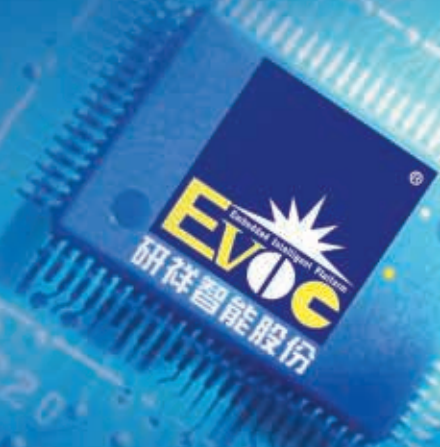




深圳市研祥智能科技股份有限公司

Shenzhen EVOC Intelligent Technology Company Limited*

(a joint stock limited company incorporated in the People's Republic of China)



2005

First Quarterly Report

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.

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 Stock Exchange. Listed companies are not generally required to issue paid announcements 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 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 of Shenzhen EVOC Intelligent Technology Company 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 Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors of the Company 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 assumption that are fair and reasonable.

FINANCIAL HIGHLIGHTS

The turnover of the Company for the three months ended 31 March 2005 was approximately RMB40.7 million (2004: RMB42.3 million), representing a decrease of approximately 4% as compared to the same period of last year.

The net profit attributable to shareholders for the three months ended 31 March 2005 amounted to approximately RMB5.2 million (2004: RMB7.5 million), representing a decrease of approximately 30% as compared to the same period of last year.

Earnings per share of the Company were approximately RMB0.011 (2004: RMB0.016) for the three months ended 31 March 2005.

UNAUDITED RESULTS

The board of directors (the "Directors") of Shenzhen EVOC Intelligent Technology Company Limited (the "Company") is pleased to present the unaudited results of the Company, for the three months ended 31 March 2005, together with the comparative unaudited results of the Company for the corresponding period in 2004, as follows:

PROFIT AND LOSS ACCOUNT

		Three months ended 31 March	
	Notes	2005 (Unaudited) RMB'000	2004 (Unaudited) RMB'000
Turnover	3	40,688	42,267
Cost of sales		(26,406)	(25,375)
Gross profit		14,282	16,892
Other revenue		2,282	1,488
Selling and distribution costs		(5,244)	(5,926)
Administrative expenses		(2,345)	(1,769)
Other operating expenses		(3,245)	(2,151)
Profit from operating activities		5,730	8,534
Finance costs		(14)	(335)
Profit before tax		5,716	8,199
Tax	4	(488)	(738)
Profit attributable to shareholders		5,228	7,461
Dividend	5	—	—
Earnings per share — Basic	6	RMB0.011	RMB0.016

Notes:

1. Corporate information

The Company was established in the People's Republic of China (the "PRC") on 18 December 2000 as a joint stock limited company under the Company law. The Company's H Shares were listed on the GEM of the Stock Exchange on 10 October 2003 (the "Listing"). The Company is principally engaged in the research, development, manufacture and distribution of Embedded Intelligent Platform ("EIP") products in the PRC.

2. Basis of preparation

The unaudited quarterly results of the Company has been prepared in accordance with Hong Kong Financial Reporting Standards (which also include Statements of Standard Accounting Practice and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules. They have been prepared under the historical cost convention.

3. Turnover

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

4. Tax

The Company is located in the Shenzhen Special Economic Zone and is therefore subject to a corporate income tax rate of 15%. In accordance with the relevant income tax laws and regulations in the PRC, the Company was exempt from corporate income tax for two years commencing from its first year with assessable profits after deducting the tax losses brought forward, and was entitled to a 50% tax exemption for the next three years (the "Shenzhen Enterprise Preferential Tax Treatment").

The year ended 31 December 2003 was the fifth year since the Company's first year of operations with assessable profits and accordingly, the Company was entitled to a 50% exemption from corporate income tax for the year ended 31 December 2003.

As a new and high technology enterprise, the Company had apply to the Shenzhen Administration of Taxation in 2004 for a 50% exemption from income tax and obtained the approval for three more years until the year ending 31 December 2006. Accordingly, the Company was entitled to a 50% exemption from corporate income tax for the year ended 31 December 2004.

The branches of the Company are located in various cities within the PRC and are subject to a corporate income tax rate of 33% on their assessable profits during the period.

No provision for Hong Kong Profits Tax has been made in the financial statements, as the Company has no assessable profits arising in Hong Kong for the period.

5. Dividends

The Directors do not recommend the payment of dividend for the three months ended 31 March 2005 (2004: Nil).

