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CORPORATE INFORMATION

Board of Directors

Executive directors

Mr. Chang Chung Wa, Eddie

Ms. Tang Kit Ching, Venus

Independent non-executive directors

Dr. Li Chi Kwong

Prof. Pan Xiao Mei

Audit committee

Dr. Li Chi Kwong

Prof. Pan Xiao Mei

Head office and principal place of business

8th Floor, Block A

Goodview Industrial Building

11 Kin Fat Street

Tuen Mun

New Territories

Hong Kong

Web-site: www.zida.com

Principal banker

The Hongkong and Shanghai Banking Corporation Limited

Shop 1, Ground Floor

Tuen Mun Town Plaza Phase II

New Territories

Hong Kong

Auditors

Deloitte Touche Tohmatsu

Certified Public Accountants

26th Floor, Wing On Centre

111 Connaught Road Central

Hong Kong

Hong Kong branch share registrar and transfer office

Standard Registrars Limited

Ground Floor

Bank of East Asia Harbour View Centre

56 Gloucester Road

Wanchai

Hong Kong

RESULTS

The Board of Directors of Zida Computer Technologies Limited (the “Company”) is pleased to announce the unaudited financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30th September, 2003, together with the comparative figures for the last year as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

	Notes	Six months ended 30th September	
		2003 HK\$'000	2002 HK\$'000
Turnover	2	384,205	806,277
Cost of sales		(379,820)	(800,604)
Gross profit		4,385	5,673
Other revenue		592	148
Impairment loss on property, plant and equipment		-	(739)
Selling expenses		(1,371)	(3,260)
Administrative expenses		(7,757)	(9,820)
Loss from operations	3	(4,151)	(7,998)
Finance costs	4	(401)	(464)
Loss before taxation		(4,552)	(8,462)
Taxation	5	-	1
Loss for the period		(4,552)	(8,461)
Loss per share	6		
– Basic		(2.31 cents)	(4.50 cents)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	Unaudited 30th September, 2003 HK\$'000	Audited 31st March, 2003 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		22,727	26,518
Development costs		3,167	2,202
Unlisted investments		611	611
		26,505	29,331
CURRENT ASSETS			
Inventories		15,346	27,294
Trade and other receivables	7	7,857	8,414
Pledged bank deposits		1,600	5,500
Bank balances and cash		4,094	19,176
		28,897	60,384
CURRENT LIABILITIES			
Trade and other payables	8	26,394	46,383
Obligations under finance leases			
– due within one year		–	32
Secured short-term bank borrowings	9	3,695	16,913
		30,089	63,328
NET CURRENT LIABILITIES		(1,192)	(2,944)
TOTAL ASSETS LESS CURRENT LIABILITIES		25,313	26,387
CAPITAL AND RESERVES			
Share capital	10	20,414	18,814
Reserves		4,899	7,573
		25,313	26,387

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED CASH FLOW STATEMENT – UNAUDITED

	For the six months ended 30th September,	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
NET CASH OUTFLOW		
FROM OPERATING ACTIVITIES	(8,754)	(4,456)
NET CASH INFLOW/(OUTFLOW) FROM		
INVESTING ACTIVITIES	3,444	(700)
NET CASH (OUTFLOW)/INFLOW		
FROM FINANCING ACTIVITIES	(11,698)	6,714
(DECREASE)/INCREASE IN CASH AND CASH		
EQUIVALENTS	(17,008)	1,558
CASH AND CASH EQUIVALENTS		
AT BEGINNING OF THE PERIOD	19,176	53,444
CASH AND CASH EQUIVALENTS AT		
END OF PERIOD	2,168	55,002
ANALYSIS OF BALANCE OF CASH AND		
CASH EQUIVALENTS:		
Cash and cash equivalents are previously reported		44,190
Effect of reclassification of trust receipts loans		10,812
		<u>55,002</u>
Being:		
Bank balance and cash	4,094	56,840
(2003: other than pledged deposit HK\$1,600,000)		
(2002: other than pledged deposit HK\$5,500,000)		
Bank overdraft	(1,926)	(1,838)
	2,168	55,002

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited For the six months ended 30th September, 2003

