Armitage Technologies Holding Limited
（萬 達 資 訊 科 技 控 股 有 限 公 司）*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8213)

THIRD QUARTERLY REPORT
FOR THE NINE MONTHS ENDED 31ST DECEMBER, 2004

* *For identification purpose only*

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

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The Stock 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 Armitage Technologies Holding Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock 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.

FINANCIAL HIGHLIGHTS FOR THE NINE MONTHS ENDED 31ST DECEMBER, 2004

- Excluding the turnover generated from a subsidiary, which was disposed of in March 2004, turnover in Hong Kong had increased by approximately 2% when compared to the same period last year.

- Turnover in the PRC had decreased by approximately 20%. Unsatisfactory sale of the third party ERP systems Industrial and Finance Systems ("*IFS*") being the main reason for the decrease. However, a contract (approximately HK$4.5 million) to implement the *IFS* system for a large paper manufacturer was successfully concluded in December 2004.

- In December 2004, two significant I.T. Solutions contracts were concluded: a long-term outsourcing contract with a leading international IT corporation and a contract to participate in the development and implementation of the crew control system for a famous air line. Both contracts will contribute significantly to the Group's future revenue.

- Sale of the Group's proprietary application software, Pegasus Hotel Management System ("*Pegasus*") and Armitage Industrial Management System ("*AIMS*") together with its previous version Konto 21, had increased by approximately 4% and approximately 18% respectively.

- Total turnover amounted to approximately HK$35.8 million, representing a decrease of approximately 14% over the corresponding period last year.

- Operating expenses of approximately HK$25.2 million was recorded, representing an increase of approximately 16% over the corresponding period last year. The increase was within the expectation of the Group as such spending was utilized for operation and business expansion.

- Amortization of development costs and goodwill amounted to approximately HK$2.5 million. Initial investment in magazine publication amounted to approximately HK$2.4 million. Total loss attributable to shareholders of approximately HK$5.0 million was recorded. (2003: profit of approximately HK$885,000).

RESULTS

The board of directors (the "Board") of the Company hereby presents the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the nine months ended 31st December, 2004 and the three months ended 31st December, 2004, together with the comparative unaudited consolidated figures for the corresponding period last year, as follows:

		For the nine months ended 31st December,		For the three months ended 31st December,	
			Restated		*Restated*
		2004	2003	**2004**	2003
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	2	**35,787**	41,473	**12,323**	15,620
Cost of sales and services rendered		**(15,082)**	(17,959)	**(5,693)**	(6,558)
Gross profit		**20,705**	23,514	**6,630**	9,062
Other income		**296**	365	**80**	50
Net gain on disposal of investment properties and related fixed assets written off		**131**	—	**131**	—
Net realised and unrealised (losses)/gains on other investments		**(28)**	299	**47**	107
Operating expenses		**(25,202)**	(21,715)	**(7,979)**	(7,709)
Operating (loss)/profit		**(4,098)**	2,463	**(1,091)**	1,510
Finance costs		**(613)**	(364)	**(212)**	(115)
(Loss)/profit before income tax	3	**(4,711)**	2,099	**(1,303)**	1,395
Income tax expense	4	**(404)**	(845)	**(248)**	(409)
(Loss)/profit after income tax		**(5,115)**	1,254	**(1,551)**	986
Minority interests		**112**	(369)	**22**	(259)
(Loss)/profit attributable to shareholders		**(5,003)**	885	**(1,529)**	727
(Loss)/earnings per shar (HK cents)					
- Basic	5	**(0.67)**	0.12	**(0.20)**	0.10
- Diluted	5	**N/A**	0.12	**N/A**	0.10

Notes:

1. **Basis of preparation**

The unaudited consolidated results have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Statements of Standard Accounting Practice issued by the Hong Kong Institute of Certified Public Accountants and are prepared under the historical cost convention as modified by revaluation of investment properties and other investments.

During the reporting period, certain comparative figures have been restated following the adoption of SSAP 12 (revised) and to conform to the current period's presentation.

