

The directors present their annual report and the audited financial statements for the year ended 31st March, 2002.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 15 and 16 to the financial statements respectively.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's subsidiaries and of the Group's associates at 31st March, 2002 are set out in notes 15 and 16 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate turnover during the year attributable to the Group's five largest customers accounted for 87% of the Group's turnover, of which 49% was attributable to the largest customer.

The aggregate purchases during the year attributable to the Group's five largest suppliers amounted for 80% of the Group's total purchases, of which 56% was attributable to the largest supplier.

Other than as disclosed above, at no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors own more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers or suppliers.

RESULTS

The results of the Group for the year ended 31st March, 2002 are set out in the consolidated income statement on page 25.

DIVIDEND

The Directors do not recommend the payment of a final dividend in respect of the year ended 31st March, 2002.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on pages 71 and 72.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK\$8.16 million on the acquisition of vehicles, furniture and equipment.

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 12 to the financial statements.

SHARE CAPITAL, WARRANTS AND SHARE OPTIONS

Details of movements during the year in the share capital and details of warrants and the share option scheme of the Company are set out in notes 21, 22 and 23 to the financial statements, respectively.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Cheung Wai Tung (*Chairman*)

Mr. Chu Bong Foo (*Vice-Chairman*)

Mr. Hui Hau Leung, Joseph (*Deputy Chairman*) (resigned on 18th May, 2001)

Mr. Cheung Kam Shing, Terry (*Managing Director*)

Mr. Henry Chang Manayan

Mr. Wan Xiaolin (appointed on 1st July, 2002)

Independent non-executive directors:

Mr. Lai Man To

Mr. Wang Tiao Chun

Ms. Juliet Wu (appointed on 18th May, 2001)

In accordance with Clauses 101, 110(A) and 190(v) of the Company's Bye-Laws, Messrs. Chu Bong Foo, Wan Xiaolin and Wang Tiao Chun will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Cheung Wai Tung, aged 44, was appointed as the Chairman and Executive Director of the Company in December 1998 and is responsible for the corporate strategic planning and business development of the Group. Mr. Cheung holds a Bachelor of Arts degree in Accounts and Finance from Shanghai Maritime College, Shanghai. Prior to joining the Group, he was representative and deputy chief executive officer of COSCO Group in Singapore and Hong Kong respectively.

Mr. Chu Bong Foo, aged 64, was appointed as Vice-Chairman and Executive Director of the Company in May 1999 and is responsible for the design and development of Chinese Information infrastructure of the Group. Mr. Chu is the inventor of Changjie Index System and has been engaging in the development of Chinese character coding system over 20 years.

Mr. Cheung Kam Shing, Terry, aged 39, was appointed as the Managing Director of the Company in April 2000, and is responsible for the Group's investment planning and corporate development. Mr. Cheung holds degree of a Bachelor and Master degree in Economics from University of Hong Kong and University of London respectively. Prior to this appointment, Mr. Cheung has over 16 years of experiences in financial investment.

Mr. Henry Chang Manayan, aged 46, was appointed as Executive Director of the Company in September 1999. He is the Mayor of Milpitas, California, the first Mayor of Asian ancestry ever elected in the City of Milpitas. He is also an attorney and business owner of a management consultancy firm. He was educated at Syracuse University, Oxford University (Great Britain), Yale-in-China College, Golden Gate University Graduate College of Banking and Finance and the University of Santa Clara School of Law, where he received his Juris Doctor. Mayor Manayan is the president and general counsel of Transpacific Capital Corporation, a finance and investment company. He also served as a board director, officer and legal counsel to several companies and organisation.

Mr. Wan Xiaolin, aged 44, joined the Group as General Manager in January 2000 and is responsible for the group administration, human resources and training, accounts and finance and information technology related management activities. Mr. Wan holds a Bachelor of Arts in Economics from Shanghai Maritime University, Shanghai. Prior to joining the Group, he was general manager of China Merchants Transportation Group for finance and accounting division. Mr. Wan was appointed as Executive Director of the Company in July 2002.