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April, 2003	18,814	23,019	9,628	2,408	(27,482)	26,387
Issue of shares through placing	1,600	-	-	-	-	1,600
Premium arising on share issue through placing	-	2,208	-	-	-	2,208
Expenses on new issue	-	(330)	-	-	-	(330)
Loss for the period	-	-	-	-	(4,552)	(4,552)
	<u>18,814</u>	<u>23,019</u>	<u>9,628</u>	<u>2,408</u>	<u>(27,482)</u>	<u>26,387</u>
At 30th September, 2003	<u>20,414</u>	<u>24,897</u>	<u>9,628</u>	<u>2,408</u>	<u>(32,034)</u>	<u>25,313</u>

Audited For the year ended 31st March, 2003

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Accumulated profits/ (deficits) <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April, 2002	18,800	22,999	9,628	2,408	3,226	57,061
Share issued at premium	14	20	-	-	-	34
Loss for the year	-	-	-	-	(28,827)	(28,827)
Dividends	-	-	-	-	(1,881)	(1,881)
	<u>18,814</u>	<u>23,019</u>	<u>9,628</u>	<u>2,408</u>	<u>(27,482)</u>	<u>26,387</u>
At 31st March, 2003	<u>18,814</u>	<u>23,019</u>	<u>9,628</u>	<u>2,408</u>	<u>(27,482)</u>	<u>26,387</u>

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the Period have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants and the disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities (the “Listing Rules”) of the SEHK. The accounting policies and basis of preparation used in the preparation of the condensed consolidated financial statements are consistent with those followed in the Group’s annual financial statements for the year ended 31st March, 2003 except for the adoption of the following revised SSAP which is effective for the first time for the Period.

- SSAP 12 (Revised) “Income Taxes”.

The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In prior periods, taxation is accounted for using the income statement liability method, that is, a liability was recognized in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognized in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. Nevertheless, the adoption of SSAP 12 (Revised) has not resulted in any significant changes to the prior periods’ net assets and results and accordingly, no prior period adjustment is required.

2. TURNOVER

Analysis of the Group's turnover and profit/(loss) from operations by principal activities and by geographical location are as follows:

By principal activities:

	Turnover (unaudited)		Profit/(loss) from operations (unaudited)	
	Six months ended 30th September		Six months ended 30th September	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Design and manufacture of motherboards	31,124	88,725	1,179	172
Supply of PC components	331,295	717,552	2,508	4,963
Mobile storage and related products	21,786	—	698	—
	<u>384,205</u>	<u>806,277</u>	<u>4,385</u>	<u>5,135</u>
Unallocated corporate income			8	95
Unallocated corporate expenses			(8,544)	(13,228)
Loss from operations			(4,151)	(7,998)
Finance costs			(401)	(464)
Loss before taxation			<u>(4,552)</u>	<u>(8,462)</u>
By geographical location:				
North America	45,757	104,857	427	721
Asia Pacific	69,778	86,099	841	518
China	145,130	270,347	1,780	1,583
Hong Kong	108,152	163,210	1,076	1,107
Europe	10,771	175,422	108	1,162
Others	4,617	6,342	153	44
	<u>384,205</u>	<u>806,277</u>	<u>4,385</u>	<u>5,135</u>
Unallocated corporate expenses			(8,536)	(13,133)
Loss from operations			<u>(4,151)</u>	<u>(7,998)</u>

3. LOSS FROM OPERATIONS

Loss from operations has been arrived at after crediting/(charging):

	Unaudited Six months ended 30th September	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income	8	95
Depreciation and amortisation	(3,290)	(3,388)
Impairment loss on property, plant and equipment	-	(739)
	<u> </u>	<u> </u>

4. FINANCE COSTS

	Unaudited Six months ended 30th September	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:		
Bank loans	400	399
Obligations under finance leases	1	65
	<u> </u>	<u> </u>
	<u>401</u>	<u>464</u>

5. TAXATION

	Unaudited	
	Six months ended	
	30th September	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
The charges comprise the following:		
The Company and subsidiaries		
Over provision of Hong Kong		
Profits Tax in previous years	-	1
	<u> </u>	<u> </u>

No provision for Hong Kong Profits Tax has been made in the financial statements as the Hong Kong subsidiaries of the Company have no assessable profit for the periods.