2. **Turnover**

The Group is mainly engaged in the provision of information solutions and design, development and sales of application software. Turnover represents revenue recognised in respect of the provision of information solutions and application software sold, and advertising income, net of discounts and business tax, during the period under review. An analysis of the turnover recorded for the period under review is set out below:

	For the nine months ended 31st December,	
		Restated
	2004	2003
	HK$'000	*HK$'000*
Provision of information solutions		
System development and integration	**19,451**	23,353
Maintenance and enhancement income*	**1,044**	1,312
Sales of application software packages and related maintenance income	**15,157**	16,720
Advertising income	**135**	88
	35,787	41,473

* *Maintenance and enhancement income relating to application software packages in Hong Kong were re-allocated under "sales of application software packages and related maintenance income".*

3. (Loss)/profit before income tax

(Loss)/profit before income tax is arrived at after charging:

	For the nine months ended 31st December, 2004 *HK$'000*	2003 *HK$'000*
Amortisation of development costs	**1,675**	522
Amortisation of goodwill	**781**	781
Amortisation of software	**330**	727
Amortisation of trade mark	**4**	3
Depreciation	**530**	479
Less: Amounts capitalised as development costs	**54**	77
	476	402
Interest on bank loans and overdrafts and other loans wholly repayable within five years	**524**	276

4. Income tax expense

Income tax expense in the unaudited consolidated income statement represents:

	For the nine months ended 31st December, 2004 *HK$'000*	*Restated* 2003 *HK$'000*
Current tax		
Provision for Hong Kong profits tax at 17.5% on the estimated assessable profits for the period	**30**	532
Deferred tax	**374**	313
Income tax expense	**404**	845

5. (Loss)/earnings per share

The calculation of basic (loss)/earnings per share for both periods under review is based on the Group's (loss)/profit attributable to shareholders and 750,000,000 ordinary shares in issue during both periods.

No diluted loss per share for current period has been presented as the potential ordinary shares to be issued upon exercise of the outstanding options under the Pre-IPO Share Option Plan are anti-dilutive.

Diluted earnings per share for previous period is based on the Group's profit attributable to shareholders and the assumption that 755,142,857 shares had been in issue during the period.The number of shares used in the calculation comprised 750,000,000 ordinary shares in issue, and 5,142,857 shares assumed to have been issued at no consideration on the deemed exercise of the options under the Pre-IPO Share Option Plan based on the issue price of HK$0.35.

6. Reserves

Movements in reserves for the nine months ended 31st December, 2004 and 2003 were as follows:

	Retained profits/ (accumulated losses)	Share premium	Special reserve	Capital reserve	Exchange reserve	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April, 2003 (Audited/restated)	2,195	40,493	3,801	174	(5)	46,658
Recovery of share placing expenses	–	2,343	–	–	-	2,343
Profit for the six months ended 30th September, 2003	158	–	–	–	–	158
At 30th September, 2003 (Unaudited)	2,353	42,836	3,801	174	(5)	49,159
Profit for the three months ended 31st December, 2003	727	–	–	–	–	727
At 31st December, 2003 (Unaudited)	3,080	42,836	3,801	174	(5)	49,886
At 1st April, 2004 (Audited)	(4,904)	42,836	3,801	174	(5)	41,902
Loss for the six months ended 30th September, 2004	(3,474)	–	–	–	–	(3,474)
At 30th September, 2004 (Unaudited)	(8,378)	42,836	3,801	174	(5)	38,428
Loss for the three months ended 31st December, 2004	(1,529)	–	–	–	–	(1,529)
At 31st December, 2004 (Unaudited)	(9,907)	42,836	3,801	174	(5)	36,899

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 31st December, 2004 (2003: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

HK Operation

For the nine months ended 31st December, 2004, turnover generated from Hong Kong operation amounted to approximately HK$26.3 million. When compared to the same period last year, there was a decrease of approximately 11% in turnover. However, taking into consideration that the previous period included the turnover contributed by a subsidiary that the Group had disposed of in March 2004 (approximately HK$3.9 million), there was actually a moderate increase of approximately 2%.

In December 2004, the Group has entered into an agreement with a leading international IT corporation for outsourcing resources in our Shenzhen development centre to develop systems for various renowned customers. This is a long-term contract (initially for three years) and is expected to contribute significantly to the Group's future revenue.

On IT solutions, the Group has concluded a number of fixed-price projects. These included the participation in the development and implementation of the crew control system for a renowned air-transportation company and the development and implementation of the End-User Computing System for a government department in cooperation with a leading international IT corporation. The Group was also formally engaged by a major US bank to develop a customized deal ticket database system.

The Group is pleased that after efforts made to improve the product quality and customer services standard of its self-proprietary ERP system, *AIMS*, revenue generated from *AIMS* together with its previous version *Konto 21*, had increased by approximately 18% to approximately HK$5.2 million (2003: approximately HK$4.4 million). During the past quarter, the Group has successfully concluded a number of contracts on *AIMS*, amongst them were a substantial contract with a local toy manufacturer for implementation of the manufacturing, accounting and human resources modules of the *AIMS* system.

