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**Information Technology**

**Systek Information Technology (Holdings) Limited**

**訊泰科技（控股）有限公司\***

*(incorporated in the Cayman Islands with limited liability)*

**ANNOUNCEMENT OF UNAUDITED FINAL RESULTS  
FOR THE YEAR ENDED 31 MARCH 2001**

**UNAUDITED FINAL RESULTS**

Further to the announcements dated 22 June 2001 and 29 June 2001, the board of directors (the “Board”) of Systek Information Technology (Holdings) Limited (the “Company”) announces that the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2001 together with the comparative audited figures for 2000 are as follows:-

		<b>Year ended 31 March 2001 Unaudited HK\$'000</b>	<b>2000 Audited HK\$'000</b>
Turnover		<u>35,433</u>	<u>40,013</u>
(Loss)/profit from ordinary activities before taxation		(23,059)	8,539
Taxation	3	<u>—</u>	<u>(1,870)</u>
(Loss)/profit from ordinary activities after taxation		(23,059)	6,669
Minority interests		<u>687</u>	<u>—</u>
(Loss)/profit attributable to shareholders		<u>(22,372)</u>	<u>6,669</u>
(Loss)/earning per share Basic (cents)	4	<u>(2.635)</u>	<u>1.112</u>

*Notes:*

## 1 Reorganisation and basis of presentation

### (a) *Reorganisation*

The Company was incorporated in the Cayman Islands on 16 March 2000 as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands. The Company became the holding company of the Group on 26 August 2000 through a reorganisation (the “Reorganisation”).

### (b) *Basis of presentation*

The Group resulting from the Reorganisation has been regarded as a continuing group. Accordingly the consolidated results have been prepared on the basis of merger accounting, under which the Company was the holding company of the Group for both years presented, rather than from 26 August 2000. Furthermore, the results of the Group for the years ended 31 March 2000 and 2001 include the results of the Company and its subsidiaries with effect from 1 April 1999 or since their respective dates of incorporation, whichever is a shorter period. In the opinion of the directors of the Company (the “Directors”) the resulting consolidated results give a more meaningful view of the results of the Group as a whole.

## 2 Significant accounting policies

### (a) *Statement of compliances*

The unaudited consolidated results have been prepared in accordance with all applicable statements of Standard Accounting Practice and Interpretations issued by the Hong Kong Society of Accountants and accounting principles generally accepted in Hong Kong. A summary of the significant accounting policies adopted by the Group in preparing the unaudited consolidated results is set out below.

### (b) *Revenue recognition*

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the profit and loss account as follows:

#### (i) Systems development and consultancy services

Revenue arising from the provision of systems development and consultancy services is recognised when the underlying services are rendered which is estimated by apportionment over the expected duration of each engagement and the outcome of the contract can be estimated with reasonable certainty.

#### (ii) Sale of computer software

Revenue arising from the sale of computer software is recognised when the customer has accepted the goods and the related risks and rewards of ownership. Revenue is stated after deduction of any trade discounts.

#### (iii) Professional service fees

Professional service fees represent fees for the provision of IT engineering services and are recognised when the underlying professional services are rendered.

#### (iv) Training fees

Training fees represent income earned from the provision of training courses, which is recognised when the related courses are held.

#### (v) Technical support fees

Technical support fees represent income arising from the provision of maintenance and installation services, which is recognised when the underlying services are rendered.

(c) *Service contracts*

The accounting policy for the revenue derived from systems development and consultancy services is set out in note 2(b)(i). When the outcome of a service contract can be estimated reliably, contract costs are recognised as expense by reference to the stage of completion of the contract activity at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a service contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

(d) *Research and development costs*

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Research costs are charged to the profit and loss account in the period in which they are incurred. Development costs are charged to the profit and loss account in the period in which they are incurred except where a major project is undertaken and it is reasonably anticipated that the development costs will be recovered through future commercial activity. Such development costs are deferred and written off over the life of the project from the date of commencement of commercial operations subject to a maximum of five years.

The unamortised balance of development costs is reviewed at the end of each period and is written off to the extent that the unamortised balance, taken together with further development and directly related costs, is no longer likely to be recovered. Development costs written off, less attributable amortisation, are written back when the circumstances and events that led to the write off cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

### 3 Taxation

	Year ended 31 March	
	2001 Unaudited HK\$'000	2000 Audited HK\$'000
Provision for Hong Kong Profits Tax for the year	—	1,588
Taxation outside Hong Kong	—	282
	—	1,870

No provision for taxation has been made for the year ended 31 March 2001 as the Group sustained losses during the year.

The provision for Hong Kong Profits Tax is calculated at 16% of the estimated assessable profits arising in Hong Kong for the year ended 31 March 2000. Taxation on the profits of subsidiaries operating outside Hong Kong is calculated at the current rates applicable in the respective jurisdictions.

A subsidiary operating in the PRC is exempted from PRC income tax for two years commencing from the first profit making year and is entitled to a 50% relief from PRC income tax for the following three years, after which the profits are subject to PRC income tax at the standard rate of 33%. The subsidiary sustained losses since incorporation and the two-year tax exemption period has not been commenced.

#### 4 **(Loss)/earning per share**

The calculation of loss per share for the year ended 31 March 2001 is based on the consolidated loss attributable to shareholders of HK\$22,372,000 divided by the weighted average number of 848,922,921 shares in issue during the year.

The calculation of earnings per share for the year ended 31 March 2000 is based on the combined profit attributable to shareholders of HK\$6,669,000 divided by 599,999,942 shares, prior to the placing but after adjusting the effect of the capitalisation issue on 1 September 2000.

There were no potential dilutive ordinary shares in issue during the years ended 31 March 2000 and 2001.

#### 5 **Major adjustments in the Group's results since 1 January 2001**

##### (a) *Turnover*

As at 31 March 2001, the Board carried out a review of all service contracts and revised the stage of completion and hence the revenue recognised in the profit and loss account for the three months ended 31 March 2001 was revised commensurately.

##### (b) *Research and development costs*

Certain research and development costs which were capitalised during the period ended 31 December 2000 were written off to the profit and loss account as the Directors are of the opinion that the future prospect of the related projects was uncertain as a result of the slow down of the IT industry since 1 January 2001.

**Shareholders and investors should note that there may be significant difference in the loss attributable to shareholders in the unaudited final results announced herein and the audited final results and annual reports of the Group for the year ended 31 March 2001 which are expected to be announced and despatched on or before 31 July 2001 and 7 August 2001 respectively. The Board confirms that where the audited final results differ materially from the unaudited final results herein, full particulars of, and reasons for, the difference will be set out in the preliminary announcement of the audited final results of the Group.**

**Shareholders and investors are therefore reminded to exercise caution in interpreting the unaudited final results which may be subject to changes and differ from the audited results of the Group.**

The Directors confirmed that they have not dealt in any securities of the Company since 22 May 2001 and undertake to the Stock Exchange that they will not deal in the Securities of the Company until the audited consolidated results for the year ended 31 March 2001 are announced.

By Order of the Board  
**Systemk Information Technology (Holdings) Limited**  
**To Cho Kei**  
*Chairman*

Hong Kong, 11 July 2001

*This announcement will remain on the GEM website on the "Latest Company Announcements" page for 7 days from the day of its posting.*

*\* For identification purposes only*