover for the nine months ended 31 December 2004 was HK\$42,963,000, representing a decrease of approximately 24.8% as compared to the corresponding period in last year. The decrease in turnover was caused primarily by a 60.7% drop in revenue from the broadband data networks and Internet backbone solutions business as a result of intense competitions in system integration market in China. However, there was a continuous growth of revenue from the Mobile Value Added Services ("MVAS") business. During the nine months period under review, revenue from the MVAS business amounted to approximately HK\$23,827,000, representing about 55.5% of the Group's total turnover for the period.

For the three months period ended 31 December 2004, the Group's turnover was HK\$12,905,000, representing a decrease of approximately 53.4% as compared with the corresponding quarter in last year. The decrease was mainly attributed to the decrease in revenue from the broadband data networks and Internet backbone solutions business. On the other hand, revenue from the MVAS business increased significantly from HK\$749,000 to HK\$8,327,000, representing 64.5% of the Group's total turnover for the three months ended 31 December 2004.

中期股息

董事不建議就截至二零零四年十二月三十一日止九個月派發中期股息(二零零三年：無)。

管理層討論及分析

財務回顧

本集團於截至二零零四年十二月三十一日止九個月之營業額為42,963,000港元，較去年同期下跌約24.8%。營業額減少主要由於中國系統整合市場競爭激烈導致寬頻數據網絡及互聯網主幹線解決方案業務收益下跌60.7%所致。然而，移動增值服務業務之收益卻持續錄得增長。於九個月回顧期間，移動增值服務業務收益約達23,827,000港元，佔本集團於期內之總營業額約55.5%。

截至二零零四年十二月三十一日止三個月期間，本集團之營業額為12,905,000港元，較去年同期下跌約53.4%。營業額下跌主要由於寬頻數據網絡及互聯網主幹線解決方案業務之收益減少所致。另一方面，移動增值服務業務之收益卻由749,000港元大幅增加至8,327,000港元，佔本集團於截至二零零四年十二月三十一日止三個月之總營業額64.5%。

Through the Group's efforts to develop the high margin MVAS business, the Group's gross profit increased by 14.1% to HK\$13,436,000 and by 37.5% to HK\$3,898,000, respectively, for the nine months and three months ended 31 December 2004. Similarly, the Group's gross profit margin for the nine months and three months ended 31 December 2004 also increased by 10.7% to 31.3% and by 20% to 30.2%, respectively.

As the Group continues to focus on the expansion of its MVAS business via launching various new Short Messaging Services ("SMS") products and building up the media networking of Interactive Voice Response Services ("IVRS"), the selling and distribution costs for the nine months ended 31 December 2004 increased by 9% to approximately HK\$14,795,000 when compared to the same period in last year. Nevertheless, the Group continued to adopt its cost control strategy. The general and administrative expenses and other operating expenses for the nine months period reduced slightly by 1.9% when compared with the corresponding period in last year.

The other revenue during the nine months period under review increased by HK\$936,000 to HK\$2,068,000 as compared to the corresponding period in last year. It was contributed by the financial subsidy received from the PRC governmental authority, the recovery of bad debts provided for in prior years and the Hong Kong profits tax claimed back.

The Group's net loss from ordinary activities attributable to shareholders improved to HK\$30,691,000 for the nine months ended 31 December 2004, representing a decrease of 10.8% from the corresponding period in 2003.

本集團透過致力發展高利潤之移動增值服務業務，本集團於截至二零零四年十二月三十一日止九個月及三個月之毛利分別上升14.1%至13,436,000港元及上升37.5%至3,898,000港元。與此同時，本集團於截至二零零四年十二月三十一日止九個月及三個月之邊際毛利率亦分別增加10.7%至31.3%及增加20%至30.2%。

由於本集團繼續透過推出多類新短訊服務及建立互動語音回應服務之媒體網絡，以致力拓展移動增值服務業務，故截至二零零四年十二月三十一日止九個月之銷售及分銷成本，較去年同期增加9%至約14,795,000港元。然而，本集團已持續實施成本控制策略。於九個月回顧期間，一般及行政開支以及其他經營開支則較去年同期輕微減少1.9%。