Independent Non-Executive Directors

Mr. Lai Man To, aged 72, was appointed as an Independent Non-Executive Director of the Company in March 1999. Mr. Lai is a mechanical engineering specialist and has over 30 years experience in finance and securities industry. Before his retirement in 1998, he has held various senior positions including Senior Manager of Sun Hung Kai Securities and chief executive officer of Cheerful (Holdings) Limited.

Mr. Wang Tiao Chun, aged 46, was appointed as an Independent Non-Executive Director of the Company in August 1999. Mr. Wang is currently holding various senior management positions in various companies in Taiwan.

Ms. Juliet Wu, aged 45, was appointed as an Independent Non-Executive Director of the Company in May 2001. Ms. Wu is currently the Managing Director & Vice President of TCL Holdings Co., Ltd. and General Manager of TCL Information Technology Industrial (Group) Company Ltd.

Senior Management

Mr. Feng Chia Chi, aged 37, joined the Group as Chief Engineer in May 1999 and is responsible for the design and development of the Chinese character embedded CPU project. Mr. Feng is one of Mr. Chu Bong Foo's dedicated disciples and has extensive experience in the field of hardware development.

Mr. Tang U Fai, aged 29, joined the Group as Technical Officer in May 2001 and is responsible for the design and development of SNIIC project and Chinese 2000 Network Computer project. Mr. Tang is one of Mr. Chu Bong Foo's dedicated disciples.

Ms. Lau Tien May, aged 48, joined the Group as Vice President in April 1999 and is responsible for the Group's corporate development and development of electronic publishing business. Ms. Lau has over 20 years experience in publishing, advertising, public relations and corporate development.

Mr. Lee Kin Chung, Michael, aged 47, joined the Group as Vice President in June 1999 and is responsible for development and marketing of the Group's publishing business. Mr. Lee has over 20 years experience in publication field and had involved in publication operation of various newspaper and magazine in Hong Kong.

Mr. Chan Chung Shing, Ricardo, aged 41, joined the Group as General Manager in June 2000 and is responsible for the overall development and operation of the Chinese 2000 Linux-based software business. Mr. Chan holds a Bachelor of Engineering Science degree from the University of Western Ontario, Canada.

Mr. Ho Koon Hing, Danny, aged 46, joined the Group as General Manager in August 2000 and is responsible for the development and operation of SNIIC project, both in software & hardware. He has more than 15 years experience in computer & information technology business. He ran his own business in computer and internet service industry before he joined the Group.

Mr. Chau Ka Hang, aged 36, joined the Group in January 1999. He is the General Manager (Comic Publishing) of the Group and is responsible for the overall strategic planning, development and marketing of the Group's comic publishing business in Hong Kong and China. Mr. Chau has over 10 years experience in advertising business and comic publication management.

Mr. Cheung Wai Keung, Cecil, aged 34, joined the Group in December 1998. He is the Group's Financial Controller and Company Secretary. He is an associated member of the Chartered Association of Certified Accountants.

Mr. Wong Shu Pui, aged 35, joined the Group as General Counsel in November 2000 and is responsible for all the legal matters of the Group.

DIRECTORS' INTERESTS IN SECURITIES OF THE COMPANY

(A) Directors' Interests in Shares

As at 31st March, 2002, the interests of Directors in the shares of the Company as recorded in the register maintained under section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

THE COMPANY

Name of Director	Personal Interests		Corporate Interests	Total Number of Shares held
	Personal Interests	Corporate Interests		
Mr. Cheung Wai Tung	10,000,000	—	—	10,000,000
Mr. Chu Bong Foo	171,400,000	—	122,872,000 (note 1)	294,272,000
Mr. Henry Chang Manayan	1,000,000	—	—	1,000,000

Note:

- 122,872,000 shares were held by Bay-Club Enterprises Inc., which was beneficially owned by Mr. Chu Bong Foo.

