

Directors' Business Review

Year 2002 has been challenging for the Company. For the year ended 31 December 2002, the Company's turnover increased US\$11.9 million, or 89%, to US\$25.2 million from US\$13.4 million of the prior year. The net loss attributable to shareholders decreased 62%, from US\$14.9 million, or US\$0.22 per share, in 2001 to US\$5.7 million, or US\$0.036 per share, of this year.

For the year approximately US\$14.8 million, or 58.5% of the Company's turnover were derived from exploration and sales of crude oil under an Enhanced Oil Recovery Contract ("EOR Contract) with PERTAMINA, an Indonesia state-owned petroleum company. In 1994, the Company acquired 100% of equity interest of Global Select Limited, a British Virgin Islands company, which holds 100% of capital stock in Seaunion Energy (Limau) Limited ("Seaunion"). Seaunion is in the business of exploration and production of crude oil in South Sumatra, Indonesia, under a 15-year EOR Contract. Each of PERTAMINA and Seaunion holds a 50% undivided participating interest in the EOR Contract. The EOR Contract will expire in July 2004. The Company is currently discussing with PERTAMINA to renew the EOR Contract or form a new contract.

In 2002, approximately 41.5% of the Company's turnover came from its electronics manufacturing services, which was provided by Axiom Manufacturing Services Limited ("Axiom") in the UK. Please see discussion below.

Acquisition of Axiom Manufacturing Services Limited

In April 2002, Great Admirer Limited, a wholly-owned subsidiary of the Company, acquired 100% of the share capital of Aiwa Wales Manufacturing Limited, an electronics manufacturing services provider in South Wales, UK, from Aiwa Co. of Japan. Following the acquisition, the name of "Aiwa Wales Manufacturing Limited" was changed to "Axiom Manufacturing Services Limited" ("Axiom").



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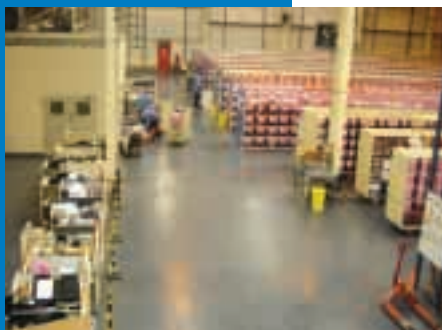
Axiom provides comprehensive electronics manufacturing services, from initial product design to volume production, direct order fulfillment and aftermarket support, to original equipment manufacturers (OEMs) in several segments of the electronics products and technology markets. Axiom's products include networking equipment such as modems and data capture; telecommunications equipment; consumer products such as high-end audio; electronic sub-systems for the medical, test and security industries; and other electronics equipment and products.

Axiom's manufacturing services are primarily provided on a turnkey basis, whereby Axiom purchases customer-specified components from its suppliers, assemble the components on printed circuit boards, perform post-production testing and provides its customers with production process and testing documentation. Axiom also provides manufacturing services on a consignment basis, whereby Axiom utilizes components supplied by the customer to provide assembly and post-production testing services.

For the period of 1 April 2002 (the date of acquisition by the Company) to 31 December 2002, the turnover of Axiom were US\$10.5 million, net loss of US\$2.66 million. As at 31 December 2002, Axiom had 179 employees.

Telecommunications Operations

As disclosed in the Company's 2001 Directors' Report and its 2002 Interim Report, the business of Tianyee Communications Corp. ("Tianyee"), a subsidiary of the Company in Taiwan, had been greatly undermined by the significant decrease of demand for telecommunications and networking products since 2001 because of unfavorable global economic conditions and reduced capital spending, especially in the United States and Asia. The operations of Tianyee were therefore shut down in late 2001. The entire investment in Tianyee was written off during the year. For the year ended 31 December 2002, Tianyee had no operations and no revenues.



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Results of Operations

Following the acquisition of Axiom and write-off of its investment in Tianyee, the Company has currently two wholly-owned operating subsidiaries, Axiom Manufacturing Services Limited and Seaunion Energy (Limau) Limited. For the year ended 31 December 2002, the Group's total turnover was US\$25.2 million, of which US\$14.8 million, or 58.5%, was derived from Seaunion's crude oil production, and US\$10.5 million, or 41.5%, was from Axiom's electronics manufacturing services.