6. LOSS PER SHARE

The calculation of the basic loss per share for the six months ended 30th September, 2003 is based on the net loss of HK\$4,552,000 (2002: loss for the period of HK\$8,461,000) and the weighted average number of 197,463,681 shares (2002: 188,081,511 shares) in issue during the period.

No amount had been presented for the diluted loss per share for both years, as the effect of the exercise of the outstanding share options of the Company would result in a decrease in the loss per share.

7. TRADE AND OTHER RECEIVABLES

The Group has a policy of allowing an average credit period of 30 days to its trade customers. Included in trade and other receivables are trade receivables of HK\$5,475,000 (31st March 2003: HK\$4,364,000), the aged analysis of which at the balance sheet date is as follows:

	Unaudited 30th September, 2003 <i>HK\$'000</i>	Audited 31st March, 2003 <i>HK\$'000</i>
Up to 30 days	3,624	4,184
31 - 60 days	732	9
61 - 90 days	130	12
More than 90 days	989	159
	<hr/> 5,475 <hr/>	<hr/> 4,364 <hr/>

8. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK\$17,494,000 (31st March, 2003: HK\$41,247,000), the aged analysis of which at the balance sheet date is as follows:

	Unaudited 30th September, 2003 <i>HK\$'000</i>	Audited 31st March, 2003 <i>HK\$'000</i>
Up to 30 days	15,733	28,731
31 - 60 days	217	10,300
61 - 90 days	230	732
More than 90 days	1,314	1,484
	<hr/> 17,494 <hr/>	<hr/> 41,247 <hr/>

9. SECURED SHORT-TERM BANK BORROWINGS

	Unaudited 30th September, 2003 <i>HK\$'000</i>	Audited 31st March, 2003 <i>HK\$'000</i>
Secured Short-term Bank borrowings comprise:		
Trust receipt loans	1,769	16,913
Bank overdraft	1,926	–
	<u>3,695</u>	<u>16,913</u>

10. SHARE CAPITAL

	Unaudited 30th September, 2003 <i>HK\$000</i>	Audited 31st March, 2003 <i>HK\$000</i>
Authorised:		
1,000,000,000 ordinary shares of HK\$0.10 each (At 31st March, 2003: 1,000,000,000 shares)	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
204,145,000 ordinary shares of HK\$0.10 each (At 31st March, 2003: 188,145,000 shares)	<u>20,414</u>	<u>18,814</u>
	<i>Number of Shares</i>	<i>Value HK\$000</i>
Summary of the changes in the Company's share capital are as follows:		
At 31st March, 2003	188,145,000	18,814
Issue of shares arising from placement	<u>16,000,000</u>	<u>1,600</u>
At 30th September, 2003	<u>204,145,000</u>	<u>20,414</u>

Pursuant to a placing agreement dated 3rd June, 2003, an aggregate of 16,000,000 ordinary shares of HK\$0.1 each in the Company were placed by Tactful Finance Limited, a controlling shareholder of the Company, to independent investors at the price of HK\$0.238 per share. On completion of placing, Tactful Finance Limited subscribed for an aggregate of 16,000,000 new shares in the Company at the price of HK\$0.238 each.

11. OPERATING LEASE ARRANGEMENTS

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases for premises which fall due as follows:

	Unaudited 30th September, 2003 <i>HK\$'000</i>	Audited 31st March, 2003 <i>HK\$'000</i>
Within one year	1,630	1,810
In the second to fifth year inclusive	5,362	5,955
	6,992	7,765

Operating lease payments represent rentals payable by the Group for certain of its warehouses and factory premises. Leases are negotiated for an average term of five years and rentals are fixed during the lease period.

The Company had no significant operating lease commitments as at the balance sheet date.

12. OTHER COMMITMENTS

At the balance sheet date, the Group had annual commitments payable in the following year as follows:

	Unaudited 30th September, 2003 HK\$000	Audited 31st March, 2003 HK\$000
Contracted for the contribution of registered capital to PRC subsidiaries	19,929	19,929
Contracted for the payment of a management fee to a party in the PRC under a management agreement which expires over five years	47	47
	<u>19,976</u>	<u>19,976</u>

INTERIM DIVIDEND

The Directors do not recommend the payment of interim dividend for the six months ended 30th September, 2003 (2002: Nil).

