

Chairman's Statement

Despite the sluggish worldwide economic situation, our Group's operations continued to expand with satisfactory performance. In addition to the continuous expansion of our operations in China, the Group implemented a series of corporate restructuring exercises and fund raising activities during the year. As a result, the Group's businesses have been successfully divided into two major streams: (i) Information Technology (IT) related business; and (ii) Property Investment and Development through its listed subsidiary, South Sea Holding Company Limited ("South Sea"), coupled with a significantly improved financial position.

Subsequent to the injection of a property portfolio into South Sea, the Company is now focusing on IT related businesses: application service provider; and provision of financial information. Among these business areas, China Enterprise ASP Limited and Beijing Shihua International Financial Information Limited are the major contributors for the Group in terms of revenue and operating profit during the year.

China Enterprise ASP Limited ("CE")

The IT industry in China had gone through a year of consolidation. We believe that CE has become one of the most influential market leaders in the Application Service Provider business in China.

CE has been one of the Group's most successful investments in the Internet area. Its turnover posts strong growth for the third year. Such outstanding performance was attributable to both the Group's shrewd marketing strategies combined with its wide range of products and services being offered. In May 2002, CE celebrated the opening of its 30th branch office and signing of the 40,000th contract with its customers. It is the Group's strategy to continue expanding CE's nationwide sales network in order to capture a larger market share.

Beijing Shihua International Financial Information Limited 北京世華國際金融信息有限公司 ("Shihua")

In August 2001, the Company acquired 78.8% interest in Shihua and became an 80% owned subsidiary of the Group. Shihua is principally engaged in the provision of financial information, investment analysis and systems development services to corporate clients. Given our Group's strong technical support and experience in the media industry coupled with Shihua's leading position in its business area, we are confident that the potential of Shihua can be further exploited.

Other Business

Since other IT related businesses of the Group are still at the development stage, no significant revenue or profit contributions were recorded during the year. However, we strongly believe that with the expertise we attained and the favorable market condition towards the IT industry in China, these businesses should be fruitful in the near future.

South Sea Holding Company Limited

South Sea is focusing on the investment and development of property in China, and the manufacturing and marketing of consumer electronics products. The property portfolio injected into South Sea by the Company includes prime residential projects in Shenzhen and Nanjing. The Company has also granted to South Sea two options to acquire two residential development and office development projects in Guangzhou and Beijing respectively. It is the intention of South Sea to exercise the options within the next financial year.

Chairman's Statement

Looking Ahead

China will remain as our market focus in the next few years. Given its relatively more favorable economic and business environment, our strong foothold in the China market and our solid foundation established in each of our respective business areas during the past years, our management team is confident that the current success will continue and will further enhance our shareholders' value.