For the year the Group's turnover from oil production increased by US\$3.83 million, or 34.9%, from US\$10.95 million of the previous year to US\$14.77 million. The increase in turnover was mainly due to the increase in average oil price. During the year, the Company's oil production actually decreased 6%, from 6,000 barrels per day in 2001 to 5,621 barrels per day in 2002, which was mainly due to the newly drilled LMC-41A well's oil production declining rapidly from 1,500 BOPD to 730 BOPD. However, the decrease in oil production in LMC-41A well was partially offset by installing new equipment in the oilfields. Certain production techniques were also applied during the year. For the year two new oil wells were drilled, three existing producers were converted to electrical submersible pump oil producers, water influx had been reduced in the horizontal wells, and three fluid handling facilities were upgraded.

For the nine months ended 31 December 2002 (the period its results of the operations were consolidated with that of the Company), Axiom's turnover was US\$10.46 million, compared to US\$3.48 million for the same period of the previous year. This has been achieved through both increasing the customer base and increasing the level of business taken from each customer. Operating losses have also reduced significantly from US\$3.74 million to US\$2.66 million, although month on month losses are reducing as Axiom reduces cost to support the move to profitability.

Looking forward, market conditions continue to be difficult with most customers continuing to exert price reduction pressures, and bids for new work needing to be keenly priced. Axiom will continue to bid for high value, low volume work winning as much new business from existing customers as possible while adding new customers to the portfolio. It will continue to focus on differentiating itself by providing a low cost, high quality efficient production facility to companies wishing to outsource their manufacturing.

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An analysis of the Group's turnover, and revenues for the year by principal activities is as follows:

	2002 US\$'000	2001 US\$'000
Turnover		
Crude Oil and gas	14,775	10,945
Electronics manufacturing services	10,464	2,410
Total	25,239	13,355
Other Revenues		
Interest income	40	46
Rental income	132	–
Bad debts written back	96	–
Government grant	283	–
Gain on trading of offshore listed shares	16	215
Release of negative goodwill	706	–
Other income	90	7
	1,363	268
Total Revenues	26,602	13,623

More detailed information about the Group's turnover, revenues and segments, please see Note 3 to the financial statements.

General and Administrative Expenses

For the year ended 31 December 2002, the Group's general and administrative expenses were US\$19.6 million, an increase of US\$3.62 million, or 22%, from US\$15.9 million of the prior year. The Group's increase in general and administrative expenses was largely due to the inclusion of the expenses incurred by Axiom, the newly acquired subsidiary of the Company. The three largest categories of the Group's general and administrative expenses, on consolidation basis, for the year under review were staff costs (including directors' remuneration) of US\$4.85 million (24.8%), depreciation and amortisation of properties of US\$4.52 million (23.1%), and loss on written off/disposal of subsidiaries of US\$3.51 million (18.0%). If foreign exchange losses of US\$1.29 million were included, the above four largest categories accounted for 72.5% of the Group's total general and administrative expenses.

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Net Loss

For the year ended 31 December 2002, the Group had net loss of US\$5.69 million, or US\$0.036 per share, compared to the US\$14.93 million, or US\$0.22 per share, in 2001.

Liquidity and Capital Resources

For the year ended 31 December 2002, the Group has funded its operations mostly through operating activities of the Group, and at lesser extent, through issuance of its convertible debentures. As at 31 December 2002, the Group had cash balance of US\$1.70 million, compared to US\$0.79 million at the end of 2001.

The Group's operating activities used US\$2.19 million of cash for the year ended 31 December 2002, compared to US\$2.01 million of cash used in 2001.

During the year the Group's investing activities resulted in net cash outflow of US\$5.52 million, which were largely used for the acquisition of additional oil properties (US\$4.03 million), and deposit paid for acquisition of subsidiaries (US\$1.83 million).