PRC Operation

Turnover from PRC operation amounted to approximately HK$9.5 million (2003: approximately HK$11.9 million), an approximately 20% decrease was recorded. The decrease was attributable to the unsatisfactory sales of the third party ERP system, *IFS* that amounted to approximately HK$602,000 (2003: approximately HK$3.4 million). Sale of the Group's flagship product, *Pegasus* recorded a moderate increase of approximately 4%.

The Group continued to strengthen its sales and technical support teams in its regional offices in order to cope with the business expansion plans for *Pegasus* in the hospitality industry.

On ERP side, after lengthy cultivation, in December 2004, the Group had successfully concluded a significant contract (approximately HK$4.5 million) with a famous paper manufacturer for implementation of *IFS*. This project will commence on January 2005 and is expected to take two years to complete.

Advertising income generated from magazine publication amounted to approximately HK$135,000 during the period under review. Approximately HK$2.0 million was expended in printing charges and employment of professionals. As this is a new attempt, the initial investment period with insignificant return is within the Group's expectation. The Group expects situation to improve when this business enters its second year's operation.

FUTURE PROSPECTS

Whilst the Group continues to focus its growth in the PRC market, greater conscious effort will also be exerted in securing business opportunities in Hong Kong.

The improving economic conditions in Hong Kong will provide more opportunities for the Group's future business development, particularly in outsourcing and application software packages implementation. The commencement of cooperation with a large international IT company for outsourcing IT resources marked the beginning of long term cooperation which is expected to contribute significant revenue in the future. For the proprietary ERP system, *AIMS*, the Group will continue its investment in the improvement of its product quality, service standard and sales and marketing. The Group expects that sales for *AIMS* will be promising in the coming quarters.

As overall investment atmosphere in the PRC has improved due to the anticipation of relaxation of government's control, the Group is optimistic that *Pegasus* could achieve a further break through in sales in the coming quarters. On the mid and long term, prospect of *Pegasus* is very good as new hotels are planned to be built in large cities like Beijing (to meet demand for the 2008 Olympic Games) and Guangzhou (for the 2010 Asian Games) and Shanghai (for the Expo 2010).

For ERP implementation in the PRC, competition is keen. However, the Group believes that with the experience accumulated from previous projects, its PRC team of ERP experts possesses valuable technical knowledge in this area that few competitors can match. The winning of a significant *IFS* contract in end of 2004 further enhanced the Group's confidence in this area and growth in licence and service sales is expected in the future.

After one year of operation in the publication of the hotel guest room magazine "**e^{2}Smart**", modest improvement in advertisement sales was achieved in the last quarter. After efforts made in improving its content and distribution channel, the Group will now focus on building a strong sales and marketing team with a view to achieve further improvement in advertising sales.

The Group has determined to achieve a turn-around to profitability within the shortest possible time through aggressive but well-devised business development plan and sensible cost control.

FINANCIAL REVIEW

For the nine months ended 31st December, 2004, the Group's unaudited consolidated turnover amounted to approximately HK$35.8 million, representing a decrease of approximately 14% as compared to the corresponding period last year. The two major reasons contributing to the decrease in turnover were the disposal of a subsidiary in March 2004 and the unsatisfactory sales of the Group's third party ERP systems, *IFS* in the PRC. In the previous period the disposed subsidiary had contributed approximately HK$3.9 million to the Group's turnover. Revenue generated from the *IFS* had decreased by approximately HK$2.8 million when compared to the corresponding period last year.

Turnover generated from Hong Kong operation was approximately HK$26.3 million (2003: approximately HK$29.6 million). Income from provision of information solutions amounted to approximately HK$20.5 million, (2003: approximately HK$24.7 million). Income generated from sale of the Group's proprietary software, *AIMS* together with its previous version Konto 21, was approximately HK$5.2 million (2003: approximately HK$4.4 million), representing an increase of approximately 18% compared to the corresponding period last year.

The Group has disposed of an investment property in Hong Kong. The net gain on disposal and related fixed assets written off amounted to approximately HK$131,000.

In the PRC, sales of the Group' s proprietary product, *Pegasus* achieved a moderate growth of approximately 4% from approximately HK$8.4 million to approximately HK$8.8 million for the period under review whereas sale of the third party ERP package, *IFS* decreased from approximately HK$3.4 million to approximately HK$602,000.