其他收益於九個月回顧期間較去年同期增加936,000港元至2,068,000港元。此乃由於中國政府機關授予財務補助、撥回過往年度之壞賬撥備及索回香港利得稅所致。

本集團之股東應佔日常業務虧損淨額於截至二零零四年十二月三十一日止九個月改善至30,691,000港元，較二零零三年同期下降10.8%。

Financial Position, Liquidity, Financial Resources and Debt Ratio

As at 31 December 2004, the shareholders' fund of the Group amounted to HK\$47,553,000, representing a decrease of 43.9% as compared to 31 December 2003. The Group had net current assets of HK\$43,344,000 as at 31 December 2004 compared with that of HK\$77,806,000 as at 31 December 2003. The Group's current ratio was approximately 2.2 as at 31 December 2004 (31 December 2003: 1.9).

As at 31 December 2004, the Group had a short-term loan of USD345,000. The loan bears interest at a rate of 7.2% per annum and has no fixed term of payment. The loan was fully repaid at the end of January 2005. As at 31 December 2004, the Group's gearing ratio, as a ratio of total borrowings to shareholders' fund was 5.9% (31 December 2003: 0.3%).

The Group had cash and bank balances including pledged bank deposits of HK\$42,469,000 as at 31 December 2004 (31 December 2003: HK\$76,817,000). During the period under review, the Group financed its operations mainly with its operating revenue, internal resources and banking facilities provided by its principal bankers. The Directors believe that the Group will continue to maintain a healthy financial position to finance its business operations and development.

財務狀況、流動資金、財政資源及債務比率

於二零零四年十二月三十一日，本集團之股東資本達47,553,000港元，與二零零三年十二月三十一日相比下跌43.9%。本集團於二零零四年十二月三十一日之流動資產淨值為43,344,000港元，而二零零三年十二月三十一日則為77,806,000港元。本集團於二零零四年十二月三十一日之流動比率約為2.2(二零零三年十二月三十一日：1.9)。

於二零零四年十二月三十一日，本集團之短期貸款為345,000美元。該貸款按年利率7.2%計息，並無固定還款期。該貸款已於二零零五年一月底悉數償還。於二零零四年十二月三十一日，本集團之資產與負債比率(總借貸與股東資本之比率)為5.9%(二零零三年十二月三十一日：0.3%)。

本集團於二零零四年十二月三十一日之現金及銀行結餘包括已抵押銀行存款為42,469,000港元(二零零三年十二月三十一日：76,817,000港元)。於回顧期內，本集團主要以其經營收益、內部資源及由其主要往來銀行所提供之銀行信貸支付其經營所需資金。董事相信本集團之財政狀況將繼續保持穩健，足夠作經營及發展業務用途。

Business Review and Outlook

For this period under review, the Group continued to concentrate on expanding the MVAS business and reallocating resources from the broadband data networks and Internet backbone solutions business to MVAS. The Group recorded a turnover of HK\$42,963,000 for the nine months ended 31 December 2004, of which MVAS revenue accounted for about 55.5%. Although the Group's total turnover dropped by 24.8% when comparing to last year, its gross profit margin increased by 10.7% to 31.3%. Consequently, its net loss from ordinary activities attributable to shareholders for the nine months ended 31 December 2004 improved by 10.8% when compared to last year's nine months operating result.

On the MVAS side, the billing settlement period with China Mobile Communication Corporation ("CMCC") had been lengthened as a result of the installation of the new MISC billing platform by CMCC. The impact to the Group's cash inflows, however, was minimum. Towards the end of this quarter, the Group successfully completed its system upgrades so that its billing software and platforms were compatible with the new MISC billing platform. The Group was ahead of most of its competitors in Mainland China in terms of the technology and billing platform capability. Due to the tightening up of regulations in value-added services imposed by the Ministry of Information Industry and the Chinese telecommunications operators, the Group's revenue from MVAS was impacted after September 2004. However, the Group was able to maintain a stable subscriber base through taking appropriate actions on adjusting its product portfolios and marketing strategies. Accordingly, the Group's MVAS revenue bounced back in late December 2004 after a short period setback from September 2004 and continued to improve.