The Group's financing activities provided US\$7.10 million of net cash during the year ended 31 December 2002, of which US\$3.46 million was from issuance of convertible debentures, US\$432,000 from issuance of stock shares, and US\$2.97 million was due to the increase in long-term other creditors. During the period under review, US\$2.78 million of debentures had been converted into the ordinary stock of the Company. As of 31 December 2002, there were 255,234,273 shares of the Company's ordinary shares issued and outstanding.

As at 31 December 2002, the Group had no contingent liabilities.

The Group believes that its cash flows from operations are adequate to meet the requirements of operating its business. However, future cash flows are subject to a number of variables, including the Group's level of oil production and oil prices, demand for our electronics manufacturing services, and general global economic conditions. Many of the Group's competitors have significantly greater capital resources than that which is available to us. The Group may need to continue to raise additional capital, in debt or equity, in order to successfully grow and compete.

Trade Receivables

As at 31 December 2002, the Group's trade receivables were US\$10.13 million, of which 68.7% (US\$6.96 million) was from PERTAMINA, an Indonesian state-owned petroleum company, and 31.3% (US\$3.18 million) from customers of Axiom. The receivable from PERTAMINA represents a trade receivable arising in the normal course of business and represents the crude oil sale receivable and costs not yet recovered out of PERTAMINA's share of incremental crude oil production. As shown in Note 17 to the financial statements, 54.7% of the receivables were in the category of 0-30 days, 40.5% was in 30-60 days, and 4.9% was over 61 days.

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Employees

As at 31 December 2002, the Company and its majority-owned subsidiaries had a total number of 403 full-time employees in Hong Kong, Indonesia, the United Kingdom. We believe that our relationship with our employees is satisfactory. From time to time, we also use the services of independent consultants and contractors to perform various professional services. The Group anticipates that the number of our employees will not materially change in 2003.

Search for Business Opportunities

For the past year the Company has been actively searching for business opportunities in order to expand its sources of revenues under the current unfavorable global economic conditions. In December 2002, the Company established four wholly-owned subsidiaries: Comp International Limited, Comp Hotel International Limited, Comp Property International Limited, and Comp Assets International Limited to look for business opportunities in traveling services, property and assets development. In addition, in 2002 the Company entered into investment agreements to acquire 85% of capital stock in each of seven U.S. public reporting companies whose shares have been registered with the U.S. Securities and Exchange Commission under section 12(g) of the Securities and Exchange Act of 1934. The purpose of these acquisitions was to search for potential target or assets as candidates for possible mergers and acquisitions.

Subsequent Events

On 24 January 2003, Waywood Investment Limited, the controlling shareholder of Oxford Technologies Inc. ("Oxford"), a US corporation, entered into a Stock Purchase Agreement with Great Admirer Limited ("Great Admirer"), a wholly-owned subsidiary of the Company, pursuant to which Great Admirer acquired 85% of Oxford's issued and outstanding capital shares. On 12 February 2003, Great Admirer entered into a Share Exchange Agreement with Oxford. Under the terms and conditions of the agreement, Oxford issued 13,564,002 shares of its common stock to Great Admirer in exchange for all issued and outstanding ordinary shares of Axiom Manufacturing Services Limited ("Axiom") on a one-to-one basis. Axiom is a wholly owned subsidiary of Great Admirer. As a result of this transaction, Axiom becomes Oxford's wholly owned subsidiary. Great Admirer currently owns 90% of Oxford's capital stock.

Recently each of the following Company's newly established companies: Comp Property International Limited, Comp Assets International Limited, Comp Hotel International Limited, and Comp International Limited entered into Stock Purchase Agreement(s) with Waywood Investment Limited, and two individual investors to acquire 85% of capital stock in each of the following six U.S. companies: Ridgefield Industries Corp.; Easton Technologies Corp.; Norton Industries Corp.; Weston Technologies Corp., Cowley Technologies Corp., and Greenway Technologies Corp., respectively.

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Legal Proceedings

The Group is not a party to any material legal proceedings.

Foreign Exchange Exposures

Each of the Company's two principal subsidiaries earns revenues and incurs costs in the same currency (US dollars and British pounds). The Company will monitor the risk of foreign exchange fluctuation on the Company's results of operations, financial condition and cash flows.

Lee Sin Pyung

Managing Director

Hong Kong, 17 April 2003