(B) Directors' Rights to Acquire Shares of the Company

As at 31st March, 2002, the interests of Directors in options of the Company and under their share option schemes as recorded in the register maintained under section 29 of the SDI Ordinance were as follows:

THE COMPANY

Name of Director		Number of Options	Exercise	Exercisable Period
			Price HK\$	
Mr. Cheung Wai Tung	(i)	4,565,000 <i>(note 1)</i>	1.680	3rd March, 2000 to 2nd March, 2010
Mr. Chu Bong Foo	(i)	10,000,000 <i>(note 2)</i>	0.264	27th August, 1999 to 26th August, 2009
	(ii)	2,000,000 <i>(note 2)</i>	1.680	3rd March, 2000 to 2nd March, 2010
Mr. Cheung Kam Shing, Terry	(i)	3,000,000 <i>(note 3)</i>	1.680	3rd March, 2000 to 2nd March, 2010
Mr. Henry Chang Manayan	(i)	2,000,000 <i>(note 4)</i>	0.264	27th August, 1999 to 26th August, 2009
	(ii)	500,000 <i>(note 4)</i>	1.680	3rd March, 2000 to 2nd March, 2010

Notes:

- Pursuant to the Company's share option scheme adopted on 15th June, 1993 ("the Company's share option scheme"), Mr. Cheung Wai Tung was granted options by the Company on 3rd March, 2000 to subscribe for 4,565,000 shares at the exercise price of HK\$1.680 per share for the exercise period from 3rd March, 2000 to 2nd March, 2010.
- Pursuant to the Company's share option scheme, Mr. Chu Bong Foo was granted options by the Company (i) on 27th August, 1999 to subscribe for 10,000,000 shares at the exercise price of HK\$0.264 per share for the exercise period from 27th August, 1999 to 26th August, 2009; and (ii) on 3rd March, 2000 to subscribe for 2,000,000 shares at the exercise price of HK\$1.680 per share for the exercise period from 3rd March, 2000 to 2nd March, 2010.
- Pursuant to the Company's share option scheme, Mr. Cheung Kam Shing, Terry was granted options by the Company to subscribe for 3,000,000 shares at the exercise price of HK\$1.680 per share for the exercise period from 3rd March, 2000 to 2nd March, 2010 upon his appointment as Managing Director of the Company on 1st April, 2000.

- Pursuant to the Company's share option scheme, Mr. Henry Chang Manayan was granted options by the Company (i) on 27th August, 1999 to subscribe for 3,000,000 shares at the exercise price of HK\$0.264 per share for the exercise period from 27th August, 1999 to 26th August, 2009; and (ii) on 3rd March, 2000 to subscribe for 500,000 shares at the exercise price of HK\$1.680 per share for the exercise period from 3rd March, 2000 to 2nd March, 2010. Mr. Henry Chang Manayan exercised his options to subscribe for 1,000,000 shares of the Company at the exercise price of HK\$0.264 on 18th February, 2000.

Save as disclosed above, no Directors had exercised their options during the year and none of the Company's Directors or their associates had any personal, corporate or other interests in any securities of the Company as defined in the SDI Ordinance, and none of the Directors or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS

No contract of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2002, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that the following shareholder had an interest of 10% or more in the issued share capital of the Company:

Name	Number of Shares held
Mr. Chu Bong Foo (<i>note 1</i>)	294,272,000

Note:

- 122,872,000 shares out of the total 294,272,000 shares were held by Bay-Club Enterprises Inc. which was beneficially owned by Mr. Chu Bong Foo.

Other than as disclosed above, the Company had not been notified of any interests representing 10% or more of the issued share capital of the Company as at 31st March, 2002.

SHARE OPTION SCHEME

The Company's Share Option Scheme (the "Scheme") was adopted on 15th June, 1993 for the purpose of providing incentives to directors and eligible employees by the granting of share options. Under the Scheme, options may be granted to directors, senior executives or employees of the Company or its subsidiaries.