業務回顧與展望

於本回顧期間，本集團繼續以拓展移動增值服務業務為重點，並將資源由寬頻數據網絡及互聯網主幹線解決方案業務重新調配至移動增值服務。本集團於截至二零零四年十二月三十一日止九個月錄得營業額42,963,000港元，其中約有55.5%為移動增值服務所得收益。雖然本集團之總營業額與去年相比下跌24.8%，邊際毛利率卻上升10.7%至31.3%。故此，本集團截至二零零四年十二月三十一日止九個月之股東應佔日常業務虧損淨額較去年九個月期間之經營業績改善10.8%。

就移動增值服務而言，由於中國移動通信集團公司（「中國移動」）已安裝全新移動信息服務中心計費平台，故此與中國移動之計費賬期已延長。然而，此舉對本集團之現金流入並未構成明顯影響。於本季度末期，本集團成功將系統提升，使其計費軟件及平台可與新移動信息服務中心之計費平台互相配合。本集團於科技及計費平台性能方面較許多中國內地之業內對手優越。由於中國信息產業部及中國電訊運營商收緊有關增值服務方面之法規，因而影響本集團於二零零四年九月後於移動增值服務所得收益。然而，本集團透過完善產品組合及市場推廣策略等恰當途徑，用戶人數維持穩定。本集團於移動增值服務所得收益於二零零四年九月後曾經歷短暫下調，至二零零四年十二月月底已恢復正常，並持續有所增長。

During the third quarter, the Group obtained a great achievement in offering IVRS that accounted for approximately 33.1% of the total MVAS turnover from none a year ago. Through the IVRS offering, the Group gained several nationwide media cooperation engagements and broadened its brand name recognition via the media promotion activities. On the other hand, the Group continued to promote its Wireless Application Protocol ("WAP") services via cooperation with mobile phone vendors by pre-installing the Group's WAP accessing portal sites or service menus into the mobile phones. The Group's MVAS was accessible not only via central service websites (i.e., Monternet and Uni-Info websites operated by CMCC and China Unicom, respectively), but also via fourteen provincial service websites. The revenue generated from WAP services for this quarter was better than the past two quarters. With the commencement of PHS Xiaolingtong value-added services rendered by China Netcom and China Telecom, the Group also expanded its business coverage by offering SMS and IVRS to Xiaolingtong users. The total number of Xiaolingtong users utilizing value-added services was projected to increase in the near future.

The Group cooperated with Miss World Organization during the Miss World Pageant competition held from November to December 2004 in Hainan Province of China. For this event, Miss World Organization adopted the Group's self-developed voting platform to record and analyze votes sent by mobile phone users for voting their favorite contestants and predicting the final winners of Miss World by way of SMS and IVRS.

於第三季度，本集團於提供互動語音回應服務方面成績斐然，佔移動增值服務總營業額約33.1%；而去年並無錄得任何收益。本集團透過提供互動語音回應服務，有機會與若干媒體合作，並透過媒體宣傳活動提升品牌知名度。另一方面，本集團將其無線應用軟體協定入門網站或服務目錄預先裝置於移動電話內，藉著與移動電話供應商合作，繼續推廣其無線應用軟體協定服務。除中央服務網站（即分別由中國移動及中國聯通營運之移動夢網及聯通網站）外，本集團之移動增值服務更可透過十四個省服務網站取用。本季度於無線應用軟體協定服務所賺取之收益較過去兩個季度理想。隨著中國網通及中國電信開始提供PHS小靈通增值服務，本集團同時透過向小靈通用戶提供短訊服務及互動語音回應服務而擴展業務範圍。使用增值服務之小靈通用戶總人數預期於可見將來有所增長。

本集團與世界小姐主辦機構於二零零四年十一月至十二月在中國海南省舉行世界小姐選美盛事期間合作。世界小姐主辦機構為這次選美採納本集團獨力開發之投票平台，記錄及分析移動電話用戶透過短訊服務及互動語音回應服務選出最喜愛參賽佳麗及競猜世界小姐冠軍之投票。

For the broadband data networks and Internet backbone solutions business, the Group was awarded contracts for China Unicom VOIP phase six extension project, Telecom NTT Engineering Co., Ltd. IP network project and Fujian Unicom SMS call center platform project. Nevertheless, the Group continued to scale down its operations in this business line based on forecasted weak demands in this area. For this quarter, the Group concentrated on early completion of its existing projects and collection of accounts receivables.

