



BUSINESS REVIEW

For the financial year ("FY") 2000/2001, two major factors affected the growth of the business. Firstly, the ripple effects of the dotcom bubble bust in the US market were felt in the rest of the global information technology ("IT") industry all around the world. Secondly, in order to cope with China's imminent accession to World Trade Organization ("WTO") and to enhance their competitiveness in the global market, many sectors in the People's Republic of China ("the PRC") are currently undergoing restructuring and consolidation, hence delaying their IT investments. Vanda has been unavoidably affected by these events. However, the Group strongly believes that demand for its products and services will resume once the sector restructuring in the PRC is back on track.

To facilitate the steady growth despite these challenges and to streamline the company for future expansion, the decision to write down certain long term investments in high-tech business, deferred development costs, inventories and bad debts has been taken, resulting in significant losses in FY2000/2001. The following are details of the provisions:

1. Provision of HK\$56 million for all deferred software development costs

業務回顧

由美國帶動的科技股熱潮及泡沫爆破，對全球的科技行業無可避免地造成沖擊；中國即將加入世界貿易組織，各行業為加強競爭力而進行的結構調整和重組，延緩了集團的業務發展，但卻為未來蘊藏了巨大的商機。中聯作為一間有實質業務的科技公司，處在這個巨變的潮流中不免受到影響。

為在新的一年中輕裝前進，穩建和良好發展，集團決定對一些高科技長線投資、遞延開發成本、存貨和呆壞帳進行果斷的減值及撥備，因而造成本年度出現明顯虧損。這些撥備主要包括：

1. 在遞延軟件開發成本的全數減值共 56,000,000 港元

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| <ol style="list-style-type: none"> 2. Provision of HK\$35 million for investment in NetStar 3. Provision of HK\$15 million for investment in ChinaHomeGuide.com 4. Provision of HK\$47 million for bad debts 5. Provision of HK\$29 million for inventories | <ol style="list-style-type: none"> 2. 在NetStar的投資撇減共35,000,000港元 3. 在中房信網的投資作為撥備共15,000,000港元 4. 呆壞帳撥備共47,000,000港元 5. 存貨撥備共29,000,000港元 |
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We made the aforementioned provisions in accordance with consistent prudent accounting practice. For instance, NetStar being as a leading network infrastructure builder and solution provider in Asia Pacific, recently regained new investment fund from other investor. We remain optimistic and confident on its promising prospect in spite of the considerable provisions made. Furthermore, there is no book value for our software development costs after the provisions were made. However, software is essential and a valuable asset to the Group and we expect that such investment will continue to generate growth in the future.

以上撥備乃集團採取一貫保守的會計政策。例如：軟件經撥備後，表面上並無價值，但這些軟件產品其實是集團的寶貴資產，在未來必將為集團帶來可貴貢獻；NetStar作為亞太區首屈一指的網絡基建及解決方案供應商，近期再度成功引入新投資者。集團對於是項投資雖然基於保守作出相當撥備，但是對其前景仍然保持樂觀信心；

Despite the provisions for the investment in ChinaHomeGuide.com was almost fully made, it is the largest real estate portal in China and will certainly in the longer-term outlook generate revenue to the Group. We would like to emphasize that the provisions were carried out according to consistent prudent accounting practices. We will make every endeavor to take necessary measures and actions to ensure the possibility that part of such provisions may be written back in the future.

中房信網投資雖作幾近全數撥備，但中房信網作為全國最大的地產網站，長遠也必將為集團帶來收益。由於採取一貫保守政策，同時集團將致力進行必要措施，因此其他一些撥備，將來也有可能部分進行回撥。

Capitalizing on our state-of-the-art technology, well-established customer base and extensive service networks and coupled with our concentrated efforts to strengthen the Group vis a vis prudent management, closely monitoring market trends and developments, the Group will have a more prosperous outlook in FY2001/2002.

集團相信，通過勵精圖治，加強管理，調整架構，掌握市場脈搏，引入新的思維，憑藉集團雄厚的技術實力，強大的客戶基礎，良好的服務網絡，在新的二零零一至二零零二年度，集團將有一個良好的前景。

Systems Integration

China continues to be the focus of the Group's Systems Integration Business. In 2000, China's booming IT market has added to the momentum of the burgeoning systems integration market.

