

## Chairman's Statement

Dear Shareholders,

It is my pleasure to report the audited financial results of the Group for the year ended 31 December, 2005.

For the reporting period, the Group's consolidated revenue was HK\$212.9 million (2004: HK\$251.8 million) and the net profit attributable to shareholders is HK\$8.0 million (2004 restated: net loss of HK\$13.5 million) revealing a significant improvement in profitability.

The Group repurchased 5,696,000 shares at an average price of HK\$0.826 per share during the period from 15 September to 7 November of 2005. The earnings per share for the year, with the effect of the share repurchase, was amounted to 2.92 Hong Kong cents (2004 restated: loss of 4.91 Hong Kong cents).

During the year, the Group also managed to generate HK\$85.5 million cash inflow from operations resulting from the improvement of the overall profitability as well as the receipt of major milestone payments from customer contracts.

In view of the healthy financial position and cash on hand, the Board recommended to distribute a final dividend of 1 Hong Kong cent per share (2004: Nil). The Board also recommended a special dividend of 2 Hong Kong cents per share (2004: Nil).

After several years of business transformation, the Group's revenue has migrated from reliance on project based and hardware oriented systems integration business to diversified sources of income with strong recurring nature. On top of the established integration services business with increasing proportion of service revenue, the followings are the major sources of the growing and recurring income:

- Outsourcing service engagement with annual service fee from long-time customers and long-term contracts ("Outsourcing Service");
- Software license fee and annual maintenance income from sales of the Group's own branded software products and related services ("Software and Maintenance"); and
- Transaction-based and subscription-based income from provision of e-commerce services for Government and commercial organizations ("e-Service").

As of the reporting date, the Group has more than HK\$310 million worth of signed contracts on hand of which a significant portion is Outsourcing Service and Software and Maintenance related. On the other hand, the Group has built up solid e-Service infrastructures and customer base, which has been contributing sizable recurring e-Service revenue to the Group. Benefiting from the transformed business model, the Group's financial performance is now becoming more stable and predictable.

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The Group will continue to invest in research and development for introducing new software products to its existing customer base, and value-added e-Services through its established e-Service infrastructures. In addition, the Group will increase its marketing force in the e-Service offerings in order to attract more customers and obtain a larger market share. Such investment will expand further the recurring revenue base of the Group and sustain the profitability enhancement over time.

In general, the IT market remains competitive. To meet the competition, the Group will persist by continuously improving its operation efficiency and strengthening its development and support resources in China to gain long-term competitive advantage.

### APPRECIATION

On behalf of the Board and the Management, I would like to take this opportunity to thank for the support from the staff, the shareholders and business partners to the Group.

**Ng Cheung Shing**

*Chairman*

Hong Kong, 20 April 2006