Going forward, the Group is optimistic about its MVAS business and will continue to put efforts to expand this business. Specifically, the Group will continue to promote its brand name recognition to foster customer royalty, expand its user base to increase revenue, deliver unique and innovative products to entice new customers, invest in sales and marketing to boost regional coverage, strengthen relationships with telecommunications operators, contents providers and mobile phone manufacturers to deepen customer penetration, and seek for strategic alliance partners to enhance the Group's products portfolios and distribution channels. The Group strongly believes that its revenue from MVAS will increase in the near future to offset the shortfall of revenue from the broadband data networks and Internet backbone solutions business.

就寬頻數據網絡及互聯網主幹線解決方案業務方面，本集團已投得中國聯通之VOIP第六期擴建工程、電信恩梯梯工程有限公司之互聯網通訊協定網絡工程及福建聯通短訊服務呼叫中心平台工程。然而，由於預測該類業務需求疲弱，故本集團繼續縮減該業務之經營規模。於本季度，本集團集中於提早完成現有工程及收取應收賬項。

展望將來，本集團對其移動增值服務業務抱樂觀態度，並將繼續致力拓展該業務。本集團尤其將繼續提升其品牌知名度，以取得客戶信任；增加用戶人數，以增加收入；推出獨特創新之產品，以吸納新客戶；投資於營銷及市場推廣方面，以提高地區市場佔有率；鞏固與電訊運營商、內容供應商及移動電話製造商之關係，以深化客戶滲透程度，同時物色策略聯盟夥伴，擴充本集團之產品組合及經銷渠道。本集團深信，移動增值服務所得收益將於可見將來有所增加，以補寬頻數據網絡及互聯網主幹線解決方案業務所得收益之不足。

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 31 December 2004, the interests and short positions of the Directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Exchange pursuant to Rule 5.46 of the GEM Listing Rules were as follows:

Long positions in shares of the Company

Name of Director 董事姓名	Company/name of associated corporation 公司／相聯 法團名稱	Capacity 權益類別	Number and class of securities 證券數目 及類別	Percentage of the Company's issued share capital 佔本公司 已發行股本 百分比
Mr. Yip Heon Ping 葉向平先生	The Company 公司	An object of a discretionary trust (Note 1) 全權信託之 託管對象 (附註1)	404,280,619 shares 404,280,619股股份	79.08%
Mr. Yip Seng Mun 葉醒民先生	The Company 公司	Interest of corporation controlled by director (Note 2) 由董事控制之 法團之權益 (附註2)	248,349,584 shares 248,349,584股股份	48.58%

董事及行政總裁於股份及相關股份及債權證中之權益及淡倉

於二零零四年十二月三十一日，按本公司根據證券及期貨條例第352條存置之登記冊所示，或按根據創業板上市規則第5.46條向本公司及聯交所作出之通知，董事及行政總裁於本公司及其相聯法團（按證券及期貨條例第XV部之定義）之股份、相關股份及債權證中之權益及淡倉如下：

於本公司股份之好倉

Notes:

- (1) These shares were held by Greenford Company Limited, Century Technology Holding Limited and Bakersfield Global Corporation as trustees of The Greenford Unit Trust, The Century Unit Trust and The Bakersfield Unit Trust, respectively. All the units of which were held by Cititrust (Cayman) Limited as trustee of The New Millennium Trust, a discretionary family trust established with Mr. Yip Heon Ping as the discretionary object for the time being.
- (2) These shares were held by Century Technology Holding Limited and Bakersfield Global Corporation and were beneficially owned by Mr. Yip Seng Mun.

Long positions in underlying shares of the Company*Share Options*

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include the Company's Directors and employees of the Group. Under the terms of the share option scheme adopted by the Company on 7 March 2000, the Board was authorised, at its absolute discretion, to grant options to the Company's Directors and employees of the Group, to take up options to subscribe for shares of the Company. The share option scheme became effective for a period of 10 years commencing on the listing of the Company's shares on the GEM of the Exchange on 28 March 2000 (the "Old Scheme").