6. Earnings per share

The calculation of basic earnings per share for the three months ended 31 March 2005 is based on the profit attributable to shareholders of approximately RMB5,228,000 (2004: RMB7,461,000) and the 467,100,000 (2004: 467,100,000) ordinary shares in issue during the period.

Diluted earnings per share amount for the three months ended 31 March 2004 and 2005 have not been disclosed as no diluting events existed during these period.

7. Share Capital

	31 March 2005 RMB'000	31 March 2004 RMB'000
Authorized, issued and fully paid: 467,100,000 (2004: 467,100,000) ordinary shares of RMB0.10 each	46,710	46,710

8. Reserves

	Share premium account RMB'000	Statutory funds RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2004	85,190	18,874	63,957	168,021
Net profit for the year	—	—	43,504	43,504
Transfer from/(to) reserves	—	6,526	(6,526)	—
Proposed final 2004 dividend	—	—	(11,678)	(11,678)
At 31 December 2004	85,190	25,400	89,257	199,847
Net profit for the period	—	—	5,228	5,228
At 31 March 2005	85,190	25,400	94,485	205,075

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the three months ended 31 March 2005, the Company reported an unaudited turnover of RMB40,688,000 (2004: RMB42,267,000), representing a decline of 4% as compared with the same period of last year, which was mainly due to seasonal fluctuations and decrease in the sales of board-type EIP products.

For the three months ended 31 March 2005, the Company recorded an unaudited net profit of RMB5,228,000, (2004: RMB7,461,000), represented a decline of 30% as compared with the same period of last year. The gross profit margin was 35% (2004: 40%). The decrease in gross profit margin was mainly due to change in the turnover of product mix, the turnover of chassis-type EIP products increased substantially during the period and the gross profit margin is lower comparing with board type EIP products. The decline of net profit was mainly due to the decrease in gross profit and increase in research and development costs. The research and development costs for the three months ended 31 March 2005 was approximately RMB3,223,000 (2004: RMB2,150,000).

Liquidity, Financial Resources and Gearing ratio

As at 31 March 2005, the Company had shareholders' funds/net assets of approximately RMB263 million. It mainly comprised bank balances of approximately RMB204 million, inventories of approximately RMB38 million and trade and bills receivables of approximately RMB30 million. The company did not have any long-term liabilities. Current liabilities of the Company mainly comprised other loans of RMB2 million and trade and other payables of approximately RMB40 million. Net assets value per share of the Company was approximately RMB0.56.

As at 31 March 2005, the gearing ratio of the Company is 14% (2004: 20%). It is defined as the Company's total liabilities over the total assets.

Business Review

During the period under review, the Company continued to engage in the research, development, manufacture and distribution of EIP products in the PRC. The Company offers over 230 EIP products, which can be broadly classified by distinctive function and features into three categories, namely, chassis-type EIP products, board-type EIP products and remote data modules. EIP products manufactured and distributed by the Company are widely applied in areas of

telecommunication, industrial, military, electricity generation, video frequency control, transportation, Internet, medical control, gas station, gambling, multi-media, digital video recording, commerce and finance, etc.

The Company had continued focusing on research and development of (i) second generation of EIP products; (ii) Embedded Real-time Control Operating System ("ERCOS") products and (iii) new generation of EIP products with Reduced Instruction Set Computing ("RISC") solutions. The new products launched in the first quarter include (i) Embedded PCI Industrial Computer Manufacturers Group (PICMG) PCI-X Central Processing Unit (CPU) Card and (ii) Dotham Processor PCI-E EIP platform.

Product Categories

The following table provides an analysis of the Company's turnover by products categories:

	Turnover Three months ended 31 March			
	2005 (unaudited)		2004 (unaudited)	
	RMB'000	%	RMB'000	%
Board-type EIP	21,152	52.0	25,423	60.1
Chassis-type EIP	18,406	45.2	15,449	36.6
Remote data modules	1,130	2.8	1,395	3.3
	40,688	100.0	42,267	100.0

Sales and Marketing

The year 2005 was named as "year of valuable customers" and "year of net profit". During the year, the Company will boost its overall competitiveness in expanding sales network, research and development, production process, quality control, product quality and corporate and brand image.

In line with the "Baituo" (北拓) activities started in 2004, the Company will host "EIP Technology Exchange Fair 2005" (2005年 EIP 技術交流會), the fair will lead to a formation of EIP Technology Exchange Platform and strengthen the application of EIP technology in different industries. In January 2005, the first "EIP technology training course" was held in Beijing. Technicians from various industries and enterprise in northern China participated. The company shares the techniques and experience with the customers and will continue to hold such training courses in different regions as well as on the internet.