BUSINESS REVIEW AND PROSPECTS

The Group recorded a turnover of HK\$384,205,000 for the six months ended 30th September, 2003 (2002: HK\$806,277,000), representing a 52.3% decrease over that of the corresponding period of 2002. Loss attributable to shareholders amounted to HK\$4,552,000 (2002: loss attributable to shareholders of HK\$8,461,000).

During the period under review, due to the widespread SARS and the war in Iraq, the overall economy was adversely impacted and that affected the performance of the Group in general. The Group made efforts to reduce manufacturing costs and strengthen the efficiency of internal resource application in order to improve gross profit margin and reduce operating costs.

The Group continued to develop network products on its existing base. In line with market trends, the Group began to produce Gigabit LAN Switch and Gigabit LAN Card, whose targets include business units of companies and enterprises. Also, in developing quality products, the Group broadened its market coverage and customer base and enhanced revenue from its network business.

In the process of fast development integration of China's market, the research and development, manufacturing and marketing of products should create the advantage of mutual supplementation so as to satisfy the market demand. It was such market atmosphere that provided ample room for the development of electronics manufacturing services (EMS). To capture this opportunity, the Group offered the EMS of procurement, production and manufacturing of supply chain method as well as delivery in China, which proved to be appreciated by overseas and domestic purchasers. This type of business has achieved good results preliminarily and is expected to be able to bring in remarkable returns to the Group.

Capitalizing on the maturing market of electronic consumer goods, particularly portable digital music players, and the booming demand for other digital products including portable audio-visual equipment, cameras and video cameras, the Group focused on the development of mobile storage and related products, such as Flash Memory Cards, USB Pen Drive and MP3, during the year. There will be a more potential development in the market of these products. The management expects that the advanced audio and visual products will result in remarkable gross profit margin and increased turnover for the Group.

Furthermore, as the business of motherboard continued to face tough operating environment, the Group sought a way out by reduction of scale and refocused resources to other major business. From July this year onwards, part of production equipment in the plant of Shekou was changed to the production model of EMS in order to meet the strong market demand for EMS. The machine usage raised close to its full capacity.

REPORT OF THE BOARD

Looking ahead, the management will continue to strengthen and promote its brand name of “VCT 維思達”, which has already had its solid market position, and build the sales channels of its own brand name. Meanwhile, in line with the increasing application of information technology and network in consumer goods market, the Group will keep manufacturing advanced products for higher product competitiveness. After improvement in development strategy, the Group is able to maintain its business growth steadily.

Financial Analysis

As at 30th September, 2003, the Group had a total of HK\$5,694,000 of cash and bank balances. The Group's trade and other receivables amounted to HK\$7,857,000. As at 30th September, 2003, the Group had total assets of HK\$55,402,000 while bank borrowings were HK\$3,695,000.

Exchange Risk

Most of the banking transactions of the Group are denominated in Hong Kong dollars, U.S. dollars and Renminbi. Accordingly the Group did not have any material risk of exchange rate fluctuation.

EMPLOYEES AND REMUNERATION POLICY

As at 30th September, 2003, the company had about 140 employees based in China and Hong Kong. The remuneration of each staff was determined on the basis of his qualification, performance and experience.

DIRECTORS' INTERESTS IN SECURITIES

(I) Shares

At 30th September, 2003, the interests of the directors in the ordinary shares of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Hong Kong Securities (Disclosure of Interests) Ordinance (the “SDI Ordinance”) were as follows:

Name of director	Type of interest	Number of ordinary shares held
Mr. Chang Chung Wa, Eddie (“Mr. Chang”)	Family interest (<i>Note 1</i>)	112,800,000
Ms. Tang Kit Ching, Venus (“Ms. Tang”)	Corporate interest (<i>Note 2</i>)	28,200,000

Notes:

- (1) Tactful Finance Limited, a company incorporated in the British Virgin Islands, held 112,800,000 ordinary shares of the Company. The entire issued share capital of Tactful Finance Limited is owned by Spiritrider Development Inc., a company incorporated in the British Virgin Islands and the entire issued share capital of which is owned by A-One International Limited. A-one International Limited was incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Maple Securities Limited, a limited liability company incorporated in the British Virgin Islands, which is a discretionary trust set up by Mr. Chang, the trustee of which is HSBC International Trustee Limited. Beneficiaries of the trust include the family members of Mr. Chang.

