

CHAIRMAN'S STATEMENT

For the fiscal year under review, the Group's consolidated turnover was HK\$54.4 million, representing a slight drop of 3% as compared to that of the previous year. Despite an 89.7% surge of revenue from our financial quotation and software licensing activities, the increase was offset by the loss of paging income amounting to HK\$18.8 million as compared to the previous year.

An aggregate loss of HK\$81.17 million was recorded for the year, including an operating loss of HK\$39.5 million, an unrealized loss of HK\$34.35 million over our investments in a publicly-listed paging and Internet company, EasyCall International Limited and a loss of HK\$5.75 million on the deemed disposal of 3.34% in QuotePower International Limited, as a result of the acquisitions made by QuotePower during the year through share swaps.

FINANCIAL QUOTATION AND TRADING PLATFORM SOFTWARE LICENSING

The lackluster performance of Asia's equity markets since the beginning of the fiscal year has not been favourable for on-line trading, and has impacted on the growth of QuotePower's on-line trading platform. Quotation services however enjoyed healthy sales and accounted for the bulk of our revenue in the last year.

During the year, QuotePower expanded to Thailand and the Philippines by acquiring local quotation vendors in the two markets, as a result of which, the Group's equity stake in QuotePower has been diluted to 96.66%. To alleviate the shortage of IT skills in the home market, a programming centre was established in Shenzhen during the year. A small development team comprising highly skilled professionals in financial information technology was set up in Toronto early this year for the design of next-generation systems to maintain the company's competitiveness. The higher operating costs have however resulted in an increase in operating loss in QuotePower during the year.

INTERNET SERVICES

During the first half of the fiscal year, new sales had been practically suspended as the network infrastructure of ABC NET was being re-built. Sales resumed in the second half, with a new focus on the corporate broadband market.

FACILITY MANAGEMENT TECHNOLOGY AND CONSULTANCY SERVICES

A new business was launched during the year via a 66.67% subsidiary to develop facility management technology solutions and provide related consultancy services to clients with large property portfolios. The year under review was primarily devoted to prospecting new clients and only a small turnover was recorded.

CHAIRMAN'S STATEMENT *(Continued)*

WIRELESS APPLICATIONS

ABC QuickSilver Limited, in which the Group holds an 80% interest, was formed in the middle of 2000 to leverage on our experience and expertise in the wireless industry to develop wireless data solutions and applications. The venture was still in the product development stage during the year and made no revenue contribution to the Group.

TELECOMMUNICATIONS INVESTMENTS

The Group made a number of telecommunications investments during the year for the total amount of HK\$143.2 million. We invested approximately HK\$94.1 million by taking up a further stake in a leading cellular operator in Taiwan, Far Eastone. We acquired 2.35% of the share capital of eAccess, a provider of broadband IP services in metropolitan Japan, for HK\$35.5 million. During the year, a total of HK\$13.6 million was invested in a Wireless Internet Fund.

PROSPECTS

Given the worldwide slow-down in corporate technology investments, our business operations will be faced with immense challenge in the year ahead. While we will explore different options to expand our business opportunities and to increase revenue, we will keep a prudent control of operating costs in view of the uncertainties ahead.

We however believe that despite the global slump of telecommunications stocks on world equity markets, our investments in Far Eastone in Taiwan, and eAccess in Japan will provide us with opportunities for investment gains in the foreseeable future.

On behalf of the Board
Michael Tse
Chairman

Hong Kong, 13th July 2001