

Chairman's Message



The meteoric decline of the technology sector in the year 2000 will go down in the annals of economic history – along with the infamous South Sea Bubble and Tulip-mania – as one of the greatest financial debacles. At a time when dotcom companies boasted market capitalization greater than those of traditional industrial dynamos it can be stated that market fundamentals were out of kilter.

It is no surprise that the valuation pendulum has swung in the other direction. At least it is no surprise to New World CyberBase Limited (“NWCB”). Well before the “tech wreck” took its toll NWCB stated that its business model would not be based on the parameters of the highflying dotcom world. The Company would focus on technology solutions and services as a foundation from which to deliver long-term customer and shareholder value.

Despite recent setbacks, well-managed technology companies are here to stay. The shakeout is far from over, but those companies with a solid business model and the ability to secure revenue streams – like NWCB – will thrive in the years ahead. In addition, NWCB firmly believes e-Business is the way for companies to conserve capital, better deploy human resources and build efficient and effective enterprises. The latest e-Business platforms offer enterprises a tremendous range of exciting business opportunities.

Over the past year, NWCB achieved substantial headway in its evolution from a property and investment company to an information technology (“IT”) and software enterprise. “One Company, One Team, One Giant Market” is the motto for this successful transformation process.

One Company

The focus of NWCB is to build a cohesive operational force that serves Greater China. In the past, many of the companies NWCB invested in were businesses with promising prospects for near-term investment returns. However, these investments faced revenue shortfalls and losses due to US market volatility, a global economic slow-down and the demise of the technology market.

In the course of restructuring the investment portfolio, NWCB learned that it is important to consolidate investment resources and maximize contribution on a consolidated basis. Today, the Company does so under a unified, experienced and professional management team that is focused on building the core business under one NWCB brand. After a thorough understanding of the market and careful planning, NWCB has devised a strategy designed to provide e-Business solutions that improve the efficiencies and effectiveness of enterprises through the use of technology.

One Team

Last year, NWCB set about the task of strengthening core operations. In so doing, the acquisition of Jetco Technologies Limited (“Jetco Technologies”) was completed and fully integrated under the NWCB brand. The Jetco Technologies amalgamation brings NWCB more than eight years of operational experience in the China application solutions business as well as market-leading software products. The Jetco Technologies team supplements NWCB’s excellent consulting services, network solutions, IT services and solid business track record.

One Team *(Continued)*

The complementary capabilities of NWCB and Jetco Technologies strengthen the capacity of the combined enterprise to offer total e-Business solutions that covers Software Products, Application Solutions, Network Solutions and IT Services. Presently, NWCB is expanding the professional resources and expertise of its China team with comprehensive management and technical skills, intensive IT and software experience as well as rich market and business domain knowledge. NWCB is positioned as a "Total e-Business Solutions Provider" ready to tap the fastest expanding IT market in Asia.

One Giant Market

NWCB is determined to complete its transformation exercise and perfect the business model to meet the unparalleled promise of the China market for IT solutions and software applications.

IT and software is a relatively new market segment for China and the growth prospects are enormous. In coming years, the implications of China's entrance onto the global IT stage will be felt in markets around the world. In addition, IT is the catalyst for change in many sectors. According to International Data Corporation ("IDC"), by the end of 2001 China is expected to have the largest IT market in Asia Pacific (excluding Japan) with a value of US\$22.1 billion.

According to Ministry of Information and Industry ("MI") and IDC statistics, the China IT sector will grow at a compound annual growth rate ("CAGR") of 25% per annum from 2000 to 2005. This more than doubles the size of the industry and the level of foreign currency earnings. During this period, the software market will grow at a CAGR of over 50%. The government expects the size of the IT industry to double once again by 2010 to meet the demand for network infrastructure, technology production and information services.

In mid-1999, China announced its "Go West" campaign for the next decade. Go West is an initiative to improve the disparity between the developed eastern region, which includes Beijing, Shanghai and Guangzhou, and the less developed western region, which includes Xian and Chengdu. Under this campaign western cities will establish investment-oriented tax incentives to attract capital, infrastructure and technology. This creates an opportunity for IT and software markets to grow in the western region.

e-Business Development

After China enters WTO, the country's leading enterprises will face keen competition from the world's best and brightest. Perhaps the only way for local enterprises to meet this competition is to benefit from the efficiencies and effectiveness inherent in e-Business products and services.

Technology development and the evolution of e-Business have the full support of the government. The State Council policy of "Encouragement of the Software Industry and Integrating Industrial Development" is a demonstration of this intention. In a recent report the MI stated that China must increase the level of national coverage of computerization and network application solutions, improve the ability of government entities to come online, bring more enterprises and families online and push IT to professional sectors as well as to enterprises and society as a whole. There must also be a strong focus on development of e-Administration and IT applications for enterprises.

e-Business Development *(Continued)*

Presently, China is in the early stages of developing an e-Business culture. Computerization, enhanced workflow, information flow and efficient document management are the first major steps on the road to e-Business. The NWCB e-Process Management suite of workflow and document management technology is in place to cater to the needs of this market in terms of software and application solutions. In addition, due to expertise in the delivery of network solutions and IT services NWCB is positioned to address the needs of the network infrastructure market.

NWCB has a distinct edge when it comes to penetrating the vast and complex China market. New World Group, the single largest shareholder of NWCB, is one of the largest and most successful investors in China. Along with the support of the New World Group, NWCB leverages its knowledge of China and the ability to transfer technology from around the world to China. These advantages position NWCB for exponential growth as the Company moves to aggressively capture its share of this giant IT and software market in coming years.

Customer and Shareholder Value

The year ahead will be an exciting one as the Company pursues its strategy to expand IT and software businesses under the NWCB brand. Still, customer satisfaction and shareholder value are foremost on the minds of the NWCB management team. It is of crucial importance that customers are completely satisfied with the value the Company provides. It is of equal importance that NWCB revenue streams pave the way to profitability in an effort to regain the confidence of investors around the world.

Word of Thanks

Finally, I would like to extend my sincere thanks to the many employees and investors who have stood by NWCB during this challenging year. Now that the Company is ready to enact its vision it is only a matter of time before patience and understanding is fully rewarded. On every front NWCB looks to the future with confidence and anticipation.

Dr. Cheng Kar Shun, Henry

Chairman