The Group's advertising income, being revenue generated from advertisement on magazine publication, amounted to approximately HK$135,000. Since March 2004, leveraging on the hotel network established through selling of *Pegasus*, the Group has been publishing a hotel guest room magazine "**e^{2}Smart**" distributed to star-ranked hotels in major cities of the PRC.

Operating expenses had increased by approximately 16% compared with the previous period. The increase was mainly attributable to operation and business expansion in the PRC in terms of expansion of the Group's regional offices in the PRC for provision of sales and technical support to customers, expenses incurred in publication of the magazine "**e²Smart**" and additional amortization of development costs. Such increase in spending was within the expectation of the Group.

Loss attributable to shareholders was approximately HK$5.0 million for the period under review. Included were: amortisation of development costs and goodwill amounted to approximately HK$2.5 million; amortisation of software, trademark and depreciation for fixed assets amounted to approximately HK$0.8 million; loss from publication of amounted to approximately HK$2.4 million and expenses incurred in compliance with listing requirements amounted to approximately HK$1.1 million.

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

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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SECURITIES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31st December, 2004, the interests or short positions of the directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), Chapter 571 under the Laws of Hong Kong), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) **Long positions in the shares of the Company**

Name	**Type of interests**	**Number of shares**	**Approximate percentage of the issued share capital** *(Note 3)*
Mr. Lee Shun Hon, Felix	Personal	332,801,790	44.37%
	Family	17,907,651 *(Note 1)*	2.39%
Mr. Chun Hon Ching	Personal	7,503,399	1.00%
Dr. Liao, York	Corporate	29,988,007 *(Note 2)*	4.00%

Notes:

1. These shares are held by Mr. Lee Shun Hon, Felix's wife, Ms. Leung Mee Chun, Stella, and therefore Mr. Lee Shun Hon, Felix is deemed to have an interest in the shares in which Ms. Leung Mee Chun, Stella is interested in.

2. These shares are held by Winbridge Company Limited ("Winbridge"), which is owned as to 99% by Dr. Liao, York and therefore Dr. Liao, York is deemed to have an interest in the shares in which Winbridge is interested in.

3. Based on 750,000,000 shares of the Company in issue as at 31st December, 2004.

(b) **Long positions in underlying shares of equity derivatives of the Company**

A summary of the share options granted to the directors pursuant to the Pre-IPO Share Option Plan adopted on 26th February, 2003 is as follows:

Name	Type of interests	Exercisable period	Exercise price	Number of underlying shares
Mr. Lee Shun Hon, Felix	Personal	18th September, 2004 to 17th March, 2007	HK$0.35	493,333
		18th September, 2005 to 17th March, 2007	HK$0.35	493,333
		18th September, 2006 to 17th March, 2007	HK$0.35	493,334
				1,480,000
Mr. Chun Hon Ching	Personal	18th September, 2004 to 17th March, 2007	HK$0.35	600,000
		18th September, 2005 to 17th March, 2007	HK$0.35	600,000
		18th September, 2006 to 17th March, 2007	HK$0.35	600,000
				1,800,000
Mr. To Yung Yui, Steve	Personal	18th September, 2004 to 17th March, 2007	HK$0.35	273,333
		18th September, 2005 to 17th March, 2007	HK$0.35	273,333
		18th September, 2006 to 17th March, 2007	HK$0.35	273,334
				820,000
Dr. Liao, York	Personal	18th September, 2004 to 17th March, 2007	HK$0.10	2,400,000
		18th September, 2005 to 17th March, 2007	HK$0.10	2,400,000
		18th September, 2006 to 17th March, 2007	HK$0.10	2,400,000
				7,200,000
				11,300,000

(c) **Short positions in the shares and underlying shares of equity derivatives of the Company**

Save as disclosed herein, as at 31st December, 2004, none of the directors has short positions in the shares or underlying shares of equity derivatives of the Company.