- (2) Ruby rider Development Corp. held 28,200,000 ordinary shares of the Company and is a company incorporated in the British Virgin Islands, the entire issued share capital of which is owned by Ms. Tang.

Save as disclosed above and other than certain nominee shares in the Company's subsidiaries held in trust for the Group by certain directors, none of the directors or the chief executives, nor their associates, had any interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

(II) Share Option

The following table discloses movements in the Company's share options during the six months ended 30th September, 2003:

	Note	Option grant date	Exercise price HK\$	Outstanding at 1.4.2003	Granted during the period	Cancelled during the period	Exercised during the period	Outstanding 30.9.2003
Directors								
Dr. Li Chi Kwong	(1)	5th September, 2000	0.77	500,000	-	-	-	500,000
Prof. Pan Xiao Mei	(1)	5th September, 2000	0.77	100,000	-	-	-	100,000
Mr. Chang Chung Wa, Eddie	(2)	21st May, 2001	0.26	4,700,000	-	-	-	4,700,000
Ms. Tang Kit Ching, Venus	(2)	21st May, 2001	0.26	4,700,000	-	-	-	4,700,000
Total for Directors				10,000,000	-	-	-	10,000,000
Employees								
	(3)	15th July, 2000	0.568	2,200,000	-	200,000	-	2,000,000
	(4)&(5)	29th January, 2001	0.24	1,160,000	-	340,000	-	820,000
Total for Employees				3,360,000	-	540,000	-	2,820,000
Grand Total				13,360,000	-	540,000	-	12,820,000

Notes:

- (1) The exercise period is divided into two trenches with 50% exercisable during the period from 26th August, 2001 to 25th August, 2005 and the other 50% exercisable during the period 26th August, 2002 to 25th August, 2005.
- (2) The exercise period is 7th May, 2002 to 6th May, 2006.
- (3) The exercise period is divided into 3 trenches with 40% exercisable during the period from 15th January, 2001 to 14th July, 2005, 30% exercisable during the period from 15th July, 2001 to 14th July, 2005 and 30% exercisable during the period from 15th January, 2002 to 14th July, 2005.
- (4) The exercise period is divided into two trenches with 50% exercisable during the period from 29th January, 2002 to 28th January, 2006 and the other 50% exercisable during the period 29th July, 2002 to 28th January, 2006.

REPORT OF THE BOARD

- (5) The closing price of the Company's shares immediately before 24th May, 2002, the date on which the options were exercised, was HK\$0.49.

SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants. The share option scheme for the employees and executive directors of the Company and its subsidiaries which was adopted pursuant to a resolution passed on 29th April, 2000 was terminated at the annual general meeting of the Company held on 3rd September 2003. A new share option scheme which complied with the amended Chapter 17 of the Listing Rules was adopted at the same annual general meeting held on 3rd September 2003. No share option has been granted by the Company under the new share option scheme.

SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2003, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance showed as of that date that, other than the interests disclosed under the heading "Directors' interests in securities", the Company had not been notified of any interests representing 10% or more of the Company's issued share capital.

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

During the six months ended 30th September, 2003, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee reviewed the accounting principles and practices adopted by the Group, and discussed on the internal control and financial reporting with the management, including the unaudited interim accounts for the six months ended 30th September, 2003.

CODE OF BEST PRACTICE

The Directors believe that the Company has complied with the requirements set out in Appendix 14 of the Listing Rules throughout the period, except that two independent non-executive directors of the Company have no fixed terms of office, but are required, in accordance with the Company's bye Laws, to resign by rotation and are eligible for re-election at the annual general meetings.

By order of the Board
Chang Chung Wa, Eddie
Chairman

Hong Kong, 19th December, 2003