

Chairman's Statement

BUSINESS REVIEW

Results

The consolidated turnover of the Group was HK\$531.8 million, up 10.5% compared to last year. Profit from operating activities was HK\$43.0 million, showing a modest increase of 0.8% from 2003. Profit for the year was HK\$28.9 million, representing a decline of 10.4% compared with the previous year. Profit attributable to equity holders of the parent was HK\$14.9 million, down 31.5% compared to last year.

Information Technology

The Group's information technology business showed a disappointing performance for the year under review. The segment result of HK\$31.0 million was 39% less than the corresponding figure last year.

The Group failed to secure several significant contracts during 2004 as a lot of management time was diverted to deal with Company's long suspension and related regulatory matters arising from the acquisition of Xteam Software International Limited ("Xteam"), which matters were ultimately resolved in the Group's favour.

Other Businesses

The Group's other businesses, namely restaurant and property investment, showed significant improvement from last year. The restaurant business reported a positive segment result of HK\$10.4 million as compared with a loss of HK\$0.7 million in 2003. The segment result of the property investment also jumped to HK\$14.8 million from HK\$4.0 million in 2003.

PROSPECTS

The Group foresees a bright long term future for China's information technology industry. It is anticipated that the Chinese Government, the biggest information technology customer in China as well as the Group's biggest customer, will allocate more resources in the next few years on automation to improve the efficiency and quality of services it can deliver to the general public.

After resolving the acquisition issues relating to Xteam, the Group is well positioned to increase its market share in its tradition areas of strength, such as education, social insurances, employment and e-government administration, as well as to penetrate new market sectors where domestic open source based system is the preferred solution.

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APPRECIATION

The Board would like to take this opportunity to extend our gratitude and appreciation to our shareholders and parties for their support, and our hardworking colleagues during the year.

ZHANG HONGHAI

Chairman

Hong Kong
12 April 2005