

CEO'S REPORT

Year 2001 was a milestone for the Group's business development. During the year, the Group focused on the China market, seized every opportunity to develop into the leading logistics technology solutions and services provider in China.

FINANCIAL RESULTS

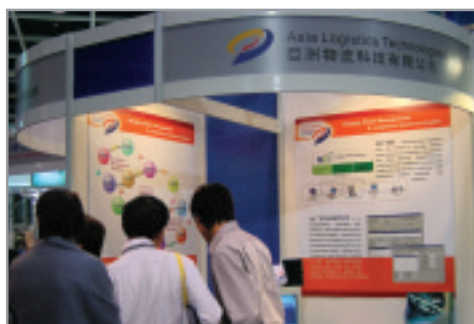
For the year ended 31 December 2001, the Group recorded a turnover of approximately HK\$63 million, representing a significant growth of approximately 530% when compared to last year's figure of approximately HK\$10 million. Loss attributable to shareholders was approximately HK\$24 million against the loss of approximately HK\$20 million last year.

FINANCIAL POSITION

In June 2001, the Company placed 505,846,000 new shares at an issue price of HK\$0.175 per share, which generated a net cash inflow of approximately HK\$86.9 million. Such proceeds have been used by the Group as general working capital.

During the fiscal year, the Group was able to maintain a strong financial position. Cash on hand, as at 31 December 2001, stood at approximately HK\$131 million (2000: HK\$198 million). At the same time, the Group had no bank borrowing. The only long term debt which is material in nature was the issue of a convertible bond ("Convertible Bond") in an aggregate principal amount of HK\$39,286,000 by the Company to New World CyberBase Nominee Limited as part of the consideration for the acquisition of approximately 18.5% of the then issued share capital of New World CyberBase Limited ("NWCB"). The Convertible Bond bears interest at 3% per annum and is convertible at an initial conversion price of HK\$0.10 per share of the Company (subject to adjustment) at any time from and including the first anniversary of the date of the issue of the Convertible Bond until the maturity date ending on the third anniversary of the date of the issue of the Convertible Bond. Notwithstanding this, the gearing ratio of the Group as at 31 December 2001, dividing the outstanding amount of the Convertible Bond by the shareholders' equity, was 0.13.

The Group is in a strong financial position and is therefore confident that it has sufficient funds to pursue its business plans.



BUSINESS REVIEW

2001 has been a challenging year for the Group with overall economic conditions being adversely affected by the global economic slowdown. Nevertheless, the Group did not slow down its business development in view of the stagnant environment. Given the vast opportunities and potential of the China market as a result of the booming economy, the Group has taken strategic moves to establish a foothold in the China market. In line with the Chairman's vision to tap the tremendous business opportunities in the China market as a logistics technology solutions and services provider, the Group has strengthened its business operations and adopted the flexible business strategies and visionary steps.

To assist the Group's smooth transformation into a logistics technology solutions and services provider, it has brought in new members to the management team. With a wealth of industry experience, knowledge, and know-how in IT and management, these new members have helped to strengthen the management team considerably. The Group is confident that the new management team will lead the Group to the achievement of its business objectives in the burgeoning business environment.

During the year under review, the Group had successfully transformed into a professional logistics technology solutions provider, focusing on providing research and development, consulting services, turnkey solutions and application implementations to business enterprises. It boasts expertise in the implementation of solutions in Enterprises Resources Planning (ERP), eSupply Chain Management (eSCM) and eLogistics Management, as well as in Logistics Value-added Service Platform (VASP).



Turnkey Solutions and Applications Implementations

Aiming to assist clients to strengthen their core competencies and operational efficiency, the Group is dedicated to offering best-fit and turnkey solutions and applications implementation that have been tailor-made for their specific business needs. During the year under review, the Group has already obtained several major projects such as Hong Kong Housing Society, Tianjin Zhong Xin Pharmaceutical Group Corporation Ltd. and etc. The Group is actively seeking to expand and diversify its service portfolio to meet the needs of a wider range of industries.



The iConsulting Business

In view of the rising needs of large and traditional corporations in China for improving their competitiveness to face new challenges after its entry into WTO, the Group invested in 漢普管理諮詢（中國）有限公司 (“HAN”), and developed iConsulting business by merging modern management philosophies with information technologies. By further developing the iConsulting business, HAN has become one the leading management and IT consulting firms in China.

CEO'S REPORT

HAN has the largest BPR/ERP consulting team and client base in China. With a team of management professionals and specialists who fully understand the Chinese culture and are completely familiar with advanced international managerial techniques, HAN specializes in providing professional consultancy services to enterprises in the reform of management models and business process re-engineering. More than 100 PRC enterprises have turned to HAN for consulting services in relation to IT reform and approximately 400 companies have benefited from its IT training. During the year, HAN received the “Greater China Top Application Partner Performer 2001” award from Oracle as it delivered more than 25% of Oracle’s indirect application revenues in the Greater China region. Most of its clients are prominent state-owned enterprises and international companies such as Hisense Group, Haier Group, Matsushita Electric Works, etc. Through HAN, the Group can obtain valuable domain knowledge and extensive customer base in many industries, which gives the Group a solid foundation to provide the best logistics technology solutions and services to the customers.