系統集成

中國一向是集團系統集成業務的主要市場。回顧二零零零年，中國資訊科技市場發展仍然十分蓬勃。

Positive factors include: the rapid development of computer and communications technology; increasing popularity of the internet; construction of broadband networks; increasing

同時，隨著電腦和通訊技術的迅速發展，互聯網的逐漸普及、寬頻網絡建設、行業信息化深入、企業電子商務改造等是中國

information flow in industries and transformation of traditional businesses into e-commerce; Industries such as banking and finance, post and telecom, energy as well as the Government continued to undergo information system construction and restructuring. Those industries contributed towards a high demand for systems integration products and services. For example, reform of the telecommunications industry aiming to break up industry monopoly and induce competition has been completed; China's imminent accession to the WTO will bring comprehensive reforms to the banking industry; the energy industry's efforts to build communication networks and electricity allocation automation systems; and amplified effort by the Government to establish e-Government systems.

To conclude, the systems integration market in 2000 was characterized by its ever-increasing market size, expansion of portions of software and services, expansion of key industry customers, increasing activities in major cities, rapid construction of broadband network and huge opportunities triggered off by e-commerce.

In light of these favorable conditions, many new competitors emerged on the market, each clamoring for a piece of the lucrative industry characterized by fierce competition and price wars.

Meanwhile, continuing sector reforms in the PRC were delaying the launch of new IT investments, and many of our customers were taking advantage of tax exemptions and/or were being held up in the bidding process, and were hence deferring orders for our products and services. This has resulted in lower revenue for the Group in FY2000/2001. Nevertheless, the Group believes that the current conditions in China are only temporary as orders from China are definitely picking up again. This is reflected in the first quarter results from April to June, 2001.

During the period under review, the Group had completed hundreds of contracts, with over 60% from the banking industry including the People's Bank of China, Agricultural Bank of China, the Construction Bank of China, the Bank of Communications, Hua Xia Bank, some local commercial banks and ABN AMRO Asia Pacific.

系統集成市場的主要推動力。在行業方面，金融、郵電、能源、政府等是需求最殷的行業；在信息化建設及改革方面，亦都各自發展。例如：以破除壟斷、引入競爭為主要目標的電信改革重組基本完成；加入世界貿易組織的日趨臨近推動銀行業進行全面創新改革；電力行業致力建設電力通信系統與電網調度自動化系統；政府部門加大投入建設電子政府等等。

總括來說，二零零零年，中國系統集成的市場特點，包括市場規模繼續擴大；軟件和服務比重上升，重點行業仍是主要客戶，中心城市依然最為活躍，寬頻網絡建設趨熱，電子商務也帶來新的機遇。

在這種情況下，中國出現許多新的系統集成商，一些新建立的公司為求市場佔有率割價競爭，市場頗為混亂。

加上一些大型項目之訂單因為受到客戶體制改革而推遲，同時集團部份客戶延誤辦理其向本集團購買之電腦產品之免稅申請手續以及因投標手續時間拖長，致使集團營業額受到影響而下降。不過，集團相信這只是短暫現象。由於集團謹慎進行部署，深入細緻做客戶工作，以及領先的技術力量；由二零零一年四月一日至六月三十日的第一季的業績表現可以看出，中國區在積極爭取訂單方面，已出現明顯增長的勢頭。

在本年度，集團共完成數百個合同，其中超過60%仍然以銀行業為主。主要合約包括：中國人民銀行、中國農業銀行、中國建設銀行、交通銀行、華夏銀行及若干地方性商業銀行和ABN Amro Pacific Asia等等。

By providing high quality services and aided by its superior technical skills, we achieved rapid growth in Hong Kong and Macau despite both markets are being affected by the dotcom bust. During the period under review, we installed the first phase of PeopleSoft human resources software for the Mass Transit Railway Corp., and the second phase will be starting soon. We also start providing large-scale system integration related services for ABN Amro Asia.

Vanda continues to develop its strategic partnership with IBM. Last year, Vanda won a number of IBM awards in the Hong Kong and Macau region including "Business Partner of the Year" (awarded in three consecutive years), Top Contributor Award eSeries, pSeries, Storage & RS/6000", "Partner World 2001 Asia Pacific Top BP Award-pSeries" and the "Asia Pacific Top Business Partner Award" and numerous others.