The company also participated in the following exhibition and fair during the first quarter:

1. Wuhan Automatic Equipment and Meter Fair [武漢自動化及儀器儀表展覽會];
2. Shanghai ESC Embedded System Fair [上海 ESC 嵌入式系統展覽會];
3. Shenyang and Haerbin Automatic Fair [沈陽、哈爾濱自動化展覽會];
4. Beijing Intelligent Traffic Fair [北京智能交通展覽會];
5. Changchun and Zhengzhou Automation Fair [長春、鄭州自動化展覽會];
6. Hangzhou E-Automatic Fair [杭州E自動化展覽會].

The company will stick to its marketing strategy which is based in direct sales and supplemented by sales agents. The company will also set up sales points at suitable sites across the country and a new representative office in Haerbin was set up in the first quarter.

PROSPECTS

With the rising level of information technology in the PRC, the ratio of domestically-produced information products are on an uptrend. The technical advancement in, and industry development and upgrade of products of domestic companies have substantially driven the development of industry automatization and informatization. As the technology and living standard of people continue to improve, the directors believe that the EIP products will continue to have strong demand in 2005.

The construction of "EVOC Technology Building" (研祥科技大廈) in Shenzhen Hi-tech Industrial Zone (深圳高新科技園) was already commenced and will be another milestone of the Company. "EVOC Technology Building" was recognized as one of the "Shenzhen main construction project in 2004" (深圳市二零零四年度重大建設項目). Inside the building, there will be a "EVOC Central Research Institute" (研祥中央研究院), the construction of "EVOC Technology Building" will benefit the Company in increasing its overall efficiency, strengthening the research and development capabilities of EIP products, increasing asset base as well as increasing corporate image.

On 26 April 2005, the Company announced that it had entered into an agreement with 中鐵建工集團有限公司 (Zhongtie Construction and Development Group Company Limited) for the construction of a 20-storey building on the plot of land situated at the junction of Qilin Road (麒麟路) and Gaoxinzhongsi Road (高新中四路), Hi-Tech Industrial Zone, Shenzhen, the PRC, for the purpose of furthering research and development of the Company's products. It is anticipated that the building area of the EVOC Technology Building upon completion will be approximately 62,400 square meters. Pursuant to the Agreement, the construction of the EVOC Technology Building commenced on 25 April 2005 and is anticipated to be completed on 31 August 2006. The costs of construction is approximately RMB62,962,700 which will be funded internally by the Company. It is anticipated that an amount of HK\$40,000,000 out of the proceeds from the placing of the H Shares of the Company (the "Placing") when it was listed on the GEM of the Stock Exchange on 10 October 2003 shall be used for such purpose. The balance of the construction costs will be funded by the internal resources of the Company. It is anticipated that the cost for carrying out the other construction works will be approximately RMB65,000,000 and such construction works will only be carried out at least after one and a half year.

Change of application of proceeds

The Company on 26 April 2005 announced that due to the need for the expansion of the R&D department and the construction of the EVOC Technology Building for the purpose of conducting research and development of new products of the Company and advancement of the quality of existing EIP products of the Company, the Board, on 25 April 2005, has approved the change of application of proceeds from the Placing.

The table below sets out the net proceeds from the Placing as stated in the prospectus of the Company dated 30 September 2003 (the "Prospectus"), the actual amount spent up to 31 December 2004 and the Board's proposed change of application of proceeds from the Placing:

	Net proceeds from the Placing as stated in the Prospectus (HK\$'000)	Actual amount spent up to 31 December 2004 (HK\$'000)	Board's proposed change of application of proceeds from the Placing (HK\$'000)
For the expansion of the R&D Department	18,000	20,396	23,000
For capital expenditure to acquire machinery for new EIP and embedded real- time control operating system technology related products	27,000	7,903	9,000
For building sales channels and distribution network	18,000	766	1,000
For brand building and marketing activities	23,000	10,013	13,000
For establishment of EVOC Central Research Institute inside the EVOC Technology Building	—	—	40,000
Total	86,000	39,078	86,000

In view of the following reasons, the Board considers that it is in the best interest of the Company and its shareholders as a whole to change the use of the net proceeds from the Placing:

