



The Company experienced a challenging and meaningful year over the last year. Our Board of Directors and management team steered the Company in a way to build up a solid foundation for the Company's business model, corporate governance and capital structure in order to position ourselves to benefit from our future business development and economic growth, especially in the telecommunication market of the PRC.

With the unexpected and speedy down-turn of the market conditions and environment for internet and multi-media related business, the Company has switched accurately its core focuses to a direction with more attention and strength to the telecom-related business. During this transition period, we encountered a rather high staff costs due to competitive compensation at the internet-hype age and re-build our key executive team to better manage this new direction. But we are striving to achieve a more cost effective budget in the coming year.

With the PRC's imminent entrance into the World Trade Organisation and the continued improvement of its infrastructure for information technology, unprecedented and exciting opportunities will emerge for the Company to participate, especially in the telecommunication value added services business. The Company backed-up by our powerful and synergistic partners such as China Telecom (Guangdong), China Mobile (Hong Kong) Group and China International Trust and Investment Corporation who subscribed a significant portion of shares at the end of 2000, and assisted by a team of professional management is well positioned to benefit from such preferential market conditions and opportunities.

Finally, I would also like to thank our management and staff for their dedication throughout the year and our shareholders for their continued support.

Chen Xiao Ying
Executive Chairman

19th July, 2001