

OVERVIEW

The preceding year has been a year of great changes to the Group. There have been changes in the controlling shareholder of the Group and in its management team, a reorganisation of the Group structure, a strengthening in the Group's capital base through issue of new shares, a notable improvement in the Group's operating results and in its financial position, and a diversification of the Group's businesses into consulting and most recently into information technology businesses.

We believe that the Group has now gone through its most difficult stage and, through enhancing the Group's financial position and diversification of its businesses into fast growing industries, is on the right path towards our objective of enhancing shareholders' value in the long run.

GROUP RESULTS

The audited consolidated turnover and operating loss for the year ended 31 December 2001 amounted to HK\$35.5 million (2000: HK\$77.4 million) and HK\$8.3 million (2000: HK\$53.4 million), respectively. Net profit attributable to shareholders for the year amounted to HK\$343 million (2000: loss of HK\$81.5 million), which was stated after including a write back of provision for doubtful debts and contract work in progress of HK\$17.5 million, and a gain of HK\$357.5 million arising from waiver of loans owed by the Group to its former controlling shareholder, Guangdong Investment Limited ("GDI"), and its subsidiaries.

BUSINESS REVIEW

During the year, the Group has been continuing its business in the design, supply and installation of curtain wall systems and aluminium windows. Major project undertaken is Phase 2 of Belcher Garden in Pokfulam, Hong Kong. Due to difficult market conditions for the construction industry in Hong Kong, margins continue to be under significant pressure and the Group will remain cautious in tendering any new projects.

MANAGEMENT OUTLOOK

Group restructuring and capital raising

In March 2001, Hi Sun Limited ("Hi Sun") acquired from GDI a controlling interest in the Group and became the Group's ultimate holding company. A new management team was put in place which had implemented a number of exercises to reorganise the Group structure and enhance its capital base. In June 2001, Guangdong Building Industries Limited, the then holding company of the Group, was renamed Hi Sun Holdings Limited ("HSHL") to reflect the changes in management and ownership. In October 2001, to facilitate the future diversification strategy of the Group, a scheme of arrangement pursuant to Section 166 of the Hong Kong Companies Ordinance involving a share for share exchange was implemented whereby the Company replaced HSHL as the holding company of the Group, and the shares of the Company replaced that of HSHL and

became listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 17 October 2001. In November 2001, the Company adopted a new share option scheme as an incentive to attract, motivate and retain talented employees. In December 2001, the Company issued 16.8 million new shares, raising net proceeds of HK\$18.8 million to enhance the capital base of the Group.

We believe that the above would provide a Group structure and an enhanced capital base which will be beneficial to the Group in its long term development.

Prospects

The new management has also reviewed the Group's existing businesses and recognised the need to diversify and expand business of the Group and, in particular, in the areas of provision of consulting services and information technology solutions. As a result, Hi Sun Consulting Limited ("Hi Sun Consulting") was established in late 2001, as a wholly-owned subsidiary of the Group, to provide tailor made solutions to Chinese enterprises and multinationals operating in Mainland China.

As a further step to diversify and expand business of the Group, subsequent to the year end date on 24 January 2002, the Company entered into an agreement with all the shareholders (the "Vendors") of Hi Sun Technology Holding Limited ("Hi Sun Tech") to acquire the entire issued capital of Hi Sun Tech for a cash consideration of HK\$9.6 million.

Hi Sun, one of the Vendors which held 62.1% of Hi Sun Tech, through its wholly-owned subsidiary, Rich Global Limited, is the controlling shareholder of the Company holding 63,090,303 shares of the Company representing approximately 62.45% of the existing issued share capital of the Company. Hi Sun is in turn beneficially owned as to approximately 99.16% by Mr. Kui Man Chun, an executive director of the Company and that of Hi Sun Tech, and approximately 0.84% by Mr. Li Wenjin, an executive director of the Company. In addition, Mr. Chan Yiu Kwong, one of the Vendor holding 1.21% of Hi Sun Tech, is also an executive director of the Company. By virtue of these shareholdings and directorships, the acquisition constitutes a connected transaction under the Listing Rules of the Stock Exchange. In addition, the acquisition is also a discloseable transaction under the Listing Rules. The acquisition has been completed on 28 February 2002.

Hi Sun Tech and its subsidiaries (the "Hi Sun Tech Group") are principally engaged in the provision of customised business consulting and information technology solutions for its customers in the banking, insurance and telecom industries in Mainland China, Hong Kong and other Asia Pacific regions. The Hi Sun Tech Group, with an experienced management team, has been expanding rapidly and has already built up a renowned reputation in the market place by virtue of the quality of its products offered to its customers. We believe that the acquisition is in line with the expansion and diversification strategy of the Group and is expected to bring in significant benefits to the Group in the long run.

APPRECIATION

Finally, I would like to take this opportunity to thank all my fellow directors and staff members for their dedicated services, contributions and support during the year.

Cheung Yuk Fung

Chairman

Hong Kong, 12 April 2002