



CHAIRMAN'S STATEMENT

“ Development of Intelligent Technologies, Driving Society's Growth ”



On behalf of the Board of Directors (the "Board") of Global Trend Intelligent Technologies Limited (the "Company"), I am pleased to present the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2002.

■ FINANCIAL SUMMARY

The Group's audited turnover and net profit from ordinary activities attributable to shareholders for the year ended 31 December 2002 were approximately HK\$212.4 million and HK\$43.4 million respectively, representing an increase of approximately 2.3% and 6.1% respectively as compared to last year.

The basic earnings per share of the Group for the year was HK12.2 cents, decreased by approximately 9.6% as compared with previous year (2001: HK13.5 cents).

The Board of Directors recommends the payment of a final dividend of HK2.3 cents per share for the year ended 31 December 2002. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting, the final dividend will be payable on 17 June 2003 (2001: Nil).

■ CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company, will be closed from 28 May 2003 to 5 June 2003 (both days inclusive), during which period no transfer of shares will be registered.

In order to qualify for attending the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Tengis Limited at G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on 27 May 2003.

■ BUSINESS REVIEW

2002 was a momentous year for the Group. Apart from achieving satisfactory results during the year, the Group, with the great support of investors and our valuable staff, was successfully listed on the main board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 June 2002.

The Group raised approximately HK\$57.4 million during the Share Offer, after deducting the relevant expenses. All these net proceeds of the new issue will be applied, as set out at the Prospectus dated 18 June 2002, to further strengthen our Research and Development in exploring new products, upgrading our existing products and applying Intelligent Building solutions to other market segments, set up sales points in major cities in the People's Republic of China ("the PRC"), promote our intelligent products and as working capital for daily operation. During the second half of the year, the Group had utilized part of the Initial Public Offer's fund in research and development, set up sales points in Beijing and Nanjing and participate exhibition in Beijing. For details, please refer to the "Utilisation of net proceeds from the new issue" at the Report of the Directors of this annual report 2002.

During the year ended 31 December 2002, the Group's principal activities are still the provision of advisory and management services for the Intelligent Building ("IB") Projects in the People's Republic of China (the "PRC") and trading of intelligent building equipment, software and accessories. Over 90% of the turnover for the year under review came from the provision of advisory and management services for the IB Projects in the PRC.

During the year under review, the Group put strong emphasis on technological innovation with a view to keep its leading position as advisory and management service provider for IB Projects in the PRC, especially in Shanghai. As the Group treats the development of high-speed and high resolution intelligent products as another focal point, apart from BMS version 1.0 and Trend PMS 2000 version 1.0, the Group almost developed Intelligent Video Surveillance System ("IVSS") which includes Trend ViBox, Trend ViCasing and Web Camera. This Intelligent Video Surveillance System had been launched in March 2003.

■ PROSPECTS

Intelligent Building Market

The development of IB not only provides people with safe, comfortable, energy-saving and highly-efficient working and living environment, but it also utilizes the modern value-added techniques to develop the limited area for construction within a budget constraint. It is expected internationally that in the next decade, the IB industry in the PRC will experience a rapid development.

Along with the PRC's overall continuous economic development, especially its sustainable high percentage growth, the development of IB is also in pacing with people's upgraded quality of life. It is expected that the investment in the PRC real estate will increase by approximately 25% in 2003. At the time of 2008, there will be substantial construction of stadium and IB in Beijing due to its successful bidding of hosting of 2008 Olympics. Both the number of construction and amount of investment will reach enormous scale. Shanghai, being the hosting city of 2010 Expo, is expected to achieve direct investment of approximately US\$3 billion, as well as other investments amounting to approximately RMB 260 billion. Among which, the major investment will be made in the infrastructure facilities like construction and transportation. It is expected that in 2008, the number of IB in Shanghai will reach around 4,000 units, particularly with huge investment in its peripheral areas such as Nanjing, Wuxi, Suzhou, Changzhou and Zhejiang Province. It is anticipated that the aggregate number of IB will reach around 6,000 to 8,000 units in the next 8 years in Beijing, Guangdong, the Eastern PRC and all other PRC cities. In view of the less than 2,000 IB currently in the PRC, it is clear that its market opportunities are enormous.

