

The Group experienced a series of high technology business transformation for the year ended 30th June, 2001. The management led the Group to go through reforms from traditional property-oriented to technology-oriented business. It gives me great pleasure to witness this change over of the Company in the year.

### RESULTS

During the year under review, the turnover of the Group was HK\$8.2 million, when compared with the prior year figure of HK\$16.1 million, a drop of about 50% was recorded. Loss from operations was HK\$53.8 million with a decrease of 45% as compared to last year of HK\$98.6 million. Loss attributable to shareholders amounted to HK\$81.3 million and again, as compared to HK\$110.5 million of last year, improvement of 26% had been recorded.

### DIVIDEND

The directors do not recommend the payment of any dividend for the year ended 30th June, 2001 (2000: Nil).

### REVIEW OF THE OPERATIONS

In the past year, the Company has clearly stated its directive to invest in the high growth potential and/or profit-generating technology related business. The Company had in early February 2001 announced to ally as the strategic partner and technology platform for China National Real Estate Development Group Company ("CRED China"), the state-owned real estate giant in the People's Republic of China (the "PRC"), to develop two projects, namely "Central Procurement ("CP")" and "Digital Community". In addition, in line with the said directive, the Company has made several investments during the year under review:

- **Sky Citi-Link ATNT (Holdings) Limited: 20% interest**
  - A leading satellite communication services operator in Asia, in possession of a fixed line network-operating license for outboard calls from Hong Kong.
- **CRED.net Limited: 20% interest**
  - Provider of web-design and technical support services to www.PRCproperty.com (中國房地產網), a PRC's real estate website under CRED China.
- **Zhu Hai Zaichuang Technology Company Limited: 55% interest**
  - Equipment and peripherals manufacturer for broadband cable network.

Each individual investment has its own unique business-operating environment that formed a well-diversified business portfolio, which will provide a plausible stable and recurring income for the Group in the near future.

## FUTURE PROSPECT

The Company has been well-positioning itself in the PRC and laid a strong business foundation in the high technology market and the telecommunication sector, though which is now highly restrictive to foreign investment. Moreover, the Company has recently announced the proposed acquisition of 65% interest in International Telecommunication & Telegraph Limited, which indirectly holds 80% interest in a sino-foreign joint venture in the PRC known as 中鐵光通信息技術發展有限公司 (China Railway Optical Fiber & Information Technology Development Co., Ltd.) ("CROFIT"). CROFIT is developing an IC card pay phone project along the railway network in the PRC, principally linking the prime locations of Shanghai, Guangdong, Jiangsu and Guangxi provinces. The management is confident that the project would provide a strong recurring source of income to the Group, with profitability upcoming by 2002. The pay phone project will be in operation shortly. The Company shall enhance the development of a telecommunication database for the Group through the project. In a longer run, the Company foresees further development into value-added services brought in by the IC cards and pay phones. The Directors are confident that the project would serve a strong base for the Group in sharing future niche of the PRC technology market after the World Trade Organization ("WTO") entry. The Company expects that foreseeable returns in its technology businesses will surge to the Group, in particular, following the PRC's entry into WTO.

The Company is optimistic about the future outlook of the PRC. The sustained economic growth in the PRC together with the revival of public confidence fuelled the recent recovery of the country's consumer sector. A stronger property market is leading to an increase in demand for building materials and home decoration products. These will benefit our investee company CRED.net Limited and our CP and Digital Community projects.

The PRC has been one of the fastest growing countries in the world with GDP growth over 8% in the past consecutive years. With the country's entry to the WTO, together with the continuing improvement in its investment environment, the Company is confident that the PRC will maintain its steady growth despite a slow down in the rest of the world.

## APPRECIATION

Finally, I would like to express my sincerest thanks and appreciation to all my colleagues and staff for their loyalty and full support to the Group during the year.

On behalf of the Board

**Thomson Lee**  
*Vice Chairman*

12th November, 2001