The recovery in Southeast Asian economies including Singapore, Malaysia and the Philippines becomes crucial to the Group's progress in the region. Projects recently completed include the installation of IBM's Enterprise Storage System ("ESS") and implementation of SAN for Overseas United Bank; installation of IBM pSeries and ESS for Keppel Tatlee Bank; establishment of e-business platform for Singapore Press Holdings; setting up an Application Service Provider infrastructure to provide hosting services to Kumpulan Darul Ehsan Berhad in Malaysia in the area of enterprise resource planning and provision of full range services of systems integration for Unilever Singapore.

In the coming year, the Group will modify its development strategy and market position to better capture opportunities as they arise. In belief that good management is the key to success, we are determined to strengthen our team, improve the quality of service and products, maintain our operating profit, increase our market share and competitive advantages in the focal industries to become the most efficient and sustainable IT services enterprise.

Software Business

The Group retains a team of 500 strong software professionals. Customers recognize the range of quality products and services we offer. We are especially proud to gain independent accreditation for the ISO9001 and ISO 9002 in 2000.

集團在香港及澳門的業務發展迅速，雖然兩地市場同樣飽受科網股泡沫爆破之影響，港澳部門憑藉其優質技術水平與服務，仍能取得良好業績。期間，為香港地下鐵路公司安裝實施PeopleSoft之人力資源系統軟件第一期工程，第二期工程亦會隨後展開。此外，亦為擔任ABN Amro Asia提供大規模的系統集成相關服務。

IBM一向是集團最密切合作的業務夥伴之一，回顧年度，港澳區更榮獲多個IBM獎項，包括「最佳合作夥伴」(連續三年獲取)，「最佳銷售獎- eSeries, pSeries, Storage, RS/6000」、 「pSeries 亞太區最佳合作夥伴獎」、 「亞太區最佳合作夥伴獎」等。

而在東南亞地區，包括新加坡、馬來西亞及菲律賓等國家，集團藉著該等市場的經濟復甦，業務發展不俗。已完成項目包括為Overseas United Bank提供IBM企業儲存系統(ESS)及SAN實施服務；為Keppel Tatlee Bank提供IBM pSeries及ESS系統；為Singapore Press Holdings建立其電子商貿平台；為Unilever Singapore提供全面系統集成服務等等。

新一年度，集團重新部署發展策略與市場定位。有鑑於良好管理是企業成功之法門，因此集團銳意加強人員素質，整頓隊伍，力保營業利潤，增長市場份額，維持在重點行業的競爭優勢，而終將成為最具實力及持續發展的信息技術綜合服務事業。

軟件業務

集團擁有超過五百人的強大軟件隊伍，在過去數年，不論在產品研發，技術水平，產品質素與客戶服務方面，皆獲得客戶認可與好評，並取得ISO9001與ISO9002的認證。

During the period under review, we allocated considerable resources in developing and upgrading an innovative range of products, aimed at enhancing our competitiveness and market share in view of opportunities associated with China's accession to the WTO. Among them is the brand new B/400 comprehensive banking software, which has been made more structural, comprehensive, flexible, enhanced with many new functions, parameters and modules, and scaleable solutions. B/400 is not only suitable for both China and international banking businesses, but also is recognized as one of the most advanced and sophisticated banking software with both Chinese and English versions. To date, the China Construction Bank Ningbo Branch and the Guangdong Development Bank Macau Branch have adopted the B/400. We are highly confident that B/400 will suit the business model and the increasing needs of commercial banks in the future.

VBS/2000 is another key banking system software developed by the Group. VBS/2000 is run on an open platform and is now used by Hua Xia Bank, many city commercial banks and rural credit cooperative unions. During the period under review, we further enhanced the software for Zhejiang Rural Credit Cooperative Union to cover the whole Zhejiang province.

Meanwhile, the Group developed a package of platform software for banks' intermediary operations, which helps banks develop new varieties of products and strengthens their competitive edge. We expect the product to attract more business opportunities. Also, through joint efforts by our R&D and sales teams in Hong Kong and China, we will generate more outsourcing businesses similar to the Mandatory Provident Fund (MPF) project that we provided to the Bank of Bermuda in Hong Kong.