附註：

- (1) 該等股份由 Greenford Company Limited、Century Technology Holding Limited 及 Bakersfield Global Corporation 分別以 The Greenford Unit Trust、The Century Unit Trust 及 The Bakersfield Unit Trust 之受託人身份持有。所有有關單位均由 Cititrust (Cayman) Limited 以 The New Millennium Trust 之受託人身份持有，而 The New Millennium Trust 為一項當時以葉向平先生為全權託管對象而設之全權家族信託。
- (2) 該等股份由 Century Technology Holding Limited 及 Bakersfield Global Corporation 持有，並由葉醒民先生實益擁有。

於本公司相關股份之好倉

購股權

本公司設有一項購股權計劃，旨在獎勵及獎勵對本集團之成功經營作出貢獻之合資格參與者。合資格參與者包括本公司董事及本集團僱員。根據本公司於二零零零年三月七日所採納之購股權計劃條款，董事會獲授權全權酌情決定向本公司董事及本集團僱員授出購股權，以接納購股權認購本公司股份。購股權計劃於本公司股份於二零零零年三月二十八日在聯交所創業板上市時開始生效，為期10年（「舊計劃」）。

Pursuant to the annual general meeting held on 27 July 2001, ordinary resolutions were passed by the shareholders to approve the cancellation and the re-grant of the share options under the Old Scheme.

At the extraordinary general meeting of the Company held on 9 April 2002 (the “EGM”), ordinary resolutions to approve the termination of the Old Scheme and the adoption of a new share option scheme (the “New Scheme”) were duly passed by the shareholders. Upon termination of the Old Scheme, no further options will be granted thereunder but in all other respects, the provisions of the Old Scheme shall remain in force and all options granted prior to such termination shall continue to be valid and exercisable in accordance therewith. The New Scheme became effective for a period of 10 years commencing on 23 April 2002. Under the New Scheme, the Directors may, at their sole discretion, grant to any eligible participants under the New Scheme options to subscribe for shares of the Company at the higher of (i) the closing price of shares of the Company on the GEM as stated in the Exchange’s daily quotation sheet on the date of the offer of grant; or (ii) the average closing price of the shares of the Company on the GEM as stated in the Exchange’s daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the share. The offer of a grant of options may be accepted within 21 days from the date of the offer. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

The maximum number of securities to be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the relevant class of securities of the Company in issue from time to time.

根據於二零零一年七月二十七日召開之股東週年大會，股東通過普通決議案，批准取消及重新授出舊計劃下之購股權。

在本公司於二零零二年四月九日召開之股東特別大會（「股東特別大會」）上，股東正式通過普通決議案，批准終止舊計劃及採納一項新購股權計劃（「新計劃」）。於舊計劃終止後，將無舊計劃下之其他購股權再授出，惟舊計劃之條文於所有其他方面仍然有效，且於終止前授出之所有購股權將持續有效及可據其條款予以行使。新計劃自二零零二年四月二十三日開始生效，為期10年。根據新計劃，董事可全權酌情決定向新計劃下之合資格參與者授出購股權，以認購本公司股份，認購價為(i)於要約發出日期聯交所每日報價單上所列本公司股份在創業板之收市價；或(ii)緊接要約發出日期前五個交易日聯交所每日報價單上所列本公司股份在創業板之平均收市價；及(iii)股份面值（以較高者為準）。接納購股權之要約之期限為要約日期起21日。接納購股權時須支付象徵式代價1港元。

因根據新計劃及本集團之其他購股權計劃所授出及尚未獲行使之所有購股權獲行使而將予配發及發行之證券最高數目，必須合共不超過不時已發行之本公司有關類別證券之30%。

The total number of shares which may be allotted and issued upon exercise of all options to be granted under the New Scheme is an amount equivalent to 10% of the shares of the Company in issue as at the date of the EGM.

In accordance with the terms of the relevant share option schemes, the exercise period of the options granted is determinable by the Directors, and commences after certain vesting period and ends in any event not later than 10 years from the respective date when the share options are granted, subject to the provisions for early termination thereof.