Save as disclosed herein, as at 31st December, 2004, none of the directors had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

PERSONS WHO HAVE AN INTEREST OR A SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDING

So far as is known to any director or chief executive of the Company, as at 31st December, 2004, the persons or companies who had an interest or short position in the shares or underlying shares of the Company which were required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

(a) **Long positions in the shares of the Company**

Name	**Type of interests**	**Number of Shares**	**Approximate percentage of the issued share capital** *(Note 4)*
Mr. Lee Shun Hon, Felix	Personal	332,801,790	44.37%
	Family	17,907,651 *(Note 1)*	2.39%
Kingspecial Investments Limited	Corporate	114,578,176 *(Note 2)*	15.28%
Mr. Lee Shun Kwong	Corporate	41,870,454 *(Note 3)*	5.58%

Notes:

1. These shares are held by Mr. Lee Shun Hon, Felix's wife, Ms. Leung Mee Chun, Stella, and therefore Mr. Lee Shun Hon, Felix is deemed to have an interest in the shares in which Ms. Leung Mee Chun, Stella is interested in.

2. The issued share capital of Kingspecial Investments Limited is beneficially owned as to 30% by Mr. Lee Shun Hon, Felix, as to 30% by Mr. Lee Shun Kwong and as to 30% by Dr. Lee Shun Hung, Kelvin (both of whom are brothers of Mr. Lee Shun Hon, Felix) and as to 10% by Ms. So Li Hang Lin, the sister of Mr. Lee Shun Hon, Felix.

3. Mr. Lee Shun Kwong has an attributable interest of 34,373,452 shares through his shareholding interest of 30% in Kingspecial Investments Limited and of an attributable interest in 7,497,002 shares through his interest of approximately 29.84% in Keystone Ventures, L.P. (in his capacity as a limited partner of Keystone Ventures, L.P.).

4. Based on 750,000,000 shares of the Company in issue as at 31st December, 2004.

(b) **Long positions in underlying shares of equity derivatives of the Company**

A summary of the share options granted to a substantial shareholder pursuant to the Pre-IPO Share Option Plan adopted on 26th February, 2003 is as follows:

Name	**Type of interests**	**Exercisable period**	**Exercise price**	**Number of underlying shares**
Mr. Lee Shun Hon, Felix	Personal	18th September, 2004 to 17th March, 2007	HK$0.35	493,333
		18th September, 2005 to 17th March, 2007	HK$0.35	493,333
		18th September, 2006 to 17th March, 2007	HK$0.35	493,334
				1,480,000

(c) **Short positions in the shares and underlying shares of equity derivatives of the Company**

So far as the directors are aware, save as disclosed herein, no persons have short positions in the shares or underlying shares of equity derivatives of the Company.

Save as disclosed herein, so far as is known to the directors, as at 31st December, 2004, no other persons or companies had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO or were interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

COMPETING INTERESTS

None of the directors, the substantial shareholders or the management shareholders (as defined in the GEM Listing Rules) had any interests in any business which competed with or might compete with the business of the Group.

SPONSOR'S INTERESTS

As updated and notified by the Company's sponsor, Anglo Chinese Corporate Finance, Limited ("Anglo Chinese"), as at 31st December, 2004, neither Anglo Chinese nor any of its directors, employees or associates had any interests in the shares of the Company or any member of the Group, or any right to subscribe for or to nominate persons to subscribe for the shares of the Company or any member of the Group.

Pursuant to the sponsorship agreement dated 28th February, 2003 entered with the Company, Anglo Chinese had received and will receive fees for acting as the Company's continuing sponsor for the period from 18th March, 2003 (date of listing of the Company's shares on GEM) to 31st March, 2005.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.29 to 5.32 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's draft annual, interim and quarterly reports and accounts and to provide advice and comments thereon to the Board. The audit committee will also be responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. The audit committee comprises three independent non-executive directors, namely Mr. Anthony Francis Martin Conway, Professor Tsang Hin Pok, Herbert and Mr. Chan Hang.

Up to the date of approval of the Group's unaudited results for the nine months ended 31st December, 2004, the audit committee has held three meetings and has reviewed the draft quarterly report and accounts for the nine months ended 31st December, 2004 prior to recommending such report and accounts to the Board for approval.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has compiled with Rules 5.34 to 5.45 of the GEM Listing Rules concerning management responsibilities of the Board throughout the nine months ended 31st December, 2004.

On behalf of the Board
Lee Shun Hon, Felix
Chairman

Hong Kong, 4th February, 2005

As at the date of this report, the Company's executive directors include Mr. Lee Shun Hon, Felix, Mr. Chun Hon Ching and Mr. To Yung Yui, Steve; non-executive director includes Dr. Liao, York; independent non-executive directors include Mr. Anthony Francis Martin Conway, Professor Tsang Hin Pok, Herbert, and Mr. Chan Hang.