1. The Company's existing equipments and machineries are already sufficient to satisfy the production needs of the Company. The Board considers that it is important to reallocate the resources of the Company so as to enhance the research and development of the Company's existing EIP products which allows the Company to be more competitive and to maintain higher profit margin.
2. The existing R&D departments of the Company are spread out in different places and hence cannot satisfy the development of R&D. The establishment of the EVOC Central Research Institute will integrate all the R&D resources in one place and, hence, increase efficiency in R&D which is beneficial to the Company.
3. The Board considers that the Company has achieved certain level of sales channels and distribution network. The Board further considers that rapid expansion on building sales channels and distribution network will expose the Company to increase in costs without achieving higher income so the Board intends to slow down such expansion.
4. The Board decides to reduce the brand building and marketing activities as (1) the corporate image of the Company has been greatly enhanced after the listing of the Company on the GEM and (2) the brand building, promotion and advertising activities of the Company do not generate corresponding beneficial effect to the Company.
5. The establishment of the EVOC Central Research Institute will create an influential image of the Company which will enhance and strengthen the Company's corporate image. It will also enhance the Company's effort in brand building, promotion and marketing activities.

DIRECTORS' AND SUPERVISORS' INTERESTS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2005, the interests or short positions of the directors, supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, (the "SFO")), which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions in which they are taken or deemed to have under such provisions of the SFO), or which have been required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which have been required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange relating to securities transactions by the directors, were as follows:

(a) Long position — interests in the Company

	Type of interests	Number of Shares	Class of Shares	Approximate percentage of holding of the relevant class of shares of the Company	Approximate percentage of holding of the total share capital of the Company
Director					
Chen Zhi Lie [陳志列]	Interest of a controlled corporation	318,422,700 (Note 1)	Domestic Shares	90.90%	68.17%
Zhou Hong [周紅]	Beneficial owner	20,000	H Shares	0.02%	0.004%
Supervisor					
Zhou Cheng Yan [周臣岩]	Interest of a controlled corporation	1,751,500 (Note 2)	Domestic Shares	0.50%	0.37%

Notes:

- These Domestic Shares are held by Shenzhen Yanxiang Wangke Industry Co., Ltd. which is owned as to 70% by Mr. Chen Zhi Lie [陳志列] ("Mr. Chen") and 4.5% by Ms. Wang Rong [王蓉], spouse of Mr. Chen. By virtue of Mr. Chen's holding of more than one-third interest in Shenzhen Yanxiang Wangke Industry Co., Ltd., Mr. Chen is deemed to be interested in all the Domestic Shares held by Shenzhen Yanxiang Wangke Industry Co., Ltd. in the Company pursuant to Part XV of the SFO.

2. These Domestic Shares are held by Shenzhen Kelijian Electronic Industry Co. Ltd. which is owned as to 60% by Zhou Cheng Yan (周臣岩), a Supervisor and 40% by Xiong Li (熊麗), an Independent Third Party. By virtue of Zhou Cheng Yan's (周臣岩) holding of more than one-third interest in Shenzhen Kelijian Electronic Industry Co. Ltd, Zhou Cheng Yan (周臣岩) is deemed to be interested in all the Domestic Shares held by Shenzhen Kelijian Electronic Industry Co. Ltd. in the Company pursuant to Part XV of the SFO.

(b) Long position — interests in associated corporations

Director	Associated corporation	Type of interests	Approximate percentage of holding of the total share capital of the associated corporation
Chen Zhi Lie (陳志列)	Shenzhen Yanxiang Wangke Industry Co., Ltd.	Beneficial owner Family	70% 4.5%
Wang Rong (王蓉)	Shenzhen Yanxiang Wangke Industry Co., Ltd.	Beneficial owner Family	4.5% 70%

Note:

Ms. Wang Rong (王蓉) is the spouse of Mr. Chen Zhi Lie (陳志列) and therefore Mr. Chen is taken to be interested in the shares held by Ms. Wang Rong (王蓉) and Ms. Wang Rong (王蓉) is deemed to be interested in the shares held by Mr. Chen by virtue of Part XV of the SFO.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2005, so far as the Directors are aware the persons who have an interest or short position in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register required to be kept by the Company under section 336 of the SFO, are as follows:

Long positions in shares

Name of shareholder of the Company	Nature and capacity in holding shareholding interest	Number of shares	Class of Shares	Percentage of the relevant class of shares	Percentage of total registered share capital
Shenzhen Yanxiang Wangke Industry Co., Ltd.	Registered and beneficial owner of the Domestic Shares	318,422,700	Domestic Shares	90.90%	68.17%
Chen Zhi Lie [陳志烈] (Note)	Interest of a controlled corporation	318,422,700	Domestic Shares	90.90%	68.17%
AIG Global Investment Corporation (Asia) Ltd	Investment manager	13,948,000	H Shares	11.94%	2.99%
Commerzbank Asset Management Asia Ltd.	Investment manager	10,500,000	H Shares	8.98%	2.25%
Neon Liberty Capital Management, LLC	Investment manager	7,060,000	H Shares	6.04%	1.51%
UBS AG	Person having a security interest in shares	7,060,000	H Shares	6.04%	1.51%