During the nine months ended 31 December 2004, no options were granted or exercised and a total of 210,000 and 310,000 share options were lapsed under the Old Scheme and the New Scheme, respectively, following the resignation of certain employees of the Group. As at 31 December 2004, the Company had outstanding options to subscribe for up to 27,485,000 shares and 20,980,000 shares under the Old Scheme and the New Scheme, respectively.

因根據新計劃將授出之所有購股權獲行使而可配發及發行之股份總數目，相等於截至股東特別大會舉行日期之本公司已發行股份之10%。

根據有關購股權計劃之條款，已授出購股權之行使期限可由董事予以釐定，於若干歸屬期間後開始，及無論在任何情況下最遲須於授出購股權之各有關日期起計十年屆滿，惟須受提前終止之規定所規限。

於截至二零零四年十二月三十一日止九個月期間，並無任何購股權獲授出或行使，舊計劃及新計劃下分別合共210,000及310,000份購股權於本集團若干僱員辭任後失效。於二零零四年十二月三十一日，根據舊計劃及新計劃，本公司分別有可認購最多27,485,000股及20,980,000股股份之尚未行使購股權。

The following Directors were granted share options under the Old Scheme to subscribe for shares of the Company, details of which are as follows:

以下董事根據舊計劃獲授購股權以認購本公司股份，詳情如下：

Name of Director 董事姓名	Number of options re-granted on 22 August 2001 at exercise price of HK\$0.40 per share 於二零零一年 八月二十二日 重授之購股權 數目(行使價為 每股0.40港元)	Number of share options as at 1 April 2004 and 31 December 2004 於二零零四年 四月一日及 二零零四年 十二月三十一日 之購股權數目	Exercise period of share options 購股權之行使期限
Mr. Yip Seng Mun 葉醒民先生	6,000,000	6,000,000	22 August 2001 to 21 August 2011 二零零一年 八月二十二日 至二零一一年 八月二十一日
Mr. Yip Heon Ping 葉向平先生	6,300,000	6,300,000	22 August 2001 to 21 August 2011 二零零一年 八月二十二日 至二零一一年 八月二十一日
Mr. Yip Heon Wai 葉向維先生	5,300,000	5,300,000	22 August 2001 to 21 August 2011 二零零一年 八月二十二日 至二零一一年 八月二十一日
Mr. Yip Heon Keung 葉向強先生	5,300,000	5,300,000	22 August 2001 to 21 August 2011 二零零一年 八月二十二日 至二零一一年 八月二十一日

The following Director was granted share options under the New Scheme to subscribe for shares of the Company, details of which are as follows:

以下董事根據新計劃獲授購股權以認購本公司股份，詳情如下：

Name of Director 董事姓名	Number of options granted on 22 May 2002 at exercise price of HK\$0.26 per share 於二零零二年五月二十二日獲授之購股權數目(行使價為每股0.26港元)	Number of share options as at 1 April 2004 and 31 December 2004 於二零零四年四月一日及二零零四年十二月三十一日之購股權數目	Exercise period of share options 購股權之行使期限
Mr. Au Shing Kwok 歐承國先生	500,000	500,000	22 May 2002 to 21 May 2012 二零零二年五月二十二日至二零一二年五月二十一日

SUBSTANTIAL SHAREHOLDERS

主要股東

As at 31 December 2004, the following persons (other than the Directors and chief executives of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

於二零零四年十二月三十一日，下列人士(董事及本公司行政總裁除外)擁有並記錄於根據證券及期貨條例第336條保存之登記冊內之本公司股份及相關股份之權益及淡倉如下：

Name of Shareholder 股東名稱	Notes 附註	Interest in ordinary shares 普通股權益	Percentage of the Company's issued share capital 佔本公司已發行股本百份比
Greenford Company Limited	(1)	155,931,035	30.50%
Century Technology Holding Limited	(2)	155,931,035	30.50%
Bakersfield Global Corporation	(3)	92,418,549	18.08%
Cititrust (Cayman) Limited	(4)	404,280,619	79.08%

Notes:

