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DATASYS TECHNOLOGY HOLDINGS LIMITED

迪 斯 數 碼 科 技 集 團 有 限 公 司*

(incorporated in the Cayman Islands with limited liability)

POSTPONEMENT OF THE RESULTS ANNOUNCEMENT AND DESPATCH OF ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

The Directors hereby announces that the publication of the Results Announcement and the despatch of the Annual Report will be postponed to 21 April 2003 and 23 April 2003 respectively. The main reason for such delays is that as at 12 March 2003, the Group had not received project completion reports from 5 of its 20 clients which are located in various cities in the PRC. As at the date of this announcement, the Group is still awaiting project completion report from 1 client. Furthermore, substantial time was required for the Group to gather various documents such as work completion reports, audit confirmations for sales transactions and settlement of trade receivables and trade payables from the Group’s clients and suppliers. Such delay has inevitably delayed the progress of the audit work on the Company. The resulting delays of publication and despatch have placed the Company in breaches of Rules 18.49 and 18.03 of the GEM Listing Rules.

To enable investors to gain preliminary information in relation to the performance of the Company during the year ended 31 December 2002, the Company will at the request of the Stock Exchange, publish its unaudited management accounts for the year ended 31 December 2002 on or about 19 March 2003.

The Stock Exchange reserves the right to take appropriate action regarding the above breaches of the GEM Listing Rules.

The board of directors (the “Board”) of Datasys Technology Holdings Limited (the “Company”) hereby announces that the publication of the Company’s audited results for the year ended 31 December 2002 (the “Results Announcement”) and the despatch of the Company’s annual report for the year

ended 31 December 2002 (the “Annual Report”) will be postponed to 21 April 2003 and 23 April 2003 respectively. The main reason for such delays is that as at 12 March 2003, the Company and its subsidiaries (collectively the “Group”) had not received project completion reports from 5 of its 20 clients which are located in various cities in the PRC. As at the date of this announcement, the Group is still awaiting project completion report from 1 client. These outstanding completion reports as at 12 March 2003 are crucial for the Company to recognize approximately RMB26.7 million of its income in accordance with Hong Kong Generally Accepted Accounting Principals (“GAAP”). According to the directors of the Company (the “Directors”), the 5 clients of the Group that had not submitted their project completion reports as at 12 March 2003 relate to certain large size projects. As a large portion of the Group’s turnover was generated during the second half of the year ended 31 December 2002, several of these project completion reports were not received on time for the Group’s preparation of its accounts for the year ended 31 December 2002. For instance, revenue recognition of these projects is directly affected by the delay. In order to record the sales and cost of sales according to the Group’s accounting policy which is on a percentage of completion basis, it is necessary for the Group to receive a substantial portion of the project completion reports from its clients before the Group can commence preparation work of its accounts. With revenue recognition being affected by the delay, certain balance sheet items such as inventories and prepayments are also affected as the cost of sales must match the revenue recognised. Accordingly, the Directors believe the delay in the publication of the Results Announcement and the despatch of the Annual Report is justified given the amount of work involved in finalising the Company’s account in such short span of time and the ensuing audit work to be carried out by the Company’s auditors.

The Directors have confirmed that the audit procedures implemented by the Company’s auditors includes audit work such as obtaining audit confirmations from the Group’s debtors and creditors. However, its clients are based in approximately 60 different cities located in various parts of the PRC. Accordingly, substantial time was required for the Group to gather various documents such as work completion reports, audit confirmations for sales transactions and settlement of trade receivables and trade payables from the Group’s clients and suppliers. Such delay in receiving confirmation from the clients was not originally anticipated by the Company and has inevitably delayed the progress of the audit work on the Company. The Directors believe that the Company’s auditors have used their best efforts to finish their audit work as soon as practicable such that the Results Announcement and the Annual Report can be published without further delay.

Under the requirement of Rule 18.49 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange (the “GEM Listing Rules”), the Company is required to publish its audited annual results not later than 3 months after the date upon which the financial year ended. Furthermore, the Company is required to send its annual report to all of its shareholders not more than 3 months after the date upon which the financial period ended pursuant to Rule 18.03 of the GEM Listing Rules. As the Company’s previous financial year ended on 31 December 2002, the Results Announcement and the Annual Report should be available to the Company’s shareholders no later than 31 March 2003. Accordingly, the postponement of the publication of the Results Announcement and the despatch of the Annual Report to 21 April 2003 and 23 April 2003 respectively constitute breaches of Rules 18.03 and 18.49 of the GEM Listing Rules.

Based on the current progress of the audit of the Company’s accounts, the Directors anticipate that the audited accounts of the Company for the year ended 31 December 2002 will be ready on 21 April 2003 for its approval at a meeting of the Board to be held on the same day. The Results Announcement will also be published on the same day. A separate announcement will be made in relation to the date of the meeting of the Board. The Directors also anticipate that the Annual Report will be despatched to the Company’s shareholders on 23 April 2003.

To enable investors to gain preliminary information in relation to the performance of the Company during the year ended 31 December 2002, the Company will at the request of the Stock Exchange, publish its unaudited management accounts for the year ended 31 December 2002 on or about 19 March 2003.

The Directors have confirmed that they would comply with Rule 5.51 of the GEM Listing Rules. They have not dealt in any securities of the Company since 1 March 2003 and the Directors will not deal in the securities of the Company until the Results Announcement is made on 21 April 2003.

The Stock Exchange reserves the right to take appropriate action regarding the above breaches of the GEM Listing Rules.

By the order of the Board
Datasys Technology Holdings Limited
Ding Wei Ming
Chairman

Beijing, the PRC, 18 March 2003

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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

** For identification purpose only*