People not only demand for commercial buildings with intelligent condition, but also require such intelligent in their living places. With the impetus brought about by IB, Intelligent Home Community also develop progressively. At present, there is a wave of community construction all over the PRC, and it is forecasted that Intelligent Home Community will be another key development in the IB industry. Along with the enhanced quality of life, people started to analyze issues such as environmental protection, green elements and energy-saving of a community. As the PRC is a country of huge population, the demand for Intelligent Home Community is high. The development of Intelligent Home Community paces with that of IB, while the number of construction of Intelligent Home Community will reach 5,000 units or above in the next 8 years in the PRC, which will then be the number one in the world.

Foreign experts believed that in the 21 century, half of the newly constructed IB will be in the PRC, the world's largest market for IB industry will also be in the PRC. The expedite of development of IB industry will be in the PRC.

The Group has accumulated extensive experience in the IB industry with solid clientele, market reputation, profound technique and channel for development of potential customers. The Group is one of the most competitive companies in the industry and the principal operation is located in Shanghai. The Group will continue to enhance the design and quality control of its products, in a bid to provide stable and reliable products to the customers. The Group has also worked out comprehensive marketing and sales strategies, and will sell the Group's products all over the PRC through dealers and agents. The Group will also continue to strengthen the development and application of new techniques, such as the Video Conference based on IP, all-in-one web camera, etc.

When compared with the limited number of industry competitors, the Group's product capability, market sources and the promotional campaigns are all with unique advantages. The Group's IBMS products are the most advanced, comprehensive in the Greater China region, with patented IB software system. A good and long-term relationship is nurtured with over 30 integrated IB enterprises all over the nation. The Group is committed to provide the best software products and services, as well as to add value to the supportive partners in terms of brand name and business. Meanwhile, the Group's brand awareness and business could be expanded with the synergy effect created by the strong working partners. With all these elements, as well as the Group's flexibility in the market adaptation, will bring forth the goals in the brand awareness and market share of the Group.

Market of IBMS 2002

Currently, the greatest potential growth in IB is the IBMS market, with over 200% growth in the past few years. It is estimated that among the 2,000 units of IB construction and 2,000 Intelligent Home Communities to be built in the Ten-Fifth period, not less than 1,000 units of IB and Intelligent Home Communities will require the use of IBMS. In the next 3 years, the market size of IBMS will reach RMB 0.5 billion or above.

There are few suppliers of IBMS products in the industry presently with major reasons of high entry barrier which means large-scale R&D capability of software, substantial experience in IB construction projects and solid base of internet technique.

As at 31 December 2002, the Group decided to bundle the TREND BMS and TREND PMS into one large system, TREND IBMS 2002, according to the market response and client's needs. TREND IBMS 2002 can be applied into all kinds of IB projects in all commercial buildings, residential communities, factories and the like. In January 2003, TREND IBMS 2002 was successfully launched and received good response.

The Group's IBMS product is a stable, reliable and matured software. In its selling process, there is little second exploration stage. All these attributes enable the Group to occupy very large market share in the IBMS market, bringing good profit to the Group in this new millennium.

Market of Web Camera and Multi-Media Streaming Server

As at the end of 2001, the market of security in the PRC reached RMB13.33 billion. The overall security market growth rate is estimated to reach 20% in 2002 and amounted to RMB16 billion. In the next few years, the growth rate will maintain at 20% annually.

The sale of surveillance camera in 2001

(Unit: '0,000)

Type of users	Financial and Insurance	Governmental department	Postal and Communications	Transportation	Medium and High-end offices	Residential	Enterprises	Others
Quantity	13.97	8.38	7.99	5.87	4.52	2.26	1.24	0.93
Total	451,600 units							

Note: Financial and insurance, government, postal and communication, and transportation are the major users in the surveillance market.

Source: Page 15 of 慧聰商情全國安防行業資訊大全(2002-2003)

The trend of the consolidation of security product is clear, the development in areas of digital, internet and informative is the target of the development in security products.

In 2001, the market size of the PRC's digital surveillance reach RMB1.5 billion or above, representing one-third of the overall surveillance market. The market size of the digital surveillance in 2002 will increase by around 30% when compared with 2001, and amount to RMB 2 billion or above. Along with the stable economic development and the three main business opportunities, the market size in 2003 is expected to maintain the 20% growth rate.