Moreover, we developed an advanced electronic mail ordering system for Henan Postal Bureau which acts as a testing ground for the country's postal services. To cope with the needs of public and private enterprises with respect to reinforcing management, enhancing competitiveness and increasing efficiency, we successfully developed an office automation system. The software is adopted by Guangzhou Municipal Government and Heilongjiang Mobile Company. At the same time, the Group also developed an electric power management information system.

為了迎接中國加入世貿的機遇，以及增強集團的競爭力，期間，集團繼續投入大量資源，致力開發新產品以及進行產品優化。其中銀行綜合業務系統B/400最新軟件產品，加入許多國際銀行經驗與功能，更由於其參數化、模塊化、功能全而靈活易升級，成為市場上最先進、最完善和具有中英文版本的銀行綜合業務軟件系統。目前，已為中國建設銀行寧波分行及廣東發展銀行澳門分行所選用。集團對此產品極具信心，認為它可以充分滿足未來商業銀行的業務模式與需求。

集團另一個重要銀行系統軟件是在開放平台上運行的VBS/2000,分別為華夏銀行、多間城市商業銀行和農村信用聯社使用。期間，集團進一步優化VBS/2000,成功為浙江省農聯社進行全省版本開發。

同時，集團開發了一套銀行中間業務交易平台軟件，可滿足銀行業日益增加的服務品種需求，從而提升其競爭力。預期該產品將為集團帶來很大商機。除了國內業務，集團亦策略性利用香港的銷售與國內的軟件隊伍配合，聯合擴展外判業務，為百慕達銀行開發香港強制公積金MPF項目。

此外，集團為河南省郵政局開發了先進的電子郵購系統，成為國內的試驗局；為適應國內政府和企業加強管理、增加競爭力和提高辦事效率的需求，集團成功開發了政府和電訊業應用之辦公室自動化系統。分別應用於廣州市政府和黑龍江省移動電話公司。同時集團也開發了電力管理信息系統等等。

The Group persisted in its prudent strategy on the development of e-commerce solution. We successfully developed on-line B2B payment gateway system which was granted by IBM Diamond Award in application of e-commerce, another demonstration of Vanda's innovative strength in software development. In the financial arena, we have developed Internet banking software focussing on B2B corporate banking. In addition, the Group developed a one-stop B2B logistics application solution for its subsidiary DigiLogistics.com Limited ("DigiLogistics"), a B2B global one-stop e-logistics platform and logistics application provider.

"Solutions driven" has become a worldwide trend and catch-cry of IT market where the hardware market is dictated by solutions. In China, the share of software and information service in IT market continues to rise accordingly.

On the whole, the software industry is prospering and growing, hence we cannot afford to ignore it. The investment the Group has made over the years has equipped itself with tremendous software resources that makes Vanda one of the leading software companies in the Greater China region. Based on our consistent prudent accounting principles, we made a one-off provision of approximately HK\$56 million on capitalized investment. Although it implies huge losses in to the Group, the Group will grow in a healthier position in the long term. We are confident and believe that the software business will bring more than satisfactory returns to the Group.

Mid-range Computer Systems Distribution in Southeast Asia

The Group's business in Southeast Asia recorded sturdy growth and significant earnings for the second consecutive year. Strong demand came mainly from Singapore and Malaysia in which expenditure on IT increased sharply following the elimination of Y2K fears. Institutions, enterprises and government departments in these countries began devoting resources to enhance and upgrade their computer systems again.

集團對於電子商務解決方案的投資策略保持審慎態度。集團已經成功開發B2B互聯網支付網關系統。此項開發榮獲IBM軟件在電子商務領域的鑽石大獎，再次彰顯中聯的軟件開發力量。在金融業方面，集團本其專長，開發了網上銀行，並重點發展B2B企業銀行。另外，電子物流系統亦是集團致力開發的電子商務解決方案，提供集團旗下附屬公司一盈運網一套完整的一站式商業對商業物流應用方案。

鑑於全球IT產品市場結構的趨勢是「以軟帶硬」(solution driven)，亦即以解決方案來帶動硬件市場。而中國的IT市場亦顯示軟件和信息服務業的比例不斷提高。