Research and Development

To assist clients to implement the best-fit solutions and comply with local practices, the Group established the Xi'An Research and Development Centre that specializes in the customization, localization and globalization of software solutions, and research and development for eSupply Chain Management (eSCM) and eLogistics solutions. The Xi'An Research and Development Center is committed to providing quality, tailor-made solutions.

Strategic Investment

The Group has been seeking suitable investment opportunities that will contribute to its continuous growth. The decision to invest in NWCB in October 2001 (details were disclosed in the circular of the Company dated 26 October 2001) has helped to expand its capabilities in the research and development of software. Through the sharing of technical expertise and resources, the Group has benefited from NWCB's well-established e-Business practices which specialize in research and development and the implementation of e-Business products and services, improving the Group's supply chain management and logistics solutions, and complementary e-business solutions and services. NWCB's core software technologies in the areas of process management, document management as well as Geographical Information Systems (GIS), complement the Group's logistics software solutions for improving work efficiency, and tracking and tracing visibility in the provision of supply chain management services.

Strategic Alliances

Through close collaboration with subsidiaries, associated companies and business partners, and benefiting from the synergies thus created, the Group provides customers with turnkey solutions. This strategy helps to create multiple revenue streams for the Group while at the same time strengthening the Group's product and service offerings. So far, the Group has successfully forged strategic alliances with certain leading global companies. To enhance its competitiveness in the consulting industry, it has formed a strategic alliance with Deloitte Consulting. To strengthen its technology capabilities, the Group has also formed alliances with webMethods, Oracle, Sun Microsystems, eSkylink, etc. These alliances allow the Group to closely collaborate and leverage mutual resources and applications to provide the best solutions to customers.

PROSPECTS

The continued economic growth in China is expected to sound a positive note for the Group's further expansion. With the solid foundation and sound business strategies, we are ready to tap every arising opportunity that improves our synergies and enhances the growth of the Group.

New Joint Venture with a leading India-based software solutions provider

In November 2001, the Group announced the establishment of a joint venture company with ZenSar Technologies Limited ("ZenSar"), a leading India-based software solutions provider with a global presence. The joint venture will be the first Sino-Indian consulting and technology firm in China. Its target business is to provide quality consulting, software blueprinting, and ERP solutions for small and medium enterprises. It will also offer banking and finance solutions, offshore development services and IT support for global customers in China through ZenSar's global presence around the world.

Combining the Group's in-depth knowledge in China market and ZenSar's Software Engineering Institute's Capability Maturity Model ("SEI-CMM") Level 5 quality credentials and large SEI-CMM consultancy force, the joint venture will be able to provide customers with complete applications management services. These services enable customers to better manage their IT environments and apply the most suitable technologies to help them implement their business initiatives. It will also help the Group achieve its goal to raise the position and standards of the software industry in the Greater China region and upgrade our software development capabilities.



CEO'S REPORT

As an offshore development center offers complete and tailor-made IT services to local and offshore customers at a comparative low cost, there is a growing trend in the international market to seek outsourced services from software development centers to cut costs. To capitalize on this trend, the joint venture with ZenSar, will set up offshore development centers in China, offering services of an international standard to multinational customers. These centers will have access to a vast pool of talent, an established IT infrastructure, and enjoy low overheads. With these favourable factors, the Group believes that the joint venture will eventually develop into another most important IT outsourcing service provider in the world, delivering the best services to customers.

北京金柏新干線

In the light of strong Chinese government support to the development of the logistics and technology market and the Group's preparations to capture rising market demand, the Company has acquired 北京金柏新干線信息科技有限公司, a wholly foreign-owned enterprise incorporated in China, through the conversion of the exchangeable notes in Cyber Pilot Limited in January 2002. It is a fourth-party integrated logistics and supply chain technology and consultancy services provider, and its existing and targeted customers include logistics and supply chain corporations in the China. Currently, it provides logistics management, marketing and technical consultancy services to a logistics provider in China.

New Strategic Shareholder

In March 2002, the Group entered into conditional subscription agreements with Legend Group Limited ("Legend") for the subscription of shares in the Company and HAN. Upon completion, the Group will be able to ride on Legend's leading position in the China market, its solid client base and sales network to enhance market coverage. Partnering Legend in the joint development of the IT management consultancy business will further promote and establish the iConsulting business concept. Pooling the strengths of the Company, Legend and HAN, it will be able to establish a best-in-the-breed iConsulting business, creating a "win-win-win" situation for the three companies concerned and for customers.

In summary, armed with its extensive industry experience, international business practices, technological know-how, understanding of Chinese and Western markets, and professional management team, the Group is in a highly advantageous position to seize new business opportunities and expand services, thereby strengthening its position as a leading logistics technology solutions and services provider.

Employees

As at 31 December 2001, the Group had 239 employees. Apart from salaries, the Group also provides training and other fringe benefits to employees, which include provident funds, medical insurance and share options. The remuneration policy and packages of the Group's employees are reviewed on a regular basis.

Chan Wai Keung, Ringo

Chief Executive Officer

Hong Kong, 22 April 2002