- (1) The entire issued share capital of Greenford Company Limited is beneficially owned by Mr. Yip Heon Ping, a director of the Company.
- (2) The entire issued share capital of Century Technology Holding Limited is beneficially owned by Mr. Yip Seng Mun, a director of the Company.
- (3) The entire issued share capital of Bakersfield Global Corporation is beneficially owned by Mr. Yip Seng Mun, a director of the Company.
- (4) 404,280,619 shares were held through Greenford Company Limited, Century Technology Holding Limited and Bakersfield Global Corporation as trustee of The Greenford Unit Trust, The Century Unit Trust and The Bakersfield Unit Trust, respectively. All of the units of which were held by Cititrust (Cayman) Limited as trustee of The New Millennium Trust, a discretionary family trust established with Mr. Yip Heon Ping as the discretionary object for the time being. Cititrust (Cayman) Limited is a wholly-owned subsidiary of Citibank Overseas Investment Corporation which in turn is owned by Citibank N.A.

Save as disclosed above, as at 31 December 2004, there was no person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

附註：

- (1) Greenford Company Limited全部已發行股本由本公司董事葉向平先生實益擁有。
- (2) Century Technology Holding Limited全部已發行股本由本公司董事葉醒民先生實益擁有。
- (3) Bakersfield Global Corporation全部已發行股本由本公司董事葉醒民先生實益擁有。
- (4) 合共404,280,619股股份由Greenford Company Limited、Century Technology Holding Limited及Bakersfield Global Corporation分別以The Greenford Unit Trust、The Century Unit Trust及The Bakersfield Unit Trust之受託人身份持有。所有有關單位均由Cititrust (Cayman) Limited以The New Millennium Trust之受託人身份持有，而The New Millennium Trust為一項當時以葉向平先生為全權託管對象而設之全權家族信託。Cititrust (Cayman) Limited為Citibank Overseas Investment Corporation之全資附屬公司，而Citibank Overseas Investment Corporation又為Citibank N.A.所擁有。

除上文所披露者外，於二零零四年十二月三十一日，概無任何人士（董事或本公司行政總裁除外）擁有本公司股份及相關股份之權益或淡倉，而須記錄於根據證券及期貨條例第336條保存之登記冊內。

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company or their respective associates (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group.

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

During the nine months ended 31 December 2004, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

BOARD PRACTICES AND PROCEDURES

The Company has complied with the Board Practices and Procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules throughout the reporting period.

AUDIT COMMITTEE

The Company established an audit committee (the "Committee") on 7 March 2000 with written terms of reference in compliance with the GEM Listing Rules. On 1 January 2005, Ms. Tse Yuet Ling, Justine ("Ms. Tse") was appointed as an independent non-executive Director and audit committee member of the Company. Currently, the Committee comprises three independent non-executive Directors of the Company, namely Mr. James T. Siano (who is acting as the Chairman of the Committee), Mr. Au Shing Kwok and Ms. Tse. The primary duties of the Committee are to review and supervise the financial reporting process and internal controls of the Group. The Committee has reviewed the draft of this report and has provided advice and comments thereon.

By Order of the Board
Yip Seng Mun
Chairman

Hong Kong, 4 February 2005

競爭權益

本公司各董事或管理層股東或彼等各自之聯繫人士(定義見創業板上市規則)並無擁有任何與本集團業務競爭或可能構成競爭之業務權益。

購買、出售或贖回本公司上市證券

於截至二零零四年十二月三十一日止九個月內，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

董事會常規及程序

本公司於整個申報期間一直遵守創業板上市規則第5.34至5.45條所載之董事會常規及程序。

審核委員會

本公司已根據創業板上市規則之規定，於二零零零年三月七日成立一個審核委員會(「該委員會」)。於二零零五年一月一日，謝月玲女士(「謝女士」)獲委任為本公司之獨立非執行董事兼審核委員會成員。目前，該委員會由三位本公司獨立非執行董事 James T. Siano 先生(擔任該委員會主席)、區承國先生及謝女士組成。該委員會主要職責為檢討及監察本集團之財務申報程序及內部控制。該委員會已審閱本報告之草擬，並就此提供意見及評論。

承董事會命
主席
葉醒民

香港，二零零五年二月四日



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