軟件是富有前景而又必須投入的行業，歷年的投資已令本集團擁有強大的軟件資源，成為大中華區最主要的軟件公司之一。在本年度，集團本著保守的會計原則，將約港幣56,000,000資本化的投資作一次過撥備。雖為集團帶來巨大帳面虧損，但將使集團發展更為健康。集團對軟件投資極具信心，並預期軟件必將為集團帶來理想盈利貢獻。

東南亞中型電腦系統分銷

集團在東南亞的業務，配合市場需求增加，在本年度連續第二年錄得強勁增長與可觀盈利貢獻。主要的增長分別來自新加坡與馬來西亞。該等地區的資訊科技支出在消除電腦公元二千年問題疑慮之後，明顯大增。各機構、企業及政府部門皆紛紛投入資源提升或更新其電腦系統。

Through Azure Technologies Pte Ltd ("Azure Technologies"), the Group's subsidiary, Vanda engages in the distribution of computer systems, including IBM's mid-range computer systems, servers, data storage systems and Oracle software in Southeast Asia. The Group has worked hard to enjoy the privilege of being the regional top IBM distributor and provider of IT solutions offering a wide range of products there. During FY2000/2001, Azure won a number of IBM awards in several regions, namely, Asia Pacific Top Business Partner Award-Partner of Distinction, ASEAN/SA Distributor of the Year Award ESG, Top Business Partner for pSeries Servers, e-Server 2000 Partner of Distinction, Significant Contributor Award for iSeries Servers, Total Storage Solution Leader Asia Pacific, etc. We also made major breakthrough in the sales of Oracle software, winning Oracle Best Value Added Distributor Award.

During the period under review, Azure Technologies in co-operation with its resellers, offered a wide range of one-stop computer products and value added services for the banking and finance industry, manufacturers and government departments, which included provision and installation of software and hardware, planning of system capacity, support and maintenance, as well as solutions for system storage. Our customer-base is comprised of high-profile clients such as HSBC, Shell International Service Ltd., Social Security Organization of Malaysia and Singapore Polytechnic.

Our excellent distribution business can be attributed to good management and close co-operation among Azure Technologies and its suppliers and resellers. In particular, the extensive network of more than 300 re-seller agents, our intimate understanding of the market, in addition to our commitment of providing value added services has given us the edge as a value-driven distributor.

With the increasing sophistication of the Southeast Asian markets, Azure Technologies has decided to maintain its successful strategy of keeping fully informed of the market and new technologies and of achieving diversification to continue to fuel robust growth into the future.

集團透過旗下的Azure Technologies於東南亞經營IBM中型電腦系統、伺服器、儲存產品及Oracle軟件之分銷業務。Azure Technologies是IBM中型電腦產品在該區的最大及最佳分銷商。而在不同的國家及不同產品系列中，又分別各佔鰲頭；並且連年贏得許多獎項，今年榮獲獎項包括「IBM亞太區最佳合作夥伴獎-甲級夥伴」、「IBM ESG東盟／南亞洲區最佳分銷商」、「IBM pSeries伺服器最佳合作夥伴獎」、「IBM e-Server甲級合作夥伴獎」及「IBM全面儲存方案中心亞太區領導獎」等等。而在銷售Oracle軟件產品核心技術，亦有重大突破，榮獲為2000年Oracle最佳增值分銷商。

期間，Azure Technologies透過其代理商，共同合作為銀行金融業、製造業及政府機構提供全面一站式電腦產品與增值服務，包括軟、硬件的配置與供應，以及為客戶計劃其系統容量、支援維護和解決儲存系統方面之技術性問題。客戶包括香港上海匯豐銀行、Shell International Service Ltd.、Social Security Organization of Malaysia及Singapore Polytechnic等。

集團的分銷業務成功之處，除了優質管理以外，還在於Azure Technologies與供應商、代理商等業務夥伴緊密合作，擁有特強及超過三百家代理商組成的經營網絡，充分瞭解市場需求，並不斷提升增值服務，充分突顯作為分銷商以外的附加價值。

集團的東南亞業務已發展數年，並已日趨成熟。因此在下一年度計劃中，Azure Technologies將繼續秉持此成功經營策略，掌握產品動態與新科技，增添服務多元化，以期維持業務強勁增長。

e-Business

In July 2000, the Group launched DigiLogistics.com, Asia's first global one-stop logistics trading platform and logistics application services provider, offering one-stop e-logistics solutions and trading platform for the logistics industry. Members of DigiLogistics can enjoy comprehensive e-logistics on-line services including inquiry of freight schedule, space availability and bookings, management, online price negotiations, as well as a full range of services from e-documentation, electronic declaration to global visibility management.