The maximum number of shares in respect of which options may be granted under the Scheme is 10% of the issued share capital of the Company from time to time (excluding for this purpose any shares which have been duly allotted and issued pursuant to the Scheme). The maximum entitlement of each participant is 25% of the maximum number of shares in respect of which options may be granted as calculated above. The total number of shares available for issue under the Scheme as at the date of the Annual Report is 50,600,000, representing approximately 1.68% of the issued share capital of the Company as of that date.

The period within which the shares must be taken up under an option is determined by the Board from time to time, except that such period shall not expire later than 10 years from the date of grant of the option.

Consideration to be paid on each grant of option is HK\$10.00. Full amount of the exercise price must be paid on the exercise of option. The exercise price shall be determined by the Board and shall not be less than the higher of the nominal value of a share and 80% of the average of the closing prices of the Company's shares for the five trading days immediately preceding the date of offer of the options.

The Scheme has a life of ten years and shall expire on 14th June, 2003. However, approval is being sought from shareholders at the forthcoming Annual General Meeting to be held on 21st August, 2002 for the termination of the Scheme and the adoption of a new share option scheme. Details are set out in the circular to shareholders enclosed with this Annual Report.

Details of the movement of the share options granted to the Directors and employees of the Company under the Scheme during the year are as follows:

	Date of Grant	Number of share options						Exercise price per share	Exercise Period
		At 1st April, 2001	Granted/ cancelled/ during the year	Exercised during the year	Lapsed during the year	At 31st March, 2002	HK\$		
(a) Directors									
Mr. Cheung Wai Tung	3rd March, 2000	4,565,000	—	—	—	4,565,000	1.680	3rd March, 2000 to 2nd March, 2010	
Mr. Chu Bong Foo	(i) 27th August, 1999	10,000,000	—	—	—	10,000,000	0.264	27th August, 1999 to 26th August, 2009	
	(ii) 3rd March, 2000	2,000,000	—	—	—	2,000,000	1.680	3rd March, 2000 to 2nd March, 2010	
Mr. Hui Hau Leung, Joseph	3rd March, 2000	2,000,000	—	—	2,000,000 (note 1)	—	1.680	3rd March, 2000 to 2nd March, 2010	
Mr. Cheung Kam Shing, Terry	3rd March, 2000	3,000,000	—	—	—	3,000,000	1.680	3rd March, 2000 to 2nd March, 2010	
Mr. Henry Chang Manayan	(i) 27th August, 1999	2,000,000	—	—	—	2,000,000	0.264	27th August, 1999 to 26th August, 2009	
	(ii) 3rd March, 2000	500,000	—	—	—	500,000	1.680	3rd March, 2000 to 2nd March, 2010	
(b) Employees									
	(i) 27th August, 1999	5,000,000	—	5,000,000 (note 2)	—	—	0.264	27th August, 1999 to 26th August, 2009	
	(ii) 3rd March, 2000	36,335,000	—	—	7,800,000 (note 3)	28,535,000	1.680	3rd March, 2000 to 2nd March, 2010	

Notes:

- The outstanding share options granted to Mr. Hui Hau Leung, Joseph lapsed upon his resignation as Deputy Chairman and Executive Director of the Company on 18th May, 2001.
- The weighted average closing price per share immediately before the date on which the share options were exercised on 4th April, 2001 was about HK\$0.395.
- These options with an exercise price of HK\$1.680 per share were lapsed as the grantees ceased to be the employees of the Company during the year.

SIGNIFICANT POST BALANCE SHEET EVENT

Details of significant post balance sheet event is set out in note 36 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CODE OF BEST PRACTICE

The Company has complied throughout the year ended 31st March, 2002 with those paragraphs of the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except that the Independent Non-Executive Directors of the Company were appointed without specific term as they were subject to retirement by rotation in accordance with the Bye-laws of the Company.

AUDIT COMMITTEE

To comply with the revised Code of Best Practice, an audit committee was formed in March 1999 comprising two members, namely Messrs. Lai Man To and Wang Tiao Chun (the Independent Non-Executive Directors of the Company) to review the Group's financial reports and internal control.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board



Cheung Wai Tung
Chairman

Hong Kong, 16th July, 2002