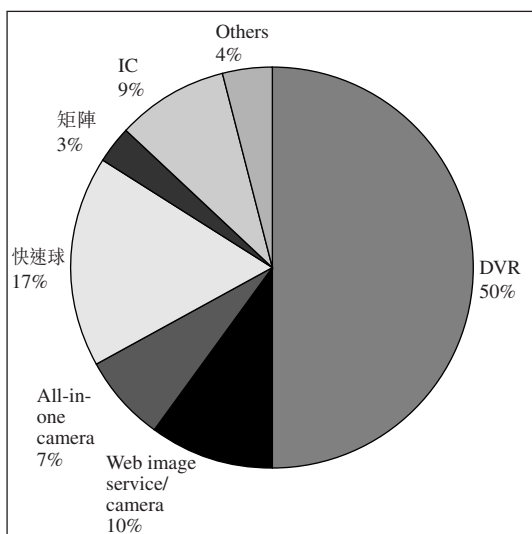


Chart 1: Popular products in 2002 selected by suppliers

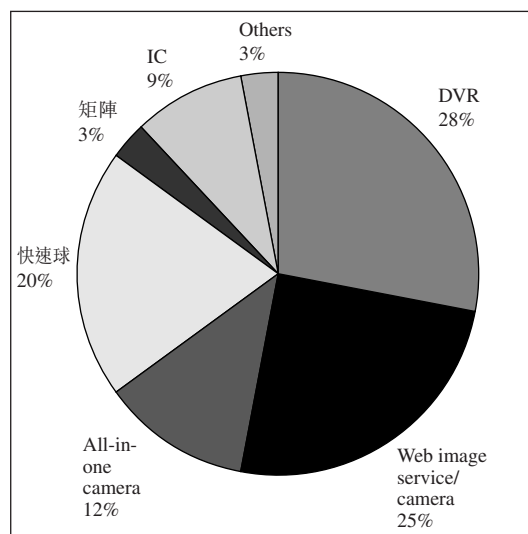


Chart 2: Potential products in 2003-2004 selected by suppliers

Source: 安全與自動化(AS)-2002/2003中國安防風雲企業中的2002年安防產業企業市場調整分析(pages 9-10).

In March 2003 the Group has launched 4 series of Multi-media Streaming Server (the combination of Trend ViBox and Trend ViCasting) with overwhelming market response and also received orders from Government departments and hospitals. The present number of industry competitors is less than 10 in the PRC, while in terms of the mode of compression, image quality, real-timeliness, use of broadband, mode of storage and cost control, the Group's products are the most competitive ones. It is the Group's target that by the first half of 2003, the Group's products will penetrate into the markets in major areas in the PRC, such as Beijing, Shanghai, Shenzhen and Chengdu, as well as in major industries, such as education, transportation, banking, military, communications and government.

The Group will continue to enhance the design and quality control of its products, in a bid to provide stable and reliable products to the customers. The Group has also worked out comprehensive marketing and sales strategies, and will sell the Group's products all over the PRC through dealers and agents. The Group will also continue to strengthen the development and application of new techniques, such as the Video Conference based on IP, all-in-one web camera, etc.

The Group believes that the Web Camera and Multi-Media Streaming Server, which are both with competitive performance/price ratio and strong market demand, will bring forth significant profit return for the Group.

In view of the vast market potential, the Group will implement the following strategies to further its market penetration and to foster its leading role in the intelligent building industry in the PRC:

- i. To promote the Group's image through participation in exhibitions and seminars about intelligent buildings and intelligent technologies, advertising and publishing articles in industry magazines.
- ii. To establish representative office in Xian, Hangzhou, Guangzhou and Chongqing in order to increase market share.
- iii. To promote and launch our products through our sales team, dealers and our business alliances.

■ APPRECIATION

The Group's strategies are: to develop into the most advanced integrated IB solution provider in the PRC's IB industry; to develop into an internationally renowned high technology software and hardware provider in terms of the development, manufacture and sale of Intelligent products. In order to realize these targets, The employees' dedication to work and their creativity, as well as the support from all shareholders are important for the Group to realize these goals. While the Group is confident to realize good sales performance and results in order to reward our shareholders and employees with profit contributions.

On behalf of the Board, I would like to express my gratitude to our customers and shareholders for their continued support and all our employees for their hard work and dedicated service.

By order of the Board

Xu Peixin

Chairman

Hong Kong, 28 April 2003