DigiLogistics aims to forge close relationships and form strategic alliances with logistics services providers, shipping companies, e-trade application services providers and all its customers. Currently, there are more than 40 logistics service providers and over 6,000 import-export companies registered as members. Its customers include Wide Tech Shipping Limited (the largest feeder operator in the Pearl River Delta region), ATE Unique Group, Shum Kam Group (the largest mass delivery company by van in Hong Kong), e-pulppaper.com, as well as many multi national corporations and major banks.

Moreover, DigiLogistics has been instrumental in opening up opportunities in China. In October 2000, an agreement was signed with China Total Logistics to offer e-logistics solutions and marketplace as well as comprehensive delivery network services. It also signed a contract with Cargo888, one of the largest third party logistics providers (3PL) in Shanghai, to provide and install its e-logistics trading platform. As recent as June 2001, DigiLogistics formed a strategic partnership with SNET, a one-stop neutral e-logistics platform and information provider operated by the China Shipping Gazette, which is the largest authoritative cargo shipping information magazine in China administered by the State Development and Planning Commission of PRC and China Communication & Transportation Association. As a result of these initiatives, DigiLogistics is able to further reinforce its position and expand its customer based in China. In view of this, the Group is optimistic about the future prospects of DigiLogistics.

電子商務

集團透過其旗下之盈運網，於二零零零年七月推出，是亞洲第一家環球一站式電子物流交易中心及物流應用服務供應商，為物流行業提供一站式解決方案與交易平台。用戶在盈運網的平台上可享有全面物流服務，包括班期查詢、管理、在線議價、在線訂艙，電子文檔處理管理以及全球貨物跟蹤查詢等功能。

自推出至今，盈運網致力與物流行業服務供應商、船務公司、電子貿易應用服務供應商(ASP)與企業客戶，保持緊密合作，締結策略聯盟。目前已有四十多個物流行業服務供應商及六千個進口商登記成為會員。客戶包括偉達船務有限公司(珠江三角洲最大貨運代理)、天虎德威集團、順錦集團(本港最大規模的客貨車運輸集團)、e-pulppaper.com、及多間跨國公司及主要銀行。

此外，盈運網亦不斷開拓中國市場。二零零零年十月，與中國全程物流網合作，為其提供電子物流解決方案，電子物流市場及完善的配送服務。隨後又成功與上海最大第三者物流供應商(3PL)之一Cargo888簽訂合同，為其提供電子物流交易平台。此外，盈運網更於二零零一年六月，經由與中國國家計委主管及中國交通運輸協會主辦，中國最大之船務物流雜誌「中國航務周刊雜誌社」旗下的「中國航運網」結盟策略性夥伴，使其業務與客戶基礎得以進一步擴展至中國。集團對其發展前景感到十分樂觀。

Vanda announced a strategic investment in New Tech & Telecom Investment Limited ("NT&T") in September 2000, via the subscription of redeemable convertible bonds of HK\$30 million and share options of HK\$70 million issued by NT&T. The Group had exercised the share options of HK\$25 million in March 2001 with a view to enhancing co-operation with Guangzhou Nanxin Interfiber Telecom Limited ("NX Interfiber"), a subsidiary of NT&T. We see this initiative as a means of capitalizing on our competitive advantages in systems integration and software development competence and NX Interfiber's extensive experience in the telecommunications market in China, to jointly develop broadband network application services in China.

LIQUIDITY AND CAPITAL RESOURCES

On 7th April, 2000, an aggregate of HK\$277 million 6% convertible bonds were issued to Hutchison International Limited and an independent third party. The proceeds from such convertible bonds have improved the liquidity of the Group and helped to accelerate the Group's development and expansion.

