



I have the pleasure to present the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2003.

## REVIEW

The year 2003 was more challenging than anticipated. The overall business environment was adversely affected by the outburst of Severe Acute Respiratory Syndrome and remained discouraging. The computer technology and internet software industry also suffered a downturn due to unpredictable economic outlook.

The Company recorded a net loss for the year of approximately HK\$58,859,000 which was mainly attributable to the share of loss from an associate, a fibre optic cable TV network operator in the PRC and losses from investments.

Owing to the disposal of non-core assets and non-performing investments of the Group in the past years, the Group's asset base had been tremendously reduced. During the year under review, the Group had continued its disposal program and focused resources to develop Sharpo and exploit more business opportunities.

In the second half of the year, Sharpo had expanded its trading and distribution business of computer products which significantly improved the turnover and generated positive revenue to the Group.

The Company also underwent a capital restructuring exercise and entered into a subscription agreement with Aimstar Holdings Limited ("Aimstar") in 2003, completion of which have been taken place in February 2004. Upon completion of the capital restructuring and the subscription agreement, Aimstar has become the single largest shareholder of the Company and the proceeds derived from the subscription were applied to repay the Group's outstanding bank borrowings substantially. Accordingly, the financial position of the Group improved. The new capital structure also enables the Company to raise additional funds as required in the future.

A new board of directors was established after the completion of the capital restructuring and the subscription agreement. The new management team has prioritized their goals to rebuild the Group's asset base by increasing its shareholder's funds and exploiting high growth businesses.

### PROSPECTS

It is anticipated that the year ahead is replete with challenges. It is anticipated that the Group will benefit from the rebound economy in the PRC. The directors will exercise utmost caution to pursue, though prudently, attractive investment opportunities in the PRC which will promote profitability and growth of the existing businesses of the Group.

### APPRECIATION

Taking this opportunity, I would like to thank all our staff for their dedication and hard work during the hard times and our shareholders, business partners and customers for their trust and support over the past year.

#### **Chan Tat Chee**

*Chairman*

Hong Kong, 23 April 2004