Note:

Mr. Chen is the beneficial owner of 70% interests in Shenzhen Yanxiang Wangke Industry Co., Ltd. and is deemed to be interested in the Domestic Shares owned by Shenzhen Yanxiang Wangke Industry Co., Ltd. pursuant to Part XV of the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at the general meetings of Shenzhen Yanxiang Wangke Industry Co., Ltd..

Save as disclosed above:

- (i) None of the directors, supervisors or chief executives has any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporation (if any) (within the meaning of the

SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; (including interest which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required pursuant to rules 5.46 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange as at 31 March 2005; and

- (ii) So far as is known to any director or supervisor, there is no person other than a Director or supervisor or chief executive who, as at 31 March 2005, have an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be directly or indirectly interested in 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 or any other substantial shareholders whose interest or short position were recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' AND SUPERVISORS' RIGHTS TO PURCHASE SHARES

At no time during the period, the directors or supervisors (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares of the Company and its associated corporations (within the meanings of the SFO Ordinance).

SHARE OPTION SCHEME

Up to 31 March 2005, the Company has not adopted any share option scheme or granted any option.

REQUIRED STANDARD OF SECURITIES DEALINGS BY DIRECTORS

During the three months ended 31 March 2005, the Company had complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with all the directors, the directors of the Company had complied with the required standard of dealings and the code of conduct for directors' securities transactions during the three months ended 31 March 2005.

COMPETING INTERESTS

None of the directors, initial management shareholders or their respective associates (as defined in the GEM Listing Rules) had any interests in any business which compete or may compete with the Company or any other conflicts of interest which any such person may have with the Company.

SPONSORS' INTERESTS

As at 31 March 2005, neither Oriental Patron Asia Limited ("Oriental Patron") nor its directors, employees or associates (as referred to in Note 3 of Rule 6.35 of the GEM Listing Rules) had any interest in the securities of the Company or right to subscribe for or to nominate persons to subscribe for securities of the Company.

According to an agreement dated 29 September 2003 entered into between the Company and Oriental Patron, Oriental Patron has received and will receive sponsorship fees as being the retained sponsor of the Company as required under the GEM Listing Rules for the period from 10 October 2003 up to 31 December 2005 or until the agreement is terminated upon the terms and condition set out therein.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not purchased, sold or redeemed any of the Company's shares during the period.

CONNECTED TRANSACTIONS

There were no other transactions which need to be disclosed as connected transactions in accordance with the requirements of the GEM Listing Rules.

COMMITMENTS

As at 31 March 2005, the Company had commitments amounting to approximately RMB4,800,000.

CORPORATE GOVERNANCE

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 period ended 31 March 2005.

The Board Practices and Procedures set out in Rules 5.34 to 5.45 of the GEM Listing Rules were replaced by the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules which has become effective for accounting periods commencing on or after 1 January 2005. Appropriate actions are being taken by the Company for complying with the Code.

AUDIT COMMITTEE

An audit committee was established with written terms of reference in compliance with the requirements as set out in Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are (i) to provide an important link between the Board and the Company's auditors in matters coming within the scope of the company audit, and (ii) to review and provide supervision over the financial reporting process, the effectiveness of the external audit and of internal controls and risk evaluation. The Company's unaudited quarterly results for the three months ended 31 March 2005 has been reviewed by the audit committee. The committee was of the opinion that such results complied with the applicable accounting standard and legal requirements and adequate disclosures have been made. The audit committee comprises Ms. Zhou Hong, Mr. Wen Bing and Mr. Wang Tian Xiang, who are the independent non-executive directors of the Company.

By order of the Board
Shenzhen EVOC Intelligent Technology Company Limited*
Chen Zhi Lie
Chairman

Shenzhen, PRC, 10 May 2005

As at the date hereof, the executive directors of the Company are Mr. Chen Zhi Lie, Mr. Tso Cheng Shun and Mr. Zhu Jun; the independent non-executive directors of the Company are Mr. Wen Bing, Ms. Zhou Hong, Mr. Dong Lixin and Mr. Wang Tian Xiang.

* *For identification only*