As at 31st March, 2001, the Group's gearing ratio, calculated based on the consolidated net assets value (including those shared by minority interest) of HK\$176 million (2000: HK\$350 million) and the consolidated net borrowings (including the convertible and exchangeable bonds and net of cash, bank balances and bank deposits) of HK\$286 million (2000: HK\$30 million) has been increased to 1.63 at 31st March, 2001 as compared to that of 0.09 at 31st March, 2000.

PROSPECTS

The coming FY 2001/2002 will be full of challenges as well as opportunities. China's forthcoming accession to the WTO will inevitably lead to greater demand for IT solutions as well as a gradual opening up of its markets. This will undoubtedly lead to greater, more intense competition than it has ever been.

集團並於二零零零年九月向新科技電信投資有限公司("NT&T")作出策略性投資，向其認購三千萬港元的可換股債券及七千萬港元的認股權。集團並於二零零一年三月行使約二仟伍佰萬港元認股權。旨在以集團強大的系統集成優勢和軟件開發能力與NT&T旗下的廣州南信光網互聯通訊有限公司合作，共同開發國內寬頻網絡應用服務市場。

流動資金及資金來源

集團於二零零零年四月七日向和記黃埔有限公司及獨立第三者發行總值2.77億港元的6%可換股債券。可換債券之集資所得有助改善集團的流動資金情況，以及有助加速集團的發展和業務擴張。

於二零零一年三月三十一日止，按集團的綜合資產淨值(包括少數股東權益分佔之部份)1億7仟6佰萬港元(二零零零年：3億5仟萬港元)及綜合淨借貸(包括可換股債券及可轉換債券及扣除現金，銀行結存及銀行存款)2億8仟6佰萬港元(二零零零年：3千萬港元)而計算之資本負債比率上升至1.63，而在二零零零年三月三十一日的資本負債比率則為0.09。

展望

二零零一年至二零零二年對集團來說，將是一個挑戰與機會並存的年度。作為集團主要市場的中國已毫無疑問會加入世貿，因應這種形勢，對資訊行業將有更強勁的需求。由於市場更加開放，競爭也將更加激烈。

The Group is however, well prepared to take advantage of the upcoming scenario. Our strategy is to tap new sources of revenue, cut down expenditures, enhance efficiency, and for these we have put in place stringent measures.

We believe that a new era is about to dawn in the coming years, enabled in part by our experienced team of a thousand staff, our extensive customer base and reputation established over the years, comprehensive network extending from China to Southeast Asia, in-depth knowledge of local markets, flexibility and close ties with business partners. Looking ahead, the Group is very optimistic about the future and is confident of showing good returns for investment.

APPRECIATION

On behalf of the Board of Directors, I would like to place on record our appreciation to all staff for their exceptional performance and hard work, as well as our shareholders for their trust and unwavering support during the year.

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members will be closed from 14th September, 2001 to 20th September, 2001, both days inclusive. In order to qualify for attending the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tengis Limited, 401 Hutchison House, 10 Harcourt Road, Central, Hong Kong not later than 4:00 p.m. on 13th September, 2001.

Lam Hon Nam

Chairman

Hong Kong, 26th July, 2001

集團為此已作好部署，我們的發展策略是開源、節流和增效。並為此訂立嚴格的措施。

我們相信，憑藉集團一千名訓練有素的員工，多年建立的廣泛客戶基礎和商譽，從中國到東南亞的良好網絡，對市場的深厚認識和應變能力以及與商業合作伙伴的緊密關係，在新的年度，集團將會出現一個嶄新的局面，我們對前景十分樂觀，並預期將為股東帶來良好的回報。

致謝

本人謹代表董事會對全體員工的合作和努力工作，對各位股東的支持和信賴表示深切感謝和致意。

暫停辦理股份過戶登記

本公司將於二零零一年九月十四日至二零零一年九月二十日（首尾兩天包括在內）暫停辦理股份過戶登記手續。為符合出席即將舉行之股東週年大會資格，所有過戶表格連同有關股票必須於二零零一年九月十三日下午四時前送交本公司之股份過戶登記處登捷時有限公司，地址為香港中環夏慤道10號和記大廈401室。

林漢南

主席

香港，二零零一年七月二十六日