

## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the operating results of the Group for the year 2002.

### REVIEW

2002 is a challenging year for Hong Kong as well as the Group, worries and uncertainties over the war between the United States and Iraq, and the spread of dampened SARS, still lingering in the regional market. To combat the sluggish IT industry and adverse market condition in Asia Pacific region, the Group adopted a conservative attitude in business development and investment activities, and focused the resources in the development of network based land transport logistic infrastructure and DVB based solution for the cable TV industry.

### TRANSONLINE

Under the backdrop of e-commerce and internet related businesses, Transonline was still able to maintain its network based land transport logistic infrastructure with coverage upto 137 cities covering all provinces in the People's Republic of China (the "PRC") except for Hainan, with 97 alliance members, 67 special support units and over 270 service-centers which offer basic services such as cargo matching, personal authentication, vehicle maintenance, and lodging towards Transonline's members.

In the reporting period, Transonline had completed a system called 貨運小靈通 for freight-brokers to operate their call centers across the PRC, there are in excess of half a million freight-brokers covering all major cities in the PRC.

### DICO

The DVB-Cable ("DVB-C") market in China were practically stagnant in 2002, solution providers were still awaiting for DVB standard to be set by the State Administration of Radio, Film and Television ("SARFT"). Besides, after the 16th Communist Party of China National Congress together with the 2003 National People's Congress, it is quite apparent that the State will not ease the control over foreign media content, thereby cable operators across the PRC are unlikely incurring the expenses to convert their broadcasting platform from analog to digital. To cope with the changes of the market environment, DICO has been working on vertical product for new target customers such as luxury residential district for property developments across the PRC.

### PROSPECTS

2003 is a year full of immense opportunities and challenges for the Group. After PRC's accession to the WTO, we believe it is the best time to commence Transonline's membership roll out program, since the established network is already providing basic services, and we expect a substantial growth on Transonline's membership base in 2003. Pending the final outcome of the negotiation with the wireless operator and platform provider, Transonline aimed to launch its first fully operational logistic hub with our Warehouse Management System ("W.M.S.") and Transport Management System ("T.M.S.") with a full deployment of an operational Location Based Services ("L.B.S.") across the PRC in conjunction with Short Messaging Services ("S.M.S.") in 2003. If successful, these services this service will generate substantial income for the Group.

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In view of the fact that SARFT has yet to set out the relevant DVB industry standard and that foreign media content will be continuously under tight control, the DVB-C industry will likely remain practically stagnant in the year 2003, however, if there is any change in the DVB-C market, DICO is able to penetrate this vast and massive market. To broaden the customer base, DICO is ready to extend its product line into system integration service for luxury residential developments.

With regard to the future prospects of the Group, I am confident that we can become an important player in transport logistic infrastructure industry in the PRC. To show my full commitment towards the Group, I will further provide necessary financial support to the Group.

### APPRECIATION

Lastly, I would like to extend my thanks to the Board of Directors and I would also like to thank our shareholders and business partners for their continuous support, and to express my deepest gratitude to all staff for their devotion and hard work.

**Chan Chak Shing**

*Chairman*

Hong Kong, 24th April 2003