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Chairman's Message o



The Year 2002 was a year of restructuring for New World CyberBase Limited ("NWCB"), a year of building a solid foundation for future growth. The Group made significant improvement in shaping its future: strengthening the core information technology ("IT") business while improving the operating cost structure. Notwithstanding the global

Our decision to concentrate our resources in the China market has proven to be a very important strategic move for our Group. China's GNP has been growing at an annual rate of 7% for the past few years. The liberalization of the China market with 1.3 billion people results in greater transparency and certainty into a path to modernization and IT revolution.

The Group made significant improvement in shaping its future: strengthening the core information technology ("IT") business while improving the operating cost structure. Notwithstanding the global unfavorable economic environment, our management team kept our confidence, reassessed our strategies and plans to continue the momentum to drive the business on the right path.

The continuous evolution of technology products and services is an impetus for IT executives. Internal IT departments are struggling to maintain a healthy cost structure

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while being pressured to provide the best support for its internal customers. This is a growing pattern across all companies in the world and it is no different in China. As a result, customers are relying more on the expertise of external IT professionals to provide not just products but also services. They seek services to advise on solutions to resolve real business problems, services to provide solutions to integrate different internal technology and systems together, and services to provide outsourcing resource to help companies maintain a better cost control.

Working in IT industry is challenging not only for its fast-paced development but also for the absence of absolute business pattern. Despite the global economic downturn and the lack of confidence in IT companies from the capital market, we still believe that technology is here to stay. It will continue to have a major impact in the way of life and the way people conduct business. There will be a growing dependence on technology to help businesses increase operating efficiencies and competitiveness. NWCB will continue its mission to be the IT company to help these business to transform in this digital revolution.

It is with this thorough understanding the market potential and pattern described above that NWCB charts its course and position in the China market. In the past year, we have set foot to build a firm foundation as an IT service company, a company that provides software, industry solutions and IT outsourcing services. In doing so we have and will continue to strive to create innovative software products that will help businesses integrate their internal and external application, systems and process. In addition, we provide solutions that cater to specific customer needs and resolving business problems and provide outsourcing services for software and application development.

Last year, we focused our efforts in securing market position in this fast-growing China market. We achieved key milestone accomplishments such as launching our own flagship software products, establishing a Customer Service and Technology Products Development Center in Shanghai and also setting up a nation-wide channel network for distributing our products. We continued to provide IT solutions for major domestic banks and insurance companies, provincial and municipal government as well as major enterprises.

We also continue to explore ways to expand our product offering. In view of growing importance of digital city, which the Chinese government is promoting, we acquired City Internet Holdings Corporation Limited, which excels in digital city mapping and city information business.

While strengthening the existing business, we started to expand our scope of business. We see IT outsourcing a future trend in China. Hence, NWCB expanded this area by bringing in a partner for outsourcing development focusing on software development.

With over nine years of China experience and a team of 100 plus IT professionals in China, our IT revenue increased by 28% this year and this revenue contributed to 66% of the total revenue.

There is no magic or shortcut in our industry. Looking ahead, we will keep our commitment in building a sustaining IT service business and further enhanced our service capabilities. We are optimistic about continuous growth in three areas of the IT sector, software products, industry specific IT solutions and software development outsourcing services.

We believe we have charted the right course for continuous positive growth for the group. Moving forward, we will continue to build from our firm foundation. We believe our key success factor stems from three core strengths; People Expertise, Technology Innovation and Service Quality. We will continue to invest in the Research and Development efforts to create our own products, expand from our core capabilities, create new business streams, seek acquisition opportunities on business complementary to our existing business, invest in building a solid team of industry experts and work with partners to provide high growth solutions. We also aim to provide best in class service quality by adopting international standard quality control systems and processes.

I would like to thank our valued shareholders and customers who have stood by NWCB with patience during the year. Also, underpinning our business progress is our employees. I want to express my heartfelt appreciation to our dedicated staff and management team for their commitment and hardwork.

Mr. Lo Lin Shing, Simon
Chairman