

2001 was a difficult but challenging year for the Group. The Group's manufacturing business was able to pick up its operations in the first half of the year but subsequently saw a drop in the orders placed due to the September 11 terrorist attacks. However, the Group is confident that the manufacturing business will be able to sustain its operation at its present levels in the year to come.

In October 2001, the Group completed its 100% acquisition of Zhuhai Tianxin Business Software Limited, a company registered in the PRC engaging in the development and sale of enterprise applications software, for an aggregate consideration of HK\$48 million with the issue and allotment of 21.7 million ordinary shares.

Unfortunately, the Group experienced a delay in the progress of its Intelligent Buildings projects upon the publication of the Measures for the Administration of Telecommunications Service Operating Permits by the PRC Ministry of Information Industry which lead to the reorganisation of the entire management team for the Company. After assessing the current market conditions and in view of the unexpected and spiraling down turn of market conditions for Internet and multi-media related businesses, the new management team decided to focus on the Manufacturing and Software Development Businesses. As a result, during this transitional period, the Group experienced high staff costs due to the then competitive compensation package in the Internet market, which has overlapped with cost to put a new executive team in place to better manage the Company's new direction.

Moving forward, the new executive team will take a careful approach and adopt prudent business strategies by scaling down its development in the Internet. The Company will endeavor to build solid foundations based on its renewed business model. The new executive team will also actively explore other new businesses and/or investments, especially in the PRC market, to build a steady and recurring income base for the Group.

I would like to take this opportunity to thank our management team and staff for their commitment, patience and support during this difficult and trying period.

Leung Chung Shan

Chairman and Executive Director

Hong Kong, 23 April 2002